

## **CSCC Podcast Ep. 15: “Property Rights and Economic Development in China – Susan Whiting”**

### **Introduction:**

Welcome to the podcast of the University of Pennsylvania’s Center for the Study of Contemporary China. I’m your host, Neysun Mahboubi, and in today’s episode, you’ll hear my conversation with Susan Whiting, professor of political science at the University of Washington, on the topic of “Property Rights and Economic Development in China.”

Now, the premise for our discussion was the following puzzle: how can we understand China’s dramatic economic growth during the past 40 years of the “reform and opening” period, in light of the economic theory, prevalent in American social science at least, that economic growth requires stable and predictable rights of property. This question has animated much of Professor Whiting’s extensive empirical research and prolific writing, including the work in progress that she presented here at the Center, in March of last year. Her thoughtful consideration of this puzzle set up the opportunity for us, in this episode, to get deep into the fascinating details of China’s legal approach to property, and especially to land in rural areas—which, for reasons you’re about to hear, has come to be, at once, the greatest source of revenue for local Chinese governments, and relatedly, a powerful engine for social discontent.

Among the points you’ll hear Professor Whiting elaborate include how the state’s approach to land in China, to this day, remains a vestige of the planned economy ... how local governments have taken advantage of that condition, in order to solve their growing fiscal challenges ... how Chinese citizens have responded to state land takings, at below-market compensation ... and then the policy responses to all these dilemmas that the central government has been contemplating for some time, and is tentatively pushing forward now.

When we recorded our conversation, during the National People’s Congress meeting last March, one idea that seemed to be gaining legislative traction was that of introducing a property tax, which might help to resolve local fiscal shortfalls in a more regularized manner. Today, as this year’s NPC meeting has just wrapped up, there appears to have been some incremental progress in that direction, towards a Chinese property tax, but as yet no major breakthroughs. On the other hand, over the past year, the Rural Land Contracting Law *was* revised to allow Chinese villagers a wider range of options for financially benefitting from their allotted land ... and, on the legislative agenda for the year to come, are proposed revisions to the Land Administration Law which might place greater limitations on government takings.

At the core of all these policy developments, which you’ll be sure to understand much better after listening to Professor Whiting in this episode, lies the fundamental question of what kind of security in property rights the Chinese state is ultimately willing to grant ... and beyond that, what kind of security it actually *needs* to grant, in order to ensure the economic growth upon which its legitimacy rests. Following our detailed—and, I hope, illuminating—policy discussion, she and I concluded by returning to these more theoretical reflections.

For you to grapple with them as well, armed with a solid handle on the complexities of Chinese practice in this area, let me invite you, now, to my conversation with Professor Susan Whiting.