

## Mobilizing Social Capital in low developed rural China: a case study in the village N

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**Abstract:** Social capital is a non-economic concept of regional development. This concept emerged out of the thinking about the role of more intangible development factors such as institutions, networks and trust. Is it possible in China to mobilize the social capital to promote the local development and to solve public issues? The present paper is based on the investigation in the village N. The contribution presents the difficulty to mobilize the social capital and the difficulty of the participation in low developed rural China. In the end, the paper suggests that the issue to mobilize the social capital and the enthusiasm of the social members to participate the local development should be considered more in the future in China.

### 1. Introduction

Over the last three decades, the approaches of regional development have been experiencing profound reform. In discussions and literatures about regional development during that period, social capital is an important concept of endogenous regional growth and development (vgl. Beugelsdijk et al., 2005; Garlick et al., 2006; Elbe, 2008; Miguélez et al., 2011; Stimson et al., 2011). The most influential contribution to the discussion on the relation between social capital and economic development is the publication of Putnam et al.'s *Making Democracy Work* (1993). Putnam et al. (1993: 167) defined social capital as those, "features of social organization, such as trust, norms, and networks that can improve the efficiency of society by facilitating coordinated actions".

Recently, Endogenous development is characterized by the use and enhancement of the local and regional potential through local stakeholders to solve economic and social problems. In regions where social relationships between local stakeholders are based on trust and shared values, participation in social organizations is higher and social capital is higher (Beugelsdijk 2005: 1056; vgl. Putnam 1993). Today, a number of overview papers on social capital and endogenous regional development can be found. Beugelsdijk et al. (2005: 1053) studied the development of social capital of 54 regions in Western Europe and believed: "A positive relationship exists between social capital and regional economic development". After investigation in part of the regions in Spain, Miguélez et al. (2011: 1019) confirmed that social capital correlates positively with technological innovation.

Is it possible in China to mobilize the social capital and to arouse the enthusiasm of the social members to promote the local development and to solve public issues? And is it possible based on trust and shared values to build regional networks, to promote the accomplishment of the sustainability plans in the area of economics, society and ecology?

Since the 80s of the last century, the whole society in China was experiencing a deep structural change. The policy of reform and the economic transformation were the driving forces. During this period, resources continuously gathered in urban areas. The urban territory, urban economical production mode and urban culture expanded dramatically. The population was unceasingly gathering from the rural region to the city or its neighboring region. The disparity between the urban and rural areas is getting bigger. According to the sample investigation from the Chinese National Bureau of Statistics in May of 2013, the

amount of migrant workers was beyond 262 millions (People`s Newspaper: 28.05.2013). The 12<sup>th</sup> five-year plan issued in 2011 has expressed the development plan of the Chinese economics and the society from 2011 to 2015. In 2015 the gross domestic product (GDP) of China is expected to be 55,800 billion Chinese yuan. The urbanization rate will be 51.5% with the annual growth rate of 0.8%. In addition, in 2015 the expect average per-capita disposable income of the urban residents<sup>[1]</sup> will be 26,810 Chinese yuan, and the expect average per-capita net income of the rural communities<sup>[2]</sup> will be 8,310 Chinese yuan, both are increased by 7% based on the amount in 2010. (People`s Newspaper: 14.03.2011)

This work is based on a four-year study between China and Germany. Within this period, network resources of the several major literature centers were retrieved, government officers and experts from academic institutes<sup>[3]</sup> were interviewed, 18 administrative villages in Yunnan Province were visited. Based on investigation in village N and communication with local residents, the article presents the difficulty in mobilizing social capital to participate in local area development and public affairs in low developed rural China. All the evidence in the present paper is based on the field works by the authors during the period of October 2008 to July 2012.

## 2. Methodology

The method of the present investigation in N village is the concept of action research. Action research originated from the study in social psychology. After several generations of researchers, the methods of action research are fanned out into a variety of research areas. Today, it is used especially in the interdisciplinary projects to study the social spaces. Hart and Bond (2001: 33) emphasized: The revival of the interest in action research derive from the criticism for positivist approaches in social sciences area, as well as the defects in a large part of organization theories in solving practical problems.

The location to accomplish the investigation is the village N. The village N is one political village, located in the southwestern part of China. In terms of the administrative division, the village N belongs to the H xiang (town) in Z xian (county), which is located in the Da Li Zhou (region) of Yunan Province<sup>[4]</sup>.

According to the information from the government in 2008, it is a total of 592 poverty counties in China. Among them, 257 poverty counties are located in minority areas. The Yunnan Province has the most poverty counties (73 poverty counties). Z County is a poverty county in China. The disposable income of the county government is merely 120 to 130 million Chinese yuan. In history, the village N was flourishing because of the well rock salt. Today lots of historic buildings including one salt well are kept in the village. The government of the Z County is planning to promote tourism of the village N in the following years. In an interview in the April of 2010, the director of the County tourism bureau said that there was little interest in supporting county government plan to promote the development of tourism in village N.

The main tools to communicate with residents in the investigation were interview, questionnaire and residents meeting. The significant meaning of the investigation is to support the development plan of the local government and try to arouse the enthusiasm of the village members; On the other hand, it provides the empirical data to extend the further researches.

## 3. The investigation in the village N

Based on the visit to 18 administrative villages, village N was chosen for the investigation. The residents in the village N are Bai nationality with the population of 2,190. According to the publicity from the village committee (at 13.03.2011), the per-capita net income in 2009

was 2,087 Chinese yuan (around 240 Euro). The village N was formed because of salt 2100 years ago in the Han-Dynasty. Currently a great amount historic buildings are kept, which belong to the residents in the village. Those buildings are today the personal property of the villagers in law. On 09.06.2007, the village N was awarded the “Chinese Historic Culture Village<sup>[5]</sup>”. The government of Z County is planning to build the village N as the tourist destination in the following years, in order to promote the tourism development in the whole region.

### ***3.1 Difficulty in protecting historic buildings***

During the visit in that county, the leader of the local Communist Party Committee (at 23.04.2011) and the director of the county tourism bureau (at 02.05.2011) said that: “The Z County is located in the southwestern of China. Under bad economical situation its government has limited ability. Since the village N is a minority village and has a great amount of historic buildings, the county government decides to concentrate the limited financial resource to develop the village N as one tourism one. In this case, it can build on the one hand a development driver of the tourism in the region; On the other hand, it can promote the economical development of the Z County and improve the income of the people.” In 09.06.2007, the village N won the award of “Chinese Historic Culture Village”.

In order to protect the historic buildings and maintain the village appearance, the local government decided that the historic buildings have to be repaired and maintained complying with the rule 'Xiu Jiu Ru Jiu'. Therefore, the residents in the village must use the original construction material to repair and maintain the buildings. The original materials are clay soil and woods of Pinus trees.

Currently, the interest of the villagers to develop the tourism is little, which results in the difficulty to protect the historic buildings and the village appearance. A part of residents are applying the modern construction materials to rebuild the original buildings. According to the statistics of the authors, there are already 27 buildings which are rebuilt or finished repairing. In order to restrict the rebuilding behavior of residents, one working group is set up by the local government. However, the buildings are personal property of residents, the working group failed.

### ***3.2 Results of questionnaire***

The questionnaire is one important part of the investigation. The questions are closed questions. The planned distribution of questionnaires is the free distribution. Theoretically every villager should be able to get one questionnaire. After filling in the questionnaire, the villagers should send back it voluntarily. However, the practice in village N showed that the free distribution and collection can't get a trustworthy results. The villagers do not answer the questions from the questionnaire voluntarily.

Therefore, the final manner is to visit every family and ask the questions from the questionnaire. Since it is random to choose the family, some residents were outside and can not answer it. In the end, the total amount of families who received the questionnaire is 307. That is 71.1% of all village families. The total amount of respondents is 1483. That is 67.7% of all residents. The age of the respondents distributes mainly between 31 to 60 years old. That is 73% of all respondents.

There are 29 questions in the list. Among those questions, 9 questions relate to the social live situation of villagers, 8 questions have the connection with the economical problems and 10 questions are about the joint activities and social development. In addition, there are two supplementary questions.

Question content	Selection sorts	Percent on the total respondents
Level of education	primary	43.0%
	junior middle	39.9%
	high school	14.2%
	higher	2.9%
Medical insurance		100% insured
Pension insurance		0% insured
Migrant worker in family		75.2% (at least one member of the family)
Economic tasks from government		0%
Help each other in village		93.1% help each other

*Table 1: Some basic situations in the village N*

Table 1 describes some results in the village N. Most of residents in the village N accept the primary and junior middle educations. In the 75.2% surveyed families, at least one family member was working outside as migrant worker. As talking about this problem, the villager head (at 02.05.2011) said that 185 villagers have been working outside for a long time (more than one year). In addition, 93.1% of the villagers often help each other. The relatives and friends are the main source of the help.

In the village N, the annual gross income less than 4000 Chinese yuan (about 480 Euro) of the family denotes the lowest level (22%, 63 from 287 interviewed families). There are 98 families with the percent of 34.1% whose gross income of one year is from 8001 to 15000 Chinese yuan. 23 families with the percent of 8% have the highest gross income which is over 25001 Chinese yuan. In addition to agricultural production, the most village families engaged more activities in variety productions. The Production activities are comprised of forestry (227 families), livestock farming (156 families), transportation (34 families), tourism (17 families) and guesthouse (6 families) etc.

As discussing the attitude to the tourism development, 16.7% interviewed villagers though that they can benefit from this activity; 36.1% stated that they are not benefiting from it. 22.3% indicated they will not benefit from it. During the questionnaire, the villagers H1, H2, H3, H4, H5, X1, X2, Y1, Y2 and Y3 supplement that: "The tourism development is the business of the government. Only the government can benefit it from the tourism development."

### **3.3 Results of the residents meeting and interview**

The residents meeting and interview are another part of the investigation in the village N. During the investigation, one found that it is so difficult to hold the residents meeting. The enthusiasm of the villagers to participate the meeting is low. According to the document of the investigation, 69 residents (inclusive the head of villager) proposed the doubt: "whether participating the residents meeting can solve the current problems of villagers and in the village". During the interview, the villager Y2 talked about his troubles (at 27.04.2011): Y2 had very active attitude to plant the walnut and initialized the work four years ago. Two years later, the local government has ever organized the villagers to plant the walnut and provide 260 Chinese yuan pro mu<sup>[6]</sup> each year to every family as the financial support. However, Y2 could not get the financial support, because he planted the walnut outside the assigned area of the government. Therefore, Y2 did not satisfy with it and thought that the local government should give award to the villagers who are good at planting, rather than simply setting the area. Y2 stated that he will participate it if the residents meeting can solve his problem.

In the past two years, 7 meetings were hold in the N village. Five meetings in seven were hold for the particular group of residents. Only two meetings were carried out for all villagers.

During the interview, the head of villager (at 02.05.2011) believed that: “It is so hard to communicate with villagers in the residents meeting. Most villagers do not believe that it is possible to solve the problems through the residents meeting.” He suggests: “10 Chinese yuan should be given to each resident as the manner of the economic reward, if it is very necessary to take the residents meeting in the investigation, so that the residents will come happily.” In the end, the head of villager emphasized that: “It is not straightforward to carry out the work in the village. We have to consider both the task from the government and the real needs from the villagers.”

In terms of the situation that a part of villagers repair the buildings with modern material, some villagers said that: “Since the old buildings were not repaired for a long time, so that it affect the living function of those buildings.” In the viewpoint of the villagers, the buildings must be repaired and the living function must be recovered. The original construction materials, such as woods, are easily degraded. They should be changed in 10 to 20 years. In addition, the forest protection strategy of the government results in the increase of the price of woods. Compared with tile and brick, the woods are cost higher.

As saying the plan of tourism development, the villager H7 said that: “I can borrow 20,000 Chinese yuan to improve the quality of guest rooms in my house. However the reality in Z County is that only the government can decide how to develop the tourism. After all, borrowing money from the bank is something to undertake risk. If the government changes the idea, my loss will be very large. Therefore, it is the wise decision to wait and see.” This idea is supported by the residents H8 and Y4, who are managing restaurants in the village.

#### 4. Important results from index works and expert interviews

This work is based on a four-year study. Within this period, network resources of the several major literature centers were retrieved, government officers and experts from academic institutes were interviewed. In this part of the paper, two important results from index works and expert interviews are shown.

Firstly, in current international discussions and literatures about regional development, social capital is an important concept of endogenous regional development (vgl. Beugelsdijk et al. 2005, Garlick et al. 2006, Miguélez et al. 2011, Stimson et al. 2011). Stimson et al. (2006:35) pointed out: “*Structural agglomeration, regional innovation systems, institutional thickness, organization power and control, enterprise segmentation and social capital are the key concepts of the contemporary regional development literature.*” Additionally the authors emphasized: “... and which are embedded in the increasingly important discussion of institutions and endogenous regional growth and development...”

By analyzing the index results from the network resources of several important academic literature centers<sup>[7]</sup> in China, a number of papers on participation can be found. Between 2001 and 2010 Chinese scholars have carried out a great amount of investigations on the participation, but fewer contributions to the endogenous development. Moreover, the similar results according to the index results from the network resources of National Science and Technology Library (NSTL) can be obtained. Among the obtained index results, one can get 37,711 items about “Participation”, 4,402 items about “Social Capital” and only 11 items about “Endogenous Development”.

The results from index works are shown that the most Chinese scholars do not understand the significance of the “Endogenous Development”. In the obtained Chinese literatures, “Endogenous Development” is a new development model in comparison with the exogenous development model (vgl. Zhang et al., 2008; Wang et al., 2009; Zhou et al., 2009). Some scholars (Zhang et al., 2007: 65) beliefs that “Endogenous Development” is a new theory in the field of sociology and compared it with endogenous growth theory in the field of economics (see Table 2).

	Endogenous development Theory	Endogenous growth Theory
Use areas	low developed regions, especially rural areas	developed regions
Disciplines	sociology, anthropology, cultural studies	economics
Focus	sustainable development	promote economic development by endogenous technical improvement

*Table 2: The comparison between the “endogenous development theory” and endogenous growth theory (Be translated from Zhang et al., 2007: 65).*

Secondly, in the planned economy era, the power of the politics, the finance and the decision-making was in China highly concentrated. With the transformation from the planned economy to the market economy, the power of the financial payment and decision-making regarding local affairs was transferred from the central government to the local government (vgl. Chung, 1999; Qi, 1999; Liu et al., 2006). It formed a Center-Local-Government-Relationship, which indicates that the power of politics and financial incoming is controlled by the central government, and the local affairs and financial payment can be managed by the local governments. In this period, the difficulty of improving local governance in China has aroused a great deal of attention from academics. On the one hand, in order to obtain more the political and financial support from the central government, local governments need accomplishing the “top down” plans and tasks from the central. On the other hand, following the decentralization of the financial and decision-making structure, the local governments have more responsibilities and play a significant role in the solution of the local needs.

After the study of the local governance reform in China, Liu et al. (2006: 29) pointed out: *“local government official have tended to be more responsive to the party and to higher-level government policies than they are to local needs. There officials are, after all, controlled from above both by tight hierarchical personnel arrangements and by fiscal transfer arrangements. Local governments in many regions are usually more interested in various show case projects that cater to upper-level governments rather than local tastes.”*

Additionally, Liu et al (2006.29) analyzed the current problems and emphasized: *“On the one hand, the center understands that local government officials, who are appointed from above and lack accountability to local people, have a tendency to stray from good governance practices; on the other hand, fearing that uncontrolled elections could gravely weaken the center’s ability to enforce its policies and even destroy the Party’s power base, the center has no strong desire to promote popular elections at local levels.”*

## 5. Conclusions

This paper was initialized by arguing the issue in the period of the reform and opening-up in China. In such a period, the plan economics was transferred to the market economics. The disparity between the rural and urban areas was increased and the residents were gathering from the rural to the urban areas. Accompanied by the transformation of power from the central government to local governments, the difficulty of improving local governance has aroused a great deal of attentions in China. Under this condition, the question is whether it can be mobilized the social capital, aroused the enthusiasm of the social members and based on trust and shared values to build regional networks in China? Based on the index works to several main literature center, the interviews with several experts in government department and academic institutes, the visits to 18 villages and the deep investigation in the

village N, the paper presents the difficulty to mobilize the social capital and the difficulty of the participation in low developed rural China.

Finally three points are concluded to predict the difficulty that China is confronting in this contribution:

- a) The index results of the network resources of some important academic literature centers in China described that there are more researches to “Participation” and “Social Capital”, but rare researches to “Endogenous Development”. Among the obtained index results from the network resources of National Science and Technology Library (NSTL), only 11 items about “Endogenous Development” could be found. Therefore, the contribution suggests that the significance to mobilize the social capital and to arouse the enthusiasm of the social members can't be understood in China, if the people do not understand the significance of the “Endogenous Development”.
- b) It is more difficult in China to improve the local governance especially in the low developed regions due to the existing Center-Local-Government-Relationship. The case in the village N showed that the decentralization is not just about the mechanics of government structures and funding, but also about changing relationships and norms.
- c) Combining above two reasons, the governments in low developed rural China have neither enough understandings, nor enough enthusiasm to mobilize the social members in participating local development and in solving public issues. They also do not have enough enthusiasm based on trust and shared values to build the social relationships. Taking the investigation in the N village as an example, the local government is applying for the award “Chinese culture village.” Only the local government made the effort to apply for it, rather than encouraging the villagers to be involved it. After that, the local government announced the rule of “xiu jiu ru jiu” to keep the village appearance, without the negotiation with the villagers. Eventually, the villagers have the negative attitude to the tourism development of the government. Some villagers said that the tourism development is the business of the government and only the government can benefit from the tourism development. In all, without the support and understanding of the government, it is pretty hard to mobilize the social capital and to arouse the enthusiasm of the social members.

Through the investigation it also shows that some villagers are willing to loan the money from the bank to support the tourism development in the village N. However, taking the consideration of the personal risk, they take the wait-and-see attitude. Those potentials from the public members should be mobilized. In the end, the paper suggests that the issue to mobilize the social capital and the enthusiasm of the social members to participate the local development and public issues should be considered more in the future in China.

#### Endnotes:

<sup>[1]</sup>the balance of the personal income after deduction of various taxes and fees to the government.

<sup>[2]</sup>the sum of the personal income from various sources excluding production costs.

<sup>[3]</sup>from the Yunnan Development and Reform Commission, the Yunnan Academy of Social Science, the Yunnan urban rural planning and design institute, the Yunnan University, the Kunming University of Technology, the Yunnan Normal University and the Yunnan Agricultural University.

<sup>[4]</sup>Currently, Chinese administrative hierarchy is divided into: province, zhou (region), xian (county), xiang (town), political village and natural village. Which, according to the Law of the rural Residents Committee Organization of China in 2010, the political villages and the natural villages are autonomous.

<sup>[5]</sup>“Chinese Historic Culture Village” is organized by the Chinese Ministry of Construction and the State Administration of Cultural Heritage. The village can fully reflect the some historical period traditional style and local ethnic characteristics.

<sup>[6]</sup>Mu is a traditional unit of area measurement in China, approximately 0.0667 hectare.

<sup>[7]</sup>CNKI (Chinese National Knowledge Infrastructure), WEIPU and WANFANG were searched. Keywords were searched in Chinese.

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