

## **Local state corporatism and Water Governance: How Tax Farming Contributed to Desertification in NW China**

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**Abstract:** Research on environmental governance in China has shown that the tensions between the central and local governments significantly influence the implementation and efficacy of environmental regulations. By examining changes in resource allocation and rural development between 1982 and 2002 in the region worst affected by desertification in China—the Minqin oasis in Gansu—we argue that changes in macro-level fiscal policy contributed to severe regional disparity and a reduction in local state capacity in hinterland China. Intergovernmental competition over fiscal revenue encouraged cash cropping and land reclamation, and the continuous decline of the oasis ecology further reduced legitimacy in rural governance. These institutional and ecological constraints shaped the behavior of grassroots cadre and formed the conflicting interests of the state in resource distribution and environmental conservation which continued to exist even after the tax-for-fee reform in the early 2000s. The data came from 157 oral history interviews and 628 policy documents from local archives in Gansu.