The Incident of Tieben:
Social Capital and Local Governance in Post-Socialist China*

Titan Bo-xiu Jian

Abstract

This study makes use of the framework of social capital to explain the post-socialist governance model and characteristics of local governments in contemporary China. The incident of Tieben in April 2004 is selected as an example to explain how the local government developed social capital using informal mechanism and policy networks to facilitate economic development and to enhance government performance, thereby forming the so-called post-socialist local regime. During the incident of Tieben, the local government collaborated with real estate developers and financial institutions. Farmers were excluded from this plan and their interests were sacrificed. This study uses the concept of bonding social capital to explain this model. The model worked on the basis of the close relationship between specific groups rather than

Titan Bo-xiu JIAN is Assistant Professor of the Department of Tourism, Shixin University at Taipei, Taiwan. His research focuses on regional governance, state rescaling, globalizing city, and the third wave of gentrification and studentification.

* This article was funded by the National Science Council of Taiwan, ROC (NSC 99-2410-H-002-432-002). An initial version of this paper was presented at the fifth conference of local development strategy at Foguang University on 7 June 2006. The author would like to thank Professor Kam Wing Chan and acknowledge the useful comments given by two anonymous reviewers on an earlier draft of this article.
general trust and public participation. The majority of relevant studies, on the other hand, show that instead of bonding social capital, bridging social capital is a better means to resolve the conflicts among numerous sub-groups with vested interests, and to facilitate favorable economic and social performance. This paper hence contends that, although a local government may stimulate the development of social capital, the use of this governance model excludes the participation and deprives the rights of some groups such as farmers, thereby negating the positive results of social capital development. Consequently, such model cannot provide a useful guide for optimizing local government performance.

1. Introduction

Recent studies in various academic disciplines support the argument that social capital plays a significant role in affecting political efficiency and the economic development. In addition, these studies find that social capital directly influences local institutions and systems. The present study further reveals that various forms of social capital (i.e., bonding social capital and bridging social capital) are the key determinants of economic development, particularly in post-socialist regimes. The absence of non-bridging participation and voluntary organization has been previously emphasized in post-socialist local regimes. Consequently, it is concluded that although social capital contributes to organizational performance and economic growth, it has negative influence on some social groups, or it significantly sacrifices the interests of those not included in specific networks.

By investigating the concept of social capital in post-socialist China, this study provides an alternative perspective for analyzing existing principles. In particular, the incident of Tieben (鐵本事件 Tieben shijian) is examined in detail. In China, although the central government remains extremely influential, the ability of local governments to attract investments is still significant. In particular, the partnership which local governments establish with investors through institutional systems and policy-based platforms have become the most crucial factor influencing local development. Local governments have a vital place in the formation of this development strategy-oriented regime: they create excellent business environments for locally based companies while they encourage foreign investments by implementing favorable tax measures — this is a strategy that boosts economic development. These governments