Litigating Economic Disputes in Rural China

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Abstract

Development theory hypothesizes that the higher level of economic development a region has, the more likely that individuals prefer to use formal legal institutions in resolving their disputes. Drawn from a national survey conducted by the Research Center of Contemporary China at Peking University, this paper sets out to test this hypothesis in the context of China’s countryside. The analysis shows first that cost concern, legal knowledge, and traditions are the main obstacles for people using the formal legal institutions. In an examination of rural residents’ institutional preferences when they have economic disputes, statistical analysis reveals: 1) The speed of economic growth, rather than the level of economic prosperity, reinforces the consolidation of formal legal institutions; 2) Information and social resource factors, including media usage, legal knowledge, and social network, all have positive effects when people decide whether to go to court; 3) When economic prosperity crosses a certain threshold, its marginal effect on people’s preferences decreases.

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