

Analyses on Chinese Villages' Local Economy — Hezhai's Case Study

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Abstract: The Chinese One-Party political system has prioritized economic development and social stability. The economic development is also local governance units' main target, due to their fragile economic conditions. In 2020, China estimated over 500 thousand villages and registered about 36% of the population as rural. Apart from receiving State funds, the villages have some self-governance mechanisms permitted to stimulate their own local economies. The service industry is becoming a strong contender for the local development, especially rural tourism. Many studies made, show a connection between the political system and the economic development. This article analyses the village's economic development, while reflecting on the effect of self-governance throughout the entire process. The investigation that focused on Hezhai village is a direct result of interviews made to local rulers and inhabitants, as well as the consideration of official data and information from a comparative database. To start, the current article displays the Chinese villages' self-governance system and the main strategies for the economic development used at a basic level. Secondly it focuses on Hezhai and finally presents a reflection on what challenges local economies face in the future and the impact self-governance has on an economical point of view.

Key words: economic development, Chinese village, self-governance, local economy, rural tourism

JEL codes: O18, Q1, R1

1. Introduction

The self-governance was introduced in Chinese villages in the 1980's, thus was started a democratization process on a local level. With a central authorization, villagers can take part in the election process, decision-making, management and supervision by way of the Village Committee (VC), whose members are directly elected by the inhabitants. But when it comes to the execution of politics decreed by higher administrative levels, the Party's voice is held in a higher account than the VC (Cheng, 2016; O'Brien & Han, 2009; Wong et al., 2019). The Chinese government has prioritized the economic development and the social stability with aims of obtaining the population's support and strengthen its leadership position. The economic development is also at the center of local work made in villages, due to the fact that their economic performance is still below the national average. So, the central government has assigned financial support packages (*Fupin*) to those villages that were struggling, which became the main source of local revenue. State funds channelled to the villages have recorded a rise over the years: between 2013 and 2017, they increased an average of 10.7% per year. In April 2020, the

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central government's investment in *Fupin* was in the amount of 139.6 billion *yuan* (20.3 billion dollars¹).² Still, it is painfully clear that many Chinese villages continue to struggle with a concerning economic situation.

The Chinese villages' self-governance system has allowed a limited autonomy to select the best economic path to take on a local context. But it comes as no surprise that this situation differs from village to village. Over the past few years, many have taken a chance in the service industry, namely in the rural tourism. Many authors have defended that, democratic elements, or self-governance mechanisms, can somehow stimulate the economic development (Kim & Heshmati, 2017; Salahodjaev, 2015; Yu, 2009). In this political context, the single Party that controls most of social resources, is able to stimulate a fast and short-term economic development. But the One-Party system is unable to guarantee the basic rights and services for people, or even a fully functional institutional system. So, citizens will not only lose their faith and political motivation, but also suspect the government. The institutions more comprehensive in a democratic context can assure citizen's civil rights and the market's equality and justice, which have motivated people to take part on a long-term development. There are even academics that point to a causal relationship between the democracy and the economic growth (Heo & Tan, 2001; Jaunky, 2013). From our point of view it is not the type of regime that matters most, but the strength of the institutions and the social context that determine economic evolution. In some cases, the democratic system can also be an obstacle to the economic development. Studies point to a negative impact of the self-governance system in the economic development of Chinese villages, since local administrative independence can lead to a cut in government funds and harm the official global planning (Kennedy, 2007; Wang, 2004). In China, the villages hardly ever make a fully economical independent path, despite their conquered autonomy, due to their need for resources such as infra-structures and qualified professionals, which could be provided by the State, or can be acquired through private investments.

This article analyses the village's economic development and the influence of the self-governance system in the process, looking at Hezhai's case study as a pioneer village for self-governance in China, that as also sought out themed tourism as an anchor for its economic development. Along with bibliographic research of reference articles and official documents, the current investigation is also based on data gathered straight at the source, resorting to interviews made to the village's rulers and inhabitants. Firstly, the self-governance system in effect on a local administrative level is presented, while identifying the main paths for local economic development. Secondly it takes a look at Hezhai's case study in particular and finally reflects on the challenges the local economic evolution faces and the impact caused by the self-governance system throughout this process.

2. Methodology applied

The importance of a quality study has been pointed out throughout several investigations not just in political science, but also in other disciplines, which differs from the study of quantity with distinctive characteristics (Gerring, 2017; Yu, 2009). This methodology seeks specific research, in cases made empirically, and a deep reflexion taking into account further details (Nije & Asimiran, 2014). Case studies are one of the most widespread methods applied. For Zweig and Chung it is impossible to avoid the study of cases when researching Chinese villages (Zweig & Chung, 2007), taking into consideration that more than 500 thousand villages were registered in

¹ 1 *yuan* to 0.15 dollar, currency exchange rate (CNY to USD) searched on 05/04/2023.

² *Zhongguo Tongji Nianjian 2020* (2020 Country's Annual Statistics Report), published by China's National Board of Statistics. Retrieved from <http://www.stats.gov.cn/tjsj/ndsj/2020/indexch.htm>, accessed on 14/05/2021.

China until 2020. Due to the local diversity and complexity, an intensive research of case studies is a lot more appropriate (Wang G., 2014). Furthermore, a quality study is also suggested, which combines several methods including case studies (Carolan et al., 2016). On his research of China, Yu Keping recommends combining universal study with a quality analysis (Yu, 2009).

We chose Hezhai's case study for a local research, whose inhabitants created the first Village Committee and passed the first local directives, *Cungui minyue*, in 1980. These local directives were created also on the basis of the local costumes and conventions, in agreement with the majority of inhabitants, with the aim of correcting inadequate behaviours, such as thievery and damage on farmlands. Hezhai's inhabitants adopted the democratic practices, even before any recommendation from the central government, to face their local needs. After investigating Hezhai's political system, the central government authorized it and began promoting it. Hezhai is a part of the Hechi prefecture, an area of 33.4 km² divided into 12 *tun*³, meaning that we are talking about natural communities of about 4,398 inhabitants spread out among 1,052 families, of which 95.3% are of *Zhuang* ethnicity. About 70% of the territory are mountains and the village has an area of 3,578 *mu* for farming purposes (equivalent to 2.39 km²), which means 0.8 *mu* per person (533 m²).⁴ Hezhai has a political advantage that allows it to adapt new political measures due to its location in the Guangxi Zhuang Autonomous Region: apart from the natural characteristics of this area, the great distance from urban areas keeps the village far from the central control, reason for which the self-governance in Hezhai suffers fewer interferences. Its self-governance model has, therefore, developed with a wider experience and liberty than in other Chinese villages.

This article is mainly based on written materials executed in foreign language, mainly English, but also Chinese. At the same time, its author went to Hezhai and visited different groups or natural communities, because the inhabitants live far away from each other. During the local investigation the sample size was also affected due to this difficulty in locomotion. The author collected local information through interviews made to 5 rulers (current or former) and 10 inhabitants of different groups or *tun*, with the appropriate age and qualifications to practice their democratic rights, meaning, they were over 18 years old, living in the village over a year or with a local household. The choice of which rulers to interview was made in accordance to their availability, since all of them, including the members of the Party branch, are also local people, who apart from taking care of civil matters also lead a common life just like any other villagers, live far away and farm making it impossible to be in the office all the time.

The interview allowed the possibility to: 1) verify general informations about the village; 2) question them about the implementation of the self-governance system; 3) learn about personal assessment of the village's economic development; 4) measure the connection between economic development and Hezhai's political system, especially the self-governance system with a small amount of freedom under the authoritarian context. In some ways, the research on Hezhai's case may also contribute to the scientific generalization of the social phenomenon of Chinese villages under the national political alignment.

3. Wenzhou Model and Sunan Model

China's basic administrative level has functioned, on some level, based on a political governance that results from natural elections. It's a self-governance model that has been operating since 1980, having evolved or

³ This village division is made in accordance to the family's territorial sparseness.

⁴ Interview 2.

regressed throughout time. Simultaneously, a gradual abandonment of the totalitarian model in villages was registered, since the economic reform policy, until 1983 when the people's communes were officially abolished. The Village Committees are rural areas' executive structures, where four different self-governance phenomena can be registered: democratic elections, democratic decision-making, management (*Cungui minyue*) and democratic supervision.

Democratic elections means that the inhabitants can choose the VC's members directly, as well as cadres of other departments who work in civil matters, with the exception of the members of the Party branch. The democratic decision-making means consulting the opinions of villagers, who can participate and vote on the decisions. Management with democratic elements means that, as long as they don't violate the Constitution and other national laws, villages have the autonomy to establish their own set of rules and regulations. Finally, democratic supervision means that the work made, pertaining to civil matters, as well as its staffs, are subjected to public supervision, thus assuring transparency (Wang S., 2014). This new model of governance assured on the one hand the population's direct political participation, allowing the consideration of their opinions, and on the other hand increased the quality of governance in comparison to the time of the communes. The rural governance in China is also focused on economic development, due to the harsh situation experienced in the rural areas, on the foundation of central funding support which is the case of projects such as *Fupin* (poverty aid). In 2019, China's rural population was 39.9%, opposed to urban population that represented 60.1% total. As the urbanization phenomenon rises, rural populations decrease, but financial aid to rural villages continues to increase.

As a general rule, chinese villages' economic development is set in one of two models. The villages that follow the *Wenzhou* model (*Wenzhou moshi*) mainly use their local economy to boost their development (Gao & Wang, 2006; Zhou, 2002). On the other hand, the villages with a higher financial support, external connections and central incentives followed the *Sunan* model (*Sunan moshi*) (Gao & Wang, 2006; Zhou, 2002). The *Wenzhou* model has been used to describe the development of villages in this region since the 1980's, which is characterized as lacking natural resources and insufficient farmlands at the time. Without national funds, the region had very weak infrastructures, since it had no airport or railways with only one waterway lane and a national route (no. 104) in very bad state. The villages that follow this model opted for a family artisanal production for their economic development, which later became local industries, mainly manufacturing. The *Sunan* model refers to the village's development, around the same time, on the southern part of Jiangsu province that is very close to developed cities, such as Shanghai. Benefitting from direct and indirect advantages on an investment and infrastructural level, villages in Sunan region developed differently from the model described previously. In an authoritarian context in which both political and social resources are controlled by the only Party, private individuals have a very limited contribution during the local development process. The collective economy has played a role more important, either through public support or through private funding where it is more common to see the *Sunan* model. By following the *Wenzhou* model, local elements gather, as the villages grow, in search of new development possibilities in this collective economy. At the same time, the private economy has been the target of influences from the Party, either directly or indirectly: 1) Party branches are established in private companies; and 2) owners of private companies are members of the Chinese Communist Party. This interdependent relationship is considered to be vital for the Party that can, this way, supervise private companies' operations and oversee their function in this system less institutionalized (Ma & He, 2018). The Party can thus consolidate its legitimacy as ruler. After causing a loss of autonomy and advantages, this continuous control

results in the private economy's greater dependency on central support. Because of these facts, authorities will not have reasons to improve the institutional system that could replace the Party's role in managing the private economy.

In the areas that had previously benefitted from external advantages such as receiving the central support, the local economy started to get more attention after the proper conditions getting matured, such as the production cycle (Yuan et al., 2014). The central government has tried to stimulate the local economy's development as a way of reducing their dependency on the State, which has been proposed on the 19th National Congress of the Chinese Communist Party held in 2017.⁵ In the last few years, a transition has taken place from the *Sunan* model in which the investment driven by local capital or private companies became more pronounced. Even so, the role played by the local government or the higher's is still decisive.

The official documents published in the following year, "The Central Government's Advice for the Strategy's Execution on the Villages' Development" (*Zhonggong Zhongyang Guowuyuan Guanyu Shishi Xiangcun Zhenxing Zhanluede Yijian*) and "Strategic Planning for Villages' Development (2018-2022)" (*Xiangcun Zhenxing Zhanlue Guihua (2018-2022)*), signal out the importance of innovating. The villages with a higher take in the secondary sector (industry) should improve their production to fulfil the new national criteria; and the rest should stimulate primary and tertiary sectors (farming and services), according to local resources without neglecting environmental protection. According to central indications, villages should increase the amount of agricultural production and commercialize their products as a way of optimizing profit. In the first semester of 2022, summer harvest kept on a high level, registering an increase of 0.9% compared to the same period of the year before and reaching 147.4 billion tons of food. During the first semester of 2022, the production of meat and milk increased 5.3% and 8.4% respectively, compared to 2021.⁶ In the sector of service, development should take advantage of local, natural, and cultural resources, and apply new development concepts. Thanks to the growth of local economies, 90.7% of citizens who returned to rural areas, managed to secure employment in their own villages in June 2022.

4. Rural Tourism in Hezhai Village

According to official data, the number of visitors that come to the villages has risen over the past few years, with annual rates over 10%, accomplishing 3.09 billion people visiting in 2019, more than half of the total number of tourists in China that year. Just as it happened in the rest of the world, Chinese rural tourism was affected by the pandemic in late 2019: number of tourists (1.4 billion people) plummeted 54.2% in 2020. Recovery came in 2020's second trimester and at a rapid pace. In 2021's first five months 86.7 million tourist were registered in China's rural regions, a growth of 55.5% in comparison to the same period in 2020.

About 54.7% of tourists, that seek this type of tourism, are looking to explore local habits and costumes as well as relaxing in a quieter and simpler place, a sort of escape from the city. Besides, housing expenses are cheaper than in the cities making rural tourism an increasingly more popular option.⁷ The central government has pointed out the importance of this sustainable economic development model; the National Tourism Administration

⁵ "Fazhan Xinxing Jiti Jingji: Quanmian Tuijin Xiangcun Zhenxing de Lujing Xuanze" (Development of the new model for collective economy: the path to stimulate Chinese villages' development globally), printed in *Shanxi Fazhi Wang* (May, 21st 2021). Retrieved from <https://baijiahao.baidu.com/s?id=1700372379615544272&wfr=spider&for=pc>, accessed on 01/09/2022.

⁶ "Nongye Nongcunbu: Shangbannian Nongcun Nongye Jingji Baochi Lianghao Fazhan Shitou" (Agricultural and Rural Issues Ministry: villages' economy continues high during the first semester), published in *Renmin Wang* (July, 20th 2022). Retrieved from <https://3g.163.com/dy/article/HCNEIT6R0514R9M0.html>, accessed in 01/09/2022.

⁷ Data published in *Zhiyan ChanYe Xinxu Wang*. Retrieved from <https://www.chyxx.com/>, accessed in 01/09/2022.

(*Guojia Lüyouju*) estimates that the rural tourism industry may help more than 2 million inhabitants, who live in poverty, to secure employment every year.⁸ The Nangui village in Guizhou province is an exemplary case of this. Known as the “Thousand-household *Miao* Village” (*Qianhu miaozhai*), due to its dominant ethnicity, the village houses a little more than 1,400 families, translating into over 6,000 inhabitants: 99.5% of which are of *Miao* ethnicity. Located in an isolated mountain area with very little connection to the outside world, the inhabitants maintained their original habits and costumes as well as preserving the ancient village's landscape very well. Since the beginning of their venture in tourism, initiated in 2008 and enjoying the support of higher governments, the village has recorded relevant revenue arising from the tourism sector: 7.5 billion *yuan* (1.13 billion dollars) in 2019, almost 42 times more than the amount in 2009. That year, the local income per capita was of 22.3 thousand *yuan* (3.35 thousand dollars), as the national average of income in rural areas was about 16 thousand *yuan* (2.4 thousand dollars).⁹ The local collective economy's development also stimulates growth of the local private economy. In 2021, Nangui counted with more than 1,300 self-owned business units registered, including about 300 theme parks on rural living, 200 restaurants and 500 hotels. During their visit to Nangui, tourists can take part in more than 40 cultural activities.

Globally, rural tourism's development is still in its early ages, which is why the central government remains cautious in divulging this type of tourism taking place in China, on an experimental pace. All of the experiences should respect local needs and be accomplished, as close to them as possible, while keeping the people's participation active. The single voice of the authoritarian regime increases the uncertainty about the results of each decision; previous experiments diminish risk and avoid major losses caused by ineffective decisions. The vast number of existing villages in China signifies a big diversity, reason for which, a decision made by the central government, will probably not fit every situation. So, experiments allow the authorities to reflect and make the necessary corrections before executing any final decision. Being small units, the villages facilitate the implementation of new decisions while, at the same time, allowing faster and more visible results. Generally speaking, the reforms' direction is previously projected by the Party and cannot be defied, but throughout the entire process there are many possibilities and different experimental cases.

According to “Advices of the Central Government to Stimulate Tourism Investment and Consumption” (*Guanyu Jinyibu Cujin Lüyou Touzi he Xiaofeide Ruogan Yijian*), the official document published by the National Tourism Administration in 2015, the central government intended to choose six thousand sites as experimental villages to support tourism development during the quinquennium 2015-2020. In this process, the self-governance system has had a key role in boosting local economies based on the villages' characteristics. The villagers who take part in the decision-making process will be more driven to work for a local collective economy, since this was chosen on their own terms (Wang S., 2014).

For example, in 2003 the local forests' management was not functioning properly in the Hezhai village, and registered a lot of misdemeanours, such as cutting down trees. The Village Committee and the Party branch at the time, prepared a proposal of selling some lands to investors outside the village and using the money into building roads. But the villagers' representatives rejected the proposal, who considered the forest as a part of the public

⁸ “Guojia Lüyouju: 2020 Nian Zhichi 6000+ Shidiacun Fazhan Xiangcun Lüyou” (National Tourism Board: support more than 6000 experimental villages to develop rural tourism in 2020), published in *Sohu* (October 14th, 2017). Retrieved from https://www.sohu.com/a/198073463_99928358, accessed in 01/09/2022.

⁹ “Qingdao Daxue Diaoyan Guizhou ‘Xijiang Moshi’ Zhutui Xiangcun Zhenxing” (Qingdao University's research on Xijiang model in Guizhou province, which stimulates the villages' growth), Published in *Pengpai Xinwen* (September 8th, 2021). Retrieved from https://www.thepaper.cn/newsDetail_forward_14406893, accessed in 01/09/2022.

good, which could not be sold without the agreement of the majority of villagers. Later the three parts (the VC, the Party branch and the villagers' representatives) discussed the issue in a representatives' meeting and heard from the forest management experts. In the end, the village decided to reinforce forest management that later generated a yearly profit of 100 thousand *yuan* (about 15 thousand dollars).¹⁰

Breeding silkworms and planting raspberry trees are some of the main revenue sources for more than 80% of families in Hezhai with over 1,300 *mu* in raspberry fields (about 870 thousand m²). Considering that this economic sector is limited by its type of production, a family based one, in 2021 the villagers' representatives suggested a collective organization to boost production scale, by approving the proposal given at VC meeting. The VC gathered the funds and built a base with over 1,600 square meters to breed silkworms and plant raspberry trees. Shortly after the annual production from this base resulted in over 200 million *yuan* (30 million dollars) in profit.¹¹ The VC also set budgets to invite expert teams for tutorial and send farmers to the city for specific training. In sum, self-governance provides a platform where the inhabitants can submit their proposals, thus allowing for a wider economic diversification since the proposals are made based on a local and realistic understanding. The best projects presented may also attract external investment from other Chinese regions and intensify communication between the village and the exterior. The scale economy can also arise the markets' interest.

In 2021 the village received an investment that surpassed 5 million *yuan* (0.75 million dollars) to remodel 20 *mu* (about 13 thousand m²) and build a base to breed sturgeon fish. In that same year, the VC made the decision in a democratic way, to build a unit dedicated to breeding chickens with 10 *mu* (about 7 thousand m²). Ideas presented by the population were also at the base for an investment made by a company from Guangdong province, of over 2 million *yuan* (0.3 million dollars) to build a unit with 40 *mu* (about 27 thousand m²) to breed Australian lobsters. According to VC's current director, the village built a themed garden *Lingtao* that extends over 1,000 *mu* (about 670 thousand m²), where the region's way of life is displayed for tourists and where they can stay overnight.¹² Since 2017 the VC has rented several lands in the name of the collective.

The current VC's director admits the importance of the collective economy that led to the increase in local incomes.¹³ The village's collective fund has been used to improve the inhabitants' life quality, since it has been applied to repair roads, enhance housing quality, improve water supply system, and build rest areas next to natural landscapes. In Hezhai, were also built several cultural and sport centers where villagers can hold activities and take exercise. In 2018 Hezhai had four cultural centers and nine basketball fields. In 2020 a nursing home was built in the Guozuo natural community that cost over 1.6 million *yuan* (0.24 million dollars). At the same time, the village has also invested in the development of a sustainable tourism, improvement of natural and cultural (such as paintings and sculptures inspired in the first election ever held in the village) landscapes, and the reinforcement of motorway and digital systems.

Hezhai received a commendation of "The Famous Village with Guangxi's Typical Culture" (*Guangxi tese wenhua mingcun*) in 2015, and the village passes the provincial assessment each year to maintain the title until this day.¹⁴ The regional government has boosted the divulging of the village nationwide, thus attracting over 100

¹⁰ Ibid.

¹¹ Interview 4.

¹² Interview 5.

¹³ Interview 1.

¹⁴ "Hechishi Yizhouqu Hezhaicun Hentebie, Yinwei Tashi Zhongguo Cunmin Zizhi Diyicun" (Hezhai Village of Yizhou in the city of Hechi is special, because it is the self-governance pioneer village in China), Published in *Fangzhi Guangxi* (October 26th, 2021).

thousand tourists every year. At Hezhai's self-governance museum (built in 2015), tourists are guided by the first director of VC ever elected, Wei Huanneng, through a collection that includes texts, photos and videos, which display the development of the local self-governance system. Tourists can also see original objects used in the first election, such as wrapping paper of the cigarette package. On the wrapping paper, villagers wrote down the candidates' names for whom they wanted to vote.

With more cultural activities organized, such as the forum, open classes and study visits it was officially established a self-governance training centre intended for VC directors from other villages, basic level rulers, among others. Meaning that Hezhai welcomes not only tourists, but also rulers, researchers, and students. The VC's current director adds that, every summer, the village welcomes a "educational support" (*Zhijiao*) team made up of students from *Zhejiang* University in Hezhai's primary school. Also comes a team of researchers along with the *Zhijiao* group to conduct local research on Hezhai's self-governance experiment.¹⁵

Apart from getting to know this pioneer villages' self-governance model, tourists can also visit farm fields and have the real farm life experience inside the themed garden. Hezhai is also concerned in developing the primary sector, while betting on tourism at the same time linking the travelling experience to study visits aiming to enrich the visitors' experience.

5. Liberty or liberation

In Hezhai's case, self-governance has ensured the population's participation in the local economy especially in the primary and tertiary sectors that contribute for the village's development. However, it is clear that Hezhai and its inhabitants face many challenges. In 2015 the national grant given to boost the villages' collective economies was an average of 86.7 billion *yuan* (13 billion dollars) corresponding to 21.1% of each village's total budget. This support increased to 173 billion *yuan* (26 billion dollars) in 2020 corresponding to 27.4% of the budget that foresees a need for support in underdeveloped villages, which may translate into a close connection with the higher administrative levels. Rural tourism is still unable to be a motor for economic development, without the national funding, in the majority of Chinese villages. Despite a significant improvement in terms of the per capita income, registered in 2016, of 9.6 thousand *yuan* (1.44 thousand dollars), the village's economic performance is still not very remarkable. In Hezhai, the per capita income of 2020 was 13.6 thousand *yuan* (2.04 thousand dollars) under the national average of 17.1 thousand *yuan* (2.57 thousand dollars).

According to a member from the committee for the issues of the Chinese Communist Party and the public (*Dangqun lishihui*), over the past years, the town government has decreased its support to the village and the communication between the two levels has been increasingly more difficult.¹⁶ Hezhai has had difficulties in obtaining higher support, on the one hand due to its political autonomy and geographical isolation and on the other hand due to the region's fragile economic situation. Hezhai is located in the Guangxi Zhuang Autonomous Region, which is one of the least developed Chinese areas. The per capita GDP of Guangxi in 2020 was 44.7 thousand *yuan* (6.7 thousand dollars), 38.2% less than the national average of 72.3 thousand *yuan* (10.85 thousand dollars).¹⁷ In Hezhai the main roads were a town government's responsibility and the smaller ones, connecting the natural communities were the village's responsibility. Therefore, most of the small access roads are in good

Retrieved from <http://nnwb.nnnews.net/wenlv/p/57087.html>, accessed in 01/09/2022.

¹⁵ Interview 1.

¹⁶ Interview 3.

¹⁷ Data published in *Zhongjing Shuju*. Retrieved from <https://ceidata.cei.cn/jsps/Default>, accessed in 01/09/2022.

conditions, but the main motorway connections are in need of repairs. The weak infrastructures, that are not the village's responsibility, make it difficult to connect the village with the exterior and therefore causing problems for tourists to get there.

Faced with a limited authority within the Chinese political system, where the majority of natural and social resources continues to be controlled, the villages still enjoy a little independence brought by the reform strategies. So villages are lacking basic resources such as funds, technology and science (Zhan et al., 2007), from which they cannot benefit due to their limited financial ability and lack of other resources as well. With very few central supports, the village relies on private investments to evolve. Still in the adaptation stage to the new economic sectors introduced, Hezhai still lacks the necessary preparation to develop new projects as far as qualified personal goes. The current director admits that one of VC's most important tasks is to obtain investments by making use of the title "self-governance pioneer village" on a tourism marketing level. Investments have been essential in implementing several tourism projects in a context that has many young people leaving the village to find a job in the city, where they have more opportunities. This is a phenomenon that has been registered and persists, due to the local economic situation, translating into a large percentage of the population being children and elderly. The village has abundant farming and forest resources, but limited workforce making the production quite limited and focused on self-sufficiency. The migration of young people to the cities makes it difficult to have workforce for new fields of work in the village.

The most successful villages that have developed locally demonstrate a significant contribution from the collective economy, more than the private economy, especially in its early stages of evolution. For the underdeveloped villages, such as Hezhai, it is impossible to disregard the importance of State funds that play a key role. This is why local inhabitants must, sometimes, sacrifice their personal interests in order to protect the common wellbeing and follow the higher instructions. The population's civil rights are therefore constricted as far as opposing voices go. For this reason and under the self-governance system, public participation in politics may result in some conflicts in the decision-making process. Personal interests can clash and make it difficult to execute the decisions made, since some local individuals won't cooperate with the VC (Fei, 2012; Li et al., 2011; Pietsch et al., 2015).

This strongman politics is not a very good omen for the political evolution towards democracy. Apart from planning other political changes the Chinese Communist Party is focused on the priority tasks, such as economic development and social stability. As a result, the central government's attitude is pondered and conservative in terms of a political evolution — something scholars see as a strategic retreat in terms of political evolution (*Zhengzhi fazhan zhanlue tuique*) (Qiao, 2009). This means that self-governance in Chinese villages shall take place under the pre-established condition of stability and the central government shall tread carefully as far as democracy is concerned.

Throughout Chinese villages' development, interventions from the higher levels are expected to continue in local self-governance units, taking into account its omnipresence in the Chinese political system. The villages are obligated to follow central instructions, so that the Party branches play an important role in assuring their transmission and execution and leave the local people with no right to interfere in their work. The confrontation between authoritarianism and democracy, in the other word between central interventions and self-governance of the inhabitants has been scrutinized in the search for balance. This experiment also contributes for the national political system's evolution. Apart from the natural conditionings of an authoritarian regime, the village self-governance in China also faces other obstacles.

For Hezhai village a decreasing autonomy is predicted within the Chinese political context, on the one hand due to an increased control from the central government, especially during the ruling period of president Xi Jinping (Cheng, 2016), and on the other hand due to a need for central funding as a solution for a concerning economic situation. As a result of higher interferences, local economies are limited in terms of the private sector. This will cause villagers to become unmotivated in taking part of the local collective economy, because they will see their personal interests being ignored.

6. Conclusion

Local economies, especially in a collective form, have contributed for Chinese villages' economic development. Recently there has been a stronger bet in the primary and tertiary sectors with a strong focus on the destinations' cultural value and without ever neglecting their natural landscapes. Due to these facts, rural areas where ethnic minorities live are more sought out for their cultural differences. The self-governance system motivates inhabitants to take part in local economic activities that are selected by themselves and their countrymen. However, the villages still require investment based on the higher support or capital from private investors to boost economic development, at least during the start-up stage. Under an increasingly authoritarian political context in which authorities control both funds and the distribution of resources, State support is valued over private investment, reason for which the villages will face an increased pressure to lure private investments, since the implementation of a self-governance system translates into a lower connection with the central government. This shows that the self-governance system can negatively impact local economic development, in the underdeveloped rural areas that have a greater dependency for central support. In face of a rising centralization of the Chinese Communist Party the villages' autonomy is being reduced, evidencing a decrease in assuring civil rights, since inhabitants will be unmotivated to take part in village issues when their own personal interests are set aside.

Considering the vast number of Chinese villages, the study of a single case is insufficient to obtain complete and concrete conclusions. For this, it will be necessary to conduct a quantitative study that will shine a light on more Chinese villages, since these deserve further study and research. Apart from the most well-known cases, there are still a lot of villages with distinctive realities. Furthermore, research of different periods from the same case study can better explain the connection between self-governance and the village's economic development.

The mentioned loopholes make it necessary to continue studying local cases in China. For future reference and research, it is important to study self-governance in the villages, but also to analyze how the process is working in urban communities, the units with limited autonomy such as the villages. But the implementation of self-governance at a basic level of urban areas is receiving a control apparently more direct from the high-level government.

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