

2.8 billion dollars disappeared in world stock market. That is say everybody lost 4300 dollars in average¹. Besides, those magnates are too powerful to go bankrupt, especially for their special relationship with government where they can get assists. So on the whole, international financial crisis is not fatal to those giants, but to the development of finance and economy of other countries, it is a disaster.

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Private Economy, nongovernmental capital and economic policies , China Financial and Economics Publishing House , 2004, coauthorship

A Century's Classic History of China's Economics: 1949 ~ 1979 , Guangdong Economics Publishing House , 2006, Chief editor

(2) Journals :

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Equal Access to Urban and Rural Basic Public Services and Governmental Responsibilities ——Economic Transition and Role Definition of Township Governments

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Abstract: The change of role and function of a government is an important part of economic transition. The institutional theory states that the role and function of any government is first stipulated by official external institutions such as laws and regulations, and thereout the basic behavioral norms of a government are constructed. Under the background of economic transition, since all external conditions and the institutional environment are constantly changing, the role and function of government also change with it. Township governments, as the lowest level of government in China, how will its role and function be adjusted under the background of economic transition? Whether will it be canceled or entirely reserved? Is there any other choices? Such questions have been widely discussed in the academic community in recent years. In this paper the historical process of township governments in the change of role and function is first analyzed, then its basic attributes and role definition is discussed from the viewpoint of theory, and the basic ideas on setup of township governments is put forward on this basis.

The change of governmental role and function is an important part of economic transition. The institutional system states that the role and function of any government is first stipulated by official external institutions such as laws and regulations, and thereout the basic behavioral norms of a government are constructed. Under the background of economic transition, since all external conditions and the institutional environment are constantly changing, the role and function of government also change with it. Township governments, as the lowest level of government in China, how will its role and function be adjusted under the background of economic transition? Whether will it be canceled or entirely reserved? Is there any other choices? Such questions have been widely discussed in the academic community in recent years. In this paper the historical process of township governments in the change of role and function is first analyzed, then its basic attributes and role definition is discussed from the viewpoint of theory, and the basic ideas on setup of township governments is put forward on this basis.

I. Changes of the Role and Function of Township Governments in the Process of Economic Transition

To have a more entire and deep understanding on the role and function of township governments in China, let us begin with the analysis of history.

1. The Role and Function of Communes (Villages) in the Planned Economy Period

After the founding new China, because political tasks, such as establishing all levels of new regimes and pacifying the public mind etc., were a top priority, the township governments having just set up could only act as a role of “exercise body” to complete the political tasks given by higher levels. In the period of “the First Five-Year Plan”, developing economy became the focus of national construction, and the fiscal budget of villages and towns was first listed in the range of state budget. The fiscal expenditures of village government are limited to the range of local public utilities, including irrigation, repair of bridges and roads, public health facilities, construction of primary education, or other reasonable cultural activities and so on, refer to [ZW ()] Chinese Academy of Social Sciences and the Central Archives, 《Selections of Archival Data for Economy between 1953~1957 of the People’s Republic of China (Volume of Investment in Fixed Assets and Construction Industry)》, Chinese Price Publishing House, 1998 年. [ZW]]. After 1958, the village government was reorganized into the People’s Commune. The commune system of “large in size and collective in nature” was in fact equal to have canceled the commune’s level of public finance (Zuo Chuntai, Song Xinzhong, 1988). Over nearly 20 years after this

time, the commune was only a local agency of county level without any regime of independent budget for revenues and expenditures. The role of commune was changed into a “site governor” to supervise and handle all economic, social and political affairs acting as high levels.

2. The Role and Function of Township Governments in the Period of Reform and Opening Up

(1) Initial Stage of Reform

In 1980, the central government issued the 《Interim Provisions on the Implementation of the Fiscal Management System of “Dividing Different Kinds of Revenues and Expenditures amongst the Authorities at Different Levels”》. In 1983, the central government decided to resume the township government and corresponding systems for township finance, budget and final accounts. Thereafter, the Ministry of Finance issued the 《Measures for the Implementation of Fiscal Management in Townships》, to regulate the township finance with system. Thus, township governments began to have legal appeal for interests of their own. On one hand, township governments experienced the pressure of increasing the fiscal revenue; on the other hand, township governments had a more powerful discretion and a larger space of operation, which constituted the great stimulation for township governments to pursue independent interests. Moreover, changing from the commune system into township governments, the “state and community integration” of commune system was separated one by one, township governments were requested to provide public products and public services to rural districts, but under the background that people had been given more power of discretion and the society had gradually become active, this in fact didn’t reduce but increase the workload. Under the condition that the organization of township government officers was controlled by the county government, the conflict of “less people more things” was very obvious. Therefore, many township governments had to use receipts out of budget to hire some people to complete assignments through relationship; of course, there was no lack of some personnel “leading an idle life” inserted by the “relationship” (this kind of personnel are very common in many places even nowadays, especially in those rich villages and towns, it has become a highlighted problem to be solved by the township government). Vice versa, the increase of personnel forced township governments to further focus on obtaining the receipts out of budget. No doubt, the increase of personnel in township governments cannot be the sole reason for them to pursue the interests of their own, but it was affirmatively an important factor at the initial stage of reform.

Within the whole 1980s, we implemented the all-round fiscal contract system of different types in succession, the core of such system of decentralization was a multi-level

entrustment – agency chain, while the township government at the end of this chain had pressure, motive power and condition to integrate itself with profit-earning economic organizations; furthermore, pursuing the maximum of economic interests was in evidence in excess of its duty to provide public products and services for villages and towns.

(2) Middle Period of Reform and Opening Up

After entering into the 1990s, a passive situation of persistent decline in the proportion of central financial revenue out of the national total financial revenue appeared. Therefore, the central government had to carry out a reform to the financial system. On Dec. 15th 1993, the State Council issued the 《Decision on the Implementation of the Fiscal Management System of Dividing Taxes》, the decision came into effect from January 1st 1994. After carrying out the system of dividing taxes between the central government and local provinces, the governments lower than the provincial level followed such system afterwards. However, such financial system just harmonized the financial relation between central and provincial governments preliminarily, rather than establishing an appropriate allocation mode of responsibilities and financial resources between provincial governments (Wang Xiaolong, 2006). The result of which led to a centralization of financial resources from lower level to upper level among provincial, municipal, county and township governments. Part of financial resources at county level will be taken away by the county-level finance, once the finance of county level aggravates, the only way is to shift some of difficulties to the township government. But township governments, as the most basal level of government, have nearly no chips to gamble and chess, so the difficult position that township level of finance is in lack supply cannot be avoided. On the other hand, at the same time that the property ownership is being centralized towards upper levels, the affairs shift downwards, especially at the level of township governments, the financial powers and responsibilities are asymmetrical to a high degree. According to the principle of dividing responsibilities, regional public goods shall be supplied by corresponding level of local governments. However, in the process that the financial powers are being centralized upwards, township governments still need to assume its obligations and responsibilities of providing local public goods, and undertake various temporary tasks assigned by superior governments. In particular, the fiscal expenditures in rural compulsory education, such as the salary of village teachers and administrative expenses etc., made the township government to experience a heavy pressure of survival. It enables the jobs to be done by village and township governments to have a great of stimulative incompatibility in many aspects (Wang Xiaolong, 2006).

Viewed from the perspective of township enterprises, before carrying out the system of dividing taxes, most of them were established by township governments or village collectives, which were used as the tool for township governments or township officers to

gain earnings and profits of themselves, so they were strongly supported by local governments, local governments even lined up with such enterprises to take various legal and illegal countermeasures to avoid or evade taxes. After carrying out the system of dividing taxes, due to that the VAT and consumption tax became the category of state tax, and mainly aimed at those township enterprises, which made the tax burden of township enterprises increased sharply. Plus in the middle period of 1990s, the central government implemented a tight macro-control policy for the purpose of curbing inflation, township enterprise went bankrupt on a large scale at the late stage of 1990s, some of which were transformed into private enterprises, for private enterprises belong to the kind of economic organization with clearly defined property right, thus township governments couldn't take possession of the surplus from township enterprises at their will as they did in the past. Under such background and for the pressure of survival, township governments must search out new financial resources out of the institutions in order to complete the tasks given by higher authorities. After all, township governments belong to the primary level of government, they have a certain authorities, and it is just by means of this point that various "fees and expenditures" emerged without end.

If we say that township governments have combined with township enterprises successfully before the system of dividing taxes, the government was of highlighted "enterprise" features, the case became quite different after the system of dividing taxes, since the direct relation between government and enterprise was separated. However, township governments had to fulfill its administrative functions, to successfully finish all the tasks legally required and assigned by higher authorities, they had to seek funds for daily operation through "charging fees", thus township governments turned into a political organization with the intention of "taking interests".

The change of township governments resulted in the change of its behaviors. First, township governments had to adjust its operation objective. Because of the financial pressure existing, getting economic interests became the emphasis of daily jobs. If the public purpose is prejudicial to the objective of economic interests, the pursuit for public purpose will be diminished. Evidently, the government prefers to do those things beneficial for both public purpose and economic objective. While in the front of the public affairs for pure public purpose or required by higher authorities, the government or even governmental officers will tend to multiple choices. If individuals may get certain credit or even the promotion through these things losing money, things will be done energetically; if officials are not punished by doing nothing or less things, things will be not done as much as possible; if officials are surely punished by doing nothing, things will be done reluctantly, but most of the time they muddles through in their work, so the quality of things done cannot be guaranteed.

(3) During the Reform of Taxes and Charges in Rural Areas

The arbitrary charges of township governments caused by the "system of dividing

taxes” were unforeseen by people, and the conflicts between officers and people were also an unwanted consequence. Therefore, the central government decided to launch the reform of taxes and charges in rural areas from 2000, and Anhui province was first selected for a pilot reform. In 2001, Jiangsu province made a decision to carry out a pilot reform of rural taxes and charges in the range of whole province, while the other provinces chose part of counties or cities for a partial experiment. In 2002, the central government, on the basis of summarizing the experiences of pilot reform carried out in Jiangsu and Anhui provinces in recent two years, extended the range of pilot reform to 6 provinces, cities and regions including Hebei province. According to the statistics made by the Ministry of Finance, in the areas where a pilot reform of rural taxes and charges was made countrywide in 2002, the agricultural population has reached 620 million, accounting for about 3/4 of total agricultural population all over China. In 2006, the central government declared to fully cancel the agricultural tax, which regulated the tax levying behaviors of village and town levels, clogged the opening through which the low-level governments took arbitrary charges from peasants, indicated an end of the agricultural finance time mainly supported by agricultural tax. However, the reform of taxes and charges in rural areas and complete cancellation of the agricultural tax have directly resulted in the following changes in township finance:

First, it led directly to a sharp reduction on the scale of township financial revenue, enlarged the gap of township revenue and expenditure, and aggravated the crisis of township finance. Before the reform of taxes and charges in rural areas, a bigger gap had existed in the township finance due to reaches such as the system of dividing taxes, which could be solved through charges and loans/debts beyond taxes. However, with the implementation of the reform of taxes and charges in rural areas, the charges required by national policies were combined with the agricultural tax and levied together, the revenue and expenditure beyond township budget were merged into the budget management, as a result, though the township financial revenue declined largely for this reason, the expenditure of which remained almost unchanged, in this way the gap of township finance became wide rapidly. Many data indicate that it has an obvious influence on the township finance even in those economy developed areas located in the Eastern China, not to mention the township finance of major grain producing areas and the Midwest China that regards the agricultural tax as revenue resources. Rapidly reduced financial revenue stimulated a lot of township governments towards the motivation and behavior for excessive loans and increased charges in disguised form, and aggravated the distortion of financial revenue system.

Second, it led to the changes of scale and structure in financial revenue. The reform of taxes and charges in rural areas directly resulted in a reduced financial revenue of township governments, under the circumstance that the transfer payments of higher governments couldn't be obviously increased within a short term, the financial resources allocated by

township governments was greatly restricted, the scale of expenditure for public products and public services used in villages and towns would for sure be limited, thus they had to lean towards “make both ends meet”, or relied on the transfer payment of national revenue and the capital payment of higher finance. Lack of scale in financial revenue was also easy to cause unreasonable structure of fiscal expenditure and the “vacancy” of finance.

Third, it led to the changes of main part of fiscal expenditure for public products and public services. Before the reform of taxes and charges in rural areas, the main function of township governments in China was to provide public products and public services for rural compulsory education, health care and transportation etc. after the reform of taxes and charges and the exemption of agricultural tax, when township governments failed to supply sufficiently or with an inconspicuous effect due to the shortage of financial resources, municipal or provincial governments or the central government would become the main part of supply independently or jointly, which resulted in corresponding changes of the main party of fiscal expenditure.

Under such finance and taxation system and financial situation, the “vacuumed” township fiancé will certainly strengthen the transfer payment of the state to township governments; with the entire combination of township finance with the state financial budget management system, township governments are also merged into the state political system and really become a part of the state power system, thus another transition of the role of township governments completed.

The changes of role of township governments shall inevitably cause the change of their behaviors, which are mainly show as follows:

First, township power again returns to the position of “government”. Because of complete dependency of the state and higher governments in finance and staff management, township governments are completely merged into the great state apparatus and become the lowest level in the entrustment-agency chain of government. The nature of state as a “big government”, decides fundamentally the nature of township governments as a “small government”. No matter it is called the “night watch” or the “nonprofit power organization”, it is not decided by the nature of township governments. With the implementation of the reform of taxes and charges in rural areas and the cancellation of agricultural tax, many public service functions undertaken by township governments in the past are upper shifting to the county and provincial governments or even the central government, the power and function of township governments are thereof weakening. Since township governments have been a part of the governmental entrustment-agency relationship, it enables the behavior objective and value orientation of township governments to change from past “giving attention up and down” to “looking upwards”, the preference of higher governments is the standard of behavior of township governments, which will run only around the baton of higher governments.

Second, since the revenue of transfer payments received by higher governments is

difficult to balance the gap of rigid expenditures by low-level governments, township governments generally get into survival trouble, the township power operation mechanism shows a kind of “cadre group guaranteed survival safety”. It is realized mainly through diversified forms such as floating a loan, selling assets, intercepting and appropriating special funds allocated by higher authorities.

II. Theoretical Analysis on the Role and Behavior of Township Governments

There are many discussions in the academic community about the nature and role of township governments, and some viewpoints have formed. Representative ones out of them include: “Local State Corporatism”, “Manufacturer-like Local Government”, “Regional Market Socialism” and “Profit-making Regime Operator” etc.

1. Local Governments equal to a “Corporation” or “enterprise”

Jean Oi (1992), a professor from American Stanford University, considered aiming at the reforming facts of local governments in 1980s, that Chinese local governments began to have some characteristics similar to a company, officers seemed the board members of a company, and each local government, like a profit-making company for diversified businesses, controlled and coordinated all the enterprises and institutions under its jurisdiction area. This point of view is called the “Local State Corporatism”. Local governments act as the boss or “entrepreneur” of a profit-making organization, and control the specific operation of enterprises and institutions under its jurisdiction area through four methods: first, get hold of the control power of enterprise. Local governments are usually not eager to privatize the enterprises under its jurisdiction, but prefer to have enterprises contracted or leased to an individual, since the government may always possess a control power of enterprises if doing so. Second, get hold of the allocation power. The special system of China enables local governments to get hold of a power to control those materials within the plan price and allocated by the central government as well as those locally scarce resources, and a power of reallocation. Obviously, more resources can be obtained only by those in compliance with the government. Third, implement the biased administration. This includes common and special services that the government provides preferably to some enterprises to get the business license, product certificate, product award and tax reduction opportunity etc., even to grant such enterprises an administrative appropriation. Forth, investment and loan. In this aspect local governments mainly help enterprises through providing a loan guarantee, evaluating the loan rating, support the establishment of half-private credit organization locally.

Andrew Walder (1995) pointed out after investigating the differences in organization

character among different levels of governments in China, that compared with higher governments, the local governments in China have greater motivation and capability to exercise the owners' equity, his conclusion hereof was "local governments equal to manufacturers". Andrew Walder analyzed how the reform of financial system had stimulated local governments, and he believed that the financial reform carried out in 1980s enabled all levels of government to remain the balance except for the contracted payment to higher governments after they levied taxes from the enterprises located in the area under their jurisdiction. The faster the regional economy develops, the better the financial performance of enterprises, and the more increase in the revenue of local governments. Furthermore, the revenue beyond budget that will be not shared with higher governments has a stronger effect of stimulation. Since enterprises provide the area under local government's jurisdiction with the employment opportunities, social insurances and housing funds, and also provide the other enterprises with non-financial advantages such as factors of production and so on, local governments have to strengthen the financial administration on enterprises. Therefore, the reform of financial system, such as "contract system on revenue and expenditure" and the "the system of dividing revenue and expenditure between the central and local governments and holding each responsible for balancing their budgets", resulted in the changes of role and behavior for local governments. He thought that local officers actually administered the state-owned enterprises as a company with diversified market orientation, and local officers became the agency and actor of market orientation. The relationship between government and enterprise is similar to the organizational framework relationship of a factory or company, namely the government, as a owner, is similar to the president of a company, while the managerial staff in an enterprise are similar to the role of factory director or workshop manager. Someone treated the viewpoint of Andrew Walder as an independent one, but in my opinion, his viewpoint is in fact more like the viewpoint of Jean Oi.

Peng Yusheng (Peng, 2001) further defined the viewpoint of "township governments equal to a company" through demonstrated analysis. Yang Shanhua and Su Hong (2002) investigated the changes of township governments in their role and functions from a dynamic and transitional point of view. First they differentiated two concepts - "agency type regime operator" and "profit-making regime operator", and considered during the period of transition, the role of township governments were changing from "agency type regime operator" into "profit-making regime operator". In the period of planned economy, though township governments, as the primary level of government, had certain legal powers and functions, as well as the spaces of independent behavior, the simplification in administrative functions and the uniformity among different levels of government enabled them to undertake the major functions of following out the will of state, obeying and implementing the directions and policies of higher governments, they just acted as the "agency type regime operator". Since the reform and opening up, due to the implementation

of “power divided” financial system, township governments started to have certain self interests, so the motivation of seeking for independent interests were inspired. The role of township governments changed, they act a dual role of both the agency of national interests and the actor seeking for self interests. They came to the conclusion thereof that the behavior of township governments liked that of enterprises. Township governments participated in the operation and management of enterprises directly, the purpose of which is neither entirely to accomplish the directions given by higher governments nor entirely to seek benefits for commune inhabitants, but mainly to seek the maximum interest of such an interest group of township regime; same as the board of a company, governmental staff members like the employees in an enterprise, and the basic standard to evaluate their performance is the rate of economic growth. Township governments regard economic activities as their principal work instead of the provision of public products and services that they should undertake.

2. Local Governments Act as “Market Actor”

Hong Yinxing (1997) believed, that the actions of local government themselves had a marketability, belonging to a kind of semi-enterprise behavior. It is shown in the following three aspects: first, at the stage when the market mechanism was imperfect, local governments took an effect should have been taken by the market mechanism within a certain range, which is called the “governmental behavior under development”; second, local governments helped enterprises to compete with the other ones outside the area under their jurisdiction; third, local governments safeguarded local enterprises and pursued for the maximum profit. Although he emphasized that the stronger function of local governments in economic intervention was not invariable, they (Hong Yinxing and Cao Yong, 1996) still affirmed the positive effects of local government as a market actor during the process of economic transition: first, pushed the general adoption of the market principle. The areas with a faster adoption of market principle currently in China depended on an effective local government to a large extent; second, local governments linked up the incomplete plan and incomplete market; third, local governments made a market oriented regulation on the central macro-control; forth, in the construction of market economic system, local governments made some innovations in market system, social system, legal system and governmental system.

3. Local Governments Act as the Medium of the Central Power Center and Micro Entities

Yang Ruilong and Yang Qijing (1998, 2000) didn’t focus only on villages and towns, they disagreed also to the opinion that local governments had become a profit-making economic organization like company or enterprise, in their point of view, with the reform of “decentralization of power and transfer of profits” and the implementation of “the system of

dividing revenue and expenditure between the central and local governments and holding each responsible for balancing their budgets”, local governments gradually became a political organization to seek for the maximization of economic profits at the same time. Local governments with independent interest demands were likely to act as the medium of central power center and micro entities. It was just because acting as such a key “medium” that local governments enabled to take the role of initiative participator in the changes of system. Yang Ruilong et al. considered that the changes of system in China experienced three stages, namely the “dominant type”, “midst diffused type” and “caused type”, while local governments as an actor took different effects in the above three stages, at the stage of “midst diffused type of system transition”, local governments acted as a role of the first action group, which resulted in a ladder-shaped track of Chinese system transition, thus the reform was granted a nature of Pareto improvement.

4. “Rear Local Corporation” of Local Governments

Qiu Haixiong and Xu Jianniu (2003) studied the role and behavior of local governments from the viewpoint of macro social structure. They considered that in the matured market economy, the state (government), market (enterprise) and society (trade guild and chamber of commerce) were three main actors in the economic field. But for thousands of years, China was governed by centralization of authority, and had been in a situation of strong country but weak society prior to the reform, the government centralized and substituted many functions of nongovernmental organization, leading to the vacancy of nongovernmental organizations. After entering into the stage of market transition, nongovernmental organizations in the economic field, such as chamber of commerce and trade guild etc., were not well developed to a matured situation, the so-called “social structure holes” formed. Presently, the existence of social structure holes provided action spaces for local governments to intervene the economic activities. They also called the “theory of family network” and “theory of structure holes” jointly as the “theory of social structure holes”. On this basis, they put forward a four-directional research framework. Three directions, including fiscal decentralization, reform of property rights and the general adoption of market principle, revealed the transition of Chinese political and economic systems, and they were summarized as the theory of fiscal stimulus, the theory of property right restriction, and the theory of system rupture; another direction referred to the social structure relatively stable, which was called the theory of social structure. It was found by their research that since 1980s, factors influencing the behaviors of local government, such as the system stimulation caused by fiscal decentralization, they system rupture formed during market transition, and social structure with Chinese characteristics etc., didn’t change obviously, but the arrangement of property rights changed obviously, especially in the coastal areas with well developed economy the privatization had been basically realized. Under the arrangement of new system, with the deeper reform of property rights, local

governments changed from “the advancement without privatization” to “the advancement with privatization” in China, the privatization formed an evident system restriction on the behaviors of local government, and local governments no more acted as the role of “entrepreneur” to participate in the enterprise operation and management directly, but started to exit from enterprises step by step, and turned to push forward the development of regional economy indirectly from outside. Thereby, they considered that at the new stage, the property rights have constituted the uppermost condition for local government behaviors, which was what they called the “Rear Local Corporatism” of local governments.

5. Local Governments Act as the Agency of the Central Government

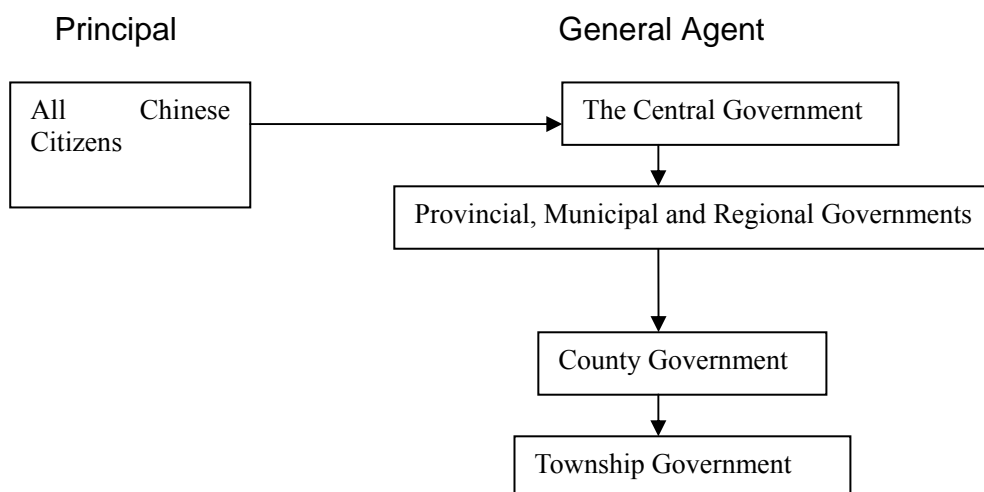
The aforesaid scholars studied the nature of Chinese local governments from different viewpoints, which is beneficial for us to make a deep analysis on the role, function, behavior and even performance etc. of local governments, especially the township governments. However, in my opinion, we should start with Chinese political structure and governmental system so as to understand the role, function and behavior of local governments (mainly township governments).

(1) Entrustment – Agency Viewed Chinese Political Structure

From the viewpoint of entrustment – agency, Chinese political system is different from western countries in nature. If the Chinese citizens are called the principal, the central government will be the general agent of people, and will become the core of governmental system. Different from the local autonomy system of western countries, in China, from ancient time until today, all local governments are only the agency or secondary agent of the central government, while township governments act as the agent at the end of such a chain of agency.

Figure: Basic Political Structure in China

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(2) Responsibilities and Behaviors of Agent

No matter the planned economic system or the market economic system, the agent

always has its own interests, under the circumstance when agent costs can not be eliminated, the agent shall for sure do something beneficial for itself instead of the principal. After entering into the period of transition, the appearance of fiscal decentralization and private property rights created more convenient conditions for the agent to gain self interests. However, the power to appoint and dismiss, and assess local governmental officials was still in the hand of higher governments, thus the behavior of lower governments was heavily restricted in politics. Therefore, as we have seen, after a reform of 30 years, that the role and behavior of all levels of local government in China changed significantly indeed. Nevertheless, the nature of local governments as a political organization remains unchanged, the lower level of government should first complete its legal responsibilities, complete the directions and various tasks given by higher governments, even the pursuit of self economic interests shall first satisfy the requirement of higher authorities. Township governments shall be impossible to be excluded, because the power to appoint and dismiss major officers for township governments is controlled by the county government, so township governments should first complete various tasks given by the country government. For the reason of agent costs, if the central government requests township governments to complete a certain task, multiple agent levels will produce an extremely high agent cost, usually it is very possible to go out of shape; but if the county government request township governments to complete a task, the agent cost will be lower because the agent chain is short, basically everything can be settled. As a result, the role, function and behavior of township governments shall depend on the arrangement of county government.

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III. Main Conclusions

At least the following conclusions could be reached from the above analysis:

First, township governments still belong to the political range, the role of which is a regime operator. But under the condition of ever changing political and financial systems, the behaviors of which are disturbed and influenced by many factors.

Second, the unbalance between administrative rights and financial rights caused by passing down administrative powers in politics to lower levels and collecting financial powers in economy, is the reason why township governments are operating difficulty at present, is also the cause why the behavior of township governments turns to an anomie repeatedly.

Third, the role that township governments have ever acted motivated the development of local economy and social security, which is an important part of the Chinese political structure. The operation mode of township governments formed in the past is becoming more and more unsuitable for the requirements of market economy, but it is unreasonable to neglect everything thereof, the transfer of township governments is imminent.