Government, market and households in the ecological relocation process: a sociological analysis of ecological relocation in S banner

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Our fieldwork at S Banner in Inner Mongolia reveals that the implementation of the ecological migration policy is a social process involving joint participation of multiple social agents including the central government, local governments, market elites, and farmers and herders. Behind these complex interactions is a network of power and interest constituted by government power, market power and the local people. Local governments function as a node joining different linkages in top-down ecological governance. Their dual role as “agent-managers of political power” and “profit-seeking managers of political power” leads to great uncertainty in the realization of environmental protection goals.

Keywords: local government, agent-managers of political power, profit-seeking managers of political power, dual role

I. Background

The temperate grassland region stretching over the three northern areas (China’s northeast, north and northwest) with Inner Mongolia as the main part constitutes an important ecological protective screen for the north of China. In the latter half of the 20th century, Inner Mongolian grassland was in a process of steady degradation and desertification. In the spring of 2000, strong sandstorms hitting Beijing and the entire northern region brought the degradation and desertification of the Inner Mongolian grassland into the spotlight. The pressure of ecological crisis forced the national government to quickly introduce a series of projects for ecological control and related policies and measures such as the “Project for Bringing the Source of Beijing and Tianjin Sandstorms under Control” and the “Project for Giving Up Cultivation and Restoring Forest and Grassland.” The central government provided an unprecedented increase in investment for ecological reconstruction on the Inner Mongolian grasslands. It is worth noting that during this top-down campaign for ecological management, the term “ecological relocation.”
originally little known, soon came into vogue and became a practice of extensively pursued environmental policy in Inner Mongolia (especially in areas covered by ecological reconstruction projects). The basic logic of the ecological relocation policy is as follows: under government guidance, the residents move out of the areas affected by serious ecological degradation and then these areas are sealed off for more than five years. No grazing will be allowed in these areas during this period so that the ecology of the pastureland will recover; their former residents will resettle around small towns, where they will raise their herds in sheds or covered pens, or take up jobs in secondary and tertiary industry in order to speed up urbanization and accelerate economic development.

This paper sees the ecological relocation as a social process. In the following two parts the authors will first of all bring to light the pluralistic interactions among the government, market and local people and the environmental and socio-economic consequences of the ecological relocation policy, then provide interpretative analyses of the above phenomena in connection with the characteristics of institutional structure in China.

Data used in this paper are from on-the-spot investigations carried out by the authors in the ecological relocation area of S Banner of Inner Mongolia¹ in July and August 2004 and August 2005. The methods used for gathering data consisted of participation and observation, in-depth interviews, semi-structured interviews and a questionnaire. S Banner is a border pastoral banner in central-west Inner Mongolia with the dominant part of the population being of Mongolian ethnicity. The Hunshandak Sand Belt runs southwest to northeast across the center of the banner. This is semi-desertified and desertified grassland, i.e., a transition from grassland to desert, with a very dry climate. There is almost no surface water throughout the banner while the groundwater is unevenly distributed and deep under the ground. The ancient river course running from north to south is the most vital source of water for S Banner. Natural disasters like drought, snowstorms, insect plagues and strong sandstorms came one after another in the period from 1999 to 2001. This banner is the focal area of the “Project for bringing the source of Beijing and Tianjin sandstorms under control” and one of the first banners and counties in Inner Mongolia that carried on ecological relocation.

II. The government, market and households during the ecological relocation

1. The “experiment” that failed

In November 2001, in accordance with the intention of higher authorities, the S Banner kicked off the “Experimental Project for Helping the Poor through Relocation.” The herders involved in this project all moved into settlements to raise their herds in sheds or covered pens. The banner government then sealed off the grasslands and prevented livestock from grazing there. The government provided houses, sheds or covered pens, water, electricity and fodder, and also built

¹ In the administrative organization of the Inner Mongolia Autonomous Region, league, banner, sumu and gacha correspond to city, county, township and village in the provinces. Further annotation of these terms will not be provided in the text.
fences around their pastures free of charge. However, the experiment failed. The local sheep did not adapt to rearing in a shed or covered pen; large numbers of them got ill and died and, as a result, the herders also ended up in difficulties. Moreover, the newly built fences around the pasture were destroyed by the wind and sand on the grassland and rolling Agriophyllum. All the state’s investment was cast to the winds. It could be said that the “experiment” cast serious doubts over the feasibility of “ecological relocation,” but it did not make the authorities abandon the project.

2. “Inauguration” of the Ecological Relocation Village

The government officially used the new expression “ecological relocation” in S Banner in 2002 to replace the wording “helping the poor through relocation.” In that year, RST Gacha of JHT Sumu in the northwest of S Banner was chosen as the main site of the “Ecological Relocation Project.” According to the project, all the people in RST Gacha were to be relocated, that is, all the pastures of this gacha were listed as forbidden pastoral areas and would be sealed off for five years in order to restore vegetation.

In the wake of experimental failure in 2001, a new industrial project, “experiment in fattening cattle and sheep, rearing wool goats in pens and hybridization of small-tailed cold-resistant sheep and local sheep” was included in the ecological relocation plan of S Banner in 2002. The “accurate” cost-benefit calculations in the plan showed that this project was feasible, but the exact advantages and disadvantages for “environmental protection” of the “relocation” in the new project were not thoroughly investigated. For the local government, relocation was the top priority task. The “ecological relocation settlement” was a project that required site selection, requisition of land and construction. The site chosen was the XBL Farm, which was fifteen kilometers away from the banner government’s town seat and which complied with the urbanization blueprint requiring the “five throughs.”

Housing construction gave some life to the ecological relocation project. The construction was financed by the central government; the local government was responsible for building necessary facilities and the herdsmen were also required to raise some funds. But the herdsmen did not do what was required of them because they generally took a wait-and-see attitude until the initial completion of the relocation project. By July 2002 a relocation village capable of accommodating 86 households was completed and seven rows of new brick buildings stood rather conspicuously on the grassland.

It needs to be noted that the cadres and masses at the gacha level were not involved in the ecological relocation village project from planning, selection of site, requisition of land to construction. The household that had contracted the pasture on which the relocation settlement was built did not know anything about the requisition until members of the household saw a drilling machine in operation on the site.

3. Establishment of dairy industry: the network of relations among the government, market and households

2 The five “throughs” are: roads, electricity, water supply, telephone and television.
Following the failure of rearing local sheep in pens, the call of the banner government for fattening cattle and sheep, rearing wool goats in pens and hybridization of small-tailed cold-resistant sheep and local sheep also got the cold shoulder and produced very little effect. So if the pastureland was sealed up and the herdsmen were drawn into the relocation village, the settlement had to have a new industry to rely on. From 2002 onwards, the governments at higher levels energetically fostered the development of the dairy industry. S Banner also took cattle-raising as the dominant industry in the ecological relocation area and planned “to turn cattle-raising into a project to make the people more prosperous.” The Mengniu Group was already one of the leading dairy product firms in the national market at the time, and its operating model of “enterprise + milk stations + households” began to develop around Huhhot and then expanded in many leagues (or cities) and banners (or counties). In 2002, with support from the local government, three merchants of the Han nationality from S Banner were the first to get involved in the development of the dairy industry. They contacted the Mengniu Group, the banner government and the sumu government, served as a bridge among them, and set up a milk-purchasing station near the relocation village, turning the village into a dairy cattle site for the supply of milk for the Mengniu Group.

To facilitate the following analyses, the authors provide a figure showing the network of relationships involved in the combined development of the dairy industry and the ecological relocation project in S Banner (see Figure 1). The authors will give a brief explanation of each relationship in the figure first and then analyze the interactions between different actors.

1) The Mengniu Group and the larger market. The Mengniu Group is an organization based on market principles and its development depends on international and domestic dairy product markets.

2) The Mengniu Group and milk stations. The Mengniu Group cooperates with the contractors of milk stations (in this case they signed an eight-year contract) with the latter responsible for investment in the hardware of the milk station, gathering together fresh milk from different dairy households and then sending the milk to a processing factory of the Mengniu Group. The Mengniu Group buys the fresh milk from the contractors at a fixed price (0.85 yuan per 500 grams). The fresh milk must conform to quality specifications; otherwise it will be rejected. The Mengniu Group pays the milk station contractor 0.2 yuan per 1000 grams of fresh milk as operating costs.

3) The Mengniu Group and dairy households. The Mengniu Group is a processor of fresh milk while the dairy households are producers of fresh milk. The relationship between the two sides comes from their transactions in fresh milk, which occur not directly but through two intermediaries: the milk station and the bank. The Mengniu Group purchases fresh milk from dairy households through the milk station while the dairy households get the money from the Mengniu Group through the bank.

4) Milk station and dairy households. The milk station signs a contract with each dairy household. In the period of the contract’s validity, the milk station purchases fresh milk from the dairy households at, or no lower than, the predetermined price. If the milk station does
not purchase the fresh milk or violates the regulations concerning the price, it must provide compensation; otherwise, it will be subject to a fine (300 to 500 yuan). The dairy households must deliver all their fresh milk to the milk station and are not allowed to undertake any fresh milk transactions with any enterprise or individual except the milk station, otherwise, they will be subject to a fine of 500 to 1000 yuan.

Figure 1. Network of relations in the dairy industry

(5) The banner government and milk station. In order to promote the development of the dairy industry the banner government adopted a series of preferential policies stipulating that “the banner government will allocate land free of charge for any firm or individual who builds a standard milking station in the unified planned area, charge no administrative costs and ensure water and electricity supply and a through road.”

(6) The sumu government and milk station. The milk station signed an agreement with the sumu government forbidding other milk industry groups to set up any milk station in this sumu in order to ensure its own monopoly purchase, and the sumu government obliged the milk station not to withdraw from the relocation village of its own accord.

(7) The banner government and the bank. Raising dairy cattle is a capital-intensive industry as each cow costs more than 10,000 yuan, which is a very large sum of money for the farmers and herdsmen. The banner government took advantage of the government’s creditworthiness to
provide a credit guarantee for cattle-raising households and discount interest subsidies for cattle loans to the dairy households (Tangshan and Australian cattle, with the discount interest loan for each head of cattle being 10,000 yuan). When the bank did not agree to take the dairy cattle as security the banner government tried hard to resolve the difference and reported to the higher authorities to seek coordination and a resolution.

(8) The sumu government and the bank. The sumu government also provides a guarantee for cattle loans through a joint guarantee by the cadres and employees, assists the specialized banks in attracting savings and winding up bad loans and organizes credit funds to help the development of the dairy industry.

(9) The banner government and dairy households. The banner government is responsible for the construction of infrastructure including housing, cattle sheds, high-yield forage land and water and electricity facilities. The banner government set up the Dairy Cattle Office under the Animal Husbandry Bureau, responsible for unified purchase of dairy cattle (Tangshan and Australian cattle); coordinating loans from financial institutions and delivering loans at a discounted rate of interest and other preferential policies; improving the system of services for dairy cattle raising; providing cattle-raising skill training and extension education for the dairy households; coordinating relations between the milk station and the dairy households and stabilizing purchase and sales channels; and pressing the dairy households to make the payments for their loans each month.

(10) The banner government and the larger market. The banner government's relationship with the market is embodied not only in its dealings with the Mengniu Group but also in its organization of engineering projects and unified introduction of cattle. As an interest group the government has ample rent-seeking space here but at the same time faces the threat of market risks to its public prestige.

(11) The sumu government and dairy households. The sumu government is directly responsible for the management of the daily affairs of households in the relocation settlement.

(12) The bank and dairy households. The Mengniu Group pays the dairy households for their fresh milk through the bank. Milk delivered one month will be paid for the following month. Loans to the dairy households from the bank are repaid in monthly installments; delayed payments incur a fine.

(13) Dairy households and the market. The life of dairy households involves daily consumption as well as cattle-raising. Their investment in rearing the cattle and in epidemic prevention and their daily expenditure are all inseparable from the market.

The above 13 relationships may be classified into the following groups:

a. Relationship between market and households: (1), (2), (3), (4), (12) and (13)

b. Relationship between government and market: (5), (6), (7), (8) and (10)

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3 In the unified purchase of Tangshan cattle in 2002, the bank gave a discount interest credit of 10,000 yuan for each cow and the household paid 6,500 yuan; in the unified purchase of Australian cows in 2004, the bank gave a discount interest credit of 10,000 yuan for each head, the government gave a subsidy of 3,500 yuan and the household paid 3,700 yuan.
c. Relationship between government and households: (10) and (11)

a. Relationship between market and households

We can see from Figure 1 that the straight line between the Mengniu Group and the dairy households of the settlement is the longest, but the two have the most direct and substantial relations of exchange: the dairy households supply fresh milk and the Mengniu Group purchases and pays for it. The dairy households give an appropriate description of their relations with the Mengniu Group: “We are like employees of the Mengniu Group and receive our salaries every month.” “Like” is the right word here for they and the Mengniu Group have never seen each other and for the Mengniu Group, these households are distant and strange. Unlike the employees in an enterprise whose only input is their labor, these households are individual cattle-raising operators. But they are like employees in their regular income: their products have a fixed price, so fixed that their income from this source is like an employee’s salary. In fact, the Mengniu Group is in the topmost position in the industrial chain composed of milk production, purchase and dairy product processing, while the individual dairy households are at the bottom.

b. Relationship between government and market

Figure 1 shows that the government plays an important intermediary role between the market and individual households. We must return to the characteristics of the relationship between the market and the households in order to understand correctly the relationship between government and market. The relationship between the Mengniu Group and dairy households is one between the processor of raw materials and suppliers of raw materials. In theory, these simple transactions could have been carried out directly, but in fact they are undertaken through several levels of intermediaries due to the fact that for the Mengniu Group in Huhhot, the source of milk in the western border pastoral banner of Inner Mongolia is far away and, similarly, for S Banner – never previously involved in the dairy industry - the Mengniu Group is far away. Of course, this is not only in terms of geographical distance. For the Mengniu Group, a large-scale dairy cattle raising industry is a key guarantee for its purchase of raw materials and their quality; it is impossible for dispersed dairy households to meet its demands for fresh milk. However, a large-scale dairy cattle operation under market conditions requires a lot of time and particular conditions. The Mengniu Group cannot rely on its own resources for such a task; in particular, it could not do so quickly, as that would require a powerful organizational capacity. In the model of “enterprise + milk station + households,” the milk stations must be set up in places where there is a large-scale dairy cattle industry. Obviously, it is impossible to set up a milk station in S Banner relying solely on the firm and the households because in this pastoral banner there are no natural conditions for developing a dairy cattle industry. First, the local grassland is a desert steppe with no surface water and scanty groundwater resources. It is not possible here to harvest grass as a fodder crop, nor can the by-products of agricultural crops be used as supplementary forage as is the case in agricultural areas. The cost of local forage for the cattle is quite high. Next, for the herdsman who were used to raising their stock at the mercy of the weather, cattle-raising was a complete novelty, while the new technical knowledge was for most a baffling mystery. Whether in terms of economic cost or in terms of technical inertia, S Banner was not qualified to
develop a large-scale dairy cattle industry on its own. Therefore, a dairy cattle market industry would never have arisen naturally, and it would have been quite impossible for the fresh milk market to have expanded naturally in a short period of time in S Banner. However, all this was accomplished in only one or two years due to a decisive factor – the government.

In fact, thanks to mobilization and organization by the local government, the dairy industry began to take shape quickly and the fresh milk supply market of the Mengniu Group rapidly expanded with the resultant local monopoly for this group. First, construction by the government in the relocation area provided the basic infrastructure for a large-scale cattle industry; this was beyond the power of individual dairy households because they had no self-organizing drive. Next, the unified introduction of cattle by the government resolved a problem that individual livestock-rearing households did not have the organizational resources to resolve on their own. Third, the good offices of the government with the bank and the government subsidies for cattle purchases developed a certain risk-sharing mechanism between the government and the farmers and herders, although the burden of risk is shared very unequally and the arrangement does not permit sufficient mutual trust to be built up. At any rate, the loans on the strength of government credit make it easier for the herdsmen to make the investment. Subsidies from the government also encourage them to do so. Here, through the government’s unified arrangements, the herdsmen are not only drawn into a strange industry and a huge and distant market system, but also into the midst of relationships involving financial capital. Herders who used to come to the bank just to deposit and draw out money now find the bank is a place they have to deal with regularly. In their own words, “Year in and year out we get bank loans, and year in and year out we pay them back.”

The local government emerges as a quite capable market entity. It not only promotes a monopoly by a large company through its cooperation with the Mengniu Group but also takes a direct part in market activities through organizing the construction project and the unified introduction of the dairy cows. As an interest group the government has created a large space for possible rent-seeking for itself in respect of market participation, while at the same time exposing itself to potential dangers to its reputation from market risks.

c. Relationship between government and households

In the relationship between government and households, the former does not function merely as an administrator as people usually imagine. The government has multiple roles to play: in relocation, it mobilizes the farmers and herders to move into the new settlements; in housing construction, unified purchase of cattle and loan consultations it helps them leave poverty behind and make money; in skill training and epidemic prevention, it is the bearer of new knowledge; in pressing for the repayment of loans, it keeps watch on individual economic behavior; and during sanitary checks it supervises their daily life. By dint of its own political authority the government got the dispersed herdsmen organized and got a large-scale dairy industry going. Moreover, the government bears the responsibility for the unified purchase of dairy cows and has established a “stable marketing channel” through contact with the Mengniu Group. With regard to the purchase of dairy cows and the sale of milk, putting aside the self-organizing ability and
motivation of the dairy households, the intervention of the government basically leaves them no room for self-organization. The government takes over everything. Should this “takeover” run counter to their interests, the authority on which the government bases the takeover would be threatened and the foundation of its legitimacy would be weakened.

All in all, the government is an important intermediary between the market and the households. In its contacts with the market, the government as an entity pursuing its own interests creates a lot of rent-seeking opportunities during its selective cooperation with the market, which may distort its choice of industrial projects. In the relations it has established with the dispersed households by virtue of market forces, the government reinforces a political power that was weakened in the past because the farmers and herders were spread too thin and were therefore very difficult to control. The previously dispersed farmers and herders got involved in more extensive market relations as a result of being organized by the government. However, lacking the experience of self-organization, they have not developed the ability to deal independently with problems arising in the market and cannot protect their own interests through negotiations. The existence of intermediaries only increases the possibility and risk of their being exploited. The company increases its competitiveness on the market through its monopoly of the farmers’ and herders’ labor and products, thus earning higher profits. The farmers and herders suffer from the dual control of government power and market capital and are in a highly risky and vulnerable position. The relations between the government and the households are affected directly by market conditions. The impact of market risks on the whole industry will directly imperil the legitimacy of the government’s authority.

4. Relocation process: mobilizing and playing the game

From the construction of the relocation village to the starting of the dairy industry, ecological relocation exists as blueprint in the minds of government officials and market elites. What the government has to do is peddle this blueprint to the local farmers and herds. They must attract the herders to the relocation area and then get them to buy cattle.

The sumu government is responsible for carrying out the ecological relocation project in S Banner and the success or failure of relocation hinges to a large extent on its ability to mobilize the pastoral areas. At the beginning the undisciplined and poorly organized cadres at the gacha level were a headache for the sumu government. Under the system of contracted operation of pastoral land, the government had no control over the collective economy at the grassroots level and almost no resources for redistribution. The sumu government relied mainly on ideological resources in its efforts to organize and control the grassroots, a strategy that had very limited effectiveness. The relocation mobilization was first carried out among the gacha cadres although the sumu government had only very weak ideological control over them. It hoped that as Party members, they would set an exemplary and leading role. Meanwhile the sumu cadres also went down into the pastoral area and persuaded the herders to get involved in this project on which the state had already spent a lot of money. At the time, the initial experiment had proved that “fencing off the grasslands and closing them to livestock grazing” was simply impractical. Moreover, most pastures, except for those of a few herders in RST Gacha, were unfenced.
The households had varying views on fences, and did not have enough money to put up their own. After the experiments with forbidding free-range livestock raising and promoting indoor livestock raising failed, it was difficult for the government to find any reason for closing off the grazing land, and the idea was shelved. Although the sumu cadres would say now and then during the mobilization that "the grasslands will be closed off after the relocation" they knew in their heart that this was an order that would be hard to carry out. At the time, the only selling-point that could attract the herders was "making money and increasing income." In the course of mobilizing them, the sumu cadres constantly stressed and publicized the advantages of the relocation policy and the bright future of the cattle-raising project. The process of relocation, from mobilization to shifting house, was thus filled with bargaining between the government and herdsman on "giving" and "getting." The term "ecology" had in fact already disappeared from everyone's vocabulary.

Who then chose to live in the relocation village? In July 2004, during the authors' investigations, 63 herder households lived in the village. It had 86 houses so the proportion of occupied houses was 73% of the total - not particularly low. However, the original gacha had a total of nearly 400 households and only 86 households had moved out, so the relocation rate amounted to less than 16%, far less than the planned number. Of the households in the relocation village, 50.8% are ethnic Mongolians and the remaining 49.2% are Han. Before they moved in, 81% of them were engaged in animal husbandry and 19% in agriculture and other occupations. Generally speaking, the households that moved into the relocation village originally had less grazing land and fewer or no livestock in the wake of natural disasters. For herders whose grazing land was seriously degraded after three successive years of drought and whose herds could not be increased in a short period of time, moving into the relocation village no doubt offered a way out. Households with more grazing land and better infrastructure were not willing to move in. On the grasslands, for many disaster-stricken households moving into the relocation village was more a matter of avoiding a potential survival crisis than of looking for a path to wealth. They repeatedly weighed the pros and cons before they made a tactical response to the government policy.

5. The "development" of ecological relocation

Firstly, from the ecological perspective, since it takes a long time to get returns from raising dairy cattle, the herdsman who moved into the relocation village have not given up grazing their sheep on the pastureland but engage in a dual operation of raising both sheep and dairy cattle. In order to reduce the cost of fodder, the cows are driven to the pastures when they are not giving milk. Such being the case, the pressure on the pastureland is, of course, not relieved. Moreover, to complement cattle raising, 1,000 mu (a traditional Chinese unit of area; 1 mu is equivalent

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4 Many herdsman believe that the enclosures divide the pastureland into small pieces of land, which limits the animals' movement and does not help lessen pressure on the pastureland. Moreover, some researchers of grassland ecology believe that pasturelands completely closed to livestock grazing are also liable to serious degeneration. See Da Lintai, "Historical influence of institutional and policy changes on the ecological environment in the grasslands of Inner Mongolia," pp. 176-192.
to 0.165 acre) of land have been opened up around the relocation village for growing fodder in addition to the large area used for housing. In fact, large tracts of pastureland have been destroyed. In order to reduce the cost, the local government is planning to reclaim more grassland for fodder. Besides, the settlement is situated on the ancient river course; the concentration of residents and irrigation of fodder land constitute a strain on the groundwater. All this potentially carries the danger of further aggravating the grassland ecology.

Secondly, in economic terms cattle-raising is a capital-intensive rather than a labor-intensive industry, and only a scale operation will yield profit. At the relocation village there is no profit to speak of, if a household of three members raises three cattle, for the fodder is mostly bought on the market, increasing the cost, while the milk is sold at a fixed price. With high costs and a low income, the herdsmen have a hard time earning a living. The government’s strenuous efforts to promote the dairy industry actually interfere with normal market operation and entail huge market risks. In 2004, a female calf sold for 5,000 to 6,000 yuan. In 2005, however, in the rapidly saturated market brought about by government intervention, nobody seemed to show any interest in these calves. Another severe drought lasted for several months in the spring of 2005, leaving a vast expanse of barren land, and the price of fodder rose sharply. The incompatibility of cattle raising with local ecological conditions showed itself clearly. Some of the dairy households who found it hard to keep up subcontracted or sold their cows and left the relocation village. People in the village used to say, “If you want to know who’s made money out of cattle raising, it’s the government, the milk stations, the vets and the fodder sellers.” In this huge network of the government, capital and commercial relations, the herdsmen are entirely dependent on the operation of the larger system for their prosperity or adversity and can do nothing about it.

Thirdly, in terms of social benefits, the government’s plan for “ecological relocation” aimed to promote urbanization through relocation and realize a change in the mode of production. But, in our view, the mode of operation of the relocation village is like a “factory” or “workshop” in which people work together, a place where individuals at the last link of the industrial chain live together. In reality, the distance between individuals is the same as before and each household operates on its own; it is not an intensive operation. Urbanization is not only a simple process of concentrating a large quantity of people in cities, but also, and more importantly, a process of transformation of their mode of production, value identification and cultural psychology, all of which cannot be accomplished in a short period of time. In 2005, the ecological relocation village was expanded to 114 households, but the new houses were mostly not occupied.

We can easily see from the above account that the implementation of the ecological relocation policy is a social process of interactions among multiple social actors including the central government, banner government, sumu government, leading enterprise, market elites, financial capital, and farmers and herdsmen. During the whole process of ecological relocation the local government occupies the central position in the network of relations woven by different social actors. Then, why did the relocation not stop when the failed experiment brought into serious question the feasibility of relocation? Why was an industrial model completely unsuited to local ecological conditions promoted with government support? Why did an originally
environmentally friendly policy end up deviating from ecological values? Clearly, we must look for the answer in the role played by the local government and the institutional structure that constrains it.

III. The dual role played by the local government in “ecological management”

Since the launching of reform and opening up, in the course of the government-led transformation of China into a market economy and the accompanying financial restructuring, great changes have taken place in the relationships between the central and local authorities and between the government and enterprises, as well as in the roles played by local government. Financial decentralization⁵ has turned local government into an interest group with its own independent pursuit of economic interests. Local governments have the right to examine and approve investment projects and exercise control over enterprises and local finance and tax revenues, with the capacity to intervene directly or indirectly in investment activities. So they play a dominant role in the development of the local economy. In promoting local development, their pursuit of their own independent interests is also increasingly apparent.⁶ In the opinion of the authors, the concepts of “agent managers of political power” and “profit-seeking managers of political power” put forward by Yang Shanhua and Su Jiang on the basis of the concept of “managers of political power” advanced by Zhang Jing⁷ generalize the institutional and structural changes in China mentioned above and the unique nature of these changes more comprehensively than other analytical concepts.⁸ Although the finances of the national minority autonomous local government covered in this paper have some distinctive characteristics, the institutional changes that affect overall structural relations in China have the same effects in this area as elsewhere. The financial incentives under financial decentralization also have the same role here as elsewhere.⁹

When the sandstorms at the turn of this century triggered the launching of the national

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⁵ Financial restructuring after the 1980s may be roughly divided into two stages: one is the more decentralized period when local governments were responsible for their own finances and the other is the period of the system of tax assignment after 1994. Under the present circumstances of tax assignment, there is, on the surface, a tendency toward more centralized financial management, but because of soft budgetary constraints, local governments look for new ways of making money in addition to budget allocations. Urbanization, land appropriation and land development all become new income growth points for local governments. The seeming centralization of state power in the system of tax assignment does not change the nature of local governments as interest groups pursuing independent interests and therefore does not change the nature of the analytical concept “profit-seeking managers of political power.” With regard to related studies see Zhou Feizhou, “A decade of the tax assignment system: the system and its impact.”


⁷ Zhang Jing, Political power at the grassroots level: problems in the rural system.

⁸ Yang Shanhua, & Su Hong, “From agent managers of political power to profit-seeking managers of political power.”

“Project for Bringing the Source of Beijing and Tianjin Sandstorms under Control,” the economic interests of the people in the areas that were the source of the sandstorms had been seriously affected by the natural disaster. At the same time, the local governments at various levels in these areas were confronted by a drop in their revenues because of the failure of animal husbandry. Especially for pastoral banners and counties like S Banner and for sumus and townships entirely engaged in animal husbandry like JHT Sumu, the lowering of and exemptions from animal husbandry taxes had a seriously adverse impact on the normal operation of government organs because they had no other sources of revenue. This meant, first of all, that as the policies for ecological improvement such as “moving out of livestock rearing and restoring the grassland” and “forbidding and stopping grazing” all had a negative impact on local interests, ecological relocation as a concrete project of ecological improvement was theoretically a balanced approach: it took care of both ecological interests and local development interests, for “urbanization,” investment in infrastructure, and the development of the secondary and tertiary industries to be promoted by “relocation” would be all new growth points for the local economy. Besides, the local governments in the sandstorm source areas might get construction funds from the state’s heavy investment in ecological management and development. At a time when their own financial interests had been affected, the central government’s ecological development investment would no doubt be very valuable. So we saw the very ambitious ecological management plan worked out by the local governments in the source areas of the sandstorms that had struck Beijing and Tianjin. In the context of ecological management, the local government is first of all an agent of state power. Its responsibility is to fulfill the objectives and tasks of the project and allocate the central government’s ecological management investment in accordance with its redistributive nature. It must also be accountable to the higher authorities. Here we can say the local government is an “agent manager of political power.” Meanwhile, the local government as the dominant player in the local economy is also a leading actor in local development. Originally, it was difficult for local government power to penetrate traditional pastoral communities with their dispersed operation. But in the ecological management project the target of “ecological relocation” was precisely the dispersed herders. It could be said that “ecological management” provided a legitimate ground for state power to move downward. Thus the local government logically moved from the role of an agent to that of an operator, that is, it turned the power the state gave it to intervene in the affairs of local communities for ecological protection into the power to do business in the name of local development. But in the context of local development, the interests of local government as a link in the bureaucratic chain are not entirely identical with those of the local community. The pursuit of independent interests by the local government becomes the main frame of reference in its choice of actions in the operation of the project. Here we see the other role of local government: “profit-seeking manager of political power.”

We have noticed that in ecological management the local government’s roles of “agent manager of political power” and “profit-seeking manager of political power” combine into one. It is the local government’s dual role that leads to great uncertainty in government environmental
policy orientation and even to deviation from the original goals of ecological protection. With regard to ecological protection, after receiving the ecological management funds from the central government the local government should exercise the power of the state and dedicate itself to the protection of the grazing land. But, in fact, the local government always treated the ecological benefits of the relocation project with indifference and little importance was given to “ecology” during its implementation. Now its role as the “agent manager of political power” was relegated to a secondary place and the ecological relocation project brought about by the local government in its capacity as an agent of political power became its stage for profit-seeking operations. It devoted much of its energy to the planning and construction of the relocation area and to industrial development.

However, in the ecological relocation project, the local government operated differently from the way it did in activities it had initiated itself. In this project, the local government used the ecological investment from the central government to put up the infrastructure and the basic pattern of the ecological relocation village. Although the design based on the initial abstract ideas did not conform to market laws or the interests of the herders, the local government had a considerable rent-seeking space in the construction of the relocation village, a fact that was responsible for the inferior housing quality. The only remaining problem was that the local government had to have the relocation village filled, as this had a bearing on its political prestige. Raising dairy cattle just happened to satisfy this requirement. In the cattle-raising project that complemented the relocation village, all the local government did was, with the help of the leading enterprise, to assist that enterprise to monopolize the local market while continuing to increase the rent-seeking space in its own monopoly of the introduction of cattle. It could be said that in the case under study, the government did not open up new markets of its own accord because of pressure on its finances, nor did it undertake the management techniques necessary for the organized operation of business, such as bearing the risks together with the masses. Rather, it continued to act as an agent of market monopoly forces. In doing so, it was still capitalizing on the supervisory and organizing capacities deriving from its administrative power. In this case study, the monopoly brought about by the local government was the monopoly of milk purchasing by a dairy products processing firm, but the cattle-raising that produced the milk was quite unsuited to the natural resources of desertified grassland. However, since the local government did not bear any of the risks of the investment, it was unconcerned about its efficiency; that is to say, it was unconcerned about either the market or the ecological risks of ecological relocation project. It is therefore not difficult to understand why the dairy cattle industry, an industry that does not fit local ecological traits and has given rise to new ecological risks, has been supported and popularized by the local government.

We find from the above research that when a top-down set of ecological management ideas – one proceeding from the central to the local government and from government to society – is brought into the established institutional structure, the dual role of the local government as “agent managers of political power” and “profit-seeking managers of political power” will make “ecological protection” gradually fade out of the practice of environmental policy. As a result,
ecological relocation as a means of ecological management has been more and more brought into the current of economic development and social change dominated by the local government. This not only gives rise to a lot of uncertain risk factors for the local ecological environment, but also increases ill-considered and unthinking action in local economic development and socio-economic changes.

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