LOCAL GOVERNANCE IN CHINA:
TRANSFORMING TOWNSHIP GOVERNMENTS

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Executive Summary

1. The Politburo of the Communist Party of China adopted a document on August 21, 2010, stressing openness in Party affairs as necessary for expanding grass-roots democracy within the Party and improving local governance.

2. Local governance is a major issue in today's China as the central government is trying hard to establish a harmonious society. Many "mass incidents," popular protests, and social unrest can be attributed to improper or ineffective local governance.

3. The current township transformation started in 1998 when the CCP issued an important policy regarding rural reform at the third plenary of the 15th central Party committee. The document titled "The CCP decision on several important issues of agriculture and rural work" instructed the township government to experiment on rural "tax and fee" reform.

4. The central government restructured township governments through a scheme of "*chexiang bingzhen*" (eliminating and merging townships). Since 1995, the total number of township governments has been reduced from 47,136 to 37,426 in 2004 and further down to 34,170 in 2009.

5. Township governments are asked to change its orientation toward governance. They are now supposed to serve the rural people rather than control them. The new governing philosophy is consistent with the "people-oriented" (*yiren weiben*) policy of President Hu Jintao.

6. Reform transforms service-related township agencies. Township governments are encouraged to consolidate social service agencies and outsource other government services to the private sector.

7. Township reform has largely changed the predatory local state, thanks to the elimination of rural tax; this, however, made township governments less effective in rural governance, due to the lack of financial power.

8. In place of the extractive role, township officials are now charged with a new primary responsibility of maintaining social stability. Particularly, township Party committee secretary is tasked with the number one responsibility of keeping social order in the township.

9. The outcome of this reform largely depends on how the central government redefines the role of local government, particularly county and township governments.

10. The current township reform remains transitional as long as townships depend on county financial support and are disconnected from villagers they are supposed to serve. Local governance is undergoing a transformation from a predatory local state to one of “governance deficiency” at the township level.