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PUBLIC GOODS AND STATE-SOCIETY RELATIONS: AN IMPACT STUDY OF CHINA’S RURAL STIMULUS

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INTRODUCTION

Thanks to a series of new central government policies culminating with the massive 2008 economic stimulus package, state-society relations in rural China seem to have recovered significantly from damage sustained from the 1990s to early 2000s. Evidence I present in this chapter from two surveys—one conducted in 2002 and the other in 2010—reflect a dramatic turnaround in rural state-society relations after President Hu Jintao and Premier Wen Jiabao assumed China’s top two leadership positions in March 2003. This leadership transition was accompanied by a sea change in policy that shifted attention and resources to China’s villages as part of the larger effort to “construct a harmonious society” (goujian hexie shehui, 构建和谐社会). Since 2004, every “No. 1 Central Document” (zhongyang yihao wenjian, 中央一号文件), the CCP’s key statement setting policy priorities and providing policy guidance nationwide, has had a rural focus. At the Fourth Plenary Session of the Sixteenth Chinese Communist Party Central Committee in 2004, Hu Jintao introduced the concept of “two directions” (liang ge quxiang, 两个趋向), which in 2005 he elaborated by explaining that China has moved beyond a primary stage of economic development in which “agriculture supports industry” (nongye zhichi gongye, 农业支持工业) and has reached a new stage of economic development in which “industry regurgitates nourishment back to agriculture and cities support villages” (gongye fanbu nongye, chengshi zhichi nongcun, 工业反哺农业、城市支持农村). Heralded
as reversing decades if not centuries of urban areas feeding off the rural areas (both literally and figuratively), this historically momentous pro-rural policy shift received a further boost from China’s 2008 economic stimulus plan, which opened a new spigot for investment in public goods, including infrastructure and social welfare.

In this chapter I refer to the various pro-rural policies that characterize this watershed moment as China’s “rural economic stimulus policies” (or “rural stimulus” for short) because they were designed, above all, to raise rural incomes, reduce rural-urban income inequality, and boost domestic consumer demand. Chinese scholars and government leaders alike have consistently identified China’s widening income gap as a grave—if not the gravest—source of discontent and unrest, and thus of danger to social and political stability. Has the rural stimulus had its intended effect of thawing state-society tensions? Survey data collected before and after the implementation of the rural stimulus are the basis of my assessment of its impact on state-society relations. Quasi-experimental conditions such as these afford a unique opportunity to assess the effects of the new policies on the lives of hundreds of millions of villagers in China.

This chapter is divided into three sections. In the first section I will set the stage for my empirical analysis by contextualizing the relationship between public goods and state-society relations. To generalize sweepingly, in the time between the implementation of fiscal reforms in the mid-1990s and the full implementation of China’s rural economic stimulus policies 15 years later, public goods provision in rural China strained, more than promoted, state-society relations. A step forward in rural state-society relations seems to have been achieved by the pro-rural policies introduced in 2006, buttressed and further expanded by the 2008 economic stimulus. They not only greatly enhanced public goods provision in rural areas but also did so for the first time in over a decade without compelling local levels of government to extract revenue directly from villagers. In the second section I introduce the surveys and provide detailed information about the measures I employ in my analyses.

The third section contains the results of my analyses. Three main findings I present reflect a turning point in rural state-society relations. First, popular assessments of local government performance improved in the 2002—2010 period. Second, perceptions of investment in public goods are a significant predictor of popular assessments of the state. Third, although the public image of every level of the state benefitted from enhanced public goods investment, local levels of government enjoyed a far greater public image boost than the central government.