

What Happened in Maliu Township?

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Often the pressures that generate political reforms—and the limits to those reforms—are best viewed at the local level, which is why this column has explored so many instances of local reform. In this issue, we look at Maliu Township, a poor township in Chongqing Municipality that rose to at least local fame by adopting the so-called “Eight-Step Work Method,” which introduced popular participation in decision making and oversight. But as the local political economy changed—specifically as the impact of the abolition of the agricultural taxes has been felt—it has been difficult to sustain this innovation.

Maliu Township is a poor, mountainous township located in Kai County, along the Yangtze River north of Chongqing City, though still administratively within the jurisdiction of that centrally administered municipality. Covering 94 square kilometers, Maliu Township encompasses 24 administrative villages, one residents’ committee, and 7,241 households with 27,112 people (at the end of 2003). More than 6,000 people have left the township to seek their fortunes elsewhere, nearly half of the workforce of 12,800. Over 7,000 of those remaining, about a quarter of the total population, are impoverished. Their annual income averages 1,021 yuan, less than half of the average income in the township. Over 97 percent of the population relies on agriculture as their main source of income, and agriculture is difficult in this hilly and mountainous area, some 66 kilometers from the county seat. The township has debts (at yearend 2003) of 1,200,000 yuan.¹

There are 616 Party members in Maliu Township, a little more than 2 percent of the local population, or somewhat less than half the national figure. They are organized into 24 village party branches, three school party branches, two branches for retirees, and one for administrative organs, for a total of 30 party branches. Nearly all Party members are male; only 30 are females—one for each Party branch on average. Only four are college-educated and 15 are graduates of vocational institutes (*daxue zhuanke*); 510 have middle school educations or less.

For poor, rural areas like Maliu Township, the 1994 tax reform, which shifted revenue from the localities to the center, was disastrous. Even in 2001, when the situation had improved somewhat, Maliu Township had revenues of 600,000 yuan—but expenses of 3 million yuan!² In the late 1990s, as revenues declined, cadres tried to think of more ways to extract funds from peasants. Given the pressure to raise more funds, cadres forcibly extracted fines from peasants. In the latter half of 1997 there was a month-long “four cleanups” (*siqingli*) movement in which cadres tried to collect fines that had been

levied but not collected over the previous decade for violations of policies on childbearing, forestry, constructing housing, and burial. Cadres were even allowed to keep 3 to 5 percent of the fines they collected. This campaign raised 1 million yuan for the township. In one village of only 1,838 people, cadres extracted 60,000 yuan, or over 38 yuan per capita.³

Relations between cadres and peasants became extremely tense. Cadres going into the villages were cursed and sometimes beaten. Peasants began sending petitions to the county, municipality (Chongqing), and even Beijing. Many peasants were willing to go to “peasant hero” meetings but would refuse to attend meetings called by cadres. Cadres lost their ability to undertake public works. In 1997 officials drew up a plan to pave roads throughout the township, but only one village actually started work. Efforts began on building a bridge across the river (*shuanghekou*, see below) that divided the township, but the peasants refused to support them. In 1998 the township was only able to complete 60 percent of its revenue task; six villages collected less than 20 percent of their revenue goals.⁴ In short, by the late 1990s, Maliu Township was known as a “troublemaker” (*naoshixiang*). In this, it was not atypical of other townships in the area; all were poor and relations between cadres and the masses were tense.

Peasants were aware of central regulations on revenue collection and believed that local cadres were violating these rules, so they denounced the actions of local cadres through a loudspeaker on market days (Tuesdays, Thursdays, and Saturdays). On June 14, 1999, tensions boiled over as 200–300 people from the township surrounded township offices, preventing cadres from leaving. The first instinct of the local authorities was to arrest the leaders and suppress the movement. But there were no police stationed in Maliu Township; they would have to come in from the county seat in Kai County. More important, any police action to suppress the peasants in Maliu Township would have to be approved by the Political and Legal Affairs Office of the Kai County CCP Committee—and the head of that office was fortuitously a former teacher in Maliu Township. Many of the people involved in the protest were his former students, so he wanted to find a way to resolve the incident peacefully. He was backed up by the Party organization of Chongqing Municipality, particularly the Organization Department.

Local cadres were understandably depressed. They were despised by the residents, incapable of managing affairs, and not supported by higher levels. Fortunately, Li Hongbin had been made Party secretary of the township in 1998, and, following this incident, was determined to find a way out. Li appears to have been an exceptionally capable and open-minded official (though he did contemplate the use of force in the June 1999 incident). In thinking about how to respond to the incident at the township offices and the crisis in governance more generally, he appears to have drawn on the CCP’s tradition of following the mass line, but with some important innovations. The first thing he did was to organize cadres to go into the villages and listen to complaints. Each member of the Party committee was required to establish regular contact with 20 households in eight small groups in four villages. They were also required to have “leadership reception days” on the 1st, 11th, and 21st of each month as well as to hold special forums for retired cadres on the 7th of each month.⁵ This could not have been

easy, given the extremely tense relations between cadres and peasants at the time. Indeed, many cadres did not like this process; it took many of them a year to change their attitudes (if they ever fully did so). But it gave the peasants a channel for venting their emotions, forced the cadres to listen to complaints, gave the leadership a better understanding of the situation, and—one must assume—gave Li Hongbin the leverage he needed to change cadre behavior and find a solution.

Out of this effort came new, or revived, rules governing cadre behavior. They were not allowed to play cards, gamble, or eat or drink for free. Lower levels were not allowed to spend money receiving leaders from higher levels. The township set an example by auctioning off automobiles they did not need, and it sold off a retail outlet that it ran. Efforts were made to make village finances open and accountable. Each village established a finance committee (*licai xiaozu*) and rules were established for the disbursement of funds: the village accountant would write the check, the party secretary would approve it, and the village head would disperse the funds. Li Hongbin started to establish the principle that “cadres manage affairs, not money” (*ganbu guanshi bu guanqian*) in order to alleviate peasants’ suspicions (apparently well founded) of corruption.

But more was needed to establish the trust needed to undertake public works. Maliu Township was certainly in need of new schools, roads, and other public works, but peasants rightly feared that public works projects would become opportunities for cadres to extract private benefits and that the projects themselves might never be completed. Li Hongbin decided to focus on the long-planned bridge over the *Shuanghekou* (“Two Rivers Junction”—for the two rivers that converge), which divides the bulk of the township from four small villages that lie across the rivers and up in the mountains. The rivers not only cut the villages off from the market, they were also dangerous. Periodically peasants would slip, particularly during flood season, and be swept away by the currents. There was a clear need for a bridge, but how could a bridge be built when there was so little trust? The local political leadership decided to use this project to rebuild trust.

The Party committee raised 30,000 yuan in contributions from Party and government cadres and another 7,500 yuan from the public. The four villages most affected by the project established a “Small Group for the Construction of the Two Rivers Junction Bridge” (*Shuanghekou daaqiao lingdao xiaozu*). This committee then found technicians who drew up plans for the bridge and estimated the cost at 240,500 yuan. With the 3,700 people of the four villages contributing, the burden came to 65 yuan per person, a substantial one. The Party committee found other technicians who found ways to reduce the cost to only 129,500 yuan, or 35 yuan per person.

Still peasants were unhappy, fearing corruption. So the Party committee decided to expand the leadership group so that each of the four villages would have a non-cadre representative and, more importantly, that the non-cadre members of the group would manage all funds. One was named the accountant, one the purser, one the overseer (*baoguan*), and one in charge of quality control.⁶ This was a way of implementing the

principle that the cadres would manage the work, and the peasants would manage the money. At the same time, the Party committee asked that the villages discuss the plans and vote on them. The result was that 95 percent of villagers approved the plans.⁷

When the work was completed four months later, there was actually money left over. After much discussion, the Party committee made the unprecedented decision to return the leftover funds to the peasants—9.4 yuan per person. This step apparently carried great weight with the peasants, leading them to believe that the leadership really did have a change of heart.

This practical effort to establish trust between the cadres and peasants was the origin of what became known as the “eight-step work method” (*babu gongzuofa*).

Eight-Step Work Method

Following the success of the bridge-building and similar experiences, the local Party committee put forth the “eight-step work method (*babu gongzuofa*),” which was finalized in 2003. The eight steps were as follows:

1. Investigate the views of the people and understand what they want. Consensus on potential projects should be above 60 percent.
2. Hold a meeting of cadres and peasant representatives to decide on a preliminary plan.
3. Propagandize to achieve unified thinking.
4. Conduct democratic discussions to finalize plans. Hold repeated meetings of cadres and village representatives to revise the preliminary plan. A construction leadership small group should be chosen in a meeting, and non-cadre masses should make up more than half the membership. Similarly, a financial management committee composed of the masses should be established so the masses control the funds and the cadres manage only the work.
5. Obtain household approval of projects—85 percent should agree or the projects should be deferred.
6. Divide work responsibilities among households.
7. Have village small groups organize the work.
8. Announce completion of the work—and have the villagers’ financial management committee audit the accounts.

Although this process obviously builds on the Party’s “mass line” tradition, and thus both legitimizes the innovation and reflects the path dependence of leadership methods, it also introduces important elements of democratic decision making and procedure. Public work projects must be openly discussed and approved by villagers, there is a high degree of transparency, and there is extensive villager participation in all phases of the work. Indeed, the requirement that 85 percent of villagers approve public work projects (and their own financial contributions to them) could be seen as anti-democratic in that a

relatively small minority could, in theory, delay or prevent implementation of a project favored by a majority of residents.

Through this combination of the mass line and democratic participation, cadres in Maliu Township seem to have regained the trust of the peasants. From 2000 to 2006, there were no petitions being forwarded to higher authorities, suggesting that relations between cadres and masses really had improved. Moreover, by following more-democratic procedures, public works were completed. Some 327 kilometers of road were built, eight bridges were constructed, and running water was extended to 6,250 households, giving every household in the township running water.⁸

Lessons from Maliu Township

Perhaps the most radical innovation of Maliu Township was not the widespread involvement of villagers in deciding and supervising public works but rather the staunching of the flow of material benefits to cadres from public works projects. For instance, in 1995 the villagers in Xingping village were clamoring for roads to be built. The cadres agreed, but demanded 200 yuan from each person. The village generated over 300,000 yuan, but saw only 4.8 kilometers of road built. Later, after the implementation of the Eight-Step Work Method, the peasants put in only 40 yuan per person but built at least as many kilometers of road. These figures, albeit incomplete, suggest that either exorbitant profits or cadre corruption, or both, were taking up some three-quarters of construction costs. Under the Eight-Step Work Method, the cadres could not benefit from public works.

The story behind this innovation, however, was the changed bargaining power between villagers and cadres. The township was bereft of funds, so the cadres pressed the villagers—with the result that the villagers pushed back, petitioning and engaging in collective violence such as blockading cadres in the township offices. Basic social order was breaking down—and authorities at the county level would not countenance whole-scale repression. The result was that Maliu Township had to adopt radical methods, forcing cadres to involve villagers in the decision-making process—and to accept a loss of income by abstaining from corruption. The lesson was that only a serious social crisis could generate the will to seek a radical solution that was institutionally innovative.

Institutional Innovation without Institutionalization

The financial and social crisis that Maliu Township faced (along with the unwillingness of higher-ups to countenance repressive measures) generated a creative response that vastly increased citizen participation in decision making, reduced cadre corruption, and improved the supply of public goods. The formulation of procedures into the Eight-Step Work Method appeared to institutionalize what had once been *ad hoc* responses to a crisis situation (and also to gain status as a model, which certainly has benefits in terms of securing resources from above). There were many townships in Chongqing Municipality that exhibited the same tensions between cadres and peasants that Maliu

Township had. So Chongqing Municipality studied this experience and, in 2003, affirmed Maliu Township's status as a model. Chongqing Party secretary Huang Zhendong came to Maliu Township to study its example and to urge other townships in Chongqing to emulate the township.

As things turned out, however, spreading the experience of Maliu Township was not so easy. The Eight-Step Work Method proved difficult to implement elsewhere precisely because it offered no benefits for local cadres; without the pressure of a crisis in local government (and, perhaps, without the forceful leadership of someone like Li Hongbin) cadres elsewhere resisted implementation. To the extent that tensions between cadres and peasants were reduced in other areas, it was largely a result of the reduction (and abolition) of taxes rather than a change of attitude on the part of cadres.

Not only was the model of Maliu Township difficult to extend elsewhere in Chongqing, it proved difficult to sustain in Maliu itself. Li Hongbin was eventually rotated out of Maliu Township. His successor was by all accounts a capable and decent person, but he perhaps took a more legalistic approach to his position, trying to stop violations of regulations rather than focusing on building a democratic atmosphere. But the main problem was not personality (though the ability of the "number one" person to influence policy should not be underestimated) but structural.

As central policies to abolish agricultural taxes were implemented, the income of the township fell drastically. By 2007, Maliu Township had revenues of only 2,000 yuan (!), but expenditures of over 2 million yuan (previously, Maliu Township's expenditures had been over 3 million yuan, but in 2006 the county took over salaries for teachers). Instead of pooling peasants' funds through the Eight-Step Work Method, Maliu Township became increasingly dependent on disbursements of funds from Kai County. Indeed, after 2003—the year the Eight-Step Work Method was formalized—peasants rarely joined together to support the building of public works. The township had become entirely dependent on the county.

The need to restore public order and establish a degree of trust between cadres and peasants had forced the Party to become responsible toward the people it was governing. There was a pressing need to build public works projects like the bridge over Two Rivers Junction, but to gain the necessary funds, the cadres needed the approval of the peasants, which meant including them in the decision-making process (as well as supervising the work). Once Maliu Township became entirely dependent on the county for its funding, cadres no longer needed to ask peasants for funding or approval. The need to be responsible to the constituency they were governing was broken, and local cadres once again became dependent on, and responsible to, higher-level leaders. The fiscal bond that had bound cadres and peasants together in Maliu Township was broken, as was the democratic participation that had come into being.

The problem was not only a financial one—though the financial aspect was an important factor—but also one of the broader political structure. The local innovation that had produced the Eight-Step Work Method and allowed local peasants to have a genuine

say in local affairs existed within a larger political framework that was not affected by this innovation. Some local cadres had suggested extending the Eight-Step Work Method to the local Party committee and government, but, despite increased talk of inner-party democracy, that did not happen. In the absence of an electoral system, the sort of democratic practices that can emerge in the context of local self-government are unlikely to take root. After all, the cadres serving at the township level are themselves products of the Party appointment system and are responsible to leaders at a higher level. Without deeper political change, and with the withering of local revenues, the breakthrough in local governance that had seemed so hopeful proved altogether too brief.⁹

The future of Maliu Township is very much in doubt. Given its complete dependence on the county, it seems likely that it will be merged with other townships. If this occurs, Maliu Township is likely to be little more than an administrative appendage to Kai County, and the “Eight-Step Work Method” will become a historical footnote.

Notes

¹ Basic information can be found on Kai county’s website. See

<http://www.cqkx.gov.cn/2006/6/16594787984.html>.

² Gao Xinjun, “*Weiji guanli he houxuanju zhili de chenggong fanli—dui Chongqingshi Kaixian Maliuxiang ‘babu gongzuofa’ zhidu chuangxin de fenxi*” [A successful example of crisis management and post-electoral governance—An analysis of the institutional innovation of the ‘eight-step work method’ of Maliu Township in Chongqing’s Kai County]. Retrieved from <http://www.chinareform.net/shownews.asp?show=Article&id=1120>.

³ Gao Xinjun, “*Weiji guanli he houxuanju zhili de chenggong fanli.*”

⁴ Li Hongbin, “*Zai shi lingdao lai Maliu diaoyan zuotanhui shangde huibao*” [Report at the investigation seminar for municipal leaders coming to Maliu Township], 26 February 2004, np.

⁵ Ibid.

⁶ Li Hongbin, “*Maliuxiang dangwei tuixing ‘babu gongzuofa’ qingkuang jieshao*” [Introduction of the circumstances surrounding Maliu Township’s introduction of the ‘eight-step work method’], 30 March 2004, np.

⁷ Ibid.

⁸ Gao Xinjun, “*Weiji guanli he houxuanju zhili de chenggong fanli.*”

⁹ Gao Xinjun, “*Difang zhegfu chuangxin yuanhe nan chixu*” [Why are local government innovations difficult to sustain?], <http://www.chinareform.net/shownews.asp?show=Article&id=1120>.