

College of Asia and the Pacific, The Australian National University

Review

Reviewed Work(s): Taxation without Representation in Contemporary Rural China by
Thomas P. Bernstein and Xiaobo Lü

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explicit importance given by individuals, male and female alike, to their emotions, desires and freedoms in the evolution of new family practices and relations. Yan concludes that people now exercise agency in pursuit of personal and emotional ends rather than for the good of the collective unit, and he argues that among the younger generations the development of individuality is reflected in the intensification of emotional attachment and intimacy and in the ways in which individuals openly invest in and use family spaces as both a resource and a refuge.

A further major theme of the book is that the development of individual autonomy has led to a rights-based sense of self which has occurred alongside the withdrawal of the state and the collective from many aspects of social life. Yan argues that the decline in public life, the near-absence of community power, an increasingly predatory local government and new, market-oriented competition have all contributed not only to the disintegration of the community but also to the rise of ultra-utilitarian and ego-centred consumerism. He concludes that one of the unintended consequences of both revolution and reform has been the emergence of an imbalance between personal, intimate and individual rights on the one side and family and community obligations on the other, leading to what he calls “the rise of the uncivil individual”. This conclusion ought to be set alongside similar trends with different outcomes in south China, where field research suggests that kinship groups rather than the individual may have stepped into a like void and assumed responsibility for community and public affairs. In all, this is a fascinating and informative study based on intricate, nuanced fieldwork.

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Taxation Without Representation in Contemporary Rural China, by Thomas P. Bernstein and Xiaobo Lü. Cambridge: Cambridge University Press, 2003. xviii + 282 pp. US\$70.00 (hardcover).

This book is an excellent resource on the distribution of political power and financial responsibilities in rural China and the authority of local officials *vis-à-vis* the central government and peasants. It also examines the effectiveness of village democracy in reducing unjustified taxation burdens, and explores the question of whether peasant uprisings and incipient rural democratization are sowing the seeds for widespread political liberalization. Overall, the book illuminates the relationship between fiscal decentralization, central–local government relations, peasant tax burdens, rural regional disparities and village democracy—interrelated subjects that too often have been studied in isolation.

Bernstein and Lü suggest that the taxation problems have historical roots. In Imperial China, like today, the regime was unable to design, implement or enforce an equitable taxation system and had to rely heavily on informal, *ad hoc*

ways of financing that gave rise to widespread corruption. Then as now, unjustified taxes became the single most important instigation or catalyst to popular rebellion, known as *guanbi minfan* (officials driving the people to rebel). During the Maoist years, though taxation was less of a cause of rural discontent, planned industrialization gave rise to an urban bias in policies that extracted resources from the agricultural sector. In particular, the central procurement of grain at state-set prices that were often below market prices and the sale of industrial inputs to farmers at high state-determined prices created a “scissors effect” that discriminated against the rural sector. This “hidden burden” continues until today.

The fiscal decentralization initiated in the early 1980s made local governments responsible for balancing local budgets based on revenues and expenditures, which stimulated local development by allowing local governments to keep their surplus revenue. In doing so, local governments concentrated resources in developing township and village enterprises (TVEs) at the expense of agricultural development, and frequently resorted to off-budget funding to finance the provision of essential public services, such as education and health care. Studies by economists and a recent World Bank report by Christine Wong provide evidence that regional disparities and uneven development have been exacerbated, since poor provinces that run chronic budget deficits fail to provide basic infrastructure, while rich provinces are able to play a developmental role using the revenues from local enterprises. Bernstein and Lü concur with such findings: farmers in rich provinces do not bear much of a tax burden since the local authorities are able to extract revenues from the TVEs. They suggest that the middle-income agricultural provinces bear the brunt of taxes, rather than the poor western region, both because there is not much to squeeze out of poor peasants and because the poor areas are the beneficiaries of the central government’s poverty relief funds (which sometimes are preyed upon by corrupt local officials).

Bernstein and Lü argue that “developmental and predatory behaviours were interrelated”. In rich coastal provinces, the local authorities “played critical guiding, entrepreneurial, and managerial roles, for which the term ‘local developmental state’ is appropriate”. In other parts of rural China, the local officials often played a predatory role as there were not enough resource-generating TVEs; hence, they turned to the peasants to raise funds for a variety of developmental projects, which provided opportunities for predation. Thus, Bernstein and Lü note, “The sources of the tax-and-fee problem ... are not simply the product of abusive and predatory officials. A major source of the heavy burdens is that China’s leaders devised a set of policies to speed up rural development and modernization but without adjusting those policies to the conditions of central and western China. ... [Local officials] were not simply ‘bad’ or corrupt. They did what rational actors would normally do in such an institutional environment, namely to satisfy their superiors” (pp. 243-4).

Would village elections help mitigate tax-and-fee abuses? The authors conclude that “when elections were genuinely open, cadre-peasant relations improved and tax collection was characterized by greater fairness and less abuse”

(p. 224). However, the burdens could not be effectively reduced unless democratization was extended upward to the township level, since fiscal power lies with the authorities at the township level and above.

A major shortcoming is the absence of original fieldwork by the authors. However, the book does provide a thorough review of both the Chinese and Western-language literature, including an extended list of negative and satirical coverage in the Chinese media on peasants' grievances.

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The Promise of the Revolution: Stories of Fulfillment and Struggle in China's Hinterland, by Daniel B. Wright. Lanham: Rowman and Littlefield, 2003. xvi + 199 pp. US\$24.95 (paperback), US\$65.00 (hardcover).

Daniel Wright lived in the prefectural capital of Duyun in southeastern Guizhou from 1997 to 1999 as a fellow of the Institute of Current World Affairs (ICWA), formerly known as the American University Field Staff. Selected for his fluency in Chinese and his English-language writing ability, Wright's only duty was to send the ICWA monthly letters. These were written for a broad audience and circulated among interested readers in US academia, business, government and journalism. The book reproduces these letters in revised form, with footnotes, statistics and recommended readings added to provide a more academic flavour. It consists of 18 "portraits" of life in Guizhou, "a montage of realities of grassroots hinterland China" (p. 5).

The book has five sections. The first is devoted to views of local history. It provides a history of 20th-century China from a Guizhou perspective and describes Wright's retracing of 150 miles of the Long March near Zunyi. The second section depicts the relationships forged between Guizhou and the coastal provinces by migrant workers and by the charity projects that link rich coastal cities to poor interior ones. The third section describes life in several Guizhou villages. The fourth focuses on urban life in Guizhou, and the fifth concludes the book with reflections on people's hopes, beliefs and desires after fifty years of Party rule.

Several themes emerge, the most prominent of which has regard to the extremes of inequality in contemporary China. Wright rides for more than 35 hours in the hard-seat section of a train packed with migrant workers headed to Guangzhou, and he plays golf at Guizhou's ritziest resort. He conveys the views of pushcart pullers, subsistence farmers and laid-off factory workers as well as teachers, executives and entrepreneurs. He provides statistics on the disparities of wealth between the coastal provinces and the interior, and between rural and urban Guizhou. Though he finds extreme inequality, he emphasizes that it is corruption that bothers the impoverished more than the inequality *per se*. Wright