



Do elected leaders in a limited democracy have real power? Evidence from rural China



Ren Mu ^{a,*}, Xiaobo Zhang ^{b,c}

^a The Bush School of Government and Public Service, Texas A&M University, 4220 TAMU, College Station, TX 77843, USA

^b National School of Development, Peking University, China

^c International Food Policy Research Institute (IFPRI), 2033 K Street, NW, Washington, DC 20006, USA

ARTICLE INFO

Article history:

Received 24 January 2012

Received in revised form 18 April 2013

Accepted 21 October 2013

Available online 5 November 2013

JEL classification:

O12

P26

P36

Keywords:

Allocations of public goods

Favoritism

Election

Appointed leader

China

ABSTRACT

Do elected leaders in an authoritarian regime have any real power? Does grassroots democracy in a one-party state entail parochial problems? Making use of primary survey data covering two election cycles in a mountainous area of China, where an administrative village consists of several natural villages (NVs), we find that elected village heads favor their home NVs in resource allocations, especially when these NVs have a large population. In contrast, the home NVs of appointed Communist Party secretaries do not receive disproportionately more resources, on average. This pattern of resource allocation is compatible with the interest of village heads and suggests that as elected leaders, village heads have some true power in resource distribution.

© 2013 Elsevier B.V. All rights reserved.

1. Introduction

There is a large literature on how public goods are provided and allocated in a democratic system (e.g. Banerjee et al., 2008; Bardhan and Mookherjee, 2005). Generally it is believed that democracy facilitates decentralization in public goods delivery and improves efficiency. Citizens with electoral rights can effectively monitor local governments (Bardhan, 2002), then the thinking goes, local leaders, equipped with information about the needs of their people, choose policies or projects that best serve the people (World Bank, 2003).¹ However, in many low-income democracies, elected leaders are found also to use their discretionary power to divert resources for the benefit of a small group of core voters at the expense of many others (Keefer, 2007; Platteau and Gaspart, 2003). Such favoritism has become an endemic problem, and

has raised strong concerns about the process of public goods provision and distribution in democratic settings (Bardhan, 2002; Khemani, 2010).² This problem appears to be even worse in a society with serious ethnic divisions (Alesina et al., 1999).

Our knowledge about public goods distribution under regimes that are not completely democratic is, though, rather limited. The villages of rural China are a case in point. The distribution of public goods within these villages is determined largely by village leaders, that is, village heads who are elected by popular votes and Chinese Communist Party (CCP) secretaries who are appointed by the upper-level government. This dual power system, embracing election but also maintaining central political control through CCP secretaries, offers only limited democracy (Martinez-Bravo et al., 2012). Little is known about how resources are being distributed within this political institutional setup – do elected leaders in this system have real powers? Do they behave similarly to their counterparts in democratic settings? Is parochial behavior or favoritism in resource allocation a concern?

* Corresponding author. Tel.: +1 979 4588024; fax: +1 979 8454155.

E-mail addresses: rmu@tamu.edu (R. Mu), x.zhang@cgiar.org (X. Zhang).

¹ Empirical evidence has shown a positive link between local democratization and better provision of public goods in various countries, including India (Besley and Burgess, 2002; Foster and Rosenzweig, 2001), China (Luo et al., 2007; Martinez-Bravo et al., 2012; Wang and Yao, 2007; Zhang et al., 2004), and Indonesia (Olken, 2010).

² These problems are prevalent particularly in young democracies, where politicians have not yet built up their reputations through repeated electoral cycles (Keefer, 2007).

This study contributes new evidence to address these questions. We analyze the patterns of public goods allocation within Chinese villages to determine whether elected village heads favor their native natural villages, and whether the appointed CCP secretaries behave differently in that respect. For this purpose, we conducted a survey in a mountainous area in Guizhou province, one of the most ethnically diverse and least economically developed regions of China. In this area, administrative villages (AVs), or “villages” as they are normally known, are not the result of natural development but have been so defined by the state. Administrative villages are composed of multiple natural villages (NVs). Villagers within a NV have close ties, through common family lineages and/or ethnicities. Long-term interactions and resident proximities have reinforced such ties over time. Different NVs within one AV, however, can exhibit big differences in ethnicities, family lineage compositions, and geographical typologies. Therefore, the allocation of public resources within an AV, but across NVs, has been a thorny issue in this area.

By examining whether village leaders favor their home NVs in public goods provision, this study provides the first empirical evidence on the patterns of resource distribution within rural villages in China. We develop a theoretical framework to model allocation decisions of a village head and a party secretary, each of whom faces different constraints. Our survey data cover two electoral cycles, allowing us to control for time-invariant factors and to identify favoritism in resource allocation through changes in public goods received by NVs. We find that elected village heads favor their home NVs in resource allocations, especially when these are large NVs. Party secretaries’ home NVs, however, do not seem to receive relatively more public good projects. The observed pattern of resource allocation suggests that elected village heads do indeed have some power, because they are able to allocate public goods in line with their interests.

Our paper crosses boundaries between several branches of the literature. First, it relates to the literature on identity politics, which focuses on how policy outcomes may be affected by the identity of politicians. Empirical evidence on this subject is mixed. Some studies based on a recent reservation policy in India show that in villages with newly reserved seats for disadvantaged groups, such as women and scheduled castes, government resources are more likely to be diverted in the direction of these groups’ preferences (Besley et al., 2005; Chattopadhyay and Duflo, 2004; Pande, 2003). In the same setting, however, Ban and Rao (2008) and Gajwani and Zhang (2008) found that, by and large, women leaders in reserved seats do not perform much differently from other leaders.³ Our paper contributes to the debate by examining how village leaders’ geographic origins feature in their decisions regarding public goods allocation.

Second, our paper contributes to an emerging body of literature on village elections and the provision of public goods in China. Studies have shown that by increasing the accountability of village heads to their local constituents, village elections in China have brought about more efficient provision of local public goods (Luo et al., 2007; Martinez-Bravo et al., 2012; Rozelle et al., 2009; Shen and Yao, 2008; Zhang et al., 2004). At the same time, other studies show that solidarity groups in Chinese rural villages, defined by religion or family lineage, may complement electoral selection by acting as monitoring institutions to improve the delivery of public goods and services (Tsai, 2002, 2007; Xu and Yao, 2009). However, empirical evidence on how public resources are distributed within a village is still nonexistent. Our study is the first to examine how public goods are distributed among natural villages within one administrative village.

Third, our paper relates to studies of how a political context, in particular, mechanisms for selection of officials, matters for policy and economic outcomes. For example, Rodrik (1999) finds that greater political competition and participation increase the level of

manufacturing wages. At the micro level, Besley and Coate (2003) show that elected officials tend to choose policies more favorable toward voters. Appointed officials in certain settings can have better professional credentials and be more efficient (Whalley, 2010). Alesina and Tabellini (2007) show that bureaucrats may be able to do a better job in redistributive tasks if instructed to be “fair,” however, politicians generally prefer to retain such tasks so as to form winning coalitions. This paper complements these studies by showing that both the elected and the appointed village leaders in rural China respond to their respective selection mechanisms.

The remainder of the paper is organized as follows: Section 2 provides a brief review of the institutional background. Section 3 presents a simple model of public resource allocation within the village. Section 4 includes a discussion of the data and a summary of statistics. Section 5 outlines our empirical approach. Section 6 reports the results, and Section 7 offers some concluding remarks.

2. Institutional background

The administrative village is not a formal government body in China; instead its legal status is that of a “self-governing” agency. The 650,000 administrative villages nationwide are regarded therefore as the most important “community organizations” in rural China (World Bank, 2007). However, leaders of administrative villages in practice are agents of the state who are entitled to salaries, albeit at a rather low level, and are obligated to implement government policies and carry out central mandates (Rozelle and Boisvert, 1994). In that sense, they effectively are “officials.” As both “community leaders” and “grassroots officials,” administrative village leaders play an important role in the provision and allocation of public goods in rural China.

2.1. Provision and allocation of public goods in administrative villages

China’s fiscal system is highly decentralized, with many public goods financed and provided by local governments (Wong, 2002). At the county and township levels local governments bear major responsibility for some key public goods, such as schools. In general, funding comes primarily from local revenues, supplemented by transfers from higher-level governments, transfers that are especially important in poor regions. In the 1980s and 1990s, administrative villages relied heavily on fees collected from farmers, on in-kind labor contribution, or on revenues from village enterprises to finance small-scale infrastructure projects at the village level (World Bank, 2007). After China abolished agricultural taxation in the early 2000s,⁴ villages lost the discretionary power to tax farmers, and consequently began to rely more and more on fiscal transfers from the upper-level government and on villagers’ in-kind contributions to support local public projects (Liu et al., 2012; Zhang et al., 2006).

In our sampled villages, which are located in a low-income minority region (we say more on the sample in Section 4), most funding for infrastructure projects, such as roads, bridges, running water, and electricity, come from the county government. The funding from the county government originates from various programs under different agencies at the provincial or central level, such as the poverty alleviation office, agriculture bureau, forest bureau, irrigation bureau, and development and planning commissions. Villages sometimes also provide matching funds and contributions of labor in-kind.

The reliance of administrative villages on inter-governmental transfers for the provision of major public goods does not mean that village leaders merely implement, passively, upper-level government mandates and development plans. Instead, they are actively involved in every stage of public investment. First, village leaders are responsible for raising funds for public projects. For this purpose they travel

³ The extent to which the leaders’ identity matters depends crucially on the characteristics of the community (Besley et al., 2007).

⁴ For reviews of rural fiscal reforms, see Luo et al. (2007), World Bank (2007), and Yep (2004).

Download English Version:

<https://daneshyari.com/en/article/5094638>

Download Persian Version:

<https://daneshyari.com/article/5094638>

[Daneshyari.com](https://daneshyari.com)