

Tax Reform in Rural China

Revenue, Resistance, and Authoritarian Rule

How does China maintain authoritarian rule while it is committed to market-oriented economic reforms? This book analyzes this puzzle by offering a systematic analysis of the central-local governmental relationship in rural China, focusing on rural taxation and political participation. Drawing on in-depth interviews with Chinese local officials and villagers, and combining them with game-theoretic analyses, the book argues that the central government uses local governments as a target of blame for the problems that the central government has actually created. The most recent rural tax reforms, which began in 2000, were a conscious trade-off between fiscal crises and rural instability. For the central government, local fiscal crises and the lack of public goods in agricultural areas were less serious concerns than the heavy financial burdens imposed on farmers and the rural unrest that the predatory extractive behavior of local governments had generated in the 1990s, which threatened both economic reforms and authoritarian rule.

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For my parents

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Abbreviations

ALL	Administrative Litigation Law (<i>Xingzheng Susong Fa</i>)
APCs	agricultural producers' cooperatives (<i>nongye shengchan hezuoshe</i>)
CASS	Chinese Academy of Social Sciences
CCP	Chinese Communist Party
CRS	cadre responsibility system
EBFs	extrabudgetary funds (<i>yusuanwai zijin</i>)
FERD	State Council's Decision Concerning Fundamental Education Reform and Development (<i>Guowuyuan Guanyu Jichu Jiaoyu Gaige he Fazhan de Jueding</i>)
GLF	Great Leap Forward (<i>Da Yuejin</i>)
KMT	Nationalist Party (<i>Kuomintang</i>)
MATs	mutual aid teams (<i>huzhuzu</i>)
MSNE	mixed strategy Nash equilibrium
NPC	National People's Congress
PSNE	pure strategy Nash equilibrium
ROC	Republic of China
SOEs	state-owned enterprises
TVEs	township-and-village enterprises (<i>xiangzhen qiye</i>)
VAT	value added tax
VC	villagers' committee (<i>cunmin weiyuanhui</i>)
VPB	village party branch (<i>cun dang zhibu</i>)
VRA	villagers' representative assembly
VSGA	villagers' small group assembly
WBFs	within-budget funds (<i>yusuannei zijin</i>)