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## Challenging, complementing or assuming ‘the Mandate of Heaven’? Political distrust and the rise of self-governing social organizations in rural China

Vanesa Pesqué-Cela<sup>a</sup>, Ran Tao<sup>b</sup>, Yongdong Liu<sup>b</sup>, Laixiang Sun<sup>a,c,d,\*</sup>

<sup>a</sup> Department of Financial & Management Studies, SOAS, University of London, UK

<sup>b</sup> Centre for Chinese Agricultural Policy (CCAP), Chinese Academy of Sciences, Beijing, China

<sup>c</sup> Institute of Geographic Sciences & Natural Resources Research (IGSNRR), Chinese Academy of Sciences, Beijing, China

<sup>d</sup> International Institute for Applied Systems Analysis (IIASA), Laxenburg, Austria

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### ABSTRACT

**Pesqué-Cela, Vanesa, Tao, Ran, Liu, Yongdong, and Sun, Laixiang**—Challenging, complementing or assuming ‘the Mandate of Heaven’? Political distrust and the rise of self-governing social organizations in rural China

The emergence of self-governing social organizations is one of the most significant yet unexplored developments in rural China. By conducting a nationwide village-level survey, we find that these organizations are playing an important role in the provision of local public goods and services. To explain villagers’ participation rates in these organizations, we specify and estimate two simultaneous equations and find that the level of villagers’ distrust in township leaders exerts a significant and positive influence on the participation rates. We argue that, when distrusting local government officials, largely for their unwillingness or inability to provide public goods and services, villagers might attempt to participate in autonomous social organizations to serve their own and community’s interests independently from the local Party-state. We also find that lineage structure and relations and labor out-migration have significant impacts on villagers’ participation in such social organizations. *Journal of Comparative Economics* ••• (••••) •••–•••. Department of Financial & Management Studies, SOAS, University of London, UK; Centre for Chinese Agricultural Policy (CCAP), Chinese Academy of Sciences, Beijing, China; Institute of Geographic Sciences & Natural Resources Research (IGSNRR), Chinese Academy of Sciences, Beijing, China; International Institute for Applied Systems Analysis (IIASA), Laxenburg, Austria.

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## 1. Introduction

Both governance and civil society have come to attract considerable interest globally. Civil society matters for good governance because it can help to balance the role of the state and the rights of citizens and to promote constructive interactions between and within government and non-government forces (Putnam, 1994; Roy, 2008; Tandon and Mohanty, 2003). Such balancing and interaction are particularly important in a transition economy like China, given the increasing

\* Corresponding author at: DeFiMS, SOAS, University of London, Thornhaugh Street, Russell Square, London WC1H 0XG, United Kingdom. Fax: +44 20 7898 4089.

E-mail address: ls28@soas.ac.uk (L. Sun).

concern about social instability as a threat to its economic prosperity (Pei, 2006; Perry and Selden, 2003). In the impulsive rush to economic prosperity, there have emerged unprecedented opportunities for citizens to associate and play an active role in community affairs outside the government and Party. It is also often the case that those at the losing end find neither the state nor business having sympathy for their plight and grievances.

In the context of contemporary rural China, the rise of formal and informal civil society activities and organizations,<sup>1</sup> large in number and of great diversity, is widely regarded as one of the most significant developments in local governance. Of the growing body of research literature in this field, two strands can be distinguished. The first one focuses on the extent to which Chinese villagers have been 'challenging the Mandate of Heaven,' in the words of Perry (2002).<sup>2</sup> A significant number of studies examine why and how Chinese villagers have resorted to 'mobilized,' rather than 'institutionalized,' modes of political participation, to protect themselves from a 'predatory' local state and to further their collective interests. The analytical emphasis has been on the driving forces, the patterns and the potential political impact of collective protest and resistance in the countryside (e.g., Bernstein and Lü, 2003; Cai, 2008; Guo, 2001; O'Brien and Li, 2006). Excessive tax burdens, widespread official corruption, land expropriation without proper compensation and the deterioration of the environment have been major sources of rural unrest in recent years. The number of illegal and violent collective protests has been increasing and they have become more organized. 'Rural China is likely to remain fertile soil for widespread protest and social unrest that could threaten the stability of the Communist regime' (Zweig, 2003, p. 132).

The second strand suggests, instead, that the social organizations of Chinese villagers have been by and large 'complementing the Mandate of Heaven.' A large number of publications illustrate that rural associations have engaged in a cooperative and mutually beneficial relationship with a 'benevolent' local Party-state to promote economic and social development. Rural social organizations provide local officials with the financial and organizational resources, as well as the legitimacy, which are necessary for them to govern more effectively. These organizations also provide indispensable assistance to local governments in economic regulation and coordination, in the delivery of public goods and services, and in the implementation of policies set forth from above (e.g., Hansen, 2008; Oi, 1999; White et al., 1996).

However, local state–society relations in rural China might go beyond the dichotomy of confrontation versus cooperation. As acknowledged in Tostensten et al. (2001, p. 18), 'the relationship of civil society to the state is varied. Civil society may be a countervailing power to the state, indeed, an anti-state force. Alternatively, it may take a collaborative stance vis-à-vis the state and thus risk co-optation. Or, it may be seen as a separate sphere of activity—as non-state rather than anti-state.' While recognizing the relevance of confrontational and cooperative patterns of interaction between political and social actors in rural China, this research intends to highlight that Chinese villagers are also organizing themselves in self-governing associations, neither to *challenge* nor to *complement* the local state, but to autonomously *assume* some of the functions and tasks that the local state does not perform as required or expected.

In sharp contrast to most of the previous publications, which are overwhelmingly based on qualitative case studies and thus inevitably have some difficulty in explaining variations across different jurisdictions, this research is built on a national survey conducted by the authors in 2005, which covers 115 villages, 58 townships and 30 counties across 6 provinces in China. One key purpose of the survey is to reveal and assess the explanatory factors underlying the involvement of Chinese villagers in a wide spectrum of rural social organizations that are not part of, and enjoy operational autonomy from, the local Party-state apparatus. To our knowledge, this research constitutes the first attempt to investigate the social, political, and economic forces that drive the rise of a broad range of 'self-governing social organizations' in rural China.<sup>3</sup>

Our survey data shows that self-governing social organizations have mushroomed in Chinese villages and in some areas they have made significant contributions to the provision of local public goods and services, albeit with local characteristics and limitations. The data also reveals striking variations across villages in terms of the occurrence of grassroots associations, their organizational scale, and villagers' participation rates. Our econometric estimations indicate that the level of villagers' distrust in township leaders constitutes a key explanatory factor for such variation and exerts a significant and positive influence on villagers' participation in self-governing social organizations. While (time-lagged) local government performance measures, such as election quality and public goods investment per capita raised by the village government, do have an impact on villagers' participation in self-governing social organizations, their impact is mainly exerted through the channel of political (dis)trust formation. It is also found that lineage structure, inter-lineage rivalry, intra-lineage cohesion and labor out-migration have statistically significant effects on villagers' participation in such social organizations at the village level. These results are robust to major control variables which represent the economic, social and geographic features of individual villages.

This research aims to enrich the literature on the civil society–governance–development interface in general and the interaction between political distrust/trust and participation in social organizations in particular. Because the traditional concept of political trust, which focuses on citizens' general attitudes toward an abstract government, cannot provide explanatory power to the village-level variation in autonomous civic associations, we resort to a refinement of the concept as proposed by Levi and Stoker (2000, pp. 495–496) and adapt it to the Chinese context in line with Li (2004, 2008). We examine the political attitudes of villagers towards their township governments and officials. Our survey questions on the

<sup>1</sup> Civil society here is understood as 'the public realm of organised social activity located between the state and the family, regardless of normative orientation' (Tostensten et al., 2001, p. 7).

<sup>2</sup> We use this expression in reference to the behavior of the Chinese rural population vis-à-vis the local government, rather than the central government.

<sup>3</sup> A strict definition of 'self-governing organization' will be presented in Section 2.

perceived trustworthiness of township leaders are designed to capture both ‘competence to perform what one is trusted to do, and motivation to perform’ (Hardin, 2006, p. 36). Our analysis and the empirical findings indicate that, when distrusting local Party and government officials, for their unwillingness and/or inability to perform their functions, villagers might attempt to partly ‘assume the Mandate of Heaven,’ by participating in an alternative arena—unofficial and self-governing social organizations—in which they can serve the interests of themselves and their communities, while fending off government interference in their activities. In addition, the significant impacts of political distrust, lineage structure, inter-lineage tensions and intra-lineage unity on villagers’ social participation suggest the sensitivity of rural China’s self-governing associations to local history and to the initial conditions of individual villages. This is in line with the pluralistic perspective on the origin and evolution of social organizations (Berkowitz and Roland, 2007).

The paper proceeds as follows. Section 2 reports the general development of social organizations in rural China and puts an emphasis on the emergence of self-governing associations. Section 3 develops hypotheses with respect to our key explanatory variables (or channels): the level of political distrust, government performance, and the nature of lineage structure and relations. Section 4 reports survey design and measurements of political trust, lineage features and other variables included in our econometric estimations. Section 5 presents the estimation results, and Section 6 concludes.

## 2. The development of self-governing social organizations

The existence of civil society organizations and the like in China is a relatively recent phenomenon. In the pre-reform era, the Leninist Party-state insisted that there was no need for or value in intermediate organizations between the Party-state and ‘the masses,’ apart from a handful of ‘mass organizations’ run by the Party-state apparatus, such as the All-China Federation of Trade Unions, the All-China Women’s Federations, and the All-China Students’ Federation.

The economic reforms since the late 1970s has brought about significant changes in the structure of society and led to the pluralization and diversification of social interests, increased social differentiation and stratification, erosion of rigid rural–urban barriers, and new room for voluntary associations. Aware of the need for new institutional mechanisms to promote constructive interactions between government and non-government forces, from the 1980s onwards the Chinese Party-state has encouraged the development of social organizations, such as professional associations, trade associations, learning societies, and cultural, sports, and health clubs. It has also urged these emerging intermediate bodies to take on some of the former state functions, such as the daily regulation of specific trades and the provision of certain public goods and services (Howell, 2007). As a result, the number of registered social organizations (excluding traditional ‘mass organizations’) has increased significantly and, by the end of 2007, there were 207,000 ‘Social Organizations,’ 172,000 ‘Civilian Non-enterprise Units’ and 1369 ‘Foundations’ registered with the Ministry of Civil Affairs (Ministry of Civil Affairs, 2008).

According to the Civil Society Index (CSI) assessment of CIVICUS World Alliance for Citizen Participation, the functioning of these formal social organizations has made the most significant contribution to the higher than average scores of China’s CSI in the dimensions of ‘Impact’ and ‘Value,’ in comparison with China’s peers in the Post-communist Europe and Eurasia (CIVICUS, 2006; Jia and Pan, 2006). Nevertheless, it is less clear how many grassroots social organizations exist in China’s less-developed countryside and to what extent these grassroots social organizations can contribute to elevating the bottom scores that China obtained in the dimensions of ‘Structure’ and ‘Environment’ of the CSI.<sup>4</sup>

Our national survey is designed to fill this important gap.<sup>5</sup> We collected data for an almost exhaustive spectrum of rural social organizations that are neither affiliated to traditional mass organizations nor part of the local Party-state apparatus. Table 1 reports the number and proportion of such associations by major categories and types in our sample. It also reports our estimations at the national level, which are based on proportional extrapolation. Table 1 shows that there were in total 552 grassroots social organizations in our sample villages in 2004–2005. They include the associations for wedding and funeral affairs, old people associations, Christian churches, ancestral, Buddhist, and other local temples, organizations offering technical support to farmers, mutual aid groups, consumer protection associations, dispute mediation associations, village security patrol groups, and others. Of these diverse organizations, over 18% are churches, temples, and other religious organizations; 16.7% are in the category of cultural, sports, and health organizations; 14% are engaged in civil dispute mediation; 13.8% are community security control committees or patrol groups; and another 13.8% belong to the categories of technical assistance and mutual-aid in production. This leads to an extrapolative estimation of the number of rural grassroots social organizations at the national level being 3.16 million.

<sup>4</sup> The CSI assessment is based on 74 indicators, which are grouped into four dimensions: Structure, environment, values, and impact (CIVICUS, 2006). The ‘structure’ dimension looks at civil society’s make-up, size and composition. It assesses the breadth and depth of citizen participation, diversity within civil society, and the level, inter-relations, and resource of civil society organizations. The ‘environment’ dimension examines a variety of factors influencing civil society, including political, legal, institutional, social, cultural and economic factors. It also assesses state–civil society relations and private sector–civil society relations. The ‘values’ dimension addresses the principles and values that are adhered to, practiced by and promoted by civil society. The assessment looks at the ratio of tolerant vs. intolerant, progressive vs. fundamentalist, propoor vs. anti-poor civil society actors in a country. It also regards democracy and transparency as critical measures of civil society’s legitimacy and credibility. Finally, the ‘impact’ dimension measures the impact civil society has on people’s lives and on society as a whole. It assesses the extent to which civil society influences public policy, holds state and private corporations accountable, responds to social interests, empowering citizens, and meets societal needs.

<sup>5</sup> Technical details on sampling will be presented in Section 4.

**Table 1**

Number of rural social organizations by major category in 2004

| Major category                | Top two/three types <sup>a</sup>  | In the sample          |           | National (estimation) |
|-------------------------------|---|------------------------|-----------|-----------------------|
|                               |   | Organizations (number) | Share (%) | Organizations (1000)  |
| Wedding & funerals            | Wedding & funeral affairs (42), Funeral affairs (2)   | 45                     | 8.2       | 260                   |
| Cultural, sports & health     | Old people associations (60), Yangko clubs (10)   | 92                     | 16.7      | 530                   |
| Learning                      | Family planning training (18), Agro-tech training (9)   | 42                     | 7.6       | 240                   |
| Churches, temples & religious | Christian churches (32), Buddhist temples & associations (13), Local temples & temple fairs (6) | 100                    | 18.1      | 570                   |
| Technical                     | Technique associations (29), Science & technological associations (6)                           | 63                     | 11.4      | 360                   |
| Mutual aids in production     | Farm-work helpers team (3), Mutual aids groups (2)  | 13                     | 2.4       | 70                    |
| Rights protection             | 12315 consumers complaining stations (8), Consumers associations (6)                            | 31                     | 5.6       | 180                   |
| Civil intermediation          | Civil intermediation committees (77)  | 77                     | 14.0      | 440                   |
| Public order & security       | Public security committees (63), Joint security control and patrol teams (6)                    | 76                     | 13.8      | 440                   |
| Others <sup>b</sup>           | Financial management groups (6)   | 13                     | 2.4       | 70                    |
| Total                         |   | 552                    | 100       | 3160                  |

Source: Authors' village survey in 2005.

<sup>a</sup> Numbers in parentheses are the occurrence number of the corresponding organizational type.<sup>b</sup> The occurrence number of other types in the 'Others' category is one and therefore we only report the top one type.**Table 2**

Participation of grassroots social organizations in local infrastructure projects, 2000–2005 (%)

| Category of social organizations | Roads, bridges, tap water & others   |  | Infrastructure for agricultural production |  | School buildings & facilities        |  |
|----------------------------------|--------------------------------------|--|--|--|--------------------------------------|--|
|                                  | Rate of participation in initiations | Success rate of implementation in the initiation | Rate of participation in initiations       | Success rate of implementation in the initiation | Rate of participation in initiations | Success rate of implementation in the initiation |
| Wedding & funerals               | 19                                   | 86   | 14   | 80   | 14                                   | 80   |
| Cultural, sports & health        | 35                                   | 57   | 21   | 69   | 17                                   | 62   |
| Learning                         | 19                                   | 50   | 23   | 57   | 17                                   | 80   |
| Local temples                    | 11                                   | 80   | 10   | 25   | 5                                    | 0  |
| Churches & religious             | 12                                   | 20   | 7  | 33   | 2                                    | 100  |
| Technical                        | 15                                   | 75   | 20   | 70   | 8                                    | 100  |
| Mutual aids in production        | 17                                   | 50   | 25   | 67   | 8                                    | 100  |
| Rights protection                | 19                                   | 80   | 31   | 75   | 23                                   | 100  |
| Civil intermediation             | 18                                   | 85   | 12   | 78   | 12                                   | 89   |
| Public order & security          | 11                                   | 71   | 11   | 43   | 6                                    | 75   |
| Others                           | 30                                   | 100  | 30   | 100  | 40                                   | 75   |
| Total                            | 19                                   | 67   | 16   | 65   | 12                                   | 78   |

Source: Authors' village survey in 2005.

While the major function of rural grassroots associations is the delivery of production services, they also play an important role in the provision of local public goods. Table 2 reports the proportions of these organizations that initiated various village-level infrastructure projects and the rates of successful implementation of these projects during the period of 2000–2005. It shows that about 19% of rural associations took the initiative to undertake local public infrastructure projects, such as the construction and repair of roads, bridges, and drinking water supply systems. Of these initiatives, 67% were successfully implemented. About 16% of these organizations took the lead in carrying out agricultural infrastructure projects, with a success rate of 65%; and around 12% of them engaged in the improvement of school facilities, succeeding in 78% of the cases. In rural communities, initiating and carrying out infrastructure projects usually requires the approval and support of the village leaders. Surprisingly, in our sample, about 50% of the public infrastructure projects that were carried out by local temples were run independently, without the help of the village committee or Party branch. This suggests that some rural social organizations constitute a separate sphere of activity from the local Party-state, where villagers cooperate to take over some of the tasks that local officials do not perform as required, even in the domain of local public infrastructure projects.

Given the focus of this research, we need to have an analytically well-defined distinction between self-governing and government-controlled grassroots social organizations. We determine that a self-governing social organization must meet each of the following three criteria: (1) they are not initiated and sequentially controlled by any of the local Party-state agents, (2) local Party and government officials do not participate in the decision-making processes of these organizations, and (3) their heads are not appointed by the government and do not concurrently hold a post in the local Party-state apparatus. During our fieldwork we found that a large number of self-governing social organizations did seek nominal initiation by government agents for political security reasons ('wearing red hat'), and we regarded these as self-governing social organizations if the above conditions (2) and (3) are met. Table 3 reports the participation rates in self-governing and

**Table 3**

Participation rates of villagers in self-governing and government-controlled social organizations, by sample province

|             | No of villages | Self-governing | Government-controlled | All social organizations |
|-------------|----------------|----------------|-----------------------|--------------------------|
| Jiangsu     | 19             | 2.10           | 8.36                  | 10.46                    |
| Sichuan     | 20             | 0.39           | 2.58                  | 2.97                     |
| Shaanxi     | 16             | 4.05           | 4.56                  | 8.61                     |
| Jilin       | 21             | 1.98           | 9.46                  | 11.44                    |
| Hebei       | 19             | 1.67           | 4.52                  | 6.19                     |
| Fujian      | 20             | 17.11          | 15.16                 | 32.26                    |
| All samples | 115            | 4.59           | 7.57                  | 12.16                    |

Source: Authors' village survey in 2005.

**Table 4**

Role of self-governing social organizations in public goods provision and dispute mediation, 2000–2005

| Province | Infrastructure building |                                |                        | Dispute mediation |                                |                        | Sum, two types of activities |                                |                        |
|----------|-------------------------|--------------------------------|------------------------|-------------------|--------------------------------|------------------------|------------------------------|--------------------------------|------------------------|
|          | No of org.              | % of total self-governing org. | % of total social org. | No of org.        | % of total self-governing org. | % of total social org. | No of org.                   | % of total self-governing org. | % of total social org. |
| Jiangsu  | 2                       | 20                             | 2                      | 4                 | 40                             | 3                      | 4                            | 40                             | 3                      |
| Sichuan  | 2                       | 29                             | 5                      | 4                 | 57                             | 10                     | 6                            | 86                             | 15                     |
| Shanxi   | 0                       | 0                              | 0                      | 2                 | 18                             | 3                      | 2                            | 18                             | 3                      |
| Jilin    | 7                       | 33                             | 10                     | 4                 | 19                             | 6                      | 11                           | 52                             | 16                     |
| Hebei    | 4                       | 25                             | 3                      | 2                 | 13                             | 1                      | 5                            | 31                             | 4                      |
| Fujian   | 18                      | 47                             | 17                     | 11                | 29                             | 10                     | 20                           | 53                             | 19                     |
| Total    | 33                      | 32                             | 6                      | 27                | 26                             | 5                      | 48                           | 47                             | 9                      |

Source: Authors' village survey in 2005.

government-controlled social organizations by sample provinces. The participation rate is defined as the ratio of the total memberships in the concerned type of organizations to the total population of the village.<sup>6</sup> Table 3 shows that participation in self-governing associations accounts for about 38% of participation in all rural grassroots social organizations. It also shows that the regional variation of participation in self-governing organizations is striking, with a rate of 17.1% in rural Fujian and of only 0.39% in rural Sichuan. In sum, the table does indicate a significant presence of self-governing social organizations in and different participation rates across Chinese villages.

Table 4 reports the contributions of these self-governing social organizations to the provision of local public goods and to the mediation and resolution of civic disputes among Chinese villagers. It shows that at the sample aggregation, 32% of self-governing social organizations carry out infrastructure construction projects and 26% are functioning in civic disputes mediations. However, regional variations are striking. Almost 50% of such social organizations undertake public infrastructure projects in the villages of Fujian, while none of them appears to do so in Shaanxi Province. Concerning the activities of disputes mediation and resolution, inter-regional differences, although smaller, are still remarkable. For instance, in Sichuan villages, almost 60% of self-governing associations assume this function, while only 13% do so in rural Hebei.

### 3. Hypotheses development

The existing literature has identified two sets of factors that drive the emergence of social organizations in rural China. The first is mainly politico-administrative and the second socioeconomic. If the research focus is on social organizations that have a close association with the local Party-state apparatus, the view of a 'top-down' benevolent political process typically prevails. This stream of research identifies local government officials as the leading actors who set the pace for the development of rural social organizations, with the objective of mobilizing socioeconomic resources and popular support for the fulfillment of their political and bureaucratic duties,<sup>7</sup> in a context of extending fiscal scarcity, increasing difficulties in enforcing highly contested policies, and the persistent push by the central government for bureaucratic downsizing (Hansen, 2008; Oi, 1999; Rozelle et al., 2005; White et al., 1996). In contrast, studies on the 'mobilized' political participation of villagers often pinpoint the predatory side of the local politico-administrative process. They show that villagers' protests against corrupt and coercive local cadres increasingly give rise to, and are channeled by, underground social organizations, which are ultimately repressed and dismantled by the state (Bernstein, 2000; Bernstein and Lü, 2003; Thornton, 2004; Yu, 2008). While socioeconomic factors do play a role in both the above processes, they become the dominant force in the analysis of those, mainly informal, organizations built up by a 'bottom-up' process. The rise of associations initiated by villagers is seen as mainly rooted in the transformation of the Chinese rural economy and as led by very different segments

<sup>6</sup> Total population is based on *hukou*-registration and therefore includes out-migrated villagers.

<sup>7</sup> Through the establishment, management and/or support of social organizations, local cadres have also pursued their individual goals, such as increasing their personal income, political power, prestige and connections (Hansen, 2008).

of the rural population, in response to the new needs and opportunities that they face in a rapidly changing socio-economic context (Hu, 2007; White et al., 1996; Zhang and Baum, 2004).

Although the above literature is overwhelmingly based on qualitative case studies and cannot provide direct help to our quantitative research, the politico-administrative perspective draws our attention to the political attitudes of villagers towards their township officials, given the fact that the latter sit at the bottom of the government hierarchy and directly implement almost all policies related to rural society. On the other hand, the socioeconomic perspective points to some of the social conditions which are either conducive or restrictive to the development of rural associations. It suggests a close link between social cohesion and intra-lineage solidarity and between social divisiveness and inter-lineage tension. It also helps us to identify effective control variables in the social, economic, and geographic domains.

### 3.1. Political trust/distrust

Trust is cognitive or rational, in that it is dependent on assessments of trustworthiness of the potentially trusted person or institution (Levi, 1998; Hardin, 2006). Individual trustworthiness involves *motivation* and *competence* to perform what one is trusted to do. Institutional trustworthiness implies 'procedures for selecting and constraining the agents of institutions so that they are competent, credible, and likely to act in the interests of those being asked to trust the institution. Thus, it is not actually the institution or government that is being trusted or is acting in a trustworthy manner. Rather, when citizens and clients say they trust an institution, they are declaring a belief, that on average, agents will prove to be trustworthy' (Levi, 1998, p. 80).

In rural China, 'villagers do not experience the Chinese state as a single entity with a single face' (O'Brien and Li, 1995, p. 782). Most of the population attaches different degrees of trustworthiness to different governmental levels, exhibiting a greater (or at least equal) degree of political trust in higher levels, than in lower levels (Li, 2004, 2008). Such a pattern of political trust/distrust among Chinese villagers appears to shape the level and nature of their political engagement in several ways. It is generally considered that Chinese villagers' distrust in local officials tends to make them disengage from conventional political behaviors and/or to adopt aggressive political behaviors.

First, as demonstrated in Su et al. (2008), the low level of trust in township authorities by villagers provides the latter with disincentives to participate in the election of villagers' committees. On the one hand, almost all government policies related to rural society, some of which, such as birth control and tax collection, are quite unpopular and contentious, are handled by township officials. The higher the level of tension between villagers and township cadres, the stronger is the willingness of the latter to intervene in village elections, so as to establish a 'set-in' support of village cadres for the implementation of unpopular policies in the villages. On the other hand, the 1998 Organic Law of Villagers' Committees authorizes that the township government is in charge of 'the process of setup, change, and abolishment of villagers committees'.<sup>8</sup> Given this background of institutional arrangements, if villagers perceive that township officials might either manipulate the electoral process or dis-empower the popularly elected village committee, they would regard elections for village committees as meaningless. This, in turn, affects villagers' calculation of expected payoffs from participating in the electoral arena and, eventually, discourages them from voting.

Second, villagers' trust in the intent or competence of higher level governments, combined with their distrust in the lower levels of the Party-state hierarchy, explains why they turn to 'rightful resistance' or 'policy-based resistance,' in order to defend their rights and interests. Rightful resistance is a form of partly institutionalized, partly legitimate contention that involves the innovative use of laws, policies and other officially promoted values to defy 'disloyal' local officials, who violate state policies and laws and/or who refuse to recognize legal protections and privileges granted by the central government (Li, 2004; O'Brien and Li, 2006; Minzner, 2006). Collectively, policy-based resisters seek audiences with higher levels and lodge complaints against grassroots cadres, demanding 'the repeal of local policies, the removal of local emperors, and the lifting of illegal local impositions' (Li and O'Brien, 1996, p. 29).

Third, abuses of public trust and power by local officials increasingly lead Chinese villagers to undertake collective acts of violent resistance, which arguably reveals the limited effectiveness of existing political and legal institutions in inducing villagers to seek redress of their grievances peacefully and in guaranteeing socio-political stability in rural China (Bernstein and Lü, 2003; Guo, 2001; Thornton, 2004).

Adding to the above list, although not being mutually exclusive, this research highlights that villagers who distrust local Party and government officials are not necessarily 'alienated apathetics' totally disengaging from the public sphere, nor 'alienated activists' resorting to political protest and resistance (Seligson, 1980). They may become 'social activists' and participate in self-governing social organizations in order to improve community governance independently from formal local political structures. In other words, villagers, who are aware of their collective needs and recognize that local officials lack institutional incentives and/or financial and other resources to meet these needs, might opt for engaging in self-governing associations, in order to improve their livelihoods, while avoiding the risks entailed by political protest and resistance. This discussion leads to our first hypothesis:

H1: *Other things being equal, villagers' political distrust in local governments increases their participation rate in self-governing social organizations.*

<sup>8</sup> The text of this law is available at <http://www.cecc.gov/pages/selectLaws/laws/organicLawVillComm.php>.

This hypothesis is in sharp contrast to the positive relationship between political trust and associational activism found in democratic regimes by previous research. For instance, Brehm and Rahn (1997) demonstrate that confidence in U.S. federal institutions, such as the Congress, the Executive Branch and the Supreme Court, increases the level of citizens' civic engagement. Booth and Seligson (2005) show that trust in local government increases civil society activism in the context of Costa Rica.

To test this hypothesis, we will focus on villagers' political distrust in township Party and government officials. This focus is justified by the following two reasons. First, in explaining everyday socio-political behavior, like civic associational activities, distrust of government or regime may not be as important as distrust of the most relevant political authorities (Booth and Seligson, 2005; Levi and Stoker, 2000). In the context of rural China, township Party and government officials are the most significant authorities, who can directly intervene in the political and economic activities of villagers but are not subject to being elected into office by villagers. Second, focusing on the lowest tier of the Party-state hierarchy is pertinent in China's political context, because Chinese rural population tends to attach higher (or at least equal) levels of trustworthiness to the higher levels of government (Li, 2004, 2008).

### 3.2. Local government performance

According to the micro-performance theory in public administration, political trust is a practically meaningful and comprehensive proxy for government performance because well-functioning public services would lead to satisfied citizens and this in turn leads to more trust or a positive attitude towards government (Bok, 2001; DeHoog et al., 1990; Van de Walle and Bouckaert, 2003). Other authors in sociology and political sciences argue that, however, trust in government is not only a factor of its performance, but also depends on the degree of identification with the government and a series of sociological factors. Furthermore, the cost-effective survey-based measure of trust has its own specific limitation because it may only reflect a subjective performance perception or a stereotypical view on how government is said to function. In the extreme case where the attitudes of the citizens do not result from a personal negative attitude vis-à-vis government, but simply an *expression* of a negative attitude towards government because the latter is a fashion, prejudice or cultural element, distrust would not necessarily have an influence on the behavior of the citizens. To address the concern about the relationship between our measure of political trust and the performance of local governments, it is necessary to introduce more objective proxies of government performance and examine their impact on political trust.

As discussed before, township and village officials in China have been confronted with contradictory pressures. Their good performance in implementing contentious policies like birth control and tax collection may not be regarded as 'good' by the local villagers. Although it is not easy to find performance measures which do not face contradictory evaluation criteria, we do identify two variables: 'cumulative public goods investment (per capita) raised by village officials in 2003 and 2004' and 'the election quality of the last election before 2004'.<sup>9</sup> Following the 2002 Tax-for-Fee reform, village officials were forced to stop fee collection and this led to dramatic falls in revenues in village balance sheets. On the other hand, fiscal transfer from the above typically failed to fully compensate the decline in village revenue (Fork and Wong, 2005; Li, 2006; Yep, 2004). Against this background, a higher level of public goods investment (per capita) raised by village officials would indicate not only stronger motivation and competence of village leaders to act in the interests of villagers, but also more promised fiscal transfer from the township government. Better government performance in public goods investment would lead to greater trust levels among villagers towards both the village and township authorities (micro-performance theory), and at the same time it would reduce the demand for non-governmental provision of public goods via self-governing organizations.

The emerging institution of the village electoral system is still at an early stage of development and the departure in election practices from the standard rules and procedures set by the 1998 Organic Law of Villagers' Committees has been widely observed (Tan, 2004). From an institutional perspective, the implementation of standard rules and procedures is fundamentally important for increasing villagers' confidence in the quality and results of elections because it constrains township officials' capacity in manipulating elections and lowers the monitoring costs by ordinary villagers. Therefore, our election quality measure focuses on this departure. We check the following five aspects of election rules and procedures: (1) whether there are fixed ballot boxes; (2) whether there are secret balloting booths; (3) whether election committee members are elected by villagers; (4) whether villagers are involved in the nomination of candidates; and (5) whether proxy ballot is not allowed. An answer of 'yes' gets a score of one and otherwise zero. The sum of these five scores is defined as the election quality index. Similar to the effect of public goods investment, higher election quality would lead to more trust of villagers in the township government because the latter implements the election,<sup>10</sup> and moreover, higher election quality may reduce the demand for participation in self-governing organizations. The above discussion leads to our second hypothesis:

H2: *Other things being equal, higher level of public goods investment and election quality (a) directly reduces villagers' participation rate and (b) indirectly reduces villagers' participation rate via the channel of increased political trust in local governments.*

<sup>9</sup> More details on these two variables will be presented in Section 4.

<sup>10</sup> Manion (2006) analyzes how variation in election quality across villages is associated with that in levels of political trust in local leaders. She finds that electoral designs that feature contestation and encourage voter participation do better at promoting beliefs among Chinese villagers that local officials and, particularly, village cadres are trustworthy.

### 3.3. Lineage groups

In rural China, lineages, an extension of the family determined by patrilineal descent, have traditionally been one of the main sources of social identification and differentiation (Freedman, 1958; Cohen, 2005). Although they were suppressed under Mao, clans have re-emerged in the reform period, as signaled, for instance, by the renewed interest that the Chinese rural population displays in revising and updating genealogical records, and in (re-)building ancestral halls (Brandtstädter, 2000; Chiang, 1995; Liu and Murphy, 2006).

As well summarized in Tsai (2007a), lineage groups vary widely in their scale and may not overlap with the administrative boundaries of villages. When a lineage group includes everyone in the village and the social boundaries of lineage activities overlaps with the political boundaries of the village's public affairs, it is often the case that an active village-wide lineage group can exert moral authority over the entire village. When the social boundaries of lineage groups do not map onto the administrative boundaries of the village, villagers may become fragmented into sub-village groups. The sub-village lineage groups can inculcate a sense of obligation to the group, but such group obligations are narrower than public obligations to the whole village community. Similarly, the sub-village lineage groups can confer moral standing on their group members for the fulfillment of group obligations, but such standing may only carry weight with the group members and not with the rest of the villagers.

Existing studies do show a close association between the local lineage structure and the degree of social cohesion or divisiveness in the given sample villages, and thus its impact on local governance. For example, Tsai (2007a, 2007b) demonstrates that the existence of village-wide (single) lineage groups has significant and positive effects on the level of local governmental public goods provision, whereas sub-village lineages do not have these positive effects. On the other hand, in some locations, inter-clan rivalry and violence seem to be an increasingly important source of rural unrest (Chiang, 1995; Gao, 1999). As indicated in Chiang (1995), a side effect of clans 'is frequent feuds between clans or villages of different lineages (surnames) that are particularly serious in southern China. Because the rival clans reject the mediation of local officials, the disputes often result in large-scale armed battles.'

The literature clearly suggests that a higher level of tension between sub-village lineage groups would weaken villagers' willingness and ability to trust their fellow villagers in other lineages and, as a result, their incentives to undertake associational activities at the village community level. On the other hand, typically, the larger the number of lineage groups in a given village, the greater the number of local ancestral halls and temples. Our fieldwork shows that these halls and temples are often the birthplace of many existing self-governing social organizations, because they are the historical testimony of intra-lineage solidarity, an instance of the so-called 'bonding social capital' at the village level, and they accumulate economic and social assets which facilitate the development of grassroots associations. Hypothesis three summarizes this discussion:

*H3: Other things being equal, (a) tension between sub-village lineage groups reduces villagers' participation rate and (b) the number of ancestral halls/temples is positively correlated with villagers' participation rate in self-governing social organizations.*

This hypothesis enriches the recent literature on social participation in heterogeneous communities, which suggests that heterogeneity within communities, in the form of wealth inequality, ethnic or racial diversity, has a negative impact on social cooperation, group formation and participation both in developed and developing countries (Alesina and La Ferrara, 2000; La Ferrara, 2002; Miguel and Gugerty, 2005). While inter-lineage rivalry would play such a negative role, the bonding social capital within individual lineage groups may add a positive push. It is the interplay of intra-lineage cohesion and inter-lineage tensions that ultimately affects the vibrancy of associational life in Chinese villages. It is also likely that intra-lineage cohesion and inter-lineage tensions indirectly affect Chinese villagers' participation in self-governing organizations through the channel of political trust (Li, 2004; Manion, 2006). We will incorporate this possibility into our modeling process.

## 4. Data, measurement of variables, and methodology

### 4.1. Data

The dataset is from our own national survey. The survey was conducted in the summer of 2005. Stratified sampling was used to select sample villages. First, we divided the country into six regions and randomly chose one province in each of them. Jilin, Hebei, Shaanxi, Sichuan, Jiangsu, and Fujian were finally included. We then ranked all counties in each province into five quintiles according to the per capita gross value of industrial output and randomly selected one county in each quintile. For each of these 30 counties, 1 township was randomly selected from those townships with the level of per capita net income being above the median and the other one was randomly selected from those with the income level below the median. Applying the same method, we selected 2 villages in each township, making the total number of villages 120. To ensure the presence of village cadres in our sample we separated cadres from ordinary villagers and randomly selected 2–4 cadres and 14 adult villagers respectively from each village. Nevertheless, due to natural disasters and miscommunications, our survey teams could not reach some target villages. As a result, our data covered 378 village cadres and 1,550 ordinary villagers in 115 villages, 58 townships.

Interview questions related to the election practices, village level financial accounting and socioeconomic statistics, such as revenue and expenditure on public goods provision, population and labor movement (migration), lineage structure, farm-

**Table 5**

Questions for measuring political trust in the survey

1. Do you agree that our township party and government officials are highly respected among villagers?
2. Do you agree that model party members and model cadres chosen by our township party and government officials are highly regarded in your mind?
3. Do you agree that township party and government policies genuinely promote peasants' interests?
4. Do you think that township party and government officials are willing to uphold justice for peasants?
5. Do you agree that addressing complaints and grievances to township party and government officials is an effective way to resolve the problems?

land distribution, and the development of non-agricultural activities, were mainly discussed between the interviewers and village cadres. Answers to questions related to rural grassroots social organizations were collected by interviews with the leaders of these organizations as well as village cadres and organization members. The corresponding forms were filled by the interviewers with strict consistency control. The village level financial data was collected for the period of 2000–2004. Demographic and other socioeconomic data was collected for the years of 2000 and 2004. Questions on villagers' political attitudes, their evaluation of the tension between lineage groups, and their participation in various official or unofficial social organizations were discussed between the interviewers and both types of interviewees, and the forms were filled by interviewers rather than villagers.

#### 4.2. The key dependent variable

The leading dependent variable is the rate of participation of the adult villagers in self-governing social organizations at the village level in 2004–2005. It is measured as the ratio of the total memberships in all self-governing organizations over the total population of the village. The definition of self-governing social organizations is given in Section 2 and Table 3 compares the participation rates across 6 sample provinces and between the government-controlled and self-governing organizations. For comparison purposes, we also run parallel regressions for villagers' participation rates in government-controlled social organizations.

#### 4.3. Measuring political trust

The secondary dependent variable is political trust. As we know, measuring political attitudes can be problematic, especially in the context of China. Three types of cautions have to be kept in mind in questionnaire design. First, we need to avoid bluntly asking questions of a politically confrontational nature such as 'do you believe your township officials are willing to let the villagers' committee run truly autonomously?' In contrast, more general and less direct questions would give villagers some sense of distance and safety. Second, we should avoid questions which villagers can interpret too idiosyncratically, thus rendering inter-personal comparison misleading. Third, attitudinal questions can be prone to the possibility of reciprocal causation. For example, villagers' answer to the above-cited direct question may partly be a *consequence* of the functioning of self-governing social organizations and thus using this answer to explain participation in self-governing organization can be problematic.

In line with Li (2004, 2008), we design five questions to capture villagers' political trust in township Party and government officials (Table 5). Question 1 is relatively abstract and gauges villagers' general feelings toward their township officials. Question 2 intends to partly capture villagers' understanding of the relationship between township officials and village cadres. Township governments regularly pick model party members and cadres in their jurisdictions with the awards of honors and money to them. Many of these models are village cadres who have assisted township officials in accomplishing government targets, such as tax and fee collections, birth control, etc. Questions 3–5 intend to extract villagers' beliefs in the intention, willingness and competence of their township officials. Of special relevance is whether they care about peasants and have the conscience to do the right thing, even though it may undermine their fulfillment of targets assigned by the higher levels of government.

A cognitive and bi-dimensional measurement of trustworthiness assessments is adopted, as advocated by Levi (1998), Hardin (2006) and Li (2004), among others. We code 1 if the interviewed villagers agree or somewhat agree and 0 if they do not agree. The 'not sure' response in the Chinese context usually means disapproval, but the respondents are hesitant to say so because of the political implications. To achieve a village-level measurement for each political trust question, we use answers from ordinary villagers only and take the weighted average. The weights are based on the population-size of the respondent's household. The simple arithmetic average of these five indices is defined as the average index of political trust at the village level. In addition, we use the first principal component of these five indices, which explains 68.7% of total variance, as an alternative way to aggregate them.

Table 6 compares the level of political trust across the six sample provinces. Villagers in Fujian, one of the most prosperous coastal provinces, consistently rate their township officials at the lowest rank. The second lowest is the inland province Shaanxi. In contrast, township officials in Sichuan consistently enjoy the highest level of political trust across the five indices. Even though these five variables are positively correlated, they capture somewhat different dimensions. The intention, willingness and competence questions seem to elicit more positive attitudes than the first two. It might be a partial reflection of the fact that township government officials must impose some unpopular and contentious policies. Nevertheless,

**Table 6**

Five measurements of political trust in six sample provinces

|             | Township cadres respected | Model cadres highly regarded | Township policy beneficial | Willingness to uphold justice | Ability for problem solving | Gross index of political trust |
|-------------|---------------------------|------------------------------|----------------------------|-------------------------------|-----------------------------|--------------------------------|
| Jiangsu     | 0.37                      | 0.41                         | 0.53                       | 0.60                          | 0.66                        | 0.51                           |
| Sichuan     | 0.46                      | 0.47                         | 0.65                       | 0.76                          | 0.86                        | 0.64                           |
| Shaanxi     | 0.27                      | 0.34                         | 0.37                       | 0.47                          | 0.70                        | 0.43                           |
| Jilin       | 0.43                      | 0.54                         | 0.52                       | 0.62                          | 0.65                        | 0.55                           |
| Hebei       | 0.37                      | 0.32                         | 0.47                       | 0.56                          | 0.65                        | 0.47                           |
| Fujian      | 0.32                      | 0.26                         | 0.34                       | 0.39                          | 0.58                        | 0.38                           |
| All samples | 0.37                      | 0.39                         | 0.48                       | 0.57                          | 0.69                        | 0.50                           |

Source: Authors' village survey in 2005.

**Table 7**

Two partial measurements of local government performance

|             | No. of observations | Public goods investments p.c. raised by village government in 2003–2004 (yuan) | Election quality index (previous election) |
|-------------|---------------------|--|--|
| Jiangsu     | 19                  | 156.86   | 2.68                                       |
| Sichuan     | 20                  | 188.16   | 2.20                                       |
| shaanxi     | 16                  | 112.61   | 1.75                                       |
| Jilin       | 21                  | 81.72  | 3.29                                       |
| Hebei       | 18                  | 66.04  | 2.28                                       |
| Fujian      | 20                  | 144.48   | 1.90                                       |
| All samples | 114                 | 125.27   | 2.38                                       |

Source: Authors' village survey in 2005.

provincial averages would erase some interesting patterns at the village level, which will be examined in our empirical estimations.

#### 4.4. Government performance

As discussed in the formation of H2, we employ two partial proxies for measuring local government performance: public goods investment per capita by the village government in 2003 and 2004 and the quality of the last election (before 2004) in terms of departure from the standard election rules and procedures. The insistence on a time-lag for performance measures is intended to avoid the endogeneity problem of a measurement which is simultaneous with that of the dependent variables. Table 7 reports the average values of these two performance variables by sample provinces. It shows that on average, villages in Sichuan have the highest level of per capita public goods investment, which is almost three times that in Hebei. A comparison between Tables 6 and 7 indicates that the number one and two positions of Sichuan and Jiangsu in public goods investment match their respective positions in the political trust dimensions of 'township policy beneficial' and 'government ability for problem solving.' In contrast, there is no easy rank-match between the election quality index and any dimension of political trust, and between the former and public goods investment in Table 7.

#### 4.5. Labor migration

Out-migration of village laborers could be the most important control variable because it has been widely regarded as a striking feature of Chinese rural development in recent years (Davin, 1999; Hare, 1999; Solinger, 1999). In our sample villages, on average 28.5% of the village labor force were migrant workers in other locations in 2000. The social impact of such labor flows on migrant-sending communities deserves attention. Unfortunately, there is only a small body of literature which has focused mainly on the economic effects of out-migration in Chinese rural communities (Davin, 1999; Murphy, 2002; Taylor et al., 2003). Notable exceptions are Oi and Rozelle (2000) and Rozelle et al. (2005). They suggest that rural out-migration decreases contestation in village elections (Oi and Rozelle, 2000) and involvement in farmers' professional associations (Rozelle et al., 2005). To our knowledge, there is no study examining the impact of rural out-migration on Chinese villagers' participation in a spectrum of diverse unofficial and self-governing social organizations.

Migration, in a general sense, tends to have a negative impact on associational life in the areas of origin, as suggested in Bardhan (1993) and Putnam (2000). However, this general argument might not be applicable to the case of China, where rural migration largely exhibits a circular pattern. The chance to permanently settle down in cities is very limited for Chinese rural migrants and not really attractive, due to the institutional arrangements of the household registration system (*Hukou*), migrants' attachment to their contracted farmland in their home villages, and the discriminatory treatment and social exclusion suffered by them in the urban areas (Davin, 1999; Hare, 1999; Solinger, 1999; Wang, 2005). Thus, a great number of Chinese rural migrants eventually return to their villages, in addition to the seasonal in- and out-flows (Murphy, 2002).

Unlike permanent migration, circular migration favors the maintenance of migrants' ties to their families, friends and natal communities (Hare, 1999; Roberts, 1997). In addition, the harsh working and living conditions in cities push them to create networks of trust and mutual support with other migrants and to constitute migrant enclaves and social organizations (Fan et al., 2006; Solinger, 1999). Thus, rural–urban migration in China might not only allow rural migrants to maintain and extend their social networks, but also to acquire important organizational skills and experience, on which they can capitalize, in order to improve their living conditions and those of their families and communities, when they return to their villages.

The above discussion suggests a 'supply-side' argument for the potentially positive effect of rural out-migration on associational development in the communities of origin. This positive effect could be attributed to the associational skills and experiences gained by migrants in destination areas and, especially, to migrants' networks, the latter being defined as 'sets of interpersonal ties that connect migrants, former migrants, and non-migrants in origin and destination areas through ties of kinship, friendship, and shared community origin' (Massey et al., 1993, p. 448).

A 'demand-side' argument for this potentially favorable effect can be pushed forward as well. Those members of the rural population who do not migrate might have incentives for self-organization, in order to fill the temporary 'vacuum' left by migrants, in terms of labor inputs and intergenerational support. As Murphy (2002) points out, migration forces a redefinition of the intra-household division of tasks and resources, which does not always benefit those left behind—mainly, women, children and the elderly. Households consisting of elderly couples or a spouse left at home with children, incur an increased work burden, as a result of the migration of one or several household members, but do not necessarily benefit from the resources generated by it. For those staying in the village, informal and self-governing associations might represent an accessible and inviting venue for participation and mutual assistance, in order to cope with the needs created by migration, given the absence of a social safety net provided by the local state. This discussion suggests that we should expect a positive impact of out-migration on remaining villagers' participation rate in self-governing social organizations.

The extent of out-migration is measured as the proportion of laborers who worked outside the county in 2000 over the total labor force of the village. The use of migration share in 2000 is to avoid the possible endogeneity problem associated with the migration share in 2004–2005.

#### 4.6. Other social and economic variables

We use two indices to capture the potential impact of lineage groups. The first one is the tension index across lineage groups. We record the collective assessment of village elites (mainly cadres) with regard to the relationship between lineage groups in the village. If the relationship is regarded as friendly and harmonious, the tension index takes a value of zero. If the relationship is regarded as unfriendly or conflicting, the tension index takes a value of one. We use the number of ancestral halls and temples to capture the contribution of lineage groups to the origin of many informal social organizations and as a proxy for social capital accumulated by these halls and temples.

Other control variables include those representing the socioeconomic structure of individual sample villages, such as the share of households with the top three populous family names in the village, the proportion of households that run self-employed non-agricultural businesses, the number of private-owned enterprises, the number of collective-owned enterprises; those variables representing the levels of local economic development and resource endowments, such as per capita income, per capita farmland, and total population; and those reflecting geographic conditions, such as the share of flat land in total farmland and the distance between the village and the town of the township. To address other uncontrolled variations across provinces, we also include provincial dummies in our model specification and estimations.

#### 4.7. Addressing the issue of endogeneity

The endogeneity problem of the political trust variable is clearly present, not only because it is a common challenge for attitudinal variables in quantitative analysis, but also due to the following two reasons. First, popular participation in self-governing social organizations may directly reduce resources available for government-led public goods investment while also indirectly lessening obligations of local government officials in the provision of public goods and services. This would in turn lead to reduced political trust in local governments. Second, satisfactions with self-governing social organizations may lead to a shift in the identity-related dimension of political trust away from the official channels (Van de Walle and Bouckaert, 2003), resulting in a less favorable attitude towards local governments. To address this endogeneity problem, we specify two simultaneous equations: one for the participation rates and the other for political trust.

Several estimation procedures are available for the system we have specified. The most obvious one is equation-by-equation instrumental variable (2SLS) estimation, which would yield consistent estimates but efficiency is not attained because cross-equation error-term correlations are neglected. We estimate both the full and recursive systems using three-stage least squares (3SLS). 3SLS combines the features of instrumental variables (IV) and general least square (GLS) estimators. It achieves consistency through appropriate instrumentation and efficiency through optimal weighting. It allows cross-equation error correlations to differ from zero and its flexibility in the error covariance matrix allows for a substantial efficiency gain relative to estimating each equation separately with 2SLS (Green, 2003, Chap. 15; Tavares and Wacziarg, 2001).

To satisfy the order condition for identification in the 3SLS estimation, we identify that the variable 'number of collective enterprises' would have direct impact on political trust but only indirect impact on the participation rate (via political

trust) because virtually all existing collective enterprises were established before 2000. Correspondingly, we identify that 'number of ancestral temples/halls' would have direct impact on the participation rate but only indirect impact on political trust (via the participation rate) because these temples and halls are *de facto* bases for a number of self-governing social organizations.<sup>11</sup> In addition to the full system estimation, we also estimate a reduced recursive system to highlight the impact of political trust on the participation rate.

The 3SLS estimator can be thought of as producing estimates from a three-step process. Stage 1: Develop IVs for all endogenous variables. These instrumented values can simply be regarded as the predicted values resulting from a regression of each endogenous variable on all exogenous variables. This stage is identical to the first stage in 2SLS and is critical for the consistency of parameter estimates. Stage 2: Obtain a consistent estimate for the covariance matrix of the equation error-terms. These estimates are based on the residuals from 2SLS estimation of each structural equation. Stage 3: Perform a GLS-type estimation using the covariance matrix estimated in the second stage and with the instrumental values in place of the right-hand side endogenous variables. To make the instrumental values for the political trust variable as similar as possible to its observed values so as to further improve the consistency and efficiency and to highlight our research focus, we introduce two additional IVs which are selected according to the following criterion. They should have a direct impact on the political trust variables but only an indirect influence on the participation rate through the channel of political trust. We introduce these two IVs as exogenous to the simultaneous equations system, which means that they will appear only in the first stage of the 3SLS estimation.

These two IVs are the number of villagers who participated in the Anti-Japanese War, Liberation War and Korean War under the leadership of the Communist Party, and the number of people persecuted during the Cultural Revolution. Presumably the higher the number of veterans, the higher the political trust of villagers; the higher the number of persecuted people during the Cultural Revolution, the lower the political trust. Indeed, the first stage regression shows that these two IVs have significant impacts on the political trust variable but do not have significant impact on the participation rates (cf. Appendix A, Table A.1).

## 5. Empirical results

The results of full and recursive system estimations with 3SLS are presented in Tables 8 and 9. Table 8 first confirms the endogeneity of the political trust variable because the coefficient on the participation rate in self-governing organization is significantly negative and that corresponding to government-controlled organizations is significantly positive. Both Tables 8 and 9 show that the average index of villagers' political trust in township Party and government officials has a statistically significant and negative effect on the participation rate of villagers in self-governing social organizations at the village level. Numerically, a decrease by one standard deviation in the index of political trust will lead to an increase by 0.84 (Table 8) or 0.78 (Table 9) standard deviation in the participation rate in self-governing social organizations.<sup>12</sup> This finding confirms H1, which hypothesizes that a higher level of political distrust towards township cadres would lead to a higher share of the population participating in unofficial and self-governing organizations. In sharp contrast, both tables indicate that the impact of the political trust variable on the participation rate in government-controlled social organizations is significantly positive. This contrast reassures that our political trust variable has captured fairly sensible political beliefs or orientations of villagers in the sample.

Table 9 has an obvious advantage in highlighting this contrast. Two recursive systems produce statistically indifferent estimates for the political trust equation but sharply contrast results for the equation of participation rate in self-governing organizations versus that in government-controlled organizations. Moreover, the two political trust equations consistently indicate that our political trust variable, although originated from an attitudinal survey, has strong objective roots. It is significantly positively correlated with government performance in public goods investment, proportion of labor out-migration, and size of village population; and moderately negatively correlated with the percentage of flat farmland in the total farmland, number of ancestral temples/halls, and degree of inter-lineage tensions. The recursive systems are validated due to two reasons. First, the small absolute values of the coefficients on both participation rates in comparison with the much larger absolute value of the coefficients on political trust in Table 8 suggests that it might be statistically beneficial to reduce the full system into a recursive system. Second, after estimating each of the two recursive systems, it is found that the participation rate variable is not correlated with the error terms of the political trust equation ( $r = -0.048$  with  $p = 0.613$ , and  $r = -0.136$  with  $p = 0.151$ , respectively, see Table 9). This provides the required statistical justification for adopting the two recursive systems.

The direct effects of the two government performance variables on the participation rate are not significant in both Table 8 and Appendix A (Table A.1), meaning that the empirical results do not support H2-(a). However, Table 9 provides a candid support to H2-(b) by showing that the coefficient on (time-lagged) public goods investment variable in the political trust equation is positive and significant at the 5% level. Table 8 in combination with Table A.1 provide a similar (although at the 10% level) support to H2-(b). This finding suggests that while better government performance in public goods investment does reduce villagers' participation rate in self-governing social organizations, the reduction impact is largely exerted through the channel of political trust formation.

<sup>11</sup> The similarly unrelated regression (SUR) of the full system provides statistical support to these two choices. The results are available upon request.

<sup>12</sup> The standard deviation of 'average political trust' is 0.1644 and that of 'participation rate in self-governing organization' is 12.445.

**Table 8**

The results of 3SLS estimation of the full system

|  | Self-governing organizations     |                                | Gov-controlled organizations    |                                |
|--|----------------------------------|--------------------------------|---------------------------------|--------------------------------|
|  | Participating rate               | Average political trust        | Participating rate              | Average political trust        |
| Average political trust                    | −64.869<br>(3.20) <sup>***</sup> |                                | 50.977<br>(2.89) <sup>***</sup> |                                |
| Participating rate in Self-governing org   |                                  | −0.009<br>(2.24) <sup>*</sup>  |                                 |                                |
| Participating rate in Gov-controlled org   |                                  |                                |                                 | 0.019<br>(2.65) <sup>***</sup> |
| Quality of the last election (before 2004) | 0.715<br>(0.76)                  | 0.008<br>(0.62)                | 0.754<br>(0.58)                 | −0.014<br>(0.57)               |
| Public goods investment p.c. in 2003–2004  | 12.899<br>(0.22)                 | 0.772<br>(0.95)                | −15.439<br>(0.21)               | 0.283<br>(0.20)                |
| No of ancestral temples/halls              | 1.000<br>(1.73) <sup>*</sup>     |                                | −0.009<br>(0.02)                |                                |
| % of household in top three family names   | −0.0003<br>(0.01)                | −0.0002<br>(0.30)              | −0.007<br>(0.12)                | 0.000<br>(0.12)                |
| Inter-lineage tension                      | −17.753<br>(1.61)                | −0.233<br>(1.52)               | 8.210<br>(0.56)                 | −0.161<br>(0.60)               |
| Labor migration 2000                       | 0.304<br>(4.65) <sup>***</sup>   | 0.003<br>(2.97) <sup>***</sup> | 0.093<br>(1.11)                 | −0.002<br>(0.91)               |
| No of collective Enterprises               |                                  | 0.007<br>(0.30)                |                                 | 0.005<br>(0.17)                |
| % of household in non-agr Businesses       | −0.198<br>(1.87) <sup>*</sup>    | −0.002<br>(1.12)               | 0.084<br>(0.60)                 | −0.002<br>(0.62)               |
| No of private enterprises                  | 0.271<br>(2.23) <sup>**</sup>    | 0.003<br>(1.50)                | 0.167<br>(1.00)                 | −0.003<br>(0.94)               |
| Ln(net income per capita)                  | 2.833<br>(1.15)                  | 0.028<br>(0.76)                | −7.998<br>(2.35) <sup>**</sup>  | 0.154<br>(1.86) <sup>*</sup>   |
| Farmland per capita                        | 1.397<br>(0.10)                  | 0.018<br>(0.09)                | 25.250<br>(1.36)                | −0.484<br>(1.30)               |
| Ln(population)                             | 3.815<br>(1.72) <sup>*</sup>     | 0.055<br>(1.85) <sup>*</sup>   | 1.507<br>(0.52)                 | −0.029<br>(0.49)               |
| % of flat farmland in total farmland       | −0.005<br>(0.14)                 | −0.0004<br>(0.78)              | 0.020<br>(0.52)                 | −0.000<br>(0.43)               |
| Ln(distance to the own)                    | −0.048<br>(0.03)                 | 0.004<br>(0.21)                | −4.1260<br>(2.11) <sup>**</sup> | 0.080<br>(1.81) <sup>*</sup>   |
| Constant                                   | −26.030<br>(1.11)                | −0.192<br>(0.52)               | 34.993<br>(1.08)                | −0.671<br>(1.01)               |
| Provincial dummies                         | Yes                              | Yes                            | Yes                             | Yes                            |
| R-squared                                  | 0.081                            | 0.204                          | −0.15                           | −2.14                          |
| F test                                     | 4.78                             | 3.31                           | 2.30                            | 1.81                           |
| [p-value]                                  | [0.000]                          | [0.000]                        | [0.002]                         | [0.025]                        |
| Observations                               | 114                              | 114                            | 114                             | 114                            |

Notes: Figures in parentheses are absolute value of *t*-statistics and calculated in *reg3* command with the option '*small*' (in Stata SE 10.0), by which small-sample statistics are computed and the test statistics are shifted from  $\chi^2$  and *z*-statistics to *F* and *t*-statistics. Because 2SLS and/or 3SLS estimates are no longer nested within a constant-only model of the dependent variable and the residual sum of squares is no longer constrained to be smaller than the total sum of squares, *R*-squared = 1 − *RSS*/*TSS* can take negative value. Consequently the inference should pay more attention to the overall model significance (*F*-test) and sign and significance in parameter estimates.

\* Indicates the significant level of 10%.

\*\* Idem, 5%.

\*\*\* Idem, 1%.

The coefficient on the number of ancestral temples/halls is significantly positive in all regressions for participation in self-governing organizations. The coefficient on inter-lineage tension is negative and significant at the 10.9% (Table 8) and 18.7% (Table 9) level. This strongly confirms H3-(b) and moderately confirms H3-(a). In contrast, these two coefficients are statistically insignificant in all regressions for participation in government-controlled social organizations. These findings indicate that the rise of self-governing social organizations in rural China is path dependent, to the extent that it is conditioned by past patterns of lineage structure and relations.

The impact of the out-migration variable on participation in self-governing social organization is significantly positive in both Tables 8 and 9. Its positive impact on participation in government-controlled social organizations is insignificant in Tables 8 and 9 but significant in the first stage regression (Appendix A, Table A.1). This finding suggests that out-migration does generate higher demand for both social organizations and the demand for self-governing ones is much stronger. This provides a 'supply-side' reason to the rise of self-governing social organizations.

With regard to other control variables, the results indicate that the number of private enterprises and population size have a significantly positive impact directly and/or indirectly (meaning through the political trust channel) on participation

**Table 9**

The results of 3SLS estimation of the recursive system

|  | Self-governing organizations     |                                | Gov-controlled organizations    |                               |
|--|----------------------------------|--------------------------------|---------------------------------|-------------------------------|
|  | Participating rate               | Average political trust        | Participating rate              | Average political trust       |
| Average political trust  | -59.724<br>(2.61) <sup>***</sup> |                                | 86.571<br>(2.82) <sup>***</sup> |                               |
| Quality of the last election (before 2004)   |                                  | 0.002<br>(0.18)                |                                 | 0.008<br>(0.74)               |
| Public goods investment p.c. in 2003–2004  |                                  | 1.424<br>(2.14) <sup>**</sup>  |                                 | 1.196<br>(1.89) <sup>*</sup>  |
| No of ancestral temples/halls  | 1.306<br>(1.90) <sup>*</sup>     | -0.012<br>(1.57)               | 1.147<br>(1.19)                 | -0.012<br>(1.54)              |
| % of household in top three family names   | -0.003<br>(0.07)                 | -0.0004<br>(0.75)              | 0.005<br>(0.08)                 | -0.000<br>(0.74)              |
| Inter-lineage tension  | -15.497<br>(1.32)                | -0.175<br>(1.29)               | 15.869<br>(0.97)                | -0.188<br>(1.39)              |
| Labor migration 2000   | 0.294<br>(4.38) <sup>***</sup>   | 0.002<br>(2.10) <sup>**</sup>  | 0.043<br>(0.46)                 | 0.002<br>(2.10) <sup>**</sup> |
| No of collective Enterprises   | 0.558<br>(0.23)                  | 0.017<br>(0.58)                | -4.644<br>(1.38)                | 0.023<br>(0.77)               |
| % of households in non-agr businesses  | -0.202<br>(1.82) <sup>*</sup>    | -0.0003<br>(0.21)              | 0.042<br>(0.27)                 | -0.000<br>(0.20)              |
| No of private enterprises  | 0.265<br>(2.03) <sup>**</sup>    | 0.001<br>(0.81)                | 0.090<br>(0.49)                 | 0.001<br>(0.79)               |
| Ln(net income per capita)  | 2.701<br>(1.05)                  | 0.008<br>(0.25)                | -8.650<br>(2.39) <sup>**</sup>  | 0.011<br>(0.33)               |
| Farmland per capita  | -0.673<br>(0.05)                 | -0.019<br>(0.11)               | 18.776<br>(0.93)                | -0.004<br>(0.02)              |
| Ln(population)   | 3.391<br>(1.56)                  | 0.046<br>(1.76) <sup>*</sup>   | 0.418<br>(0.14)                 | 0.044<br>(1.68) <sup>*</sup>  |
| % of flat farmland in total farmland   | -0.003<br>(0.08)                 | -0.0008<br>(1.82) <sup>*</sup> | 0.044<br>(0.79)                 | -0.001<br>(1.84) <sup>*</sup> |
| Ln(distance to the own)  | -0.053<br>(0.03)                 | 0.011<br>(0.60)                | -4.397<br>(2.06) <sup>**</sup>  | 0.011<br>(0.59)               |
| Constant   | -23.162<br>(0.94)                | 0.104<br>(0.34)                | 32.953<br>(0.94)                | 0.089<br>(0.29)               |
| Provincial dummies   | Yes                              | Yes                            | Yes                             | Yes                           |
| R-squared  | 0.140                            | 0.394                          | -0.629                          | 0.394                         |
| F test   | 4.50                             | 3.94                           | 1.61                            | 3.91                          |
| [p-value]  | [p = 0.000]                      | [p = 0.000]                    | [p = 0.062]                     | [p = 0.000]                   |
| Correlation between participation rate and the error terms of political trust equation |                                  | $r = -0.048$ [p = 0.613]       |                                 | $r = -0.136$ [p = 0.151]      |
| Observations   | 114                              | 114                            | 114                             | 114                           |

Note: The same as in Table 8.

\* Indicates the significant level of 10%.

\*\* Idem, 5%.

\*\*\* Idem, 1%.

in self-governing social organizations, whereas the percentage of households in non-agricultural businesses and percentage of flat farmland in the total have similar although negative impact on participation in such organizations. Variations in the remaining control variables do not have significant explanatory power for the variations in villagers' participation in self-governing social organizations. It is worth noting that although net income per capita does not have a significant impact on participation in self-governing social organizations, its impact on participation in government-controlled organization is significantly negative. This finding suggests that richer villagers may embrace more liberal attitudes against government-controlled social organizations, but are relatively neutral towards self-governing social organizations.

To check the robustness of the results, we run three sets of parallel regressions. First, we replace average political trust with the first principal component of the political trust indicators. Second, we drop those villages which have Christian churches to check whether churches constitute a significant source of variation which may dominate the regression results. Third, we exclude Fujian province from the sample to check whether the extremely high participation rates in both self-governing and government-controlled organizations have driven the whole story discussed above. For the first set of parallel regressions, all results are statistically indifferent to those presented in Tables 8 and 9. For the second set, the major results are qualitatively unchanged with the exception that the support to H2-(b) becomes statistically insignificant. For the third set, all major results associated with the hypotheses H1 and H2 are qualitatively unchanged while those associated with H3 become insignificant. This indicates that Fujian sample is not indispensable for confirming H1 and H2, although being vital for validating H3. These results are available from the authors upon request.

## 6. Concluding remarks

On the basis of a nationwide village-level survey data, this research assesses the growing importance of grassroots social organizations in rural China. Particular attention is paid to the rise of self-governing social organizations, which has been largely ignored in the existing research literature. Building on the political economy analysis of village governance in China, we hypothesize that Chinese villagers' participation in grassroots self-governing organizations can be mainly explained by the level of villagers' distrust in township Party and government officials, government performance in public goods provision and organizing village elections, and the nature of lineage relations. The econometric estimations of two simultaneous equations based on our survey data confirm these hypotheses. The empirical results are robust to the endogeneity concern and to typical control variables which represent the socioeconomic and geographic features of individual sample villages.

A political economy interpretation of these findings is the following: in rural China, the low level of villagers' political trust in township Party and government officials—largely resulting from their unwillingness or inability to perform their functions, or their lack of integrity or competence—provide villagers with incentives to set-up and join grassroots self-governing associations, which can meet their needs and improve their livelihoods independently from the local Party-state.<sup>13</sup> However, whether they can succeed in doing so seems to be also conditioned by the degree of social cohesiveness at the community level, the density of social networks and villagers' past experiences of cooperation and mutual help. Thus, factors rooted in villages' socioeconomic structure, history and development path, such as lineage structure and relations and the extent of out-migration, favor or hinder villagers' participation in rural self-governing associations. Higher levels of social capital accumulation in ancestral temples/halls, coupled with lower levels of inter-lineage rivalry, translate into greater availability of human, social and physical capital at the community level, which are particularly essential for the growth of rural grassroots self-governing social organizations.

These findings enrich the on-going debate on local state-society relations in the context of a transition and developing country like China, going beyond the traditional confrontation-cooperation dichotomy. The rise of grassroots self-governing social organization is possible even under an authoritarian political regime. These social organizations are not necessarily vehicles for cooperating with, nor opposition forces to, the local Party-state. Instead, they represent a separate sphere of social activity, where villagers cooperate to improve their living conditions, while keeping distrusted local officials at an arm's length. This is in support of the arguments made by Hadenius and Ugglå (1996, p. 1629) that 'when citizens can rely on the state to supply a good, their incentive to produce it themselves naturally diminishes. If, however, the state stops providing the good—for reasons economic or political—independent organizations often step in. A burst of organizing in civil society can be the result.' In rural China, informal and self-governing associations have emerged and taken over some of the tasks that local officials do not perform as required. These social organizations are tolerated by the political authorities, because they do not attempt to challenge the local political status quo, but to fill the gap left by the local Party-state.

There are parallel findings in other developing and transitional countries, which, however, are mainly associated with the context of obvious state or government failure. For example, studies on associational life in African cities show that social organizations have emerged in the context of a deep urban crisis (Tostensen et al., 2001). Likewise, research in Russia reveals that state failure in the provision of public goods and services has led ordinary citizens to resort to informal networks in order to 'get things done' (Rose, 1999).

Tsai (2007a, 2007b) argues that when formal institutions of accountability do not work effectively in enhancing the governmental provision of public goods in Chinese villages, village officials may still have strong incentives to provide public goods efficiently and equitably, if there are certain 'solidary groups' in their communities and the members of such groups award village cadres with 'moral standing' for the efforts in the provision of local public goods. Two necessary conditions for a 'solidary group' to be able to improve the governmental provision of public goods are that its social boundaries overlap with the politico-administrative boundaries of the village, and that village leaders are included as members, playing an irreplaceable role in the group. Following the definition of this paper, such 'embedding' solidary groups are largely 'government-controlled' social organizations because they embed village leaders in the decision-making processes of the groups. In this sense, our work complements Tsai's research by focusing on the emergence of a wide range of real self-governing social organizations and on their contribution to the *non-governmental* provision of public goods and services.

Although the development of self-governing social organizations in rural China has enhanced the capabilities of local communities in the non-governmental provision of local public goods and services and provided flexibility to the local governance system at a lower cost than through building formal institutions to carry out the same functions, the positive association between their growth and villagers' political distrust towards township Party and government authorities deserves greater policy concern. Unless such political distrust can be effectively reduced and villager-cadre tension can be eventually resolved through a political reform process that allows villagers to effectively monitor and check local government officials at the township and above levels, these self-governing social organizations may join the force of 'challenging the Mandate of Heaven' and add flame to socio-political instability when the distrust accumulates to a sufficiently high level. Therefore, a better functioning of the local governance system in rural China requires the tandem developments of expanding local democracy and promoting the progress of grassroots self-governing organizations.

<sup>13</sup> As noted before, this interpretation is also in line with the 'micro-performance theory' in public administration, which is also consistent with our empirical findings. Alternative identification- or cultural-based interpretations are also possible, which would be an interesting topic for further research (Mishler and Rose, 2001).

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## Appendix A

**Table A.1**

The results of the first-stage estimation of the full system

|  | Participation rate in self-governing organizations | Participation rate in gov-controlled organizations | Average political trust |
|--|--|--|-------------------------|
| No of people prosecuted during Cultural Revolution                           | −84.875<br>(0.50)                                  | 60.351<br>(0.27)                                   | −2.071<br>(0.91)        |
| No of villagers participated in wars under the leadership of Communist Party | −99.597<br>(1.20)                                  | 119.654<br>(1.08)                                  | 2.452<br>(2.22)**       |
| Quality of the last election (before 2004)                                   | 0.245<br>(0.24)                                    | 1.117<br>(0.83)                                    | 0.011<br>(0.78)         |
| Public goods investment p.c. in 2003–2004                                    | −96.264<br>(1.64)                                  | 84.142<br>(1.08)                                   | 1.310<br>(1.68)*        |
| No of ancestral temples/halls  | 2.198<br>(3.37)***                                 | −0.018<br>(0.02)                                   | −0.013<br>(1.49)        |
| % of household in top three family names                                     | 0.036<br>(0.77)                                    | −0.039<br>(0.62)                                   | −0.001<br>(1.03)        |
| Inter-lineage tension  | −6.031<br>(0.55)                                   | −1.134<br>(0.08)                                   | −0.189<br>(1.29)        |
| Labor migration 2000   | 0.222<br>(3.57)***                                 | 0.154<br>(1.85)***                                 | 0.001<br>(1.27)         |
| No of collective Enterprises   | −0.138<br>(0.06)                                   | −2.320<br>(0.72)                                   | 0.020<br>(0.61)         |
| % of households in non-agr businesses  | −0.165<br>(1.46)                                   | −0.002<br>(0.01)                                   | −0.001<br>(0.39)        |
| No of private enterprises  | 0.186<br>(1.46)                                    | 0.197<br>(1.16)                                    | 0.001<br>(0.76)         |
| Ln(net income per capita)  | 2.196<br>(0.84)                                    | −7.284<br>(2.08)**                                 | 0.019<br>(0.54)         |
| Farmland per capita  | 1.712<br>(0.12)                                    | 19.443<br>(1.00)                                   | 0.026<br>(0.13)         |
| Ln(population)   | −0.548<br>(0.23)                                   | 5.120<br>(1.60)                                    | 0.052<br>(1.63)         |
| % of flat farmland in total farmland   | 0.056<br>(1.51)                                    | −0.034<br>(0.68)                                   | −0.001<br>(1.78)*       |
| Ln(distance to the own)  | −0.868<br>(0.58)                                   | −3.331<br>(1.67)*                                  | 0.011<br>(0.57)         |
| Constant   | −21.553<br>(0.84)                                  | 29.935<br>(0.87)                                   | −0.036<br>(0.11)        |
| Provincial dummies   | Yes  | Yes  | Yes                     |
| R-squared  | 0.459  | 0.222  | 0.432                   |
| F test   | 3.72   | 1.25   | 3.33                    |
| [p-value]  | [p = 0.000]  | [p = 0.233]  | [p = 0.000]             |
| Observations   | 114  | 114  | 114                     |

Note: Figures in parentheses are absolute value of *t*-statistics.

\* Indicates the significant level of 10%.

\*\* Idem, 5%.

\*\*\* Idem, 1%.

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