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Village Chiefs in China: Incomplete Agents

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Abstract

In the field of political science, township governments and villages are dealt with in different contexts. Studies on township governments are often discussed in the context of intergovernmental relations, and emphasize the hierarchy of the government's power system and aspects of policy enforcement. Studies on villages, on the other hand, are frequently discussed in the context of villagers' autonomy, with attention paid to factors such as the election systems and autonomy issues. This paper examines how collective economies and village election shape the relationship between township governments and villages (village chiefs) from the perspective of the principal-agent approach, based on case studies of China's coastal region.

Keywords: Village Chiefs, Village Autonomy, Township government, Principle-agent
JEL classification:

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Village Chiefs in China: Incomplete Agents

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This paper discusses the relationship between township leaders and village chiefs in China. Townships (*xiang* or *zhen* in Chinese) are the smallest administrative unit and form the lowest administrative level within the three-tiered system of government under Chinese law (provincial, county, and township). Outside this system, villages are autonomous units, and the head of the village committee (commonly called the village chief) is elected by villagers. In political science, township governments and villages are often dealt with in different contexts. Studies on township government often focus on intergovernmental relations, hierarchy within the government's power system, and issues concerning policy enforcement (Zhang 2007; Yang and Su 2002; Sun and Guo 2000; Zhang 2011; Zhou 2017). However, studies on villages frequently highlight villagers' autonomy and examine issues such as the election system and autonomy[1] (Zhang et al. 2000; He 2007, 2016;

[1]Numerous books and papers have discussed village autonomy in contemporary China over the past two decades and mentioning all of these works here is beyond the scope of the present paper. More on this topic is covered by the works of Professor Kevin O'Brien (University of California, Berkeley) and Professor Lianjiang Li (Chinese University of Hong Kong).

O'Brien 1994; Diamond and Myers 2001). To understand grassroots politics in contemporary China, it is important to grasp the actual relationship between townships and villages.

The relationship between township leaders and village chiefs in contemporary China is a political puzzle. Researchers have maintained that China's bureaucratic system leads to a strong political contracting framework (Cao 2011, 2014; Zhou 2008, 2014; Zhou 2014a, 2014b; Landry 2008, 2012). Within this framework, the career of cadres is strongly related to contract performance, which may be measured by economic development in addition to other aspects of political and social development. Accordingly, studies have argued that political contracting is applied to leadership positions at both the town and village levels and that comparable "contractual" demands comprise both township leaders and village chiefs. Certain characteristics of the two positions, however, differ vastly in terms of leadership performance and accountability.

For instance, a cadre's career highly depends on their performance and assessments by higher-level cadres. In contrast, a village chief is only elected via a village election. Moreover, once elected, a village chief cannot be dismissed by the township government unless the village chief is convicted of crime. Furthermore, because the village chief is an elected leader, they do not necessarily have a clear and strongly determined career path akin to that of a cadre seeking advancement within the bureaucratic system. For these and other reasons, it is doubtful that the conventional political contracting model can adequately explain the complex relationships that exist today between

village chiefs and township leaders in China.

Discussions on the relationship between township governments and villages can be traced back to when village autonomy was experimentally initiated in the 1980s. The focus of discussion at the time was twofold. The first area of discussion was whether villages were truly autonomous organizations or best understood as government agencies of township governments. The second area focused on whether the role of township governments' relationship with villages was "leadership" (*ling dao*) or "guidance" (*zhi dao*) (Peng 1991). When the "Village Committee Organization Law" was enacted in 1998 and village committee elections were conducted nationwide, related research on this topic increased sharply (Guo 2001, 2003; Li and Dong 2004; Li and Xiong 1998; Wang and Yang 2001; Xu and Xiang 2003; Cai 2000; O'Brien and Li 2000). Studies in the present day have not taken a considerably different approach from that used in the 1980s. Scholars mainly focus on how to guarantee village autonomy under the one-party system.

However, with China undergoing rapid urbanization, the relationship between townships and villages appears to be changing. Two points are of particular importance. First, the villages' land resources have substantially increased in importance during the urbanization process. According to the "Land Management Law," governments wanting to use a village's land cannot proceed to do so without first obtaining approval from the village committee. As the land price rises, the villagers' financial interest in the transfer of land also rises, which makes it difficult for the village committee

to transfer land arbitrarily. In other words, urbanization has made village committees even more important in grassroots politics. Second, due to the abolition of agricultural taxation, the main work of village chiefs has shifted from tax collection to the provision of public services (Yang and Su 2002).

Public services can be understood from the perspective of village committees that have changed from autonomous organizations to administrative organizations. Prior to the abolition of the agricultural tax in 2006, village committee expenses were usually covered by taxes and fees collected from villagers; after the abolition of the tax, villages instead now rely on subsidies from the township government. Therefore, it is important to investigate how these changes have affected the relationship between townships and villages.

The purpose of this paper was to analyze how the relationship between township governments and villages are changing under the circumstances of rapid urbanization. Specifically, what kind of leverage do villages have in negotiations concerning requests and commands from townships? As the role of villages increases dramatically, how do township governments motivate and provide incentives to village chiefs? Our goal was not to merely note differences between township governments and villages but to analyze in-depth the ambiguous institution of villages as they have developed in contemporary China.

The relationships between township governments and villages differ vastly from region to region. In this paper, we focus on several cases from Guangdong Province. The economic development of rural Guangdong is

strong; election of village committee members is also a well-established routine. In recent years, there has been a dramatic increase in disagreements in the province over land profit distribution caused by rapid urbanization, thus making comparative studies possible[2]. In the present paper, cases were primarily developed through fieldwork conducted in January 2012, May 2014, November 2015, and November 2018.

This paper is structured as follows. The first section will introduce previous studies that analyze the relationship between townships and villages and review their findings and limitations. The second section will discuss the discretionary powers of village chiefs with particular focus on collectively owned enterprises and land transfer, and consider differences from contractual relations between other levels of government. The third section will address the kinds of countermeasures taken by township governments to influence the actions of village chiefs. The last section will briefly summarize the findings of this paper and discuss areas for further investigation.

Are villages a branch of township government?

In China, four administrative levels are established under the central

[2]It is widely known that lineages play important roles in rural societies, especially in South China. From my fieldwork, I recognize that lineages are deeply embedded in rural politics and the daily lives of villagers, even after the country's rapid urbanization. However, I have also found that lineages can not dominate rural politics, particularly when dealing with disputes of interest in villages (Ren 2013). The present paper focuses on the institution and system instead of non-institutional factors. For the role of lineage in South China, Hsien-chin Hu's work (Hu 1948) is a classical monograph.

government, namely province, city, county, and township. Township governments are at the lowest administrative level and have limited political power compared with the other levels of government. They are entities responsible for implementing various policies from higher levels of government; they are also the smallest administrative unit, which allows them to receive public opinions and societal requests. Two aspects of township governments are key to our discussion: their multi-layered intergovernmental relationship within the tiered system of government, and their relationship with villages.

In recent years, it has become common in China studies to analyze multi-layered intergovernmental relationships by applying the principal-agent theory, and many researchers even apply this approach to the relationship between townships and villages (e.g., Zhou 2008). This theory focuses on how responsible bureaucrats (agents) at lower governmental levels take full responsibility for achieving targets related to general operations in politics, economics, and society based on directions of officials at higher levels government (principals). According to Zhou (2008), a representative researcher of this methodology, higher-level governments bestow rewards such as certificates, bonuses, and promotions, based on the achievement status of goals set for lower-level governments. The criteria for evaluating performance are clearly delineated and empirically measured. In addition, bureaucrats operate in a severely competitive environment, so those who are high achievers are likely to be promoted to higher-level positions. For example, a township leader may be promoted to deputy

governor of the county, and the governor of the county to deputy mayor. Therefore, many bureaucrats are enthusiastic about delivering excellent results during their term of office.

A key feature of centralized bureaucratic systems is that higher levels of government apply pressure at varying levels onto lower levels of government. Lower levels cannot escape the control of higher levels because they are under the command and direction of the higher levels; it is sometimes inevitable that a lower-level government will violate the law or bend rules to protect its interests. Such characteristics are a remarkable aspect of China's political system as well, to which scholars refer as a "pressure-type regime" (*ya li xing ti zhi*) (Rong et al., 1998). Zhou (2008) has researched the "pressure-type regime," and finds that this regime type is not only a passive characteristic of lower-level governments, but also reflective of their active strategies for engaging in governmental duties (e.g., a lower-level government may aim at achieving a goal that exceeds the growth rate of gross domestic product set by the higher-level government). Therefore, Zhou emphasizes that strong incentives are required for bureaucrats in lower levels of government to survive the competition for promotions.

There are three aspects to the mechanism by which "administrative contracting and promotional competition" occur. First, organizations must be highly systemized. Contractual relationships occur at the top of each administrative level and each administrative level comprises various organized divisions. Therefore, in organizations that are highly systemized, it is possible to decompose contracted duties further and carry them out more

concretely than in organizations that are not highly systemized. Second, higher-level governments have sufficient authority to control lower-level governments (Williamson 1999). Lower-level governments need sufficient discretion, but higher-level governments must have power to withdraw or intervene at its discretion from time to time. Third, there must be a strong incentive (high-powered incentive) for lower-level governments to achieve good results consistently.

Lindblom (1983) addresses three effective ways that political and economic organizations may exercise control over people: exchange, authority, and persuasion. Exchange is an important method that is always discussed in principal-agent relations (Eisenstadt and Roniger 1984). The strong incentives mentioned above fall into this category. Authority refers to the partial overlap with the authority to manage and control people that is described by Williamson (1999). Persuasion involves transaction costs of institutional economics and is difficult to measure. To avoid discussion about persuasion, Kato (2013) used the keyword "vague system," whereas Zhou simply placed this concept into contracts between governments. Exchange and authority are effective in the top (principal) to bottom (agent) direction, but persuasion has a bidirectional characteristic. The principal can persuade the agent, or the agent can persuade the principal in the opposite direction to modify the contract. Therefore, it is important to identify the role that persuasion plays between the principal and the agent in their inverse dependency.

Then, what happens if these three conditions are applied to the

relationship between townships and villages? Because township governments are the lowest administrative organizations, they act as agents of higher-level governments, but it cannot be principals themselves. This distinction is the most significant difference between township governments and other levels of government. Many researchers, including Zhou (2008), understand villages as agents of township governments and explain that the relationship between the two are extensions of intergovernmental relationships extending from higher levels of government. Certainly, for a long time, villages could be viewed as agents of township governments, and this remains a strong characteristic in China today. However, strictly speaking, the relationship between township governments and villages is not an extension of intergovernmental relationships for several reasons.

First, the organization of villages (i.e., village committee and party branch) is not systemized, unlike the other administrative levels. Village committees comprise only a few members, and there are no other subordinate organizations[3]. Division of work at the village organization level is not a significant concern, and duties are assigned as needed by the village committee. To quote a Chinese expression, "There are thousands of threads (i.e., missions given by a township government), but a single needle (i.e., village committee, including the village chief)." All jobs highly depend on the judgment of the village chief.

[3]In some very large villages, there are non-official subordinate organizations, such as security units (*zhi bao dui*) and environmental sanitation units (*huan wei dui*), and unit members are village residents (*ben cun hu kou*). In many cases, these are flat organizations and lack a hierarchy system. Not all villagers have equal opportunity to become a unit member; those villagers who voted for the current village chief in the election have a higher likelihood of becoming a unit member.

Second, in villages' relationship with township governments, there is no authority for strong management control over intergovernmental relationships. Township officials are appointed by higher-level governments as agents of state power at the lowest end of the administrative hierarchy. However, villages are autonomous units, and village chiefs are chosen by the villagers. Since the village elections were fully implemented in 1998, village chiefs have been elected in most areas of the country. The government has no authority to appoint village chiefs, and a village chief's term of office is guaranteed by law, so villages have certain autonomy from township governments. Of course, in reality, village chiefs receive various orders and instructions from the township governments. However, even if a village does not obey orders, the township government cannot remove the village chief from their duties.

Furthermore, the bureaucratic incentive to seek promotions does not apply to village chiefs. The village chief is the head of an autonomous organization, with no direct upward path beyond that organization; they exist outside the bureaucratic system. Without the frequent personnel changes among public officials at other levels of government, there is no promotion competition based on performance. Also, there are no age restrictions or term limits for village chiefs, unlike those that exist within the bureaucratic system. Commonly, village executives later become state bureaucrats via civil servant exams, but this can hardly be viewed as promotion competition within the bureaucratic system. In Guangdong Province, there are attempts to select highly regarded village chiefs as

members for appointment as leaders in the government, but the numbers are very limited. Therefore, the strong incentives for agents, which is a major premise of Zhou's (2008) analytical model, is only partially applicable to the relationship between villages and townships.

In cases where the management control authority over the agent is insufficient, and a strong incentive cannot be provided, a kind of inverse dependent relationship is created between the principal and the agent. Full cooperation by agents with principals is necessary for their relationship to continue. When an agent does not actively cooperate with the principal, the principal can dismiss the agent. However, dismissal is most practical when there is only one agent (or more than one in some cases) to be dismissed; it is impossible to replace the entire organization represented by the agent.

Returning to the relationship between townships and villages, if a village chief does not cooperate with the work of the township government, the township government cannot use an administrative order to remove the village chief. According to the process under the "Village Committee Organizational Law," the only way township governments can attempt to remove village chiefs is via village conventions. Such attempts require substantial effort and are not always successful; further, attempts at such removal could harm social stability. Even if the village chief changes, it is difficult to change the entire power structure of the village. Therefore, compared with other administrative levels, in the relationship between townships and villages, a situation develops where the principal strongly depends on the agent.

Indeed, without the cooperation of village chiefs, township governments cannot achieve goals set by higher-level governments. Township governments must, therefore, attempt to mobilize village chiefs via various incentives, such as economic benefits and broad discretion. However, village chiefs have the right to refuse to act in ways requested by township governments. Of course, village chiefs do not always stand against township governments. In civil service, bureaucrats can be transferred to another division or location, but village chiefs cannot be moved in such a way. Even if a village chief is removed from their duties, they often continue to live in the village, which means that the chief must consider many factors when making decisions. In particular, if a conflict of interest occurs in a land transfer, the village chief will be put in a difficult situation. If the chief decides to cooperate with the township government, the villagers may not necessarily respond favorably. Villagers sometimes organize protests such as the "Wukan incident," which put significant pressure on the government. Such situations lead to a tense relationship between the township governments as part of the broader administrative system and villages as autonomous units.

Powers of village chiefs

"Village chief" is the official title of the leader of the village committee. The village committee is an autonomous organization that carries out the daily work of the village, and the village chief is selected via direct elections. The

main job of the committee is to handle the village's daily work. Meanwhile, the committee must complete various tasks assigned by the township government. Although the village chief is located outside the bureaucratic system, they take on many administrative works from the township government on a subcontract basis. The grassroots autonomous system of the village and the hierarchical system of the state bureaucracy intersect at the village chief, and both villagers and the state administration consider the village chief as their agent (Xu 1997). The village chief's discretion is derived from being an agent of both sides.

For many years, village chiefs had a remarkable amount of discretionary authority and power in deciding the use of money (both subsidies from the government and taxes and fees collected from the villagers). However, when the agricultural tax was abolished in 2006, it became impossible to collect taxes and fees from the villagers, and the finances of many villages depended solely on government subsidies. Many subsidies have a specific purpose for which they are provided, and the village chief has limited discretionary authority. However, the village chief's scope of discretion has expanded to other areas such as collectively owned enterprises and village land use.

Collectively owned enterprises

A collectively owned enterprise is a company owned and operated by the village. In poor rural areas in inland areas of China, there are not many studies on the collective economy. However, collectively owned enterprises are more common in coastal regions and rural areas around major cities. It is a well-known story in China where talented village chiefs set up collectively

owned enterprises, and their business succeeded greatly, which leads to enriching villagers' lives. The village chief has discretion in deciding on what kind of business the village will engage, what kinds of economic activities are carried out, and how to allocate corporate earnings. Launching a company may not cause many disputes, but disputes are much more likely to arise over the distribution of corporate profits.

A typical example of this is the "Wukan incident." In Wukan village, a former village chief set up a collectively owned enterprise, which was later targeted in a crack-down on fraudulent activity. The development of the collectively owned enterprise considerably improved the village's economic situation, so far as being chosen as a "model village" due to its success in economic development. In this case and others, the allocation of profits earned from collectively owned enterprises led to problems.

There is one interesting episode about the distribution of profits. This story was brought up in an interview with Mr. Zhang, who was the village chief in a wealthy village in City C in Guangdong Province (interview, April 2014). The collectively owned business in this village began by lending a building to a company, such that the village now owns several collectively owned enterprises. The village chief was concurrently president of all companies owned by the village. Among the businesses, the village operated a guarantee company, but because it is not possible for a village to establish a guarantee company, the company was registered under the name of the local township government (the township government and village divided the profit at a fixed rate). Due to good corporate earnings, the villagers

received many dividends exceeding 10,000 RMB per person. To prevent farmers from becoming "lazy people relying on dividends," the municipal government of City C stipulated an annual maximum dividend of 5,000 RMB, and the remainder would be used for social welfare and pension funds. However, the profit of the collectively owned businesses was so enormous that even after setting aside funds for social welfare and pensions, there remained a surplus of funds. At the discretion of the village chief, public input was received on how to use the surplus funds. This village chief regularly allowed the villagers to decide how to use the surplus funds at village committee meetings. The villagers' preference was always the same: more dividends. Based on the villagers' demands, the village chief distributed money to the villagers via various means other than dividends. The township government and villagers were both well aware that these acts violate provisions; nevertheless, because the village's economic and social situation was stable, the local government remained silent. Further, the township government proposed to jointly invest and set up a new company with the village.

Of course, the village chief's discretion is not infinite. Villagers who oppose the village chief's ideas may impede their decisions by securing a majority vote on the village committee. The case of Yakou village (Zhongshan city) is a unique case where the village leadership and villagers were in conflict over the management of collective businesses. The collectively owned enterprises in the Pearl River Delta region are mainly related to urbanization and industrialization, with Yakou village being an exception to this trend as it

operated a large group farm commonly referred to as the last "People's Commune." The village transferred some of the farm's land to companies and used the profits to fund agricultural activities. The village maintained control over the land, rather than deferring to use of a contract system for allocating responsibility for the land. The opinion of the village chief and the villagers were in conflict over how to set up this collectively owned enterprise. To summarize, as the price of the land soared, the villagers wanted to transfer ownership of the land so they would receive their personal shares of the profit immediately (*Nan fang zhou mo*, September 2, 2011).

Meanwhile, the village chief insisted on renting the land without transferring ownership. The village chief was taking a long-term perspective on the business, which would continue to operate and own the land, which was viewed as guaranteeing a living income for farmers. Compared with lending income, however, transferring land ownership might have returned a better profit (140,000 RMB per person). Therefore, many villagers preferred to transfer the land ownership. After repeated negotiations, the villagers eventually decided to transfer land ownership at a village committee meeting. The land was then used for tourism and resort development, which was actively promoted by the mayor of Zhongshan at that time. Provided the development goes smoothly, there is possibility of expansion of facilities to surrounding land (*Nan fang zhou mo*, September 2, 2011).

Deciding the use of land

Rural land in China is held under a collective ownership system with individuals having only user rights. Moreover, if agricultural land is used for purposes other than agriculture, government permission is required. In many cases, the government acquires agricultural land and then transfers it to other users on the land market. With the progress of urbanization, the amount of agricultural land transferred for purposes other than agriculture has increased dramatically. The cooperation of village chiefs is indispensable for completing these land transfers. At the initial stage of acquiring land, the government and the villagers come to understand the situation of the other party via the village chief, who then attempts to persuade the local government if there are any villager objections. If the village chief succeeds in convincing the villagers of the local government's perspective, they may receive a certain reward from the government. However, if the village chief fails, then their year-end bonus is affected.

In the case of Yakou village, the village chief strongly felt that the land should not be sold. However, a different scenario emerged from another case where a village chief (city C, Town H) did not cooperate with the government's land-use plan and embarrassed the government (interview, April 2014). This village chief always held a tough stance against the government, which was one of the reasons why he was elected. This village's land was included in the government land-use plan, but the chief was uncooperative in the land transfer process, such that it was delayed. At the village election, the township government supported an alternative

candidate, but this candidate was not in a position to win the election. The village's party secretary wanted to cooperate with the government, but the party secretary has no decision-making power over land transfers. Only the village chief can legally represent the village. After negotiations, the township government embarked on a plan to do away with this "troublesome" village chief, the method of which is interesting. The government's strategy was to promote the villagers' dissatisfaction toward the village chief by freezing part of the subsidy given to the village and later calling for a vote of no-confidence in the village chief at a village committee meeting.

Of course, the discretion of the village chief does not necessarily extend far in all villages. In the case of Village F in Town E of City C (interview, April 2014), it was not the administrative village that owned the land, but rather, each natural village (small village group). Before merging the natural villages to form the current administrative village, the natural villages had already started a collectively owned business, and this set-up had not changed, even after the merge. The administrative village owned little land, and the scale of the collective business (mainly in the tourism industry) was relatively small. Thus, although the natural villages were rich economically, the administrative village was relatively poor. Because the administrative village lacked economic power, the cooperation of the natural villages was indispensable for completing tasks set by the township government. As a result, the village chief always had to negotiate with the persons in charge of the natural villages to accomplish tasks. For example, the Public Security

Bureau requested that villages install and pay for a surveillance monitoring system that cost 300,000 RMB, without help from the government. In a neighboring village, the village spent about 250,000 RMB of its funds and obtained a subsidy of 50,000 RMB from the township government. So, the chief of Village F negotiated with leaders of natural villages for the budget. On the other hand, he bargained with the local government for subsidies, even if they were only small amounts.

In recent years, Village F has been incorporated into a newly established economic development zone, and the government has proceeded with land acquisition. Revenue from land transfers mainly went to the natural villages, and the income of the administrative village was limited. The greatest benefit to the administrative village was the returned land (*liu yong di*). The higher the percentage of returned land, the higher the incentive for the village to acquire land. In Town A, where economic development is more advanced in City C, land acquisition was proceeding very smoothly because the township government returned about 40% of the acquired land to the village. However, in Village F, the village chief repeatedly claimed for the proportion of returned land be around 10% to 15%, which was less than the other towns.

Thus, the village chief's authority can be important when the village's collective economy is developing and when the village controls the land in the area. Moreover, because the village committee members are representatives chosen by elections, the township government does not have the authority to appoint and fire village chiefs. There are also no restrictions

on the number of terms served by village chiefs, so the same person can try to remain as the village chief for a long time. Therefore, a competent person with skill in enterprise management who is elected village chief can become a powerful person in local politics. How important is the chief's influence? A deputy chief of Town C stated, "You can refuse to meet a business person, but you cannot ever reject the invitation of the village chief."

Increasing the presence of elected chiefs in rich villages does not mean the economic power could become a veto power against township government. The abilities of negotiation and compromise with various parts inside and outside villages make village chiefs' presence in local politics more stable. Over-emphasizing the veto power would not lead to a better result. As evident in the case of Wukan, the villagers' passion and strong will (to claim back their land) successfully changed the decisions of the village chief and village committee members at the outset. However, later, passion and will became so-called "legitimacy" to judge everything related to land issues. Voting power turned into a veto power that made reaching a compromise between the township government and village difficult.

How to reach a compromise? Either strong pressure from township government or hard veto power from village could hardly settle down. In the end, both sides have to rely on the village chief to reach the goal. Therefore, the increasing presence of the village chief can be argued to have changed the course of persuasion from unidirectional (top to bottom) to bidirectional.

Unlike economic activities where principals can freely select agents, the degree of freedom that village chiefs enjoy is very limited in terms of

intergovernmental relations. In the relationship between township governments and villages, the level of freedom of the township governments is even more restricted, and a situation arises where principals depend on agents. Therefore, township governments, as principals, must observe the behavior of agents and consider the costs of replacing agents (village chiefs) versus the cost of compromising.

Response of township governments

Regardless of the extent of a chief's influence, they will not fundamentally change the governance of the township government. The strategy of the township government in the relationship with the village is to control the chief, much like the county government tries to control the top at the township level[4]. However, as stated in the previous section, there is no administrative control and there is no incentive for promotion, so the government attempts to exert influence on the village in other ways. One way is to have the village's party secretary simultaneously serve as the village chief. This allows the township not only to inform the village of the township government's intentions via party mechanisms but also to understand the actions and motivation of the village. Another way to maintain high motivation is to offer a strong economic incentive, instead of a promotion incentive. Furthermore, local governments are attempting to promote the "separation of politics and economics" (*zheng jing fen li*) at the

[4] Zhao (2005) argues that control power from township government is stronger than people's commune era in certain field, and causes disconnection of local government from the society.

village level to weaken the economic independence of autonomous organizations.

Concurrent positions in the village and party leadership

One way to communicate the government's intention to villages is to use the channel of the party organization. Many studies have reported on the relationship between the secretary of the party branch and village chiefs (Wang and Yang 2001; Xu 1997), so there is no need to elaborate on this topic here. For the government to gain a more advantageous position, it is common for the party secretary to serve as village chief (yi jian tiao) concurrently and to have other executive members of the village party branch concurrently serve as village committee members (*jiao cha ren zhi*).

In the case of Guangdong Province in 2013, in areas including Shaoguan, Meizhou, Jiangmen, Yangjiang, Maoming, Zhaoqing, and Qingyuan, the percentage of villages with concurrent placement of party members as village chiefs and village committee members was above 80%. In Zhuhai, Foshan, and Huizhou, the percentage of villages with the concurrent placement of party members as village chiefs was 80% and the percentage of villages with party members concurrently placed on village committees was around 60%. In Guangzhou and Zhongshan, both percentages were 65%[5]. In November 2013, Hu Chunhua (the party secretary of Guangdong Province) set a policy goal of further raising concurrent posts in village committee elections and party branch elections to be held in April of 2014. In response

[5] "Guan cha zhe," http://www.guancha.cn/politics/2013_11_15_185819.shtml, accessed on August 10, 2015.

to this goal, each level of government set concrete numerical targets. In the bureaucratic process, when the target was transferred from the provincial level to the township level, the lower-level government, which is the agent, was very aggressive. Certain areas (Yunfu and Huizhou) that were already exceeding 80% concurrent posts set a goal of 90% ("*Nan fang ri bao*," February 27, 2014). In areas where the numbers were relatively low, such as Guangzhou and Zhongshan, a goal exceeding 80% was set. The lower-level government responded actively. In Huizhou city, where the goal exceeded 90%, several county governments set a goal of 100% (e.g., Boluo County and Huiyang District in the Huizhou city jurisdiction)[6]. As a result, these numerical targets were achieved in most areas of Guangdong. Even in areas where the rate was low such as Zhongshan, the ratio of party members concurrently placed as village chiefs reached 90.4%, which exceeds the original goal.

The goal of attaining concurrent postings is strengthening jurisdictional control authority in areas where the government was weaker in administrative channels by utilizing the party channel. It is premature to judge how effective this attempt was in increasing government authority over autonomous villages. It could be positive in terms of decreasing the friction between village parties and village committees and would lower the overall number of village executives. However, many voices are questioning whether township governments are overly involved in village elections. Of

[6] "Nan fang ri bao," December 4, 2013;[*Hui yang qu ren min zheng fu wang*] http://xxgk.huiyang.gov.cn/publicfiles/business/htmlfiles/9421/2.2/201312/252993.html, accessed on September 1, 2015.

course, it is impossible to motivate village chiefs simply by strengthening party channels. It is important to ensure that economic interests help maintain a high level of incentives for village chiefs.

Economic incentives

To increase incentives for village chiefs, economic profit is particularly important, and other factors such as social honor and future prospects hold some but lower importance. The salary schemes for village chiefs and other village executives are not clearly stated and vary widely from region to region. Even if they are made clear, there are many cases where the village manager does not receive a regularly paid salary. Therefore, when analyzing economic incentives for village chiefs, it is impossible to compare across a wide range of regions. To make a comparative case study, the cases in this paper are limited to economically rich areas in Guangdong Province.

According to the Regulation of Salary Management for Rural Cadres in Dongguan City (*Dong guan shi nong cun gan bu xin chou guan li ban fa*), which outlines village executives' salaries in Guangdong Province, the village chief's income consists of three parts: basic salary, expense allowance, and performance pay. The base salary is higher than the residents' average income, but the upper limit is set so that it does not exceed twice the average income. For the expense allowance, the actual value may vary. However, it generally provides funds to cover work-related expenses and per Diem allowances (such as when traveling to participate in government meetings). Performance pay is based on the profit of the collectively owned enterprise in

the current fiscal year and an evaluation of success in public management duties. To limit the disparity between regions, the maximum amount of income is set in the regulation, and specific limits are set by the township government. The average annual income of village executives was the highest in Dongguan city in 2014 at 336,000 RMB; the lowest was 4,570 RMB. From the perspective of average income by source, the base salary is 29.1%, the expense allowance is 18.3%, and performance pay is 52.6%. Ultimately, performance pay is the main source of income differences across villages. In other words, the higher the profitability of the collectively owned enterprise and the higher the evaluation of public management duties from the government, the higher an official's income is. Of course, if a collectively owned enterprise falls into deficit or if the executive's performance evaluation is low, the salary will be reduced. At the same time, in this regulation, it is clearly stipulated that salaries paid to executives will be primarily derived from the revenues of collectively owned enterprises. If a village does not have a collectively owned enterprise, each township individually regulates compensation.

According to interviews I conducted on the situation in City C, the performance evaluation criteria for the village chief was determined by applying the performance evaluation criteria of township leaders, which include more than 140 items. All performance evaluation criteria items are scored, and the performance evaluation is determined by the total score. For village chiefs with excellent performance evaluation, performance pay equal to 150% of the base salary is given; village chiefs with a low evaluation have

their performance pay reduced. Although performance pay is different for each town, it averages about 100,000 RMB per year. An annual income of 100,000 RMB may be attractive for those in areas where economic development is relatively low. However, such a salary in the Pearl River Delta may not be so attractive to a village chief. In Guangdong, many villages receive profit from collectively owned enterprises over 100 million RMB. As stated by a deputy town chief in Town A in City C, "Even if 1% of the net profit of the collectively owned enterprises is earmarked as income of the village chief, the amount is colossal, and it is a very attractive job" (interview, April 2014).

The incentives for village chiefs are not limited to performance pay. In the example of the village chief (Mr. Zhang) discussed above, his business card notes his position as party secretary and village chief, as well as his village's collectively owned companies. He is also the president of a private corporation not listed on his business card. The chief's family operates the private company, which is mainly engaged in subcontracted work with the collectively owned enterprises. It is not a new situation for village chiefs and their families to run businesses. However, the relationship between such private enterprises and collectively owned enterprises of villages is not always clear.

Separation of politics and economics and transformation of autonomous organizations

One way to decrease the influence of village chiefs is the “separation of politics and economics.” This policy refers to the separation of administrative affairs (daily work) and economic activities (management of collectively owned enterprises) at the village level.

Village committee elections are intense in areas where the collective economy is well-developed because elected village chiefs can also become presidents of collectively owned enterprises (Hu 1998). Once in such a position, the chief can pursue his economic interests. In some cases, one person may concurrently serve as village chief, party secretary, and president of multiple companies. Because becoming a village chief may provide considerable benefits, elections are intense, and problems are prone to occur (interview with a member of the Party Committee in District B in City C, April 2014). In addition, by concentrating power on one person, any problems that arise in the village committee (especially corruption issue) create enormous pressure on the township government.

“Separation of politics and economics” in the village was launched as a measure to solve the problem of village chiefs being overloaded with too many duties (“Zhong guo qing niao bao," September 5, 2012). By separating the positions of the village chief and president of collectively owned enterprises, powers are no longer concentrated on a single person, and the village chief and president can immerse themselves in their respective tasks.

However, the real aim of separating the positions is weakening the village chief's economic influence.

To verify the policy effect, we interviewed a party secretary in District B in City C. District B was the first area in City C to start a policy of "separation of politics and economics," and its practices drew considerable attention. In 2014 the district merged ten communities (formerly village committees) into four residents' committees and at the same time implemented a policy of "separation of politics and economics." The first election of the residents' committee was calmer compared with prior contests. Because there was no candidate for election in some places, the government persuaded the former village committee members to run as candidates. In contrast, the secretary predicted that the election to elect the president of a collectively owned enterprise planned to take place six months later would be extremely fierce. The autonomous village organization is dedicated solely to providing social services, and the district government is promoting the idea that the collectively owned enterprises exist as entities unrelated to the leadership of the village. Thereby, the authority of village officials has been relatively weakened (interview, April 2014). In the case of village chiefs, there is not much opportunity to openly oppose government policy. However, one countermeasure against the policy is splitting the role of the village chief and president of collectively owned enterprises within a family—for example, having the father as village chief and the son as president of the collectively owned enterprises. As long as no troubles arise from such arrangements, the District B government will likely maintain its silence on the matter.

Interestingly, attempts to concurrently place party members as village chiefs and village committee members would not only strengthen the party's role in the village committee but also possibly lower labor costs at the village level. However, attempts to separate politics and economics will result in increased labor costs because the two organizations were originally integrated. Many executives are unhappy with losing their involvement in collective business. To resolve their dissatisfaction, District B paid for about 20 million RMB in expenses and increased expense allowances as part of the separation process (interview with District B party committee member, April 2014).

Does village autonomy have a future?

Previously, when a village chief and other village committee members were elected, their compensation was covered by taxes and fees collected from the villagers. Therefore, the village committee can be viewed as providing public services for the villagers. This was the fundamental logic of village autonomy. With the elimination of the agricultural tax and other fees, the expenses of village committees are mainly paid using subsidies from the township government, which limits the village autonomy in decision making. From this perspective, many researchers claim that village committees have become another level of government in the multilayered state bureaucracy (Tsai 2007)

In parts of China, where the economic development of villages is proceeding, autonomy has been retained for a considerably long time based

on economic power. This gave hope to optimistic observers of village autonomy. This economic power is one of the most important reasons why the Wukan incident attracted so much attention. In the process of urbanization and industrialization, the collectively owned enterprises and the rising value of land strengthened the role of the village in grassroots politics. Moreover, a great change also occurred in the villagers' consciousness, who aimed to protect their interest by making village autonomy more reliable.

Meanwhile, administrative contracts and competition for bureaucratic promotions have become a major source of pressure for township governments. Township governments regularly hand down duties to villages, but their power to control village chiefs is relatively limited. As long as the pressure-type regime continues from the upper levels of government, township governments will want village committees to act as government agencies, rather than as autonomous organizations.

In the relationship between villages and townships in Guangdong, there exists a negotiation between two competing forces. The first is the power of villages to maintain their autonomy, and the second is the power of the government to use the village as a government agent at the bottom of the administrative hierarchy. The government is always leading this negotiation from a favorable position, whereas villages can rely on their economic strength and the protections under the "Village Committee Organization Law."

In the early stages of promoting village autonomy, Peng Zhen, former chairperson of the National People's Congress, stated, "After successfully managing villages, then gradually start to handle the township. After successfully managing the township, then gradually manage the counties" (Peng, 1991, p. 610). At the time, many voices were questioning village autonomy, even though the national leadership was optimistic about village autonomy. However, considering the situation in Guangdong Province, villages' discretionary power is gradually decreasing due to repeated institutional reforms.

More study needs to be carried out to better grasp these changes. It is vital to examine these issues in greater detail. In conducting such work, it would be possible to divide townships, villages, and village sub-groups along an economic scale and classify them. Further, comparative studies with other coastal areas are required to verify the universality of the situation in Guangdong Province.

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