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Engaging *Huangniu* (brokers): Commodification of State-Society Bargaining in China

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ABSTRACT

A strong authoritarian state such as China has a range of institutions and instruments at its disposal to resolve social conflicts. This study proposes a new mechanism—citizen’s engagement of a profit-seeking broker—that helps to facilitate state-society bargaining, resolve conflicts and thereby absorb social contention. This form of state-society bargaining is conducted via professional brokers whose objective is to make a profit from the transactions. By establishing trust between the officials and citizen, the broker brings the two parties together, enables and facilitates state-society bargaining that would not have taken place otherwise. In so doing, the broker helps to resolve conflicts or protracted stand-offs that might have spilled into street protest. These profit-seekers represent commodification of state-society bargaining by matching demands from discontented citizens with supplies of special favours by state officials. This study contributes to the growing body of conflict resolution and state repression literature in China.

Introduction

China has managed to achieve relative political and social stability despite a large number of social protests staged by its citizens every year.¹ In no small way, this could be attributed to the strong capacity of the state to pre-empt, absorb and repress social contention and protests. In its toolkit of repression, the Chinese state has in its possession a wide array of ‘hard’ and ‘soft’ approaches to subjugate citizens and acquire their compliance. These include ‘bargained authoritarianism’, institutional and bureaucratic absorption, ‘thugs-for-hire’ and various ‘soft strategies’.² In addition, the state has also established a range of formal and informal conflict resolution institutions, including the courts, labour arbitration, grand mediation and other community mediation forums, to prevent disputes from spilling to the streets.³

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¹Andrew J. Nathan, ‘Authoritarian Resilience’, *Journal of Democracy* 14(1), (2003), pp. 6–17; Yongshun Cai, *Collective Resistance in China: Why Popular Protests Succeed or Fail* (Stanford, CA: Stanford University Press, 2010); Lynette Ong and Christian Gobel, ‘Social Unrest in China’, in *China and the European Union in Context* (London: Palgrave Macmillan, 2014), pp. 178–213.

²Ching Kwan Lee and Yonghong Zhang, ‘The Power of Instability: Unraveling the Microfoundations of Bargained Authoritarianism in China’, *American Journal of Sociology* 118(6), (2013), pp. 1475–1508; Yang Su and He Xin, ‘Street as Courtroom: State Accommodation of Labor Protest in South China’, *Law and Society Review* 44(1), (2010), pp. 157–84; Julia Chuang, ‘China’s Rural Land Politics: Bureaucratic Absorption and the Muting of Rightful Resistance’, *China Quarterly* 219, (2014), pp. 649–69; Lynette H. Ong, ‘Thugs and Outsourcing of State Repression in China’, *China Journal* 80(1), (2018), pp. 94–110; Yanhua Deng and Kevin O’Brien, ‘Relational Repression in China: Using Social Ties to Demobilize Protesters’, *The China Quarterly* 215, (2013), pp. 533–52; Kevin J. O’Brien and Yanhua Deng, ‘The Reach of the State: Work Units, Family Ties and “Harmonious Demolition”’, *China Journal* 74, (2015), pp. 1–17.

³Feng Chen and Yi Kang, ‘Disorganized Popular Contention and Local Institutional Building in China: A Case Study in Guangdong’, *Journal of Contemporary China* 25(100), (2016), pp. 596–612; Patricia Chen and Mary Gallagher, ‘Mobilization Without Movement: How the Chinese State “Fixed” Labor Insurgency’, *International Labor Review* forthcoming, (2018); Xiuying Cheng, ‘Dispersive Containment:

What is missing in the current discussion of the strong state absorptive and repressive capacity is its *willingness and ability* to engage with *market agents* who can help to fulfil state's objectives in exchange for profit. The utilization of market mechanism serves to further the augment of the state's capacity to preclude state-society conflicts from being played out on the street. Viewed through this prism, this study proposes a market mechanism—the state's engagement with a profit-seeking broker who helps to facilitate state-society bargaining—that contributes to dispute resolution. This study speaks to the growing body of conflict resolution and state repression literature in China.

By establishing trust between officials and citizens, the profit-seeking middleman brings the two parties together and facilitates state-society bargaining that would not have taken place otherwise. In so doing, the middleman helps to resolve conflicts or protracted stand-offs between the state and society that might have spilled into street protest. These profit-seeking middlemen or brokers represent commodification of state-society bargaining by matching demands from discontented citizens with supplies of special favours by state officials. In so doing, a commercial, and often illegal, deal is clinched that involves a state official's allocation of compensation over and above that mandated by official policy or what other citizens in a similar position who do not engage an intermediary are entitled to.

In housing demolition (*fangwuzhengshou*) projects in Chinese cities, municipal and local governments not only face tight deadlines to complete projects, but they are also under intense pressure to contain social contention. These two priorities can often be conflicting in nature. When a deadline for demolition is set, *all* households in the designated area must vacate by the date, or the entire development project risks being jeopardized. Lack of compliance from one or two households can potentially put the entire project in jeopardy. At the same time, containing social contention, that is preventing and repressing popular protests by aggrieved residents, is also a priority of municipal and local governments.

Local governments have limited options in dealing with this dilemma. Even though violence is often the most efficient means to evict residents,⁴ they are increasingly constrained in deploying coercive force against recalcitrant urban households. Increased media scrutiny and higher education level of urban citizenry have given rise to growing rights awareness. When the state is restrained in using coercive force but faces strong pressures to complete projects on time, it becomes more receptive to bargaining with citizens. The demand for intermediaries capable of getting them and the officials to come to an agreement has increased in the post-violence era.

These intermediaries are valuable to both parties, without whom they are unlikely to reach an agreement. Or, negotiations over relocation may become protracted without their intervention. They are capable of establishing trust with both government officials and citizen-clients, and they help to facilitate the bargaining process. The author found evidence of such intermediaries operating in Shanghai and other coastal cities in China. These profit-seeking intermediaries are more likely to be found in major cities where there is ample money to be made in housing demolition and refurbishment projects. This article has discovered little-to-no evidence of them operating in smaller towns. These intermediaries are called '*huangniu*' (literally means 'cattle' in Chinese) in China, even though the Chinese term can be used in more than one context, including in reference to 'ticket scalpers'. As this article will illustrate later, the middlemen in housing demolition are different from 'ticket scalpers' even though both play an intermediating role. The author uses intermediaries, middlemen and *huangniu* interchangeably in this article to describe such individuals.

Disgruntled resident-citizens can display their defiant acts in two ways: one, by dragging their feet in vacating their properties or becoming the ultimate 'nail households' (*dingzihu*)⁵; and two, by

A Comparative Case Study of Labor Politics in Central China', *Journal of Contemporary China* 22(79), (2012), pp. 131–47; Jieren Hu and Lingjian Zeng, 'Grand Mediation and Legitimacy Enhancement in Contemporary China—the Guang'an Model', *Journal of Contemporary China* 24(91), (2015), pp. 43–63; Jieren Hu, 'Grand Mediation in China: Mechanism and Application', *Asian Survey* 51 (6), (2011), pp. 1065–1089.

⁴Ong, 'Thugs and Outsourcing of State Repression in China'. See also Lynette H. Ong, "'Thugs-for-Hire': Subcontracting of State Coercion and State Capacity in China', *Perspectives on Politics* 16(2), (2018), pp. 680–695.

⁵Matthew S. Erie, 'Property Rights, Legal Consciousness and the New Media in China: The Hard Case of the "Toughest Nail-House in History"', *China Information* 26(1), (2012), pp. 35–59; Steve Hess, 'Nail-Houses, Land Rights, and Frames of Injustice on China's Protest Landscape', *Asian Survey* 50(5), (2010), pp. 908–26.

taking their grievances to the streets. Citizens who engage with *huangniu* tend to be those who carry out the first type of defiant act, that is the feet-dragger or 'nail households'. Those who purposely drag their feet could do so, in turn, (a) to simply bargain for more compensation or (b) because they are genuinely dissatisfied for reasons of improper procedure, injustice or unfair compensation. The two motivations are by no means clear-cut. Those who like to bargain for more compensation is often portrayed in the Chinese literature as 'greedy' citizens or those with an unjustifiable sense of entitlement. But, residents' sense of what they are entitled to is often set in reference to what the people around them—their neighbours, friends and relatives—are getting. This may give rise to the frame of injustice or unfairness.

This article draws upon the author's interviews with ten interviewees. Given the politically sensitive nature of the data and the criminal nature of the conduct, the author is well aware of their potential implications for issues relating to ethics and data reliability. To address the problem of data reliability, the author employed the method of data triangulation by interviewing several residents, some of whom had engaged with corrupt brokers, while others had not. The author had also interviewed government officials involved in demolition and lawyers specializing in demolition cases. All interviews were conducted from April to June 2016. The interviewees were recruited through recommendations by friends and colleagues. See [Appendix 1](#) for the list of interviewees. In addition, the author had also consulted Chinese-language secondary materials on this subject. Chinese-language sources, such as *Shanghai Fazhibao* and *ZhongguoLianzhengwang*, from which she has drawn material are state-run news outlets associated with the national and local Legal Political Committees that are tasked with combatting corruption among government officials. Accordingly, there is no a priori reason to doubt the impartiality of the reporting, distortion or exaggeration of facts. On the issue of ethics, the interviewees' identities are never revealed, and they will not be identified under any circumstance to ensure their personal interest and safety is absolutely safeguarded.

The author has found the presence of *huangniu* to be widespread in neighbourhoods undergoing demolition or redevelopment in Shanghai. This is not equivalent to saying every household subject to relocation in Shanghai will engage a *huangniu*; the decision often depends on his cost-benefit calculation, as this article argues. Secondary evidence collected from Chinese-language sources suggest *huangniu* can also be found outside Shanghai in cities in other coastal provinces whenever there is profit to be made.

This article is divided into seven sections. The second section describes various existing institutions and mechanisms that absorb social contention and defuse popular protests. Next, the author addresses the reasons that give rise to commodification of state-society bargaining of which corrupt brokers are a type. The following section examines *huangniu* in housing demolition in close details by looking at their profiles, credentials and functions they serve. This will be followed by examination of cases of *huangniu* drawn from Chinese-language literature and contextualization of the empirical findings in the framework of existing dispute resolution mechanisms. It is argued that the prevalence of state-society bargaining has stimulated the demand for professional middlemen specializing in bridging the differences between the state and society's expectations. The last section concludes.

Protest-defusing and social contention-containing mechanisms in China

The Chinese state has established a range of institutions and instruments to help resolve state-society conflicts and defuse protests. The court system helps to delay labour arbitration cases, legal arbitration defuses labour protests, mediation forums resolve disputes among community members and urban *hukou* serves to absorb rural land protests.⁶ These official and semi-official institutions

⁶Su and Xin, 'Street as Courtroom: State Accommodation of Labor Protest in South China.'; Cheng, 'Dispersive Containment: A Comparative Case Study of Labor Politics in Central China.'; Chen and Gallagher, 'Mobilization Without Movement: How the Chinese State "Fixed" Labor Insurgency.'; Chen and Kang, 'Disorganized Popular Contention and Local Institutional Building in China: A Case Study in Guangdong'; Hu and Zeng, 'Grand Mediation and Legitimacy Enhancement in Contemporary China—the Guang'an Model'; and Hu, 'Grand Mediation in China: Mechanism and Application'. Chuang, 'China's Rural Land Politics: Bureaucratic Absorption and the Muting of Rightful Resistance'.

demobilize protestors by either encouraging parties to settle their disputes or channelling their grievances through the convoluted institutions that take lengthy periods to deliver any outcome. In a nutshell, these institutions absorb social contention by taking grievances off the streets.

Additionally, 'bargained authoritarianism' proposed by Ching-Kwan Lee and Yonghong Zhang conjures an image of the Chinese state doling out cash payment regularly to appease disgruntled citizens, or 'buying stability' (*huaqianmaipingan*).⁷ The works by Kevin O'Brien and Yanhua Deng inform on state's use of 'relational repression' and other soft strategies such as 'demolition by implicating family members' to absorb social conflicts, particularly in housing demolition.⁸ The state also deploys coercive mechanisms other than the police and other uniformed officers to defuse. As my own work has shown, local governments engage 'thugs-for-hire', who are private violent agents to carry out policies and repress citizens.⁹

Huangniu is a profit-seeking broker hired by disgruntled citizens to bargain with the state. State officials willingly work with the broker who helps to forge agreements between the state and society. *Huangniu* is generally a pejorative term to describe middlemen who provide highly sought-after goods or services at prices above which they are usually traded. Citizens who are discontented with government's offers or treatment engage professional middlemen to bargain with state officials for better deals. The intermediary role of these professionals is enabled by the trust they have established with both the citizens and government officials. The extra payouts that are attributable to intermediating efforts are often split between citizen-client and *huangniu*.

These citizens could be disgruntled for issues of injustice or unfairness that fit into the traditional notion of discontented citizens in contentious politics, or to bargain and extract more from the state. The motivations maybe different, but these citizens are equally likely to be involved in social contention if they do not get what they desire, either by becoming 'nail households' or taking their defiance to the streets. To the extent that their dissatisfaction could be ameliorated by material compensation, engagement of *huangniu* is a means of addressing these social contentions and defusing potential popular protest.

See [Figure 1](#) for illustration.

Professional intermediaries and commodification of state-society bargaining

Huangniu: corrupt intermediary and 'ticket scalpers'

Huangniu is present in a range of circumstances where profits could be made by intermediations. There are two types of *huangniu* or intermediaries—corrupt intermediaries and 'ticket scalpers'—that bear some crucial differences. Even though both types of intermediaries are called '*huangniu*' in China, it is really the corrupt intermediary that is of most relevance to us here. One common characteristic among all *huangniu* is their collusion with insiders (government officials or private providers of goods and services), which privies them to insider information and/or provides them access to scarce goods at lower prices.

'Ticket scalpers' are individuals who get hold of scarce products or services through the backdoor by colluding with insiders, and sell them at higher prices to would-be buyers. They help to secure appointments with top medical specialists and purchase newly launched iPhones and coveted tickets to the Shanghai Disney. Some of these products are sold by private companies, while others such as medical services are provided by government agencies. 'Ticket scalpers' come

⁷Lee and Zhang, 'The Power of Instability'.

⁸Deng and O'Brien, 'Relational Repression in China'; O'Brien and Deng, 'The Reach of the State: Work Units, Family Ties and "Harmonious Demolition"'.

⁹For reference on the police and formal coercive apparatus, see Yuhua Wang, 'Coercive Capacity and the Durability of the Chinese Communist State', *Communist and Post-Communist Studies* 47(1), (2014), pp. 13–25; Kai Zhou and Xiaojun Yan, 'The Quest for Stability: Policing Popular Protest in the People's Republic of China', *Problems of Post-Communism* 6(13), (2014), pp.3–17; Sheena Grietens, *Dictators and Their Secret Police: Coercive Institutions and State Violence* (Cambridge, MA: Cambridge University Press, 2016). For private violent agents, see Ong, 'Thugs and Outsourcing of State Repression in China'.

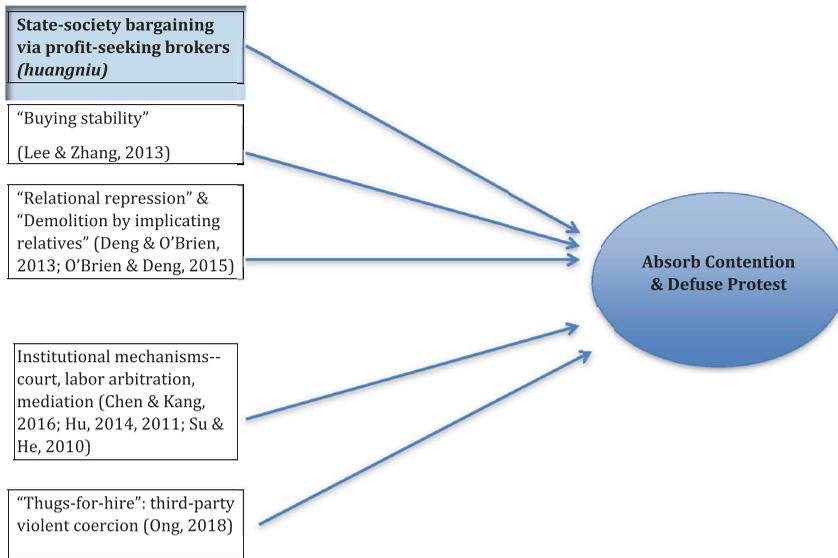


Figure 1. Institutions and mechanisms to absorb social contention and defuse popular protests.

about because more people are chasing after limited supplies. Because the products are traded at below market-clearing level, opportunities arise for those with insider connections to acquire them and sell to those willing to pay more, albeit illegally. The prices of state-provided medical services have been kept low owing to government regulations: visitation fees for medical specialists at top hospitals are often capped at RMB20-50 by government regulation, when in fact needy patients are willing to pay more. Therefore, patients often pay a *huangniu* to secure appointments for which they would otherwise have to spend hours, if not days, lining up.¹⁰ *Huangniu* often secure visitations by colluding with hospital administrators.¹¹

The other type of intermediary, of which those in housing demolition are a part, involves the sphere of public power. Government agencies hold the power to issue driver's licenses, regulate company registration, collect taxes and determine compensation amounts for relocatees, etc. Aside from providing a highly sought-after service as 'ticket scalpers' do, more importantly, they broker between the briber (citizen-clients who are willing to pay) and the bribee (government agents with the power to make decisions). Intermediaries who collude with insiders-government agents help clients to secure favorable treatment or smooth out the bureaucratic imbroglio in exchange for a profit. Novices make under-the-table payments to a corrupt intermediary for issuing of drivers' licenses that may otherwise take them a few rounds of tests to obtain. Routine traffic offenders pay a *huangniu* with connections in the transport authority to wipe off their records.¹² So do truck drivers who seek exemptions from overloading inspections, companies that need registration but do not meet requirements, taxpayers who want to pay lower taxes and relocatees who seek higher compensation than what have been offered. This underlines the necessary implication of

¹⁰Kai Cao, "Yiliao Fuwu Tixi Bujian, 4500 Yuan Tianjia "Huangniu" Jiu Buhui Xiaoshi" (If the Medical Service System Does Not Change, 4500-Yuan "Huangniu Numbers" Will Not Disappear), *Cajingwang*, 2 February 2016, available at: http://www.cajingmobile.com/article/detail/245232?source_id=40. (accessed 14 July 2018).

¹¹Jian Zhang and Yi Sun, "Anfang: Beijing Yiyuan "Guahao Huangniu" Putong Haoshou Yiqianwu" (Beijing Hospital 'Huangniu Visitation Numbers' Normally Cost 1500 Yuan), *The Beijing News*, 4 March 2016, available at: <http://www.bjnews.com.cn/video/2016/03/03/395819.html>. (accessed 14 July 2018).

¹²"Zhibo Baoguang "Huangniu" Maimai Fensheng Gonganting: Yicha Daodi" (Exposing Huangniu Live Dealing Driver Points—Provincial Police Department: Will Investigate Until the End), *Hai Nan Jiao Jing*, available at: 17 June 2016 <http://hainanjj.gov.cn/page.php?xuh=9531> (accessed 14 July 2018).

intermediated illegal transactions, which is the abuse of state power bestowed upon government agents. They go beyond matching excess market demand with exclusive supplies, which ‘ticket scalpers’ do.

Corrupt brokers are in a unique position to bring together the state and citizens who are unable to reach demolition agreements. On the one hand, they have intimate connections with government agents that privy them to insider information about government policies or agents’ decisions unbeknown to citizens. On the other hand, they are able to gain the trust of citizen-clients, either because they are part of their networks or they do so by publicizing their close connections with government agents. The *huangniu* promise clients compensation higher than that mandated by official policy, and more often than not, they are able to deliver the promises. In addition, *huangniu* provide related services essential for securing higher compensation. These include producing fake marriage and divorce certificates, bogus proof of pregnancy and other similar documents to inflate the number of household members to be resettled. These related services accentuate the illegality of the transactions and the role of corrupt intermediaries in housing demolition.

Brokers in housing demolition and resident relocation

China has been undergoing a massive state-led urbanization drive in the last two decades, much of which is driven by municipal and local governments’ ravenous appetite for revenue.¹³ Residential neighbourhoods and compounds are being demolished at a rapid rate to make space for urban redevelopment. The *huangniu* in urban housing demolition cater to disgruntled citizens who seek to bargain with the state. As previously mentioned, they could be ‘discontented citizens’ in the framework of contentious politics or those who feel they are entitled to more in comparison with people around them, or they could be simply ‘greedy’ citizens who want more as portrayed in the *dingzihu* literature. In demolition projects in the major cities in China where residents could become millionaires overnight with monetary payouts, the perception of injustice or unfairness is not of a subsistent nature, but one with reference to what others are getting. Irrespective of their motivations, the disgruntled citizens would only engage *huangniu* if their dissatisfaction could be ameliorated by monetary compensation.

The author discovers from her field research in Shanghai that demolition officers are paid a low base salary, but ample bonus for getting relocation consent from residents. Specifically, in the Shanghai district where the author conducted research, an officer was awarded a bonus of 2000 *yuan* (about US \$300) for every household who gave consent.¹⁴ This incentive structure is intended to motivate demolition workers to go above and beyond what they would usually do to hasten relocation.

Nature of bargaining

‘Bargaining is essentially a mind game between the government and residents’, declared a 59-year-old resident (Informant A) who had entered into demolition and relocation negotiations with the government on three previous occasions. The process usually starts with the demolition office (*chaiqianban*), which is the government office in charge of the project, sending an officer to knock on doors to appraise and probe into family’s situations. With the help of a neighbourhood committee, the purpose of the initial visit is to find out information regarding the background of family members, their ages and future plans. Families who are cash-poor are more inclined to accept monetary compensation rather than housing units, whereas those with unmarried adults

¹³Ran Tao *et al.*, ‘Land Leasing and Local Public Finance in China’s Regional Development: Evidence from Prefecture-Level Cities’, *Urban Studies* 47(10), (2010), pp. 2217–36; Shaohua Zhan, ‘Special Issue: Agrarian Change in Contemporary China,’ ed. Carlos Oya, Jingzhong Ye, and Qian Forrest Zhang, *Journal of Agrarian Change* 15(3), (2015), pp. 299–477.

¹⁴Informants A and D.

will likely strive for extra units separate from what are allocated to the parents. And, those with aging parents are also more likely to demand extra units to accommodate them.

Appraisal of family's situation is also aimed at figuring out the 'psychological floors' of reparation below which families would refuse to accept. Grasping this piece of information is critical to the government's bargaining power. The astute will 'hold his cards close to his chest' so as to 'keep the other party guessing', as the author's experienced resident-informant A shared with us. He added, 'if you reveal your base limit too soon, you are likely to lose out on the gravy!' By that, he meant the family was likely to receive only the minimum compensation officially specified while being passed over in terms of premiums the government was willing to pay out to induce agreement. 'The simple-minded (*laoshiren*) are usually the first ones to give consent (to vacate their properties), and they are most likely to lose out'. 'Several years ago, my sister with low IQ (*dizhishang*) was among the first to consent and then she came crying to me after discovering what her neighbours were getting!' The informants of this study describe demolition officers as 'crafty', 'cunning' and 'untrustworthy'. 'They would promise you something today, but turned around tomorrow to say they never said that, so much so that we wished we had used a voice recorder in my meetings', said resident-informant B who had recently undergone demolition negotiation.

The author's resident-informants who are veteran negotiators are cognizant of the room between official policy stipulation and actual reparation over which residents can bargain with the state. This grey zone provides government officials with the latitude to provide 'carrots' to induce compliance, if and when necessary. In Shanghai, the room is exacerbated by the dual criteria according to which compensation is determined: the number of household members to be resettled and the size of the existing premise, whichever is more favourable to the families. Despite the guidelines on how the size of households and their premises are supposed to be translated into compensation, demolition officers are still the final arbiters of how the rules will be applied.

Demolition officers employ various psychological tactics to coax residents into agreement. They may offer a bonus to the first batch of families who give consent, though the extras are meagre compared to what they will receive if they persevere to the end, according to the informants. Once a family has consented, their relevant information, such as size of household and premises, will be posted on a public billboard. Officially, this is aimed at improving the transparency of relocation projects given their contentious nature and susceptibility to corruption. However, unofficially, it is also intended to put pressure on the remaining families who have yet to sign the agreements.¹⁵

Huangniu's profile, credentials and functions

Huangniu are usually middle-aged people in their 40s or 50s who have considerable life experience. They are articulate, skilful at negotiations and adept at human relationships. They are not necessarily residents of the particular communities in question. But they are likely to have experienced demolition themselves that expose them to relevant government regulations and bureaucratic procedures. More importantly, *huangniu's* unique advantage lies in their connections with the insiders or government officials with the power to make decisions. Insider connection gives them exclusive knowledge of the upper and lower bounds of compensation feasible and acceptable to the government. Armed with this informational advantage, they can negotiate with the families and forge agreements between the two parties.

Further, *huangniu* must have credentials to gain the trust of their clients. If families do not trust *huangniu's* capabilities to secure what is *above and beyond* their official entitlements, the intermediaries have no role to play in the transactions. On this point, the author's informants speak of the credible intermediaries they know having makeshift offices below or adjacent to government demolition office. This addresses the 'credible commitment' problem by sending a strong signal to potential clients that their operation has blessings from the government officials. *Huangniu* has

¹⁵Informants E, F and G.

said to me, 'Do you think I can run an operation here if I don't have good connections with the officials in-charge?' and 'I am capable of providing *any* assistance you need on demolition matters', recounted Informant A. In the absence of physical presence that establishes its close relationship with the local government, residents often have to rely on word-of-mouth recommendation from people they know who have engaged with the *huangniu*. Recommendation from close circles also serves to establish *huangniu's* credentials.

'Engaging a *huangniu* is like knowing someone in the demolition office', says Informant C. He then added, 'It was only after we have relocated I had realized my old classmate knew someone in the demolition office. If only I had known earlier, it would be as good as engaging a *huangniu*'. By 'knowing someone' (*renshishuren*), the informant refers to having connections or *guanxi* with the people who have the power to make decisions. This attests to the intermediary's crucial function in establishing trust with each party and acquiring intimate knowledge about what each of them is willing to give and take. Critically, the intermediary helps to reduce the guessing game between the state and citizens, thereby facilitates or expedites the two sides to come to an agreement. Separately, what differentiates 'knowing someone' in the demolition office and a *huangniu* is whether the person charges for his service.¹⁶ If he expects to be compensated for his effort, the person becomes a *huangniu* or profit-seeking broker.¹⁷

Why do some residents engage a *huangniu* while others do not? While working with a *huangniu* could bring on extra payouts, it also involves cost and risk. Whatever extra compensation is rewarded, the resident will have to share with the *huangniu*. To the extent that some disgruntled residents hold the view they are legitimately entitled to what are demanding, they would refuse to work with a *huangniu* who would take half of their shares. These citizens tend to see state-society bargaining as a matter of principle rather than an opportunistic pursuit. Additionally, it is also risky because the illegal nature of transactions could potentially subject all parties involved to criminal prosecution. Therefore, those who engage a *huangniu* tend to be opportunistic and less risk-averse compared to other citizens, other things being equal.

The role of the intermediaries is distinctively useful in corrupt exchanges as they help to lower the cost of distrust between parties. 'Residents do not know whether the officers could be bribed. And officers do not know which families are willing to pay for their "extra service"', said Informant D, an internal auditor for the Shanghai municipal government who has audited numerous demolition projects. 'Once a *huangniu* has gained the trust of both parties, he helps to bypass direct inquiries and ensures each party that the other one will put his words into actions', he elaborated. This role is essential in materializing the transactions particularly under the current anti-corruption climate where bribery could potentially result in criminal prosecution.

Nevertheless, *huangniu's* function goes beyond bringing the two sides together. The brokers provide a whole suite of services that contribute to sealing the consent-to-relocate agreements. *Huangniu* can provide fake marriage and divorce certificates, or even find spurious partners from remote regions in order to increase clients' compensation entitlements, as informants of this study explained to us. Some well-connected intermediaries could pull strings with officers conducting appraisals to declare families as 'jobless', 'living in abject poverty', 'having family members who have fallen ill', and other conditions that qualify them for higher compensation, as enlightened by my government auditor-informant. With the assistance of a well-connected *huangniu*, families who run a business and live in the same properties can also increase repayments by counting residential space as the area designated for businesses that qualifies them for higher payouts.¹⁸ The value-add of an astute intermediary is his *knowledge* of the loopholes in the government regulations and his *capacity* to acquire a bigger piece of the pie for his clients.

¹⁶The author would like to thank an anonymous reviewer for seeking clarification on this important question.

¹⁷While the author has not come across any female *huangniu* in my field research, she does not rule them out. The pronouns 'he' and 'his' used here are intended to be gender-neutral.

¹⁸Informants E and F.

As informed by the interviewees, any extra compensation that the brokers have helped to gain is split between them and the clients. If a family was initially entitled to only three apartments and x amount of cash, any compensation over and above that came from the *huangniu's* efforts will be divided 50:50 between them and the clients. The brokers' gains are then shared with the officers that help clinch the deals. Furthermore, because each party—the officer, families and *huangniu*—gets a share of the 'rent', no one has an incentive to become a whistle-blower or to report the corrupt exchanges to relevant authorities. The only marginal loser from the transaction is the government that has to pay more than what it has initially budgeted for. Nevertheless, since only selected families work with *huangniu* to extract additional benefits, the extra budget is a relatively small proportion of the total.¹⁹ These extras typically come from the reserves the government would have set aside as 'carrots' to induce compliance from 'nail households' or recalcitrant residents, as the government-auditor-informant explained.

Additionally, the government gains in terms of getting the project completed on time. 'Without the intervention of a broker, the negotiation would likely be a drawn-out process as the parties try to second guess each other. If only one household refused to vacate, the entire demolition project would have to be put on hold. Protracted negotiations are extremely costly to the government in terms of interest payments as urban development, and infrastructural projects are usually financed by bank loans. Since interest payments dwarf the extra compensation to a few selected households, most municipal governments would pay to induce compliance from a selected few', as my government-auditor-informant explained about the rationale behind the government's willingness to pay.

When demolition officers work with *huangniu*, they act to further their own interest as much as that of the state. Individual officers benefit from corrupt under-the-table deals, whereas the state gains by resolving conflicts, completing the project on time, while not significantly raising the project cost.²⁰ When the interests of individual officials are in alignment with the state, the latter has little incentive to crack down on these (illegal) activities. Instead, the state or higher level governments are most likely to turn a blind eye to such practices, or even create an environment conducive for these market agents to function.²¹

Corrupt brokers thrive in an opaque environment where rules for eligibility assessment are ambiguous, and government agents in charge of projects enjoy enormous power. In Shanghai, prior to 2011, housing demolition was an inherently non-transparent process where the government disclosed little information with respect to the criteria of assessment, or each family's spatial area and household size. The opacity provided government agents with enormous power to allocate more resources to their favoured families while offering little recourse for grievance redress for others. The implementation of 'sunshine demolition' (*yangguangchaiqian*) that makes public some of the information has helped to reduce the scope for 'rent-seeking' or for intermediaries to exploit the information gap.²² Information such as assessed price of each property, size of family and of residential space, types of resettled housing allocated, list of poor households granted special attention, families who have consented, and bonuses awarded to those who had signed the agreements, is being posted on public

¹⁹It is impossible to determine the proportion of households who engage with *huangniu* given its corrupt nature. But, if 20–25 percent of the households in a neighborhood undergoing demolition is not satisfied with their compensation, the author's estimate is 20–25 percent of those unsatisfied will engage a broker, subject to their cost-benefit calculation.

²⁰Informants D and J.

²¹The phenomenon of higher-level governments turning a blind eye to illegitimate (and illegal) behavior of lower-level officials—when the latter's behavior serves their interests—is endemic in Chinese political culture. For instance, the central government was fully aware of the collection of illegal taxes and fees by grassroots government throughout the 1990s, but did not take any action until the early 2000s, because the illegal exactions had helped to augment local government coffers and to provide local provisions of public goods and services. See Thomas P. Bernstein and Xiaobo Lü, *Taxation without Representation in Contemporary Rural China* (New York, NY: Cambridge University Press, 2003).

²²Zhong Xiao Lu Chen and Jun Yi Cui, "'Chaiqian Buchang Xinxi Gongkai Zhihuo'" (The Question Surrounding The Disclosure of Information Regarding Compensation for Housing Demolition and Relocation), *Caijingwang*, 17 July 2009, available at: <http://misc.caijing.com.cn/templates/inc/webcontent.jsp?id=110199385&time=2009-07-17&cl=100&page=all> (accessed 14 July 2018).

notice board.²³ Granted, information could be falsified and figures distorted. The prevalence of *huangniu* has faded somewhat since the official information disclosure, but by no means has it been eliminated altogether.²⁴

Cases of *huangniu* in housing demolition and resident relocation

This section draws on cases reported in the Chinese media in which the *huangniu* and their accomplices had been put under criminal investigation for their conduct. Some of the evidence was based on court proceedings. These cases which happened in Shanghai as well as in Jiangsu province lend evidence to the fact that *huangniu* exist beyond Shanghai. However, the profit-making nature of the service suggests this is likely a phenomenon present only in urban neighbourhoods in cities where the margins for intermediation in housing demolition are high.

Details contained in the case studies support the primary evidence presented earlier that *huangniu* also provide various fake certificates essential to help clients qualify for higher compensation. Production of fictitious documents heightens the illegal nature of the deals. It should also be underlined that given the politically censored nature of the Chinese media, the reported cases are most likely to portray the citizens engaging *huangniu* as those wanting more compensation than they are entitled to rather than the disgruntled due to unjust government treatment or unfair compensation. Yet, as mentioned earlier, there is no a priori reason to question the authenticity or impartiality of reporting in media outlets such as *fazhibao* and *lianzhengwang*.

In 2012, in Xuzhou municipality in Jiangsu province, a *huangniu* surnamed Liu acted in collusion with his uncle, Xin, who worked in the demolition office, to help his family and various clients to secure higher compensation. To achieve that, Liu had forged deeds, business licenses and tax registration certificates for his clients. The other ploy the duo pulled off, which is another hackneyed trick, is the 'residence-turned-non-residence' (*zhugaifei*) procedure or classifying a residential space as a commercial space to qualify for more compensation. This necessitates production of a business license and tax registration for a commercial entity that could only be forged when colluding with insiders.

More often than not, forgery and endorsement of faked documents require several parties—within and outside the government institutions—acting in cahoots. Typically a *huangniu*, who is an outsider, produces some fictitious documents, which are passed onto one or several officer(s) working in the demolition office. In addition, cooperation from a government auditor in charge of certification of documents is also required in order to complete the transaction.²⁵ Without at least three parties—occupying three different positions—acting in complicit, deals that involve fictitious papers will be difficult to pull off.

Numerous reported cases in Shanghai involved forgery of marriage and birth certificates by *huangniu*. An oft-heard saying in communities undergoing demolition is, 'while married couples don't live together, divorced couples do. Even though grandpas don't know their grandkids, the pavilion has more than nine registered family members under the same roof.'²⁶ The sarcasm is meant to mock the fictitious family arrangements prevalent among neighbourhoods slated for demolition, a reflection of residents' frantic attempts to eke out more payments. With the assistance of brokers, unmarried individuals are 'wedded' to strangers from inland provinces who also bring with them 'offspring' from previous marriages. Married couples file for 'divorces' so as to

²³“Yangpu Dinghai Shequ Jiugai Chuxian Xinxianshi—“Dongqian Huangniu” Bujianle” (Yangpu Dinghai Community Reforms Lead to New Phenomenon: Relocation Huangniu Disappeared), *Xinminwanbao*, 21 February 2013, available at: <http://sh.eastday.com/m/20130221/u1a7209112.html> (accessed 14 July 2017).

²⁴Informant D.

²⁵Ibid.

²⁶“Shanghai “Dongqian Zhongjie” Fuchu Shuimian—Jiehu Lihun Yici Zhuan Liuwan” (Shanghai Relocation Agents Are Revealed: Earn 60,000 Every Marriage and Divorce), *Souhu Xinwen*, 17 December 2007, available at: <http://news.sohu.com/20071217/n254138253.shtml> accessed (14 July 2018).

increase their entitlements as single individuals. Wives transfer their parents' household registration to Shanghai from elsewhere to raise 'the number of family members needed to be settled' (*ying anzhirenkou*), a criterion used to determine the magnitude of compensation.

These practices are so trite that local residents have given them nicknames. Faking marriage certificates for singles is dubbed 'first marriages' (*huntou*), while forging birth certificates is better known as 'tractors' (*tuotou*). It is commonplace that marriage or divorce rates are twice or three times higher in communities undergoing demolition than elsewhere in the city.²⁷ What these intermediaries do is sometimes called 'matchmaking' (*qianxiandaqiao*), which is helping clients to find potential partners and dependents in order to augment their compensation entitlements. These are some of the extraordinary examples that have been reported: A 40-year-old woman with a child who has been married for seven times and divorced for another seven times; and a 30 sq.m unit with an old man as the sole dweller but is officially registered with nine family members.²⁸

A second case that took place in Shanghai involved seven people, including the resident, *huangniu* and five insider-officials. In 2007, the residence of Hu was part of a neighbourhood in Jing'an district slated for demolition. Hu's residence had six registered members: aside from Hu, his wife and daughter, his brother, sister-in-law and their son were also registered under the same household. Hu had demanded three units of two-bedroom suites and RMB 1 million in cash compensation, but the government was only willing to pay half of the cash demanded.

In the end, Hu did receive what he asked for after working with an intermediary and five insider-officials. With six of them working in tandem, they were able to add three additional members to the family's household registration (*hukou*), bringing the total to nine. They pulled it off by 'producing' a son-in-law, husband to her unmarried daughter, and the couple's two offspring, which are the so-called *huntou* and *tuotou* arrangements, respectively.²⁹

Huangniu's role in containing social contention and defusing popular protests

Typically government officials and disgruntled citizens are the only parties involved in state-society bargaining. More often than not, when discontented citizens 'make a scene' or *nao* and threaten to escalate the issues to the next level, local officials try to appease them by offering monetary compensation. The citizen is the only party who has a material gain, at least in the first order. Government officials may benefit from maintaining social stability, a major criterion on which their performance is judged. However, when a *huangniu* is involved, both the citizen and government official gain materially—and the *huangniu* also 'takes a cut'—all at the expense of the state. The *huangniu* brings the two parties together to seal a corrupt deal. He coordinates between the briber (citizen) and bribee (government official) by relaying information on terms and conditions, bribe expected and managing both parties' expectations. Additionally, he helps to forge the necessary documents required for higher compensation. Therefore, the *huangniu* plays a constructive role in greasing the transactions that would have taken longer to complete or would not have been completed otherwise.

Owing to information asymmetry between the briber and bribee, it is unlikely that the bribee will ask for a bribe from the briber directly, or the briber offering it to the bribee. Information asymmetry arises because the parties do not know each other, are not certain whether the other one is bribe-able or how much to bribe, and whether the other party will fulfil the promise once a bribe is paid. The *huangniu* thus lowers the transaction costs of illegal deals, by matching the party who supplies the favour and the other party who demands it. He helps to reduce the distrust

²⁷This fact was also confirmed by informants E and F.

²⁸Ibid.

²⁹Jun Zhai, "Dongqian "Huangniu" Maolao "Dingzihu" Mouli" (Housing Relocation *Huangnius* Make Fixed Profits from Consistent Householders), *Shanghai Fazhibao*, 12 March 2012, available at: http://newspaper.jfdaily.com/shfzb/html/2013-03/12/content_988063.htm (accessed 14 July 2018).

between the parties, thereby lowering the risks involved, and helping to enforce the (illegal) contract.

Essentially, *huangniu* offers service that caters to disgruntled citizens who wish to bargain with the state in an authoritarian setting where proper channels of citizen participation and conflict resolutions are lacking, and the privileged and well-connected often receives favourable treatment compared to the underprivileged. Paying a *huangniu* with insider connections can help to overcome the shortcomings of being an outsider or under-privileged. *Huangniu*, therefore, plays a positive role in facilitating state-society bargaining since many disgruntled citizens may otherwise be involved in protracted stand-offs or may have taken their grievances to the streets or taken the government to the court instead. Alongside the existing institutions and mechanisms described in section 2, the professional middlemen help to contain social contention and reduce social protests. Corrupt brokers can be hired by disgruntled citizens to bargain for more compensation as much as they can be used by the state to settle disputes that may otherwise spill into the street.

That is to say, even though the transactions are illegal, they help to meet the state's overriding priority in maintaining social stability when many educated and media-savvy urban residents become disenchanting as a result of its push to urbanize, demolish neighbourhoods and relocate residents, often hastily. Studies have shown that urban residents have a greater propensity to protest or take the government to court in comparison to their rural counterparts.³⁰ Given the pressure to maintain stability, it is not unimaginable that any arrangement that appeases the disgruntled is tacitly welcomed, if not outwardly endorsed by the state.

Huangniu and social capital

Distribution of state goods across the society on the basis of willingness-to-bribe will inevitably give rise to discordance and resentment among family members, neighbours and friends. Any community undergoing housing demolition more often than not suffers significant diminution in social capital with social fabric that binds members together being torn apart by competing material interests. Informant B did not engage a *huangniu*, but his elder brother who did so was awarded two extra apartment units, rather unsurprisingly. This had created rifts among the brothers, 'When two families with similar conditions are given different compensation, we cannot help but question government policies and raise the issue of fairness', recounted Informant B. As for Informant A who had engaged a *huangniu*, he refused to let his brother come on board. 'I couldn't share all the information with my brother even though he had asked me about it. The pie is only that big; a larger piece for him means a smaller piece for my family. We all need to make plan for ourselves', as Informant A frankly said. Though members of these two families remain on talking terms, it is not hard to imagine the trust among them has been eroded by protection of self-interests exacerbated by the state's discriminatory award of compensation.

Studies have shown that when the state deploys social ties to demobilize protestors, social capital erodes as relationships among community members give way to self-interest,³¹ neighbours end up bickering as the state mobilizes those willing to move to deal with those who are unwilling to do so.³² However, the case of *huangniu* underscores the fact that disunity can also be created when families and community members come to the realization that their

³⁰Aurere Merle, 'Homeowners of Beijing, Unite! The Construction of a Collective Mobilisation,' *China Perspectives* 2, (2014), pp. 7–15; Ngai-Ming Yip and Yihong Jiang, 'Homeowners United: The Attempt to Create Lateral Networks of Homeowners' Associations in Urban China,' *Journal of Contemporary China* 20(72), (2011), pp. 735–50; Lynette H. Ong and Donglin Han, 'What Drives People to Protest in an Authoritarian Country? Resources, Rewards vs. Risks of Contentious Action in Urban and Rural China,' *Political Studies* forthcoming, (2018).

³¹Deng and O'Brien, 'Relational Repression in China.'

³²Yanhua Deng, 'Autonomous Redevelopment: Moving the Masses to Remove the Nail Households,' *Modern China* 43(5), (2017), pp. 494–522.

compensation *diverge despite having similar* qualifying conditions. The source of disunity here, in contrast to earlier studies, is resentment against someone else's unduly and unjustifiable gains. The targets of resentment are usually family members, neighbours or closed community members. As China continues to urbanize at a rapid rate, residents are relocated, and old neighbourhoods are torn down in the manner described in this study, we can only expect social ties in urban cities to diminish significantly over time, in addition to what will usually occur when communities break up and are moved elsewhere.

Huangniu as an emerging phenomenon in the post-violence era in the metropolitans

The rationale for *huangniu's* existence in housing demolition is fuelled by the government's growing constraint in using violence against residents. To put things in perspective, use of violence in urban redevelopment and rural land expropriation has been widely reported. Violence is often the most effective means for local governments to yield compliance from stubborn residents.³³ However, evicting residents using brute force has become increasingly challenging in metropolitan cities with a growing middle class who are more educated and have become more aware of their rights.

Pervasive violence in housing demolition was partly rooted in the nature of the demolition industry. Municipal governments worked with property developers to carry out demolition projects prior to 2011. Once a local government awarded a project to a developer, the latter became in charge of the entire project, including negotiating with residents over compensation and gaining their consent, based on an agreed budget. The developer was also responsible for the physical work of demolishing houses, though the job was usually contracted out to a demolition company.³⁴ Since both the developer and demolition company operated on a maxim of profit-maximization, it is unsurprising that they tried to trim costs as far as possible.³⁵ Cost-cutting measures took various forms, including deploying all feasible means to remove or evict residents to speed up project completion and minimizing payouts in order to keep a larger share of surpluses for themselves.

At the same time, these profit-maximizing companies had fewer qualms about using violent means to intimidate or simply to evict residents. Since these companies were not directly accountable to the residents, they could hardly be held responsible for their egregious acts.³⁶ Demolition was a highly profitable industry with profit margins ranging from 100% to 400%.³⁷ When the acts of tearing down people's homes were based on profit-making principle, it is unsurprising that people's livelihood and lives, in general, were rendered secondary importance. The companies spoke of 'paying a couple of hundred thousands *yuan* of settlement fee for a life sacrificed' in relocation projects,³⁸ which underscored trivialization of residents' lives.

In recognition of this problem, the central government stipulated in the 2011 national regulation pertaining to housing demolition that local governments could no longer consign projects to

³³Ong, 'Thugs and Outsourcing of State Repression in China.'

³⁴Chen and Cui, "'Chaiqian Buchang Xinxi Gongkai Zhihuo'" (The Question Surrounding The Disclosure of Information Regarding Compensation for Housing Demolition and Relocation), and Informant D. These companies were usually former subsidiaries of the municipal housing management bureaus (*fangguanju*) that had been privatized. Even though they were state-related, they had been largely sold to insider-managers who used to work for the bureaus.

³⁵*ibid.*

³⁶Informants H, I & J.

³⁷Xue Tao Liu, review of 'Chaiqian Gongsí Zibao Baoliliantiao: Chai Yige Chengzhongcun Qingsong Zheng Jibaiwan' (Housing Demolition Companies Reveal Lucrative Value Chain: Relocating One Village Easily Makes a Few Million), by Bin Li, *Hua Shang Wang*, 18 June 2010, available at: <http://society.huanqiu.com/roll/2010-06/865713.html> (accessed 14 July 2018). Demolition companies make money from selling recycled construction materials, such as electric meters, steel, scrap iron, aluminums, plastic pipes and floor tiles. Demolition of an urban village (*chengzhongcun*) could easily fetch up to a few million *yuan*.

³⁸*ibid.*

private companies.³⁹ Since then, municipal governments have to handle themselves negotiations with residents, though the physical work is still contracted out to a demolition company. Direct involvement of local governments brings with it some degree of accountability as it raises the likelihood of government officials being held responsible if they were found or exposed for using violence against citizens.⁴⁰ The degree of violence or brute force in demolition cases has declined since, but by no means has it disappeared altogether. Many municipal governments continue to disregard the new regulation, particularly those in inland regions that are still catching up with better practices of coastal metropolitan cities.⁴¹

When the government is restrained in using coercive means to acquire submissiveness, it has to pay heed to citizens' concerns. It has also become more receptive to bargain with disgruntled citizens given the pressure to complete projects is as great as before. Negotiations via brokers are one of the means for the state to secure citizen's compliance in ensuring that projects are implemented according to schedules. In other words, the demand for brokers capable of bringing the parties together will grow, especially in metropolitan areas where the government is restrained to use coercive means to acquire compliance.

Conclusion

This study has argued that corrupt brokers play a unique and useful function in bringing the state and disgruntled citizens to the bargaining table and in facilitating the two sides to reach an agreement. In so doing, he helps to reduce popular discontent that may have manifested in street protests or administrative lawsuits. It is a new mechanism that absorbs social contention and deflects popular protests in addition to those covered in existing literature. It could be used by the state to resolve conflicts as much as by citizens to push their boundaries. Yet, unlike many existing institutions, such as the court, legal arbitration and grand mediation, this is not only informal but also illegal due to its corrupt nature.

Formal state-society bargaining through institutional channels is an arduous task for citizens in an authoritarian country where they regularly face high transaction costs in terms of personal safety, time and financial resources. Opting for a market option is a logical route for those who can afford it, and when potential gains from bargaining outweigh the cost of hiring someone. Furthermore, when officials are put under immense pressure to maintain stability, state-society bargaining has become a gamesmanship where both parties try to pull off a hat trick to advance their interests. As much as the state can 'buy stability'⁴² and engage 'thugs-for-hire'⁴³ to pacify or silent discontented citizenry, individuals can also hire brokers to help bargain for a better deal with the state.

Huangniu as profit-seeking middlemen can be found in neighbourhoods undergoing renovation where there are ample profits to be made by intermediations. This premise *prima facie* excludes poor areas or regions with depressed property prices where no money could be made. Yet, there are good reasons to expect the *huangniu* middleman to proliferate beyond Shanghai and metropolitan Jiangsu which available evidence suggests. As state-society conflicts multiply with state-led urbanization in high gear, meanwhile formal channels of conflict resolution remain blocked, and

³⁹State Council, 'Guoyou Tudi Shang Fangwu Zhengshou Yu Buchang Tiaoli (Regulations on Appropriation and Compensation of Houses on Government-Owned Land),' Pub. L. No. 590, (2011), available at: http://www.gov.cn/zwgc/2011-01/21/content_1790111.htm (accessed 14 July 2017)

⁴⁰Occasionally, local leaders are punished for being responsible for casualties resulting from violence in land grabs or housing demolition, though the likelihood of official accountability out of the total number of violent cases is miniscule. Examples of former mayors who had been brought down by large-scale violent urban reconstruction include Qiu He in Kunming and Wu Tianjun in Zhengzhou.

⁴¹Some inland cities are still relying on demolition companies to carry out projects and deal with residents affected despite the new regulation. Source: Informant H.

⁴²Lee and Zhang, 'The Power of Instability.'

⁴³Ong, 'Thugs and Outsourcing of State Repression in China.'

local authorities are under intense institutional pressure to minimize popular protest, the demand for market mechanisms that facilitate citizens' bargaining with the state will inevitably strengthen.

The corrupt dimension of *huangniu* middleman complicates the nature of bargaining. Yet, it merely underlines the fact that certain types of state-society bargaining that involve the sphere of public power can *only* be handled by those who have insider connection. This gives rise to the element of corruption. When public officials receive low official salaries, and/or the lure of potential gains is handsome, it is unsurprising that many will be tempted. Field research for the paper was conducted in the summer of 2016 when Xi Jinping's anti-corruption campaign was well underway. With further intensification of the campaign in the near future, while we can expect greater challenges to forge corrupt deals, the phenomenon of *huangniu* will not disappear altogether as long as intermediations remain lucrative and formal channels of conflict resolution remain closed.

Nevertheless, authoritarian governance that is premised upon corrupt market exchanges is inescapably fragile. Unequal distribution of benefits—despite similar qualifying conditions—breeds jealousy and resentment among citizenry. As disruptive as the process of urbanization already is for residents, the presence of corrupt middlemen that leads to greater inequality of distribution further strain social ties and erode social capital in the communities.

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Appendix 1. List of Interviewees

- A. A Shanghai resident in his late 50s.
- B. A Shanghai resident in his mid-40s.
- C. A Shanghai resident in her mid-40s.
- D. An internal auditor for the Shanghai municipality.
- E. A Shanghai resident in his early 40s.
- F. A Shanghai resident in her early 40s.
- G. A Shanghai resident in his early 60s.
- H. A Beijing lawyer specializing in housing demolition.
- I. A Shanghai lawyer specializing in housing demolition.
- J. A local government official in charge of demolition in a district in Shanghai.