1 Introduction

Since the 1990s, the Chinese countryside has not been peaceful. Until about 2002, excessive peasant burdens, along with other problems such as deteriorating conditions for farming, the decrease in peasant income, and cadre corruption, gave rise to widespread collective violent protests in poverty-stricken agricultural provinces (Unger 2002; Bernstein and Lü 2003: 120–37; Yep 2004; Li and O'Brien 2008; Göbel 2010: 28–32; 55–63).[1] In relatively affluent coastal provinces, too, the compulsory requisitioning of farmland sparked fierce peasant resistance.[2] In the wake of the tax-for-fee reform (TFR) (*fei gai shui*) in 2002–04 and the abolition of agricultural taxes (AAT) in 2005–06, where the situation of confrontation arising from the burden problem was defused, land seizures in the rural urbanization process emerged as a new source of tension, leading to a convergence in the type of peasant protests across rural China.

In recent years, peasant protests ignited by forced land expropriation and inadequate compensation fees have multiplied and accounted for an estimated two-thirds of 187,000 "mass incidents" – from demonstrations to riots – reported for 2010. The number of these incidents had more than doubled in the previous five years (Garnaut 2012). Aside from the land-related grievances, riots or defiance in rural areas were often triggered by apparently "minor" issues as well, suggesting a lowered threshold of tolerance on the part of resentful peasants.[3]

[1] A State Statistics Bureau report concluded that peasant burdens nationwide rose quickly in the mid-1990s, reaching the historic peak in 1997 (GTNZ 2003).

[2] From the early 1990s to 2001, the relevant dispute cases the courts in Beijing heard jumped from several hundred to more than 15,000. Except for those that were satisfactorily solved, these disputes often caused a considerable amount of violence and loss of human lives (Lanfranco 2005; Nelson Chan 2006).

[3] In Huaxi village (Zhejiang), thousands of peasants rioted to protest against pollution from nearby factories. The protesters overturned police cars and beat and drove away government officials. Serious injuries were caused. A *New York Times* report (Yardley 2005) referred to this riot, along with many other cases of rural collective violence, as a symptom of widening unrest in China's rural society. In 2006, some township governments in Sichuan, Shaanxi, Liaoning, and Guangdong were besieged and township

However deep Chinese peasants' grievances and despair may be, resorting to violent and organized protest as a form of defiance is unusual under China's communist regime. The frequency and vehemence of rural riots seen over the past two decades is perhaps even rarer. In terms of its nature and impact, violent resistance is different from nonviolent complaining. The implications of this difference shed light on the extent to which China's once all-powerful communist regime has lost its authority over the peasantry. Peaceful complainants belong to the category of "rightful resisters" who, according to Kevin O'Brien (1996), "assert their claims largely through approved channels and use a regime's policies and legitimating myths to justify their defiance." Thus, their acts may be construed as "rightful resistance" because their target is not the regime but its rural agents who are supposed to have distorted or violated the regime's "pro-peasant" policies.

The mild lodging of complaints does not symbolize the substantial decay of party hegemony, nor is it necessarily threatening to the regime. Believing in the legitimacy of their actions – as measured by the existing political rules – this type of "resister" expected that central decision makers in Beijing would eventually lend them support (O'Brien and Li 1995; Perry 2002; Bernstein and Lü 2003: 139–40; Zheng and Wu 2005; Cai 2010). Based on the apparent sympathy of the central leadership for protesting peasants, some scholars saw the signs of an "alignment of peasants with Central authorities against local officials" (Bernstein 2000). By contrast, organized or collective violent resistance is an explicit, outright challenge to the political establishment. Considering the high risks involved, it probably signifies an eruption of long-simmering indignation and frustration that follows the exhaustion of possibilities and opportunities offered by the existing institutional or legal arrangements.

Thanks to the tradition of mutuality in rural social relationships, Chinese peasants historically were not particularly liable to rebel.[4] Also,

officials detained by force because peasants were outraged about the flaws in irrigation projects, road construction, collection of maintenance fees, and so forth (Chen and Qi 2008). In 2008, in a central province, hundreds of villagers surrounded the township government because the former village cadres had failed to repair the irrigation system and hence "a large size of paddy field (*shuitian*) degenerated to dry land (*hantian*)" (Tian and Yang 2009). In some agricultural regions, such as Jiangxi, even plans for improving village infrastructure could result in protests if they required resettlement and "contributions" from the villagers in the form of labor or money (Ahlers and Schubert 2012).

[4] It should be noted, however, that as the analysis in Chapter 8 shows, with respect to traditional intra-village power relations, north and south China differed. Clan influence in rural communities to a large extent determined the form and intensity of peasant rebellion or resistance against burdens in the late 1990s.

given the heterogeneity of the peasantry and the difference in how much they benefited or suffered from the reforms, their reactions could vary vastly. However, where they were victimized by rural reforms or state policy to an extent that compelled them to react with collective violence, even though their targets were local governments rather than the regime or the political system, they posed a potential threat to the hegemonic order in rural China.

Grievances by themselves are far from sufficient to explain rebellion. As Sidney Tarrow (1998: 71) indicates, those factors supposed to trigger outbreaks of contentious politics or rebellion, such as deprivation and social disorganization, are "far more enduring than the movements they support." Expression of discontent is thereby "more closely related to opportunities for – and limited by constraints on – collective action than by the persistent social or economic factors that people experience." This argument, when applied to peasant protests in China, would find support in the words of a rural party secretary who claimed that peasants under Mao suffered far greater hardships but dared not even complain. "Nowadays peasants are better-off in their material conditions but more defiant toward the government. And the government appears so flabby toward the peasants who refuse to pay taxes or even resort to violent resistance" (Yu Jianrong 2001: 474–75).

Opportunities for collective violence are shaped by a variety of factors, the most important being the repressive capacity of the state. As Ted Robert Gurr (1970: 233, 237) put it, if a regime exercises "pervasive and consistent coercive control" over its citizens, the impetus to political violence "is likely to be directed into nonviolent activity." A regime's coercive control is determined by variables such as the proportion of the population directly subject to its security and judicial apparatus; the size and resources of military and security forces; and the severity and consistency of sanctions. In a similar vein, Neil Smelser (1963) argued that the effectiveness of agencies of social control has a high negative correlation with the occurrence of hostile outbursts or turmoil. Some China scholars (Bernstein and Lü 2003: 137–46) also referred to the declining state capacity for repression as a major explanatory variable for the rise of rural collective violence. This decline was allegedly caused by the abandonment of traditional control mechanisms, such as political campaigns and class struggle, and by the ineffectiveness of public security and the judicial apparatus.

Indeed, ubiquitous protests in the Chinese countryside seem to provide compelling evidence of the extent to which the reform regime's repressive capacities have been undermined in the process of market reform. To reverse this decline, the regime has greatly increased public

security expenditures in recent years in an effort to keep rising social unrest under control.[5] Given its peculiar traits, however, what has happened in rural China does not fit squarely into the generalized pattern of rebellion or collective violence as described earlier. Unlike capitalist-authoritarian regimes and China's pre-1949 political systems, the Chinese communist rule in the countryside was maintained less by police and security forces than by its omnipresent and omnipotent rural party organizations – in addition to its political and ideological weapons. The organizational control characteristic of the Maoist state was so thorough and formidable that even subsistence crises or the violation of a "subsistence ethic," to borrow a term from James Scott (1976), failed to drive the peasants onto the streets – let alone spark a rebellion.

This study is not intended to explore grievances among Chinese peasants – an issue that has been discussed at great length in academic circles. Instead, it attempts to analyze the structural causes and ramifications of the decline in the reform regime's authority and governing capacity in the Chinese countryside – which was reflected in its failure to prevent widespread violent peasant protests from taking place – and the long-term impact of this decline on China's rural governance. So far, this topic has not been adequately explored but is of immense importance to China's rural development and political transition at large – considering the fact that rural residents still constitute the majority of the Chinese population. A series of inextricably intertwined questions are answered in this book. Why did the all-powerful party-state authority that worked so effectively under the Mao regime crumble in the rural context of market liberalization?[6] Since the traditional structure of political power fell apart, what kinds of new authority, new ruling elites, and new patterns of village governance are emerging in the countryside? How significantly have the rural reforms – from the earliest household responsibility system (HRS) to the most recent AAT – transformed the functions and agenda of village government and recast the four-cornered relationships between the central party-state, local government, village authorities, and ordinary peasants?

[5] On the other hand, as the recent well-publicized rebellion at Wukan shows, the Chinese government has tended to be more receptive to protesting peasants' demands. The way in which the local leaders bowed to public pressure by accepting the protesters' request was commended by the party propaganda machine "as a potential model for officials managing the tensions – and distrust – that plague villages across China" (Jacobs 2012).

[6] This phenomenon is especially striking in poorer agricultural provinces where, even the central government agreed, the [party] leadership of "as many as half of the villages" was paralyzed (Landry 2008: 225–26). One source even revealed that by as early as 1994, "party organizations had effectively ceased functioning in almost half of China's villages" (Baum and Shevchenko 1999).

The argument

At the base of China's rural society, party-state power has been represented and exercised by the village cadres whose control over peasants was founded on a combination of redistributive and administrative powers.[7] However, village cadres' control was not equivalent to the regime's control, unless they were operating merely as cogs in the party-state machine, without any independence or personal agenda. The thorough penetration of central party-state authority into rural communities depended on the two links on the "power transmission belt" or two sets of power relationships – one between the regime and village cadres; another between village cadres and ordinary peasants. After more than three decades of rural reforms, both links have been worn down to a significant degree if not entirely broken, particularly in agricultural provinces.

In the reform process, decollectivization of agricultural production, the demise of the village's collective economy, the deterioration of village finances, and the marketization of the rural economy reinforced one another to strip village cadres of the bulk of their redistributive power and income advantages. This scenario harmed village cadres' profit-maximizing interests and dampened their political loyalty. But the straw that broke the camel's back was the AAT. The AAT further worsened the fiscal crisis at the village level and drastically reduced village government's responsibilities and thus administrative power. The steep decrease in village cadres' redistributive and administrative powers has caused political authority to decline or crumble in vast areas of the countryside.[8] It has altered not only the incentive structure of the (village) cadre elite but also the main functions and composition of village government.

Although the AAT weakened the authority of village cadres and thereby eroded the organizational foundation of its rule in the countryside, the reform regime seems to have seen the AAT as an optimal strategy for maintaining the "stability" of rural society, which has been the highest priority on its current agenda for rural development. The regime had

[7] The terms "village" and "village cadre" in this book denote China's administrative village and its cadres. In most of China's provinces, an *administrative* village (*xingzheng cun*) consists of a number of *natural* villages (*ziran cun*). In 2008, China had 680,000 administrative villages. In the discussion of village governance or the village economy, scholars and officials usually refer to the administrative rather than the natural village.

[8] "Political authority" in this study means the Chinese regime authority or the authority of the communist party-state. In the Chinese countryside, political authority is exclusively represented by the authority of village party branches or leading village party cadres, particularly village party secretaries. In urban areas, popular compliance is secured mostly by security forces, judicial apparatus, and other mechanisms of social control. By contrast, in rural areas, the capacity for allocating economic resources to a much larger extent determines the effectiveness of political authority.

no perfect solution for achieving "stability" but two options. One was to strengthen its coercive and repressive capacity by empowering village cadres. Another was to appease peasants and win their support. In this trade-off, the regime had obviously taken the second option, as the AAT was expected to eliminate the prime source of state-peasant tensions and thus forestall tax-related riots. Even though the AAT had to be implemented at the cost of cadre power, it might not necessarily imperil "stability" as corrupt and abusive cadres themselves were often the catalyst for peasant protests or "instability." It seems that the regime has recognized the underlying social contract in the post-AAT context of rural China, namely that the party-state is committed to protecting Chinese peasants' legitimate rights and improving their well-being in exchange for their political support.

Although the enormous diversity and complexity of rural society defy generalization, two developments stand out and probably represent the mainstream of rural governance. In many villages, driven by their own largely self-serving motives and the pressure from the township government whose finance, functions, and status were undermined by the AAT as well, the agenda of village cadres has departed from their traditional role as regime agents and is increasingly dominated by the search for new revenues through "attracting investment."

In a growing number of villages, the decline of political authority has not led to anarchy or created a power vacuum. Instead, it has given rise to a new type of authority wielded by a new ruling elite, called "entrepreneur cadres" in this study. This elite's "public" or "political" authority is only marginally linked to political appointments but bolstered mostly by their personal wealth, market power, and capacity as private entrepreneurs. This blending of *private* economic power with political power makes "entrepreneur cadres" similar to but not exactly the same as the gentry class in imperial China. The financial and administrative restructuring at the township and village levels has brought about substantial de-alignment and re-alignment among the reform regime (township) government officials, village cadres, and the peasantry, possibly paving the way for the fundamental transformation of China's rural politics.

Market transition and socialist cadres – a debate revisited

The redistributive system or the authoritative allocation of economic resources is one of the defining characteristics of state socialism. The transition toward a market economy, by definition, shifts allocative control over resources from the party-state bureaucracy to market institutions and thus undermines socialist redistributive power. However,

whether and to what extent this conventional wisdom is practically true was debated among scholars who studied the market transition of socialist economies in China, Eastern Europe, and the former USSR. Market transition theory, a "society-centered" view, holds that marketization empowers private producers, entrepreneurs, and those with market expertise at the cost of redistributors or the administrative elite.

From survey data collected in 1985 in rural China, Victor Nee (1989) found that the market economy brought cadre households relatively fewer returns in terms of net income advantages, after controlling for the cadres' personal attributes, such as human capital and entrepreneurship. He thereby theorized that the growth of market institutions caused a decline in the significance of positional power in the ruling bureaucracy. The "shift to market coordination" diminishes the proportion of economic transactions "embedded in networks dominated by cadres," transferring power to "market institutions" and "social networks." Where current cadre status did have a significant effect on income, it was attributed to the cadres' higher average education level and superior expertise. To the extent that cadres still enjoyed privileges in market transition, it demonstrated the partial character of the reform. Market transition theory acknowledges the "commodification of bureaucratic power," namely that redistributive power or the control over scarce resources gives cadres some advantages, especially at the start of market reform. However, these advantages would diminish and eventually vanish with expanding markets and the changing structure of property rights (Szelényi and Manchin 1987; Nee 1991, 1996). Although Andrew Walder was hardly a staunch advocate of this theory, his study on career mobility in Tianjin did reinforce Nee's argument, pointing to the ways in which the redistributive elite could be victimized by marketization (Walder 1995a).[9]

Challenging the market transition view, other scholars contend that marketization benefits rather than victimizes the old political elite. The proponents of this view have a somewhat different emphasis in their explanations of why and how party-state cadres could be winners in market transition. According to the "technocratic continuity" approach, party and entrepreneurial recruitments share a "meritocratic-technocratic" character, and "socialism developed a technocratic cadre that can maintain its position through its acquired expertise" (Róna-Tas

[9] In a later study, Walder (2003) actually did not think that the decline of power of old regime elites with the ongoing market reform, to whatever degree it is true, makes great sense. As he put it, incumbent elites "will already have seized available advantages" before the implementation of more complete reforms. "Subsequent reform does not turn back the clock: Property appropriated and income accumulated will remain in the hands of those who possess them."

1994). Although education is highly rewarded in social stratification under both socialist and market systems, it was usually an advantage, if not privilege, enjoyed by party members and cadres in Eastern Europe and the USSR.

Over the years of reform, necessitated by the ongoing economic reorientation and modernization, education has also been given a high priority on the list of criteria for party recruits and cadre promotion in China. In addition, socialist cadres were able to develop other human capital, such as entrepreneurship and business or managerial experience acquired from overseeing the public economy. This arguably improved their ability to adapt to the emergent market economy (Connor 1979; Matras 1980; Simkus 1981; Haller, Kolosi, and Róbert 1990; Li and White 1990; Wasilewski 1990; Nee 1991; Bian and Logan 1996; Walder 2002).

Still, other scholars have attributed cadres' advantages in market transition to their political positions and control of state resources. According to this "power conversion" hypothesis or "state-centered" analysis, market reform allowed cadres to convert their political capital into economic capital through predatory behavior. Referring to it as "political capitalism" or the "linkage of power and capital," Jadwiga Staniszkis (1991: 38–52) described how the cadre elite exploited their political power to turn state property or public assets into private wealth in the process leading to marketization in Poland, Hungary, and the USSR. Many managerial cadres of state-owned enterprises (SOEs), who concurrently owned or held positions in private companies, transferred their SOEs' fixed capital and lucrative functions or leased out selected SOE departments to their private companies, and at the same time dumped their costs onto their SOEs. As Russia's "insider privatization" proved, rent-seeking and predation on public assets by the old political elite were especially rampant in the initial phases of the country's political-economic transformation, when the traditional hierarchical control broke down but the vacuum of authority had yet to be filled (MaFaul 1996).

The concept of "political capitalism" is not foreign to Chinese reformers, even though the SOE reform in China was sponsored and regulated by the government. The "factory director responsibility system" of the early 1980s conferred considerable autonomy on SOEs, but SOE directors' discretionary power failed to generate greater efficiency and productivity. Instead, it spawned massive managerial corruption and appropriation of state assets. For all the structural constraints imposed by the state, the shareholding transformation and privatization of SOEs at a later stage created even more opportunities for cadres to plunder and embezzle state assets (Steinfeld 1998: 46–47; Sun 1999; Lin 2001; Chen 2002a).

According to the "power conversion" hypothesis, cadres' advantages would persist with market transition even after their status switched from that of cadres to private entrepreneurs. Their enduring advantages are allegedly derived from their personal networks, which were important under state socialism but are even more so during both the transition to and development of post-socialist economies. This network of horizontal and vertical personal connections, obtained through party organizations and the state apparatus, was one of the invaluable resources cadres accumulated under state socialism, linking them to post-socialist economic and political elites. With the help of these new elites, they could gain preferential access to important information about the market, business, legislation, and regulations.

Under the government's "protective umbrella," they received state-controlled resources, such as bank loans and industrial projects, and enjoyed a variety of privileges, such as access to supplies of raw material, subsidies, and lower taxes (Grossman 1977; Nove 1983; Walder 1986; Oi 1989: 213; Hankiss 1990; Staniszkis 1991: 45; Major 1992; Solinger 1992; Róna-Tas 1994; Lily Tsai 2007). Róna-Tas's data provide evidence for cadres' "net advantage in corporate entrepreneurship." Ex-cadres "more than doubled their reported personal incomes" after engaging in entrepreneurial activities, in contrast to the much smaller increase in income for cadres who did not do so (54 percent) and for non-cadre entrepreneurs (73 percent).

Some studies of transitional economies have revealed mixed findings. Iván Szelényi and Eric Kostello (1996) made a "distinction between the old and new elite of communism – between the bureaucracy and the technocracy." The old technocratic elites became the new corporate bourgeoisie and thus big winners in market transition, whereas the bureaucratic segment of the cadre elite ended up as big losers. The two scholars' analysis of the "bureaucratic elite" – an equivalent of Nee's (1996) "administrative elite" – is consonant with the market transition approach that places this segment of the old *nomenklatura* among the victims of marketization.

The differences among the transitional economies should be noted as well. Walder and Nguyen (2008) conducted a comparative study of China and Vietnam that demonstrates how the scale of economic enterprise and the allocation of property rights influenced income distribution in the countryside. They argue that in China, the larger firms, which were initially established by rural governments, have resulted in rising cadre incomes, primarily through larger salaries. In rural Vietnam, however, the domination of small family enterprises accounts for the rapid decline of cadre income advantages.

Based on the Chinese experience, Yanjie Bian and John R. Logan (1996) attempted to construct an alternative proposition – the "power persistence" hypothesis. Emphasizing the direct effect of variables reflecting authority relationships, they argue that redistributive power remains relevant as long as the public sector exists or to the extent that labor, capital, and other means of production continue to be regulated by the state. However, the advantage of party membership decreases and the importance of education increases as the market sector grows. By and large, this proposition fits Nee's (1991) concept of "partial reform" and Walder's (2002) findings in 1996 about the relative returns to cadres and entrepreneurs in China's rural reform.

Income advantages and village cadres

Scholars basically agree that bureaucratic or redistributive power could generally be converted into income advantages for socialist cadres at the initial stages of market reform. The controversy, however, swirled around whether or not these income advantages could endure over time in the emergent market economy. *The core issue of the debate, according to my argument in this book, is crucial to assessing both village cadres' willingness and their ability to govern on behalf of the regime*. The data in this book, obtained from fieldwork around three decades after the onset of China's rural market reform, provides a clearer view of whether the initial effects of marketization are transient, enduring, or volatile. The data prove that all three views examined earlier have some explanatory power, as each of them finds more or less empirical support in this project. My findings also suggest, however, that these views grossly overlook some important contextual complexities and regional diversities. The impact of marketization on socialist cadres is far more sophisticated, condition-specific, and uncertain than any of the foregoing theories claims. More importantly, this impact has profound ramifications for political power – at least in the rural context of reform China.

China's rural villages can be divided into five types in economic terms (Appendix A, Table A.1). The first type is impoverished villages that lack resources of their own and also have very little or no collective economy. In these villages, village (government) revenue is limited to transfer payments or government subsidies, and villagers either have joined the floating population or live mainly on traditional farming. The second type is primarily agricultural villages whose small amount of industrial or commercial economy (collective and/or private) adds more or less to village revenue. Villagers there earn a living from both farming and non-farming businesses.