This book has been a long time in gestation. It originated from my PhD thesis submitted to Tsinghua University in 2004. The manuscript entitled “水权解释” (shuiquan jieshi) was then published in 2005 by Shanghai Sanlian Book Store and Shanghai People’s Publishing House. The literal translation of this title is “Explaining Water Rights”. My pursuit of researching into the topic “water rights” is traced back to the year 1998, when flow cut-off of Yellow River raised grave concern in China. At that time, I was about to be a graduate student at the Research Institute of Twenty-first Century Development at Tsinghua University and involved in Professor Angang Hu’s research project around “Yellow River Basin Management”. Professor Hu and I presented an argument that directive allocation could not solve problems of water resources allocation in China and “quasi-market” mechanisms are critical to Chinese water resources management. In 2000, our paper “Public Policy of Water Resources Allocation in the Transition: Quasi-Market and Democratic and Consultative Politics” was published in a Chinese academic journal, which received positive responses and led to a public discussion of issues of water rights and water market.

The opportunity of one-year fieldwork from 2002 to 2003, as assistant director of Water Administration Bureau of Yellow River Conservancy Commission, provided me with concrete evidence and a thorough understanding of water resources management in Yellow River Basin. During my field trip in Shaanxi province, I was filled with excitement at the thought of “hierarchical governance structure” in explaining the link between water governance and state governance. The concept “hierarchical governance structure” suggests an alternative approach to studying water resources management in China. The hierarchical water governance structure in China originated in the Qin Dynasty that unified the country 2000 years ago, and such a unique structure has been continued till the present without interruption despite changes of rulers. On this basis, “water rights hierarchy conceptual framework” is developed to analyse issues of water resources reform in contemporary China. It constructs a choice model for water governance structure and advances the logic for structural choice with the minimum transaction costs under constraint.
conditions, which is demonstrated from the perspective of both management cost and cooperation cost as the inherent nature of China’s choice for such a hierarchical structure.

During this process, several papers and research reports were written in an attempt to elucidate the picture of Chinese water resources reform: Whether water rights and water market are appropriate to China? How to introduce and implement such a reform? My academic writings had attracted considerable attention in China from both academia and practitioners, and they provoked heated debate among practitioners in Water Resources Ministry and Bureaus. Since then, I have been one of the leading scholars in the domain of Chinese water governance, water rights and water market. This book aims at contributing to the basic theory of water rights, providing a theoretical basis to assist policymakers in achieving in-depth understanding of water rights in the ongoing water resources reform in China. My argument is developed on three key theoretical standpoints: Cheung SNS’s “economic explanation”, Douglas C. North’s “new economic history” and Ray Huang’s “macro history”. It gives a systematic explanation of changes of the water rights systems in ancient, modern and contemporary China, elucidating the inherent mechanisms in water rights allocation and exploring the possibility of introducing a dynamic market mechanism into the hierarchical governance structure.

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Beijing, China

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