

RURAL UNREST AND ITS SOURCES

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A. Rural crisis in state-peasant relations

1. Major source of peasant anger: "financial burdens of peasants."

Exaction of taxes and fees in arbitrary, brutal, and excessive ways.

2. Location: three rural China's: prosperous coastal China, heavily industrialized; agricultural China in the central provinces, which is where tax protests are concentrated; and poor rural China in West.

3. Manifestation of crisis: recurring peasant protests, demonstrations, riots. Frequency increased in 1990s to present.

4. Is this a threat to the regime. Not at present. Protests are dispersed in time and place, not coordinated, lack sustained leadership; no urban support.

5. Potential for escalation: better means of communication, rise of "peasant burden production heroes;" harbingers deeply disturbing to regime.

6. Regime response: nip protests in bud but also provide some relief to villages beset by protest-causing burdens.

B. Solving the problem.

1. Central authorities side with peasants but have not been able to solve festering/possibly escalating problem.

2. Why incapacity? Key factors:

a. China's developmental ambitions that translate into achievement targets for local officials.

b. example: universalizing 9 years of education.

c. who will pay? In wealthier, coastal areas, resources are available (i.e., profits from TVEs). In areas without such resources, peasants get squeezed to an extraordinary degree.

3. Why can't Center provide funds to provinces unable to pay for their development needs? Chronic shortage of funds because richer provinces don't provide enough revenue to Center. This is due to strong bargaining power of rich coastal provinces, the product of China's astonishing but lopsided growth.

4. Inadequate Central help -esp. to middle income agricultural provinces (very poor areas do get help from Center) has prevented most promising reform, called "fees into taxes" from working.

5. Unfair tax burdens and their consequences are manifestation of major problem: Rising inequality, esp. regional-east, center, west, and urban-rural.

6. Underlying source: peasants lack power to defend their interests. Genuine democratizing reform is needed.

7. Re US policy:

a. could help with rural education, as a very urgent problem in need of funds;

b. WTO will harm many Chinese farmers. Here, US could help in restructuring agriculture, i.e., to grow more competitive, value-added crops.