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Social Capital in Rural China: Its Impact on Economic Development, Grassroots Governance, and Democratic Participation

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SOCIAL CAPITAL IN RURAL CHINA:
ITS IMPACT ON ECONOMIC DEVELOPMENT, GRASSROOTS GOVERNANCE,
AND DEMOCRATIC PARTICIPATION

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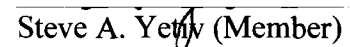
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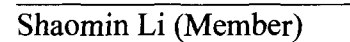
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ABSTRACT

SOCIAL CAPITAL IN RURAL CHINA: ITS IMPACT ON ECONOMIC DEVELOPMENT, GRASSROOTS GOVERNANCE, AND DEMOCRATIC PARTICIPATION

Min Xia
Old Dominion University, 2009
Director: Dr. Jie Chen

Does social capital generate positive influences on economic development and democratic governance? This question has important theoretical and policy implications for the contemporary world, especially for the developing countries. The primary goals of this study are to investigate the stock of two types of social capital - bridging social capital and bonding social capital - in rural China, and furthermore to examine the impacts of these two types of social capital upon economic development, grassroots governance, and democratic participation in rural China.

In this study bridging social capital has been measured by the participation in inclusive social networks and general trust among villagers, and bonding social capital has been measured by the participation in exclusive social networks (the clan organizations) and parochial trust among villagers. In terms of the stock of social capital, this study has found that: 1) the traditional, bonding social capital still has a very solid foundation in rural China; 2) the modern, bridging social capital is in formation in rural China, even though the stock of this type of social capital is very moderate.

Case studies as well as a series of statistical analyses are applied to assess the impacts of different types of social capital. Based on a nation-wide survey of 410 villages in rural China, this study has indicated that both subjective norms and objective networks of the bridging social capital - the general trust and participation in inclusive

social networks - have a significant and positive impact on economic development, grassroots governance, and democratic participation in rural China. However, both subjective norms and objective networks of the bonding social capital - the parochial trust and participation in exclusive networks (the clan organizations) - generate negative impacts on such domains.

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CHAPTER I

INTRODUCTION

Does social capital enhance economic development and democratic governance? This question has gigantic importance for the contemporary world, especially for developing countries. A large body of social capital literature suggests that social capital, defined as a set of civic norms and social networks among ordinary citizens, generates the goodwill and understanding that enables citizens to act in a cooperative way. Empirical works on social capital, most of which are based on the experiences of Western societies, indicate that communities endowed with a diverse stock of social capital will achieve superior outcomes in multiple spheres such as economic development, ethnic peace, and democratic governance; while, communities with a low level of social capital tend to have a poor performance in these spheres. Moreover, this literature suggests that communities with low social capital can be assisted to build up stocks of social capital, which will improve their performance over time. Overall, economic development, governance performance, and democratic participation can be promoted by investing in the stock of social capital.

Does this kind of social capital based on the experiences of the Western societies exist in the developing countries such as China? If so, what are the impacts of social capital on such domains as economic development, governance, and democratic participation in China? If not, what is the best approach to build up stocks of social capital in China? While these questions are crucial for us to understand China's

This dissertation follows the format requirements of *A Manual for Writers of Research Papers, Theses, and Dissertations: Chicago style for students and researchers* 7th edition by Kate L. Turabian.

socioeconomic development, there has been almost no study to address the questions systematically.¹ This dissertation is intended to answer these questions and to help fill the gap in the current literature. In particular, this dissertation explores the distribution of two types of social capital - bridging social capital and bonding social capital - in rural China, examines the impacts of these two types of social capital upon economic development, governance performance, and democratic participation, and finally makes practical suggestions on building up stocks of social capital in rural China. This study is based on the data collected from a representative public opinion survey of peasants living in 410 villages of rural China, as well as a survey of village leaders (i.e., directors of the villagers' committees and Party secretaries of the village branches) in these villages.

CONCEPTUALIZATION OF SOCIAL CAPITAL

This research is guided mainly by the theoretical framework of social capital theory, and also, by empirical studies from various works of both Chinese and non-Chinese settings. In the past twenty years, social capital theory has gained popularity in various disciplines of social sciences such as sociology, economics, political science, and management. For instance, before 1981, the number of journal articles listing social capital as a key word had totaled 20, however, between 1996 and 1999 the total had risen

¹ A few survey-based studies of social capital in China have emerged recently. For example, works by Lily Lee Tsai examined the impact of one type of social capital such as "solidary groups" on local government performance in rural China based on a survey of 316 villages, please see Lily Lee Tsai, "Solidary Groups, Informal Accountability, and Local Public Goods Provision in Rural China," *American Political Science Review* 101, no. 2 (2007): 355-372. The studies by Wenfang Tang and Jie Chen and Chunlong Lu analyzed the effect of social capital as a whole on urban residents' political values (e.g., democratic norms and regime support) and political behavior (e.g., voting) at the individual level, please see Wenfang Tang, *Public Opinion and Political Change in China* (Stanford: Stanford University Press, 2005); Jie Chen and Chunlong Lu, "Social Capital in Urban China: Attitudinal and Behavioral Effects on Grassroots Self-Government," *Social Science Quarterly* 88, no. 2 (2007): 422-442. While all these studies provide important insights into the consequences of social capital in China, they fail to provide a comprehensive

to 1003.² Scholars from various disciplines give their own definitions of social capital from different perspectives. In this section, I briefly discuss the conceptualization of social capital in different disciplines. My main focus will be on the theoretical framework of social capital theory in political science. Based on my review of the conceptualization of social capital, I will give the definition of social capital in this study.

The concept of social capital was first invented in the subject of sociology. The contemporary literature of social capital in sociology mainly flows from the work of Pierre Bourdieu and James Coleman. Bourdieu placed great emphasis on the access to resources and issues of unequal power relations in the conceptualization of social capital. According to Bourdieu, “social capital is the aggregate of the actual or potential resources which are linked to possession of a durable network of more or less institutionalized relationships of mutual acquaintance and recognition - or in other words, to membership in a group which provides each of its members with the backing of the collectivity-owned capital, a credential which entitles them to credit, in the various senses of the world.”³ In Bourdieu’s definition, social capital is related to resources within networks that individuals can utilize for furthering their personal ambitions, and such networks are more or less institutionalized. However, those who have no access to such networks cannot utilize them.

James Coleman followed Bourdieu’s approach by arguing that “the function identified by the concept ‘social capital’ is the value of those aspects of social structure to

picture of the impacts of various kinds of social capital on such domains as economic development, governance, and democratic participation in China.

² Frances Baum, “Social Capital, Economic Capital and Power: Further Issues for a Public Health Agenda,” *Journal of Epidemiological Community Health* 54, no. 6 (2000): 409-410.

³ Pierre Bourdieu, “The Forms of Capital” in *Handbook of Theory and Research for the Sociology of Education*, ed. John G. Richardson (New York: Greenwood Press, 1986), 248.

actors, as resources that can be used by the actors to realize their interests.”⁴ Meanwhile, Coleman refined Bourdieu’s conceptualization with strong connections to economics through rational-choice theory. He drew together insights from both sociology and economics in his definition of social capital. Coleman defines social capital by its function. According to his definition, “social capital is not a single entity, but a variety of different entities having two characteristics in common: they all consist of some aspect of social structures, and they facilitate certain actions of actors whether persons or corporate actors within the structure.”⁵

Contemporary scholars of sociology are influenced by this network-based definition of social capital. While the conceptualization may vary, this sociological literature has two characteristics in common: first, the definition of social capital is more related to resources within networks; second, social capital is considered as an attribute of individuals which can be utilized for personal gains.

The most well known social capital theorist by far is Robert Putnam. He offers the most succinct definition of social capital in the subjects of political science and economics. There are mainly two differences between Putnam and his predecessors in sociology. First, while Bourdieu and Coleman consider social capital an attribute of individuals, Putnam has developed it to an attribute of communities. Robert Putnam defines social capital as networks, norms, and trust that enable participants to act together more effectively to pursue collective objectives.⁶ Second, while Bourdieu and Coleman

⁴ James Coleman, *Foundations of Social Theory* (Cambridge: Harvard University Press, 1990), 305.

⁵ *Ibid.*, 302.

⁶ Robert Putnam, *Bowling Alone: Collapse and Revival of American Community* (New York: Simon & Schuster, 2000); Robert Putnam, Robert Leonardi, and Raffaella Nanetti, *Making Democracy Work: Civic Traditions in Modern Italy* (Princeton: Princeton University Press, 1993).

emphasize that social capital can be utilized for personal gains; Putnam is more focused on the consequences of social capital at the community level.

Putnam starts his social capital research by analyzing local governance in Italy. In his seminal work *Making Democracy Work*, Putnam and his associates identify the “vibrancy of associational life” as a critical component of social capital which has impacts upon the quality of local governance. He finds out that regions with low levels of social capital such as Southern Italy (measured by the associational life and the level of trust) were ruled by the most unsuccessful governments and demonstrated greater inefficiency and corruption. However, regions with high levels of social capital such as Northern Italy were ruled by successful regional governments.⁷

This work in Italy led onto Putnam’s second work *Bowling Alone*. In *Bowling Alone*, Putnam documents the decline of American participation in civic groups, religious organizations, trade unions and professional organizations, as well as in informal socializing. Bowling was one of those once highly associational activities which used to be organized in leagues. But more and more Americans now choose bowling alone. In Putnam’s work, social capital “...refers to connections among individuals - social networks and the norms of reciprocity and trustworthiness that arise from them. In that sense social capital is closely related to what some have called ‘civic virtue’. The difference is that ‘social capital’ calls attention to the fact that civic virtue is most powerful when embedded in a dense network of reciprocal social relations.”⁸

While scholars emphasize various aspects of social capital, most of them agree

⁷ Putnam, Leonardi, and Nanetti, *Making Democracy Work: Civic Traditions in Modern Italy*.

⁸ Putnam, *Bowling Alone: Collapse and Revival of American Community*, 19.

that social capital consists of, at least, two major conceptual components.⁹ In this study, I will adopt Pamela Paxton's description of social capital. The two components of social capital include "objective associations" and "subjective type of ties" among individuals. The objective associations, or social networks, refer to both formal and informal associations which are formed and engaged in on a voluntary base. On the other hand, the subjective ties, or norms, mainly stand for trust and reciprocal feelings among individuals.¹⁰

In addition, Putnam suggests that these two components are closely related. Citizens who participate extensively in horizontally organized social networks are more likely to have positive beliefs in the helpfulness, trustworthiness, and fairness of others. However, vertically organized social networks where power relations are hierarchical do not build the norm of reciprocity and may, in fact, undermine it. As is argued by Putnam and his associates, "a vertical network, no matter how dense and no matter how important to its participants, cannot sustain social trust and cooperation. Vertical flows of information are often less reliable than horizontal flows, in part because the subordinate husbands information as a hedge against exploitation. More importantly, sanctions that

⁹ Coleman, *Foundations of Social Theory*; Putnam, *Bowling Alone: Collapse and Revival of American Community*; Putnam, Leonardi, and Nanetti, *Making Democracy Work: Civic Traditions in Modern Italy*; John Brehm and Wendy Rahn, "Individual-Level Evidence for the Causes and Consequences of Social Capital," *American Journal of Political Science* 41, no. 3 (1997): 999-1023; Peter A. Hall, "Social Capital in Britain," *British Journal of Political Science* 29 (1999): 417-461; Anirudh Krishna, *Active Social Capital: Tracing the Roots of Development and Democracy* (New York: Columbia University Press, 2002); David Halpern, *Social Capital* (Cambridge, UK: Polity, 2005); Robert Putnam and Kristin A. Goss, "Introduction," in *Democracies in Flux: The Evolution of Social Capital in Contemporary Society*, ed. Robert Putnam (New York: Oxford University Press, 2002), 3-19; Kenneth Newton, "Social Capital and Democracy," *American Behavioral Scientist* 40, no. 5 (1997): 575-586; John A. Booth and Patricia Bayer Richard, "Civil Society, Political Capital, and Democratization in Central America," *Journal of Politics* 60, no. 3 (1998): 780-800; Deepa Narayan and Lant Pritchett, "Social Capital: Evidence and Implications," in *Social Capital: A Multifaceted Perspective*, ed. Partha Dasgupta and Ismail Serageldin (Washington, DC: World Bank, 2000), 269-295.

¹⁰ Pamela Paxton, "Is Social Capital Declining in the United States? A Multiple Indicator Assessment," *American Journal of Sociology* 105, no. 1 (1999): 88-127.

support norms of reciprocity against the threat of opportunism are less likely to be imposed upwards and less likely to be acceded to, if imposed.”¹¹

Furthermore, some scholars distinguish two types of social capital: bonding social capital and bridging social capital.¹² Bonding social capital and bridging social capital are also used as traditional social capital and modern social capital in Krishna’s work.¹³ This study adopts Putnam’s distinction between bonding social capital and bridging social capital.¹⁴ Bridging social capital is defined as networks and ties of like persons across diverse social groups such as loose friendships and workmates. Examples of bridging social capital include being civil rights movements, youth service groups, and ecumenical religious organizations. Bonding social capital refers to ties between like people in similar situations such as immediate family, close friends and neighbors (e.g., closed networks of family and friends). There are some examples of bonding social capital such as ethnic fraternal organizations and church based women’s reading groups.

In this research I will adopt Putnam’s description of two types of social capital - bonding social capital and bridging social capital - and analyze each type of social capital along two dimensions: objective associations and subjective types of ties. In the following chapter I will discuss the measurement of social capital in the Chinese setting.

¹¹ Putnam, Leonardi, and Nanetti, *Making Democracy Work: Civic Traditions in Modern Italy*, 173-174.

¹² Paxton, “Is Social Capital Declining in the United States? A Multiple Indicator Assessment;” Sonja Zmerli, “Applying the Concepts of Bonding and Bridging Social Capital to Empirical Research,” *European Political Science* 2, no. 3 (2003): 68-75; Robert Wuthnow, *Loose Connections: Civic Involvement in America’s Fragmented Communities* (Cambridge: Harvard University Press, 1998); Michael Woolcock, “Social Capital and Economic Development: Toward a Theoretical Synthesis and Policy Framework,” *Theory and Society* 27, no. 2 (1998): 151-208.

¹³ Krishna, *Active Social Capital: Tracing the Roots of Development and Democracy*.

¹⁴ Putnam, *Bowling Alone: Collapse and Revival of American Community*.

THE CONSEQUENCES OF SOCIAL CAPITAL

Based on the empirical works conducted in Western societies, some scholars point out that bridging social capital promotes economic development, governance performance, and democratic participation.¹⁵ Bridging social capital protects social members against rent-seeking activities. Participants with abundant bridging social capital will restrain their opportunistic behavior towards each other, because first, they are more likely to sit in the same network, therefore, they want to maintain their reputation within the network and to avoid punishment; second, by restraining their opportunistic behavior they expect that others will reward them in the same way. Moreover, bridging social capital reaches different communities and social groups. Therefore, it will generate positive effects for the whole community or society.¹⁶

However, there are still debates on the effects of bonding social capital. On the one hand, some scholars argue that bonding social capital either has no effect or has negative impacts on economic development, governance, and democratic participation in a society.¹⁷ Bonding social capital arises from networking among close friends and family. Opportunistic behavior is certainly checked within these small groups. However, bonding social capital does not reduce opportunistic behavior outside of small

¹⁵ Stephen Knack, "Social Capital and the Quality of Government: Evidence from the States," *American Journal of Political Science* 46, no. 4 (2002): 772-785; Eric Uslaner, *The Moral Foundations of Trust* (New York: Cambridge University Press, 2002).

¹⁶ Knack, "Social Capital and the Quality of Government: Evidence from the States;" Stephen Knack and Philip Keefer, "Does Social Capital Have an Economic Payoff? A Cross-Country Investigation," *Quarterly Journal of Economics* 112, no. 4 (1997): 1251-1288; Wuthnow, *Loose Connections: Civic Involvement in America's Fragmented Communities*; Uslaner, *The Moral Foundations of Trust*; Zmerli, "Applying the Concepts of Bonding and Bridging Social Capital to Empirical Research."

¹⁷ Knack, "Social Capital and the Quality of Government: Evidence from the States;" Francis Fukuyama, "Social Capital and Development: The Coming Agenda," *SAIS Review* 22, no. 1 (2002): 23-37; Zmerli, "Applying the Concepts of Bonding and Bridging Social Capital to Empirical Research."

groups. Therefore, higher levels of bonding social capital are more likely to associate with rent-seeking activities and widespread corruption in societies.

Some empirical analysis of socioeconomic development confirms the importance of the distinction between bridging social capital and bonding social capital.¹⁸ Bridging social capital is empirically good for socioeconomic development, while bonding social capital is negatively related to the development of a society. Bonding social capital is “good for undergirding specific reciprocity and mobilizing solidarity.”¹⁹ But, without bridging social capital that transcends various social divides (e.g. religion, ethnicity, socioeconomic status), bonding social capital can become a basis for the pursuit of narrow interests, and can actively preclude access to information and resources that would otherwise be of great assistance to the community. Bridging social capital, by contrast, is “better for linkage to external assets and for information diffusion,” and thus “can generate broader identities and reciprocity.”²⁰

On the other hand, some scholars argue that under certain conditions bonding social capital will have positive effects on the provision of public goods which is critical for the development of a society.²¹ Lily Lee Tsai’s study in rural China asserts that solidary groups - groups such as temples, lineages, or tribes - can provide informal rules and norms that help citizens hold local officials accountable if the boundaries of a solidary group overlap with local administrative boundaries. These solidary groups

¹⁸ Knack, “Social Capital and the Quality of Government: Evidence from the States;” Sjoerd Beugelsdijk and Ton van Smulders, “Social Capital and Growth in European Regions: An Empirical Test,” *European Journal of Political Economy* 21 (2005): 301-324; Knack and Keefer, “Does Social Capital Have an Economic Payoff? A Cross-Country Investigation;” William A. Callahan, “Social Capital and Corruption: Vote Buying and the Politics of Reform in Thailand,” *Perspectives on Politics* 3, no. 3 (2005): 495-508.

¹⁹ Putnam, *Bowling Alone: Collapse and Revival of American Community*, 22.

²⁰ *Ibid.*, 22-23.

encompassing all the citizens in a particular local government jurisdiction and embedding local officials in its activities tend to promote the local governance and public goods provision.

This dissertation investigates whether and how different types and dimensions of social capital contribute toward achieving economic development, governance performance, and democratic participation in the rural areas of China. These three outcomes are the major issues within the field of comparative political studies. The hypothesized relationship between different types and dimensions of social capital on the one hand, and economic development, governance performance, and democratic participation in rural China on the other hand, will be elaborated and presented in chapters 3, chapter 4, and chapter 5 respectively. Other competing accounts are also examined, including village size, distance to urban area, regional location, and membership in formal civic organizations, since these factors may influence the way how different types and dimensions of social capital play their roles and have significant impacts upon economic development, governance performance, and democratic participation in the rural areas of China.

Which among these factors helps us understand different performance of villages in terms of these three outcomes? Are different types and dimensions of social capital relevant independently or in combination with any of these factors? To what extent different types and dimensions of social capital can function? Competing hypotheses are examined empirically for these three dependent variables - economic development, governance performance, and democratic participation - by using a representative public

²¹ Lily Lee Tsai, "Cadres, Temple and Lineage Institutions, and Governance in Rural China," *The China Journal* 48 (2002): 1-27; and *idem*, "Solidary Groups, Informal Accountability, and Local Public Goods

opinion survey of 410 rural villages which were distributed in 24 provinces and municipalities directly under the Central Government.

DATA

The data used in this study came from a nation-wide public opinion survey conducted in the end of 2005. The design of the questionnaire and the sample, and the implementation of the actual survey were conducted by the department of sociology at Renmin University of China. The survey was based on a probability sample of 410 rural villages in China. This probability sample was derived from a multistage sampling strategy. At the first stage of sampling, all county-level units (xian) in China were listed, among which 76 county-level units (xian) were randomly picked. These 76 county-level units (xian) were located in 24 provinces and municipalities directly under the Central Government (See Table 1). At the second stage of sampling, 205 townships (xiang) were randomly selected from these 76 county-level units by using the technique of probability proportionate to size (PPS), with the big county-unit yielding 4 townships, and the small county-unit yielding 1 township. At the third stage, two villages were randomly chosen from each township, yielding a total of 410 villages. Table 1 indicates the distribution of the sampled villages in 24 provinces and municipalities directly under the Central Government.

Table 1. The Distribution of Sampled Villages

	Number of Villages	Percent of Villages
Hebei	22	5.4
Shanxi	8	2.0
Inner Mongolia	8	2.0
Liaoning	18	4.4
Jilin	4	1.0
Heilongjiang	6	1.5
Jiangsu	30	7.3
Zhejiang	18	4.4
Anhui	24	5.9
Fujian	12	2.9
Jiangxi	12	2.9
Shandong	32	7.8
Henan	36	8.8
Hubei	24	5.9
Hunan	20	4.9
Guangdong	20	4.9
Guangxi	16	3.9
Hainan	2	.5
Chongqing	4	1.0
Sichuan	38	9.3
Guizhou	18	4.4
Yunnan	16	3.9
Shanxi	12	2.9
Gansu	10	2.4
Total	410	100.0

A two-step interview was implemented in the 410 sampled villages. First, 4274 households were randomly chosen from 410 villages, with each village yielding 10 or 11 households. Then, one individual was chosen randomly from each of the 4274 households as the interviewee. These 4274 interviewees were asked about such questions as trust, formal and informal socializing, political participation, evaluation of the governance of the Villagers' Committees, agricultural production, taxation burdens, volunteering, and democratic values. Second, village leaders (that is, directors of the Villagers' Committees and Party secretaries of the village branches) were chosen from each

of 410 sample villages. These village leaders were asked about such questions as village contextual facts, economic development, village budget, public goods provision, and their self-evaluation. After this two-step interview, two separate databases were generated: one was based on individual villagers' responses; the other one was based on village leaders' responses.

Many scholars who have conducted public opinion surveys in China were faced with the question about the reliability of their surveys carried out in a non-democratic country such as China. There are four factors to assure the reliability of our public opinion survey in this study. First, the questionnaire was desensitized to make sure that there were no politically sensitive questions for respondents. Second, the survey was anonymous, and respondents were offered confidentiality and encouraged to provide answers that best captured their true feelings. Third, respondents were informed that this survey was conducted by the department of sociology at Renmin University of China and was not related to any government agencies. College students from the department of sociology at Renmin University of China were employed as field interviewers, who had been trained by the project members in field interviewing techniques before the actual survey was carried out. Fourth, in general, previous empirical studies conducted by other scholars have suggested that Chinese respondents feel free to express their views in a public opinion survey.²²

Like many other public opinion surveys that have been conducted in Mainland

²² Jie Chen, *Popular Political Support in Urban China* (Stanford: Stanford University Press and Woodrow Wilson Center Press, 2004); Tianjian Shi, *Political Participation in Beijing* (Cambridge: Harvard University Press, 1997).

China, this survey produces two kinds of results: descriptive and relational.²³ These two kinds of results, both of which will be presented in this dissertation, can offer two important insights into the study of social capital in rural China. First, although the descriptive results from this survey (such as those regarding the distribution of social capital) may change over time, in various degrees, they do help to establish some needed statistical baselines for subsequent studies of social capital in rural China. These baselines are especially useful and important, since representative-sample survey studies of this sort are scarce.

Second, since most, if not all, of these relationships are generic in nature,²⁴ the survey's relational findings regarding the relationships between two types of social capital (bridging social capital and bonding social capital) on the one hand, and economic development, governance performance, as well as democratic participation in rural China on the other hand should capture the fundamental causal consequences of social capital. Thus, it can be said that the data from this survey can have broad implications for our understanding of the level and consequences of two types of social capital in rural China.

SIGNIFICANCE OF THIS STUDY

On at least three grounds, this dissertation promises to make a significant contribution to the study of social capital in the developing world such as China. First,

²³ For a detailed discussion on the distinction between these two kinds of survey results, see Melanie Manion article, "Survey Research in the Study of Contemporary China: Learning from Local Sample," *China Quarterly* 139 (1994): 741-765. Also, please see Jie Chen's book, *Popular Political Support in Urban China*.

²⁴ For more discussion on the generalizability of findings about relationships between variables in the study of contemporary China, see Manion, "Survey Research in the Study of Contemporary China: Learning from Local Sample;" Andrew G. Walder, "Zouping in Perspective," in *Zouping in Transition: The Process of Reform in Rural North China*, ed. Andrew G. Walder (Cambridge, Mass.: Harvard University Press, 1998).

this dissertation will shed some light on the distribution of two types of social capital - bridging social capital and bonding social capital - in rural China and their impacts on economic development, governance performance, and democratic participation in rural areas. Given the scarcity of representative survey studies of this sort, the findings from this study are especially valuable for establishing some conceptual and empirical baselines for subsequent studies of social capital in the rural areas of China.

Second, in terms of the policy significance, the findings from this study indicate that the institutional reforms in rural China may have different impacts on areas with different distributions of social capital. This finding will assist Chinese government officials in understanding why institutional reforms in rural areas do not necessarily generate good results in such domains as economic development, governance performance, and democratic participation. This research also provides Chinese government officials with valuable feedback about public policies that have been implemented for the ongoing construction of new socialist villages. Since social capital has impacts upon the way how public policies are implemented in each village, the central government could design relevant policies to cultivate the social capital that has positive effects on public policies and strengthen the construction of new socialist villages.

Third, as for the theoretical significance, the results from this study will aid scholars answer two crucial theoretical questions: 1) How can social capital be measured in the developing world such as China? A locally relevant scale of social capital is developed and presented in chapter 2; 2) Does social capital in the developing countries such as China have different effects on economic development, governance performance,

and democratic participation from that in the Western societies? The answers to these two questions will help scholars advance their understanding of social capital theory from a comparative perspective. In addition, this study also offers an empirical test of social capital theory by utilizing the experiences of Chinese rural society, which contributes to the process of generalization of theoretical notions based on the Western experiences to the developing world.

OVERVIEW OF THE DISSERTATION

Following this chapter, I will design a locally relevant measurement of social capital for the rural areas of China in chapter 2. Drawing upon the Western theory and existing Chinese scholarship, this study makes distinction between bonding and bridging social capital. In particular, this study defines bonding social capital as the following two components: 1) the particular trust, and 2) the participation in the exclusive social networks such as the clan organizations. On the other hand, bridging social capital is defined as the general trust and the participation in the inclusive social networks. This chapter also examines the emergence and growth of bridging social capital in the rural areas of China. This chapter makes the distinction between totalitarian society (1950 - 1978) and transitional society (1978 - present) and compares their different state-society relations to offer a general background to understand the emergence and development of bridging social capital in rural China. This chapter identifies how the party-state influences the development of bridging social capital and argues that bonding social capital still has a firm foundation in Chinese society due to the continued importance of traditional Confucian culture and the state power.

In chapter 3, I will develop measures to gauge socioeconomic development performance in villages in terms of four dimensions such as industrialization, health, quality of life, and average household income. It is found on factor analysis that villages which perform well in any one of these development domains also perform well in the rest of development domains. This finding indicates that these four dimensions of development can be combined into a single variable to evaluate the socioeconomic development in rural areas of China. Data from case study examination as well as the national survey will be used to explore the relationship between social capital and socioeconomic development performance of villages. This chapter will help answer questions such as what kinds of impacts bridging social capital and bonding social capital have on socioeconomic development in rural China.

Chapter 4 is devoted to the exploration of the relationship between social capital and the governance of villagers' committees. The central government of China has started institutional reforms to make the system of the villagers' committees in the rural areas more effective in conducting village affairs and responsive to the demands of peasants within the villages. In this chapter, I mainly use the evaluations of peasants living in each of surveyed villages as the indicators for the governance of Villagers' Committees, in terms of their responsiveness and effectiveness in combination with the objective facts collected from the surveyed village leaders. Some indicators such as the responsiveness of Villagers' Committees, the management of land distribution, the taxation, and the expenditure on social welfare and public goods are developed to measure the governance of Villagers' Committees.

Chapter 5 investigates how these two types of social capital influence the outcome

of democratic participation in the villages. Proponents of social capital theory assert that the participation in democracy will be higher in communities where the stock of social capital is high. In other words, more people will be actively involved in a larger range of political activities if there is an abundance of social capital in that community. Even China is not a democratic country, the institutional reforms in the rural areas has led to the democratization process of Villagers' Committees and other self-governing institutions, which has provided ordinary peasants with genuine opportunities to participate in the management of village affairs. Government officials have tried to utilize both bridging social capital and bonding social capital to fulfill their task of political mobilization. However, bonding social capital tends to reinforce the patron-client links and only mobilizes peasants to participate in the village affairs for particular interests. The level of bridging social capital accounts for a substantial part of the variance in democratic participation levels, which is important for the health of democracy at the village level.

Chapter 6 summarizes the empirical findings from this study and elucidates the key political and theoretical implications of these findings. Overall, the findings from this dissertation provide a mixed picture about the role of social capital in promoting economic development, governance performance, and democratic participation in the rural areas of China. Lastly, this chapter makes some policy suggestions for the cultivation of bridging social capital in rural China.

CHAPTER II

THE STOCK OF SOCIAL CAPITAL IN RURAL CHINA

This chapter focuses on three crucial questions: 1) How social capital has developed in Chinese society? 2) How is social capital measured in the Chinese setting? 3) What is the distribution of social capital in rural China? In this chapter, I will first review the measurement of social capital in the developing world especially in China. Secondly, I will explore the development of social capital in China since the economic reform of 1978. Then I will discuss the institutional change in China's villages and provide a general background to develop a locally relevant measurement of social capital in rural China.

SOCIAL CAPITAL IN THE DEVELOPING WORLD

Many empirical studies conducted in the Western societies tend to use the membership in formal civic organizations as an important measurement for social capital. Some studies suggest that levels of social capital are high among communities where a large number of people have membership in various formal civic organizations.¹ By this measurement of social capital, most developing countries have an extremely low storage of social capital, for there are few formal civic organizations in the developing world.²

According to the World Values Survey, in the Western societies, large amounts of

¹ Putnam, *Bowling Alone: Collapse and Revival of American Community*; and idem, "Tuning In, Tuning Out: The Strange Disappearance of Social Capital in America," *PS: Political Science and Politics* 27, no. 4 (1995): 664-683; Putnam, Leonardi, and Nanetti, *Making Democracy Work: Civic Traditions in Modern Italy*.

² Krishna, *Active Social Capital: Tracing the Roots of Development and Democracy*; Norman Uphoff, "Understanding Social Capital: Learning from the Analysis and Experience of Participation," in *Social Capital: A Multifaceted Perspective*, ed. Partha Dasgupta and Ismail Serageldin (Washington, DC: World Bank, 2000), 215-249.

citizens are members of formal civic organizations. For instance, in the United States, church organizations have the highest participation rate among citizens, with about 57% of citizens belonging to church organizations. The second largest group of formal organizations in the United States is sports or recreation organizations and cultural activity organizations. There are 36 % of citizens belonged to sports or recreation organizations and 37% of citizens participating in cultural activity organizations. There are also a large number of citizens attending professional organizations and youth work organizations, with 28% of citizens belonging to professional organizations and 26% of citizens participating in youth work organizations. Other formal organizations also attract many citizens: 14% of citizens belonged to labor unions, 13% of citizens attending local community organizations, 16% of citizens participating in conservation, environment, and animal rights organizations, and 17% of citizens joining in social welfare service organizations. However, according to the World Values Survey, the largest formal organizations in China are labor unions which only attract 7% of citizens. 4% of citizens belong to church organizations. Social welfare service organizations, cultural activity organizations, and sports or recreation organizations attract about 3% of citizens respectively. 2% of citizens participate in local community organizations and the attendance to conservation, environment, and animal rights organizations, professional organizations, and youth work organizations is the same: only 1% of citizens belong to each of these organizations. Such a dramatic comparison showing in Table 2 indicates how poor the development of formal civic organizations is in the developing world such as China. Therefore, if scholars use overall memberships in formal civic organizations as a proxy measurement of social capital, the stock of social capital in the developing world

is apparently very low.

Table 2. Participation in the Formal Civil Organizations in the US and China

Participation in the Formal Civil Organizations	The United States	China
Social welfare service organizations	17%	3%
Church organizations	57%	4%
Cultural activity organizations	37%	3%
Labor unions	14%	7%
Local community organizations	13%	2%
Conservation, environment, and animal rights organizations	16%	1%
Professional organizations	28%	1%
Youth work organizations	26%	1%
Sports or recreation organizations	36%	3%

However, empirical works based on the developing world show that, there are numerous informal networks among ordinary citizens in developing countries. And these networks have played the same role as formal civic organizations in generating the reciprocal feeling and cooperative actions.³ For instance, in the rural areas of India and

³ For example, please see Chen and Lu, "Social Capital in Urban China: Attitudinal and Behavioral Effects on Grassroots Self-Government;" Krishna, *Active Social Capital: Tracing the Roots of Development and*

China, a peasant might trust his/her neighbors implicitly and hence might participate in collective efforts to improve their community even without the help of any formal civic organization. Therefore, although formal civic organizations are the evidence of social capital in Western societies,⁴ a measurement of social capital which only draws upon the density of formal civic organizations will significantly underestimate the existence of social capital in the developing world.

Moreover, what matters more for social capital are subjective norms and objective organizations of different kinds that will coordinate individuals' efforts and lead to the collective action.⁵ The aggregating membership in formal civic organizations is an imprecise, if not misleading, measurement of social capital in the developing world. In this study, social capital will be measured by different types, bridging social capital and bonding social capital, along two dimensions - subjective norms and objective organizations. Furthermore, the measurement of social capital in the developing world such as China needs to be adjusted to fit into a local context.

SOCIAL CAPITAL IN CHINA

What does the existing literature tell about the development and distribution of social capital in China? In this section, I will briefly review the emergence of social capital in Chinese society since the economic reform of 1978 with a focus on both dimensions of social capital: objective organizations and subjective norms.

With regard to the first dimension of social capital: objective organizations, the

Democracy.

⁴ Putnam, *Bowling Alone: Collapse and Revival of American Community.*

⁵ Michael Woolcock, "The Place of Social Capital in Understanding Social Capital and Economic Outcomes," *Isuma: Canadian Journal of Policy Research* 2, no. 1 (2001): 1-17; Alex Inkeles, "Measuring Social Capital and Its Consequences," *Policy Sciences* 33 (2000): 245-268.

sociopolitical changes brought about by the post-Mao reform have simulated desirable conditions for the emergence of informal social groups.⁶ With the growth of informal organizations, modern social capital which generates ties across various social divides has developed in Chinese society. Before 1978, the Maoist China reached out to every aspect of individual life. People were assigned to different work units (*danwei*) and relied on work units for life subsistence.⁷ Since the outset of the Post-Mao reform, various policies such as privatization and marketization of social services including housing and health care have significantly reduced the influence of work units and government-sanctioned organizations on ordinary people's life. And with the emergence of developmental problems such as pollution, many voluntary, informal mass organizations have been founded to fill the void of the social functions of work units. Moreover, the marketization and urbanization under the economic reform have created strong incentives to foster contractual relationships among fellow citizens.⁸ Empirical studies show that under the above two conditions brought about by the economic reform, the modern social capital has steadily increased within the population of contemporary China.⁹

⁶ Gordon White, Jude Howell, and Shang Xiaoyuan, *In Search of Civil Society: Market Reform and Social Change in Contemporary China* (Oxford: Clarendon Press, 1996); Tony Saich, "Negotiating the State: The Development of Social Organizations in China," *China Quarterly* 161 (2000): 124-141.

⁷ Wenfang Tang and William L. Parish, *Chinese Urban Life under Reform: the Changing Social Contract* (Cambridge: Cambridge University Press, 2000).

⁸ Chen and Lu, "Social Capital in Urban China: Attitudinal and Behavioral Effects on Grassroots Self-Government."

⁹ Please see, Zhu-lan Fang, "Zhongguo tizhi zhuangui guocheng zhong de shehui ziben jilei" (On the Accumulation of Social Capital in the Process of Chinese Regime Transformation), *Zhongguo renmin daxue xuebao* (Journal of Renmin University of China) no. 5 (2002): 47-51; Rongzhu Ke and Weiyang Zhang, "Trust in China: A Cross-Regional Analysis," William Davidson Institution Working Paper No. 586 (William Davidson Institution, 2003); Rong Yang, "Shehui ziben de queshi yu chongjian: yi zhongguo chengshi shequ fazhan wei shijiao" (The Absence and Rebuilding of Social Capital: From the Perspective of the Construction of Chinese Urban Community), *Shandong keji daxue xuebao shehui kexue ban* (Journal of Shandong University of Science & Technology: Social Sciences) 6, no. 3 (2004): 46-50; Yongming Zhou, "Social Capital and Power: Entrepreneurial Elite and the State in Contemporary China," *Policy*

The recent study of the second dimension of social capital, subjective norms, mainly focuses on the stock of social trust in Chinese society. There are two basic approaches to study social trust in Chinese society: hermeneutic approach and positivist approach. And these two approaches give different answers to the question about the exact level of social trust in Chinese Society.

According to hermeneutic approach, China is low-trust society with a familistic culture in which there is relatively low degree of trust outside kinship.¹⁰ Hermeneutic approach recognizes the importance of cultural, historical and religious factors in influencing the level of social trust in a society.¹¹ This approach emphasizes that social trust is a historical heritage and it originates from long-term accumulation.

As Max Weber points out, Chinese Confucian culture inhibits the creating of generalized social trust.¹² Confucian culture is a familistic culture in which family relations take precedence over all other social relations.¹³ There are two basic characteristics of Confucian culture. First, Confucian culture is hierarchical and consequently the rulers have unlimited power in Chinese society.¹⁴ In this society, family becomes the fundamental base for individuals to survive and evade from the tyranny of cruel rulers. In ancient Chinese society, family members were protected by their family. Therefore, family members had moral obligations to the whole family and if necessary

Sciences 33 (2000): 323-340; Chen and Lu, "Social Capital in Urban China: Attitudinal and Behavioral Effects on Grassroots Self-Government."

¹⁰ Francis Fukuyama, "Confucianism and Democracy," *Journal of Democracy* 6, no. 2 (1995): 20-33; and idem, *Trust: The Social Virtues and the Creation of Prosperity* (New York: The Free Press, 1995).

¹¹ Ronald Dore, *Taking Japan Seriously: A Confucian Perspective on Leading Economic Issues* (Stanford: Stanford University Press, 1987).

¹² Max Weber, *The Religion of China: Confucianism and Taoism* (Glencoe, Ill.: The Free Press, 1951).

¹³ Fukuyama, "Confucianism and Democracy;" and idem, *Trust: The Social Virtues and the Creation of Prosperity*; Lucian W. Pye, *The Spirit of Chinese Politics* (Cambridge: Harvard University Press, 1992).

¹⁴ Lucian W. Pye, *The Mandarin and the Cadre: China's Political Cultures* (Ann Arbor: Center for Chinese Studies, the University of Michigan, 1988); and idem, *The Spirit of Chinese Politics*.

they had to sacrifice themselves to protect the family interests.¹⁵ Second, Confucian culture is a guanxi (social connections) culture. In Confucian culture, the personal relationship is much more important than the legal contract. There is always a distinction between “us” and “them” based on different guanxi structures. If you are members of “us”, your interests will be taken care; but if you are not, you will be discriminated. In ancient Chinese society, guanxi, other than family, was also an important base for individuals to survive and provided protection from the tyranny of rulers. Chinese people drew on guanxi in order to secure personal gains and only trusted those they had connections with. One of the direct results of Confucian culture is that Chinese people are reluctant to trust those people outside of their kinship groups or outside of their guanxi groups. Such social behavioral patterns led to low-level of generalized social trust in Chinese society.

However, there are two major criticisms about hermeneutic approach. First, the hermeneutic approach fails to offer any direct empirical evidence to support their argument that China is a low-trust society.¹⁶ Second, the hermeneutic approach considers social capital as an invariable heritage from Chinese traditional culture. Therefore, it lacks the explanatory power for the change of social capital in Chinese society especially since the outset of the economic reform of 1978.

¹⁵ Fukuyama, “Confucianism and Democracy;” and idem, *Trust: The Social Virtues and the Creation of Prosperity*; Pye, *The Mandarin and the Cadre: China’s Political Cultures*; and idem, *The Spirit of Chinese Politics*.

¹⁶ Siqing Peng, “Xinren de jianli jizhi: guanxi yunzuo yu fazhi shouduan” (Trust-Producing Mechanism: Guanxi and Law), *Shehuixue yanjiu* (Sociological Research) no. 2 (1999): 53-66.

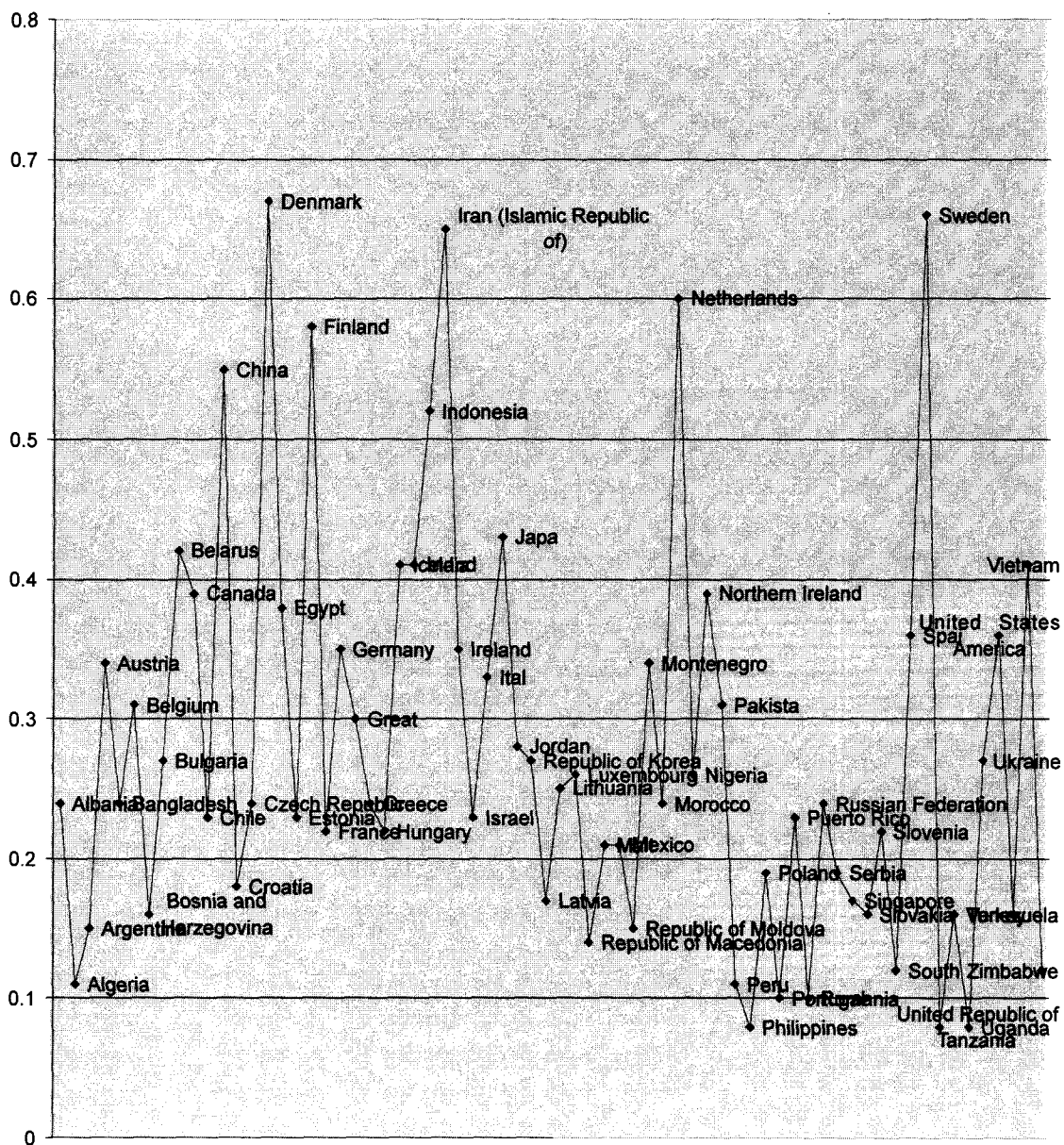


Figure 1. The Distribution of Social Trust in the World, the World Values Survey Fourth Wave (1999-2002)

Positivist approach tells a different story about the development of social capital in contemporary Chinese society. Positivist approach mainly relies on public opinion

survey to explore the mass attitude towards social issues.¹⁷ The advantage of positivist approach is that it offers empirical and quantifiable evidence. Unlike hermeneutic approach, positivist approach bases their arguments on empirical evidence and concludes that Chinese society has a high level of social trust. Ronald Inglehart conducted a survey study of China's social trust in his World Values Survey. Inglehart uses the aggregate percentage of those who agree that most people can be trusted as the indicator for the level of social trust in a country. Based on the survey question "Generally speaking, would you say that most people can be trusted or that you need to be very careful in dealing with people," Inglehart found out that Chinese society has a high level of social trust.¹⁸ I present some results of his study of social trust from the World Values Survey in Figure 1.

It is very obvious from Figure 1 that over a half of Chinese respondents say that most people can be trusted. This aggregate percentage is much higher than the world average level, even higher than that of the United States, Japan, and Germany. Based on such finding, the World Values Survey suggests that China is a high-trust society.

All in all, the existing literature of positivist approach indicates that the stock of social capital has risen up since the outset of the Post-Mao reform, and the stock of social capital is plentiful in contemporary China. However, these studies only focus on the urban areas and none of them have systematically dealt with the distribution of social capital in the rural areas of China.

¹⁷ Andrew J. Nathan, "Is Chinese Culture Distinctive?" *The Journal of Asian Studies* 52, no. 4 (1993): 923-936; Shiping Hua, "Introduction: Some Paradigmatic Issues in the Study of Chinese Political Culture," in *Chinese Political Culture, 1989-2000*, ed. Shiping Hua (Armonk, ME Sharpe, 2001), 3-17.

¹⁸ Ronald Inglehart, *Modernization and Post-modernization: Cultural, Economic, and Political Change in 43 Societies* (Princeton: Princeton University Press, 1997); and idem, "Trust, Well-being and Democracy," in *Democracy and Trust*, ed. Mark Warren (Cambridge: Cambridge University Press, 1999), 88-120.

The works by Lily Lee Tsai have examined the impact of “solidary groups” on the performance of grassroots self-government system in rural China based on a survey of 316 villages.¹⁹ Tsai’s research only focuses on objective networks of bonding social capital. Therefore, it fails to provide an overall picture of the stock of social capital (in different dimensions and types) in rural China. On the other hand, her research only explores the impact of social capital on the performance of the rural grassroots self-government system. The influences of social capital on other domains such as economic development and democratic participation in rural China are still unknown.

To fill in the gap, this study differs from the current literature in at least three important ways. First, this study focuses on the stock of social capital and its impacts on such domains as economic development, governance, and democratic participation in the rural areas of China by using a representative survey of 410 rural villages which are distributed in 24 provinces and municipalities directly under the Central Government. Second, unlike those studies which focus only on one dimension or one type of social capital, this study adopts a more comprehensive conceptual framework to measure social capital, which includes two types of social capital - bonding social capital and bridging social capital - along two dimensions: subjective norms and objective organizations. Third, this study investigates whether and how different types and dimensions of social capital contribute toward achieving economic development, good governance, and democratic participation in the rural areas of China. Such investigation will provide a more comprehensive understanding about the consequences of social capital in transitional societies such as China.

¹⁹ Tsai, “Solidary Groups, Informal Accountability, and Local Public Goods Provision in Rural China;” and idem, “Cadres, Temple and Lineage Institutions, and Governance in Rural China.”

INSTITUTIONAL CHANGE IN RURAL CHINA

China is a large agricultural country, with rural residents accounting for over 70% of its total population. For nearly 30 years after the founding of the People's Republic in 1949, the grassroots organizations in rural China had been the People's Communes (renmin gongshe), which were township-based collective economic organizations in combination with the lowest level of state power. Since the outset of the Post-Mao reform, a new system of the Villagers' Committee (VC, cunmin weiyuanhui) has gradually established in the rural areas of China after the political system of the People's Communes had been abolished. The 1982 Chinese Constitution provided the nature, tasks, and roles of the Villagers' Committees in rural areas. In November 1987 the Standing Committee of the National People's Congress of China adopted the Organic Law of the Villagers' Committees of the People's Republic of China, which was revised and enacted in November 1998. According to the Organic Law, the Villagers' Committees are established on the basis of the place of residence and are usually based on a natural village which is of a proper size and population. Moreover, these Villagers' Committees as "mass organizations of self-management" at the grassroots level are supposed to be elected and regularly held to account by the residents of villages, and are responsible for administering socioeconomic and political affairs of villages.²⁰

The Beijing government sees this system of VCs as a means to solve some urgent socioeconomic and political problems in rural areas, such as economic stagnation and administrative paralysis both of which emerged in the late period of the Maoist era. The Beijing government's underlying rationale is that under this system the VCs should be

²⁰ Yang Zhong, *Local Government and Politics in China: Challenges from Below* (Armonk: M.E. Sharpe, 2003).

effective and efficient in maintaining order, implementing central government policies, and coordinating agricultural production and other economic activities at the grassroots level.²¹ In addition, these VCs as “mass organizations of self-management” are supposed to be popularly elected; hence they provide ordinary peasants with abundant opportunities to participate in the management of village affairs.

In the early 1990s, the Ministry of Agriculture, in response to the problem of peasants’ burdens, proposed a unitary tax in rural areas. Peasants expressed strong support for this idea. Based on a series of local trials, the Beijing government chose Anhui to experiment with the tax-for-fee reform in 2000. In 2001, Jiangsu and Zhejiang joined the experiment, and the program further expanded to twenty other provinces in 2002. In 2003, the central government decided to promote a nation-wide tax-for-fee reform. Under this new system, local governments were allowed to collect only one agricultural tax from peasants and no fees were allowed to be charged. In early 2004, Premier Wen Jiabao announced at the National People’s Congress annual conference that the state was planning to phase out the agricultural tax in three years. By February 2005, twenty-six provinces had already abolished the agricultural tax and by 2006 this tax category finally disappeared in China.²²

As a result of these changes, village leaders can no longer raise funds for public projects. According to the new rules from the central government, in order to attain the financial resources to provide basic public goods such as roads and irrigation facilities and infrastructure, village leaders must request permission from the villagers’ assembly

²¹ Jie Chen, “Popular Support for Village Self-Government in China: Intensity and Source,” *Asian Survey* 45, no. 6 (2005): 865-885.

²² Jun Han, *Pojie sannong nanti* (Leading Issues Concerning Agriculture, Countryside and Peasants in China) (Beijing: Zhongguo fazhan chubanshe, 2008).

(cunmin dahui) or villagers' representative assembly (cunmin daibiao dahui). These permissions may be granted on a case-by-case basis (yishi yiyi).²³

In 2006, the central government announced a new program of “building new socialist villages” by issuing the degree of “Views for Advancing the Construction of New Socialist Villages”. According to this new program, the system of the VCs was expected to serve as the foundation of the development of new socialist villages.²⁴ In particular, the VCs were obligated to provide the following public goods at the local level:

1. constructing necessary infrastructure such as the paving of roads and the construction of necessary irrigation facilities;
2. handling public affairs and welfare undertakings of the village;
3. safeguarding village security;
4. promoting cultural and ethical progress;
5. maintaining livable environments for village residents.

Meanwhile, the central government has promised to provide the VCs with necessary funds by using financial transfer (caizheng zhuan yi), since half of the VCs failed to raise public funds through the system of case-by-case permission.

In addition, this program calls for the deepening of democratic governance in the management of village affairs, especially enhancing the quality of democratic election of the VCs. All VC members must be democratically selected through the multi-candidates and competitive elections with secret balloting. Moreover, all important matters related

²³ Fubing Su and Dali Yang, “Elections, Governance, and Accountability in Rural China,” *Asian Perspective* 29, no. 4 (2005): 125-157.

²⁴ Zhenyuan Qu, Xiaoyun Li, and Xiuqing Wang, *Zhongguo shehui zhuyi xinnongcun jianshe yanjiu* (Research on the Construction of Chinese New Socialist Villages) (Beijing: Shehui kexue wenxian chubanshe, 2006).

to the interests of villagers must go through deliberation by the villagers, and decisions must be made in accordance with the opinions of the majority.

In sum, in response to socioeconomic and political changes in the rural areas of China, the central government has initiated institutional reforms to make the system of the VCs more effective in governing village affairs and more responsive to the villagers' daily demands. This new system of the VCs has set the institutional context in which three dependent variables of this study - economic development, good governance, and democratic participation - are achieved in each village.

MEASURING SOCIAL CAPITAL

Although social capital is more and more recognized by the scholars as an important factor which may bring forth economic development, good governance, and democratic participation, it is not a easy task to measure it quantitatively. In this section I will review and compare different measurements of social capital in various disciplines and then propose a multi-dimensional and comprehensive measurement for social capital.

Social capital has been measured in a number of innovative ways in the subjects of sociology, economics, and political science. Since scholars in sociology treat social capital as the attribute of individuals, their measurements of social capital concentrate on the social networks possessed by individuals. There are two methods that most frequently used by this approach. One is "name-generator" and the other one is "position generator".

The method of "name-generator" generates a list of contacts (names) or network members by posing one or more questions about the respondent's contacts in certain

social situations. The researchers thus are able to study the structure and content of the respondents' egocentric networks on the base of the data generated.²⁵

The method of "position generator" is an assessment tool specifically aimed at measuring social capital embedded in personal networks. Its basic hypothesis is that certain structural positions in a society represent corresponding social resources. Therefore, by counting the structural positions existing in the personal network, the researchers are able to assess the social capital embedded in that network.²⁶

However, my review of measurements of social capital will mainly focus on works that measure social capital as an attributes of community, since the dominant approach in the subjects of economics and political science is to treat social capital as the property of communities.

First, the most common measurement of social capital is to examine participation in civic organizations, especially formal ones.²⁷ For example, Robert Putnam examines social capital in terms of the degree of civic involvement, which is measured by voter turnout, newspaper readership, and membership in choral societies and football clubs. In Northern Italy, all these indicators are higher than those in Southern Italy; therefore, the stock of social capital in Northern Italy is more abundant. However, subjective norms are not separately considered for this measurement of social capital, since Putnam believes that "an effective norm of generalized reciprocity is likely to be associated with dense networks of social exchange."²⁸ Norms are part of the definition of social capital, but

²⁵ Nan Lin, *Social Capital: A Theory of Social Structure and Action* (Cambridge: Cambridge University Press, 2001); and idem, "Building a Network Theory of Social Capital," *Connections* 22, no. 1 (1999): 28-51; John Scott, *Social Network Analysis: A Handbook* (London: Sage, 1991).

²⁶ Nan Lin and Mary Dumin, "Access to Occupations through Social Ties," *Social Networks* 8 (1986): 365-385.

²⁷ Putnam, Leonardi, and Nanetti, *Making Democracy Work: Civic Traditions in Modern Italy*.

²⁸ *Ibid.*, 172.

they have no part within Putnam's measurement of this concept. His recent work on the United States uses a similar approach, combining data from both academic and commercial sources to show a persistent long-term decline in America's stock of social capital.²⁹ Again, norm is dropped and only networks retained while measuring social capital.

Putnam implicitly puts emphasis on the formally organized civic organizations. In addition, he argues that vertically or hierarchically organized relationships inhibited social capital formation in Italy. Only in horizontal civic organizations that social capital can be generated. However, this measurement of horizontal organizations has already been challenged and amended by some later studies.³⁰ And as I have argued, neither horizontal organization nor vertical organizations are found legitimate for assessing social capital in the developing world.

Second, social trust as one of subjective norms of social capital has been used in many studies as a means of approximating levels of social capital. David Halpern suggests that there is a need for a simple, "quick and dirty" measure and this can be solved in the systematic measuring of social trust. He considers that it is much easier and more meaningful to measure social trust than traditional measures of voluntary activity and associational membership.³¹ The World Values Survey asked questions on trust in 1981, 1991, and 1996 and compared recorded trust in different countries. For instance, in the year of 1995 to 1996, the OECD country with the highest percentage of respondents reporting that "most people can be trusted" was Norway (65.3%) while Turkey had the

²⁹ Putnam, *Bowling Alone: Collapse and Revival of American Community*.

³⁰ Dietlind Stolle and Thomas Rochon, "Are All Associations Alike? Member Diversity, Associational Type and the Creation of Social Capital," *American Behavioral Scientists* 42, no. 1 (1998): 47-65.

³¹ Halpern, *Social Capital*.

lowest percentage (6.5%). One of the issues of this kind of research, however, is that the way how respondents in different contexts define trust may influence their answers to this question. Indeed there is no universal agreement concerning trust as an adequate proxy for measuring aspects of social capital. Stephen Baron and his associates suggest that the practice of using one single question about trust and linking them to broad measures of a nation's economic performance is an example of poor social capital measurement.³²

The most comprehensive measurements of social capital should incorporate different dimensions and types of social capital and use different combinations of qualitative, comparative, and quantitative research methods.³³ Trust, civic engagement, and community involvement are generally seen as ways to measure social capital. Peter Hall focuses on networks of both formal and informal sociability and on the norms of social trust widely associated with such networks.³⁴ He includes voluntary associations, participation in charitable endeavor, and informal relations with neighbors and friends into his measurement of social networks. And he defines social trust as “the generalized willingness of individuals to trust their fellow citizens.”³⁵

When measuring social capital in the United States, Paxton also adopts a comprehensive theoretical framework. In specific, he suggests that social capital at least involves two dimensions: “1. Objective associations between individuals. There must be an objective network structure linking individuals. This component indicates that

³² Stephen Baron, John Field, and Tom Schuller, *Social Capital: Critical Perspectives* (Oxford: Oxford University Press, 2000).

³³ Michael Woolcock and Deepa Narayan, “Social Capital: Implications for Development Theory, Research, and Policy,” *The World Bank Observer* 15, no. 2 (2000): 225-249; Michael Woolcock, “Microenterprise and Social Capital: A Framework for Theory, Research, and Policy,” *The Journal of Socio-Economics* 30, no. 2 (2001): 193-198; Tom Schuller, “The Complementary Roles of Human and Social Capital,” *Isuma: Canadian Journal of Policy Research* 2, no. 1 (2001): 18-24.

³⁴ Hall, “Social Capital in Britain.”

³⁵ *Ibid.*, 420.

individuals are tied to each other in social space. 2. A subjective type of tie. The ties between individuals must be of a particular type: reciprocal, trusting, and involving positive emotion.”³⁶ In addition, as suggested by Kenneth Newton, these two dimensions of social capital are closely related. However, when measuring social capital, these two dimensions shall be kept separate, because “the norms and values are subjective and intangible, social networks and organizations are objective and observable.”³⁷

Based on the above discussion, my measurement for social capital in this study will consist of two dimensions -“objective networks of civic engagement” and “norms of generalized reciprocity/trust”. Along with these two dimensions of social capital I will differentiate two types of social capital: bridging social capital and bonding social capital. As Table 3 indicating, bridging social capital contains a set of inclusive social networks that tend to connect people together from different social, economic, occupational, and even political background.³⁸ In addition, bridging social capital also consists of such subjective norms as indiscriminative (or general) trust and reciprocal feelings among people, regardless of whether they know one another and whether they share similar interests or backgrounds.³⁹ On the other hand, bonding social capital is composed of exclusive social networks that link people together by their shared economic, political, or demographic identities - such as class, occupation, ethnicity, lineage, or religion. Such networks, therefore, tend to exclude people who do not share the identity.⁴⁰ Bonding social capital also retains such norms as discriminative (or particular) trust and reciprocal

³⁶ Paxton, “Is Social Capital Declining in the United States? A Multiple Indicator Assessment,” 93.

³⁷ Kenneth Newton, “Social and Political Trust in Established Democracies,” in *Critical Citizens: Global Support for Democratic Governance*, ed. Pippa Norris (New York: Oxford University Press, 1999), 177.

³⁸ Knack, “Social Capital and the Quality of Government: Evidence from the States.”

³⁹ Uslaner, *The Moral Foundations of Trust*.

⁴⁰ Francis Fukuyama, “Social Capital, Civil Society and Development,” *Third World Quarterly* 22, no. 1 (2001): 7-20; and idem, *Trust: The Social Virtues and the Creation of Prosperity*.

feelings among individuals who are much alike in terms of their background and beliefs, especially among those who have known one another.

Table 3. Measurement of Social Capital

	Objective Networks	Subjective Norms
Bridging Social Capital	Inclusive Social Networks	Indiscriminative (General) Trust
Bonding Social Capital	Exclusive Social Networks	Discriminative (Particular) Trust

DEVELOPING A LOCALLY RELEVANT MEASURE

In this study I treat social capital as an attribution of community, and I will use village as a basic unit to investigate and measure social capital in rural China. First, I will explain why participation in formal associations cannot be used for measuring social capital in rural China. I will argue that the participation in informal organizations or networks is a more relevant indicator for social capital. Then, I will discuss features of village life that promote mutual cooperation among peasants for community benefits. Based on my discussion, I will develop locally relevant indicators for measuring social capital in rural China.

Formal Organizations

As I have discussed in previous sections, density of formal organizations is not an appropriate indicator for the measurement of social capital in rural China. Krishna has pointed out that formal organizations in large areas of the developing world are mostly

state-controlled and are created to achieve state and regime objectives.⁴¹ Nearly every formal organization established in Chinese villages is linked to a state agency and is executor of its policy. According to Bruce Dickson, these civic organizations have dual functions: they are designed to give the Party-state a means to control organized interests in Chinese society and also to represent their members' interests.⁴²

In 1989, the State Council issued "Regulations on the Management of the Registration of Societal Organizations." This new regulation stipulates that all new associations have to be approved by government agencies, which have authorities over the applicants' proposed domains of activities, before they could register with the offices of the Ministry of Civil Affairs. Article 16 of this new regulation prohibits the formation of the "same" or "similar" associations, which is a necessary condition for the establishment of the state corporatist structure to allow for monopoly of interest representation.⁴³

Under this political context, it is very difficult for villagers to set up any formal civic organizations voluntarily in rural China. My field trip reveals that in many villages there is only one formal organization, or no formal organization at all operating in their midst. The data from our survey also shows that membership in formal organizations in rural China is very low.

I used five following questions to measure Chinese peasants' membership in the

⁴¹ Krishna, *Active Social Capital: Tracing the Roots of Development and Democracy*.

⁴² Bruce Dickson, *Red Capitalists in China: the Party, Private Entrepreneurs, and Prospects for Political Change* (New York: Cambridge University Press, 2003).

⁴³ Margaret M. Pearson, "The Janus Face of Business Associations in China: Socialist Corporatism in Foreign Enterprises," *The Australian Journal of Chinese Affairs* 31 (1994): 25-46; Jonathan Unger and Anita Chan, "China, Corporatism, and the East Asian Model," *The Australian Journal of Chinese Affairs* 33 (1995): 29-53; and idem, "Corporatism in China: A Developmental State in an East Asian Context," in *China After Socialism: In the Footsteps of Eastern Europe or East Asia?* ed. Barrett L. McCormick and Jonathan Unger (Armonk: M. E. Sharpe, 1996), 95-129.

formal civic organizations:

“1. Have you participated in the health/sports civic organizations when you have leisure time?

2. Have you participated in the entertainment/culture civic organizations when you have leisure time?

3. Have you participated in the religious organizations when you have leisure time?

4. Have you participated in the professional skills-training organizations when you have leisure time?

5. Have you participated in the public-spirited organizations when you have leisure time?”

These questions by no means exhaust all formal civic organizations in rural China. But my field trip indicates that these civic organizations are the most popular ones in rural China. Respondents were asked to answer each of these questions on a five-point scale, with 1 indicating “not at all,” 2 indicating “several times a year,” 3 indicating “several times a month,” 4 indicating “once a week,” and 5 indicating “several times a week.” The results of these five survey questions are presented in Table 4 which shows that Chinese peasants’ membership in the formal civic organizations is very low. The highest participation is the public-spirited organizations, with only 8.9 percent of respondents saying that they participate in the public-spirited organizations. The religious organizations have the lowest participation and only 4.1 percent of respondents state that they participate in the religious organizations. Although formal organizations barely exist in rural China, informal organizations or social networks are abundant in

rural areas and they generate mutual trust and reciprocal feelings among villagers, which lead to collective actions promoting public welfare in these villages. In the following section, I will investigate informal organizations and social networks by measuring inclusive and exclusive social networks in rural China.

Table 4. Membership in the Formal Civic Organizations

	Participation	Non-Participation at all	N
Health/Sports Civic Organizations	4.6	95.4	4274
Entertainment/Culture Organizations	5.0	95.0	4274
Religious Organizations	4.1	95.9	4274
Professional Skills-training organizations	6.2	93.8	4274
Public-spirited organizations	8.9	91.1	4274

Informal Social Networks

Empirical studies conducted in the developing world show that informal networks and organizations have played the same role as formal organizations in generating trust and reciprocal feelings which lead to cooperative actions.⁴⁴ To measure objective networks of social capital in rural China, one will need to look at informal networks which exist in a large number in these areas.

In this section I will measure informal networks by differentiating two types of social capital: bridging social capital and bonding social capital. As Table 3 indicating,

⁴⁴ Krishna, *Active Social Capital: Tracing the Roots of Development and Democracy*; Chen and Lu, "Social Capital in Urban China: Attitudinal and Behavioral Effects on Grassroots Self-Government."

bridging social capital consists of a set of inclusive social networks that connect people together from different background. Before the 1978 reform, peasants are tied to their villages due to the strict household registration system and most of rural residents are equally poor. With the implementation of reform policies, more and more peasants have enjoyed the freedom of migrating from one area to another and the income gap among villagers has gradually increased. Villagers now are faced with neighbors and friends with different socioeconomic background. Since objective networks of bridging social capital connect people together from different social, economic, and even political background, peasants' relationship with other villagers in their villages has become an important indicator for the measurement of this kind of inclusive networks. I used the following two questions to measure inclusive networks in villages.

“1. How close is your relationship with other peasants in your village?

2. Do you have co-operative activities with other peasants in your village to deal with daily demands?”

For question 1, respondents were asked to answer this question on a five-point scale, with 1 indicating “not close at all,” 2 indicating “not very close,” 3 indicating “so-so,” 4 indicating “close,” and 5 indicating “very close.” For question 2, five alternatives were posted: “not at all,” scored 1; “very little,” scored 2; “sometimes,” scored 3; “often,” scored 4; and “very often,” scored 5. The values of these two questions were combined to form an additive index to capture respondents' participation in inclusive social networks.

The results of these two survey questions are presented in Table 5. They indicate that inclusive social networks in rural China are abundant. For question 1, the majority

of respondents (86.5 percent) regard their relationship with other peasants in their villages as “close” or “very close”. There are only 2.9 per cent of respondents state that their relationship with other peasants in their villages is “not very close” or “not close at all”.

As for the second question, 83.2 per cent of respondents state that they have co-operative activities with other peasants in their villages to deal with daily demands. Only 16.8 per cent of respondents say that they have “very little” or no co-operative activities with other peasants in their villages to deal with daily demands.

Table 5. The Participation in the Inclusive Networks

How close is your relationship with other peasants in your village?	
not close at all	.8
not very close	2.1
so-so	10.6
close	41.6
very close	44.9
Do you have co-operative activities with other peasants in your village to deal with daily demands	
not at all	4.0
very little	12.8
sometimes	29.2
often	37.9
very often	16.1

Bonding social capital includes a set of exclusive social networks. Exclusive social networks connect people by their shared economic, political, or demographic

identity - such as class, occupation, ethnicity, lineage or religion. Such networks, therefore, tend to exclude people who do not share the identity.⁴⁵ In Confusion culture, the family name is one of the most important identities for individuals. Especially in rural areas people were organized into clan organizations along their family names to dealing with their daily needs which were essential for individuals to survive. Strangers were excluded from such family networks and were considered not trustful. Such familial networks were well organized and villages in many areas built their own temples where they worshiped their ancestors together and make important decisions for their family. Therefore, the clan organization is one of the most important bonding social capital in rural areas to organize peasants for collective actions such as irrigating projects or cropping. Therefore, to measure exclusive networks, I used the following question:

“In your village, is there any clan organization?”

Respondents were asked to answer this question on a 3-point scale, with 1 indicating “no,” 2 indicating “yes, there is familial network which shares the same family name, but there is no organization,” and 3 indicating “yes, there is clan organization which has a clan temple.” As Table 6 indicating, there are only 1.9 per cent of respondents who agree that there is a clan organization in their village. Such result shows that exclusive social networks have greatly reduced since the founding of People’s Republic of China. The organizations of rural China have changed a lot with the People’s Commune replacing the traditional Chinese grassroots organizations in rural areas, which was organized along familistic networks.

⁴⁵ Fukuyama, “Social Capital, Civil Society and Development;” and idem, *Trust: The Social Virtues and the Creation of Prosperity*.

Table 6. The Participation in the Exclusive Networks

	In your village, is there any clan organization?	
	Frequency	Percent
No	3997	93.5
Yes, there is familial network which shares the same family name, but there is no organization	197	4.6
Yes, there is a clan organization which has a clan temple	80	1.9
Total	4274	100.0

Subjective Norms

Social trust is the key part of subjective norms of social capital. As I have discussed, there is fundamental differences between particular (discriminative) trust and general (indiscriminative) trust. Particular trust refers to the faith in people who share the same background with you, for example, your own family, your friends, and your groups (i.e., the people you know). General trust refers to the faith in people unlike your own kind. General trust is based on the belief that people different from yourself nevertheless can be part of your moral community.

I used the following question to measure different types of trust. “Generally speaking, if there are no direct economic concerns, would you please tell me how trustworthy are the following people? a. same village residents with the same family name; b. same village residents with different family names; c. relatives; d. outside people that you do not know.”

Table 7. The Distribution of Different Types of Trust

Generally speaking, if there are no direct economic concerns, would you please tell me how trustworthy are the following people?				
	a. same village residents with same family name	b. same village residents with different family name	c. relatives	d. outside people that you do not know
The majority can not be trusted	.6	1.3	.2	45.7
More than a half can not be trusted	3.8	6.0	1.0	28.1
Half can be trusted, but half can not be trusted	18.5	26.0	7.4	20.5
More than a half can be trusted	44.3	41.8	34.3	4.5
The majority can be trusted	32.8	25.0	57.0	1.3

The results presented in Table 7 indicate that the structure of social trust of Chinese peasants is very hierarchical. The “radius of trust” first reaches their relatives; then the same village residents with the same family name; thirdly the same village residents with different family names; lastly outside unknown people. First, for the question of the trustworthiness of their relatives, 91 per cent of interviewed peasants reported that more than half of their relatives can be trusted in. Second, for the question of the trustworthiness of the same village residents with the same family name, 77 per cent of interviewees stated that more than half of this group of people is trustworthy. Third, for the question of the trustworthiness of the same village residents with different

family names, 67 per cent of interviewed peasants reported that more than half of these residents can be trusted in. Last, only 5.8 per cent of interviewed peasants reported that more than half of outside unknown people can be trusted in. Meanwhile about 46 per cent of interviewed peasants reported that a majority of outside unknown people is not trustworthy.

It is very obvious that the trust in relatives and same village residents with the same family name can be considered as familistic trust. Familistic trust originates from the Confucian culture in which family was the basic unit for individuals to survive and evade from the tyranny of cruel rulers. And family members had moral obligations to the whole family and in return the family would protect all family members in terms of their interests. Such a familistic culture cultivated the particular trust among family members. The results from our analysis of survey questions lead to the conclusion that the particular (discriminative) trust is still very strong in rural China. The trust in outside unknown people is not based on family ties or other bonding ties; hence, it is typical general (indiscriminative) trust. However, this trust in outside unknown people is very weak in rural China. Such finding is different from Ronald Inglehart's World Values Survey and Jie Chen and Chunlong Lu's survey, which indicating that social trust is abundant in Chinese society. The possible explanation is that Jie Chen and Chunlong Lu's survey is mainly focused on the urban areas, and urban residents may actually have a higher level of general trust than rural residents. On the other hand, the measurement in Ronald Inglehart's World Values Survey does not distinguish different types of trust. As I have discussed above, particular trust may be abundant among rural residents, but general trust is still in scarcity in rural China.

One interesting point from these findings is that the trust in the same village residents with different family names is moderately strong. This kind of social trust goes beyond the family ties and extends to other members of the same village community, although it does not extend to general public outside of the village communities. Therefore, this kind of social trust can be considered as the preliminary stage of general trust, which is particularly useful in a village community, since this trust will link all villagers together to commit collective actions to deal with public issues of villages.

VILLAGE-LEVEL STOCK OF SOCIAL CAPITAL

In this study, I treat social capital as the attributes of communities and I will measure the stock of different types and dimensions of social capital in each village based on the individual villagers' responses to the survey questions.

First, to measure the proportion of villagers who do participate in formal civic organizations, I aggregate the responses of all individuals interviewed in each surveyed village. For the health/sports organizations, average village responses vary from a high of 0.60, which means 60 per cent of villagers reported to join the health/sports organizations in that village, to a low of 0.00, which means no villager reported to join these organizations. For the entertainment/culture organizations, average village responses vary from a high of 0.70, which means 70 per cent of villagers reported to participate in the entertainment/culture organizations, to a low of 0.00, which means no villager reported to join these organizations. For the religious organizations, average village responses vary from a high of 0.80, which means 80 per cent of villagers reported to attend the religious organizations, to a low of 0.00, which means no villager reported

to participate in these organizations. For the professional skills-training organizations, average villager responses vary from a high of 0.55, which means 55 per cent of villagers reported to join in the professional skills-training organizations, to a low of 0.00, which means no villager reported to join in these organizations. For the public-spirited organizations, average villager responses varied from a high of 0.73, which means 73 per cent of villagers reported to join in the public-spirited organizations, to a low of 0.00, which means no villager reported to join in the public-spirited organizations. These five items are combined to form an additive index for the membership in the formal civic organizations in each surveyed villages, which is used in the multivariate analysis that follows.⁴⁶

Second, to measure the participation in the inclusive networks, I aggregate the responses of all individuals interviewed in each surveyed village. For the relationship with other peasants, average villager responses vary from a high of 5.0, which means the relationships among peasants in that surveyed village are extremely intimate, to a low of 1.0, which means the relationships among peasants in that village are “unfamiliar”. For the co-operative activities with other peasants, average villager responses vary from a high of 5.0, which means the co-operative activities among peasants in that surveyed village are numerous, to a low of 1.0, which means such activities in that village are scarce. These two items are combined to form an additive index for the participation in the inclusive networks in each surveyed village and I will use it in the multivariate analysis that follows.

⁴⁶ The reliability analysis of these three items yields a reliability coefficient (alpha) of .88.

Table 8. Average Scores for Participation in the Civic Organizations

Item	Minimum	Maximum
Health/Sports Civic Organizations	0.00	0.60
Entertainment/Culture Organizations	0.00	0.70
Religious Organizations	0.00	0.80
Professional Skills-training organizations	0.00	0.55
Public-spirited organizations	0.00	0.73

Third, for the exclusive networks, a village will be counted having the clan organization if there is one respondent identified that this village had the clan organization. As a result, out of 410 surveyed villages, 114 villages have the clan organization. Among these 114 villages which have the clan organization, 35 villages have the clan temple, which means these 35 villages have a well-organized clan.

Fourth, in terms of the subjective norms, I consider the trust in relatives and in same village residents with the same family names as the typical particular trust. Therefore, the responses to these two questions of interviewees are aggregated to measure the intensity of particular trust in each surveyed village. For the trust in relatives, average villager responses varied from a high of 5.0, which means the particular trust in relatives is extremely strong in the surveyed village, to a low of 3.3, which means the particular trust in relatives is moderate in the surveyed village. For the trust in the same village residents with the same family names, average villager responses varied from a high of 5.0, which means the particular trust in the same village residents with the same family names is extremely strong in the surveyed village, to a low of 2.1, which means the particular trust in the same village residents with the same family names is

pretty weak in the surveyed village. These two items are combined to form an additive index for the particular trust in each surveyed village, which will be used in the multivariate analysis that follows.

Last, the trust in the outside people that you do not know is regarded as the typical general trust. To measure the intensity of general trust in each surveyed village, the responses to this question are aggregated for all individuals interviewed in these villages. For this question, average villager responses vary from a high of 4.5, which means general trust in that surveyed village is strong, to a low of 1.0, which means general trust is scarce in that village.

Based on the above findings, I summarize some major points in the following section. First, it is obvious that the stock of bonding social capital is still abundant in rural China; even the Communist Party had made the efforts to replace the old and traditional family networks with the new communist organizations (that is, the People's Communes). With the initiation of the post-Mao reform and the collapse of the People's Communes, the reemergence of familial ties has become a common phenomenon in the rural areas. As these findings indicating, out of 410 surveyed villages, 114 villages have clan organizations. In other words, about 27 per cent of the surveyed villages have some kind of clan organizations. Moreover, about 8 per cent of the surveyed villages have advanced clan organizations, which own the common ancestor temples. On the other hand, in terms of subjective norms, the majority of the surveyed villages have high stocks of particular trust which is measured in this study by beliefs in the trustworthiness of relatives and the same village residents with same family names. More than 70 per cent of the surveyed villages have the average scores higher than 4.0, which means the

particular trust is extremely strong in surveyed villages.

Second, the modern, bridging social capital is in formation in rural China, even though the stock of bridging social capital is still moderate. With the deepening of the post-Mao reform and the ongoing process of marketization, general trust and inclusive social networks which connect people with different background has emerged in the rural areas. In this study, the inclusive networks are measured by the relationship with other peasants as well as the co-operative activities in villages. With regard to the relationship with other peasants, more than 50 per cent of the surveyed villages have average scores less than 2.0, which means in more than 50 per cent of the surveyed villages the relationship among villagers is “unfamiliar”. With regard to the co-operative activities in villages, the average scores of more than 60 per cent of the surveyed villages are less than 2.0, which means the co-operative activities among peasants are scarce in those villages. On the other hand, the majority of the surveyed villages have low stocks of general trust. The average scores of more than 70 per cent of the surveyed villages are less than 2.0, which indicates the scarcity of the general trust in the outside people that you do not know.

Third, to determine the relationship among the different types and dimensions of social capital in rural China, I ran a structural equation model.⁴⁷ The results of this analysis are illustrated in Figure 2. Overall, the findings from the structural equation model indicate that the two types of social capital - bridging social capital and bonding social capital - are not related at all. This result confirms that these two types of social

⁴⁷ I employ the analytical moment structures (AMOS) model-fitting program. For an introduction to AMOS and Structural Equation Modeling, please see Rex B. Kline, *Principle and Practice of Structural Equation Modeling* (New York: Guilford Press, 1998); Barbara M. Byrne, *Structural Equation Modeling With AMOS: Basic Concepts, Applications, and Programming* (Mahwah, New Jersey: Lawrence Erlbaum Associates, Publishers, 2001).

capital are independent from each other and supports my theoretical argument that bridging social capital and bonding social capital shall be treated separately. Figure 2 also shows that the two dimensions of bridging social capital - general trust and inclusive networks - are closely related. These two dimensions make contributions to the latent variable of bridging social capital, which means these two dimensions can be used to construct the scale of bridging social capital. This finding tends to confirm Robert Putnam's suggestion that "an effective norm of generalized reciprocity is likely to be associated with dense networks of social exchange. In communities where people can be confident that trusting will be requited, not exploited, exchange is more likely to ensue. Conversely, repeated exchange over a period of time tends to encourage the development of a norm of generalized reciprocity."⁴⁸ On the other hand, the two dimensions of bonding social capital - particular trust and exclusive networks - are also closely related and make contributions to the latent variable of bonding social capital. Therefore, these two dimensions can be used to build the scale of bonding social capital. This finding suggests that in communities where people only trust family members, close friends, or those who share the same background with them, they are more likely to participate in the exclusive networks. And their interaction with members of exclusive networks tends to encourage the development of particular trust among these people.

⁴⁸ Putnam, Leonardi, and Nanetti, *Making Democracy Work: Civic Traditions in Modern Italy*, 172.

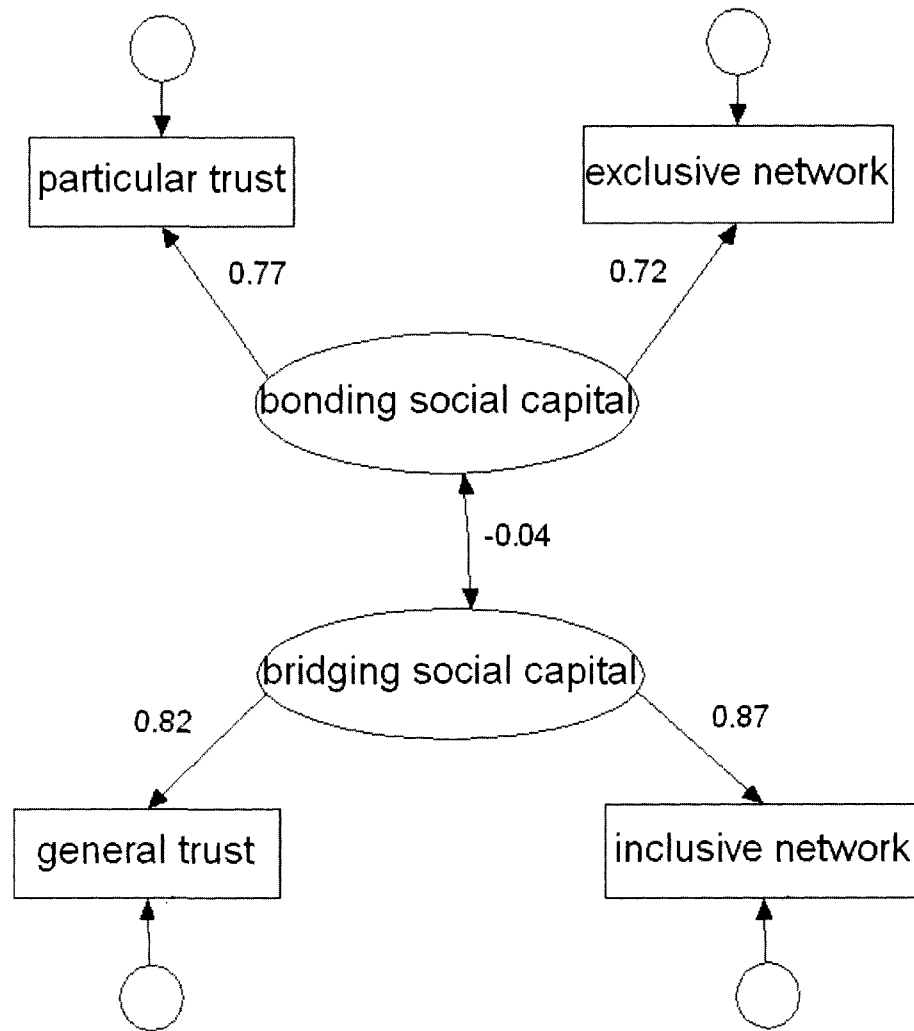


Figure 2. The Relationship among Different Types of Social Capital
Note: Chi-square/df ratio = 0.98; CFI = 1.00; RMSEA = 0.00.

Finally, in Western societies, formal civic organizations are considered as the integral component of social capital. However, in China, these civic organizations are sponsored by the Party-state and highly dependent upon the Party-state. Moreover, most formal civic organizations in rural China are neither voluntarily nor horizontally organized - two requirements that any organization must meet before it can be added to

the index of social capital proposed by Robert Putnam.⁴⁹ This study indicates that these formal civic organizations are underdeveloped in rural China. About 55 per cent of the surveyed villages have no health/sports organizations. 75 per cent of the surveyed villages have no religious organizations. And 65 per cent of the surveyed villages have no professional skills-training organizations. In this study, I treat the participation in the formal civic organizations independently from social capital and try to understand the impacts of such organizations upon economic development, village governance, and democratic participation in rural China.

CONCLUSION

This chapter briefly reviews different measurements of social capital in both Western and Chinese literature and provides a broad picture of the evolution of social capital in rural China in recent decades. Based on both Western and Chinese scholarship and my observation of Chinese rural society, I developed a locally relevant measurement to scale social capital in rural China. Overall, this chapter argues that with the deepening of the post-Mao reform and the ongoing process of marketization, the modern and bridging social capital has begun to emerge in rural China. On the other hand, the traditional and bonding social capital still has a very solid foundation in the rural areas.

My measurement of social capital distinguishes two types of social capital - bridging social capital and bonding social capital. I argue that both types of social capital can be measured by two dimensions - objective networks and subjective norms. I also suggest that density of formal organizations is not an appropriate indicator for measuring

⁴⁹ Putnam, *Bowling Alone: Collapse and Revival of American Community*; Putnam, Leonardi, and Nanetti, *Making Democracy Work: Civic Traditions in Modern Italy*.

social capital in rural China. In particular, the objective networks of bridging social capital are measured by two indicators - the relationship with other peasants and the cooperative activities with other peasants. And the subjective norms of bridging social capital are measured by the general trust in the outside people who you do not know. The objective networks of bonding social capital are measured by the participation in the clan organizations. And the subjective norms of bonding social capital are measured by two indicators - the belief in the trustworthiness of relatives and trustworthiness of some village residents with same family names.

The statistical results from the data of these 410 surveyed villages support my argument that bridging social capital is in formation in rural China; however, bonding social capital still has a very solid foundation in the rural areas. Four independent variables which represent the objective and subjective dimensions of the two types of social capital are created respectively for each surveyed village and will be used in the following chapters to test the impacts of social capital upon economic development, village governance, and democratic participation in rural China.

CHAPTER III

SOCIAL CAPITAL AND ECONOMIC DEVELOPMENT

This chapter is devoted to an exploration of the impacts of different types of social capital upon socioeconomic development in rural China. Based on my theoretical discussion, I hypothesize that the two dimensions of bridging social capital - inclusive networks and general trust - have positive impacts on socioeconomic development of villages, whereas the two dimensions of bonding social capital - exclusive networks and particular trust - tend to generate negative impacts on socioeconomic development of villages.

Measures are developed to scale development performance in villages in terms of four domains such as industrialization, health, quality of life, and average household income. By using factors analysis, I find that villages which perform well in any one of these development domains also perform well in other domains. There seems to be some factors that makes village perform similarly well or similarly badly in respect of these four development domains. This chapter is intended to answer the following question: what factors might account for the feature of villages which leads to better socioeconomic development in some villages and poor socioeconomic performance in other villages?

I will first examine the causes for strong and poor development performance by using the case study data that I gathered over a field trip in a group of 8 villages. Stuart Mill's Methods of Agreement and Difference are utilized to distinguish which types of social capital may help explain the difference between strong and poor development

performance of villages. Then, data from the group of 410 surveyed villages are examined with the help of multivariate regression analysis. Case study examination as well as regression analysis confirmed my hypothesis that bridging social capital has a positive impact upon socioeconomic development, while bonding social capital tend to influence socioeconomic development negatively.

THEORETICAL DISCUSSION AND TESTABLE HYPOTHESES

Through Robert Putnam's study of social capital in different regions of Italy, more and more scholars have realized the positive impacts of social capital on socioeconomic development at various levels (i.e., national, regional, and local).¹

Robert Putnam and his colleagues in their seminar work *Making Democracy Work* compared the socioeconomic development of Northern and Southern Italy and pointed out that stronger economic performance of Northern Italy was associated with more stock of social capital in that area. Furthermore, they also explained the mechanism through which social capital influence socioeconomic development. According to their discussion, social capital reduces transaction cost and facilitates collaboration among individuals in a society. Putnam and his colleagues state that "an effective norm of generalized reciprocity" which is defined as part of social capital tends to "be associated with dense networks of social exchange."² In those communities where residents interact with others more often, they tend to believe that if they do a favor for others, they will receive one in the future. Social trust is more abundant in such communities and social

¹ Fukuyama, *Trust: The Social Virtues and the Creation of Prosperity*; Knack and Keefer, "Does Social Capital Have an Economic Payoff? A Cross-Country Investigation;" Halpern, *Social Capital*; Putnam, Leonardi, and Nanetti, *Making Democracy Work: Civic Traditions in Modern Italy*.

² Putnam, Leonardi, and Nanetti, *Making Democracy Work: Civic Traditions in Modern Italy*, 172.

exchange is more likely to ensue. Social exchange facilitates transactions and “repeated exchange over a period of time tends to encourage the development of a norm of generalized reciprocity.”³

Meanwhile, social capital also helps resolve the problem of collective action and facilitates collaboration among individuals. Putnam considers “networks of civic engagement” as an important part of social capital and points out that “networks of civic engagement” improve communication among individuals, which helps to increase the flow of information about the trustworthiness of individuals. If people are more aware of the trustworthiness of other people in a society, they are more likely to trust them and lead to successful collaboration in the future.⁴ A society with a high level of social trust is usually a society with a strong performance of socioeconomic development.

In addition, Putnam distinguished different impacts of horizontal organizations and vertical organizations. Members of horizontal organizations are brought together by equivalent socioeconomic status and power. Vertical organizations refer to those associations linking members in unequal relations of hierarchy and dependence. Putnam suggests that horizontal organizations increase social capital but that vertical associations do not. On the one hand, information which flows vertically is often less reliable than those information flows horizontally, because the subordinate will distort or conceal information if such information put themselves in danger. On the other hand, norms of reciprocity are hard to cultivate among members in relations of hierarchy and

³ Putnam, Leonardi, and Nanetti, *Making Democracy Work: Civic Traditions in Modern Italy*, 172.

⁴ Ibid.

dependence, because sanctions against the threat of opportunism are less likely to be imposed on the superior and less likely to be implemented, if imposed.⁵

Another empirical study of social capital in Italy also reveals that different stocks of social capital explain the variation of economic development in Italy. John Helliwell and Robert Putnam's study shows that over the 1950-1990 period regions of Italy with a more developed "civic community" had better economic performance.⁶

Many scholars also try to explore the exact mechanism through which social capital facilitates economic growth. According to their studies, the first mechanism is that social capital can reduce transaction costs. Transaction costs refer to those resources that are used to increase the available information and to facilitate monitoring and enforcing transactions.⁷ The mainstream economists have a common assumption: individuals always try to maximize their own interests even at the cost of others. If there are no formal institutions to monitor and enforce agreement, people have to worry about the possibility that others will behave opportunistically to increase their own economic gains. Therefore, without formal institutions to monitor and enforce the agreement, it is very difficult for individuals to reach an agreement even if there are mutual benefits for them.

Social capital can inhibit opportunistic behavior through providing the information of other people's history of trustworthiness and increasing the cost of opportunistic behavior. Therefore, social capital provides people with confidence that no one will behave opportunistically and facilitates people to reach an agreement. As

⁵ Putnam, Leonardi, and Nanetti, *Making Democracy Work: Civic Traditions in Modern Italy*.

⁶ John Helliwell and Robert Putnam, "Economic Growth and Social Capital in Italy," *Eastern Economic Journal* 21, no. 3 (1995): 295-307.

⁷ Gaute Torsvik, "Social Capital and Economic Development: A Plea for the Mechanism," *Rationality and Society* 12, no. 4 (2000): 451-476.

summarized by Carles Boix and Daniel Posner, social capital may reduce the probability of individuals to engage in opportunistic behavior. Those resources which were used to monitor agent's performance can be saved for more productive investments.⁸

Stephen Knack and Philip Keefer suggest that in a low-trust society the enforcement of agreement requires more formal institutions and sanctions. However, in a high-trust society, people put their trust in the future actions of others and the enforcement of agreements is more dependent upon informal norms than on formal institutions. In such a way, social capital can effectively reduce the transaction cost and enhance economic efficiency.⁹

Furthermore, bridging social networks and bonding social networks have different impacts upon opportunistic behavior.¹⁰ Bonding social networks are exclusive networks, which exclude people who are different from members of these networks. Opportunistic behavior is constrained within each of these exclusive networks, but it is not checked outside of these networks. Bridging social networks connect people with different background in a society and increase the cost of opportunistic behavior, because this kind of behavior will damage individuals' reputation among people across different social divides and result in punishment from inside or outside of these inclusive networks. Therefore, opportunistic behavior is checked in the whole society.¹¹

Second, social capital encourages innovation and investment. In a high-trust society people are more willing to trust their government officials and institutions and tend to believe that economic policies of their government are more trustworthy and

⁸ Carles Boix and Daniel Posner, "Social Capital: Explaining Its Origins and Effects on Government Performance," *British Journal of Political Science* 28, no. 4 (1998): 686-693.

⁹ Knack and Keefer, "Does Social Capital Have an Economic Payoff? A Cross-Country Investigation."

¹⁰ Margaret Levi, "Social and Unsocial Capital," *Politics and Society* 24, no. 1 (1996): 45-55.

¹¹ Beugelsdijk and Smulders, "Social Capital and Growth in European Regions: An Empirical Test."

stable.¹² Therefore, investors have more confidence in their long turn profits. In this way, social trust triggers greater investment and more renewable economic activities in a society, because when people have faith in the existing economic institutions, they are more likely to “choose production technologies that are optimal over the long, rather than short run.”¹³

Third, social capital facilitates resolving collective action dilemma and sustains cooperation among members in a society or community. Social scientists have recognized the problem of collective actions and considered it as an obstacle for economic growth.¹⁴ People who want to maximize their own interests tend to free-ride on other people if this is a public good that cannot exclude people from using it. If everyone wants to free-ride, then there is no way that non-exclusive public goods will be provided.

A dense network of bridging social networks in a society or community will increase the sense of group identity and reciprocal feelings among members. The more social networks in a society or a community, the more connected we are to each other, therefore, the greater is our concern about others and public interests.¹⁵ Civic reciprocity and social trust can facilitate resolving the problem of collective actions and providing public goods by changing people’s expectation on others’ future actions and shifting the people’s calculation from the narrow-interested to the public-interested.¹⁶

¹² Joseph E. Stiglitz, “Formal and Informal Institutions,” in *Social Capital: A Multifaceted Perspective*, ed. Partha Dasgupta and Ismail Serageldin (Washington, DC: World Bank, 2000), 59-68.

¹³ Knack and Keefer, “Does Social Capital Have an Economic Payoff? A Cross-Country Investigation.”

¹⁴ Mancur Olsen, *The Logic of Collective Action; Public Goods and the Theory of Groups* (Cambridge, Mass.: Harvard University Press, 1965).

¹⁵ Terrence Casey and Kevin Christ, “Social Capital and Economic Performance in the American States,” *Social Science Quarterly* 86, no. 4 (2005): 826-845.

¹⁶ Asimina Christoforou, “On the Determinants of Social Capital in Greece Compared to Countries of the European Union,” FEEM Working Paper No. 68 (Fondazione Enrico Mattei, Milano, 2005).

Many scholars have done some cross-country quantitative analysis to determine the relationship between social capital and economic growth. David Halpern measured social capital by the variable of trust in most people from the World Values Survey and used GDP per capita to measure economic development. His study has revealed that nations with higher social capital tend to be wealthier.¹⁷

Stephen Knack and Philip Keefer used trust and civic cooperation to measure social capital and hypothesized that there was a correlation between trust and civic cooperation, and economic performance. According to their study, the more trust and civic cooperation in a country, the better economic performance a country will have. Their empirical studies revealed that there was a strong and significant relationship between social capital and economic growth. A ten-percentage-point rise in trust is associated with an increase in economic growth of four-fifths of a percentage point.¹⁸ However, their study suggests that social networks do not always have positive and significant impacts on economic growth. As a part of bonding social capital, exclusive groups which constitute along ethnic, political, or religious lines may strengthen members' trust and cooperation within groups to pursue narrow interests of their own at the costs of others. Therefore, impacts of these exclusive groups on economic growth could be negative.¹⁹

Sjoerd Beugelsdijk and Ton van Smulders conducted an empirical study of European regions by using data from the European Value Studies (EVS). They followed Putnam's distinction between bridging social capital and bonding social capital. They defined bridging social capital as participation in open networks that cross different

¹⁷ Halpern, *Social Capital*.

¹⁸ Knack and Keefer, "Does Social Capital Have an Economic Payoff? A Cross-Country Investigation."

¹⁹ Ibid.

communities and bonding social capital as participation in close networks among families and friends. They suggest that participation in both open and close social networks is time-consuming. If people spend more time on these social networks, they have to reduce their time spending on the formal economic activities. As a consequence, high level of social capital in a society may have negative impacts on economic growth. However, the participation in open social networks reduces incentives for rent seeking and cheating. Therefore, it may improve economic growth.²⁰ So they hypothesize that societies as a whole with a low level of bridging social capital and high level of bonding social capital tend to have a low level of economic growth compared to those societies with a high level of bridging social capital and a low level of bonding social capital.

Their empirical study reveals that people's values tied to family life significantly reduces their participation in open social networks, therefore, reduces regional economic growth in Europe.²¹ Their study leads to the conclusion that bridging social capital has a positive and significant effect on regional growth. In a society where the level of bridging social capital is high, more people participate in open networks that link different communities, more opportunistic behavior is checked, and more collective activities are achieved. Such society tends to have high level of economic growth. However, such a positive relationship does not exist between bonding social capital and economic growth.

Based on these empirical results, Michael Woolcock and Deepa Narayan further suggest that the impact of social capital depends on the different combinations of bonding social capital and bridging social capital. Under certain conditions, bonding social capital

²⁰ Beugelsdijk and Smulders, "Social Capital and Growth in European Regions: An Empirical Test."

²¹ Ibid.

may also have positive impacts on economic development, because strong bonding social capital gives families and communities a sense of identity and common purpose.²² For example, it can provide valuable services for community members, such as job referrals, credit, and emergency cash. But people's loyalty to those groups that they belong to may be so strong that make them to pursue group interests at the cost of the interests of other groups. For instance, as a family-based and group-oriented culture, East Asian Confucian culture often provides incentives for people to pursuit narrow group interests or family interests even if at the cost of the whole society.²³

Woolcock and Narayan articulate that without bridging social capital which link various social divides based on religion, class, ethnicity, gender, and socioeconomic status, bonding social capital can become a basis for the pursuit of narrow group interests.²⁴ Therefore, the combinations of bonding social capital and bridging social capital are very crucial. The ideal combination of bonding social capital and bridging social capital is as follows: bonding social capital helps individuals to start their business by drawing on the benefits of close community membership such as financial support. During this process individuals can acquire the skills and resources to participate in networks that transcend their communities. Afterwards bridging social capital will facilitate the access to more extensive world.

However, such ideal combination is very difficult to achieve. For example, although family-centered or kinship-based obligations and trust was conducive to the development of family businesses and family-run firms in East Asia, most of these firms failed to develop into the impersonal joint-venture firms. The main reason is that

²² Woolcock and Narayan, "Social Capital: Implications for Development Theory, Research, and Policy."

²³ Fukuyama, *Trust: The Social Virtues and the Creation of Prosperity*.

²⁴ Woolcock and Narayan, "Social Capital: Implications for Development Theory, Research, and Policy."

Confucian culture which is family-based and group-oriented is so influential in East Asia societies that these family and pseudo-family networks can not transcend their communities and become modern bridging networks.²⁵

Woolcock and Narayan also emphasize that bonding social capital can both help and hinder economic development depending on the certain circumstance.²⁶ The future direction of social capital research is to explore the conditions under which bonding social capital have positive impact on economic development, and to help the disadvantaged gain access to more diverse stock of bridging social capital.

More importantly, numerous examples from around the world have indicated that social capital has facilitated rural development. A case study of the highlands of Northern Ethiopia suggests that the participation in local organizations of villages has a positive and significant impact on collective action for grazing land management.²⁷ An empirical assessment of the role of social capital in Indian villages indicates that social capital is positively correlated with better development outcomes in both watershed conservation and cooperative development activities.²⁸

Another pilot study of Indonesia and Bolivia, organized by the World Bank, shows that the memberships in local associations has positive impact on household expenditure. Social capital facilitated collective action, increased household welfare, and

²⁵ Fukuyama, *Trust: The Social Virtues and the Creation of Prosperity*.

²⁶ Woolcock and Narayan, "Social Capital: Implications for Development Theory, Research, and Policy."

²⁷ Berhanu Gebremedhin, John Pender, and Girmay Tesfay, "Collective Action for Grazing Land Management in Crop-livestock Mixed Systems in the Highlands of Northern Ethiopia," *Agricultural Systems* 82, no. 3 (2004): 273-290.

²⁸ Anirudh Krishna and Norman Uphoff, "Mapping and Measuring Social Capital: A Conceptual and Empirical Study of Collective Action for Conserving and Developing Watersheds in Rajasthan, India," Social Capital Initiative Working Paper No. 13 (Washington, D.C.: The World Bank, 1999).

reduced poverty in these areas. The impact of social capital on household welfare is more significant than the impact of education.²⁹

Still, one empirical study conducted in India found out that associational social capital (that is, memberships in local organizations) were positively associated with mean consumption and inversely with poverty across the Indian states.³⁰ Another study of India society found that social capital had positive impacts upon community development. Social capital facilitates community development by increasing the sense of group identity among members. Individuals are more concerned for social status or social reputation in communities with high level of social capital, because the more connected we are to other people in a community, the greater is our concern about what they think about us.³¹

A group of scholars conducted an empirical study to explore the determinants of economic growth across the United States counties. They have following findings: social capital reduced transaction costs, encouraged technology innovation and entrepreneurialism in American society, facilitated investment and trade, and allocated resources more effectively. All in all, across the United States counties, social capital had a positive effect on economic growth rates.³²

Based on the above theoretical discussion, I hypothesize that the two dimensions of bridging social capital - inclusive networks and general trust - have positive impacts on

²⁹ Christian Grootaert and Deepa Narayan, "Local Institutions, Poverty and Household Welfare in Bolivia," *World Development* 32, no. 7 (2004): 1179-1198.

³⁰ Matthew Morris, "Social Capital and Poverty in India," Working Paper No. 61 (Institute of Development Studies, Sussex, 1998).

³¹ Gaute Torsvik, "Social Capital and Economic Development: A Plea for Mechanisms," in *Investigating Social Capital: comparative Perspectives on Civil Society, Participation and Governance*, ed. Sanjeev Prakash and Per Selle (New Delhi: Sage publications, 2004), 257-280.

³² Anil Rupasingha, Stephan J. Goetz, and David Freshwater, "Social and Institutional Factors as Determinants of Economic Growth: Evidence from the United States Counties," *Papers in Regional Science* 81, no. 2 (2002): 139-155.

socioeconomic development of villages, whereas the two dimensions of bonding social capital - exclusive networks and particular trust - tend to generate negative impacts on socioeconomic development of villages. The hypothesized relationship between bridging social capital and development performance is summarized by Table 9. Dense participation in inclusive networks and the accumulation of general trust will help villages reduce transaction cost, inhibit opportunistic behaviors, facilitate collective action, and sustain cooperation among village constituents, which leads to better economic performance. The villages which have more dense participation in inclusive networks and have accumulated some amount of general trust are more likely to perform well in the four domains of socioeconomic development such as industrialization, health, quality of life, and average household income.

Table 9. The Hypothesized Relationship between Social Capital and Development Performance

Development Performance	
Bridging Social Capital:	
Participation in the inclusive networks	+
The general trust in the outside people that you do not know	+
Bonding Social Capital:	
Participation in the exclusive network (clan organizations)	-
The parochial trust	-

The hypothesized relationship between bonding social capital and development performance is also summarized by Table 9. I suspect that the presence of a dense network of exclusive organizations and a strong sense of particular trust will strengthen people's loyalty to the groups (or families) that they belong to. Such loyalty may be so strong that make people pursue narrow group interests at the cost of common interests of their villages. As a result, a dense network of exclusive associations and a strong sense of particular trust will endanger the overall development performance of villages. Therefore, I argue that the villages with active exclusive organizations (in this study, clan organizations) and a high stock of particular trust are more likely to have low performance scores in the four indicators of socioeconomic development: industrialization, health, quality of life, and average household income.

ECONOMIC DEVELOPMENT IN CHINESE VILLAGES

In this section, I am going to review the evolution of economic institutions in Chinese rural areas. My focus will be on the development of those institutions after the founding of People's Republic of China. Through my review, I intend to provide a general background for the understanding of economic organizations and their impact on rural development in China.

The village has been the fundamental unit of rural China for as long as records exist. Throughout the centuries, 80 to 90 per cent of the Chinese population were peasants and lived in one of 900,000 villages, which usually have an average population of from 1,000 to 2,000 people.

Before 1949, the rural social structure was characterized by the dominance of a small number of gentry and landowners over the large number of peasants. In his famous work “Analysis of the Various Strata of Chinese Peasantry and Their Attitudes toward Revolution,” Mao Zedong named eight categories of population in rural China: big landlords, small landlords, owner peasants, semi-owner peasants, semi-hired peasants, poor peasants, hired peasants and rural handicraft workers, and vagabonds.³³ These eight categories of population can be further classified as three classes: landlords and rich peasants, middle peasants, and poor peasants. Big and small landlords belonged to the upper class of landlords and rich peasants, and they occupied the apex of the pyramid-shaped social structure in rural China.³⁴ The landlord and rich peasants owned most of the arable land and relied on the exploitation from poor peasants, such as heavy rents, for their living. Before 1949, this class constituted less than 10 per cent of Chinese rural population, but it owned more than 70 per cent of the arable land (Table 10). Owner peasants belonged to the class of middle peasants and most of them owned enough land and were basically self-sufficient. Semi-owner peasants, semi-hired peasants, poor peasants, hired peasants and rural handicraft workers, and vagabonds all belonged to the category of poor peasants and they owned little land or no land at all. According to Mao Zedong, semi-owner peasants were better off than other components of poor peasants who owned no land at all.³⁵ The semi-hired peasants, poor peasants and hired peasants who did not own any land were hired by the class of landlords and rich peasants and

³³ Zedong Mao, “Analysis of the Various Strata of Chinese Peasantry and Their Attitudes toward Revolution,” in *Collected Works of Mao Tse-Tung (1917-1949)*, Volumes 1-2 (Arlington, VA: Joint Publications Research Service), 85-90.

³⁴ Jonathan Unger, “The Class System in Rural China: A Case Study,” in *Class and Social Stratification in Post-Revolution China*, ed. James L. Watson (Cambridge: Cambridge University Press, 1984), 121-141.

³⁵ Mao, “Analysis of the Various Strata of Chinese Peasantry and Their Attitudes toward Revolution.”

suffered a lot from the exploitation by that class. The vagabonds referred to those who did not have a job in rural area. Before 1949, the class of middle and poor peasants constituted more than 90 per cent of rural population but owned less than 30 percent of arable land (Table 10).

Table 10. The Ownership of Lands in Rural China Before and After Land Reform

		Landlord and Rich Peasants	Middle Peasants and Poor Peasants
Before Land Reform	Percent of Rural Population	<10	>90
	Average Possession of Arable Lands per Person (mu*)	—	—
	Percent of Arable Lands	>70	<30
After Land Reform	Percent of Rural Population	—	—
	Average Possession of Arable Lands per Person (mu*)	—	—
	Percent of Arable Lands	8	>90

Note: Mu is a traditional unit of area, and is equal to 6.667 ares or 0.165 acre.

Source: Zeqi Qiu, *Dangdai zhongguo shehui fenceng zhuangkuang de bianqian* (The Changes of Social Stratification in Contemporary China) (Hebei, China: Hebei daxue chubanshe, 2004), 40.

After 1949, the Chinese Party-state gradually imposed a new organizational structure on the traditional base. The most fundamental change was to organize peasants into collectives which took over responsibility for agricultural production from individual households. From the middle 1950s to the early 1980s, the collectives were the dominant rural institutions.

Starting from 1946, the policy of land reform was implemented in the Northern China under the control of the Chinese Communist Party (CCP). Later on, the CCP

spread the land reform campaign to the rest of China during the period from 1950 to 1953. Based upon Mao Zedong's famous analysis of the various strata of Chinese peasantry, the Party classified the rural population into five rough categories: landlords, rich peasants, middle peasants, poor peasants, and hired peasants and other workers. Then the Party confiscated most of the wealth and land of landlords and rich peasants and redistributed it to the class of poor peasants and hired peasants. The direct result of the land reform campaign was the dramatic change of the distribution of land. Before the land reform, the class of landlords and rich peasants owned more than 70 per cent of arable land, while after the land reform they only owned 8 per cent. The class of middle and poor peasants occupied less than 30 per cent of arable land before the reform, while after the land reform they owned more than 90 per cent of land (Table 10).

Immediately after the land reform, the Party initiated socialist collectivization in rural areas. There are three rationales behind the campaign of agricultural collectivization. First, the private land owned by the peasants after the land reform was not compatible with a socialist economy, since the aim of socialism is to eliminate the existence of private economy. Second, the polarization among peasants continued in the rural areas after the land reform, thus the Party believed that only through collectivization could economic inequalities be removed. Third, the Party expected the collectivization to mobilize peasants to increase agricultural growth.³⁶ Starting from 1952, the Party took measures to set up mutual aid teams, "lower level" agricultural producers' cooperatives, and "high level" agricultural producers' cooperatives step by step. By the end of 1952,

³⁶ Qiu, *The Changes of Social Stratification in Contemporary China*; Hsin-huang Michael Hsiao, "Agricultural Strategies and Rural Social Changes in Communist China since 1949: A Macrosociological Assessment," in *Power and Policy in the PRC*, ed. Yu-ming Shaw (Boulder and London: Westview Press, 1985), 266-81.

around 40 per cent of the peasant households had participated in the mutual aid teams, 0.1 per cent had joined in the “lower level” agricultural producers’ cooperatives, and few were in the “high level” agricultural producers’ cooperatives.³⁷ During the period from 1955 to 1956, the collectivization program was carried to completion and “high level” agricultural producers’ cooperatives were widely established. By 1957, around 1.2 hundred million peasant households had become members of these “high level” agricultural producers’ cooperatives (Table 11). In 1958, most of these cooperatives were transformed into People’s Communes (renmin gongshe). After that, almost all of rural land was owned by the People’s Communes collectively and the base of private economy in the rural areas of China was eliminated: individuals do not have the ownership of land and can not buy or sell land.

Table 11. The Development of Agricultural Producers’ Cooperatives

	1952	1953	1954	1955	1956	1956
Number of Cooperatives (in ten thousands)	0.4	1.5	11.4	63.4	75.2	78.9
High level Cooperatives	0.0001	0.0002	0.02	0.05	54.4	75.3
Lower Level Cooperatives	0.4	1.5	11.4	63.3	21.6	3.6
Number of Peasant Households in Cooperatives (in ten thousands)	5.9	27.5	229.7	1692.1	11782.2	12105.2
in High level Cooperatives	0.2	0.2	1.2	4.0	10742.2	11945.0
in Lower level Cooperatives	5.7	27.3	228.5	1688.1	1040.1	160.2

Source: Qiu, The Changes of Social Stratification in Contemporary China, 44.

³⁷ Hsiao, “Agricultural Strategies and Rural Social Changes in Communist China since 1949,” 270.

There were four basic features of the People's Communes.³⁸ First, the land was pooled and worked in common. All land owned by individual households were merged into a collective land ownership. All means of production also became collective. Second, the People's Communes adopted a three-level management system. Within this system, the Commune was the highest level, the production brigade (dadui) was in the middle, and the production team (shengchan xiaozu) was the smallest and lowest production unit. Third, the People's Communes served as the basic accounting unit. The communes purchased agricultural inputs, coordinated farm tasks, and sold output to the government after harvest. Each peasant was assigned a daily job by the communes, and their labor was coordinated. The communes paid off their debts, bought inputs, and set aside money in a number of collectively controlled funds by using their incomes derived from the sale of the harvest. Afterwards, the communes would distribute their net income among households. Fourth, the net income was distributed to households on the basis of work points. Individuals earned "work points" (gongfen) during the course of the year as their assigned work was done. The "work point" system gave the communes enormous control over the distribution of their incomes.³⁹

The post-Mao reform since 1978 changed the economic institutions in rural China dramatically from "collectivization" to "de-collectivization". The economic reform started with the introduction of the household responsibility system. The initial goals of the economic reform were to increase agricultural production, to diversify the rural economy, to improve the rural standard of living, and to promote the innovation and diffusion of new technologies. During the period from 1981 to 1982, the household

³⁸ Barry Naughton, *The Chinese Economy, Transitions and Growth* (Cambridge: The Massachusetts Institute of Technology Press, 2007).

³⁹ Naughton, *The Chinese Economy, Transitions and Growth*.

responsibility system which basically distributes land to households by making contracts with peasants has emerged as the preferred organizational system. By the end of 1982, the People's Communes had been finally abolished and replaced by administrative townships. More than 90 per cent of China's agricultural households had returned to the household farming. The household became, in most cases, the basic economic unit and was responsible for its production and losses. Most economic activities were arranged through contracts, which typically ensured promises to provide a certain amount of agricultural commodities or money to township governments in return for the use of land. Land was initially lent to rural households for one year. Then it was observed that contracts should be extended so that they can be effective in practice. Finally in many areas contracts were extended to 50 years.⁴⁰

The second institutional reform was to free most agricultural commodities from the government control, which brought about huge increases in the prices of major agricultural commodities. In Maoist era (1949-1978), the Party-state established a rigid system to control the production and sales of agricultural products in rural areas. Peasants had to produce what was assigned to their land and sale their products at very low government-set prices. The goal of the contracting system of the economic reform was to increase efficiency of the use of land and to provoke peasants' initiative in production. The advantages of specialization and exchange have been recognized and markets have played a much greater role in the contracting system. As a result, some "specialized households" devoted themselves entirely to production of cash crops and reaped large rewards.

⁴⁰ Naughton, *The Chinese Economy, Transitions and Growth*.

The last institutional reform was to encourage the development of rural business and other non-farming economic activities and to allow for labor mobility among rural areas and between rural and urban areas. The de-collectivization brought about more economic opportunities to individual households and made individual households increasingly responsible for their economic success. One of consequences of de-collectivization is that numerous peasants left their villages and moved into urban areas to work in factories or open their own small business. During the period from 1978 to 1996, rural industry emerged and became an important part of China's economy. The newly-emerged township and village enterprises (TVEs) increased rural incomes, absorbed rural labors released from farms, and helped narrow the urban-rural gap.

As a result of these institutional reforms, there was a remarkable take-off of China's agricultural economy after 1978. For example, from 1978 to 1984 grain production increased 4.7 per cent every year; oil crops increased 14.9 per cent annually; fruit increased 7.2 per cent; red meat increased 9.1 per cent; and fishery increased 7.9 per cent (Table 12). Although agricultural growth decelerated after 1985 due to the gradual decrease of the efficiency effects from the institutional reforms, the overall agricultural growth rates still outpaced the rise of Chinese population (Table 12).

The rapid economic growth, urbanization, and the development of food market have boosted demands for meat, fruit, and other non-grain food, so there were sharp shifts in the structure of agriculture (Table 12). One of the most significant structural changes in the agricultural sector is that the share of grain cropping in total agricultural output fell from 82 per cent to 56 per cent.

As I mentioned before, the post-Mao reform encouraged the development of rural industry. Consequently, TVEs emerged and developed rapidly. We can observe from Table 12 that the output of all rural enterprises kept an average increase of 12.3 per cent from 1979 to 1984, 24.1 per cent from 1985 to 1995, and 14.0 per cent from 1996 to 2000. TVEs' employment grew from 28 million in 1978 to a peak of 135 million in 1996, with a 9 per cent annual growth rate.⁴¹ It is clear that TVEs were the most dynamic part of the Chinese economy from 1978 to the middle 1990s.

Table 12. The Annual Growth Rates (%) of China's Economy, 1970-2000

	Pre-reform	Reform Period (After 1978)		
	1970-78	1979-84	1985-95	1996-2000
Gross domestic product	4.9	8.5	9.7	8.2
Agriculture	2.7	7.1	4.0	3.4
Industry	6.8	8.2	12.8	9.6
Service		11.6	9.7	8.2
Foreign Trade	20.5	14.3	15.2	9.8
Import	21.7	12.7	13.4	9.5
Export	19.4	15.9	17.2	10.0
Grain production	2.8	4.7	1.7	0.03
Oil crops	2.1	14.9	4.4	5.6
Fruit	6.6	7.2	12.7	8.6
Red meat	4.4	9.1	8.8	6.5
Fishery	5.0	7.9	13.7	10.2
Rural enterprises output value		12.3	24.1	14.0
Population	1.80	1.40	1.37	0.90
Per capita GDP	3.1	7.1	8.3	7.1

Source: Adapted from Jikun Huang and Scott Rozelle, "Trade Liberalization, WTO and China's Food Economy in the 21st Century: Larger, Modest, or Little Impacts?" Trade Working Papers No. 191 (East Asian Bureau of Economic Research, 2001).

⁴¹ Naughton, *The Chinese Economy, Transitions and Growth*.

The rapid agricultural growth after 1978 created preconditions for the transfer of agricultural labors to the non-agricultural sectors in China's economy. Meanwhile, the Party-state had made institutional reforms to allow rural labors to move among rural areas and between rural and urban areas. In addition, the growth of TVEs absorbed a huge amount of agricultural labors. As a result, the labor force employed in agricultural sectors has decreased dramatically (see Figure 3). For example, 81 per cent of Chinese labors were employed in the agricultural sectors in the year of 1970, while in 2000 this number fell to 50 per cent.

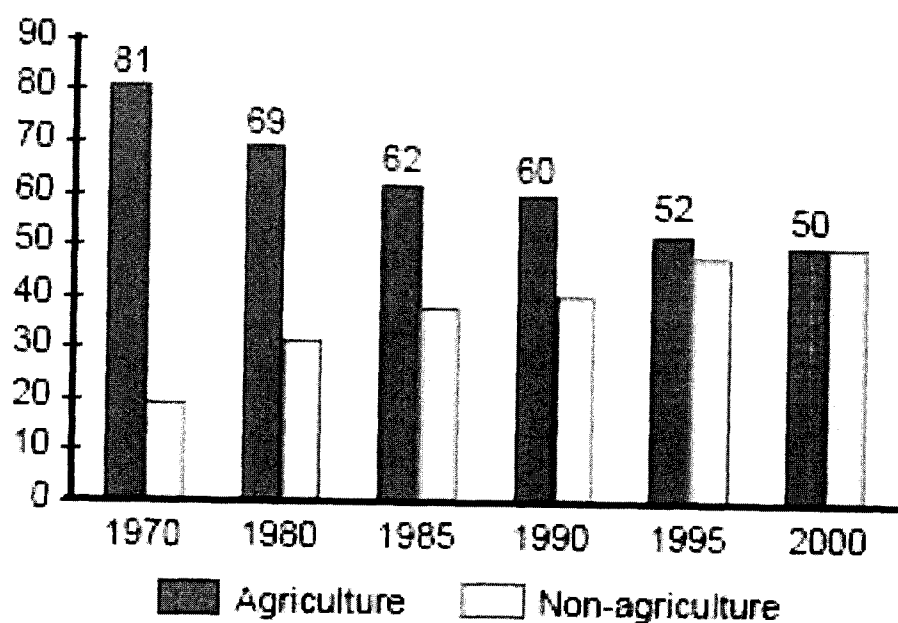


Figure 3. The Change of Chinese Employment Structure
Source: Adapted from *China Labor Statistical Yearbook, 2008* (Beijing: China Statistics Press, 2008).

MEASURING DEVELOPMENT PERFORMANCE

Industrialization

The post-Mao reforms encouraged the development of rural industry. One of the results of such policy is that TVEs emerged and developed rapidly. According to Chinese government regulations, TVEs are market-oriented public enterprises under the direct control of villages and townships. The origins of TVEs were the industries that had been set up to serve the rural areas during the Great Leap Forward and run by the People's Communes and production brigades. During the Maoist time, rural industries had limited roles in rural development and were restricted to the production of iron, steel, cement, chemical fertilizer, hydroelectric power, and farm tools.⁴² However, TVEs experienced significant expansion in the 1980s and early 1990s and the post-Mao rural reforms had changed TVEs to the most vibrant part of the Chinese economy.

The post-Mao reforms decentralized fiscal authority and economic independence to the local governments. Governments at each level assumed primary responsibility for economic development in their regions. This institutional setting tied together local economic prosperity and local interests of all levels of governments.⁴³ The stronger is the economic performance in a region, the more that local governments will benefit from it. Therefore, this local autonomous system generated considerable pressure on local governments to compete with each other in supporting profit-making enterprises and pro-

⁴² Susan H. Whiting, *Power and Wealth in Rural China: The Political Economy of Institutional Change* (Cambridge: Cambridge University Press, 2001).

⁴³ Yasheng Huang, "Web of Interests and Patterns of Behaviors of Chinese Local Economic Bureaucracies and Enterprises during Reform," *China Quarterly* 123 (1990): 431-458; Gabriella Montinola, Yingyi Qian, and Barry R. Weingast, "Federalism, Chinese Style: The Political Basis for Economic Success," *World Politics* 48, no. 1 (1996): 50-81.

growth policies. As argued by Susan Shirk, such a decentralized structure has been the institutional foundation for rapid economic growth in post-Mao China.⁴⁴

Village and township leaders were responsible for the dramatic growth of rural enterprises after 1978. It is at village and township levels that officials had a key role in fostering the development of both collective and private rural enterprises. The village and township leaders in the most industrially developed areas of the countryside, such as in Southern Jiangsu Province, have been at the helm of economic development in their areas.⁴⁵

The development of rural enterprises experienced two stages. The first stage is from 1978 to 1996. At the first stage TVEs were the dominant force for the development of rural enterprises. According to the regulations of governments, TVEs are “collectively owned” by villages and townships. However, in practice, although “ownership rights” of TVEs belonged to the collectives, their “use rights” were delegated to managers. Such arrangement doomed the future of TVEs because the ambiguity of their property rights caused a lot of problems in practice.

The second stage for the development of rural enterprises is after 1996. Prior to 1996, private businesses were faced with severe restrictions and discrimination in terms of resources and regulations. In order to avoid those restrictions, most of private enterprises registered as collective TVEs or were attached to established collective TVEs. Through such practice labeled as “guahu” (hang-on) or “dai hongmaozi” (wearing red hat), private enterprises were able to circumvent the official limits set by the governments

⁴⁴ Susan L. Shirk, *The Logic of Economic Reform in China* (Berkeley: University of California Press, 1993).

⁴⁵ Jean C. Oi, *Rural China Takes Off: Institutional Foundations of Economic Reform* (Berkeley: University of California Press 1999).

and also to take advantage of benefits enjoyed by collective TVEs such as tax concessions in the first few years of operation.⁴⁶ After Deng Xiaoping called for further market oriented reforms in 1992, the government made genuine efforts to encourage the development of private economy. Meanwhile, TVEs experienced dramatic recession from 1995 to 1996. The retrenchment of Chinese economy caused many TVEs to go out of business. Some estimates suggest that about 30 per cent of TVEs had gone bankrupt.⁴⁷ And also there has been a massive trend toward privatization.⁴⁸ As a result, private enterprises have become the dominant force for the development of rural industry.

In this study, the variable INDUS measures the development of rural enterprises in the surveyed villages. In particular, this variable INDUS is measured by two items: 1) the number of collective TVEs, and 2) the number of private enterprises. For the first item, about 84 per cent of the surveyed villages have no collective TVEs, and the highest score of TVEs those surveyed villages has is 30. For the second item, about 50 per cent of the surveyed villages have no private enterprises, and the highest score of private enterprises those surveyed villages has is 65. Such result shows the regional unbalance of the development of rural industry. Rural enterprises play more important roles in the economy of coastal provinces of east China than in other provinces.

⁴⁶ Kristin Parish, "Local Initiative and National Reform: The Wenzhou Model of Development," *China Quarterly* 134 (1993): 242-63; Jean C. Oi, "Fiscal Reform and the Economic Foundations of Local State Corporatism in China," *World Politics* 45, no. 1 (1992): 99-126.

⁴⁷ Tony Saich, *Governance and Politics of China* (New York: Palgrave, 2001).

⁴⁸ Albert Park and Minggao Shen, "Joint Liability Lending and the Rise and fall of China's Township and Village Enterprises," *Journal of Development Economics* 71, no. 2 (2003): 497-531.

Health

After 1949, the Chinese Party-state gradually established a system of collective health-care in rural China to provide basic health services to most of peasants. In addition, Mao Zedong proclaimed in June 1965 that “the focus of health care work should shift to rural areas.” As a result, a lot of government health care resources had been allocated to rural areas after the middle 1960s.⁴⁹ Although services provided by this collective health-care system were primitive, they had made a huge improvement of the overall health of Chinese peasants.

There were three major features of this system. First, this system focused on preventive health care (as opposed to curative). Second, this system only provided basic services for the most easily treated diseases and injuries. Third, this system was made up of two major tiers. The first tier consisted of “barefoot doctors” traveling around and giving medical treatment out of village medical centers. They provided preventive and primary-care services, with an average of two doctors per 1,000 people. The “barefoot doctors” usually received about six months of training, but their training length may vary from a few months to one and a half years. Training was focused on preventive medicine and curing simple ailments. These “barefoot doctors” usually were paid in work points from the People’s Communes, so their services were generally provided free to peasants. By the middle 1970s, there had been 1.5 million “barefoot doctors” in rural China. The second tier was made up of the township health centers, which functioned primarily as out-patient clinics for about 10,000 to 30,000 people each. These health centers had about ten to thirty beds each, and the most qualified members of the staff were assistant

⁴⁹ Naughton, *The Chinese Economy, Transitions and Growth*.

doctors. The most seriously ill patients were referred to the higher-level medical services (usually, the county hospitals).

The post-Mao rural reforms caused a fundamental transformation of the rural health-care system. The de-collectivization in the late 1970s and the collapse of the People's Commune in the early 1980s had diminished the flow of resources into the collective health-care system. The villages were no longer assigning work points, so there was no method for compensating "barefoot doctors". The lack of financial resources for the cooperatives resulted in a decrease in the number of village doctors. The total number of active village doctors declined to less than a quarter of the 1970s peak. The "barefoot doctor" system was abolished in 1981 with the collapse of the People's Commune system. The "barefoot doctors" were given the option to take a national exam. If they passed they became village doctors and if not they would be village health aides.

After the collapse of the People's Commune system, villages could only use wutong (that is, for rural education, family planning, militia, support for veterans, and road construction) and santi (that is for collective investments, welfare, and cadre compensations) to extract public funds from peasants or use the profits from TVEs to support the system of collective health-care.

As a result of this institutional change, the percentage of the rural population with health coverage decreased dramatically. In the 1970s, collective health service covered about 80 per cent of the rural population, while in the middle 1980s, this coverage dropped to less than 10 per cent of the rural population. The Ministry of Health has carried out a large-scale survey of health care availability every five years since 1993.

The survey results indicated that about 80 per cent of rural residents have no health insurance whatsoever. Only less than 10 per cent have collective health services, and most of these services are concentrated in relatively developed areas.⁵⁰

In order to make health care more affordable for the rural poor, the Chinese government initiated a new rural co-operative medical care system in 2005. The annual cost of medical cover under the new rural co-operative medical care system is 50 yuan per peasant. The actual cost for a peasant is 10 yuan per year. The central government will make a contribution of 20 yuan and the provincial government will pay the rest. By September 2007, around 80 per cent of peasants have signed up this new rural co-operative medical care system.

In this study, the variable HEALTH captures the overall pictures of health provision in the surveyed villages. The variable HEALTH is measured by two items: 1) the number of clinics, and 2) the number of village doctors and health aides. For the first item, about 45 per cent of the surveyed villages have one clinic, and the highest score is 30. For the second item, about 22 per cent of the surveyed villages have one village doctor (or health aide), and the highest score is 150.

Quality of Life

Finally, in order to measure the quality of life in rural China, I consider three indicators corresponding to the China Rural Quality of Life Index that bear upon the availability of electricity, clean water supply, and telephones.⁵¹ Accordingly, I use these three items to measure the quality of life in rural China: 1) the number of households that

⁵⁰ Naughton, *The Chinese Economy, Transitions and Growth*.

⁵¹ *Zhongguo nongcun jingji xingshi fenxi yu yuce 2006-2007* (Analysis and Forecast on China's Rural Economy: 2006-2007) (Beijing: Shehui kexue wenxian chubanshe, 2007).

have electricity in the surveyed villages, 2) the number of households that have water supply, and 3) the number of households that have telephones.

The variable QLIFE combines the scores for all three services: electricity, water, and telephones. I believe that through the variable QLIFE we can see the overall picture of the basic living standards in the surveyed villages. For the first item, all of the surveyed villages have the supply of electricity, but still in about 6 per cent of the surveyed villages, less than 120 households have electricity. In other words, in about 6 per cent of the surveyed villages, less than a half of households have electricity. For the second item, about 37 per cent of the surveyed villages do not have water supply, while on the other hand, in about 30 per cent of the surveyed villages, almost all households have water supply. For the third item, all of the surveyed villages have telephones, but still in about 30 per cent of the surveyed villages, less than 120 households have telephones. These results from our survey show that even though China's economy enjoys a rapid GDP growth, part of its rural population is still not covered by basic services such as electricity and water.

Average Household Income

The rapid economic growth brought about by the post-Mao reform has greatly improved peasants' standard of living. One of the indicators of such improvement is the increase of rural per capita income (Figure 4). Per capita income in rural China was extremely low prior to the economic reforms. In 1978 the average income for a peasant was only about RMB 220 a year (US\$ 150). After the onset of rural reforms in 1978, peasants' average income has increased dramatically. Average income per peasant

increased to RMB 522 in 1984, with an annual growth rate of 15 per cent. However, in the middle of 1980s, the growth of rural income slowed down to a growth rate of 3 per cent a year. From 1990 the overall income of rural population has started to increase quickly again and continued its growth throughout the subsequent decade. One of the factors leading to such strong growth is that non-agricultural income has increasingly become a large proportion of rural incomes.

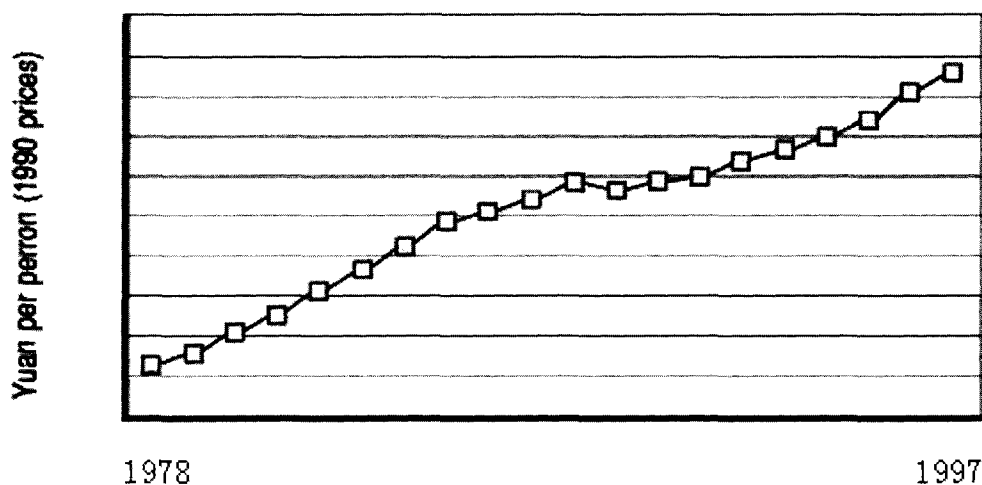


Figure 4. The Change of Per capita Rural Income

Source: Adapted from *China Rural Statistical Yearbook, 2007* (Beijing: China Statistics Press, 2007).

The rapid growth of China's economy causes significant reduction in rural poverty. According to China's official poverty lines, China's rural poor decreased dramatically in the past decades, from 260 million in 1978 to 128 million in 1984 (Figure 5). After slowing down in the late 1980s, the rapid decrease of the number of poor peasants continued in the 1990s. By the end of 2000 China's rural population living in poverty has declined to about 30 million. The incidence of rural poverty (poor as

proportion of rural population) also decreased sharply during the same period, from 32.9 per cent in 1978 to 15.1 per cent in 1984, and then to 3 per cent in 2000.

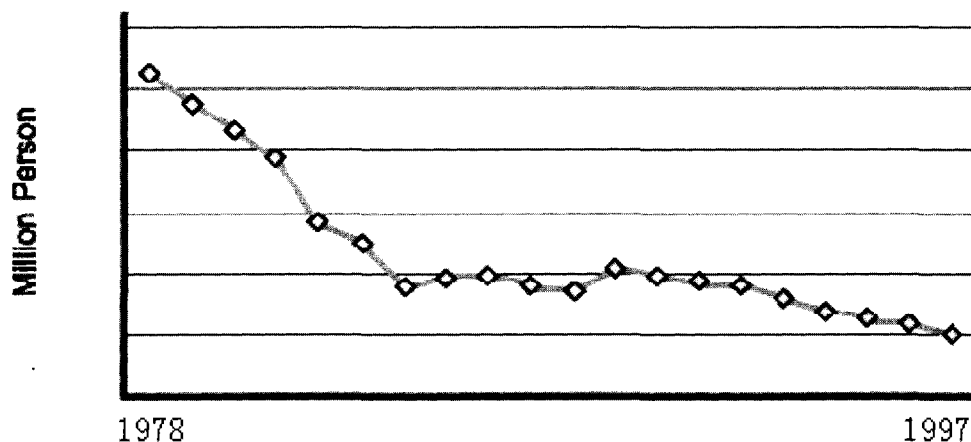


Figure 5. The Change of Chinese Rural Poor

Source: Adapted from *China Rural Statistical Yearbook, 2007* (Beijing: China Statistics Press, 2007).

In this study, the variable INCOME measures the average income per peasant in the surveyed villages. I believe that the variable INCOME captures the overall picture of the income level in the surveyed villages. The highest INCOME score is 7400 yuan and the lowest INCOME score is 50 yuan. The gap between INCOME scores is obvious among surveyed villages. Such result tends to confirm the fact that China's rural development is unbalanced: some villages are well developed, while on the other hand, many villages are still underdeveloped.

Analysis

How do these four aspects of development in the surveyed villages - industrialization, health, quality of life, and average household income - relate to each other? This question is addressed below by examining the correlation among INCOME, INDUS, HEALTH, and QLIFE.

Table 13. Four Development Indicators: Correlation Coefficients

	INDUS	HEALTH	QLIFE	INCOME
INDUS	1.00	0.76**	0.69**	0.71**
HEALTH		1.00	0.56**	0.49**
QLIFE			1.00	0.82**
INCOME				1.00

Note: ** $p < .01$.

All four original indicators are re-scaled for the sake of uniform measurement.

As Table 13 shows, correlations among the four development indicators are high and statistically significant. Furthermore, I ran a factor analysis among these four indicators. The results from the factor analysis show that only a single dominant factor emerged among these four indicators, accounting for 64 per cent of the original variance (Table 14). Based on these findings from the factor analysis as well as the correlation analysis, I may conclude that there is a reasonable amount of coherence among these four development indicators. In other words, villages that score high in any of these indicators are more likely to perform well on each of other three. In a similar way, villages that perform poorly in any of these four development indicators tend to have low performance

across all four indicators. All in all, villages either score high in multiple development factors or score low in most of development indicators. Given such a degree of coherence among these four indicators, these indicators can be combined together to measure socioeconomic development in rural China.

Table 14. Development Performance: Factor Analysis

Variables	Index of Development Performance
INDUS	0.74
HEALTH	0.71
QLIFE	0.83
INCOME	0.77

Note: Extraction Method: Principal Component Analysis.

¹. 1 component extracted.

². Initial Eigenvalues=2.76; % of Variance=64

The correlations among the four development indicators are explained by the socioeconomic development of rural China since the post-Mao reforms. As I have mentioned, the development of rural enterprises, including both TVEs and private enterprises, contributed to the significant increase of peasants' incomes in the 1990s. Meanwhile, after the collapse of the People's Communes, villages have to support the collective health-care system either by extracting public funds from peasants or using the profits from TVEs. Therefore, in some rich villages where the peasants have higher incomes and the TVEs are very well developed, the collective health-care system tends to perform better than those villages that have lower household incomes and

underdeveloped TVEs. And it is also obvious that peasants in rich villages tend to have better access to the service of electricity, water, and telephones.

For the purpose of analysis, the four development indicators are combined, since they are so closely associated, into a single Index of Development Performance. I create a new variable for the Index of Development Performance by aggregating the scores received from each of the four development indicators. Each of the scores of four development indicators is standardized to have a range from 0 to 1, so each has an equal weight in the Index. The final score for the Index of Development Performance is transformed to have a range from 0 to 1. The closer is the score of the Index to 1, the better development performance the village has. The closer is the score of the Index to 0, the worse development performance the village has. The average score of the surveyed villages on this index is 0.67, and standard deviation is 0.31. In addition, the Index of Development Performance is closely correlated with each of its four constituent variables (INDUS, HEALTH, QLIFE, and INCOME).

CASE STUDY

In order to explore causes of high development performance, I am going to apply Stuart Mill's Methods of Agreement and Difference to examine a group of 8 villages (Xingzhuang, Fengshan, Jishui, Dawang, Daxi, Wuyang, Tiexiang, and Yanxi) chosen from the surveyed villages.

Mill's Methods of Agreement and Difference involves two separate stages. At the first stage, one tries "to establish that several cases having in common the phenomenon one is trying to explain also have in common a set of causal

factors.....what Mills called the ‘Method of Agreement.’”⁵² In order to apply the Method of Agreement, one has to look at the positive cases to assess whether some hypothesized causes are consistently associated with all of these positive cases and to look at the negative cases to see whether some hypothesized causes are consistently associated with all of these negative cases. The Method of Agreement has one additional requirement: the investigator has to choose cases with different general characteristics and similar values on the phenomenon of research, therefore the investigator can observe whether values on the phenomenon of research correspond across cases with values on variables that define its possible causes.⁵³

The second stage of analysis involves the Method of Difference. According to the Method of Difference, the investigator chooses cases with similar general characteristics and different values on the phenomenon of research. Then the investigator explores whether values on the phenomenon of research correspond across cases with values on variables that define its possible causes.⁵⁴

Generally speaking, Mill’s Methods of Agreement and Difference requires that:⁵⁵

1. If X is the hypothesized cause and Y is the effect, then X should be present whenever Y is present;
2. X should be absent whenever Y is absent; and
3. Factors associated with alternative hypotheses; e.g., Z, should be absent when Y is present.

⁵² Theda Skocpol, *States and Social Revolutions: A Comparative Analysis of France, Russia and China* (Cambridge: Cambridge University Press, 1979), 36.

⁵³ Stephen Van Evera, *Guide to Methods for Students of Political Science* (Ithaca: Cornell University Press, 1997).

⁵⁴ Evera, *Guide to Methods for Students of Political Science*.

⁵⁵ John Stuart Mill, *A System of Logic*, edited by J. M. Robson (Toronto: University of Toronto Press, 1973), chapter 8.

According to Mill's Methods of Agreement, observed cases should be divided into two groups. One group consists of positive cases, where the phenomenon of research is visible and strong. The other group is made up of negative cases, where the phenomenon of research is absent or only weakly show. The phenomenon of research in this study is high development performance. So the case group of 8 villages is divided into two subgroups: positive cases (Xingzhuang, Fengshan, Jishui, and Dawang) and negative cases (Daxi, Wuyang, Tiexiang, and Yanxi). The group of positive cases has one thing in common: the value on the Index of Development Performance is very high. And these positive cases have different general characteristics. One thing that the group of negative cases has in common is that their scores on the Index of Development Performance are very low. And these negative cases have different general characteristics.

Second, to be consistent with the requirement of the Methods of Difference, the case group of 8 villages is divided into four subgroups: group one (Xingzhuang, Daxi), group two (Fengshan, Wuyang), group three (Jishui, Tiexiang), and group four (Dawang, Yanxi). The two villages in each of these four subgroups have similar general characteristics, but they have different values in the Index of Development Performance.

In this case study I consider three general characteristics as crucial: regional location, distance to the market town, and village size. First, regional location defines the geographic location of the villages. China is a large country and its economic development is unbalanced. The Southern regions and East coastal regions are considered more developed than any other regions of China. Therefore, different regional locations of villages may have significant impacts upon the development

performance of the case villages. These two villages of group one (Xingzhuang, Daxi) are selected from the Northeast China. Villages (Fengshan, Wuyang) in group two are located in Northwest China. Jishui, Tiexiang which are in group three are chosen from the South China. And the two villages, Dawang and Yanxi, in group four come from the Middle China.

Table 15. The Description of the Case Group of 8 Villages

	Location	Distance to Market Town	Size of Village	Index of Development Performance
Xingzhuang	Northeast China	Medium	Very Large	High
Fengshan	Northwest China	Extremely Far	Small	High
Jishui	South China	Extremely Close	Large	High
Dawang	Middle China	Close	Medium	High
Daxi	Northeast China	Medium	Very Large	Low
Wuyang	Northwest China	Extremely Far	Small	Low
Tiexiang	South China	Extremely Close	Large	Low
Yanxi	Middle China	Close	Medium	Low

Second, distance to the market town measures the distance of the case villages to the nearest market town. According to previous literature, the distance to market town may have significant impacts upon the rural development.⁵⁶ The closer is a village to a market town, the more opportunities and resources it will have for its development.

⁵⁶ Wei Wang and Xiaolin Du, *Nongcun jingji fazhan wenti yanjiu* (Research on Rural Economic Development Issues) (Beijing: Zhongguo nongye chubanshe, 2007); Jianhong Huang, *Zhongguo nongcun jingji jianan* (Research on Chinese Rural Economy) (Beijing: Zhongguo jingji chubanshe, 2005).

Among our case villages, Jishui and Tiexiang of group three are extremely close to the nearest market town. The two villages of group four (Dawang, Yanxi) are close to the nearest market town. Xingzhuang and Daxi of group one are in the medium distance from the nearest market town. Fengshan and Wuyang of group two are those villages that are extremely far away from the nearest market town.

Third, village size measures the population of permanent residents in the case villages. The big villages tend to receive more resources and grants from governments since they have more population. Thus, village size may have important influences upon the development performance of villages.⁵⁷ Among our case villages, Xingzhuang and Daxi of group one have a very large population of permanent residents. The two villages of group three (Jishui, Tiexiang) have a large population of permanent residents. Dawang and Yanxi of group four have a medium population of permanent residents. And Fengshan and Wuyang of group two only have a small population of permanent residents.

The next step of Mill's Methods of Agreement and Difference is to test different hypothesized causes for the phenomenon of research and to see how well each of them corresponds with the phenomenon of research. According to Mill's Methods of Agreement and Difference, to be a true cause of this phenomenon, a hypothesized cause must be observed whenever the phenomenon is present and absent whenever the phenomenon is absent.

In this study the phenomenon of research is high development performance. Therefore, in order to be a valid cause of high development performance, a hypothesized cause such as bridging social capital, must be high whenever development performance is

⁵⁷ Ibid.

high and low whenever development performance is low and no other factor co-varies in the same way with high and low development performance.

The second hypothesis in this study is that bonding social capital generates negative impacts on socioeconomic development. In the similar way, in order to be a valid cause of low development performance, a hypothesized cause such as bonding social capital, must be low whenever development performance is high and high whenever development performance is low. And no other factor co-varies in the same way with high and low development performance.

Table 16. Mill's Method of Agreement Applied to Positive Cases

	Participation in Inclusive Networks	General Trust	Location	Distance to Market Town	Size of Village	Index of Development Performance
Xingzhuang	High	High	Northeast China	Medium	Very Large	High
Fengshan	High	High	Northwest China	Extremely Far	Small	High
Jishui	High	High	South China	Extremely Close	Large	High
Dawang	High	High	Middle China	Close	Medium	High

At the stage one of applying the Method of Agreement, I have the following findings. First, within the group of positive cases, the participation in inclusive networks and general trust which are two dimensions of bridging social capital are consistently positively associated with high development performance. On the other hand, as I have explained, the four villages in the group of positive cases have different values on the

three general factors - regional location, distance to market town, and village size. However, none of these three general factors are associated with high development performance. Therefore, these factors, such as regional location, distance to market town, and village size, cannot be considered as valid causes of high development performance in rural China. This finding tends to suggest that the participation in inclusive networks and general trust are candidate causes of strong economic development in rural China.

Table 17. Mill's Method of Agreement Applied to Negative Cases

	Participation in Exclusive Networks	Parochial Trust	Location	Distance to Market Town	Size of Village	Index of Development Performance
Daxi	High	High	Northeast China	Medium	Very Large	Low
Wuyang	High	High	Northwest China	Extremely Far	Small	Low
Tiexiang	High	High	South China	Extremely Close	Large	Low
Yanxi	High	High	Middle China	Close	Medium	Low

Second, within the group of negative cases, the participation in exclusive networks and particular trust as two dimensions of bonding social capital are consistently positively associated with low development performance. The four villages in the group of negative cases also have different values on the three general factors - regional location, distance to market town, and village size. None of these factors are associated with low development performance. Thus, these three general factors cannot be

considered as true causes of low development in rural China. Based on such findings, I suggest that the participation in exclusive networks and particular trust can be considered as candidate causes of poor development performance in rural China.

The stage two of the Method of Difference requires to divide 8 villages into four subgroups. Each subgroup includes two villages which have similar general characteristics, but have different values in the Index of Development Performance. After running the stage two of the Method of Difference, I have the following findings. First, within each subgroup (group one, group two, group three, and group four), the two dimensions of bridging social capital - the participation in inclusive networks and general trust - are high whenever the values in the Index of Development Performance are high and low whenever the values in the Index of Development Performance are low. Such finding meets the requirement of Mill's Methods of Agreement and Difference that X should be present whenever Y is present and X should be absent whenever Y is absent.

Second, within each subgroup (group one, group two, group three, and group four), the two dimensions of bonding social capital - the participation in exclusive networks and parochial trust - are high whenever the low development performance is present and is low whenever the low development performance is absent.

Third, the above two patterns are consistently valid across all subgroups (group one, group two, group three, and group four), which have different values of the three general factors - regional location, distance to market town, and village size. This finding confirms that the above two patterns have a strong reliability and have a high level of representativeness.

Table 18. Mill's Method of Difference Applied to Four Subgroups

		Location	Distance to Market Town	Size of Village	Bridging Social Capital	Bonding Social Capital	Index of Development Performance
Group 1	Xingzhuang	Northeast China	Medium	Very Large	High	Low	High
	Daxi	Northeast China	Medium	Very Large	Low	High	Low
Group 2	Fengshan	Northwest China	Extremely Far	Small	High	Low	High
	Wuyang	Northwest China	Extremely Far	Small	Low	High	Low
Group 3	Jishui	South China	Extremely Close	Large	High	Low	High
	Tiexiang	South China	Extremely Close	Large	Low	High	Low
Group 4	Dawang	Middle China	Close	Medium	High	Low	High
	Yanxi	Middle China	Close	Medium	Low	High	Low

Based on my findings from applying the Mill's Methods of Agreement and Difference, I am intended to make following conclusions. First, the participation in inclusive networks and general trust are causes of high development performance in rural China. Second, the participation in exclusive networks and particular trust are causes of low development performance. To generalize these findings to the rest of China, I will draw upon the regression analysis for the nation-wide survey of 410 villages.

REGRESSION

In order to test the expected impacts of two types of social capital on the

development performance, I run a multiple regression model (OLS), controlling for the potential influences from other variables. I include four control variables in the multiple regression: 1) regional location, which measures the regional locations of the surveyed villages; 2) distance to market town, which measures the distance of the surveyed village to the nearest market town; 3) village size, which measures the population of permanent residents in the case villages; and 4) the membership in the formal civic organizations. As I have explained in Chapter 2, aggregating memberships in formal civic organizations is an imprecise measurement of social capital in the developing world. To test its impact on economic development, I also include this variable into my control variables.

Overall, the results from this regression model support my hypotheses regarding the relationships between the two types of social capital and the development performance (Table 19). First of all, the evidence presented in Table 19 clearly indicates that both subjective norm and objective networks of bridging social capital - general trust and participation in inclusive social networks - have a significant and positive impact on the development performance even after controlling the influence of regional location, distance to market town, village size, and the membership in the formal civic organizations. In other words, as I expected, those villages that are endowed with abundant bridging social capital (i.e., prevalence of indiscriminative trust and inclusive social networks) tend to perform better in terms of the four development domains such as industrialization, health, quality of life, and average household income than those villages that lack or are short of bridging social capital. These results are also consistent with the findings in Knack and Keefer's cross-country study of bridging social capital on economic development performance. Knack and Keefer suggest that the more trust and

civic cooperation in a country, the more generalized reciprocity prevails, and the better economic development performance a country will have.⁵⁸

Table 19. Multiple Regression (OLS) of Social Capital and Economic Development

	Index of Development Performance		
	<i>b</i>	s.e.	beta
Bridging Social Capital:			
Participation in Inclusive Networks	3.27**	1.03	.21
General Trust	.67**	.19	.19
Bonding Social Capital:			
Participation in Exclusive Networks	-2.08**	.71	-.17
Parochial Trust	-.86*	.30	-.24
Control Variables:			
Participation in Formal Civic Organizations	.14	.11	.03
Village Size	.42	.34	.07
Distance to Market Town	2.24	1.62	.06
Regional Location:^a			
Northeast	1.67	1.32	.08
North	1.33	0.96	.07
Middle	2.18	1.78	.02
South	1.02	.85	.06
Constant	.92**	.25	
<i>R</i> ²		.36	
Adjusted <i>R</i> ²		.32	
<i>N</i>		376	

Note: *b* refers to unstandardized coefficient, whereas beta stands for standardized coefficient. s.e. = standardized error. * $p < .05$; ** $p < .01$.

^a Northwest is used as the baseline comparison.

Second, the results from the regression model show that both the subjective norm and objective networks of the bonding social capital - particular trust (the trust in relatives and same village residents with same family name) and participation in

⁵⁸ Knack and Keefer, "Does Social Capital Have an Economic Payoff? A Cross-Country Investigation."

exclusive network - have a significant and negative impact on the development performance. These results suggest that those villages where particular trust and exclusive social networks go rampant tend to perform poorly in the four development indicators such as industrialization, health, quality of life, and average household income. Such results support one of the competing arguments mentioned at the beginning of this chapter that bond social capital does not have positive effects on the economic performance of a society or community.⁵⁹

Finally, the results of our regression model show that the potential impacts of the four control variables on development performance are not significant. Especially, the dense participation in formal civic organization does not have a significant impact upon the development performance. Such result is different from the findings based on the experiences of Western societies. As explained in Chapter 2, participation in formal organizations is not an appropriate indicator for the measurement of social capital in rural China, because formal organizations in rural areas of China are mostly state-controlled, which are created to achieve state and regime objectives. Nearly every formal organization established in the Chinese villages is linked to a state agency and is executor of its policies. As a consequence, such kind of formal organization can barely produce any positive impact upon rural development.

CONCLUSION

In this chapter, I have discussed the general trend of Chinese rural development. Since the onset of the post-Mao reforms, China has manifested many achievements in such domains as agricultural production, development of rural enterprises, and peasants'

⁵⁹ Beugelsdijk and Smulders, "Social Capital and Growth in European Regions: An Empirical Test."

income. I design an index to measure rural development performance based on four indicators: industrialization, health, quality of life, and average household income. The overall results indicate that the rural development is unbalanced: some villages are well developed, while on the other hand, many villages are still underdeveloped.

I hypothesize that the two types of social capital along the two dimensions variably influence the development performance in rural China. In general, this argument has been supported by the case study of 8 villages and regression analysis from the nation-wide survey of 410 villages. My empirical study shows that bridging social capital embodied in the general trust and inclusive social networks positively affects villages' development performance measured by four activities: industrialization, health, quality of life, and average household income. Bonding social capital as manifested in the parochial trust and exclusive social networks negatively impacts development performance in rural areas. In addition, I also find that the dense participation in formal civic organization does not have a significant impact upon economic performance.

These findings may have at least two important implications. First, findings from this research support the argument made by some earlier studies that various types and dimensions of social capital may have different, rather than only positive, impacts on socioeconomic development. Moreover, my findings also confirm that participation in formal organizations is not always an appropriate indicator for the measurement of social capital, especially in the developing world. The nature of formal civic organizations may vary in different countries and cultures, thus, it will generate different impacts.

Second, the political implication of this chapter is that these results may help Chinese government design better policies for rural development. Empirical findings

from this chapter suggest that rural development may be significantly improved by increasing the right kind of social capital along the two dimensions. Because bridging social capital has positive impacts on the socioeconomic development, the Chinese government shall take measures to encourage the development of independent inclusive networks and invest in the construction of general trust in rural China.

CHAPTER IV

SOCIAL CAPITAL AND RURAL GRASSROOTS GOVERNANCE

This chapter focuses on the impacts of different types of social capital upon the grassroots governance in rural China. I hypothesize that inclusive networks and general trust which are the two dimensions of bridging social capital have positive impacts on the governance of the rural grassroots organizations that mainly consist of villagers' committees (VCs). On the other hand, exclusive networks and particular trust which are the two dimensions of bonding social capital tend to generate negative impacts on the governance of the rural grassroots organizations.

First of all, I am going to development measures to scale the governance of the rural grassroots self-governing institutions - the villagers' committees (VCs). Since 1978, Chinese central government has initiated a series of institutional reforms to improve the efficiency of villagers' committees in conducting village affairs and increase their responsiveness to the demands of peasants within the villages. In this study, I mainly use the evaluations of peasants living in the surveyed villages to measure the governance of the villagers' committees. These evaluations are expected to indicate the responsiveness and effectiveness of the villagers' committees. In addition, I will also add some objective facts collected from the leaders of surveyed villages to the measurement of the governance of the VCs.

The relationship between social capital and governing performance of the VCs is examined by using the case study data that I gathered over a field trip in a group of 8 villages. Stuart Mill's Methods of Agreement and Difference are utilized to distinguish

which type of social capital helps explain the difference between good and poor governing performance of the VCs. Then, data of the surveyed group of 410 villages are examined with the help of multivariate regression analysis. Both case studies and the regression analysis reveal that bridging social capital has positive impacts on the governance of the rural self-governing institutions, while bonding social capital generates negative influences on the governance of these institutions.

PREVIOUS SCHOLARSHIP AND THEORETICAL DISCUSSION

Scholars have noticed that social capital as an independent variable exerts significant impacts on governance at both national and local level. Putnam and his associates point out that the engagement in civic associations and the cooperated spirit is necessary preconditions for the effective self-government.¹ Their empirical studies show that in the regions of Northern Italy where social capital is rich people are more satisfied with the governance of local governments; while in the regions of Southern Italy where social capital is scarce people tend to be less satisfied with their local governments.²

Furthermore, Putnam explains the mechanism through which social capital influences local governance. He states that the participation in civic associations, which is defined as an important part of social capital, “instill in their members habits of cooperation, solidarity, and public spiritedness.”³ Members of civic organizations share a sense of responsibility for collective endeavors. In addition, Putnam emphasizes the important role of bridging social capital.⁴ These ‘cross-cutting’ groups have diverse

¹ Putnam, Leonardi, and Nanetti, *Making Democracy Work: Civic Traditions in Modern Italy*.

² Ibid.

³ Ibid., 89.

⁴ Putnam, *Bowling Alone: Collapse and Revival of American Community*.

goals and members. And those who belong to these groups will tend to have moderate attitudes due to group interaction and cross-pressures. Putnam believes that a dense network of civic associations facilitates social collaboration; therefore it will contribute to effective democratic governance.

Putnam also suggests that civic engagement influences governance through both demand side and supply side of government. On the demand side, citizens who participate in civic associations expect better governance, and they get it in part through their own efforts such as voting, petition, and lobbying. Those citizens who are active in cooperation and collective actions are more likely to hold decision makers politically accountable, because government officials have to temper their worst impulses if they want to avoid public protests. On the supply side, the social infrastructure of civic communities and the democratic values embedded in officials and citizens will make the governments more efficient. Social capital lowers transaction costs and facilitates resolving the problem of collection action. In civic communities, people know each other and interact with each other very often. Therefore, people in civic communities trust others in their communities and believe that others will behave honorably. This kind of social trust serves as a moral foundation upon which to base further cooperative actions. Putnam gives some examples to illustrate how social capital makes governments more efficient. For instant, police will close more cases if there are citizens who are active in monitoring police officers. Child welfare departments will perform better when neighbors and family members provide social support to troubled parents. Putnam's conclusion is that with the involvement of communities, government employees -

bureaucrats, social workers, teachers, police, and so forth - will do a better job and governments will become more efficient.⁵

In his another empirical studies of social capital in the United States, Putnam finds out that states with abundant social capital tend to be innovative in public policies and are more likely to have merit systems when they hire government employees. Governments in these states have less corruption and are more focused on social and educational services. Putnam concludes that governments in social capital-rich states are more effective and innovative. At the municipal level, Putnam's study reveals that patronage politics seems to be curbed and federal grants are fairly distributed in those cities with high levels of grassroots involvement. Institutionalized neighborhood organizations help cities become more effective at passing proposals that local people want. Governments in these cities also enjoy higher levels of support and trust.⁶

Simona Piattoni also focuses on the demand side of the governance. He points out that people who participate in civic associations are more likely to trust one another and tend to cooperate more easily. They are aware of the basic rules of governments and thus are particularly sensitive to poor governance. If they find out that there is governmental inefficiency and abuse, they can easily organize collective protest. And if government officials are out of right track, those officials would be easily replaced with better ones, coming from citizens with a long training in self-governance.⁷

Gabriel Almond and Sidney Verba are forerunners who reveal the positive role of social capital on effective governance. They conducted an extensive survey research in

⁵ Putnam, *Bowling Alone: Collapse and Revival of American Community*, 346.

⁶ *Ibid.*, 347.

⁷ Simona Piattoni, "Can Politics Create Community? Evidence from the Italian South," Paper presented at the 1998 meeting of the American Political Science Association, Boston (September 3-6, 1998), 1.

Germany, Italy, Mexico, the United Kingdom, and the United States to identify civic attributes conducive to democracy. One of their important findings is that the interpersonal trust facilitates establishing stable democracy. Their study shows that citizens of the United Kingdom and the United States - the nations with the longest histories of stable democracy - showed higher levels of interpersonal trust than those surveyed in Germany, Italy, and Mexico. Based on their findings, Almond and Verba suggest that “civic culture” is necessary for effective democracy.⁸

Ronald Inglehart defines social capital as “a culture of trust and tolerance.”⁹ He re-articulated the causal order of political culture and democracy. According to Inglehart, culture is before institutions and “stable democracy ... depends on a deeply rooted sense of legitimacy among the public.”¹⁰ For example, a cross-national statistical study conducted by Inglehart and Christian Welzel indicates that political culture plays a crucial role on democracy.¹¹ To measure political culture, they use a broad syndrome of cultural orientations, including interpersonal trust, tolerance of out groups, postmaterialist values, political activism, and subjective well-being. They conclude that in the long run, democracy is not attained simply by making institutional changes or through elite-level maneuvering. Its survival also depends on the political culture, which mainly embodies interpersonal trust.

Based on the previous literature of social capital, I am going to summarize the mechanisms through which social capital influences the governance at various levels.

⁸ Gabriel Almond and Sidney Verba, *The Civic Culture: Political Attitudes and Democracy in Five Nations* (Princeton: Princeton University Press, 1963).

⁹ Inglehart, *Modernization and Postmodernization: Cultural, Economic and Political Change in 43 Societies*, 188.

¹⁰ *Ibid.*, 206.

¹¹ Ronald Inglehart and Christian Welzel, “Political Culture and Democracy,” in *New Directions in Comparative Politics 3rd Edition*, ed. Howard J. Wiarda (Boulder, CO: Westview Press, 2002), 141-164.

First, social capital can improve and broaden governmental accountability.¹² Such mechanism can occur directly or indirectly in several ways. 1) If government officials or bureaucrats are involved in civic engagement, they are more concerned about their reputation among people with whom they horizontally interact on a regular basis.¹³ 2) More importantly, social capital will help people act collectively to articulate their interests and monitor the performance of government officials.¹⁴ According to social capital theorists, when people are embedded in dense social networks, they possess norms of generalized reciprocity and have high levels of interpersonal trust. Thus, they are more likely to have the ability to effectively organize themselves and act collectively to monitor governments, protest against incompetence or malfeasance, and articulate their needs or demands of communities to governments.¹⁵ Those actions are considered as public goods, since people cannot be excluded from enjoying their benefits. Social capital can help citizens overcome the collective action problem and provide public goods for their communities.¹⁶

In addition, Putnam and his associates also suggest that in the regions of Southern Italy where there is less social trust and civic culture, citizen-initiated contacts with

¹² Marion Ritcheny-Vance, *Social Capital, Sustainability and Working Democracy: New Yardsticks for Grassroots Development* (Arlington, VA: Inter-American Foundation, 1996); Tom W. Rice, "Social Capital and Government Performance in Iowa Communities," *Journal of Urban Affairs* 43, no. 3-4 (2001): 375-389; Kent E. Portney and Jeffrey M. Berry, "Mobilizing Minority Communities: Social Capital and Participation in Urban Neighborhoods," *American Behavioral Scientist* 40, no. 5 (1997): 632-644.

¹³ Joe Wallis and Brian Dollery, "Social Capital and Local Government Capacity," *Australian Journal of Public Administration* 61, no.3 (2002): 76-85.

¹⁴ Theda Skocpol, "From Membership to Advocacy," in *Democracies in Flux: The Evolution of Social Capital in Contemporary Society*, ed. Robert Putnam (New York: Oxford University Press, 2002), 103-135.

¹⁵ Wallis and Dollery, "Social Capital and Local Government Capacity;" Hall, "Social Capital in Britain;" Robert W. Jackman and Ross A. Miller, "Social Capital and Politics," *Annual Review of Political Science* 1 (1998): 47-73; Mark Schneider, Paul Teske, Melissa Marschall, Michael Mintrom, and Christine Roch, "Institutional Arrangements and the Creation of Social Capital: The Effects of Public School Choice," *American Political Science Review* 91, no. 1 (1997): 82-93.

¹⁶ Eric Uslaner, "Democracy and Social Capital," in *Democracy and Trust*, ed. Mark Warren (Cambridge: Cambridge University Press, 1999), 121-150.

government officials tend to involve narrow interests with personal concerns, while those contacts in the more trusting and more civic northern regions tend to involve larger issues with implications for the welfare of the region as a whole.¹⁷ All in all, as Stephen Knack summarized, “[w]here citizens tend to conform to norms of generalized reciprocity, and interpersonal trust is higher, free riding is less frequent and governmental performance can be improved by affecting the level and character of political participation, reducing ‘rent-seeking,’ and enhancing public-interested behavior.”¹⁸

Second, “social capital can potentially improve government performance ... by reducing inefficiencies associated with gridlock arising from political polarization.”¹⁹ The precondition for this mechanism to work is that the level of social capital is shared by the community and its bureaucratic elites. Under this condition, higher level of social capital helps bureaucrats to cooperate in carrying out their duties in the same way as it helps citizens to cooperate in articulating their needs or demands.²⁰ In the end, better bureaucratic cooperation increases the efficiency in the internal operations of a government.²¹

Apparently, social capital theorists have not reached an agreement on what impacts different types of social capital have on governance.²² As I have discussed before, there are two types of social capital: bridging social capital and bonding social

¹⁷ Putnam, Leonardi, and Nanetti, *Making Democracy Work: Civic Traditions in Modern Italy*.

¹⁸ Knack, “Social Capital and the Quality of Government: Evidence from the States.”

¹⁹ *Ibid.*, 774.

²⁰ Boix and Posner, “Social Capital: Explaining Its Origins and Effects on Government Performance.”

²¹ Margit Tavits, “Making Democracy Work More? Exploring the Linkage between Social Capital and Government Performance,” *Political Research Quarterly* 59, no. 2 (2006): 211-225; Victor Perez-Diaz, “From Civil War to Civil Society: Social Capital in Spain from the 1930s to the 1990s,” in *Democracies in Flux: The Evolution of Social Capital in Contemporary Society*, ed. Robert Putnam (New York: Oxford University Press, 2002), 245-287.

²² Scott L. McLean, David A. Schultz, and Manfred B. Steger, *Social Capital: Critical Perspectives on Community and “Bowling Alone”* (New York: New York University Press, 2002).

capital. Bridging social capital contains a set of subjective norms such as the general trust and inclusive social networks that connect people together from different social, economic, occupational, and even political backgrounds. Bonding social capital is composed of subjective norms such as the particular trust and exclusive social networks that link people together by their shared economic, political, or demographic identity - such as class, occupation, ethnicity, lineage or religion. Some scholars suggest that both bridging and bonding social capitals should be considered as two necessary and integral parts of social capital, thus maintaining a proper balance between these two types of social capital will produce positive consequences for the governance of national or local governments. For example, Putnam and his associates composed an index of social capital mixing together elements of both bridging and bonding social capitals in their study of the Italian democracy.²³

Other scholars oppose this argument. As William Callahan suggests, scholars have to “examine the quality of social capital and the ethics of each network’s inside/outside distinction,” and thus distinguish different types of social capital. Furthermore, scholars have to conduct comparative research and examine “how civil social capital interacts with the uncivil social capital of corruption, ethnocentrism, and sectarianism.”²⁴ Lucian Pye also argues that, “[w]hen social capital is positive and constructive, it can produce establishments at either the local or national level, in which elites in different walks of life work together for the common good. When the networking is negative, the result can be a government of corrupt backdoor deals, which,

²³ Putnam, Leonardi, and Nanetti, *Making Democracy Work: Civic Traditions in Modern Italy*.

²⁴ Callahan, “Social Capital and Corruption: Vote Buying and the Politics of Reform in Thailand,” 495.

in extreme cases, can end up as mafia rule.”²⁵ Francis Fukuyama, Sonja Zmerli and other scholars also suggest that bonding social capital has negative impacts upon the governance of national or local governments.²⁶ Stephen Knack and Eric Uslaner argue that only bridging social capital can promote the governance of national or local governments. Bonding social capital has no effects on the governance.²⁷

Still, some scholars suggest that when the boundaries of bonding social capital - especially the inclusive social networks - overlap with the administrative boundaries of the local governments, these inclusive networks may yield positive consequences for the governance of local governments such as effective provision of public goods.²⁸

All in all, while the question about the impacts of each type of social capital on the governance of national or local governments is critical for theoretical inquiry as well as public policy making, the answers to this question have not yet pointed to a consensus. In order to make contribution to this debate, I will explore the impacts of the two types of social capital on the governance of the Villagers’ Committees that are basic self-governing institutions in rural China.

In the following section, I will provide a general background for better understanding of the major functions of the VCs. In particular, I am going to review the history of the evolution of the governance structures in rural China. Based on this brief

²⁵ Lucian W. Pye, “Civility, Social Capital, and Civil Society: Three Powerful Concepts for Explaining Asia,” *Journal of Interdisciplinary History* 29, no. 4 (1999): 769.

²⁶ Fukuyama, “Social Capital and Development: The Coming Agenda;” Zmerli, “Applying the Concepts of Bonding and Bridging Social Capital to Empirical Research;” Michael W. Foley and Bob Edwards, “The Paradox of Civil Society,” *Journal of Democracy* 7, no. 3 (1996): 38-52; Ronald C. Nyhan, “Changing the Paradigm: Trust and its Role in Public Sector Organizations,” *The American Review of Public Administration* 30, no. 1 (2000): 87-109.

²⁷ Knack, “Social Capital and the Quality of Government: Evidence from the States;” Uslaner, *The Moral Foundations of Trust*.

²⁸ Tsai, “Solidary Groups, Informal Accountability, and Local Public Goods Provision in Rural China.”

review, I will design a multi-dimensional scale to measure the effectiveness and responsiveness of the Village Committees.

THE CHANGE OF THE RURAL SELF-GOVERNING INSTITUTIONS

During the imperial period, rural communities constituted the main body of Chinese society and the village was the basic form of residence for the overwhelming majority of the population.²⁹

The power structure in imperial China was centralized upon the absolute monarch. From this absolute monarch, power was entrusted to a hierarchy of officials and radiated from the national capital to regional and local governments. This centralized imperial system ruled the vast rural society through local governments, which, as agents of the central government, were tightly controlled by the absolute monarch.³⁰ The county was the lowest level of local governments in imperial China. Although no more officials were appointed by the central authority below the county level, the state did create several semi-official and sub-administrative divisions below the county level for the purpose of administering and controlling rural society. The baojia system was designed to police the rural society and the lijia system was designed to collect taxes.³¹ Townships were the connecting points between the state and villages. Leadership in rural communities was always in the hands of rich peasants and gentry. Usually, the county-level governments only exerted influences over local leaders at the township level, who then oversaw a group

²⁹ Kung-chua Hsiao, *Rural China: Imperial Control in the Nineteenth Century* (London: University of Washington Press, 1967).

³⁰ Gongquan Xiao, *Rural China: Imperial Control in the Nineteenth Century* (Seattle, University of Washington Press, 1960).

³¹ Hsiao-tung Fei, *China's Gentry: Essays in Rural-Urban Relations* (Chicago: University of Chicago Press, 1972).

of villages and worked at the crucial locus of the intersection between state power and village leadership. At this level, the local gentry played a substantial role.³²

The imperial state governed the vast rural society with the aid of the gentry class. The gentry class whose dominion was below the counties and above the villages, played a key role in mediating between the state and rural communities.³³ They provided leadership for the villages' governance, and determined the pattern and direction of organized village life. The gentry controlled the rural administrative structure, played a decisive economic role in the countryside, and had an intimate, interlocking relationship with imperial state officials. They owned land and functioned simultaneously as tax collectors and patrons on the land. In this way, the gentry's special synthesis of local village notables, scholars, and office-holding bureaucrats formed a dominant class that bridged rural and urban China.³⁴ Therefore the gentry could effectively organize the activities of rural communities and maintain social orders in the countryside.

The village was the fundamental unit of rural governance in imperial China. However, village affairs were managed by informal social institutions such as clans and families rather than by formal organizations. The clan played a key role in organizing community life and politics of villages, and was always under the control of the gentry. The gentry used the institutions of clans to reinforced their interests and maintain social orders in village communities. Therefore, during the period of imperial China, the clan under gentry's management was the key character of rural governance.

³² Philip Huang, *The Peasant Economy and Social Change in North China* (Stanford: Stanford University Press, 1985); Fei, *China's Gentry: Essays in Rural-Urban Relations*.

³³ Paul Chao, *Chinese Kinship* (London: Kegan Paul International, 1983).

³⁴ Vivienne Shue, *The Reach of the State, Sketches of the Chinese Body Politic* (Stanford: Stanford University Press, 1988).

The feature of village-township-county structure characterized the administrative hierarchy and social control in rural governance. On the one hand, the lowest apparatus of the state was located at the county level. On the other hand, Chinese society embodied numerous villages in which the majority of peasants lived. Chinese state and society were held together by informal links provided by the gentry who lived in traditional towns. Even under the increasing pressure from the penetration of state power, Chinese peasants had little direct contact with the world outside their villages. Village affairs were governed largely by the clan leaders who tended to identify with the gentry or their communities rather than with the state. As a result, villages had become atomized neighborhoods and insular communities.³⁵

The reform of rural governance in modern China originated from the New Deal of the late Qing Dynasty.³⁶ On December 27 1908, the Qing government promulgated the Rules of Local Self-governance in Townships and the Rules of Elections for Local Self-governance in Townships, which provided that all towns should establish the councils as the managing organs of local self-governance. The township councils were made up of members elected by local residents through voting. The Rules clearly stipulated that local self-governance focuses on managing local public affairs and assisting in official administration. However, the late Qing Dynasty failed to continue this New Deal and it was replaced by the Republic of China in 1912. The legacy of this New Deal for the Republic of China was that the state power penetrated to the township level. The Republic of China continued the reform of rural governance and made an effort to bring all rural society within a formal relationship with the state.

³⁵ Shue, *The Reach of the State, Sketches of the Chinese Body Politic*.

³⁶ Frederic Jr. Wakeman and Carolyn Grant, *Conflict and Control in Late Imperial China* (Berkeley: University of California Press, 1976).

During the period of the Republic of China, the state power had penetrated to the township level. According to the Organic Law of Counties promulgated by Nanjing Nationalist government, all counties were divided into a few districts. The Nationalist state made the district the lowest formal unit of government, with each district containing some towns. The establishment of district governments was the most notable achievement of Nanjing government during this period. The district had broad administrative tasks and its most important function was to levy taxes. According to the Organic Law of Counties, the leaders of the district should be publicly elected. In addition, one of the district leaders was responsible for management of the affairs of rural self-governance. Below the district, the heads and deputy heads of townships should also be elected at the meeting of township residents.³⁷

However, this institutional structure was only a legal form. The institutional reforms were not the same in all localities, and they failed in the vast part of China due to the Japanese invasion and the insurgency of the communist power. The Nanjing Nationalist government enormously expanded the power and apparatus of county governments. These county-level governments came to assume responsibility for maintaining military units, modern police forces, and schools at the township level. As a consequence, county-level governments took on expanded political functions and became substantially more intrusive and extractive.³⁸

Even if the Nationalist government intended to penetrate into the vast rural communities, its ruling party, the Nationalist party, had no influence at the rural grass-root level. Due to the lack of financial resources, local organizations such as the county

³⁷ Prasenjit Duara, *Culture, Power, and the State: Rural North China, 1900-1942* (Stanford: Stanford University Press, 1988).

³⁸ John P. Burns, *Political Participation in Rural China* (Berkeley: University of California Press, 1988).

and district peasants' associations and women's associations led by the Nationalist party seldom conducted activities and exerted little influence on the rural communities.³⁹

Although the Nationalist party-state had more influence on and more control over village affairs from the 1920s, the village governance was still controlled locally by traditional village elites (the rich peasants and gentry). Overall, the power of the Nationalist party-state failed to take root in villages. Compared to the Nationalist party, the Communists were very successful in creating local organizations in rural communities and penetrating to villages, which increased their popularity among rural population and became one of the decisive factors in the Chinese Revolution.⁴⁰

After the establishment of the People's Republic of China in 1949, the Maoist government started the campaign of socialist collectivization in the rural areas. The result of this socialist collectivization was the establishment of the people's communes. Overall, the commune system completely changed the pattern of traditional rural governance. The development of the commune system was closely connected to the search for a new relationship between the communist party-state and peasants. In early 1957, Chen Boda, Mao Zengdong's secretary, advanced the idea of combining government administration with economic management in the countryside. In spring 1958, Mao believed that such a combination would be the embryo of communism which included agriculture, industry, commerce, education, and military affairs in one unit. In April 1958, the Chinese Communist Party decided to begin the establishment of the people's

³⁹ Lucien Bianco and Muriel Bell, *Origins of the Chinese Revolution, 1915-1949* (Stanford: Stanford University Press, 1971).

⁴⁰ Franz Schurmann, *Ideology and Organization in Communist China* (Berkeley: University of California Press, 1968).

communes in the rural areas. In less than two months, 26,425 communes were established, which embraced about 122 million rural households.⁴¹

The people's commune had a three-level management system. The commune was the highest level of the system. The production brigade (dadui) was in the middle and the production team (shengchan xiaozu) was the smallest and lowest production unit. The size of the commune was similar to the size of traditional township, or was the amalgamation of several townships. And the size of the production brigade was similar to the size of traditional villages.

The collectivization and the commune system brought about a thorough elimination of the ethical, political, and economic bases of the traditional village elites (the rich peasants and gentry). The communist party now recruited and appointed new leaders - "rural cadres" - for the rural governance. These rural cadres were chosen by the Communist party, because "they met certain requirements: they came from the right class background (mostly the poor and middle peasantry); they had the right attitude toward social reform; they were grateful to, and likely to comply with, the party."⁴² However, there was a major difference between the commune-level cadres and the brigade and team cadres. The commune-level cadres were on the state payroll, while brigade and team cadres were not.

The rights and privileges of rural leadership were granted by the Communist party-state, so rural cadres "heavily dependent on the state for the legitimacy." On the other hand, the communist party-state also depended on the rural cadres to extract surplus and maintain social orders in the rural areas. Therefore, in the Maoist China, these rural

⁴¹ Suinian Liu and Quangan Wu, *China's Socialist Economy* (Beijing: Beijing Review, 1986).

⁴² Shue, *The Reach of the State, Sketches of the Chinese Body Politic*, 106.

cadres were “the vital lower links in the chain of agricultural tax collection, commodity quotas deliveries to state procurement organs, and the administration of all other levies in the countryside.”⁴³ In addition, these rural cadres also “organized local militia units, and carried out mass struggle meetings, political campaigns, criticism/self-criticism sessions, home visits to remonstrate with recalcitrant scofflaws, and all other basic means of social control in the villages.”⁴⁴ Overall, with the aid of these new rural cadres, the communist Party-state successfully penetrated into every corner of the vast rural communities and established a new pattern of rural governance. Under this new governance pattern, the villages lost their independence that they used to enjoy during the period of imperial China. The Maoist rural governance strengthened the central government’s control over rural development.

Since the outset of the post-Mao reform in 1978, the central government has made genuine efforts to established a new self-governing system in the rural areas and adapt the rural grassroots governance system to social changes brought about by the reform. The post-Mao reform of rural governance can be characterized by the retreat of state power and the return of self-governance. This self-governing system was anchored by the establishment of the villagers’ committees (VCs).

After the collapse of the people’s commune system, there was a power vacuum in the rural society and numerous problems arose. Township governments in replace of the communes became the lowest level of government. However, the production brigade and production team that were below the township government could not function normally. By the end of 1980, peasants in the rural areas of Guangxi Zhuang Autonomous Region

⁴³ Shue, *The Reach of the State, Sketches of the Chinese Body Politic*, 107.

⁴⁴ *Ibid.*, 107.

have established an entirely new organization - the villagers' committee to replace the production brigade and production team. Later on, the Guangxi experience has developed into a nationwide reform of rural governance and this new type of political organizations has been established soon in all Chinese rural communities. Its self-governing body - the villagers' committees - was promoted by the government from top down.

The new Constitution of the People's Republic of China promulgated in 1982 clearly stipulated that the system of villagers' committee is the basic form of rural self-governance. The central government promulgated the Organic Law of Villagers' Committees (for Trial Implementation) in 1987 and formally issued the revised Organic Law of Villagers' Committees (hereafter, the Organic Law) in 1998. According to the Organic Law, the villagers' committee "shall be the primary mass organization of self-government, in which the villagers manage their own affairs, educate themselves, and serve their own needs. It shall manage the public affairs and public welfare services of the village, mediate disputes among the villagers, help maintain public order, and convey the villagers' opinions and demands and make suggestions to the people's government."⁴⁵ In addition, the Chinese Communist Party Central Committee and its General Office issued a series of documents on promoting the rural self-governance and strengthening the construction of the rural grass-root democracy. Clearly, we can see the top-down promotion of the establishment of the villagers' committees. And it is obvious that the communist party-state still played a key role in this process.

According to the Organic Law, as the main rural governance leadership, members of VCs must be directly elected by village residents. However, in practice, members of

⁴⁵ The Organic Law of Villagers' Committees in 1998.

VCs are elected under the leadership of special organs such as township election guidance committees. In most cases, the township party committees and governments can send those candidates who they prefer into publicly elected VCs through legal procedures by controlling the election process and choice of candidates.⁴⁶ As rural grass-root democracy expanding, the township governments find it increasingly difficult to control the election of VCs. However, the township governments still have enormous influence upon rural self-governance. For example, it is a common practice for township governments to send Party and government officials to villages to directly participate in the village governance. These cadres sent by township governments are usually called “cadres staying in villages” (zhucun ganbu). They are generally responsible for the governance of village affairs.

In the new grassroots self-governing system, the villagers’ general assembly and the villager representatives’ assembly are the decision-making organs for village affairs. According to the Organic Law, the villagers’ general assembly is the highest decision-making organ in villages. The villagers’ general assembly consists of all adult villagers who are over 18 years old. In addition, the Organic Law also stipulates that, “in villages with a large number of people or scattered villagers, villagers’ representatives can be recommended and elected, the villagers’ committee holds villagers’ representatives to hold a meeting and discuss and decide on the matters authorized by the villagers’ general assembly.”⁴⁷ The villager representatives’ assembly and the villagers’ general assembly shall meet at least once a year to discuss the following matters: 1) the collection of

⁴⁶ In his recent survey study, for example, John Kennedy analyzes the effects of control by both township Party organizations and government over village elections. See John James Kennedy, “The Face of ‘Grassroots Democracy’ in Rural China: Real Versus Cosmetic Elections,” *Asian Survey* 42, no. 3 (2002): 456–82.

⁴⁷ The Organic Law of Villagers’ Committees in 1998.

wutong (that is, for rural education, family planning, militia, support for veterans, and road construction) and santi (that is, for collective investments, welfare, and cadre compensations); 2) the use and distribution of profits from the village collective economy; 3) the plan for the construction of village public goods such as schools and roads by using the retained funds from the collection of wutong and santi; 4) the plan for deciding the village's collective economic projects; 5) the plan for the distribution of lands; and 6) other matters related to the interests of the majority of villagers. After they are examined and approved by the villager representatives' assembly and the villagers' general assembly, these important matters will be implemented by the village leaders - the VCs.

In response to the problem of peasants' burdens, since 1990s the central government had begun to promote the tax-for-fee reform, which was intended to abolish the collection of wutong and santi, and gradually decreased the agricultural tax. By 2006 this tax category has finally disappeared in China. The consequence of this reform is that village communities can no longer rely on the collection of wutong and santi to extract funds for public projects. The central government designed a so-called case-by-case (yishi yiyi) system. According to this new system, the village must request permission from the villagers' general assembly and the villager representatives' assembly to raise public funding. In practice, the villagers' general assembly and the villager representatives' assembly have to discuss and approve the proposals for the construction of public goods such as schools and roads. After the proposals are approved, the villagers' general assembly and the villager representatives' assembly will authorize the villagers' committee to raise fund from villagers. The maximum number for this

collection is 20 yuan per villager. In addition, the central government has promised to use financial transfer to subsidize the case-by-case system. After a villagers' general assembly or a villager representatives' assembly has approved a plan for public projects, the plan will be sent to a township and county-level government. Then the township and county-level government will review the plan and use the funding transferred from the central government to subsidize the plan.⁴⁸

Before the tax-for-fee reform, villagers' committees could collect wutong and santi and retain some funding to support the construction of public goods.⁴⁹ After the abolishment of the agricultural tax, a villagers' committee can no longer extract fund from villagers to support such plans. The collection of funding for public projects in villages must be approved by the villagers' general assembly and the villager representatives' assembly. Otherwise, there is no money to support the construction of public goods. Therefore, the tax-for-fee reform has actually reinforced the important role of the villagers' general assembly and the villager representatives' assembly.

However, in practice, the distribution of powers is quite different in Chinese villages. In the current structure of self-governance in rural areas, the leading role of the Communist Party branch was clearly and legally affirmed by the Organic Law:

“The rural primary organizations of the CCP work according to the Constitution of the CCP, play a leading and core role, support and guarantee self-governance activities conducted by villagers according to the Constitution of the People's Republic of China and other state laws and directly exercise democratic rights.”⁵⁰

⁴⁸ Su and Yang, “Elections, Governance, and Accountability in Rural China.”

⁴⁹ Thomas P. Bernstein and Xiaobo Lü, *Taxation Without Representation in Contemporary Rural China* (Cambridge: Cambridge University Press, 2003).

⁵⁰ The Organic Law of Villagers' Committees in 1998.

Therefore, the highest decision-making power seldom rests in a villager representatives' assembly and a villagers' general assembly. In some villages, villagers' committees are the highest decision-making organs. In those villages where the Party branches are active and supported by township and county-level governments, village Communist Party branches are the highest decision-making organs. And in some villages, the highest power rests in the hands of both VCs and the Party branches.

Such institutional arrangement makes the relationship among self-governance institutions very complex. According to the Organic Law, a villager representatives' assembly and a villagers' general assembly are organs of the highest authority of a village, but, in many cases they are not effective at all since they are elected under the influence of Party branches and VCs. In some villages, village Party branches or a joint conference of village Party branches and VCs are actually the decision makers for village affairs. The village Party branch is elected under the leadership of township Party committees, or in many cases, its election is directly organized by the Party committees at the higher level.⁵¹ Since the Party branch has played such an important role in the self-governance structure, there was a strong demand for the democratic election of the Party branch.

Overall, many scholars suggest that the current rural self-governing system has to a certain extent liberalized political life in rural China through such measures as "semi-democratic" elections and the creation of the villager representatives' assembly and the

⁵¹ In their recent field study of southern Guangdong Province, for example, Guo Zhenglin and Thomas Bernstein find that Party secretaries in general are still much more influential and powerful than elected VC leaders. See Zhenglin Guo and Thomas P. Bernstein, "The Impact of Elections on the Villages Structure of Power: The Relations between the Village Committees and the Party Branches," *Journal of Contemporary China* 13 (2004): 257–275.

villagers' general assembly.⁵² But scholars also maintain that this grass-root political system can only be characterized as semi-democratic at best. This is because elections of leaders in the VCs and the Party branches are semi-democratic and the elections are still affected by the township and county-level governments.⁵³

MEASURING GOVERNANCE PERFORMANCE

Based on their empirical study of regional governments in Italy, Putnam and his associates suggest that the performance of a representative government can be measured along two key dimensions: "its responsiveness to its constituent" and "its effectiveness in conducting the public's business."⁵⁴ As I have discussed before, the Chinese government has also set up similar criteria for the grassroots self-governing system in rural areas. The central government has called on the representative governing institutions (the VCs) at the grass-root level to be effective in conducting village affairs and responsive to the demands of peasants within village. Therefore, in this study I will adopt the two dimensions designed by Putnam to measure the performance of local self-governing institutions in rural China. Specifically, these two dimensions include the VCs' responsiveness to their constituents and their effectiveness in managing village affairs.

⁵² Kevin J. O'Brien and Lianjiang Li, "Accommodating 'Democracy' in a One-Party State: Introducing Village Elections in China," *China Quarterly* 162 (2000): 465–89; Melanie Manion, "The Electoral Connection in the Chinese Countryside," *American Political Science Review* 90 (1996): 736–48; M. Kent Jennings, "Political Participation in the Chinese Countryside," *American Political Science Review* 91 (1997): 361–72; Yang Zhong and Jie Chen, "To Vote or Not to Vote: An Analysis of Peasants' Participation in Chinese Village Elections," *Comparative Political Studies* 35 (2002): 686–712; Jie Chen and Peng Deng, *China since Culture Revolution: From Totalitarianism to Authoritarianism* (Westport, Conn.: Praeger, 1995).

⁵³ Chen, "Popular Support for Village Self-Government in China: Intensity and Source;" Daniel Kelliher, "The Chinese Debate over Village Self-Government," *China Journal* 37 (1997): 63–86; Robert A. Pastor and Qingshan Tan, "The Meaning of China's Village Elections," *China Quarterly* 162 (2000): 490–512; Jean C. Oi and Scott Rozelle, "Elections and Power: The Locus of Decision-Making in Chinese Villages," *China Quarterly* 162 (2000): 513–539.

⁵⁴ Putnam, Leonardi, and Nanetti, *Making Democracy Work: Civic Traditions in Modern Italy*, 63. Please also see, Hannah F. Pitkin, *The Concept of Representation* (Berkeley: University of California, 1967).

As the institutional core of the rural self-governing system, the VCs are supposed to be formed based on popular consent among villagers and should be representatives of them. According to the Organic Law, a VC “shall be the primary mass organization of self-government, in which the villagers manage their own affairs, educate themselves, and serve their own needs.”⁵⁵ Therefore, I will use peasants’ subjective evaluations of the VCs as the indicator for the responsiveness of the village governance.

To measure the effectiveness of the village governance, I will adopt the method applied by Stephen Knack in his study of state governments in the United States. Stephen Knack focuses on the impacts of social capital upon the quality of state governments in the United States and he designs an objective scale to evaluate the overall performance of state governments based on five specific dimensions: financial management, capital management, human resources, managing for results, and information technology. Stephen Knack bases his assessments “on detailed information provided by 49 state governments (all but California) in response to a survey questionnaire, and on almost 1,000 in-person interviews of budget officers, public managers, auditors, academics, and legislative aides in every states.”⁵⁶

In this study I will use three major indicators to assess the effectiveness of the VCs. These indicators include management of land distribution, taxation, and expenditure of social welfare and the construction of public goods such as schools and roads. To assess the performance of the VCs on these indicators, I will mainly rely on peasants’ response to the survey questionnaire and in-person interviews of the village leaders in each surveyed village.

⁵⁵ The Organic Law of Villagers’ Committees in 1998.

⁵⁶ Knack, “Social Capital and the Quality of Government: Evidence from the States,” 775.

In addition, in order to capture an overall picture of peasants' evaluation of VCs' performance in each surveyed village, I computed an average score of each questionnaire item (reported below) for each village.

Responsiveness of the Villagers' Committee

In order to evaluate the responsiveness of the VCs to their constituents, I ask peasants in each surveyed village to evaluate the performance of their VCs in terms of its responsiveness. I used the following question in the survey:

“In general, our VC represents the interests of the villagers within our neighborhood, and manages village affairs based on our interests.”

The respondents were asked to rate this statement according to a 5-point scale, with 1 standing for strong disagreement and 5 referring to strong agreement with it. The average scores for the responsiveness of VCs range from a low of 2.3 to a high of 4.9 (Table 20). The mean of the average scores for the responsiveness of VCs in each surveyed village was 3.8, which is above the mid-point of the 5-point scale. The value of this item will be used as the variable RESPONSIVE to measure the responsiveness of the village governance in the following analysis.

Table 20. Average Scores for the Responsiveness of the VCs

Item	Minimum	Maximum	Mean of Average Community Scores
In general, our VC represents the interests of the villagers within our neighborhood, and manages village affairs based on our interests.	2.3	4.9	3.8

The Management of Land Distribution

The land distribution is the central issue in Chinese rural governance.⁵⁷ During the time period of the Imperial China and the Republic of China, land was private property. The land distribution was extremely uneven, because the wealthy could easily buy land from the poor and accumulated a large stock of land. As I have mentioned in Chapter 3, the landlord and rich peasants constituted less than 10 per cent of the rural population, but they owned more than 70 per cent of the arable land.

After the establishment of the People's Republic of China, Mao Zedong used collectivization to eliminate the private ownership of land. By the time when the system of people's communes was founded, all land had been collectively owned by the communes. Deng Xiaoping's reform ended the commune system and established a new household responsibility system. This new household responsibility system distributed all land to the village households based on the size of each household, and signed contracts with the village households, in which the land was leased to individual households for a certain number of years, currently, 50 years. The ownership of land still goes to the state, but the right to use and to obtain income is exclusively assigned to the village households.

All three village governance powers - the villager representatives' assembly and the villagers' general assembly, the VC, and the Party branch - may be involved in the process of land distribution. However, in practice, it is the VC that takes lead in distributing land to the village households. Therefore, the way how VCs conduct land distribution among villagers becomes an important indicator for the evaluation of

⁵⁷ Loren Brandt, Jikun Huang, Guo Li, and Scott Rozelle, "Land Rights in Rural China: Facts, Fictions and Issues," *China Journal* 47 (2002): 67-97.

effectiveness of VCs in managing village affairs. In the survey, there are a couple of items which measures the management of land distribution in the surveyed villages.

“Which year the village land was distributed to individual households?”

“How many times the village land was re-distributed to individual households since the first distribution?”

“Overall, are you satisfied with the situation of land distribution in your village?”⁵⁸

Based on the analysis of peasants’ responses to the survey questions, I have the following findings:

First, the majority of the surveyed villages (about 90 per cent) distributed their land to individual households during the time period from 1979 to 1984.

Second, almost half of the surveyed villages (about 48 per cent) did not organize the land re-distribution after the first land distribution. Only about 52 per cent of the surveyed villages have organize land re-distribution after the first land distribution, in addition, about 18 per cent of the surveyed villages have organized the land re-distribution for at least two times. There are two main reasons for the land re-distribution. First, the first land distribution (1979-1984) might not be fair; therefore, the land re-distribution could help readjust the fairness. Second, after 1978, peasants are no longer tied to their villages. Peasants have more freedom to move from one village to another, from rural areas to urban areas, and from regions to regions. The increasing peasants’ mobility necessitates the land re-distribution.

⁵⁸ The respondents were asked to answer on a 3-point scale, with 1 indicating “dissatisfaction,” 2 indicating “so-so,” 3 indicating “satisfaction.”

Third, about 42 per cent of the surveyed villages have more than a half of their villagers being satisfied with the situation of land distribution in their villages. On the other hand, about 38 per cent of the surveyed villages have more than a half of villagers who are not satisfied with the situation of land distribution in their villages.

Overall, the values of these three items are re-scaled to form an additive index - LAND - to measure the effectiveness of local governance in terms of land distribution in each surveyed village.

The Taxation Issue

As I have discussed in Chapter 2, the central government decided to promote a nationwide tax-for-fee reform in 2003. Under this new system, local governments can no longer extract fees from peasants and have to rely on the case-by-case system to request fund from villagers. The rationale behind this reform is to relieve peasants' burdens and increase their household incomes. The implementation of this reform becomes another important indicator for the effectiveness of rural governance.

In the survey, I have two items as follows to measure the implementation of this policy:

“Has your village implemented the tax-for-fee reform?”

“Is the tax-for-fee reform helpful for the improvement of your household economic situation?”

For the first item, the respondents were asked to answer on a dummy scale, where “1” indicated “yes”, and “0” referred to “no”. For the second item, the respondents were

asked to answer on a 3-point scale, with “1” indicating “not at all,” “2” indicating “somewhat,” and “3” indicating “very much”.

I have following findings from the result of survey questions. First, about 70 per cent of the surveyed villages have implemented tax-for-fee reform, while the rest of the surveyed villages (about 30 per cent) have not. Second, among those villages that have implemented tax-for-fee reform, only about 30 per cent of them have more than a half of villagers who agree with the statement that the tax-for-fee reform is helpful for the improvement of their household economic situation. It is striking to see that although most of the surveyed villages have implemented the tax-for-fee reform, there are 70 per cent of them have less than a half of villagers considering such reform helpful enough to improve their household incomes. The values of these two items are re-scaled to form an additive index – TAXATION - to measure the performance of each surveyed village in terms of the implementation of the tax-for-fee reform.

Expenditure on Social Welfare and Public Goods

The Organic Law clearly states that the VC “shall manage the public affairs and public welfare services of the village, mediate disputes among the villagers, help maintain public order, and convey the villagers’ opinions and demands and make suggestions to the people’s government.”⁵⁹ Thus, as the institutional core of rural governance, the VC has to fulfill the following tasks: managing public affairs, constructing public goods, providing basic public welfare service, and maintaining village orders. In this study, I will use villagers’ committees’ performance on providing

⁵⁹ The Organic Law of Villagers’ Committees in 1998.

basic social welfare and constructing public goods to gauge the governing effectiveness of the VCs.

Before the launch of tax-for-fee reform, the VCs could use the retained fund from the collection of wutong and santi to provide basic social welfare and construct public goods. However, after the abolishment of agricultural tax, the VCs have to rely upon the financial transfer from the central government and the case-by-case system to request fund from villagers to provide public services. The VCs' expenditure on village social welfare and public goods reflects their ability to negotiate with governments at higher levels and their legitimacy among villagers. The more expenditure on social welfare and public goods, the more effectively VCs serve their villagers.

Therefore, I use two objective indicators to measure the governing performance of the VCs in terms of providing basic social welfare service and constructing public goods. These objective indicators include the yearly expenditure on social welfare; and the yearly expenditure on the construction of public goods. The detailed information of these two indicators comes from the interviews of the village leaders in each surveyed village.

Table 21. The Yearly Expenditures on Social Welfare and Public Goods

Expenditures in Social Welfare	Per cent (100%)	Expenditures in the Construction of Public Goods	Per cent (100%)
No Spending	71	No Spending	34
More than 1000 yuan, but less than 10,000 yuan	22	More than 1000 yuan, but less than 10,000 yuan	25
More than 10,000 yuan	7	More than 10,000 yuan	41

Based on the result from the survey, I have the following findings:

1) About 71 per cent of the surveyed villages did not spend any money on providing basic social welfare. And only about 7 per cent of the surveyed villages used more than 10,000 yuan yearly to provide basic social welfare for their villages.

2) About 34 per cent of the surveyed villages did not spend any money on constructing public goods. Only about 40 per cent of the surveyed villages spent more than 10,000 yuan on constructing public goods every year.

Then, I re-scale the values of these two indicators on expenditure to form an additive index - EXPENDITURE - to measure the effectiveness of governance in each surveyed village in terms of providing basic social welfare and constructing public goods.

Analysis

How are these four indicators of local governance in the surveyed villages - responsiveness of the VCs, management of land distribution, taxation, and the expenditure on social welfare and public goods - related to each other? To answer this question, I first look at the governance performance of 8 samples of case studies chosen from the surveyed villages. It is striking to see that among case study villages, Xingzhuang, Fengshan, Jishui, and Dawang are consistently having higher scores for these four indicators of governance performance. Conversely, Daxi, Wuyang, Tiexiang, and Yanxi are consistently having lower scores for these four factors of local governance in rural China.

Then, I am going to examine the correlation among these four indicators: RESPONSIVE, LAND, TAXATION, and EXPENDITURE. The result showing in

Table 22 indicates that the correlations among the four indicators of local governance in rural China are high and statistically significant. Furthermore, I ran a factor analysis among these four indicators. The results from the factor analysis show that a single dominant factor emerged among these four indicators, accounting for 68 percent of the original variance (Table 23). Based on these findings from the factor analysis as well as the correlation analysis, I may conclude that there is a reasonable amount of coherence among these four governance indicators. In other words, villages that do well in any of these four governance indicators tend to have high performance scores on each of the other three governance indicators. As Table 23 indicates, villages either perform well in almost every governance dimension or perform poorly in most of these dimensions. Very few villages do relatively well in some governance dimensions and relatively poorly in other dimensions.

Table 22. Four Governance Indicators: Correlation Coefficients

	RESPONSIVE	LAND	TAXATION	EXPENDITURE
RESPONSIVE	1.00	0.53**	0.66**	0.75**
LAND		1.00	0.52**	0.44**
TAXATION			1.00	0.76**
EXPENDITURE				1.00

Note: ** $p < .01$.

All four original indicators are re-scaled for the sake of uniform measurement.

Given such a degree of coherence among these indicators, I combine these four separate governance indicators into a single Index of Governance Performance, which is constructed by aggregating the values on each of four indicators. Each of these values is standardized to have a range from 0 to 1, so that each has an equal weight in the Index. The final score for the Index of Governance Performance is transformed to have a range from 0 to 1. The closer is a score to 1, the better governance performance a village has. The closer is a score to 0, the worse governance performance a village has. The average score of the surveyed villages on this index is 0.54, and the standard deviation is 0.23. The Index of Governance Performance is closely correlated with each of its four constituent variables (RESPONSIVE, LAND, TAXATION, and EXPENDITURE).

Table 23. Governance Performance: Factor Analysis

Variables	Index of Governance Performance
RESPONSIVE	0.67
LAND	0.78
TAXATION	0.86
EXPENDITURE	0.72

Note: Extraction Method: Principal Component Analysis.

¹. 1 component extracted.

². Initial Eigenvalues=2.89; % of Variance=68

TESTABLE HYPOTHESES AND CASE STUDY

Based on the previous literature review, I expect that different types of social capital have different impacts on the governance performance of the grassroots self-governing institutions in rural China. My hypotheses are: 1) bridging social capital has

positive impacts on rural governance; 2) bonding social capital tends to exert negative influences on governance performance in the rural areas (see Table 24). In the following sections, I am going to explain different impacts of bridging social capital and bonding social capital on governance performance and apply case study to test my hypotheses.

Table 24. The Hypothesized Relationship between Social Capital and Governance Performance

	Governance Performance
Bridging Social Capital:	
Participation in the inclusive networks	+
The general trust in the outside people that you do not know	+
Bonding Social Capital:	
Participation in the exclusive network (clan organizations)	-
The parochial trust	-

Impacts of Bridging Social Capital

I expect that the two dimensions of bridging social capital - the general trust in the outside people that you do not know and the participation in inclusive networks - have a positive impact on the governance performance of the grassroots self-governing institutions in rural China. There are two major reasons for this expectation. First, both general trust and inclusive networks of bridging social capital encourage individuals

across social, economic, and ethnic divides to compromise and cooperate.⁶⁰ As Eric Uslaner points out, general social trust “can lead us to civic engagement with people who are different from ourselves.”⁶¹ As a result, this kind of generalized cooperative spirit creates a desirable environment for a representative government to function responsively and effectively. Therefore, bridging social capital may have a direct and positive impact on the performance of representative government. As Stephen Knack contends, bridging social capital “can broaden governmental accountability, so government must be responsive to citizens at large rather than to narrow interests.”⁶²

Second, my field observations suggest that bridging social capital generates positive impacts on the governance performance of the VCs in rural areas. Bridging social capital helps the VCs tackle social changes brought about by increasing diversity among rural population since the post-Mao rural reform. The reform ended the people’s commune system and distributed all collective land to individual households who then have to be responsible for their own production. Meanwhile, rural households are allowed to participate in non-farming economic activities such as opening small business or going to factories. All in all, due to these reform policies, rural communities have become increasingly diverse in terms of economic status. The gap between rich and poor among individual households has become conspicuous. In addition, peasants are no longer tied to their villages after the reform. They now have increasing freedom to migrate from villages to villages and from rural areas to urban areas. In some villages, the majority of adult males have migrated to urban areas and the elderly, females, and

⁶⁰ Fukuyama, *Trust: The Social Virtues and the Creation of Prosperity*; and Knack, “Social Capital and the Quality of Government: Evidence from the States.”

⁶¹ Uslaner, *The Moral Foundations of Trust*, 249.

⁶² Knack, “Social Capital and the Quality of Government: Evidence from the States,” 773.

children were left behind. As a result, villages have become much more diverse since 1978,⁶³ compared to those rural communities during the Mao's era. Before the rural reforms, villagers were tied to the collective land and lived in their villages for their whole lives due to the lack of social mobility. Therefore, in order to perform well to satisfy such a diverse and ever changing village population, the VCs need to respond to broad interests of their villagers. Because bridging social capital nurtures government's responsiveness to the interests of most citizens rather than to the narrow interests of a small group of people, a higher stock of bridging social capital in a village is likely to facilitate governance performance of the VCs.

On the other hand, after the tax-for-fee reform, the VCs have to rely upon the case-by-case system to request fund from villagers to support basic social welfare and construct public goods. The generalized cooperative spirit among villagers is crucially important for the well-functioning of the case-by-case system. Without such cooperative spirit, the compromise and consensus would become more difficult to achieve among the increasingly diverse rural population. Clearly, an abundance stock of bridging social capital is conducive to the well-functioning of the case-by-case system.

Impacts of Bonding Social Capital

I expect that the two dimensions of bonding social capital - the particular trust and the participation in exclusive networks - may have negative impacts on the governance performance of grassroots self-governing institutions in rural China. First of all, some early studies have cogently argued that both the particular trust and exclusive networks of bonding social capital tend to encourage governments and their officials to take care of

⁶³ Kennedy, "The Face of 'Grassroots Democracy' in Rural China: Real Versus Cosmetic Elections."

narrow interests of one group or another.⁶⁴ This tendency could jeopardize the responsiveness of a local government to its broad constituency in a community. In addition, such kind of social capital might not promote trust and cooperation among groups or individuals who have various backgrounds, because both particular trust and exclusive networks tend to emphasize the divisions and distinctions between “us” (those whom we know and are like us) and “them” (those whom we do not know and are not like us). Bonding social capital might generate distrust and suspicion towards people who are excluded from a group and encourage people to free-ride on the efforts of others. As Stephen Knack and Eric Uslaner suggest, bonding social capital, especially particular trust, is likely to discourage individuals from engaging in collective actions on behalf of the interests of their communities.⁶⁵

Second, as I mentioned before, one of the direct outcomes of the post-Mao rural reform is that rural communities have become increasingly diverse. Such increasing diversity requires the VCs to represent various interests of villagers. Meanwhile, the willingness to cooperate with other villagers has become more and more important for effective governance of VCs in increasingly diverse rural communities.

However, bonding social capital has the tendency to “bolster our narrower selves” rather than to encourage a broad representation of and cooperation among people who do not know each other and who are not alike. This kind of social capital will make the village politics more divisive and polarized. Therefore, it will be more difficult to achieve agreement and consensus on adopting or implementing public policies.

⁶⁴ Fukuyama, “Social Capital and Development: The Coming Agenda;” Knack, “Social Capital and the Quality of Government: Evidence from the States;” Zmerli, “Applying the Concepts of Bonding and Bridging Social Capital to Empirical Research.”

⁶⁵ Knack, “Social Capital and the Quality of Government: Evidence from the States;” Uslaner, *The Moral Foundations of Trust*.

On the other hand, Lily Lee Tsai found that some exclusive networks, such as village temples and village-wide lineages, played a positive role in encouraging rural grassroots governments to provide public goods. According to her study, a necessary condition for this positive relationship between particularized networks and the effectiveness of village governance was the overlapping of “the administrative boundaries of the local government” and “the boundaries of a solidary group.”⁶⁶

In this survey, only about 28 per cent of the surveyed villages have informal clan organizations. While, there are only about 8 per cent of the surveyed villages have well-established clan organizations, which means those villages have clan temples. According to Lily Lee Tsai, the precondition for bonding social capital to have positive impacts on rural governance is that there must be an overlap between the administrative boundaries of a VC and the boundaries of a clan group. Among the surveyed villages, there are only about 3 per cent of them have such clan organizations whose boundaries overlap with the administrative boundaries of the VCs. In order to test Lily Lee Tsai’s argument, I create a new variable CLANOVERLAP to mark those villages on a dummy scale, with 1 indicating that this village has such clan organization whose boundary overlap with the administrative boundary of the VC, 0 indicating that this village has no such clan organization. In the following multivariate regression analysis, I will include this new variable CLANOVERLAP to test the validity of Lily Lee Tsai’s theory.

⁶⁶ Tsai, “Solidary Groups, Informal Accountability, and Local Public Goods Provision in Rural China,” 356.

Case Studies

In this section, I will start looking for causes of good governance performance by using Stuart Mill's Methods of Agreement and Difference to examine a group of 8 villages (Xingzhuang, Fengshan, Jishui, Dawang, Daxi, Wuyang, Tiexiang, and Yanxi). First, I divide these 8 villages into two groups. The first group includes those villages whose values on the index of governance performance are conspicuously high (good governance). The second group includes those villages whose values on the index of governance performance are conspicuously low (poor governance). I will label the first group as "positive cases" which include Xingzhuang, Fengshan, Jishui, and Dawang. The second group consists of "negative cases" which include Daxi, Wuyang, Tiexiang, and Yanxi.

As I have discussed in Chapter 3, I consider three general characteristics as crucial: regional location, distance to market town, and village size. Villages in each subgroup - positive cases and negative cases - have different values on these three general characteristics respectively.

Second, in terms of the requirement of the Methods of Difference, the case group of 8 villages is divided into four subgroups: group one (Xingzhuang, Daxi), group two (Fengshan, Wuyang), group three (Jishui, Tiexiang), and group four (Dawang, Yanxi). These two villages in each group have the same values on three general factors but have different values on the index of governance performance.

From the stage one of applying the Method of Agreement I have the following findings: 1) within the group of positive cases, the two dimensions of bridging social capital - general trust and the participation in inclusive networks - are consistently

positively associated with good governing performance which is indicated by high values on the index of governance performance. Such finding tends to suggest that general trust and the participation in inclusive networks are candidate causes of good governance in rural China. On the other hand, the three general factors, regional location, distance to market town, and village size, cannot be considered as valid causes of good governance, since none of them are associated with good governing performance.

Table 25. Mill's Method of Agreement Applied to Positive Cases

	Participation in Inclusive Networks	General Trust	Location	Distance to Market Town	Size of Village	Index of Governance Performance
Xingzhuang	High	High	Northeast China	Medium	Very Large	High
Fengshan	High	High	Northwest China	Extremely Far	Small	High
Jishui	High	High	South China	Extremely Close	Large	High
Dawang	High	High	Middle China	Close	Medium	High

2) Within the group of negative cases, the two dimensions of bonding social capital - particular trust and the participation in exclusive networks are consistently positively associated with poor governing performance (the value on the index of governance performance is low). Based on such finding I suggest that particular trust and the participation in exclusive networks are candidate causes for poor governance in rural China. The three general factors, regional location, distance to market town, and village

size, are not valid causes for poor governance in rural China, since none of them are associated with poor governing performance.

Table 26. Mill's Method of Agreement Applied to Negative Cases

	Participation in Exclusive Networks	Parochial Trust	Location	Distance to Market Town	Size of Village	Index of Governance Performance
Daxi	High	High	Northeast China	Medium	Very Large	Low
Wuyang	High	High	Northwest China	Extremely Far	Small	Low
Tiexiang	High	High	South China	Extremely Close	Large	Low
Yanxi	High	High	Middle China	Close	Medium	Low

I have the following findings by applying the Method of Difference to four subgroups. First, within each subgroup (group one, group two, group three, and group four) the values of the two dimensions of bridging social capital - the general trust and participation in inclusive networks - are high whenever the values on the index of governance performance are high and are low whenever the values on the index of governance performance are low. Such findings meet Mill's requirement that X should be present whenever Y is present and X should be absent whenever Y is absent.

Second, within each subgroup (group one, group two, group three, and group four) the values of the two dimensions of bonding social capital - the particular trust and participation in exclusive networks - are high whenever the poor governing performance is present and are low whenever the poor governing performance is absent.

Table 27. Mill's Method of Difference Applied to Four Subgroups

		Location	Distance to Market Town	Size of Village	Bridging Social Capital	Bonding Social Capital	Index of Governance Performance
Group 1	Xingzhuang	Northeast China	Medium	Very Large	High	Low	High
	Daxi	Northeast China	Medium	Very Large	Low	High	Low
Group 2	Fengshan	Northwest China	Extremely Far	Small	High	Low	High
	Wuyang	Northwest China	Extremely Far	Small	Low	High	Low
Group 3	Jishui	South China	Extremely Close	Large	High	Low	High
	Tiexiang	South China	Extremely Close	Large	Low	High	Low
Group 4	Dawang	Middle China	Close	Medium	High	Low	High
	Yanxi	Middle China	Close	Medium	Low	High	Low

Third, the above two patterns are consistently valid across all subgroups (group one, group two, group three, and group four) which have different values on the three general factors: regional location, distance to market town, and village size. This finding confirms that the above two patterns have a strong reliability and have a high level of representativeness.

Based on my case studies of applying the Mill's Methods of Agreement and Different, I have two important findings. First, the general trust and participation in inclusive networks are causes of good governance performance in rural China. Second,

the particular trust and participation in exclusive networks are causes of poor rural governance. To generalize such findings to the rest of China, I will draw upon the regression analysis based on the nation-wide survey of 410 villages.

REGRESSION

In this section, I am going to run a multiple regression model (OLS) to test the expected impacts of the two types of social capital on the governance performance of self-governing institutions in rural China. In order to control for the potential influences from other variables, I include five control variables in the multiple regression: 1) regional location; 2) distance to market town; 3) village size; 4) level of village economic development, and 5) the membership in the formal civic organizations. In addition, I also include the variable CLANOVERLAP in the model to test the validity of Lily Lee Tsai's theory.

First, I am going to explain the potential impacts of economic development upon village governance. There is a large body of literature suggesting that the level of regional economic development may have influences on the regional governance. As Stephen Knack points out, in wealthier communities the pressures on the local governing bodies to operate efficiently may be significantly reduced, and hence these governing bodies could satisfy their residents much easier than could their counterparts in poorer communities.⁶⁷ In addition, Robert Putnam and his associate contend that regional socioeconomic modernity is "somewhat associated with high-performance of public institutions," because developed regions "have a head start over their poorer counterparts in material and human resources" that may facilitate the performance of local

⁶⁷ Knack, "Social Capital and the Quality of Government: Evidence from the States," 777.

governments.⁶⁸ Some earlier studies of the rural grassroots self-governing system in China tend to confirm such relationship between socioeconomic development and the performance of public institutions. For example, Melanie Manion suggests that “village mean per capita income as summary measure of economic environment” might affect the attitudinal congruence between villagers and cadres.⁶⁹ Such congruence is conducive to the well-functioning of the rural grassroots institutions. Drawing on these early works, I speculate that the level of economic development of each surveyed village might positively influence the performance of the VCs, since good economic performance can be translated into financial and human resources for the VCs.

Second, in regard to the potential impact of village size, some analysts of the village self-governing system suggest that the size of a village might affect villagers’ political participation and awareness.⁷⁰ Specifically, these analysts indicate that the larger a village is, the more difficult it is to get villagers to involve in the governance of village affairs. Then, it is more difficult to achieve consensus and shared interests among villagers in larger villages than in smaller villages. Therefore, it is not easy for a large village to organize collective actions among villagers. As a consequence, the size of villages tends to negatively associated with the governance performance of the VCs.

Third, regarding to the potential impact of village distance to market town, some scholars suggest that the distance to market town indirectly influences the governance performance through its impact on the economic development of villages.⁷¹ Specifically, these analysts indicate that the closer a village is to market town, the more opportunities

⁶⁸ Putnam, Leonardi, and Nanetti, *Making Democracy Work: Civic Traditions in Modern Italy*, 85.

⁶⁹ Manion, “The Electoral Connection in the Chinese Countryside,” 740.

⁷⁰ Pastor and Tan, “The Meaning of China’s Village Elections.”

⁷¹ Tanyu Jiang, *Zhongguo xinnongcun diaocha (China New Country Investigation)* (Beijing: Renmin chubanshe 2007).

and resources it has for development. Since economic development may positively affect the functioning of the rural self-governing institutions, a village's distance to market town may have an indirect impact on the governance of the VCs through its influence on economic development.

Fourth, there is a large body of literature focusing on the potential impact of the membership in the formal civic organizations on governance performance. Scholars suggest that in the Western societies, a dense participation in the formal civic organizations may facilitate the performance of local governments.⁷² However, as I discussed in Chapter 2, the majority of formal civic organizations in rural China are created to achieve state and regime objectives and are sponsored or controlled by the Party-state. These formal organizations are neither voluntarily nor horizontally organized and do not meet Putnam's requirements for civic associations. Therefore, I expect that the participation in the formal civic organizations may not have positive impacts upon the rural governance, and it may generate negative impacts instead.

Overall, the results from the multivariate regression model (OLS) support my earlier expectations regarding the relationships between the two types of social capital and the governance performance (Table 28).

⁷² Putnam, Leonardi, and Nanetti, *Making Democracy Work: Civic Traditions in Modern Italy*; Putnam, *Bowling Alone: Collapse and Revival of American Community*.

Table 28. Multiple Regression (OLS) of Social Capital and Governance Performance

	Index of Governance Performance		
	<i>B</i>	s.e.	beta
Bridging Social Capital:			
Participation in Inclusive Networks	2.97**	1.17	.24
General Trust	.59**	.16	.17
Bonding Social Capital:			
Participation in Exclusive Networks	-1.92**	.89	-.16
Particular Trust	-.78**	.29	-.14
CLANOVERLAP ¹	1.57	1.07	.07
Control Variables:			
Village Economic Development ²	.66**	.21	.19
Participation in Formal Civic Organizations	.09	.07	.02
Village Size	.78	.56	.05
Distance to Market Town	1.73	1.28	.04
Regional Location: ³			
Northeast	1.44	1.06	.06
North	1.94	1.26	.03
Middle	2.32	1.81	.04
South	.89	.65	.01
Constant	.92**	.25	
<i>R</i> ²		.33	
Adjusted <i>R</i> ²		.30	
<i>N</i>		370	

Note: *b* refers to unstandardized coefficient, whereas beta stands for standardized coefficient. s.e. = standardized error. * $p < .05$; ** $p < .01$.

¹ 1=the village has a clan organization, whose boundaries overlap with the administrative boundaries of the VC; 0=the village has no such clan organization.

² Village Economic Development is measured by the Index of Development Performance, which has been explained in Chapter 3.

³ Northwest is used as the baseline comparison.

First of all, the evidence presented in Table 9 clearly indicates that both subjective norm and objective networks of bridging social capital - the general trust and participation in inclusive social networks - have a significant and positive impact on the governance performance even after controlling the influences of regional location,

distance to market town, village size, level of village economic development, and the membership in the formal civic organizations. In other words, as I expected, those villages that are endowed with abundant bridging social capital tend to have good governance of the VCs in terms of the four governance dimensions such as the responsiveness of the VCs, management of land distribution, taxation, and expenditure of social welfare and public goods.

Second, the results from the regression model show that both subjective norms and objective networks of bonding social capital - the particular trust (the trust in relatives and same village residents with same family name) and the participation in exclusive networks (the clan organizations) - have a significant and negative impact on the governance performance. These results suggest that those villages whose particular trust and exclusive social networks go rampant tend to suffer from poor governance performance of the VCs in terms of the four governance dimensions.

Third, the variable CLANOVERLAP have no significant impact on the governance performance. Such result is different from Lily Lee Tsai's finding that village clan organizations may play a positive role in encouraging the rural grassroots governments to provide public goods as long as there is an overlapping of the administrative boundaries of the VCs and the boundaries of clan organizations. The gap between my findings and Lily Lee Tsai's theory can be explained by two factors. First, the index of governance performance in this study is more comprehensive than that used by Lily Lee Tsai. Tsai mainly used the provision of public good to evaluate the local governance in rural China.⁷³ In addition to the provision of public goods, the index of

⁷³ Lily Lee Tsai, *Accountability Without Democracy: Solidary Groups and Public Goods Provision in Rural China* (Cambridge: Cambridge University Press, 2007).

governance performance in this study also includes indicators such as the responsiveness of the VCs, management of land distribution, taxation, and expenditure of social welfare and public goods. Second, the surveyed villages in this study are randomly selected from 24 provinces and municipalities directly under the central government. Lily Lee Tsai's research was limited to the villages selected from 4 provinces: Shanxi, Hebei, Jiangxi, and Fujian.⁷⁴ Given the fact that China is a large country with unbalanced regional development, Lily Lee Tsai's case study may keep her conclusions from being generalized to the other part of rural China.

Finally, among these control variables, only the level of village economic development has significant impacts on the governance performance. Those villages with high levels of economic development tend to have more effective and more responsive villagers' committees. On the other hand, as I expected, the participation in formal civic organization does not have a significant impact upon the governance performance, because these formal organizations are linked to a state agency and are executor of its policies.

CONCLUSION

In this chapter, I have discussed the general background of the rural governance in China. In Chinese history, the village governance was controlled locally by traditional village elites (the rich peasants and gentry) and the power of the central government had never penetrated into the countryside. After the establishment of the people's commune system, the Maoist regime finally penetrated into every corner of the vast rural

⁷⁴ Ibid.

communities and set up a new pattern of rural governance. As a consequence, villages lost their independence from the state power.

Since the onset of the post-Mao rural reforms, rural governance has manifested the retreat of state power and the return of self-governance. Overall, the current rural self-governing system has been liberalized through such measures as democratic elections of the VCs and the creation of the villagers' general assembly and the villager representatives' assembly. I designed four indicators to measure the governing performance in each surveyed village. These four indicators include the responsiveness of the VCs, management of land distribution, taxation, and expenditure of social welfare and public goods. The overall results from my index of governance performance indicate that the governing performance in the surveyed villages is unbalanced: in some villages, the villagers' committees are effective and responsive; while on the other hand, there are some villages whose villagers' committees are not effective at all.

I hypothesize that two types of social capital variably influence the governing performance in rural China. The bridging social capital embodied in general trust and inclusive social networks positively affects the governing performance of the VCs. While, the bonding social capital measured by particular trust and exclusive social networks negatively impacts rural governance. In general, my hypotheses have been supported by the case study of 8 villages and regression analysis based on the nationwide survey of 410 villages.

I also find that the clan organizations in villages have no significant impact on the governing performance of the VCs, even there is an overlapping of the administrative boundaries of the VCs and the boundaries of clan organizations. Such result is different

from Lily Lee Tsai's findings from her empirical study in rural China. Such gap can be explained by the variation in sample selection and governance measurement. In addition, I find that the dense participation in formal civic organization has no significant impact on the governing performance of the VCs.

These findings may have at least two important implications. First, the findings from this chapter support the argument by some earlier studies that various types and dimensions of social capital may have different, rather than only positive, impacts on the governing performance of local governments. Second, the findings from this study suggest that under a non-democratic political system, the performance of grassroots self-governing institutions such as the VCs may be significantly improved by increasing the right kind of social capital along the two dimensions. In rural China, general trust and inclusive networks can contribute to good governance of the grassroots self-governing institutions.

CHAPTER V

SOCIAL CAPITAL AND DEMOCRATIC PARTICIPATION IN RURAL CHINA

The empirical studies in previous chapters suggest that bridging social capital has positive impacts on the village-level economic development and governance performance, while bonding social capital negatively affects economic development and governance performance in rural China. In this chapter, I explore the impacts of social capital on villagers' participation in the democratic process of rural grassroots governance as well as the policy making of village affairs. I anticipate that bridging social capital and bonding social capital influence democratic participation in the same way they affect economic development and governance performance.

Proponents of social capital maintain that in communities where the stock of social capital is high, participation in the democratic process will be high and more people will be involved actively in a larger range of political activities. "Citizens in civic communities," it is claimed, "demand more effective public service, and they are prepared to act collectively to achieve their shared goals."¹ Although China's political system is not democratic, the post-Mao institutional reforms in the rural areas have begun the process of democratization of the grassroots self-governing institutions through such measures as "democratic" elections of villager's committees and the establishment of the villager representatives' assembly and the villagers' general assembly. As the consequence of these institutional reforms, ordinary peasants have been provided with genuine opportunities to participate in the management of village affairs and in the decision-making process regarding important issues for the villages. Measures are

¹ Putnam, *Bowling Alone: Collapse and Revival of American Community*, 182.

developed to scale the villagers' democratic participation based upon the interviews of peasants in each surveyed village and villagers' subjective evaluations of the participatory orientations in the process of rural grassroots governance.

Drawing upon the multivariate regression analysis of the surveyed group of 410 villages, I find that the level of bridging social capital accounts for a substantial part of the variance of democratic participation levels, which is important for the health of village democracy. However, bonding social capital tends to reinforce the patron-client links between village leaders and peasants; therefore, it only mobilizes peasants to participate for particular interests.

PREVIOUS SCHOLARSHIP AND THEORETICAL DISCUSSION

The previous scholarship has achieved a consensus that in the Western democracy social capital has a positive impact upon political participation at the individual level. This claim was first supported by the evidence from Almond and Verba's seminal work: *The Civic Culture*. The surveys conducted in five countries, including Italy, Germany, Mexico, the United States and the United Kingdom, show that members of associations displayed more political sophistication, social trust, political participation, and "subjective civic competence."² Then, this claim was supported by the empirical research on citizens of Italy conducted by Putnam and his associates in their work of *Making Democracy Work*. The findings from this research indicate that "internally, associations instill in their members habits of cooperation, solidarity, and public spiritedness," and participation in civic organizations inculcates skills of cooperation as well as a sense of shared responsibility for collective endeavors. As a result, social

² Almond and Verba, *The Civic Culture*.

capital will lead to more democratic participation.³ Overall, the previous literature suggests that social capital will change the political attitudes of citizens, including political interests, political sophistication, and democratic values and so on. By changing these political attitudes, social capital will enhance the level of citizens' participation in democracy, which is essential for the maintenance and functioning of a democratic system.

Change of Political Values

Social capital scholars believe that an abundant stock of social capital may inculcate a society with the democratic values which are necessary for effective democratic governance.⁴

First, in the Western democracy, the general social trust provides the foundation for people to trust in the democratic process. The key of the democratic process is the concept that people must be willing to place political power in the hands of public officials elected by citizens. Those who live in a society with high level of general trust are more likely to accept this concept. Thus an abundant stock of general trust in a democratic society would help ensure efficient and regular turnovers of power after elections.⁵ However, when people do not trust their fellow citizens, elections and transitions of power appear to be far more dangerous. Without general trust in the political process, citizens may have fears that losing an election will result in losing all

³ Putnam, Leonardi, and Nanetti, *Making Democracy Work: Civic Traditions in Modern Italy*.

⁴ Almond and Verba, *The Civic Culture*; Boix and Posner, "Social Capital: Explaining Its Origins and Effects on Government Performance;" Brehm and Rahn, "Individual-Level Evidence for the Causes and Consequences of Social Capital;" Newton, "Social Capital and Democracy;" Paxton, "Is Social Capital Declining in the United States? A Multiple Indicator Assessment;" Alexis de Tocqueville, *Democracy in America*, trans. George Lawrence, ed. J.P. Mayer and Max Lerner (New York: Harper and Row, 1966).

⁵ Paxton, "Is Social Capital Declining in the United States? A Multiple Indicator Assessment."

access to political power. It is easy to imagine that one's opponents would not cede power after losing an election and might even resort to force to stay in power.⁶ As concluded by Robert Lane, ".....[T]hose who believe that others can be trusted.....are more likely to believe in the democratic process.....[T]hose with a relatively greater faith in people are psychologically prepared to accept the democratic process and to believe that they, and others like them, may be effective in elections."⁷ Thus, I anticipate that general trust has positive impact upon the belief in the democratic process, while, the particular trust has no such impact, or even has negative impacts.

Second, in the Western democracy, the objective social networks will instill in their members the spirit of democratic values. Participation in both formally organized civic organizations and informal social networks is essential for generating democratic norms among citizens.⁸ This is due to two main effects. The first is the internal effect. Participation in both formally organized civic associations and informal social networks teach people "the civic virtues of trust, moderation, compromise, reciprocity, and the skills of democratic discussion and organization."⁹ These values and norms become most stable when they emerge through intense face-to-face interaction in both formal civic organizations and informal social networks.¹⁰ The second is the external effect. Participation in both formal organized civic associations and informal social networks set

⁶ John L. Sullivan and J. E. Transue, "The Psychological Underpinnings of Democracy: A Selective Review of Research on Political Tolerance, Interpersonal Trust, and Social Capital," *Annual Review of Psychology* 50, no. 1 (1999), 641.

⁷ Robert E. Lane, *Political Life: Why People Get Involved in Politics* (New York: Free Press, 1959), 163-164.

⁸ Boix and Posner, "Social Capital: Explaining Its Origins and Effects on Government Performance;" Brehm and Rahn, "Individual-Level Evidence for the Causes and Consequences of Social Capital;" Newton, "Social Capital and Democracy;" Larry Diamond, "Rethinking Civil Society: Toward Democratic Consolidation," *Journal of Democracy* 5, no. 3 (1994): 4-17; and idem, *Developing Democracy: Toward Consolidation* (Baltimore and London: The Johns Hopkins University Press, 1999).

⁹ Newton, "Social Capital and Democracy," 579.

¹⁰ Diamond, *Developing Democracy: Toward Consolidation*.

the limit on the state power. As provided by de Tocqueville, “.....[A]n association, be it political, industrial, commercial, or even literary or scientific, is an educated and powerful body of citizens which cannot be twisted to any man’s will or quietly trodden down, and by defending its private interests against the encroachments of power, it saves common liberties.”¹¹ However, social capital scholars argue that exclusive social networks and inclusive social networks may have different impacts on democratic values. They suggest that only inclusive social networks teach people the democratic virtues of trust, moderation, compromise, and the skills of democratic discussion and organization, while exclusive social networks have no such impacts.¹² Most of exclusive social networks are hierarchically organized and the relations among members thus tend to be like patron-client. As a result, exclusive social networks only create the undemocratic spirit of obedience and hierarchy.

In addition, social capital scholars suggest that the two dimensions of bridging social capital - the general trust and inclusive networks - teach people the value of public-spiritedness.¹³ In a community with an abundant stock of bridging social capital people tend to be more interested in public affairs involving the whole community.¹⁴ On the other hand, the two dimensions of bonding social capital - the particular trust and exclusive networks - reinforce the narrow interest within the group. It is more difficult for people living in a community with a high level of bonding social capital to reach any

¹¹ Tocqueville, *Democracy in America*, 697.

¹² Zmerli, “Applying the Concepts of Bonding and Bridging Social Capital to Empirical Research;” Callahan, “Social Capital and Corruption;” Pye, “Civility, Social Capital, and Civil Society.”

¹³ Ken’ichi Ikeda and Sean E. Richey, “Japanese Network Capital: The Impact of Social Networks on Japanese Political Participation,” *Political Behavior* 27, no. 3 (2005): 239-260.

¹⁴ Gregory Saxton and Michelle A. Benson, “Social Capital and the Growth of the Nonprofit Sector,” *Social Science Quarterly* 86, no. 1 (2005): 16-35.

consensus or take any collective actions to provide public goods for the whole community.

Enhancing Political participation

In this study, political participation is not a component of social capital. Rather, it is one of the outcomes of social capital.¹⁵ As suggested by Pamela Paxton, “[s]ocial capital, as originally theorized, does not include specific actions of individuals, such as voting or volunteering - these are outcomes that we would expect to be facilitated by high levels of social capital. Once outcomes are separated from social capital, we can test whether declining levels of social capital have detrimental effects on other variables such as voting.”¹⁶ I anticipate that the two dimensions of bridging social capital may generate positive impacts on individuals’ participation in politics.

First, the general social trust facilitates individuals’ political participation. As argued by Gabriel Almond and Sidney Verba, “.....the belief that people are generally cooperative, trustworthy, and helpful.....has political consequences. Belief in the benignity of one’s fellow citizen is directly related to one’s propensity to join with others in political activity.”¹⁷ Their empirical findings indicate that, “in the United States and Britain the more one has such faith in people, the more likely he is to believe that he can work with his fellow citizen in attempting to influence the government. In the United States among those with strong faith in people, 80 per cent report that they would attempt to form a group to influence the local government, while this is reported by only 58 per

¹⁵ In the work of *Making Democracy Work*, Putnam and his associates include political participation as one component of social capital. Please see, Putnam, Leonardi, and Nanetti, *Making Democracy Work: Civic Traditions in Modern Italy*.

¹⁶ Paxton, “Is Social Capital Declining in the United States? A Multiple Indicator Assessment,” 101.

¹⁷ Almond and Verba, *The Civic Culture*, 285.

cent of those low on faith in people. Those local competents whose faith in people is moderate are also moderate in the frequency with which they report they would attempt to form political groups. And in Britain the same pattern is apparent: 50 per cent of those local competents high in faith in people would form such groups, in contrast with 33 per cent of those low in faith in people. And the relationship persists on both higher and lower educational levels.”¹⁸ Furthermore, Donna Bahry and Brian Silver suggested that general trust shall be positively related to those political activities which require cooperation among citizens such as demonstrations and protests.¹⁹ However, the particular trust tends to shrink individuals’ spirit of cooperation and reciprocity, thus it has negative impacts upon those political activities which require cooperation and agreements. The particular trust only encourages individuals to contact with government officials and those contacts are more likely to focus on the narrow interest or to be rent-seeking.

Second, the objective social networks may stimulate political participation by increasing the political efficacy and civic skills of their members and promoting an appreciation of democratic citizenship.²⁰ Active participation in social networks will help their participants gain political efficacy and change their participants to “sophisticated consumers” of politics by providing them opportunities to discuss political or public

¹⁸ Almond and Verba, *The Civic Culture*, 285.

¹⁹ Donna Bahry and Brian D. Silver, “Soviet Citizen Participation on the Eve of Democratization,” *American Political Science Review* 84 (1990): 821-848.

²⁰ Diamond, *Developing Democracy: Toward Consolidation*; Sidney Verba, Kay Lehman Schlozman, and Henry E. Brady, *Voice and Equality: Civic Voluntarism in American Politics* (Cambridge, Mass.: Harvard University Press, 1995); Sidney Verba and Norman H. Nie, *Participation in America: Political Democracy and Social Equality* (New York: Harper & Row, Publishers, 1972); Ronald La Due Lake and Robert Huckfeldt, “Social Capital, Social Networks, and Political Participation,” *Political Psychology* 19, no. 3 (1998): 567-584; Hall, “Social Capital in Britain.”

affairs and exposing them to political stimuli.²¹ As suggested by Sidney Verba and Norman Nie, social organizations may “expose their members to specifically political stimuli. The member is exposed to conversation about politics or he is exposed to the politically relevant activities of the organization itself. These political exposures, in turn, increase his interest in politics and lead him to greater levels of political activity outside the organizational framework.”²² In addition, social networks provide foundations for the exchange of political information and expertise among individuals. Individuals will gain political efficacy through the interaction within members in social networks. Ronald La Due Lake and Robert Huckfeldt suggest that “[i]t is possible to conceive of an individual, located within an extensive network of social relations, who seldom communicates about politics. In comparison to a social isolate who is similarly disengaged from political communication, such an individual is perhaps better situated to obtain political information and expertise through the accumulation of multiple interaction opportunities,”²³ and thus such an individual is better situated to obtain political efficacy. With regard to civic skills, these social networks “offer many opportunities to acquire, or improve, organizational or communications skills in the context of activities that have nothing to do with politics.”²⁴ Thus, those who develop skills in such social networks are more likely to become politically competent and thus are more likely to participate in the political or public affairs.

A substantial body of empirical evidence supports that political participation follows directly from the high level of associational activity and informal sociability in

²¹ Boix and Posner, “Social Capital: Explaining Its Origins and Effects on Government Performance;” Verba, Schlozman, and Brady, *Voice and Equality*; Verba and Nie, *Participation in America*.

²² Verba and Nie, *Participation in America*, 186-187.

²³ Lake and Huckfeldt, “Social Capital, Social Networks, and Political Participation,” 571.

²⁴ Verba, Schlozman, and Brady, *Voice and Equality*, 310

the Western societies.²⁵ For example, Lake and Huckfeldt found that “.....as political expertise within the network increases, so does individual involvement in politics.

Similarly, as the frequency of political interaction within the network increases, so does the likelihood of participation.....individuals who.....appear to develop skills that make them more likely to become politically engaged in a wider range of political activities.”²⁶

However, exclusive social networks seem to have no such positive impacts on political participation. Because the relations among members of exclusive social networks tend to be hierarchical, members of exclusive social networks lack for opportunities to communicate political information equally. As a result, exclusive social networks can not improve the political efficacy and civic skills of their members and may reduce political participation of their members.

Based on the above discussion, I have two expectations about the impacts of social capital on democratic participation.

1) The two dimensions of bridging social capital - the general trust and inclusive social networks - will enhance the level of citizens' participation in the democratic systems. On the one hand, these two dimensions will prepare citizens' political attitudes towards participation in the democratic systems. Those political attitudes include political cooperation, political interest, democratic values, and political efficacy and so on. On the other hand, these two dimensions will provide citizens with resources, such as civic skills and political information and expertise, to participate in politics.

2) The two dimensions of bonding social capital - the particular trust and exclusive social networks - will hinder citizens' participation in the democratic systems.

²⁵ Verba, Schlozman, and Brady, *Voice and Equality*; Verba and Nie, *Participation in America*; Hall, “Social Capital in Britain.”

²⁶ Lake and Huckfeldt, “Social Capital, Social Networks, and Political Participation,” 579.

These two dimensions will reinforce citizens' undemocratic attitudes, such as political indifference, pursuit of narrow interests, spirit of obedience and hierarchy and so on. In addition, these two dimensions will encourage citizens to contact with officials who they have connections. And most of these contacting behaviors tend to focus on personal interests.

Do these arguments based on the experiences of Western societies still hold true in Chinese settings? In the following sections, I attempt to address this question by analyzing survey data collected from 410 villages in rural China. In particular, I am going to investigate how the two types of social capital along the two dimensions influence the outcome of democratic participation in the village self-governance.

VILLAGE ELECTION AND PARTICIPATION

In this section, I will provide a general description of the democratic participation in the village self-governance. According to the Organic Law, the chairman and members of a villagers' committee shall be elected directly by the villagers. The term of office for a villagers' committee shall be three years, and the members of a villagers' committee may continue to hold office when they are reelected. Thus, the basic participatory mode in the rural China is the election of the members of the VCs.

The election of the members of the VCs by villagers is of vital significance for rural democracy and represents the most substantial progress in rural democratic governance. The development of rural democracy is roughly divided into two stages. In the first stage of this process (1980 - 1990), the members of the VCs are indirectly elected by an electorate consisting of representatives selected from villagers. Villagers

first elect their representatives, and then these representatives formally elect the chairmen and members of the VCs. In this stage, the direct election by all villagers has been a rare practice, whereas the indirect election by an electorate consisting of representatives has been most widely practiced. It is much easier for the township Party and government leaders to control indirect elections rather than all villagers' direct elections due to the fact that most "representatives" who voted in indirect elections were actually chosen by the incumbent VCs from their activists and supporters, or designated by the township Party branch and government leaders.

The Organic Law did not stipulate clearly how the candidates for VC members should be nominated. In practice, there are five ways of nomination for the VC members: 1) the township government and Party leaders select the candidates; 2) the VCs themselves select the candidates; 3) the township government and Party leaders and the VCs jointly select the candidates; 4) the township government and Party leaders and the VCs jointly select the candidates with consultation with villagers; 5) villagers jointly nominate the candidates. In the first stage, the nomination of candidates for the VC members was also closely monitored and controlled by the township government and Party leaders, and villagers almost had no influence in the nomination process.

In the second stage of democratization process of rural self-governing system (1990 to present), villagers directly elect the members of the VCs. Such election is generally called "sea election (haixuan)" which first originated in Lishu County, Jilin Province. Since 1990, the direct election of the members of the VCs has been gradually introduced to rural areas across the country. In practice, these directly-elected VCs shared the following major characteristics: 1) the electorate was expanded to include all

villagers living in the villages; 2) villagers have the right to nominate candidates for the members of the VCs; 3) multiple candidates are required for any contested position in the VCs; and 4) for the first time, candidates have the right to run their election campaigns in public.²⁷

In addition, direct elections also require the change of policies and procedures of old elections. Generally speaking, the new policies and procedures for direct elections include three major elements.²⁸

First, the villagers' electoral committee is established before the election of the VC. This electoral committee will be responsible for all issues arising from the process of elections. The villager representatives' assembly usually recommends and decides members of the electoral committee. The township Party and government leaders can not intervene or control the selection of members of the electoral committee.

Second, all information must be transparent. The information of all candidates for the VC shall be publicized to all villagers before the election. In addition, the name list of eligible voters shall be made known to the public prior to the polling day. The result of election shall also be publicized to all villagers after the election. After public notices are posted and the locations of elections are made known to the public, written notices are printed for all voters. Members of the electoral committees shall send these notices to voters of all households.

Third, some clear requirements and prohibitions are made to guide the process of elections. Candidates for members of the VC must be directly recommended by

²⁷ Tianjian Shi, "Village Committee Elections in China: Institutional Tactic for Democracy," *World Politics* 51, no. 3 (1999): 385-412.

²⁸ Yong Xu, *Zhongguo nongcun cunmin zhizhi* (Chinese Rural Grassroots Self-Governance) (Wuhan, China: Huazhong shifan daxue chubanshe, 1997).

villagers, and any changes in legal procedures for recommendation of candidates and arbitrary dismissal of candidates are prohibited. The electoral conferences attended by all voters must be held, and the election shall adopt the method of “secret ballot boxes”. The names of candidates must be called out in public in the electoral conference, ballots must be counted openly, and the results of elections must be made known to the public, and failure to announce the results of elections is prohibited.

However, in many areas the VCs are still following the old procedures of indirect election. Thus, these two electoral methods, direct election and indirect election, are currently coexisting in China’s rural areas.²⁹ For example, during my field trip in Gansu Province, I found out that in some villages members of the VCs for the latest term were indirectly elected by villagers. Villagers elected their representatives, and these representatives elected the chairman and members of the VCs.

In the survey, there is one question to indicate whether the village has held the election of the VC:

“Has your village held the election of the members of the villagers’ committee?”

Based on the statistical analysis of the survey of 410 villages, I notice that more than 85 per cent of the surveyed villages have held the election of the members of the VC. In other words, there are still 15 per cent of the surveyed villages that have not held such elections.

In addition to the election of the VC, ordinary villagers can also influence their local governance through the villagers’ general assembly and the villager representatives’ assembly. According to the Organic Law, the villagers’ general assembly and the

²⁹ Xu Wang, “Mutual Empowerment of State and Peasantry: Grassroots Democracy in Rural China,” *World Development* 25, no. 9 (1997): 1431-1442.

villager representatives' assembly are the decision-making organs for village affairs. However, in many cases, the villagers' general assembly and the villager representatives' assembly do not function as they are designed to. And the highest decision-making power is seldom rested in the villager representatives' assembly and the villagers' general assembly. For example, Jean Oi and Scott Rozelle have pointed out that "both the villagers' assemblies and the representative assemblies meet infrequently. The villagers' assembly may meet only once or twice a year. The representative assembly supposedly meets more often, but this is usually only three or four times a year."³⁰

The villager representatives' assembly should include six kinds of individuals: villagers' representatives, members of the VC, chiefs of village small groups, deputies to the People's Congresses at various levels, members of the Chinese People's Political Consultative Conference at various levels, and members of the village Party branch. The villagers' representatives are elected and they constitute the largest part of the villagers' representative assembly. Every ten to fifteen households elect one representative for a three-year term.³¹ However, in some cases, the villagers' representatives are designated by the VC or the village Party branch.

Therefore, the way how the representatives' assembly is formed becomes an important indicator to evaluate the democratic participation of villagers.

In the survey, peasants in surveyed villages are asked to answer the following question: "In your village, how are the villagers' representatives formed?"

In more than 60 per cent of the surveyed villages, the villagers' representatives are nominated and elected by the villagers. In about 40 per cent of the surveyed villages,

³⁰ Oi and Rozelle, "Elections and Power: The Locus of Decision-Making in Chinese Villages," 519.

³¹ Ibid.

the villagers' representatives are nominated and elected by the township cadres or the chairman of the VC or the secretary of the village Party branch. Such findings confirm the fact that the election of the villagers' representatives does provide democratic opportunities for ordinary villagers to participate in governance of village affairs, but this process is still controlled by the township cadres in many areas.

In a word, the overall institutional structure of the village governance has become democratic since the 1990s. China's rural self-governing system has provided ordinary villagers genuine opportunities to participate in the democratic process of village politics. Villagers can use their votes to select the members of the VC who can satisfy their demands. In addition, villagers can participate in the villagers' general assembly to influence the policy-making process. And they can also make impacts on the villagers' representative assembly either by electing the villagers' representatives or being elected as the villagers' representatives. Nevertheless, the democratic governance in rural China is still controlled or influenced by the township cadres or the village Party branch. Thus, this kind of village self-governance has "semi-democratic" characters.

SOCIAL CAPITAL AND VILLAGERS' CONVENTIONAL PARTICIPATION

In this section, I attempt to explore how different types and dimensions of social capital influence villagers' conventional participatory behavior. According to Sidney Verba and his associates, conventional political activities are "legal acts by private citizens that are more or less directly aimed at influencing the selection of governmental personnel and the actions that they take."³² Many democracy scholars have argued that

³² Sidney Verba, Norman Nie, and Jae-on Kim, *Participation and Political Equality: A Seven Nation Comparison* (Cambridge: Cambridge University Press, 1978), 46.

the regular participation by private citizens is necessary for the maintenance and well-functioning of a democratic system.³³ Similarly, in Chinese setting, ordinary villagers' conventional participation in the village governance is also essential for the maintenance and well-functioning of China's rural self-governing system.

The Measurement for Conventional Participatory Behavior

In the survey, two questions are designed to measure villagers' conventional participatory behavior. The first question is: "Have you participated in the last election of the members of villagers' committee?" And the second question is: "Please tell me, how much attention have you paid to the routine work and decision-making of the villagers' committee?"

Table 29. Participation in the Election of the VCs

	Frequency	Percent
Non-participation	1381	32.3
Yes, but was mobilized by the township cadres or the village leaders to participate	1679	39.3
Yes, voluntary participation	1214	28.4
Total	4274	100.0

³³ Robert A. Dahl, *Polyarchy: Participation and Opposition* (New Haven: Yale University Press, 1971); Lane, *Political Life: Why People Get Involved in Politics*; Lester W. Milbrath, *Political Participation: How and Why Do People Get Involved in Politics?* (Chicago: Rand McNally College Publishing Company, 1977); Samuel P. Huntington, *The Third Wave: Democratization in the Late Twentieth Century* (Norman: University of Oklahoma Press 1991); Verba, Nie, and Kim, *Participation and Political Equality: A Seven Nation Comparison*.

In regard to the first question, the respondents were asked to answer on a 3-point scale, with 1 indicating “non-participation”, 2 indicating “yes, but was mobilized by the township cadres or the village leaders to participate”, 3 indicating “yes, voluntary participation”. Table 29 shows the participatory pattern of villagers in the election of the members of the VC.

Drawing upon the analysis of data, I have the following findings. 1) The non-participation rate is pretty high. About 32 per cent of the surveyed villagers registered non-participation in the last election of the VC. However, this non-participation rate is much lower than the official statistics - about 90 per cent, provided by the Ministry of the Civil Affairs.

2) Even the participation rate is about 68 per cent, more than a half of such participation was mobilized by the township cadres or the village leaders. As Table 29 indicates, about 39 per cent of the surveyed villagers were mobilized by the township cadres or the village leaders to participate in the election of the VC. Only about 29 per cent of the surveyed villagers voluntarily participated in the election of the VC.

3) Since voluntary participation is more democratic than mobilized participation, in my study voluntary participation is treated as democratic participation, while, mobilized participation is considered as semi-democratic participation.

As for the second question, the respondents were asked to answer on a 5-point scale, with 1 indicating “no attention at all”, 2 indicating “little attention”, 3 indicating “so-so”, 4 indicating “some attention”, and 5 indicating “much attention”. Table 30 shows the pattern of villagers’ attention paid to the routine work and decision-making of the VC.

Only about 38 per cent of the surveyed villagers have paid at least some attention to the routine work and decision-making of the VC. Among them, about 8 per cent the surveyed villagers have paid much attention, and about 30 per cent the surveyed villagers have paid some attention. On the other hand, about 30 per cent of the surveyed villagers have paid no attention or little attention to the routine work and decision-making of the VC. About 8 per cent of them have paid no attention at all, and about 22 per cent of the surveyed villagers have paid little attention.

Table 30. Attention Paid to the Routine Work and Decision-Making of the VCs

	Frequency	Percent
No attention at all	352	8.2
Little attention	920	21.5
So-so	1370	32.1
Some attention	1283	30.0
Much attention	349	8.2
Total	4274	100.0

In this study, I will treat “no attention” and “little attention” to the routine work and decision-making of the VC as the undemocratic behavior and I will treat “some attention” and “much attention” to the routine work and decision-making of the VC as the democratic behavior. Then, I will combine these two indicators to create one single index of CONPART to measure the conventional participatory orientations of the surveyed villagers. The bi-variable correlation between these indicators is high and statistically significant (Pearson $r = 0.56$). The final score for the index of CONPART is

transformed to have a range from 2 to 6. The closer is the score to 6, the more democratic participation a villager has involved in.

Hypothesized Relationship between Social Capital and Conventional Participation

Based on the previous discussion, I anticipate that different types and dimensions of social capital have different impacts on villagers' conventional participatory orientations.

First, the two dimensions of bridging social capital - the general trust in the outside people that you do not know and participation in the inclusive networks - have a positive impact on the villagers' conventional participation in the village governance. Both general trust and inclusive networks of bridging social capital encourage villagers to have democratic values, such as support for competitive election, support for equal protection and right for all people, and support for sovereignty of the people's will.

For example, in the field trip to 8 case villages, I used the following 4 questions to measure villagers' democratic values.³⁴

1) Direct election is a better way to choose members of the VC than appointment by the township cadres.

2) Grassroots village governance should represent the will of all villagers.

³⁴ These questions are designed upon the basis of the previous Chinese studies. For example, Jie Chen and Yang Zhong, "Valuation of Individual Liberty vs. Social Order among Democratic Supporters: A Cross-Validation," *Political Research Quarterly* 53, no. 2 (2000): 427-39; Yun-han Chu and Yu-tzung Chang, "Culture Shift and Regime Legitimacy: Comparing Mainland China, Taiwan, and Hong Kong," in *Chinese Political Culture, 1989-2000*, ed. Shiping Hua (Armonk: M. E. Sharpe, 2001), 320-347; Daniel V. Dowd, Allen Carlson, and Mingming Shen, "The Prospects for Democratization in China: Evidence from the 1995 Beijing Area Study," in *China and Democracy: Reconsidering the Prospects for a Democratic China*, ed. Suisheng Zhao (New York: Routledge, 2000), 189-206; Tianjian Shi, "Cultural Values and Democracy in the People's Republic of China," *China Quarterly* 162 (2000): 540-59; Jie Chen and Yang Zhong, "Defining the Political System of Post-Deng China: Emerging Public Support for a Democratic Political System," *Problems of Post-Communism* 45, no. 1 (1998): 30-42; Yanlai Wang, Nicholas Rees, and Bernadette Andreosso-O'Callaghan, "Economic Change and Political Development in China: Findings from a Public Opinion Survey," *Journal of Contemporary China* 13 (2004): 203-222.

3) The decision making process of village governance should be transparent.

4) What politics really means is that all people shall have same, equal rights to debate on public affairs.

The respondents were asked to answer each of four questions on a 5-point scale, with “1” indicating “strongly agree”, “2” indicating “agree”, “3” indicating “not sure”, “4” indicating “disagree”, and “5” indicating “strongly disagree”. The values of these four items were added to form an additive index to measure villagers’ democratic orientations. The bi-variable correlation between the two dimensions of bridging social capital and the index of democratic values is positive and significant (Pearson $r = 0.34$, and 0.46). Such result indicates that those who trust their fellow citizens and participate in the inclusive networks tend to have a strong belief in democratic norms.

On the other hand, the two dimensions of bridging social capital will provide ordinary villagers with resources such as civic skills and political expertise. Especially, involvement in inclusive social networks will provide villagers with enough opportunities to learn civic skills, and help them acquire the sense of political efficacy. In addition, involvement in inclusive social networks also facilitates the exchange of political information among villagers and makes them more interested in village affairs.

Second, I expect that the two dimensions of bonding social capital - the particular trust and participation in exclusive networks - may generate negative impacts on villagers’ conventional participation in rural governance. On the one hand, both particular trust and exclusive social networks of bonding social capital are more likely to teach villagers “undemocratic” values. For instance, the particular trust will hinder villagers’ faith in the democratic process of their village governance. Since they are

usually organized in a hierarchical way, exclusive social networks will teach villagers the undemocratic spirit of obedience and hierarchy. By analyzing the data I collected from the field trip to 8 case villages, I found out that the bi-variable correlation between the two dimensions of bonding social capital and the index of democratic values was negative and significant (Pearson $r = -0.27$, and -0.33). Such finding shows that those who have strong particular trust in relatives and close friends tend to have less faith in democratic values, and those who participate in exclusive networks are more likely to have weak believes in democratic norms.

On the other hand, the two dimensions of bonding social capital cannot teach ordinary villagers civic skills and political expertise which are important resources for villagers to participate in the village politics. Especially, exclusive social networks tend to be hierarchically organized, and the relationships among members are more like patron-client. As a result, exclusive social networks tend to reinforce the patron-client relations between the village leaders and ordinary villagers. In addition, exclusive networks can be used by the village leaders or township cadres to mobilize villagers to participate in the village politics for narrow interests.

Multiple Regression

To test the expected impacts of the two types of social capital on villagers' conventional participatory orientations of the village governance, I run a multiple regression model (OLS), controlling for the potential influences from other variables. I include in this analysis two categories of factors as control variables. The first category

is sociodemographic attributes of the surveyed villagers, and the second category is sociopolitical conditions of the surveyed villages.

1) Sociodemographic attributes of the surveyed villagers. A large body of the literature on political support suggests that some key sociodemographic attributes may influence individuals' conventional participation in the political system.³⁵ Similarly, some studies on grassroots self-governing system in both urban and rural China have also echoed this proposition.³⁶ This is mainly due to the fact that key sociodemographic attributes may play a significant role in shaping the process of political socialization, which in turn affect people's conventional participation in the political system. Drawing upon these earlier studies, therefore, I include some key sociodemographic attributes such as sex, age, education, the Communist Party membership, and income as control variables. I suspect that in addition to the two types of social capital, these sociodemographic attributes may also impact villagers' conventional participation in the village democratic process.

2) Sociopolitical conditions of the sampled villages. Drawing upon recent studies of rural grassroots self-government, I anticipate that some critical sociopolitical contextual factors, such as village size and the level of village economic development, may influence villagers' conventional participation in the village democratic process.

³⁵ Milbrath, *Political Participation: How and Why Do People Get Involved in Politics?* Verba, Schlozman, and Brady, *Voice and Equality*; Verba and Nie, *Participation in America*; Verba, Nie, and Kim, *Participation and Political Equality: A Seven Nation Comparison*; Steven J. Rosenstone and John Mark Hansen, *Mobilization, Participation, and Democracy in America* (New York: Macmillan Publishing Company, 1993); Jie Chen, *Popular Political Support in Urban China*; and idem, "Subjective Motivations for Mass Political Participation in Urban China," *Social Science Quarterly* 81 (2000): 645-662; Shi, *Political Participation in Beijing*.

³⁶ Manion, "The Electoral Connection in the Chinese Countryside;" Jennings, "Political Participation in the Chinese Countryside;" Oi and Rozelle, "Elections and Power: The Locus of Decision-Making in Chinese Villages;" Zhong and Chen, "To Vote or Not To Vote: An Analysis of Peasants' Participation in Chinese Village Election."

There is a large body of literature suggesting that the level of economic development in a society has positive impacts upon ordinary citizens' participation in their political system. With the level of economic development increasing, the interaction between individuals and the state power will also increase. And such interaction will stimulate individuals to participate in the politics. In addition, economic development will change the structure of a society from the pyramid-shaped to the diamond-shaped, in which the middle class will constitute the majority. And the middle class has been considered as the most active participants in politics. Other than that, economic development will change individuals' political attitudes, which will help individuals participate in politics.³⁷

However, some earlier studies of the rural grassroots self-government system in China have revealed a complex relationship between the level of economic development and villagers' political participation. For example, Susan Lawrence argues that, "It was precisely because the village is so unmanageable, and performing so poorly economically, that local authorities felt the need to experiment with new forms of village governance."³⁸ Thus, according to Lawrence, participate opportunities were given by the local authorities to ordinary villagers when the village performed poorly economically. Jean Oi has found that some of the most economically advanced areas lagged behind in carrying out democratic reform.³⁹ High levels of economic development, she believes,

³⁷ Norman H. Nie, G. Bingham Powell, Jr. and Kenneth Prewitt, "Social Structure and Political Participation: Developmental Relationships, Part I," *American Political Science Review* 63 (1969): 361-378; and idem, "Social Structure and Political Participation: Developmental Relationships, Part II," *American Political Science Review* 63 (1969): 808-832.

³⁸ Susan V. Lawrence, "Democracy, Chinese Style," *Australian Journal of Chinese Affairs* 32 (1994): 61-68, 67.

³⁹ Jean C. Oi, "Economic Development, Stability and Democratic Village Self-governance," in *China Review 1996*, ed. Maurice Brosseau, Suzanne Pepper and Tsang Shu-ki (Hong Kong: Chinese University of Hong Kong, 1996), 125-144.

do not necessarily arouse enthusiasm for democratic reform among local officials. Thus, Oi believes that “in industrialized villages, the leader should be expected to take action to dampen the political participation of villagers.”⁴⁰ Tianjian Shi points out that the relationship between electoral reform and economic development appears to be curvilinear.⁴¹ On the one hand, economic development does give peasants resources and skills to participate in the democratic process of village governance. On the other hand, economic development in some villages may help to consolidate the power of incumbent leaders. Although scholars have not reached a consensus about what kind of impact economic development has on political participation in rural China, they all agree that the level of economic development does influence villagers’ participation in the village democratic process. Therefore, I include the level of economic development in my regression model as control variable to test its real effects on the democratic process of China’s rural grassroots governing system.

Some analysts of the village self-government system also suggest that the size of a village might affect villagers’ political participation.⁴² Specifically, these analysts indicate that the larger a village is, the more difficult it is to get villagers to participate in electoral activities and decision-making processes. Thus, I speculate that village size may have a negative impact upon villagers’ conventional participation in the democratic process of village governance.

The results of my multiple regression (OLS) model are presented in Table 31. Overall, the results from the regression model are consistent with my expectations: the

⁴⁰ Oi and Rozelle, “Elections and Power: The Locus of Decision-Making in Chinese Villages,” 529.

⁴¹ Tianjian Shi, “Economic Development and Village Elections in Rural China,” *Journal of Contemporary China* 8, no. 22 (1999): 425-442.

⁴² Pastor and Tan, “The Meaning of China’s Village Elections.”

two types of social capital significantly affect villagers' conventional political participation in the democratic process of villages, independently of some key sociodemographic attributes and sociopolitical contextual factors (as control variables).

Table 31. Multiple Regression (OLS) of Social Capital and Conventional Participation

	Conventional Political Participation		
	<i>B</i>	s.e.	Beta
Bridging Social Capital:			
Participation in Inclusive Networks	.76**	.31	.18
General Trust	.63**	.26	.14
Bonding Social Capital:			
Participation in Exclusive Networks	-.82**	.35	-.13
Parochial Trust	-.43**	.12	-.11
Control Variables:			
Village Economic Development ¹	.43**	.17	.12
Participation in Formal Civic Organizations	.14	.17	.03
Village Size	.55	.72	.07
Sex	-.34	.40	-.08
Age	.12	.21	.09
Education	.24	.70	.05
Party membership	.47	1.12	.04
Income	.00	.06	.00
Constant	1.04**	.32	
<i>R</i> ²		.18	
Adjusted <i>R</i> ²		.16	
<i>N</i>		4127	

Note: *b* refers to unstandardized coefficient, whereas beta stands for standardized coefficient. s.e. = standardized error. * $p < .05$; ** $p < .01$.

¹ Village Economic Development is measured by the Index of Development Performance, which has been explained in Chapter 3.

1) As I anticipated, both subjective norm and objective networks of the bridging social capital - the general trust and participation in inclusive social networks - have a significant and positive impact on villagers' conventional political participation. Those

villagers who score higher on general trust and participation in inclusive social networks are more likely to participate in the election of the members of the VC, and more likely to pay attention to the routine work and decision-making of the VC.

2) The results from the regression model show that both the subjective norm and objective networks of the bonding social capital - the particular trust (the trust in relatives and same village residents with same family name) and participation in exclusive networks (the clan organizations, in this study) - have a significant and negative impact on villagers' conventional political participation. Those villagers scoring higher on the particular trust and participation in exclusive networks are less likely to participate in the election of the members of the VC, and less likely to pay attention to the routine work and decision-making of the VC.

3) The dense participation in formal civic organization does not have a significant impact upon villagers' conventional political participation. This result is different from those findings based on Western democracies. As Sidney Verba observed in his several books, participation in formal civic organizations is closely related with ordinary citizens' conventional political participation.⁴³ However, formal civic organizations in rural China are usually linked to state agencies and are executors of their policies, thus, these organizations can not play the same role as their Western counterparts did.

4) Among all control variables (i.e., sociodemographic attributes and sociopolitical contextual factors), the level of village economic development has a significant effect on villagers' conventional political participation. Specifically, the results of the regression model indicate that villagers in those economically developed villages are more likely to participate in the election of the members of the VC, and more

⁴³ Verba, Schlozman, and Brady, *Voice and Equality*; Verba and Nie, *Participation in America*.

likely to pay attention to the routine work and decision-making of the VC. However, as indicated by Table 31, all other control variables, such as sociodemographic attributes, did not exert any significant impact on villagers' conventional participation in the democratic process of village governance. One of the reasons for such result is that the influences of these sociodemographic variables on villagers' conventional political participation were severely muted by the very strong impacts of social capital and village economic development on conventional participation.

UNCONVENTIONAL PARTICIPATION AND SOCIAL CAPITAL

In addition to villagers' conventional participation in the democratic process of village governance, this study is also pay attention to villagers' unconventional participatory orientations. In this section, I attempt to explore how different types and dimensions of social capital influence villagers' unconventional participatory behavior. In the Western democracy, unconventional political participation is defined as relatively uncommon political behavior that challenges or defies established institutions and dominant norms. Unconventional participation may be legitimate, such as signing a petition and attending a peaceful demonstration, or illegal such as violent protest. Like conventional forms of participation, unconventional participation is an essential part of the democratic process.⁴⁴ Therefore, ordinary villagers' unconventional participation is also crucial for the maintenance and well-functioning of the democratic political system in rural China.

⁴⁴ Russell J. Dalton, *Citizen Politics: Public Opinion and Political Parties in Advanced Industrial Democracies* (Chatham, N.J.: Chatham House Publishers, Inc., 1988), 67.

Unconventional Participatory Behavior

Kevin O'Brien and Lianjiang Li have documented many forms of villagers' unconventional political behavior in rural China. This study adopts their definition of "rightful resistance" to evaluate the unconventional political participation of surveyed villagers. Rightful resistance is "a form of popular contention that operates near the boundary of authorized channels, employs the rhetoric and commitments of the powerful to curb the exercise of power, hinges on locating and exploiting divisions within the state, and relies on mobilizing support from the wider public."⁴⁵ According to O'Brien and Li, peasants often place conflicting demands on village and township leaders, and they will resist and reject village and township leaders if village and township leaders become predatory and repressive. In addition, the majority of the disputes are interpersonal disputes between peasants on the one hand, and village and township leaders on the other hand. Actions that peasants may take include appealing to courts, writing letters of complaints to media, petition to upper-level cadres, organizing collective complaints, and even illegal acts such as sit-ins and demonstrations.⁴⁶

In the survey, there are several questions to measure villagers' unconventional participatory behavior. The first question is: "Have you ever had disputes with the villagers' committee in the last four years?" The respondents were asked to answer on a 2-point scale, with 1 indicating "no", 2 indicating "yes". Table 32 shows the distribution of villagers' disputes with the VC in the last four years.

⁴⁵ Kevin O'Brien and Lianjiang Li, *Rightful Resistance in Rural China* (New York and Cambridge: Cambridge University Press, 2006), 2.

⁴⁶ O'Brien and Li, *Rightful Resistance in Rural China*; Kevin O'Brien, "Rightful Resistance," *World Politics* 49, no. 1 (1996), 31-55.

Table 32. Disputes with the Villagers' Committee

	Frequency	Percent
Yes	121	2.8
No	4153	97.2
Total	4274	100.0

About 97.2 per cent of the surveyed villagers said that they had no disputes with the VC. There are only about 2.8 per cent of the surveyed villagers agreed that they had disputes with the VC in the last four years. The survey offered the following question to ask those who had disputes with the VC.

“If you have had disputes with the villagers’ committee, what measures have you taken to deal with such disputes?”

The respondents were allowed to make multiple choices, if they had taken multiple measures. Table 33 shows the distribution of the measures taken by those who had disputes with the VC.

Among those who had disputes with the VC, about 40 per cent of them did not take any action but tolerated the disputes. Such answer is considered as “non-democratic”. On the other hand, 21.5 per cent of those who had disputes with the VC had appealed to court to demand the remedy of the disputes; 16.5 per cent of them had taken petition to the leaders of the VC; 24 per cent of them had taken petition to the upper-level cadres; about 10 per cent of them had organized collective complaints at higher levels of governments; and finally, 3.3 per cent of them had written letters of complaints to media.

Table 33. Measures Taken by Those Who Had Disputes with the VCs

	Percentage
Legal Measures (such as appealing to court)	21.5
Petition to the leaders of the VC	16.5
Petition to the upper-level cadres	24.0
Lodging collective complaints at higher levels of governments	9.9
Writing letters of complaints to media	3.3
No action	39.7

All these measures taken by those who had disputes with the VC are considered “democratic”. Such measures indicate that villagers with strong sense of rights consciousness have realized the political opportunity structure brought by the increasingly democratic process of village politics since the outset of the post-Mao rural reform and those villagers have been willing to use such opportunity structure to protect their rights.⁴⁷

The survey also provided an “if” question for those villagers who had no disputes with the VC: “Assuming that you have disputes with the villagers’ committee, which measure would you take first?” Table 34 shows the distribution of the first measure that they would take, assuming that they have disputes with the VC.

⁴⁷ O’Brien and Li, *Rightful Resistance in Rural China*; O’Brien, “Rightful Resistance.”

Table 34. Measure Will Be Taken

	Percentage
Legal Measures (such as appealing to court)	28.3
Petition to the leader of the VC	13.2
Petition to the upper-level cadres	35.9
Lodging collective complaints to higher levels of government	2.7
Writing letters of complaint to media	1.8
No action	16.8
Others	1.3

About 17 per cent of the surveyed respondents said that they would take no action, assuming that they have disputes with the VC. Such no action mentality is considered as “non-democratic”. On the other hand, 28.3 per cent of the surveyed respondents said that they would first take such legal measures as appealing to court to demand the remedy of the disputes; 13.2 per cent of respondents said that they would first take petition to the leader of the VC; 35.9 per cent of respondents said that they would first take petition to the upper-level cadres; 2.7 per cent of respondents said that they would first organize collective complaints to higher levels of governments; 1.8 per cent of respondents said that they would first write letters of complaints to media. As I explained before, all these measures are considered as “democratic”.

Hypothesized Relationship between Social Capital and Unconventional Participation

In this study, I expect that different types and dimensions of social capital have different impacts on the unconventional participatory orientations of villagers in the village politics.

1) The two dimensions of bridging social capital - the general trust in the outside people that you do not know and participation in the inclusive networks - may have a positive impact on the villagers' unconventional participation. There are at least two major reasons for this expectation. First, in general, both the general trust and inclusive networks of bridging social capital help cultivate democratic values among villagers. When these villagers with democratic values have disputes with the VC, they are willing to take measures to demand their rights. Second, all of the measures of unconventional participation (legal measures, petition to the leaders of the VC, petition to the upper-level cadres, lodging collective complaints to higher levels of governments, and writing letters of complaints to media) will involve political risks and will potentially cause retaliation from the VC. Thus, those who have taken these measures certainly have expectations of support from other villagers, especially for those who organized collective complaints to higher levels of government.⁴⁸ Obviously, both the general trust and inclusive networks of bridging social capital might help villagers exchange political information and build up their confidence on the expectation of support from other villagers, which are very important for villagers to take these measures successfully.

2) The two dimensions of bonding social capital - the particular trust and participation in the exclusive networks - may have a negative impact on the villagers' unconventional participation. Both the particular trust and exclusive networks of bonding

⁴⁸ Lianjiang Li and Kevin O'Brien, "Protest Leadership in Rural China," *China Quarterly* 193 (2008), 1-23.

social capital in general tend to teach villagers “undemocratic” values such as obedience and hierarchy. Thus, when these villagers with ‘undemocratic” values have disputes with the VC, they tend to tolerate these disputes and take no action. In addition, those villagers who are taking measures of unconventional participation need cooperation from people inside or outside their villages. However, both particular trust and exclusive networks of bonding social capital make villagers less likely to cooperate in taking these measures.

Statistical Analysis

To test the validity of the above hypotheses, I first run a series of bi-variable analyses between the two types of social capital on the one hand, and those have taken measures when they had disputes with the VC on the other hand. The results from Table 35 reveal that when villagers had disputes with the VC, both the general trust and inclusive networks of bridging social capital had encouraged them to protect their rights by taking the measures, such as legal measures, petition to the leader of the VC, petition to the upper-level cadres, lodging collective complaints at higher levels of government, and writing letters of complaint to media. On the other hand, both the parochial trust and exclusive networks of bonding social capital tended to discourage villagers from taking any measure when they had disputes with the VC.

Table 35. Correlation between Social Capital and Measures Have Been Taken

	Measures Have Taken (At least one measure has been taken)
Bridging Social Capital:	
Participation in Inclusive Networks	0.24**
General Trust	0.19**
Bonding Social Capital:	
Participation in Exclusive Networks	-0.28**
Parochial Trust	-0.12**

Then, I run a series of bi-variable analyses between the two types of social capital and those who would take measures if they have disputes with the VC. From Table 36, we can see that both the general trust and inclusive networks of bridging social capital will encourage villagers to take the measures to protect their rights if they have disputes with the VC. On the other hand, both the parochial trust and exclusive networks of bonding social capital are likely to discourage villagers from take any measure if they have disputes with the VC.

Table 36. Correlation between Social Capital and Measures Will Be Taken

	Measures Will Take (At least one measure will been taken)
Bridging Social Capital:	
Participation in Inclusive Networks	0.27**
General Trust	0.14**
Bonding Social Capital:	
Participation in Exclusive Networks	-0.19**
Parochial Trust	-0.13**

CONCLUSION

In this chapter, I have examined the impact of the two types of social capital on individuals' behavioral orientations toward the grassroots self-governing institutions in the rural areas of China. Through my analysis of the data collected from 410 surveyed villages, I have observed positive relationships between the two dimensions of bridging social capital (the general trust and inclusive networks) and villagers' conventional and unconventional political participation in the democratic process of village governance. On the other hand, my research reveals that the two dimensions of bonding social capital (the parochial trust and exclusive networks) generate negative impacts on villagers' conventional and unconventional political participation in rural self-governing system. In addition, my research has revealed that the level of village economic development has a significant impact on villagers' conventional political participation. Villagers in those villages with high level of economic development are more likely to participate in the village governance.

I have also found that the dense participation in rural formal civic organizations has no significant impact on villagers' conventional political participation in village politics. Such finding is in conflict with the finding based on the experiences of Western democracy that participation in formal civic organizations will stimulate citizens to participate in politics. The gap between these two findings indicates that the participation in formal civic organizations is not always a good indicator to measure the stock of social capital as suggested by Robert Putnam. In transitional societies such as China, formal civic organizations tend to be controlled by the Party-state and function for the policies set by the Party-state.

The findings from this chapter support the argument by some earlier studies that various types and dimensions of social capital may have different, rather than only positive, impacts upon ordinary citizen's political participation. The findings also show that the two dimensions of bridging social capital - the general trust and inclusive networks can help ordinary villagers to participate in the democratic process of village governance. Since villagers' conventional and unconventional political participation are essential for the maintenance of village democratic process, the central government shall take measures to encourage the development of independent inclusive networks and invest in the construction of general trust in the rural areas of China, which will significantly enhance villagers' political participatory orientations.

CHAPTER VI

SUMMARY AND CONCLUSIONS

Based on the data from the 2005 survey of a probability sample of 410 rural villages in China, I have sought to answer five fundamental questions in this study. 1) How can social capital be measured in Chinese setting? 2) What is the stock of social capital in rural areas of China? 3) What are the impacts of different types of social capital upon economic development in rural China? 4) What are the impacts of different types of social capital upon the grassroots governance in rural China? And 5) what are the impacts of different types of social capital upon ordinary villagers' participation in the democratic process of village governance? Since the findings presented in this study are based on a national sample of 410 villages in 24 provinces and municipalities directly under the central government, I believe that these findings may be applied to the general population in rural China. In this chapter, I will summarize empirical findings from the previous chapters concerning these five questions and then elucidate the key political and theoretical implications of these findings.

SUMMARY OF EMPIRICAL FINDINGS

In order to design a valid measurement of social capital in Chinese setting, I have examined the existing measurements of social capital that are commonly used in the Western literature. In general, the Western literature suggests that social capital can be measured by “objective associations” and “subjective type of ties” among individuals. The objective associations refer to both formal and informal associations which are

formed and engaged in on a voluntary base. On the other hand, the subjective ties mainly stand for trust and reciprocal feelings among individuals. Furthermore, scholars distinguish two types of social capital: bonding social capital and bridging social capital. Bridging social capital is defined as networks and ties of like persons across diverse social groups such as loose friendships and workmates. Bonding social capital refers ties between like people in similar situations such as immediate family, close friends, and neighbors.

First, although the membership in formal civic organizations has been used by many scholars as an important indicator of bridging social capital, I argue that the density of formal civic organizations is not an appropriate measurement for the stock of social capital in rural China. According to the World Values Survey 2001, Chinese citizen's participation rate in formal civic organizations is extremely low. Only 7 per cent of Chinese citizens join in labor unions, 4 per cent of Chinese citizens belong to church organizations, and about 3 per cent of Chinese citizens participate in social welfare service organizations, cultural activity organizations, and sports or recreation organizations respectively. Moreover, formal civic organizations in rural China are mostly state-controlled and created to achieve state and regime objectives. In these formal organizations, members are obligated to obey their leaders and the predominant subjective values are parochial and particularistic feelings among individuals who know one another. Therefore, unlike other Western literatures, my research does not treat the membership in formal civic organizations as a valid indicator of social capital in rural China.

Second, to scale the objective dimension (i.e. objective associations) of bridging social capital in rural China, I mainly focus on the participation in the inclusive social networks, which is measured by the relationship with other peasants as well as the co-operative activities with other peasants. In more than 50 per cent of the surveyed villages, the average score for the relationship with other peasants is less than 2.0. In other words, in more than half of the surveyed villages, villagers' relationship with other peasants can be described as "unfamiliar". With regard to the co-operative activities with other peasants, the average score for more than 60 per cent of the surveyed villages is less than 2.0, which means the co-operative activities among peasants are scarce. To gauge the objective dimension (i.e. objective associations) of bonding social capital in rural China, I mainly focus on the participation in the exclusive social networks, which is measured by the clan organizations. About 27 per cent of the surveyed villages have some kinds of clan organizations. Moreover, about 8 per cent of the surveyed villages have advanced clan organizations with common ancestor temples.

Third, to scale the subjective dimension (i.e., subjective values) of bridging social capital in rural China, I mainly focus on the level of the general trust among villagers, which is measured by the villagers' trust in the outside people who they do not know. As this study indicates, the average villager score for more than 70 per cent of the surveyed villages is less than 2.0, which means the general trust in the outside people who they do not know is scarce. The subjective dimension (i.e., subjective values) of bonding social capital consists of the parochial trust among villagers, which is measured by the villagers' belief in the trustworthiness of relatives and residents from the same villages and with the same family names. Chinese peasants' trust in their relatives is extremely strong. The

average score for more than 70 per cent of the surveyed villages is higher than 4.0. In terms of the belief in the trustworthiness of the same village residents with same family names, the average villager score for more than 70 per cent of the surveyed villages is higher than 4.0, which means the parochial trust in the same village residents with same family names is very strong.

Based on these findings, I draw a general conclusion about the current stock of social capital in rural China. On the one hand, the traditional bonding social capital still has a very solid foundation in the rural areas of China. On the other hand, the modern bridging social capital is in formation in Chinese villages, even though the stock of bridging social capital is very moderate.

Chapter 3 focuses on the impacts of different types of social capital upon economic development in rural China. I examined the development performance of each surveyed village in such four domains as industrialization, health, quality of life, and average household income. Both the case study of 8 villages and regression analysis from the nation-wide survey of 410 villages indicate that the bridging social capital as manifested in the general trust and inclusive social networks positively affected the development performance of each surveyed village. However, the bonding social capital as manifested in the parochial trust and exclusive social networks tend to generate negative effects on economic performance.

In Chapter 4, I assessed the impacts of different types of social capital upon the grassroots governance in rural China. I investigated the governance performance of each surveyed village in the following four domains: responsiveness of the VCs, management of land distribution, taxation, and expenditure on social welfare and public goods. My

case study and regression analysis reveal that the bridging social capital as manifested in the general trust and inclusive social networks positively affected the governance performance of each surveyed village. Yet, the bonding social capital as manifested in the parochial trust and exclusive social networks tend to negatively impact the performance of Chinese rural governance.

Chapter 5 is devoted to the exploration of impacts of different types of social capital upon ordinary villagers' participation in the democratic process of village governance. I distinguished two types of political participation of villagers, conventional participation and unconventional participation, and designed survey questions to measure these two kinds of participation respectively. Conventional participation is measured by the participation in the election of the members of the VC and attention paid to the routine work and decision-making of the VC. Unconventional participation is evaluated by the measures taken by villagers when they have disputes with the VC. These measures include legal measures, petition to the leaders of the VC, petition to the upper-level cadres, lodging collective complaints at higher level governments, and writing letters of complaint to media. The statistical analysis based on the nation-wide survey of 410 villages indicate that, in general, the two dimensions of bridging social capital (the general trust and inclusive networks) positively influence villagers' conventional and unconventional political participation in the democratic process of village governance. However, the two dimensions of bonding social capital (the parochial trust and exclusive networks) have negative effects on villagers' conventional and unconventional political participation.

In sum, the findings from this study have provided us with a multifaceted picture of social capital in rural China. What does this multifaceted picture imply for China's rural economic development as well as political development in general? I will address this important question in the following part of this chapter.

THEORETICAL IMPLICATIONS OF THE FINDINGS

The main goal of this study is to explore the impacts of social capital upon socioeconomic and political development in a transitional society such as China. In this final section, I will discuss several theoretical implications of the findings from my research.

Participation in Formal Civic Organizations is Not an Appropriate Indicator

As I discussed above, the participation in formal civic organizations is an important indicator for social capital in the Western democracy. However, in a transitional society such as China, the nature of formal civic organizations is different from those in the Western democracy. There are two fundamental features of Western formal civic organizations: the horizontal relationship among members and the voluntary participation and membership.¹ In China, formal civic organizations are mostly controlled by the Party-state and are organized from the top down. Thus, the membership of formal civic organizations cannot be used as an appropriate indicator for the stock of social capital in Chinese society.

More importantly, the empirical findings indicate that the dense participation in formal civic organizations in rural areas of China have no significant impacts upon

¹ Putnam, Leonardi, and Nanetti, *Making Democracy Work: Civic Traditions in Modern Italy*.

village economic development, the grassroots democratic governance, and villagers' participation in rural self-governing system. The impacts of Chinese formal civic organizations are apparently different from the impacts of those organizations in the Western societies. Such findings further confirm that the participation in the formal civic organizations is not a good indicator for measuring social capital in Chinese society.

Social Capital is Not a Unified Entity

Drawing upon their research of regional development and governance in Italy, Robert Putnam and his associates suggest that both bridging social capital and bonding social capital should be considered necessary and integral parts of social capital. Therefore, maintaining a proper balance between both of them will produce positive consequences for regional development and governance.² This argument implies that we can treat social capital as a unified entity, which will have identical consequences for economic development and good governance in a society or community.

However, Francis Fukuyama has reminded us to be cautious when we study the role of social capital in a transitional society. In transitional societies, different types of social capital tend to have different consequences for economic development and government performance. Thus, we shall treat different types of social capital in different ways. In particular, Fukuyama has suggested that “[it] is not sufficient to go into a village, note the existence of networks, label it social capital, and pronounce it a good thing. Most developing countries actually have an abundance of social capital in the form of kinship groups or traditional social groups like lineages, tribes, or village

² Putnam, Leonardi, and Nanetti, *Making Democracy Work: Civic Traditions in Modern Italy*.

associations.....Seen from this perspective, many traditional groups embodying one form of social capital can actually be obstacles to development, because they are too insular or resistant to change. What is often needed, therefore, is some creative destruction of social capital, and the gradual broadening of the radius of trust on the part of the more modern organizations.”³

The empirical evidence presented in this study has echoed Fukuyama’s argument. I have found that, in the Chinese villages, the parochial trust in relatives is still strong and the clan organizations are still influential in village affairs. Such finding shows that there is an abundance of bonding social capital in rural areas of China. In addition, the case study and the regression models indicate that traditional and bonding social capital has a significant and negative impact upon three dependent variables of this study, including village economic development, the grassroots democratic governance, and the ordinary villagers’ participation in the democratic process of village politics. These findings confirm Fukuyama’s suggestion that traditional social capital can actually be obstacles to socioeconomic development.

On the other hand, the modern, bridging social capital is in formation in rural China. Moreover, my empirical studies indicate that, this modern, bridging social capital has a significant and positive impact upon three dependent variables such as village economic development, the grassroots democratic governance, and the ordinary villagers’ participation in the democratic process of village politics. Such findings suggest that the modern, bridging social capital can bring positive consequences for socioeconomic development in a transitional society.

³ Fukuyama, “Social Capital and Development: The Coming Agenda,” 34.

In sum, this study implies that social capital is a multifaceted concept. Various types of social capital (bridging social capital and bonding social capital) may have different, rather than unified, impacts on socioeconomic development and government performance in transitional societies such as China.

Explaining and Predicting the Role of Social Capital in the Transitional Societies

Do my theoretical findings have implications for other non-democratic, transitional societies? This question will be addressed in the following tentative discussions on two salient issues.

The first issue is the role of the state in the formation and development of the formal civic organizations in the non-democratic, transitional societies. For example, quite a few empirical observations of Pacific Asian societies suggest that the rise of the formal civic organizations is a direct consequence of state sponsorship and creation.⁴ A large sector of the formal civic organizations in Pacific Asian societies is thus dependent upon the state power. As Russell Dalton suggests, “[s]ocial groups in several East Asian nations are not independent of the state and do not exist in an autonomous civic space; rather, they function primarily as corporatist agents linked to government agencies.”⁵ This unique relationship between the state and the formal civic organizations in Pacific Asian societies makes these formal civic organizations quite different from their counterparts in the Western democratic societies. Russell Dalton suggests that, “[i]n the

⁴ David C. Schak and Wayne Hudson, *Civil Society in Asia* (Aldershot: Ashgate Publishing, Ltd., 2003); Muthiah Alagappa, *Civil Society and Political Change in Asia: Expanding and Contracting Democratic Space* (Stanford: Stanford University Press, 2004).

⁵ Russell J. Dalton, “Civil Society, Social Capital, and Democracy,” in *Citizens, Democracy, and Markets Around the Pacific Rim: Congruence Theory and Political Culture*, ed. Russell J. Dalton and Doh Chull Shin (New York: Oxford University Press, 2006), 115.

nondemocratic nations of Asia, the context and content of group membership is fundamentally different. Participation in social groups may not generate the type of participatory experiences that might occur in democratic nations.”⁶ Therefore, when analyzing the sociopolitical consequences of the formal civic organizations in the developing world, researchers have to bear that fact in mind.

The second issue concerns the different types of social capital and their different impacts upon socioeconomic development. My empirical studies indicate that social capital is a multifaceted concept, and various types of social capital may have different impacts upon socioeconomic development and government performance. This claim is also valid for other transitional societies of Asia. For example, Francis Fukuyama has found that social networks based on family or local community in many Asian countries inhibit the type of broader collective networks, therefore inhibit the long-term socioeconomic development.⁷ In addition, William Callahan has found out that in Thailand democracy, traditional and uncivil social capital was closely linked with vote buying, political corruption, and ethnocentrism. Callahan suggests that further comparative studies are needed to explore the interaction between civil social capital and uncivil social capital.⁸

Those empirical studies based on transitional societies seem to suggest that rather than treating social capital as a monolithic entity, researchers have to distinguish different types of social capital and study their various impacts on socioeconomic development.

⁶ Ibid., 116.

⁷ Fukuyama, *Trust: The Social Virtues and the Creation of Prosperity*.

⁸ Callahan, “Social Capital and Corruption: Vote Buying and the Politics of Reform in Thailand,” 495.

THE ROLE OF SOCIAL CAPITAL IN RURAL CHINA

The empirical findings detailed in this study have important implications for China's rural economic development as well as political development. The findings from this study provide a mixed picture about the role of social capital in promoting economic development, good governance, and democratic participation in rural China. While bridging social capital has a significant and positive impact on rural socioeconomic development and political participation, the bonding social capital seems generate negative impacts on these dependent variables.

Encouraging the Development of Independent Peasants' Organizations

The empirical findings from this study imply that in order to achieve economic development and good governance in the rural areas of China, the current Chinese government shall take measures to encourage the development of independent peasants' organizations.

First, it is clear that the formal civic organizations in the rural areas of China could not generate positive consequences for economic development and grassroots governance, because these formal civic organizations, considered as bonding social capital, are created or sponsored by the Party-state to achieve state objectives. Therefore, the central government shall relax its control over these formal civic organizations, and help these formal organizations become more independent from the state power. In particular, the central government shall encourage these formal civic organizations to function as the representatives of their members rather than to operate for the purpose of regime objectives. Only if they become the representatives of peasants' interests, these

formal civic organizations can attract more participation of peasants, and play the role of bridging social capital as their counterparts do in Western societies.

Second, it is obvious that the participation in the inclusive social networks has positive consequences for economic development and grassroots governance. Thus, the central government shall reconsider the “Regulations on the Management of the Registration of Societal Organizations.” In particular, the central government shall make the registration of social organizations much easier, and abolish institutional barriers for the formation of spontaneous peasants’ organizations. As I have discussed, because of these institutional barriers, currently it is very difficult for villagers to set up any formal civic organizations voluntarily in rural China.

Enhancing the General Trust among Villagers

Since the general trust, as an important part of bridging social capital, positively influences the economic development and good governance in the rural areas of China, the current Chinese government shall invest in the cultivation of the general social trust in villages.

Some scholars have realized that the educational level and newspaper reading may have positive effects on enhancing the general social trust among citizens.⁹ In order to explore their relationship in the Chinese setting, in my field trip of 8 villages, I have collected the basic sociodemographic information of these interviewees. And I used the following question to evaluate the level of villages’ general trust.

⁹ Halpern, *Social Capital*; Peter A. Hall, “Great Britain: The Role of Government and Distribution of Social Capital,” in *Democracies in Flux: The Evolution of Social Capital in Contemporary Society*, ed. Robert Putnam, (New York: Oxford University Press, 2002), 21-57; Brehm and Rahn, “Individual-Level Evidence for the Causes and Consequences of Social Capital.”

“Generally speaking, if there are no direct economic concerns, would you please tell me how trustworthy are the outside people that you do not know.”

Then, I ran a series of bi-variable correlation between the sociodemographic information and the general trust scores. I found out that the bi-variable correlation between the educational level and newspaper reading on the one hand, and the general trust on the other hand, is positive and significant (Pearson $r = 0.32$, and 0.36 respectively).

Such findings suggest that the Chinese government shall invest in the provision of free education for villagers and the establishment public libraries in rural areas. With regard to the provision of free education, the central government shall continue expend its investment in the full-time compulsory education for elementary and middle school. In the last few years, the Ministry of Education has successfully spread the full-time compulsory education to every corner in the rural areas of China.¹⁰ The full-time compulsory education aims to provide all children living in the rural areas of China at least nine years of education at no cost. If such goal be achieved, for the next generation of villagers, the general trust among them shall be enhanced.

In addition to the compulsory education, the General Administration of Press and Publication of the People’s Republic of China has initiated a project of “peasants’ library” (nongjia shuwu).¹¹ In the next ten years, the central government will commit special financial support to establish one “peasants’ library” in every village in China. The “peasants’ library” will provide villagers with up-to-date newspaper and all other

¹⁰ *China Statistical Yearbook, 2006* (Beijing: China Statistics Press, 2007).

¹¹ Hongyong Zhuo, “Nongjia shuwu gongcheng jinnian quanmian qidong” (The Project of Peasants’ Library will Start All Around in This Year), *Zhongguo xinwen chubao* (China Press and Publishing Journal) 10 January 2008.

basic books that are closely related to villagers' daily life and basic skill-training. If it is implemented in the rural areas of China, this project will greatly facilitate the cultivation of general trust among villagers and enhance their political efficacy to participate in the democratic process of village grassroots governance.

FINAL WORDS

The role of social capital in promoting socioeconomic development in the non-democratic, transitional societies has always been complicated. Many scholars have persisted in their inquiries into this issue, because it is too important to be neglected. Understanding the role of social capital in socioeconomic development can help us explain and predict the path of socioeconomic development in the non-democratic, transitional societies more properly and accurately. Some scholars even claim social capital as a new paradigm to understand development.¹² This study has been devoted to finding a better analytical approach to this issue. Although this study does not exhaust the research on this issue, it has provided a new direction for further inquiry into the role of social capital in socioeconomic development in the developing world.

¹² Jonathan Murdoch, "Networks — A New Paradigm of Rural Development," *Journal of Rural Studies* 16, no. 4 (2000): 407-419; Woolcock and Narayan, "Social Capital: Implications for Development Theory, Research, and Policy."

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