

A Study on Village-level Governance and Public Welfare Enterprises

—A survey based on 121 villages

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- Research Background
- Sample and Data
- The Status quo of village Governance
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- the Impact of Village-level Governance to Public Welfare Enterprises
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Research Background

- There is a big gap between rural & urban residents on supply of public goods & welfare enterprises
- It deviates from the goal of building a well-off & harmonious society and sustainable economy development. Public finance of gov. can not satisfy requirements of villages. we have to rely on capital from village collectives & individuals.
- We assume that village-level governance help to enhance responsibility of village cadres and increasing the efficiency of village public goods & welfare enterprises
- This study employs RCRE survey system analyze grass-root democracy, village public affairs , public goods & welfare enterprises.

Sample and Data

- RCRE conducted a survey on governance in 9 provinces from Aug. ~Oct. 2004
- 4334 household samples, 121 village samples
- Hypsography of Sample Villages
- Distribution of Economic Development Level of Sample Villages

The Status Quo of Village Governance

- The election system for villagers' committee has become sound
- village-level organizations have been improved
- Some rules on democratic governance have been built and put in practice in villages
- there is still a gap between the status quo and the requirement of "Village Committee Organizational Law"

The Development of Village Public Welfare Enterprises

- The classification
 - A. transportation, energy & resources
 - B. agri. infrastructure construction
 - C. environment and health
 - D. information, culture and education
 - E. Others
- The investment sources

Impact of Village-level Governance to Village Public Welfare Enterprises

hypothesis :

1. efficient governance -> trust by villagers -> mobilize resources-> develop public goods & welfare
2. the development of public welfare enterprises is related with the entire development level of a large region
3. the increase of village economic level is conducive to the development of public welfare enterprises.
4. more migration laborers , less development of public welfare enterprises

Model estimation (1)

Variant	Number of implemented public welfare projects	
	Estimated coefficient	Standard error
constant	1.144	1.7452
Election mode for current village director	-0.1106	0.1816
Election mode for retired village director	-0.2401	0.1577**
Education duration for current village director	0.1766	0.0918***
Election mode for current vil. party secretary	1.2687	0.4986****
Education duration for current vil. Party secretary	0.1151	0.1195
Village per capita income in 2003	-0.0002	0.0002
Ratio of migration laborers in 2003	-2.1244	1.6232*
Average collective income per household	0.0477	0.0226***
Dummy variant in Hebei Province	1.5258	1.0631**
Dummy variant in Shanxi Province	1.1816	1.1675
Dummy variant in Jilin Province	-0.1126	0.9699
Dummy variant in Jiangsu Province	0.6817	1.1029
Dummy variant in Zhejiang Province	3.4644	1.3622****
Dummy variant in Anhui Province	2.1816	1.0414****
Dummy variant in Henan Province	0.7109	1.0273

Model estimation (2)

Variant	Investment volume from individuals and village collective (¥10,000)	
	Estimated coefficient	Standard error
constant	-33.0592	37.2791
Election mode for current village director	-1.2011	3.8797
Election mode for retired village director	-3.3218	3.3684
Education duration for current village director	1.3962	1.9599
Election mode for current vil. party secretary	23.1733	10.6504***
Education duration for current vil. Party secretary	3.7039	2.5523
Village per capita income in 2003	0.0042	0.0035**
Ratio of migration laborers in 2003	-70.8771	34.6712***
Average collective income per household	0.1464	0.4822
Dummy variant in Hebei Province	-2.3286	22.7091
Dummy variant in Shanxi Province	19.6934	24.938
Dummy variant in Jilin Province	-15.1873	20.717
Dummy variant in Jiangsu Province	27.6402	23.5594
Dummy variant in Zhejiang Province	90.7726	29.0965***
Dummy variant in Anhui Province	17.0125	22.2449

Explanation of estimated parameters

- The village directors through democratic elections are conducive to the development of village public welfare enterprises.
- the cadres with higher educational level can better promote the development of public welfare enterprises.
- villages with a strong collective economy are helpful to initiate the public welfare. Village per capita income has little influence on the development of public welfare enterprises, which means Currently the social development in rural areas falls behind the development of economic development.
- The number of migration laborers has negative relation with investment volume on public welfare

Study Conclusions

- Village-level Governance has made considerable progress on building efficient organization and system. But exist some improper points.
- Governmental investment play the dominant role in the development of village public goods & welfare , But investments from village collectives and individual farmers are indispensable.

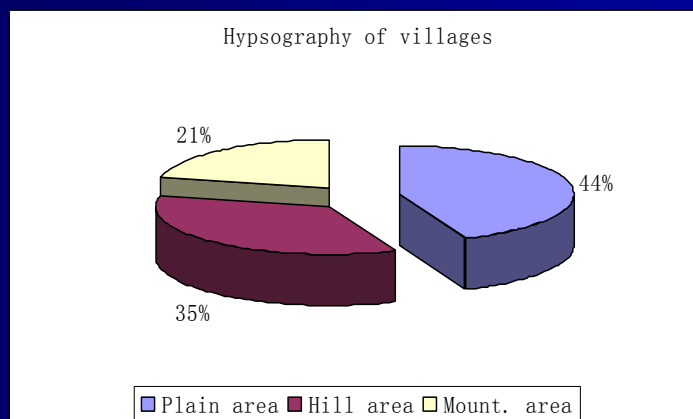
Study Conclusion (cont)

- The provincial economy has an important impact on the development of village public welfare enterprises; current development of village collective economy is helpful to promote village public welfare enterprises; migration labor has imposed a negative influence on the village public welfare enterprises development;
- the level of social development, in general, falls behind that of economic development in villages under this study.

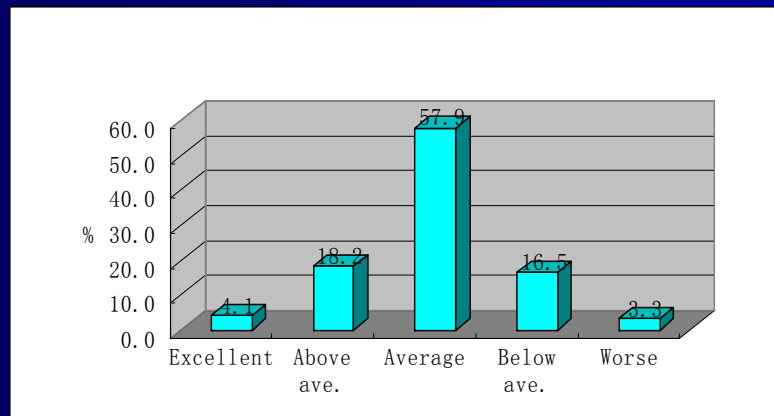
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Hypsography of Sample Villages



Distribution of Economic Development Level of Sample Villages



Comparison of electoral mode for current and retired village director and Party branch secretary

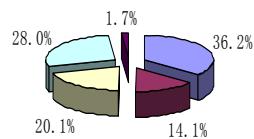
Electoral mode	Village director		Electoral way	Village party branch secretary	
	current (%)	retired (%)		Current (%)	retired (%)
Direct election	62.7	32.9	Election through Party member	66.7	46.1
Election through villager representatives	22.3	23.7	Appointed by the superior	30	50
other ways	14.7	37.5	Other ways	0.8	1.7

Educational level, age and tenure of village secretaries and directors

Educational level	current village secretary (%)	Retired village secretary (%)	Current village director (%)	Retired village director (%)
Primary & Under	20	31	23.5	37.9
Junior high school	52.5	49.2	52.1	46.1
Senior high school and above	22.5	18.1	19.3	11.4
Average education duration(year)	9	8.4	8.7	7.9
age and tenure of village secretary and director				
Average tenure age (years old)	41.7	41.5	41.8	41.7
Average tenure of office (year)	8	4.8	5.3	4.3

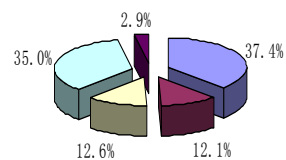
Ratio of Number of Projects and Invest Volume for The Village Public Goods & Welfare

Ratio of Number



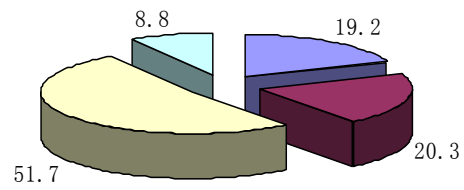
■ A. Trans, Energy & resources
 ■ B. Agri. Infras
■ C. Environment & Health
 ■ D. Info., culture & Edu.
■ E. Others

Ratio of Volume



■ A. Trans, Energy & resources
 ■ B. Agri. Infras
■ C. Environment & Health
 ■ D. Info., culture & Edu.
■ E. Others

The Funds Source Structure of Village Public goods & Welfare Enterprises



■ Funds from Villagers	■ Funds from Village collective
■ Funds from Governments	■ Funds from others