

Chapter 2

Peasants and Grassroots Government

2.1 Where Is Government Reform Going?

Generally speaking, China is undergoing economic transition and social transformation, but the truth is that not only economy and society but also politics and government are changing or need to be changed. Moreover, there are inner connections between social and economic transition and government transition, neither can be neglected or carried out alone. From the survey of grassroots government, involution, institutional alienation, and reform path lock are the key issues to be addressed for government transition, which needs to break ground in three dimensions: grassroots democracy, grassroots self-governance, and government under law.

2.1.1 *Grassroots Democracy*

The political benefit of grassroots democracy is to prevent grassroots government leaders' delinquencies both for the people and for the central government as well as provide institutional and political culture base to correct the deviation of grassroots governments in implementing both the central instruction and the will of the people. An extensive grassroots democracy can expand the channel of social politics participation, cultivate the public awareness of officials and common people and foster benign interaction between politics and society, which will enable government authority to be built upon the will of the people from bottom to top instead of upon political loyalty from top to bottom. The first step is to expand and improve direct elections at the grassroots level by deepening village level direct elections and straightening out the relation between the Party organization and the self-governance organization. More than that, direct elections shall be promoted at the township, county and municipal level so as to restructure the power foundation of grassroots government. Election is the core content of democracy, democracy cannot exist

without election, which should be open and competitive instead of being controlled and directed by higher authority. The second step is to develop citizens' multilevel and multichannel political participations particularly deliberative democracy. Tocqueville in his discussion of democracy in American pointed out that American people express their ideas and achieve equality through associations and organizations. In comparison, there is neither enough self-organizing power nor contradiction reconciliation mechanism inside China's society. With the absence of institutionalized participation channel and restriction of the system, grassroots governments can hardly be supervised and challenged by the society. As a result, it is very difficult to achieve effective interplay between the grassroots government and the society. The development of grassroots democracy will make more and more competent People's Congress members representing the will the people as well as more and more public opinion leaders running for NPC members which will incorporate those external political elites into the system. Moreover, peasants will be encouraged to take the election at county and township level more seriously and seek to resolve more problems within the system. It now appears the implementation and improvement of the People's Congress system as the carrier and blue print of China's socialist democracy will push forward democracy with Chinese characteristics. Only under the improvement of the People's Congress system can grassroots governments fully exert their initiatives and creativeness in the interplay within government system which is not only in line with the central government's objectives but also responsive to social demands so as to effectively meet the requirement of social environment.

Peasant organizations deserve special attention because their development will facilitate the integration and concentrated expression of peasants' interests, as well as the negotiation and dialogue mechanism between peasants and governments. If properly managed, the development of peasant organizations will create a triple-win prospect for peasants, local leaders and the central government: Peasants' rights will be truly safeguarded; grassroots government will be able to bargain with higher authority via peasant organizations; the central government can obtain authentic information from the grassroots level through peasant organizations and rebuild its authority through strict enforcement of orders and restrictions. Presently, there are too many negative restrictions over peasant organizations which will weaken peasants' trust of the government and cultivate political radicalism.

Emphasis shall be laid upon not only electoral democracy but also deliberative democracy. From the broader perspective of democratic development, the highlight of deliberative democracy comes from the discussion of China's development path of democratization. There is a kind of opinion that liberal democracy mode is the only choice and representative democracy developed in advance of deliberative democracy in most western countries. While another opinion holds that it is a strategic choice of democratization for China to develop deliberative democracy system because China has a tradition of negotiation and consultation which has been a cooperative governance pattern between officials and citizens. Deliberative democracy is a scientific and democratic decision-making process. In the theory of deliberative democracy, democracy shall not be confined only to the spread of liberal election, but shall include proposal, participation, negotiation, and citizen rights as

well as the scope and credibility of consultation, etc., which is a process of the public's participation in decision-making via debate and discussion. Deliberative democracy can help to develop a democratic concept of information publicity and the people's participation in decision-making with focus on discussion to strengthen citizens' capacities of rational discussion and deliberation (He Baogang 2008). As indicated by the research of He Baogang and other scholars on the deliberative democracy of Wenling City, Zhejiang Province, there are true consultations in those villages which have made progress in competitive election these years, and consultation at the grassroots level is more authentic than that at the higher level. Voting will only be used at the final stage of public consultation. Therefore, deliberative politics may be the source of electoral politics. However, deliberative democracy cannot replace electoral democracy because the development of the latter will help to give full play to the role of the former. Whereas competitive democracy pattern aims at selection of the leader, deliberative pattern focuses on citizens' deliberation abilities and opportunities in their participation in decision-making. Deliberative democracy can actualize two basic values: political equality and political consultation. The institution and method of consultation have complemented and improved electoral democracy. With the fully development of electoral democracy, deliberative democracy will be more important for China's grassroots government because deliberative democracy incorporate democratic value into decision-making process even in those countries where electoral democracy has not been realized yet.

Will the development of democracy weaken the Party's leadership? This is an inevitable question. Intuitively speaking, the development of democracy will surely reduce or partly replace the decision-making management power of the Party and government and the answer will be Yes if that can be called "weakening." However, another question is whether it is strengthening or weakening of the Party's leadership in terms of the practice of no separation between the Party and the government or replacing the government with the Party? Whereas many problems with the grassroots government are related with the impotency of supervision and monitoring system of the government itself, weakness of the society is also an important factor. There is an imbalance between a strong government and a weak society. In the concept of enterprise governance, the weakness of the public as the "clients" or "consumers" of the government with ill mechanism of interest expression will lead to the recklessness of the government, which is described by the public as "Big shops will bully customers." If consumers have strong awareness to safeguard and claim their rights, the manufacture's consciousness and capacity of providing service will be improved. The process of democracy is a process to achieve the balance of power between the ruling party and the public which will create a "win-win" solution both for the Party's leadership and the public. It has been proved by empirical study that the practices of grassroots democracy in some places have successfully brought about benefits for both the country and the society, and also enhanced both villagers' capacity of self-governance and the country's capacity of implementing its policies in rural areas, which shows that the authorization of newborn social power does not necessarily weaken the country's social management ability and there shall be no zero-sum game between the country and the society. The author was inspired in other

way while serving as consultant of rural development projects for the World Bank and U.K. Department for International Development. A World Bank official said casually in a project assessment survey that projects are easy to carry out in China because the government of China has enough power to deal with everything and there are few NGOs as “troublemakers.” Things are different in some other countries where some NGOs will stand up to criticize and make requests early at the stage of project feasibility study with appeals to their central governments or even complaints to the high level of World Bank. In the execution of project, these organizations will conduct on-the-spot examinations and put forward all kinds of hard questions to the government.

Considered from another view angle, such case just shows the impotency of China’s civil power which enables the government to have its full swing. With underdeveloped grassroots democracy and narrow institutional space for civil power and NGOs to play their roles, government accountability system can hardly be established. Fundamentally speaking, there is no contradiction between the expansion of grassroots democracy and upholding the Party’s leadership. Grassroots democracy is a government management system as a form of government instead of a form of state. As the empirical study shows, the better villager self-governance goes, the lower peasants’ interest will be in the direct election of township leaders. Therefore, whether implement basic-level democracy or not is about the choice of the Party’s leadership style instead of the Party’s leadership of specific affairs. It is state power but not control and coordination of specific social affairs that serves as the cornerstone of the Party’s leadership. The Party’s leadership shall be active stipulation of rules governing state operation, economic development and social life instead of passively coping with all kinds of unpredictable social political events.

In the context of enlarged basic-level democracy, winning the election shall be the primary responsibility of the grassroots Party organization. The Party organization shall secure the victory of Party members in the equal and liberal election, otherwise, the Party leader shall be politically liable, which will gradually cultivate the ruling party’s awareness of campaign so as to sustain and consolidate the ruling party’s position based on the people’s authorization and recognition, which will help to solve the impotency of the superior’s control over the subordinate inside the Party organization. Judged from the trend of social development, both the diversification of social and economic interests and pluralism of political interests are inevitable. Compared with the improvement of compatibility of political interests, it is more important for the ruling party to maintain organic connections with the public. Such connections, which can only be maintained through the development of democracy, play a vital role in securing the ruling party’s leadership.

2.1.2 Grassroots Self-governance

As an important part of China’s political institution, basic-level self-governance is the logical consequence of grassroots democracy development. The wide range pilot

testing of “Village Self-governance” began in mid-1980s and was implemented nationwide through national legislation in late 1990s. As a result of over ten year’s practice, there have been significant historical development as well as new situations and challenges for grassroots self-governance institution which needs to be deepened and improved.

This kind of grassroots self-governance is different from China’s traditional squire autonomy. In the traditional power structure, “imperial power does not go beyond county level,” the maintenance of local order relied on social customs, clan organizations and prominent squires, as is called “imperial power does not go beyond county level, clans under the county practice self-governance which is based on ethics that cultivates squires.”¹ As demonstrated by Qu Tongzu in his book “Local Government of Qing Dynasty,” gentry is the only social pressure group in local political structure whose interests were not always consistent but often conflict with other social groups. “This fact was not compatible with self-governance which requires social interests to be represented as a whole.” Under this circumstance, the class of gentry and officials are two groups under the same political order carving up the local power of the empire.² Although there was more or less publicity reserved by these two groups as the result of ideological molding, such publicity lacked institutional assurance. What we need now is not a reprint of the traditional self-governance but a democratic one adapted to modern society through which the public will report their appeals to grassroots government to be integrated and coordinated via institutionalized channel, and the social public demands will be satisfied by the regulation and service of the grassroots government. The integration and coordination of appeals from different interest groups ask for highly democratic mechanism which will make the grassroots government’s institutional authority accepted and recognized by the grassroots people. Otherwise, there will be more complaints from the public and more intensified social conflicts if the grassroots government loses its transparency and necessary transcendence and become the agent of a specific interest group.

Tocqueville said: “However enlightened and however skilful a central power may be, it cannot of itself embrace all the details of the existence of a great nation. Such vigilance exceeds the powers of man.”³ In fact, due to the vast territory, it is impossible for the central government to be clear of the slightest trends of grassroots society, even to understand the operation of the grassroots government. As found by the survey, the higher authority’s assessment and supervision measures are usually dissimilated and replaced with movement behaviors by grassroots government and it is even worse that such a kind of management from top to bottom is of high cost and poor performance. As a result, the public’s dissatisfaction spreads to the central

¹Qin Hui: “Ten Traditional Theories—institutional culture and its reform of local society”, Fudan University Press, 2003 Edition, P3.

²Qu Tongzu: “Local Government of Qing Dynasty”, translated by Fan Zhongxin, etc. Law Press 2003 Edition, P305–P330.

³[France] Tocqueville: “Democracy in American” (Volume I), Commerce Press 1996 Edition, P100.

government and people's participation in the political process in various channels both inside and outside the system which will enlarge the scope of political participation (such as organized petition and burst of mass disturbance, etc.) and affect fundamental social stability and order.

In terms of government operation, it is necessary for the higher authority to authorize the grassroots level with bigger autonomy so as to reduce the cost of problem solving. There may be some people concerned of "no control, no order", worrying that grassroots government behaviors will be more difficult to control following the decentralization of power which can hardly guarantee effectiveness and justice. Therefore, the enhancement of grassroots government's responsibilities shall be synchronized with the strengthening of supervision and control by the social public. In another word, current problems with grassroots governments will not addressed until the public can supervise and control government at this level based on the improvement of its basic functions and institutional norms as well as its transparency, public participation level and public monitoring mechanism.

The direct political effect of grassroots self-governance is to change government's administrative control of rural society and enable the latter's autonomous power to play its basic role in various aspects including public service supply, social order maintenance and contradiction resolution, etc., so as to prevent grassroots problems to escalate into troubles for the central government and reduce the cost of government's direct control of rural areas, which will also reduce the risk of management failure caused by governments' impotency and revitalize rural society from inside. The primary objective of this new pattern of governance is to make rural issues "internalized" and "socialized". "Internalization of rural issues" means peasants' problems shall be resolved through socialized interaction as many as possible instead of evolving into political issues. A typical situation nowadays is that when peasants are confronted with problems such as traffic accident, fake and inferior fertilizer and labor disputes, etc., they will impose pressure on the government from the very beginning through petitions, demonstrations and protests in the heartland of the government, which will turn common conflicts of social life into political events. It doesn't make any sense to say whether peasants are right or not in resorting to such means because this is their spontaneous reaction against the system. Objectively speaking, the government's rigorous control of social life has to some extent led to peasants' inclination of seeking political solution with the government in case of any problem. In fact, there are better solutions or methods for both peasants and the government which seeks to resolve problems through the rules of market economy, or interaction of social organization, or negotiation of interest group, in a word, by the way of social channel instead of political pressure.

Present government operational pattern has actually politicalized many problems. When the power is centralized and the government at lower level cannot satisfy the demands of the public, people will appeal to higher authority even up to the central government which has given rise to the "escalation" and "centralization" of grassroots problems. For example, peasant petitioners will go directly to the Secretary of county Party Committee instead of the Bureau of Letters and Visits, saying: "It's useless in our county to go to the Bureau of Letters and Visits or even the county

head, only the Party Secretary himself has the final say.” This is exactly the problem with the system which concentrated and politicalized contradictions. Who can supervise the county Party Secretary? Only the higher authority can. Therefore, peasants have to appeal to the higher level till Beijing. Such a system of higher level and individual power centralization is in fact a system drawing fire against itself. It is an inevitable consequence of the system’s nature that petitions frequently bypass the immediate leadership. Simple issues which should have been solved by the regular operation of administrative system were politicalized and had to be dealt with by political pressure in the end; those which should have been settled in different departments were finally centralized at the Party Secretary’s hands. Therefore grassroots self-governance shall take “Governance without Government” as a direction in terms of public administration.

“Governance without Government” is an important concept in governance theory which does not mean there is no need for the government but many sectors in the governing process can be operated without direct governmental manipulation. This perception is consistent with the essential experiences of the New Public Administration Movement in Europe and America. From the view of New Public Administration theory, not all public goods come from the government and a lot of them can be provided by NGOs or private sector, or at least there should be competitions between NGOs and government departments in the supply of public goods such as education, health and environment construction in which NGOs play an outstanding role so as to improve the quality of public goods as well as the government’s accountability and efficiency. There are many affairs in rural construction that can be handled with civilian power without being arranged specifically by the government. The operation by peasants themselves in the name of NGOs is of lower cost and higher efficiency. Government shall reduce direct control of rural affairs as much as possible and abandon the delusion to change rural situations in the twinkling of an eye through the abuse of “movement” in grand scale. On the base of self-governance, it is not necessary for the central government to directly control local governments and there are clear boundaries of political rights and liabilities between the central and the local. In the context of fully implemented grassroots democracy, the real “managers” of local governments are the local people.

Grassroots self-governance does not mean to abandon the higher level and even the central government. The answer to questions on how to integrate the demands of grassroots society, how to set up professional work divisions and how to safeguard the publicity and authority of grassroots regime lies in the institutional control of higher and central authority as well as the regulation by a sound legal system. Grassroots self-governance will not run effectively until a complicated and adaptive government system is established. Sound grassroots self-governance is necessary for both the improvement and the enhancement of government institutionalization. Grassroots self-governance restricted and safeguarded by the rule of law will strengthen the justice and authority of state power system. In case of any divergence and argument in the grassroots governance, the central government will be able to resolve these conflicts with its transcendence and authority. Such a system will reduce the pressure of public political participation on state power and dissolve

contradictions at the grassroots level by securing the continuity and effectiveness of grassroots government's general administrative behaviors. At the same time, the higher level authority will have enough resources and means to cope with political conflicts that are beyond the competence of the grassroots government, and the separation of administrative behaviors from political activities will make the political system more stable and better organized.

2.1.3 Construction of Rule by Law

Whether to standardize society–government relation and politics–administration relation at the grassroots level or to secure the effective running of grassroots democracy and government organizational structure relies on the construction of rule by law which is the internal requirements of both government system and the grassroots society.

There is significant difference between rule by law and politics. Rule by law is certain in its clarification and standardization of all kinds of social relations, whereas politics is uncertain in its constant adjustment following the change of social interest structure and the will of the public. Tocqueville mentioned: "Scarcely any question arises in the United States which does not become, sooner or later, a subject of judicial debate; hence all parties are obliged to borrow the ideas, and even the language, usual in judicial proceedings in their daily controversies".⁴ Rule by Law is an effective way to sustain the running of political power, Aristotle pointed out in *Politics*: "Therefore he who bids the law rule may be deemed to bid God and Reason alone rule, but he who bids man rule adds an element of the beast...The law is God and Reason unaffected by all desires."⁵ He believed that one of the meanings of Rule by Law is "universally complying with the laws established."⁶ That is to say, all social relations must be restricted by law and the law is the ultimate authority in dealing with all social issues.

Although Rule by law shall be applied to regulate politics, it cannot replace politics because politics must keep running to satisfy social demands driven by constant change of social power and interest structure as well as the public's appeals. After the establishment of Rule by Law, all affairs which are not of political nature can be solved by law so as to de-politicalize social problems and control social contradictions and conflicts within certain scope and intensity, which, based on definite legal provisions and prejudications as well as rational predictions and judgments of different power or interest subjects, will not only secure the authority of management but also reduce social conflicts.

⁴[France] Tocqueville: "Democracy in American" (Volume I), Commerce Press, 1988 Edition, P310.

⁵[Ancient Greece] Aristotle: "Politics", translated by Wu Shoupeng, Commerce Press, 1996 Edition, P 166.

⁶The same with the above.

In present China, the relation among different level of government is mainly characterized by Rule of Man which is a kind of politics neglecting rules and procedures. The author's survey reveals that what will decide the withdrawal or the transfer of power between different government levels is merely a word of a higher level Party or government leader or a work meeting. Therefore, the higher authority must respect the political role and power of the grassroots government as the first step to secure the Rule by Law of the latter. The fundamental respect is the guarantee of law which will build a Rule by Law government instead of an independent Rule by Man kingdom. On the basis of Rule by Law, misplaced administrative power shall be returned to grassroots government to make it worthy of the name. Due to the incomplete institutional designing of present political power of the grassroots government and the absence of effective Rule by Law in practice, the dominance and abuse of power are free from powerful restraint. There is a circle in which the higher authority abuses power on the grassroots government and the latter do the same thing on the public. As a result, the public's complaints about the grassroots government will spread to the higher level government. Hence, there must be powerful restriction based on Rule by Law in both the designing and practice of power institution whether for higher or grassroots government. It is only administrative instead of political reform to build up Rule by Law governance structure among different level of governments that will generate enormous political benefit when grassroots governments actually execute their rights and shoulder their responsibilities.

The survey shows that more and more peasants have begun to regulate behaviors and express demands by law in rural social and economic life. Some actively study and quote laws, seeking solutions in judicial channel; some follow an institutionalized means to participate in the representative elections of mass organization and the basic NPC, which demonstrates the public's recognition of the path of Rule by Law and their trust of channels within the system. Such progress shall be actively, timely, effectively and positively responded and guided with the improvement of legal system so as to prevent "Street Politics" and "Underworld Politics" from happening. The primary issue is whether there is an institutional channel for the expression of interest demands or a set of procedures to secure expression of appeals and settlement of disputes regardless of who is right in the conflict between peasants and the grassroots government. The problem is, some grassroots governments, by taking advantage of loopholes in laws and regulations, manipulate the procedure and control the means and consequence when peasants are trying to express their demands in a democratic way, which will lead to more conflicts and peasants' distrust of governments and Rule by Law. Objectively speaking, though there has been quick progress in China's Rule by Law construction with legal system of grassroots democracy basically established, the process still lags behind fast changing social life and the people's increasing demands of participation. Particularly, current legal system cannot accommodate the reality of flourishing and changing grassroots political life. The major defection of present legal system expresses itself as emphasizing the entity while neglecting the procedure. A lot of procedural contents are expressed in substantive law. There is only sketchy or even no legal provision on the procedures particularly for the resolution of illegal cases, which leads to difficulties in judging

“whether it is against the law” with the absence of relevant mechanism. Due to the ambiguity of legal settlement, a number of contradictions remain unresolved, which provide the space for illegitimate interventions from various forces. For example, with the development of grassroots democracy and the public’s increasing enthusiasm of participation, basic-level election is growing more and more competitive, which has put forward urgent need for the legalization of grassroots democracy. Otherwise the democratic election will be subject to manipulation and even destroyed by money and violence. For example, as stipulated by law concerning dispute settlement of the grassroots election, the People’s Congress and government at the township and county level as well as competent sections of the county government are all in charge of dealing with whistle-blowing, which has resulted in poor performance and responsibilities shuffled by each other. For example, it is common place that the publicity of governmental affairs at the grassroots level has become a mere formality despite many documents issued from top to bottom including explicit requests of Regulations on Government Information Disclosure issued by the State Council. Without specific laws and regulations, institutions and requirements of improving governmental affairs publicity have become the “bestowing style” participation which arbitrarily publicizes information regarding the content, scope and channel. But it is very hard for the public to claim their rights and ask for the publicity of the information which is their primary concern whereas the leader is unwilling to disclose. Therefore, it is necessary to secure by law the public’s right to know with hard restrictions on each aspect of governmental affairs publicity.

Peasants’ political rights shall be ordained by law clearly and specifically which will dissolve some ambiguous statements and practices. For instance, in dealing with peasants’ resistance, some local governments, while recognizing the rationality and legitimacy of peasants’ demands, assert with no exception that there must be someone “ill-intentioned”. Such a statement on one hand acknowledges the reasonability and validity of peasants’ demands in abstract sense and on the other hand denies the motive and properness of their collective actions which will provide excuse for violent suppression. This is obviously a conspiracy theory in the handling of peasants’ resistance. Those conspiracy theorists can only utter with equivocation instead of substantial proof. With clarified laws and regulations, what is most important is to judge by law whether peasants’ demands and their expression of demands are legal or not, instead of criticizing others as “ill-intentioned” and peasants as “ignorant of facts”, which is actually demonizing peasants to absolve the government of its breach of law and delinquency.

To improve the political functions and administrative structure as well as the smooth operation of grassroots democracy, the grassroots government shall strengthen Rule by Law in four dimensions: No. 1 is to define the relations among power subjects by laws and regulations including rights and liabilities relations among grassroots authorities, governmental organizations and the Party organizations to secure their orderly operation and benign interactions. To achieve the justice and harmony of grassroots society and satisfy its demands of public service, it is necessary to strengthen grassroots government’s engagement with public opinion organs and social organizations as well as standardize the relations among power authorities, govern-

ments and social organizations; No. 2 is to establish a service-oriented government which is mature, rational, efficient and clean with scientific functions and proper organizational structure. Legal normalization plays a vital role in the function setting, organizational structure and power relation inside the grassroots government. Present power centralization structure of grassroots government needs to be changed and institutionalized through complete basic government organizational law to define its functions and structure; No. 3 is to establish mature grassroots democracy institution with the improvement of democracy operational mechanism at the grassroots level. Conflicts are inevitable for the complicated relationship among power and interest subjects, and the integration of these conflicting wills and demands relies on the construction of effective democratic mechanism. Therefore, the law shall be applied not only in the normalization of relations among various social interest subjects but also in establishing complete democratic system to express, coordinate and ultimately integrate wills and demands of grassroots society into the will of authoritative government; No. 4 is to coordinate various social power interest relations and reach social common sense as the base of legislature. The law will have authority only when there are laws to abide by as the premise of Rule by Law and legislature is based on broad social consensus.

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2.2 Good Policies and Good Implementation

Editor's Note of Sichuan Daily How to achieve good execution of good policies in the booming New Rural Construction? What shall be the role of the government in and what is the key to village governance? With these questions, the journalist interviewed Mr. Zhao Shukai, a researcher of Development Research Center of the State Council. In Zhao Shukai's point of view, the major constraint of rural development is "poor governance". Therefore, extraordinary emphasis shall be laid upon the issue of governance in New Rural Construction with renovation of governance philosophy and transformation of governance paradigm to secure good execution of good policy and effective governance of rural society.

Democratic management of new rural construction shall be strengthened.

Sichuan Daily: Recent years saw the government's efforts in rural work such as abolition of agricultural taxes, direct subsidy of food production and increasing input of rural education and medical health, etc. What do you think of such a "rural new deal"?

Zhao Shukai: The focus of the new rural policy of this administration can be summed up in two points: One is strong economic support such as the above mentioned abolition of agricultural taxes, etc., which has remarkably accelerated rural economic development and promoted the harmonization of economic and

social progress. Another is enhanced safeguarding and advocating of peasants' rights such as the resolute abolition of "House and Repatriate Regulation" aimed at migrant workers, severe punishment on the violation of peasants' interests in land acquisition and cancelation of several discriminating regulations on peasants' mobility and employment. All these efforts have truly demonstrated people-oriented governing philosophy which has revived rural economy, effectively dissolved or restrained many rural conflicts and risks.

Sichuan Daily: Despite the good momentum, there are still many perplexing problems in rural development. What do you think is the chief problem?

Zhao Shukai: Let me explain with simple facts: Poverty relief funds allocated by the Central Government will flow away level by level before they reach rural poor household and the government's special funds will drain away level by level before they are invested in specific projects, which has long perplexed the government, peasants and rural development. In my opinion, the major problem is whether these good policies can fully play their role through effective implementation, particularly whether the increase of input can fully benefit peasants, which is in another sense, the problem of how to improve democratic management.

Sichuan Daily: Why is there no good implementation of good policies?

Zhao Shukai: How to well implement a good policy is not a new puzzle for rural work. It has been a main feature of local government to change forms or dissolve policies in the practice with implementation replaced by meetings and documents, which is typical in rural work. In a simple sense, this is an issue of ineffectiveness of work. Furthermore, it is about the demonstration of the strategic objective of New Rural Construction in the operation of the government system.

Internalization and Socialization of Rural Issues.

Sichuan Daily: "Governance" has become a very popular topic of present rural research.

Zhao Shukai: Grassroots cadres generally regard "ruling" as treatment and management of so much social and economic "chaos" in rural areas, which is involved with rigorous rectification and strict control based on administrative compulsion and power centralization, which is anything but the advocated "governance".

Sichuan Daily: Then, how to understand "governance" as you mentioned?

Zhao Shukai: The new "governance" is fundamentally different from "ruling" and the latter must be transferred into the former. In the transition from "ruling" to "governance", it is necessary to straighten out both internal and external relations of rural areas with new governance paradigm, i.e., "polycentric governance" which means there will be multi-subjects undertaking social order maintenance and social development coordination, including governmental and nongovernmental organizations; profit and nonprofit organizations; individual and interest groups, etc. In such a governance system, various subjects interdependently manage public affairs through cooperative "participation", "negotiation" and "coordination", maintaining a sound and harmonized order. Under this principle, governance becomes an interactive managing process instead of a compulsory behavior from top to bottom.

Sichuan Daily: What is the objective of "Polycentric Governance"?

Zhao Shukai: The basic objective of this new governance paradigm is to internalize and socialize rural issues as much as possible. “Internalization of rural issues” means that problems derived from grassroots shall be dissolved at that level; problems derived from rural society shall be internally resolved instead of being confronted by government. “Socialization of rural issues” means that peasants’ problems shall be treated as social ones and rural problems as market ones instead of political ones, so as to prevent the politicization of common issues, which shall also be the focus of rural governance.

Sichuan Daily: In that sense, the improvement of governance will be inevitable.

Zhao Shukai: Definitely. It will be a very complicated process to achieve polycentric governance and de-politicization of rural issues. Hence, there shall be both overthrow and establishment instead of sticking to the old path in pushing forward governance. “Overthrow” means breaking overcentralization of power at the higher level inside government system and overcontrol of rural society by the government outside government system. In terms of present basic organization construction, it is necessary to adjust the thinking of two issues: First of all, who shall take care of rural affairs? Since rural community management is the business of the community itself, it is unnecessary for the government to conduct administrative control with grand unification. Secondly, who shall feed rural managers? There is something wrong with government’s “keeping” of village cadres, which needs further exploration.

Sichuan Daily: What then does “establishment” mean?

Zhao Shukai: “Establishment” here means that multidimensional rural relations shall be straightened out with the new paradigm of governance. The strategy of governments’ rural leadership shall conform to changes of situations and establish the direction of polycentric governance. The cooperative relations of shared governance between governmental and civil organizations, governmental and private sectors and among citizen groups will be the essential feature of rural polycentric governance.

Sichuan Daily: Will “polycentric governance” give people an impression of “governance without government”?

Zhao Shukai: “Polycentric governance” doesn’t mean “governance without government”. It means aspects of the governance can be free of governmental direct manipulation. The root of the implementation failure of government mandates and unfulfilled expectation of peasants is the weakness of civic response power. Provided that rural civic power interacts positively with the government system, there will be real supervisor of policy execution and make government decrees easy to implement. Therefore, the institutional space shall be expanded for the growth of civic groups to give a full play of their role in the establishment of good governance.

Sichuan Daily: What is the practical significance of the concept of polycentric governance in new rural construction?

Zhao Shukai: Defected government operational mechanism has been the major bottleneck for rural development. Good policies and great without systematic innovation, input can hardly achieve desired effect. Therefore, innovation of government operation mechanism should be integrated into New Rural Construction which shall

also be the process of government's learning of how to apply new concept and mechanism in rural "governance". The core of such new type of relationship is to activate peasants' initiative and creativity and make peasants the real subject of New Rural Construction.

This article was the record of an interview of the author by the journalist of "Sichuan Daily" published in "Sichuan Daily" on May 15th, 2006 with the original title "Good Policy Deserves Good Execution".

2.3 Government Performance in Public Service Perspective

Nowadays, China is engaged with great effort in improving rural public service to reduce the enormous gap between urban and rural areas aiming at the construction of a harmonious society. For that purpose, government has sharply increased financial spending on "Three Rural Issues (agriculture, rural areas and peasants)" and the improvement of public service oriented government has become the core issue of government innovation.

It is an inescapable responsibility of the government to increase the supply of rural public goods and improve the quality of rural public service. From the middle and late 1990s to the beginning of 21st century, China's "Three Rural Issues" aggravated and rural social and economic contradictions intensified, even governance crisis arose to some extent due to the government's negligence of public service construction in economic development. Recent years saw the rapid improvement of rural conditions for the government's unprecedented emphasis on rural public service building, whereas peasants' degree of livelihood satisfaction and trust of the government do not rely only on the increase of economic level, an all-round social development will be the cornerstone of a happy rural life.

Increasing government input is important but not enough for the improvement of rural public goods supply. In terms of quantity, government supply can hardly fulfill the demands. Furthermore, there are problems such as poor efficiency, fund waste and imbalanced supply and demand. Foreign and domestic experiences show that these problems exist not only in rural public goods supply in China but also in public management over the world which differ merely in degree, the main reason of which is the uniqueness of public management system and management objective that leads to the dysfunction of efficiency mechanism.

Traditional economic theory holds that public goods must be supplied by the government due to the existence of market failure and lots of economists and common people also think that only government is able to provide public service as demanded by people. However, according to some research, there is no any logical reason why public service has to be provided by bureaucratic government agencies. Compared with traditional administration study which focuses on the reform and improvement of the government itself, New Public Administration theory pays more attention to government-society relationship, insisting that there will not be better

supply of public goods until the government's monopoly of public service is broken up and the competition between the public and private sectors is established, i.e., non-governmental subjectives such as communities and enterprises can also play their roles in public goods supply. In correspondence with theoretical breakthrough, there were waves of privatization from 1970s which spread to rural areas. For example, as indicated by a research report of the World Bank, the practice of providing rural public infrastructure by the private sector has been carried out in many developing countries since market supply was introduced to the rural communication of Chile since 1990s. Some foreign and domestic surveys also reveal that there are plenty of non-governmental supplies in rural medical service, irrigation and agricultural technology service, etc. In China's history, there was also a rich tradition of non-governmental supply of rural public goods.

Whereas non-governmental supply like marketization can improve efficiency, it is not omni-potent. As indicated by "2004 World Development Report" of the World Bank, public service will not automatically benefit the poor. It is hard to imagine the poor's benefit in a world where public service is provided totally by the market will be better than that provided by the government. In another word, non-governmental supply of public goods may not be able to provide basic public services to a part of people, whereas securing everybody's access to these services is the fundamental meaning of social equality. Meanwhile, because different "public goods" has different attribute, channels and efforts of non-governmental supplies also differ from each other. For example, in terms of infrastructure, the exclusiveness of irrigation system particularly irrigation facilities like electromechanical wells are stronger than that of rural road. Individual peasant may be uninterested in rural road investment but enthusiastic in irrigation system. For another example, as agricultural technology service, market may play different roles in pest control and special breeding. Hence, there should be detailed classification of non-governmental supplies of rural public goods instead of a general concept, which is not only about equality but also supply efficiency.

In a general view of rural public goods, government should, based on its major function of public supply, create an environment for as many as possible channels of non-governmental supply which will form a competitive supply pattern to some extent and complement the government's fund shortage and improve supply efficiency. On the other hand, classified guidance and control is necessary for market supply which should neither be lumped together nor laissez-faire. In fact, certain research finding like the World Bank report has proposed "differential treatment" to private supply of rural public goods.

Obviously, non-governmental supply of public goods has been a cutting edge issue for China's public administration whether from livelihood or research perspective, the discussion of which is undoubtedly a great challenge. Presently, there is hardly any fruitful result of research. In my opinion, the biggest value of Professor Lin Wanlong's works is the expansion of this research field with new contributions both in theory and methodology. Based on the summary of several patterns of China's non-governmental supply of rural public goods and discussion of various factors affecting rural public goods supply, this book proposes a policy framework

considering both efficiency and equality of non-governmental supply of rural public goods. It also takes note of many unequal and unreasonable policy interventions which were neglected consciously or unconsciously by policy makers in rural public goods supply. Instead of simple and unconditionally approval, it objectively analyzes the equality and efficiency issue as well as the due role of the government in rural public goods supply, which is fundamentally different from those general “extensive marketization” slogans.

The research designing of this book was initiated by the author in the bidding of China Development Research Project Fund. Sponsored by the key project fund, the author carried out a series of field surveys. Special surveys were conducted in six provinces and eight counties and others centered on this research topic were conducted in other three provinces and five counties. All of its research conclusions are supported by empirical materials and its special study of several cases based on field research data can provide us with very rich empirical information. In my personal view, the right or wrong of application research is open to discussion, whereas the research attitude must be upright and the conclusion must be established upon field research and empirical analysis which is what I appreciate most of his study, and I hope the author will keep going and make new academic achievement.

This article is the author's preface for “Private Supply of Rural Public Goods: Influencing Factors and Policy Choices” (China's Development Press, October 2007) by Lin Wanlong.

2.4 Political Development in Public Participation Perspective

2011 is the 100th anniversary of China's 1911 Revolution. If we look back at the discussions and designing thoughts of political and legal system at that time, we may have the feeling that present research level is no better than that of a hundred years ago in many aspects. The 1911 Revolution succeeded in overthrowing the monarchy but failed obviously to establish democracy and republic. Of course we shall not be overcritical of our precedents who have done as much as they could. It is not those minority theorists and politicians who will decide the level of democratic politics of the society no matter how insightful and brilliant they are. What then is the basic decisive factor? A possible answer will be: citizen participation. Without effective participation of citizens, in another word, in the absence of citizens' will, capacity and proper means to participate, the so called “democracy” can only be a castle in the air, no matter how advanced political conception or institutional arrangement is. Therefore, public participation is very important. Where there is no public participation, there will be no real democracy; where there is no high-quality public participation, there will be no developed democracy.

This book written by Dr. Sun Long is an important research achievement on citizens' participation. In recent years, democracy was a hot topic of both foreign and domestic studies of China's politics which has set off a small upsurge and achieved some key results. These studies cover a wide range of democratic politics with

different focuses on high-level democracy, grassroots democracy, democracy within the Party, social democracy, electoral democracy and deliberative democracy, etc. However, a review of research status shows that many books only focus on the advantage of democracy, some argue for how successful is China's democratization based on textual regulations and some empirical studies of political development have to some extent neglected the study of citizen participation. Compared with rural areas, urban citizen participation is relatively weaker because the rise of village election and rural conflict has strongly promoted the study of peasants' political participation whereas similar study of urban citizen participation lags behind. Against this background and based on the field survey of Beijing, this book is remarkable for its systematic presentation and analysis of urban citizen participation.

A typical feature of Dr. Sun Long's study is his personal involvement in "citizen participation" for several times. Though there has been no major breakthrough in policy and legislation of citizen participation these years, something is changing with urban citizens which is not vigorous but feels like surging spring tide. In the rapid social and economic transition, people's expression of interests is growing stronger. Under such new circumstance of citizen participation, Sun Long is not only a researcher with intense academic concern but also a man of action to some extent. For a few years, he kept involving himself in some "citizen participation" at the grassroots level such as university election campaign for the People's Congress member and planning of safeguarding property owner's rights, which has made his research highly practical and pertinent, whether large scale questionnaires or in-depth interviews of specific persons and events.

Another important feature of Dr. Sun Long's study of citizen participation is his broad academic vision and dedicated innovation. This book systematically sorts out relevant foreign and domestic studies and analyzes research status of citizen participation with the conclusion that academic research lags far behind citizens' practical participation, which I totally agree. The author accurately points out defections of present research: separated research of election and direct participation; insufficient field survey and first-hand material of empirical research; overemphasis on elites or "active citizens" participation and negligence of common people or "passive citizens"; lack of specialized study of different strata and groups. Based on the analysis of former studies, the author made his own research strategy and innovation approach, focusing on two major activities of urban citizen participation: the People's Congress members election and property owners self-governance. By analyzing the link between election and direct participation, the author demonstrates the complexity of China's urban citizen participation pattern. Engaged in long-term tracking surveys, the author concentrates on the study of the occurrence logic, development and transit track as well as the social implication of urban citizen participation network, which has deepened the observation and understanding of China's citizen participation pattern citizen participation.

This book keenly finds and points out several important issues on present citizen participation. In my point of view, some of them are noteworthy. First of all, there are new problems in the election of grassroots People's Congress. As found by this research, voters' request of representatives is increasing with more and more

emphasis on whether the representatives are “speaking for the people” and “doing practical things to solve the people’s problems”. Meanwhile, they are more and more inclined to choose “representatives of interests” instead of “model workers”. However, their will of taking part in the election has declined and their sense of alienation intensified. The past decade saw the declining scope, frequency and depth of interplay between voters and local district NPC members, dropping personal voting rate, weakening comprehension of candidates and former representatives’ performance, which shows the obstacle of present election system and even the social contradictions derived herein. Secondly, there are new problems with the citizen participation channel. As the basic means of urban citizen participation, petition and reception, administrative litigation, legislative proposal and voluntary candidates are participations within the system established by laws and regulations. However, there are interceptions of petition, difficulties of filing a case and opening a court session in the filing when instituting an administrative lawsuit as well as the obstruction to and even pressure on legislative proposals and voluntary candidates. As a result, the cost of legal citizen participation has increased, which has even led to radical and disordered participation and petition, and the “Rule-by-Man” characteristic of governance has been intensified. Thirdly, there are changes of the political attitude of middle-class. More than 30% of the emerging urban middle-class citizens think their political position is lower than their economic positions; about 15–35% think they have strong capacity of political participation but their demands are not effectively responded by the government. Divergence of recognitions of middle class social status and asymmetric senses of internal and external political efficacy have demonstrated their dissatisfaction of existing interest expression mechanism, which has put forward the issue of how political system can adapt to increasingly complicated social structure. Fourthly, there are changes in safeguarding property owners’ rights. As revealed by this research, the participation rate of Property Owners Committee elections and of their self-governance has exceeded that of Residents Committee. Safeguarding property owners’ rights is developing into a social movement with broad and profound impact on grassroots social governance. Particularly, the collective actions of Property Owners Committee beyond the border of community and residential quarter have demonstrated the rapid growth of civic social organizations and have made a higher requirement for the social adaptability of the grassroots political system. Generally speaking, this book has enriched and push forward academic research of citizen participation with its new findings based on the survey and analysis of China’s path of citizenship development.

With reform and opening as well as social-economic transition, China’s citizen participation is continuously unfolding and deepening which will directly orient China’s political transition. This process will be characterized by emerging new questions, expanding practical research demands and springing new academic achievements and theoretical innovations. Dr. Sun Long’s research is an exploring result as well as a significant breakthrough of this academic field. I expect more of his contributions to this field through continuous efforts.

This essay is the author's preface for Dr. Sun Long's book: "Citizen Participation: An Empirical Study of Beijing Citizens' Attitudes and Behaviors" (published by China Social Science Press, May, 2011).

2.5 "Income Account" of Township Government

The 30 years of China's reform, is in a strict sense 30 years of rural reform for the reform was started in rural area. As the saying goes: "Times are always changing", today's towns, with their old name and old signs, has changed a lot in their way of living, operational mechanism and organizational structure. At the beginning of reform, there was clear direction for grassroots government construction, but now the situation goes, if not poles apart, at least athwart. Township reform is still "crossing the river by feeling its way over the stones". What on earth shall be the designing of grassroots government managing rural area? Or what will the future grassroots government looks like? This problem is still ahead of us.

As we can see, "Three Rural Issues" have attracted many scholars with a number of results. Those engaged in this research field are from different subjects with different analyzing tools and languages. To explain how "Three Rural Issues" become problems, researchers have created quite a few new theories and conceptions. These flourishing studies have undoubtedly provided rich inspirations for our understanding of "Three Rural Issues" and theoretical development is becoming a major force pushing forward practical progress. However, defections can be found in examination of these studies: there are so many "research results" over emphasizing theoretical abstract and generalization while neglecting in-depth observation of real life; there are too many surveys on present issues but few about historical development. In many cases, researchers are neither willing to undertake constant and deepened observation of reality nor exploring the engendering process of problems in historical depth. On the contrary, they are enthusiastic about extracting new theories and conceptions and presenting ideas and proposals. In fact, easy theoretical generalization and policy making without insightful observation and historical study of practical issues as well as accumulation of surveys will inevitably lead to superficial conclusions. Therefore, in my point of view, though data analysis and theory generalization are necessary, close watch and detailed description are more important for grassroots government research because the tree of life will keep green all the time whereas theories are often gray. Survey of social life development and transition is the basis of theoretical innovation.

It is from this understanding that I particularly appreciate "Taxes of a faraway Town: Thirty Years of a Town" by Tian Yi and Zhao Xu. Based on practical issues, this book describes real life, probing livelihood behaviors of grassroots government through the progress of reform with rich study materials and exquisite techniques, showing us a significant 30-year history of town government living.

This book focuses on the financial activities of Ping Cheng, a common town in Northwest China to carry out systematic survey with a time span of 30 years. The

author's survey of Ping Cheng Town is skillful and enduring. A lot of interviews were conducted for several years with diversified and a multitude of objectives including former and present cadres, township cadres, county and village cadres as well as common villagers. The content of interviews is systematic and detailed which covers all major aspects of township finance and livelihood, unfolding problems in a series of stories. In my personal academic vision, there is hardly any professional researcher who has done so many interviews with so rich perspectives on only such a town. Furthermore, the author accumulated precious first-hand materials including over-20-year working diaries of grassroots cadres, 30-year files and documents of grassroots government and common peasants' account books, etc., which makes the narrative full and accurate. So far as I know, some scholars in Shanghai made great efforts in material collection in terms of village case study and some researchers also did a lot in terms of township case study in recent years, but none of their accumulation is as rich as the author's with its unique advantage of interviews and materials, this book has undoubtedly occupied an important position. As nonprofessional researchers, the two authors have done something awesome in their study.

This book has sketched a historical picture of township financial activities over 30 years of reform which sheds much light on Ping Cheng, a common small town in the West with grand narrative of rural reform. The main characters moving in this picture are organizations at the low end of China's public power, i.e., governments at town and village level. These organizations are consists of individual cadres with different positions and roles, and there are interplays between peasants of rural society and these organizations and cadres. What we can find in this picture is a series of stories centered on finance or frankly speaking, on the money of government and the money of peasants, which happened in the past thirty years. In these stories, superior and subordinate authorities, high-level and basic-level cadres, town leaders and village cadres, village leader and villagers were fully playing their roles, giving us a taste of China's rural political and economic transition through 30 years of reform and help us to understand how grassroots governments, peasants as well as rural economic and social structure are changed by reform. There is a strong historical sense while reading these stories, reflecting on institutional evolution and social development and ruminating gratitude and grudges between peasants and government. We will gradually come to realize why "Three Rural Issues" has become "problems" since 1990s and burst out and what has been challenging China's grassroots government construction and rural governance in dealing with "Three Rural Issues".

This article is the author's preface for the book "Township Tax: Thirty Years of a Town" by Tian Yi and Zhao Xu (published by CITIC press, October, 2008).

2.6 Government Reform in Local Government Corporatization Perspective

In a strict sense, it is hard to tell the specific source of the concept “Corporatization of Local Government”. As a popular generalization of government’s over emphasis on economic growth, the author prefers to believe it is from the mouth of local cadres. Since 1980s and 1990s, the author has constantly heard grassroots cadres sneering at their own governmental work by saying: “Our county and town governments are running like companies”. Actually, it doesn’t matter where this concept is from, what matters is the understanding and application of such concept. In association with relevant foreign and domestic research, particularly the development of China’s political science over thirty years of reform, this concept is of clear characteristic of times and profound theoretical meaning.

The author’s understanding of “Corporatization of Local Government” is against such background: Since reform and opening up, Chinese government has transferred its focus on economic construction and achieved “Chinese Miracle” marked by continuous high-speed economic growth. In this process, Local government obtained many characteristics of corporation as a result of its concentration on economic growth. Local leading group runs like the management board of a company by integrating company decision making principle of “cost–benefit” into government decision making, which makes government operated like a company. As we also note, China’s economic growth is achieved under the circumstance of unchanged local Party and government system. Furthermore, the question is how government and politics run behind appearances of local government corporatization.

“Corporatization of Local Government” is basically a metaphor. However, for many scholars including the author himself, this metaphor has strong explanatory power. In another word, as a perspective of China’s local government system, incentive mechanism and power distribution, “Corporatization of Local Government” can well demonstrate the nature of local government since reform. This concept is to some extent the perception of “state–social relations” at local level as well as the key to understand “Central–Local” government relations such as how local government accept, select or even distort policy directives from top to bottom. In this sense, it can account for not only China’s economic takeoff but also China’s “governance crisis”—A local government fully engaged in economic development or economic interests will certainly neglect social management and public service within its duties. The author insists that without policy changes of such internal government mechanism, there will hardly be any real breakthrough whether in economic transition or in social equality and justice.

2.6.1 *Local State Corporatism*

In terms of academic sequence of thought, the discussion of “Corporatization of Local Government” has to be started from “Local State Corporatism”.

China’s continuous rapid economic growth of over 30 years has greatly stimulated and impacted theorists’ discussions. In international academic world, the study of China has become an important topic of comparative politics and economics research: why continuous rapid growth is happening in China? What are the facts contributing to this growth? Researchers’ interpretations of China’s economic growth have enriched existing research paradigms. In 1989, American scholar Jean C. Oi initiated “Local State Corporatism” in his paper “State and Peasant in Contemporary China: Political Economy of Town Government”, emphasizing the corporatism relation among local government, financial organization and enterprise.⁷ Later, Jean C. Oi expanded this concept to analyze the institutional foundation of China’s reform. She claimed that the success of China’s rural economic reform lay in the integration of local regime and cadre organizational system established in Mao Zedong Era and local commerce and industry which brought about “Local State Corporatism.”⁸

In Jean C. Oi’s concept of “Local State Corporatism,” “corporatism” does not mean interest groups engaged in interest aggregation or coordination but organized or integrated narrow interests of the society in terms of “state–social relation” to achieve higher objectives such as national and social stability and economic growth.⁹ She applied “Local State Corporatism” to local level and focused her analysis on county, town and village power institutions including the Party Committees and governments at county and village level as well as branch Party Committees at village level because these grassroots power institutions directly participate in social and economic management and are involved into rural industrialization, which she thought was the key to explain the takeoff of China’s rural economy and the answer to the question “what has made this prominent growth happen in absence of any political reform?” By synthesizing analysis in relevant documents, Jean C. Oi proposed the concept of “Local State Corporatism” and its explanatory framework.¹⁰

⁷Oi, Jean. *State and Peasant in Contemporary China*. Berkeley: University of California Press, 1989.

⁸Oi, Jean. *Rural China Takes Off: Institutional Foundations of Economic Reform*. Berkeley: University of California Press, 1999.

⁹Oi, Jean. *Rural China Takes Off: Institutional Foundations of Economic Reform*. Berkeley: University of California Press, 1999.

¹⁰Oi, Jean. *Rural China Takes Off: Institutional Foundations of Economic Reform*. Berkeley: University of California Press, 1989; Oi, Jean. “Fiscal Reform and Economic Foundations of Local State Corporatism In China”, *World Politics*, 45, 1992; Oi, Jean. “The Role of the Local State in China’s Transitional Economy,” *The China Quarterly* 144, 1995; Oi, Jean. *Rural China Takes Off: Institutional Foundations of Economic Reform*. Berkeley: University of California Press, 1999.

Like Soviet–Eastern Europe countries in transit from planned economy to market economy, China is also faced with the startup of rural industrialization. In Jean C. Oi’s point of view, the given condition at the beginning of reform is a well-preserved political system, i.e., local Party and Government organizational network which she called “legacy of Mao Zedong,” a resource left by old system. Whether Party Committee or government has retained its entrenched official position, but how these authorities were mobilized as the pushing force of economic development? Jean C. Oi proposed two structures of incentive: decollectivization and financial reform. Former income pattern of production team and Commune was changed by the disintegration of the People’s Commune and decollectivization of agricultural production. Instead of being kept by village collective group, the harvest of agricultural products were mainly owned by rural households after rendering of basic public grain and collective turnover, which improved peasants’ income but sharply reduced village collective income and grassroots government income. Particularly for village level which was not a legal part of state power and fiscal revenue would not go directly to village collective. As a result, village collective income suffered most from decollectivization which made agriculture no longer the main source of fiscal revenue. Meanwhile, financial reform started at the beginning of 1980s put tax responsibility system into practice and made local government an independent financial entity, which drove local government to search for new source of income. Constrained by all conditions, the most beneficial and political risk-free solution for local government was to develop rural collective enterprises, i.e., township enterprises which not only solved rural labor problem that conformed to the requirement of national leaders but also generated legal disposable income. Encouraged by the two structures of incentive, local government nurtured and developed local economy by taking advantage of its authoritative position and distributing power of resources, which made rural industry and collective enterprises spring up. Hence, the country achieved “economic miracle” through formal institutional transition.

In the system structure of Jean C. Oi’s “Local State Corporatism,” local government incorporated enterprise development into public governance, providing economic reliance and political support for while exerting influence and control over enterprises. Various levels of ruling Party, governments and enterprises constituted a community of interests with interest maximization as an objective including maximization of economic interest and other interests of the community like employment. According to Jean C. Oi’s analysis, government intervened economy in the following ways in 1980s: No. 1 was factory management. Grassroots government contracted or rent enterprises to individuals instead of privatization which not only helped the government to intervene and control the profit distribution of enterprises but also encourage factory manager to improve efficiency and production. No. 2 is resource distribution. Local government selectively prioritized the distribution of low-price supply resources to enterprises including materials allocated by the central government and other rare scarce production materials. No. 3 was administrative services including facilitation of business license, products certificate and tax reduction opportunity, etc. Local government was able to mobilize all internal agencies and organizations to support selected township enterprises and provide services beyond

regular administrative scope. No. 4 was investment and loaning. By making investment and loaning decisions, local government effectively led the path of economic development. Jean C. Oi's compared local government in 1980s with enterprise because local leading cadres were playing the role like corporation decision-makers.

From 1990s, China's economy maintained rapid growth, whereas township enterprises lost the momentum. Restructure by privatization led to bankruptcy and withdrawal from the market of a lot of collective enterprises, which challenged "Local State Corporatism." Jean C. Oi claimed that "Local State Corporatism" evolved in this period: on one hand, government continuously adopted direct control over important and well-ran collective enterprises via selective privatization, and shut down or restructured other enterprises to reduce the burden; on the other hand, government expand its fostering objective and scope to private enterprises with community of interests established between local government and some key private enterprises. "Just like what they did to support collective enterprises, local officials are now promoting private enterprises within their jurisdictions by allocating funds, providing technical aids, seeking market opportunities and issuing licenses."¹¹ Therefore, in Jean C. Oi's point of view, despite the evolution of corporatism, the nature of "Local State Corporatism" did not fundamentally changed with the change of institutional environment. She claimed that in 1980, this concept was marked by "corporatization" of local government which coordinated the operation of economic units in its region like a industrial corporation running various businesses. In 1990s, it was more characterized by local government practicing corporatism. Nowadays, this concept still has explanatory power for China in reform. The role and nature of local governments, particularly of Party Committee organizations and authorities (and its extension at village level) remain unchanged. They are still playing an important role of micro distribution of resource factors in enterprise restructuring. Therefore, "Local state Corporatism" can still account for present politics-economic relation and government role.

"Local state Corporatism" has significantly influenced foreign and domestic researchers, representing foreign scholar's perception and imagination of China's politics. So to speak, this concept enriched the traditional explanatory framework of comparative political economics by creatively applying "corporatism" and "State corporatism."

2.6.2 *Corporatism and State Corporatism*

Jean C. Oi's "Local State Corporatism" is not a totally new theoretical concept but developed from European "Corporatism" and "State corporatism" based on the survey of China's reform.

¹¹Oi Jean, "The Evolution of Local State Corporation". in Andrew Welder (eds), *Zouping in Transition: The Process of Reform in Rural North China*. Cambridge Mass: Harvard University Press, 1998.

“Corporatism” can be traced back to authoritarian regime of modern Europe, originated in Italy ruled by Fascists. At that time, the country tried to integrate workers and employers into governance process so as to establish corporate state. In late 1970s, “corporatism” became the generalization of specific system represented by “tripartite government” which integrated state, employers group and workers group into governance. Though Jean C. Oi’s emphasized the distinctive difference between “Local State Corporatism” and traditional “corporatism” in her research, she held that the former shared the same nature with the latter.

“Corporatism” was very typical in Post-World War II Scandinavia nations which emphasized “integration of organizational interests of civic society into state decision making,” which was remarkably different from aforementioned “pluralism” political pattern and theory based on American politics study. In a pluralism democratic system, various interest groups generated by social labor division and social structure diversification compete with each other for interests and for more self-beneficiary policies on the platform of state and government, which breaks the political analysis of traditional democratic theory based on selection, claiming that beyond competitive selection, there are different interest groups impacting on public decision-making and power distribution through specific means, achieving a balance upon instable interests competition. Just because of the diversity of interest groups, “independence, permeability and heterogeneity of different parts of political class have provided guarantee for any unsatisfied group to find its spokesman in politics.”¹²

Similar with pluralism, the political pattern of “Corporatism” is also concerned with social participation in public decision-making and governance. In this structure, “civic groups are integrated into state system through legal, competitive and monopolistic channels and state institutionalization, their representative positions and contact channels are recognized and protected by the country. Meanwhile, they are obliged to provide proposals in case of relevant policy making.”¹³ This system focuses on internal participation instead of external protest, with an aim to reshaping relationship between interest group and state; interest conflicts among competitive interest groups under pluralistic structure are turned into well-organized coordination—regular consultative relation are established between monopolizing groups representing specific interests and the state. The state will ask for their proposals which will be integrated into public policy-making. In turn, they must persuade their group members to cooperate with the state to achieve effective policy implementation.¹⁴

“Corporatism” is also translated as “Legal Corporatism” or “Collaborationism.” In literal sense, the former focuses on special position of legal social groups in interest expression, integration and political participation, while the latter on cooperation between the country and the society. But where does “legal social group” come from? Is it designated by the country or selected by the society? Which is

¹²Dahl, Robert. *Who Governs? Democracy and Power in the City*: New Haven: Yale University Press, 1961.

¹³Zhang Jing: “Corporatism”, China Social Science Press, 2005, P17–18.

¹⁴Zhang Jing: “Corporatism”, China Social Science Press, 2005, P27.

leading the cooperation between the country and society, the former or the latter? In terms of these considerations, corporatism can be categorized by “state corporatism” and “social corporatism,” the former emphasizes state as the leader of its cooperation with interest groups which are representatives of state for social governance rather than representatives of the society.”¹⁵

In late twentieth century, “Corporatism” was incorporated into the analysis of government’s role in economic development. Particularly, with the development of “Late-Late Developers,” people noticed the important role of government. The country incorporated all resource factors necessary for economic development and achieved integration of free market and state intervention. Just as Charles Taylor said, in present environment, a truly successful economy is “corporatism” economy represented by Germany and Japan. To gain advantage in economic development and international competition via natural evolution of free market has been a fantasy.¹⁶

In the perspective of corporatism theory, it is easy to see the differences of Chinese experience in whether historical situation and systematic logic which needs more comparative analysis and in-depth discussion. As pointed out by Jean COi, “Local state Corporatism” shares some essential characteristics of “Corporatism.” However, compared with traditional “Corporatism” and “State corporatism,” “Local state Corporatism” adapted to China’s specific situation is different: traditional “Corporatism” system or structure mainly deals with “state–society” relationship, while “Local state Corporatism” focuses on “government–market” relationship. There are significant differences between “Local State Corporatism” and traditional “Corporatism” in their targets, practitioners and participating objects. First of all, in terms of incorporation target, traditional “Corporatism” aims at social harmony and order with reduced social conflicts. Though corporatism economic policy involves economic development objective, its basic consideration is national economic competitiveness. However, the focus of “Local State Corporatism” is government revenue and disposable amount of resources. Secondly, as “Corporatism” practitioners, countries of traditional “Corporatism” system are to some extent transcendent in the balance and integration of different values by means of corporation. In corporatism economic policy of Japan and countries alike, there are specific central departments or pilot agencies guiding economic development instead of local regimes or governments. Whereas in China, subjects of Local State Corporatism consist of various departments of Party Committee and government with the whole grassroots regime involved in corporation. Instead of being transcendent, state power has become invest interest group and competitor against private sector. Thirdly, in terms of corporation objects, traditional “Corporatism” system is a participating process of corporation by legal social and interest groups. In Japan and countries alike, big enterprises, financial organizations, and relevant industrial policy departments are involved in Corporatism economic policy within a limited scope for the

¹⁵Zhu Tianbiao. “Comparative Political Economics”, Beijing University Press, 2006, P86.

¹⁶[Canada] Charles Taylor, “Original Civic Society”, published in Harbey Mars: “Socialism: Post-Cold War reflection”, translated by Liu Feng, Oxford University Press, 1995.

resources their governments can control and distribute are limited. Because China is transformed from an omni-potent state structure with inertia of the old system, government is still in real or potential control of all kinds of resources which has complicated the relationship between officials and merchants. In corporation, government involves all economic subjects, resources and factors either actively or passively, either by positive power like providing support or by negative power such as infringement penalty and local judicial investigation.

Jean C. Oi's "Local State Corporatism" gives very high appraisal to government's role in economic development, claiming that it is a feasible path for the successful transition and development of countries of Leninism system. Her explanation also verifies development-oriented theory of state post 1980s which holds that government can play a leading role in economic development through selective intervention of micro economy and push forward economic development and catch-up. However, in some scholars' point of view, the key of China's economic takeoff is not the involvement and driving force from local government but market transformation, i.e., the transformation of resource distribution pattern from old state redistributational system to market system. While market transformation compromises redistributors' interests, it provides direct producers with more benefits; while the efficacy and reward of administrative power declines, the reward for human capitals and entrepreneurs increases.¹⁷ Just as Victor Nee pointed out, local government can provide township enterprises with administrative resource and help them to achieve more competitive advantages, but this is not the reason for China's economic takeoff. The success of China's economic reform lies in market transition, whereas local government's engagement of economic development and involvement in specific enterprises' running have only changed interest distribution pattern following market transition.¹⁸ Other scholars made responsive discussions on the micro mechanism of "Local state Corporatism." In Lin Nan's point of view, "Local state Corporatism" is fundamentally an economic paradigm which can hardly explain pluralistic patterns of local development under nationwide financial institutions. He insisted in analysis of socialistic reform progress based on the concept of "Local Market Socialism," i.e., analysis of reforming economic system focused on hierarchical coordination, market regulation and local coordination. He particularly highlighted the importance of social network base on expanded household relations, claiming that the foundation of local coordination is local network (a network of relations), mainly family and blood ties.¹⁹ Furthermore, some scholars tried to

¹⁷Nee, Victor, "A Theory of Market Transformation From Redistribution to Market in State Socialism." *American Sociology Review* 54, 1989. Also see Nee, Victor, "The Emergence of a Market Society: Changing Mechanisms of Stratification in China." *American Journal of Sociology* 101. 1996.

¹⁸Cao, Yang and Victor Nee. "Comment: Controversies and Evidence in the Market Transition Debate." *American Journal of Sociology*, 105, 2000.

¹⁹Lin Nan, "Local Market Socialism: Practical Operation of China's Rural Corporatism", *Foreign Sociology*, 5-6, 1996.

explain how China overcame major obstructions of planned system. Just as Walder Andrew pointed out, corporatism has overcome dilemma described by Kornai that transaction cost will sharply increase when government and enterprise become owners as well as bargaining rivals of resources necessary for each other, because local governments are no longer purely governments, they have become industrial firms in pursuit of economic objectives.²⁰

Generally speaking, arguments of international academic circles are replenishing and improving the micro mechanism of “Local state Corporatism.” Though there are different views over the cause and effect relationship between government system and its economic performance, they have not brought about fundamental challenge or impact on the nature and systematic feature of government defined by this concept. “Corporatization” in the running of local government has become a fact widely accepted and recognized.

2.6.3 Local Government Corporatization

Obviously, foreign scholars observe China’s development in the perspective of corporatism theory with international background and historical thickness which gives us important thoughtful and academic inspiration. However, there is always a sense of dissatisfaction when reading these foreign studies for their lack of more fundamentally penetrating power. These studies are limited to the external role of China’s government and politics while neglecting the internal mechanism of government operation as well as due perspective and analysis. Therefore, this paper elaborate Corporatization of Local Government here by absorbing the theoretical essence of “Local state Corporatism” on one hand, and make efforts in deepened analysis of China’s political process on the other hand. Further speaking, this paper tries to understand Corporatization of Local Government in view of its practical running and internal mechanism.²¹

(i) Behavioral Features of Corporatization of Local Governments

Intuitively speaking, Corporatization of Local Governments expresses itself specifically in the routine work of local governments which is oriented by investment promotion and motivated by the pursuit of fiscal revenue increase. Local government leaders’ rhetoric is full of allegations and promises of “low-price land,” “preferential duty” and “cheap labor.” As a result, investors become the highest clients for government whereas the public’s demands are neglected. In faced with conflicts between industrial and commercial enterprises and the local people, local governments will protect enterprises at the cost of breaching the law. On the roadside of

²⁰Walder, Andrew, “Local Governments: As Industrial Firms”, *American Journal of Sociology* 101, 1995 (2).

²¹See relevant discussions by Zhao Shukai, “Township Governance and Government Institutionalization”.

some places, we can see slogans in an imposing manner like “Those who are at odds with investment promotion are at odds with the people of the whole county,” etc.

Corporatization of Local Governments reflects not only its behavioral logic but also reveals the incentive mechanism behind which has formed the pattern of China’s present local governments in strengthening interaction with fragmented power structure and movement style of actions.

The fragmentation of local governments expresses itself in three dimensions: No. 1 is the fragmentation of “value.” In many cases, the subordinate does not recognize the superior’s deployments and directions in mind. The former’s obedience to the latter is merely symbolic. No. 2 is the fragmentation of “system.” Governments at different levels and different departments of government carry out the superior’s deployments in accordance with their own preferences, which leads to a lot of contradictions among documents and conflicts among document executors. The seemingly mass-response government system is actually internally separated. No. 3 is the fragmentation of “function.” There is no integration of functional departments and policy links are disconnected with each other. Major mechanism of government operation turns into “individual operation” dominated by informal rules. In another word, the running of government has been rooted in the interpersonal relations within the government and bargaining has become an important means of government work not only in policymaking but also in policy implementation. Different policies are separated from each other and government power is often utilized to seek personal gain with a number of grey zones between the legal and illegal. In such government operation, formal institutions and norms will only be displays and it will be very hard to establish effective legal framework and even harder to reach common sense of value and generally acknowledged procedure.

The divergence of value and separation of system have become typical features of local government operation, which is represented by government’s launching of “movement” in dealing with regular work and daily task. As a result, routine administration and public services are replaced by movement-style mobilizing mechanism which is characterized by administrative subject’s law enforcement to achieve specific objective like a flurry in a short period with maximum utilization of administrative resource. As a major feature of government operation, such kind of “movement” is not “social movement” spontaneously derived from civic power but forged by administrative power of the government. In view of the governmental movement process, it is always started by the leader’s instruction, pushed forward by examination and assessment, publicized with great momentum at the beginning, inspected and accepted in a formidable array, resulted with a happy ending for all and summarized with countless rich fruits as a big success ascribed to the superior’s excellent leadership as well as the subordinate’s well done job. However, in reality of work, formalism has become a common practice which is marked by “implementation of documents by documents” and “implementation of meetings by meetings.” Or there are after effects caused by coercive orders. For example, a considerable percentage of enormous rural debts are the “fruitful achievement” of these movements.

Incentive mechanism of corporatization of local governments, fragmented power structure, and movement behavioral pattern are the three factors in strengthening

interaction, which has revealed the internal mechanism of present local governments operation and become the unshakable crux of reform.

(ii) **Political Premise for Local Government Corporatization**

Both foreign and domestic studies have noticed that China's great development in the past 30 years was achieved without the fundamental change of existing Party and governmental organization system. In another word, existing Party and government system has embraced not only former planned economy but also present market economy. Then, what has remained unchanged? In my point of view, it is the political premise or political guarantee for corporatization of local governments.

Power centralization or superior power concentration. There have been a few changes in the central-local relationship including that among governments at different level since reform, particularly, the adoption of tax distribution system has derived new features of government behavior and new pattern of interplay among governments at different level, making intergovernmental financial relations considerably different. Upon entering the new century, "County Directly under the Provincial Government" financial policy were issued, "County Empowerment" policy were adopted at administrative level and "Township Finance Supervised by County" policy were implemented at basic level which has strongly influenced the central-local relationship. However, in the perspective of governmental economic activities, the basic systematic pattern of power centralization or superior power concentration has not changed. Whether investment decision making or specific transfer payment is still marked mainly by upwards power centralization. Furthermore, this power centralization pattern has become more serious in several dimensions through these years. In terms of politics, such pattern of superior power concentration has not changed and even strengthened in some places these years. The major expression is that the superior is still the subordinate's fundamental source of power. Though selections were held by local Party Committees and governments in recent years, new and wired situations arose when the superior was reinforce power concentration. For example, in general selection, the superior made clear request that candidates recommended by the Party organization must be elected with guarantee, otherwise the Party Committee Secretary would be liable. Meanwhile, there are various prohibitions on competitive selections which have intensified the centralization of the superior's power of appointment. In the past, Secretary of county Party Committee was directly appointed by municipal or regional Party Committee, but now this position is appointed by provincial Party Committee due to its importance. Such highly concentrated central power and superior power have intensified the authoritarianism of government.

Individual power concentration. There is power monopoly by the Party and government leaders at local level and by those at department level, the major expression of which is the Party Committee Secretary's highly centralized power. In terms of the decision-making and execution of government budget, there are institutions and relevant norms for department budget as well as legislation on the function of public opinion agencies in budget, but the Party Committee leader's personal will is still playing a decisive role. The most important policy making

steps such as arrangement of construction projects, distribution of budget funds are still at the command of the leader. As a result, urban construction plans and industrial development arrangements in some places will change with the change of leaders. In terms of industrial project building, land acquisition and remove, there have some norms and regulations issued by the central government which only remain on paper and will be offset by the leader's personal decisions. Therefore, corruption cases are increasing instead of being reduced in projects biddings, land acquisitions and removes. In terms of official management, both the central and local governments are on one hand making efforts to standardize procedures of selecting and appointing cadres, promoting institutions such as open selection, democratic assessment, democratic voting and vote by all committee members. In another word, there are more and more procedural requirements and restrictions of Party Committee leader's power of appointing cadres in terms of textual provisions. On the other hand, power monopoly of leaders is still very serious in personnel appointment and removal with unstoppable craving, buying and selling of official positions. Further speaking, various types of corruption of official selection have become intensified despite the Central Committee's painstaking prevention effort, which shows that leaders' personal monopoly of power has not been relieved, let alone being resolved in present system and the core mechanism of this power centralization system is still working effectively.

The Party's power centralization, i.e., the failure to separate the Party from the government. In a separate view of the history of the Party and government organizational reform, the strength of the former was weaker than that of the latter. Therefore, in specific analysis, the Party organization is much more overstaffed and bloated than the government. In terms of the distinction the Party and government functions, the 13th National Party Congress clearly put forward Separation of the Party and Government with some substantial measures. Though this reform objective of the 13th National Party Congress had never been openly denied at the high level of the Party, there was obvious reversion in the Separation process later on. So far as present situation goes, the Party organization has become more bloated with more power concentrated. In local management work, the Party Committee and government have become one integrated mass. In order to enhance the pushing effort, some routine jobs of the government are directly under the command of the Party Committee. For instance, in the municipal Party Committee's deployment of afforestation task, due to the vice mayor's lack of necessary power, the Committee Secretary will directly send the head of Organization Department who will directly command not only the vice mayor but also relevant government departments. In some county, the development of livestock farming is directly led by the Secretary of Discipline and Inspection Committee due to the incompetence of the vice county chief. As can be seen in local survey, there are more and more interventions and even monopolizing everything by the Party Committee in regular government work. At the level of central power authority, it is a common practice for Secretary of the Party Committee to hold the post of Director of Standing Committee of Local People's Congress at the same time, which further constrains the limited supervision function of the People's Congress. There is no institutional mechanism to divide the boundary

of rights and liabilities between the Party Committee and organizations like government and the People's Congress. As the result, the divisions of labor and power become more and more obscure, which enables the Party Committee to rise above the government and provide the corporatization of local government with support of power structure.

(iii) **Social Consequence of Local Government Corporatization**

Foreign scholars' discussions of the influence of Corporatization of Local Governments often focus on its role in promoting economic development. Against a broader background, people will always pay attention to its positive meaning. Jean C. Oi also explored more extensive influence of "Local state Corporatism" on China's political prospect. She thought that "Local state Corporatism" would provide China with an institutional choice different from privatization and system collapse of Soviet-East Europe nations, "an optional and relative friendly economic institution which allows powerful interventions by local governments and enables Communist Party officials to play not only political role but also economic leadership."²² Because economic reform and development "hold the potential energy to strengthen instead of weaken the power of local officials,"²³ China's local officials, unlike former Soviet Union officials who were against economic reform, are willing to push it forward. She also claimed that local economic development and the increase of fiscal revenue brought about by "Local state Corporatism" enabled governments to redistribute money to peasants through various forms of subsidies such as food, education, health, pension and housing. Social welfare was integrated by local governments into decision-making of economic development which helped maintain the value system of traditional socialistic country.²⁴ In this sense, she held that Chinese local government actions in economic development were different from those of the so-called "predator" countries because the former's resources gained were not privatized but utilized through public finance for public undertakings and well-being purpose.

However, in the economic perspective, Paul Krugman's analysis seems to be verified by problems of disorder, imbalance and unsustainability challenging China's economy these years: In terms of economic development based on input increase, government can mobilize and integrate resources into economic growth but can hardly improve efficiency, technology and total factor productivity. Whether "Local State Corporatism" can successfully push economic progress from quantity level to quality level of is still at doubt.

Meanwhile, in terms of politics, local governments' total involvements in economic and market activities as well as their decision-making based on "Profit Maximization" have led to political crisis. In the word of Daniel Bell's analysis in

²²Jean C. Oi: "Institutional Foundation of Corporatization of China's Local Governments", "Governmental Economics of China's Reform" edited by Gang Yang, Cui Yuanzhi, Oxford University Press. 1997, P130.

²³Jean C. Oi: "Institutional Foundation of Corporatization of China's Local Governments", P131.

²⁴Jean C. Oi: "Institutional Foundation of Corporatization of China's Local Governments", P131-132.

his book “the Coming of Post-Industry Era,” the axial principle of politics is fundamentally different from that of market (enterprises).²⁵ The basic interest of modern regime lies in legal gains, whereas the fundamental principle of enterprises’ market decision lies in “Profit Maximization” following “cost–benefit” analysis.

While sticking to the rule of enterprises’ decision-making, grassroots governments neglect the supply of public goods and services. Furthermore, as governments have become interest subjects in market operation competing with the people for their vested interests, social conflicts including those between governments and other market subjects have been intensified instead of being effectively managed. Recent years saw the conflicts centered on land acquisition and remove issues which are no doubt vivid reflections of these problems. Moreover, various subjects, factors and resources are involved by governments into the process of integration through Corporatism, which has expanded the scope of state power instead of turning “Totalitarianism Country” into “Limited Government.”²⁶

Driven by the mechanism of local government corporatization, governments have changed themselves into competitive market subjects and done a lot of jobs which should have been dealt with by market. Government officials are mainly concerned with investors and rich people. In another word, policies are inclined to favor the rich. Overintervention of market running by public power will confuse the boundary between politics and commerce which is negative for the establishment of a fair environment for market economy. The corporatization of government operation has led to governments’ lack of capacity to respond to the public demands of grassroots society. The Public’s needs and requirements can hardly be fed back quickly to the government system. In another word, channels for feedback are not regular such as petition and mass disturbance, etc., whereas those well-designed institutional channels are impeded or abolished or blocked. Even when the information is fed back, there will be no sound government mechanism for disposal. Due to the lack of incentive mechanism to serve the people, government employees lack the motivation of responding to relevant information.

The results of corporatization mechanism can be understood in at least three dimensions: first of all, considerable amount of resources are used for the purpose of local economic development, which has occupied available resources for public service and social management and strongly motivated grassroots governments to put various resources into economic development. Furthermore, under the mobilization-oriented political system, relationship between state and society is imbalanced. There is neither institutional restriction of grassroots governments on serving the demands of rural society nor motivation for them to provide public goods. Second, there is no effective way to resolve tensions and conflicts within grassroots society. On one hand, grassroots governments lack motivation of coping with social

²⁵[American] Daniel Bell: *the Coming of Post-Industry Era—An Exploration of Social Prediction* translated by Gao Xian, Xin Hua Press, 1997.

²⁶See relevant discussions by Zhao Shukai: *Rural Development and Grassroots Government Corporatization in China* Development Watch, 2006 (10) and Zhao Shukai: *Village Governance and Government Institutionalization*, the Commercial Press, 2010.

conflicts; on the other hand, they themselves are involved into social conflicts as stake holders or even perpetrators, which is particularly true in land acquisition work, the focal point of contradictions. Third, governments fail to gain political support due to their incompetence in satisfying grassroots society's demands of public services and goods, which has intensified the sense of alienation between township governments and local society and weakened governments' social penetration and mobilization power."

Township governments in corporatization are characterized by strong autonomy. Such "autonomy of grassroots government" is represented not only by its autonomy from higher level authority as the result of financial independence under the system of dividing revenue but also by its autonomy from local society in neglecting social and public demands as well as the balance of diversified social interests. A lot of mass disturbances and social conflicts in China's grassroots society are rooted in the corporatization of governments.

According to Jean C. Oi's high appraisal of "Local state Corporatism", it is a special advantage for China to achieve economic growth in its economic transition through institutional arrangement without political reform. However, as the reform deepens and market system has been established, "Local state Corporatism" can hardly be an advantageous institutional arrangement for its deep involvement in the running of market. It has more and more become a systematic obstruction for the establishment of China's modern state power with aggravating problems caused by grassroots governments as vested interests group. Without tackling this crux problem for the system, any policy change can hardly be implemented or pushed forward. In the same way, without fundamental change of existing political system, economic transition and political stability will get into trouble in the process of "feeling for the stones" and fail to achieve the goal of "crossing the river."

Nowadays, arguments are still going on for China Model. Obviously, China made great achievement in the past over 30 years. However, it is too early to say China's reform has been a success. In terms of government transformation, China model has not passed the most critical "Narrow Gate." Development paradigm of local government corporatization facilitated rapid economic growth at the beginning, but its drawbacks manifested in the late stage. Obviously, this is not a sustainable way of development. Since China's reform of the former stage was carried out without any change of political system, the primary issue for the coming stage will be how to transform the mechanism of local government corporatization into a modern state power system in the real sense.

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