

Tax Reform in Rural China: Revenue, Resistance and Authoritarian Rule

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Much has been written on rural governance in China, especially with regard to tax reform, village elections, petitioning and provision of public goods (services). However, few book-length studies offer a systematic analysis of how rural fiscal crisis and reform shape central–local relations. Hiroki Takeuchi provides one of the most comprehensive studies of rural governance to date, drawing on interviews, observations and secondary sources, and incorporating these data into a unique game-theoretic analysis.

The main argument is that the Chinese Communist Party (CCP) enacted local fiscal and political reforms for its own survival rather than improving the provision of services and local fiscal health. The survival strategy worked because the central leadership was able to shift the blame for high taxation and low public services to local governments, and at the same time maintain control over local government officials through the cadre management system. Indeed, the CCP faced tremendous challenges in the late 1980s and 1990s regarding rural governance and villager unrest. In the 1990s, the central leadership gave county and township level officials policy mandates, such as education and family planning, with limited fiscal transfers to cover the costs of implementation. Takeuchi points out that while industrialization villages and townships were able to cover most of the costs for services, poorer agricultural counties and townships had to collect fees and taxes directly from rural households. In some localities, local officials engaged in predatory extractive behaviour creating an environment of discontent and even hostility towards local officials. However, villagers have a wide range of legal, semi-legal and illegal options, such as accepting the situation, continuing rural to urban migration, petitioning higher officials and protests. The CCP provides national laws and institutions for villagers to petition higher officials regarding corrupt and predatory behaviour, as well as village elections to replace ineffective local leaders. Yet, Takeuchi demonstrates that these semi-democratic institutions ironically bolster the authoritarian regime. Indeed, the petitions and even orderly protests function as “fire alarms” to alert higher authorities to local infractions and abuses. While the CCP has some control over local government personnel through promotion incentives and punishment (i.e. the cadre management system), higher authorities cannot monitor the behaviour of all officials. Therefore, these participatory institutions literally shift the responsibility of monitoring local officials to the villagers. This was critical when the CCP introduced tax and fee reforms after 2000 to reduce villager tax and fee burdens, especially in the poorer less industrialized regions. His observation and analysis makes a solid contribution to the comparative politics literature on how elections and participatory institutions are used within authoritarian regimes.

Takeuchi also examines the general literature on institutions that make local governments more or less responsive to the rural population. The optimistic view is that the CCP has become more responsive to villager concerns by limiting fees and abolishing the agricultural tax, as well as allowing greater local political participation. These measures reduced villager dissatisfaction with taxes and fees. In contrast, the pessimistic view is that these reforms may have strengthened the authority of CCP in the short term, but popular unrest and social discontent is actually increasing. In fact, many of the previous tax and fee rural protests in the 1990s have been replaced

with unrest over local government land-lease sales to developers and expanding urban areas. Takeuchi takes a balanced approach with these two views in his analysis, but he is admittedly closer to the pessimistic view. Indeed, I have studied village elections since the late 1990s and I too have adopted a more pessimistic view over time. While I started out relatively optimistic, over the last decade I observed how significant election reforms have stalled. Takeuchi concludes that tax and fee reforms as well as limited elections are short term solutions to the rural governance crisis. A more sustainable solution requires greater local government accountability to ordinary citizens.

The book is laid out in two parts. The first part presents detailed historical and analytical contexts on tax collection and governance from the of the Qing dynasty to 2005. This section will be useful for graduate and upper division undergraduate courses on China as well as comparative politics courses on institutional reform in authoritarian regimes. Part two is the analytical narratives using interviews and secondary data sources to develop game theoretic models. This is a creative and unique analysis of rural governance especially in the China field. Takeuchi generates several assumptions and testable hypotheses for future studies. In short, Takeuchi manages to deliver a complex argument and analysis in a straightforward uncomplicated manner that is easy to comprehend for graduates, undergraduate students and a broader audience. I believe this book makes a significant contribution to the study of rural governance in China.

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The Government Next Door: Neighborhood Politics in Urban China

LUIGI TOMBA

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“The Government Next Door” is a great title for a book on neighbourhood politics in China. For some, the title might invoke associations of kind, unassuming politicians who are part of the community themselves. Others might feel trepidation: after all, resident committees, though legally social organizations, are extensions of an authoritarian regime. Judging by the subtlety of argument that permeates Tomba’s book, this ambiguity is intentional. Indeed, one of the book’s many qualities is the clarity with which it illustrates the “liquidity” of governance in urban China. Having been a resident in several urban neighbourhoods enables Luigi Tomba to illustrate his penetrating analysis with lucid case studies and examples.

For example, the reader learns about the politics behind the “social clustering” (p. 29) that produces two very different kinds of communities. In working-class neighbourhoods, the state is visible, distributes material benefits to the many unemployed, and co-opts social welfare recipients into its own ranks, turning dependents of the system into its enforcers. In middle-class neighbourhoods, the state is less visible, to the extent that “officials in charge of the family planning campaign are often not allowed in and must rely on the liaison person at the management company” (p. 52). Such phenomena and the presence of interest organizations