

Preface

This book has been a long time in gestation. It originated from my PhD thesis submitted to Tsinghua University in 2004. The manuscript entitled “水权解释” (shuiquan jieshi) was then published in 2005 by Shanghai Sanlian Book Store and Shanghai People’s Publishing House. The literal translation of this title is “Explaining Water Rights”. My pursuit of researching into the topic “water rights” is traced back to the year 1998, when flow cut-off of Yellow River raised grave concern in China. At that time, I was about to be a graduate student at the Research Institute of Twenty-first Century Development at Tsinghua University and involved in Professor Angang Hu’s research project around “Yellow River Basin Management”. Professor Hu and I presented an argument that directive allocation could not solve problems of water resources allocation in China and “quasi-market” mechanisms are critical to Chinese water resources management. In 2000, our paper “Public Policy of Water Resources Allocation in the Transition: Quasi-Market and Democratic and Consultative Politics” was published in a Chinese academic journal, which received positive responses and led to a public discussion of issues of water rights and water market.

The opportunity of one-year fieldwork from 2002 to 2003, as assistant director of Water Administration Bureau of Yellow River Conservancy Commission, provided me with concrete evidence and a thorough understanding of water resources management in Yellow River Basin. During my field trip in Shaanxi province, I was filled with excitement at the thought of “hierarchical governance structure” in explaining the link between water governance and state governance. The concept “hierarchical governance structure” suggests an alternative approach to studying water resources management in China. The hierarchical water governance structure in China originated in the Qin Dynasty that unified the country 2000 years ago, and such a unique structure has been continued till the present without interruption despite changes of rulers. On this basis, “water rights hierarchy conceptual framework” is developed to analyse issues of water resources reform in contemporary China. It constructs a choice model for water governance structure and advances the logic for structural choice with the minimum transaction costs under constraint

conditions, which is demonstrated from the perspective of both management cost and cooperation cost as the inherent nature of China's choice for such a hierarchical structure.

During this process, several papers and research reports were written in an attempt to elucidate the picture of Chinese water resources reform: Whether water rights and water market are appropriate to China? How to introduce and implement such a reform? My academic writings had attracted considerable attention in China from both academia and practitioners, and they provoked heated debate among practitioners in Water Resources Ministry and Bureaus. Since then, I have been one of the leading scholars in the domain of Chinese water governance, water rights and water market. This book aims at contributing to the basic theory of water rights, providing a theoretical basis to assist policymakers in achieving in-depth understanding of water rights in the ongoing water resources reform in China. My argument is developed on three key theoretical standpoints: Cheung SNS's "economic explanation", Douglas C. North's "new economic history" and Ray Huang's "macro history". It gives a systematic explanation of changes of the water rights systems in ancient, modern and contemporary China, elucidating the inherent mechanisms in water rights allocation and exploring the possibility of introducing a dynamic market mechanism into the hierarchical governance structure.

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Mr. Shucheng Wang, the former Minister of Water Resources, has provided me with generous support during my fieldwork and internship in the Water Administration Bureau of Yellow River Conservancy Commission. In addition, working with the colleagues in this bureau has significantly facilitated and enriched my fieldwork in Yellow River Basin management, due to their personal connections with research participants and their knowledgeable conversations with me.

I owe an immense intellectual debt to my PhD supervisor Professor Angang Hu, who was an academic father figure to me throughout the journey of researching and drafting this book. In 2009, I was fortunate enough to obtain a scholarship to do research with Professor Elinor Ostrom at Indiana University, who was awarded the Nobel Prize in economics in the same year. She read this work and made critical comment. She has been the inspiration for my academic pursuit in the domain of governing the commons, and the experience of working with her has shaped my approach to researching into the role of institutions in commons. Without Professor Asit K. Biswas and Dr. Cecilia Tortajada's helpful comment and recommendation, this book would not have been published in this book series of Water Resources Development and Management. Following their helpful suggestions, this book has been updated with further research and understanding of water rights development

in China, on the basis of the Chinese publication in 2005. I appreciate the excellent editing from Dr. Tingting Wan, as well as the assistance from Ms. Heyin Chen, before the book was submitted to the publisher. I also would like to thank the book production project coordinator, Mr. Prasanna Kumar N., and the editing team for their patience, communication and input during the publishing process. Finally, I thank my family for their endless support and love along my long academic journey; the birth of my little boy, Johnny, brought great joy to me during the past year, and this new book is dedicated to him as a special gift.

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