

Rural revolts in China reveal widespread disaffection over tax burdens

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Reports from the *Washington Post* and *New York Times* during the past month provide new details on widespread rural unrest in China. Peasant farmers and local communities in China's densely populated and under-developed central provinces are organising protests, petitions, legal cases and other acts of defiance against high tax burdens imposed by local authorities. Police repression has failed to stem the tide of discontent, raising fears in Beijing of full-scale peasant rebellions.

The focus on rural China by two US newspapers was in response to last month's violent conflict between armed police and 1,400 villagers from Yuntang in Jiangxi province. The Chinese government has admitted that two peasants were shot dead and 20 villagers and 23 police were wounded in the clash. This one of the rare occasions when the government has acknowledged that state forces have killed unarmed protestors.

Yuntang, like thousands of other communities, was devastated by the 1998 flooding of the Yangtze River. Government officials stole relief money assigned to rebuild ruined rice terraces and then local authorities attempted to levy a tax on villagers. Yuntang residents refused to pay, rallying en masse and erecting roadblocks to prevent police and tax collectors entering the village in February 1999 and again in July 2000.

Last month authorities declared the village a "criminal gang" and dispatched 600 riot police and armed paramilitary forces in the early hours of April 15. When hundreds of villagers fought to block their entry police opened fire. According to witnesses cited by the *Washington Post*, up to 1,000 police then occupied the area, arresting scores of protestors.

Tax revolts have become common throughout Jiangxi province. Last August, an estimated 20,000 peasants from five villages clashed with police over attempts to levy increased taxation on local farmers. According to unconfirmed reports, three men were killed in the

protests.

The *Washington Post* reported on May 8 that there is peasant unrest throughout Yangtze River delta provinces. Activists at Hebian, which is located between the industrial city of Chongqing and Chengdu, the Sichuan provincial capital, have led the "local peasants in a five-year battle for tax relief." The most active figures, dubbed "farmers heroes" by the local press, have been jailed or forced to flee by authorities.

Zhao Shulan, a kindergarten teacher who played a key role in organising a campaign against excessive taxation, has been in hiding in Chengdu for the past three years. Her life is under threat from local police and Communist Party officials.

Zhao's anti-tax rebel campaign, which began in 1996, has won the support of the large local peasant population. Her farming family owed \$US40 in back taxes, a vast sum when the average peasant earns no more than \$100 per annum. On December 30, 1996, the local Communist Party chief and hired thugs came to the family house demanding payment. When she refused to pay, they confiscated a television and other items.

Aware that other families were being harassed, Zhao and others organised 2,164 households to launch a legal action against the local government, the largest collective lawsuit since 1985. National legislation introduced in 1985 supposedly allows ordinary people to sue authorities but local government officials prevented the case from proceeding, using police to prevent the peasants' lawyers entering the court. Wu Tianxiang, the government-appointed lawyer and a member of the ruling Communist Party assigned to the case, was accused of belonging to the banned Falun Gong movement and arrested. He was physically threatened and later released.

Zhao and other peasant leaders involved in the protests have illusions that the government in Beijing will intervene on their behalf. Wu Tianxiang told the

Washington Post: “We have the support of the people here. And the support of the people is what the Communist Party is all about. These officials don't believe in communism, they just want power and money. But Beijing understands, and we will continue to fight until Beijing hears our calls.”

According to the report, however, Zhao and other leaders have journeyed to Beijing to lodged protests with the central government but received no response.

Far from being an ally of the peasantry, the Stalinist Communist Party in Beijing is the primary cause of the high taxation rates in the countryside. In 1994-95, as part of its free market agenda and to cut its own budget, Beijing transferred responsibility for health, education and other services to county and township authorities.

With insufficient funds from Beijing, local authorities were plunged into financial crisis. Provincial government in an effort to attract capital began offering concessions and subsidies to foreign and private investors, thereby reducing their tax income and the support they previously provided to local counties and townships. The full burden of taxation was transferred to the peasantry across rural China. Up to 60 percent of tax revenue collected by local authorities is now needed just to finance the compulsory primary education system.

In Henan province, the tax burden in some counties has soared by 700 percent since 1983, according to the May issue of *Cheng Ming*. Throughout China the number of county and township officials has increased by 500 percent since 1978—with salaries for this relatively privileged social layer paid from the taxation they raise.

The increasingly bitter struggle between the poor peasants and local authorities has unfolded under conditions where farming incomes have stagnated or declined. According to official statistics cited by the *Washington Post*, the average farmer in Hebian township makes \$125 a year from crops, but, after spending \$81 on fertiliser, pesticide and seed, has a net income of only \$44. When the tax revolt developed in 1996-97, farming households were paying \$36 a year in taxation—some 80 percent of their actual income.

A researcher told the *Washington Post*: “If these areas want schools and hospitals and other services to work, they have to squeeze the peasants harder and harder. At a certain point, the peasants break.”

Last July 29, a state-run printer in Jiangxi published a handbook on rural taxes which included official statements on the types and level of taxes that were legal. To the shock of authorities, 12,000 copies were sold

within two weeks with photocopies distributed throughout the province. Ten days later, the provincial government banned the handbook claiming it was a threat to social stability. When the Jiangxi anti-tax rebellion broke out last September, peasants used the central government documents to prove that various taxes were illegal.

Confronted with the consequences of its policies, Beijing has attempted to placate the peasant discontent.

In March, at the annual National Peoples Congress, Premier Zhu Rongji announced the abolition of all taxes levied by township and village councils and replaced them with a national tax that should not exceed more than five percent of household income. County governments are responsible for the tax collection, which will then be redistributed back to the townships and villages. The central government has also allocated \$2.5 billion as a short-term measure to help villages and townships finance outstanding road and infrastructure construction and overcome gaps in education and health provision.

These measures, however, only paper over the growing tensions in the countryside. China's townships currently owe \$36.5 billion in loans and debts. Without ongoing finance from the central government, local councils lack sufficient funds to pay officials, meet interest payments and maintain limited health and education services. As the latest incident in Yuntang demonstrates, local governments are continuing to resort to intimidation and violence to extract taxes, while the peasantry is growing more restive and militant.



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