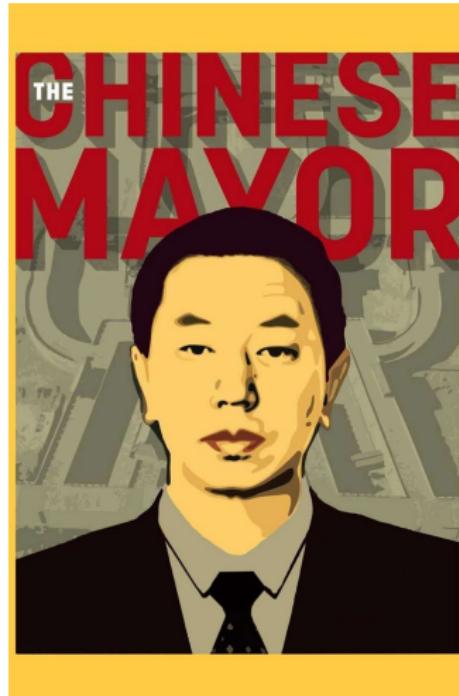


# CP<sup>2</sup> Week 5: Local Governance

Dr Chao-Yo Cheng

# Documentary: “Datong: The Chinese Mayor” (2015)



- ▶ Directed by Zhou Hao, a former journalist at Southern Weekly
- ▶ Won the Best Documentary Prize at Golden Horse Film Festival, among others
- ▶ Documented the early years of Geng Yanbo, the mayor of Taiyuan in the province of Shanxi
- ▶ What was he trying to achieve in this documentary? What has happened to Mayor Geng since then?

# Overview

- ▶ Why local governments?
  - Political selection
  - Authoritarian governance
  - Nation-state building
  - Market development, foreign aid/investment and trade
- ▶ Local Chinese Party-state: An overview
- ▶ Explaining central-local relations and local governance
  - Clientelism
  - Promotion tournament
  - Informal accountability
  - Politics of delegation and principal-agent relations
- ▶ Looking ahead: Challenges and opportunities



Which of these places are in China?

# Experience in local Party-state as the stepping stone

*Journal of Contemporary China* (1996), 5(12), 135–154

## Economic Performance and Political Mobility: Chinese provincial leaders

ZHIYUE BO\*

*Chinese provincial leaders, unlike their counterparts in a democratic system, are not elected but selected. Hence the criteria by which the center uses to select and retain provincial leaders would be critical for the political mobility of provincial leaders. As China has been a developmental state since 1949, it is not unreasonable to expect that the center would retain or promote or demote provincial leaders according to the economic performance of their provinces. To test the hypothesis, I conducted multinomial regressions with a data set of Chinese provincial leaders between 1949 and 1994 in thirty provincial units. As the results show, the political mobility of provincial leaders is determined not only by the political movements of the PRC but also by the economic performance of the provincial leaders. The worse the economic performance record the more likely the provincial leader will be demoted. Moreover, the revenue contributions of the province during the provincial leader's tenure are also a determinant of the political mobility of the provincial leader.*

# Local Party-state is the frontier of (authoritarian) governance

## The Power of Instability: Unraveling the Microfoundations of Bargained Authoritarianism in China<sup>1</sup>

Ching Kwan Lee

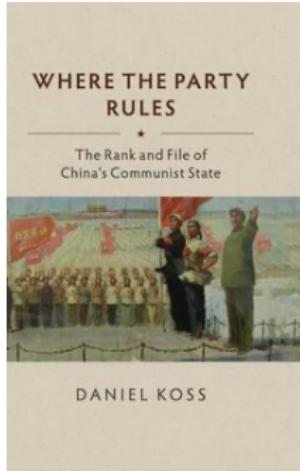
*University of California, Los Angeles*

Yonghong Zhang

*Sun Yat-sen University*

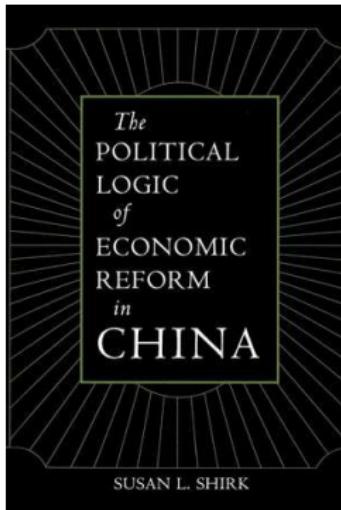
This article develops an interactive and relational conception of infrastructural state power for studying the capacity of authoritarian regimes to absorb popular protests. Based on an ethnography of the grassroots state in moments of unrest in China, the authors identify three microfoundations of Chinese authoritarianism: protest bargaining, legal-bureaucratic absorption, and patron-clientelism. Adopting, respectively, the logics of market exchange, rule-bound games, and interpersonal bonds, these mechanisms have the effect of depoliticizing social unrest and constitute a lived experience of authoritarian domination as a non-zero-sum situation, totalizing and transparent yet permissive of room for maneuvering and bargaining. This heuristic framework calls for bringing the subjective experience of subordination back into the theorizing of state domination.

# Local Party strongholds and nation-state building



Contrasting with conventional notions that authoritarian regime parties serve to contain elite conflict and manipulate electoral-legislative processes, this book presents the case of China and shows that **rank and-file members of the Communist Party allow the state to penetrate local communities**. Subnational comparative analysis demonstrates that in 'red areas' with high party saturation, the state is most effectively enforcing policy and collecting taxes.

# Coalition-building, market development and economic growth



"In the past decade, China was able to carry out economic reform without political reform, while the Soviet Union attempted the opposite strategy. ... Susan Shirk shows that Chinese communist political institutions are more flexible and less centralized than their Soviet counterparts were."

# Cai and Treisman (2006): “Does Decentralization Cause China’s Economic Model?”



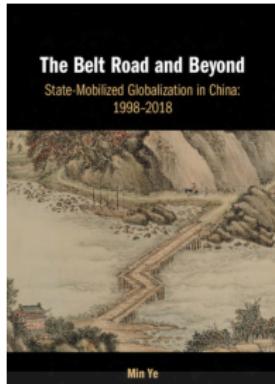
Hongbin Cai  
(University of Hong Kong)



Daniel Treisman  
(University of California, Los Angeles)

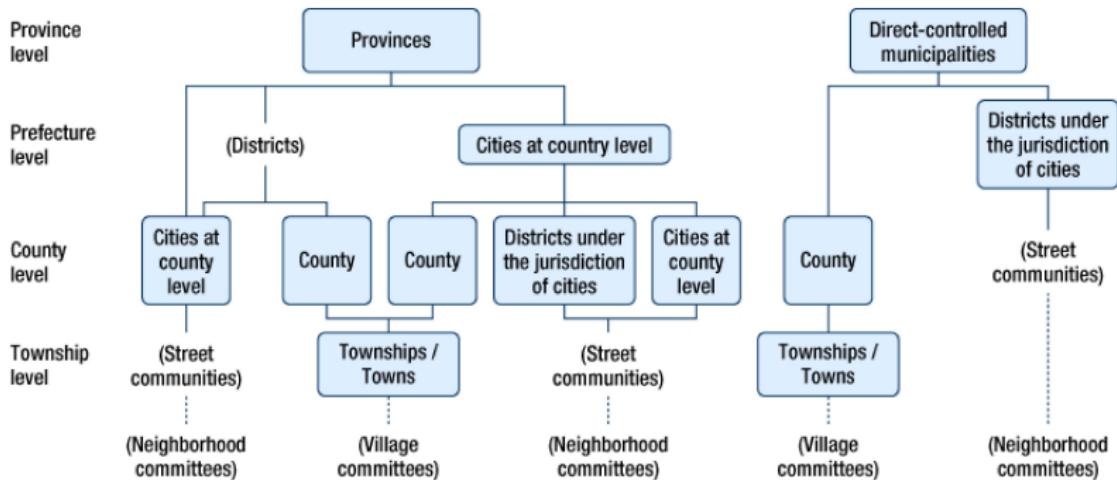
- ▶ China's economy consisted of parallel, diversified provincial economies before the reform
- ▶ Decentralization encouraged local reform experiments that allowed new ideas to percolate up from the grassroots and created political checks on central authorities
- ▶ Fiscal decentralization gave local officials strong incentives to stimulate economic growth

# Foreign aid and trade



"[O]n the one hand, bureaucratic practices have largely shaped the central guidelines, and on the other hand, **subnational and state capital have reinterpreted and implemented the strategy on commercial terms and market imperatives**. In short, while the autocratic leader announced the BRI based on nationalist and strategic mobilization, it is the functional bureaucracies and commercial actors' market needs that shape its implementation and outcomes."

# Local Party-state and governments in China



Source: Ministry of Land, Infrastructure, Transport and Tourism (MLITT), Japan

## A structural approach to understand central-local relations (Zheng 2007)

- ▶ **Totalitarian model:** Provincial and local governments have no agency at all and only carries out central policies; decentralization is at the will of the central government
- ▶ **Pluralist model:** Provincial and local governments pursue their interests and act like interest group in China to lobby and influence the central government
- ▶ **Cellular model:** The central government, when interacting with provincial and local governments, do now follow a formal organizational formula, as complicated bargaining dynamics exist both between the central government and local governments and among local governments

# Explaining central-local relations and local governance

- ▶ Promotion tournament (e.g., Kung 2014)
- ▶ Informal accountability (e.g., Tsai 2007)
- ▶ Patron-clientelism (e.g., Jiang 2019)
- ▶ Principal-agent relations

## The Emperor Strikes Back: Political Status, Career Incentives and Grain Procurement during China's Great Leap Famine\*

JAMES KAI-SING KUNG

*Using China's Great Leap Famine as example, this article shows how political career incentives can produce disastrous outcomes under the well-intended policies of a dictator. By exploiting a regression discontinuity design, the study identifies the causal effect of membership status in the Chinese Communist Party's Central Committee—full (FM) Versus alternate members (AM)—on grain procurement. It finds that the difference in grain procurement between AMs and FMs who ranked near the discontinuity threshold is three times that between all AMs and all FMs on average. This may explain why Mao exceptionally promoted some lower-ranked but radical FMs shortly before the Leap: to create a demonstration effect in order to spur other weakly motivated FMs into action.*

TABLE 2 *Fixed Effects Estimation of Membership Status and Personal Identities*

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
AM	2.123*** (0.722)	2.991** (1.101)	2.684** (1.045)	2.640** (0.979)	2.830*** (0.950)	3.116*** (1.089)	2.826** (1.168)		
NM	1.692 (1.377)	0.735 (2.114)	0.467 (2.036)	0.908 (1.550)	3.099 (2.290)	3.427 (2.493)	3.306 (2.418)		
AM and NM								2.566** (1.004)	2.707** (1.055)
Age		0.702** (0.269)	0.618** (0.281)	0.356 (0.219)				0.274 (0.242)	
Party membership (Years)		-0.567*** (0.195)	-0.576** (0.220)	-0.418* (0.237)				-0.289 (0.207)	
MAG <sub>-1</sub>			1.566 (1.894)	1.427 (1.359)	1.257 (2.322)	1.172 (1.777)	1.337 (1.282)		1.169 (1.775)
NDCs <sub>-1</sub>			-0.003 (0.021)	0.013 (0.023)	0.004 (0.023)	0.021 (0.024)	0.013 (0.023)		0.021 (0.024)
The share of agriculture <sub>-1</sub>				0.232*** (0.063)		0.277*** (0.098)	0.238*** (0.065)		0.275*** (0.096)
Ln(per capita GDP) <sub>-1</sub>				2.673 (5.666)		2.682 (6.150)	2.807 (5.662)		2.687 (6.141)
PMD				-5.406** (2.477)		-5.902* (3.098)	-5.394** (2.413)		-5.959* (3.109)
Personal identity					Yes	Yes	Yes		Yes
Year dummies	Yes	Yes	Yes	Yes	Yes	Yes	Yes		Yes
Province dummies	Yes	Yes	Yes	Yes	Yes	Yes	Yes		Yes
Observations	225	225	221	219	225	221	219		219
Number of provinces	25	25	25	25	25	25	25		25
R-squared	0.49	0.52	0.52	0.56	0.58	0.57	0.61	0.55	0.61

Note: robust standard errors in parentheses. \*significant at 10%; \*\*significant at 5%; \*\*\*significant at 1%. Constant terms are included but not reported.

# Informal accountability



## Solidary Groups, Informal Accountability, and Local Public Goods Provision in Rural China

Published online by Cambridge University Press: 21 May 2007

LILY L. TSAI

Show author details ▾

Article

Comments Metrics

Get access



Cite



Rights & Permissions

American Political  
Science Review

### Article contents

Abstract

References

### Abstract

Why would government officials in authoritarian and transitional systems where formal democratic and bureaucratic institutions of accountability are often weak ever provide more than the minimum level of public goods needed to maintain social stability? Findings from a unique combination of in-depth case study research and an original survey of 316 villages in rural China indicate that even when formal accountability is weak, local officials can be subject to unofficial rules and norms that establish and enforce their public obligations. These informal institutions of accountability can be provided by encompassing and embedding solidary groups. Villages where these types of groups exist are more likely to have better local governmental public goods provision than villages without these solidary groups, all other things being equal.



**TABLE 2. Expected Impact of Solidary Groups in Rural China**

	Encompassing	Embedding	Good Village Governmental Public Goods Provision?
Village temples	Yes	Yes	Yes
Village churches	Yes	No	No
Village-wide lineages	Yes	Yes	Yes
Subvillage lineages	No	Yes	No

# Patron-clientelism



## Making Bureaucracy Work: Patronage Networks, Performance Incentives, and Economic Development in China



**Junyan Jiang** The Chinese University of Hong Kong

**Abstract:** Patron-client networks are widely found in governments of transitional societies and are often seen as an impediment to effective governance. This article advances an alternative view that emphasizes their enabling effects. I argue that patron-client relations can be used to improve government performance by resolving principal-agent problems within political hierarchies. I substantiate this claim by examining how patronage networks shape economic performance of local governments in China. Using an original city-level panel data set between 2000 and 2011, and a new method that identifies patronage ties based on past promotions, I show that city leaders with informal ties to the incumbent provincial leaders deliver significantly faster economic growth than those without. I conduct additional analyses to rule out several important alternative explanations and provide evidence on the incentive-enhancing mechanism. These findings highlight the importance of informal institutions for bureaucratic management and authoritarian governance.

**TABLE 1 Baseline Results**

	Growth at $t + 2$ (Last Year = 100)					
	(1) Overall	(2) Overall	(3) Overall	(4) Agriculture	(5) Manufacturing	(6) Service
Connected to provincial secretary	0.389* (0.191)	0.749** (0.199)	0.382** (0.126)	0.009 (0.207)	0.740* (0.315)	0.210 (0.153)
City and province-year FE	✓	✓	✓	✓	✓	✓
City economic controls		✓	✓	✓	✓	✓
City leader controls			✓	✓	✓	✓
Adjusted R <sup>2</sup>	0.45	0.48	0.51	0.25	0.36	0.40
Number of cities	326	326	326	326	326	326
Observations	3,907	3,891	3,693	3,691	3,691	3,691

*Note:* This table presents the effects of patronage ties to provincial secretaries on economic growth. The dependent variables are overall and sector-specific GDP growth rates at  $t + 2$ . City economic controls include *Net Transfer*( $t + 1$ ) and the following pairs of variables evaluated at both the city secretary's and the mayor's predecessors' final year of service: *GDP Growth*, *Log GDP*, *Log Population*, and *Log Investment*. City leader controls include the following variables (for both the city secretary and the mayor): *Age*, *Education*, *Gender*, and dummies for having served for less than 1 year, between 1 and 3 years, and between 3 and 5 years (with more than 5 years being the reference group) in one's current position. Robust standard errors clustered at city level are reported in parentheses. FE = fixed effects.

\* $p < .05$ , \*\* $p < .01$  (two-tailed test).

# Delegation and Principal-agent relations

- ▶ Getting around adverse selection in advance
- ▶ Ad hoc police patrol mechanism: Party-state inspection? Fiscal transfers (Cheng 2021)?
- ▶ Fire alarms mechanism (which can also be ad hoc)
  - Local media (Lorentzen 2013)
  - Administrative litigation
  - Local decentralization (e.g., ethnic local autonomy)
  - .... and so on so forth

# Meritocracy (Liu 2018)

Gender:

- Female
- Male

Political Affiliation:

- None
- CCP Member

College Attended:

- General College
- Elite University

Education Level:

- Bachelor Degree
- Master Degree

Award Won in College:

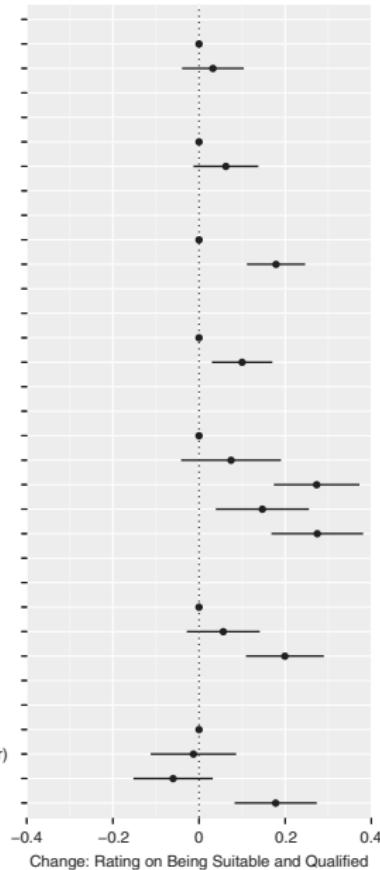
- No Award
- Artistic Talent
- Community Outreach
- Academic Excellence
- Student Leadership

Prior Work Experience:

- No Experience
- Company Job
- Government Job

Father's Occupation:

- Private Sector Worker
- SOE Worker (CCP Member)
- Private Entrepreneur
- Government Official



# Loyalty v competence (Landry et al 2018)

**Table 3.** Promotion of Party Secretaries Upon Term Completion (Relative Revenue Performance to Competitors).

	Provincial level				Prefecture level				County level			
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
Relative fiscal revenue growth	0.057 (0.051)	-0.020 (0.044)	0.032 (0.048)	-0.046 (0.038)	0.055* (0.029)	0.051* (0.030)	0.004 (0.036)	0.011 (0.037)	0.039*** (0.011)	0.038*** (0.013)	0.043*** (0.013)	0.033** (0.016)
Political connection	0.057 (0.077)	0.031 (0.070)	0.059 (0.076)	0.031 (0.069)	-0.011 (0.042)	0.034 (0.052)	-0.002 (0.043)	0.038 (0.052)	-0.056*** (0.017)	-0.010 (0.023)	-0.056*** (0.017)	-0.011 (0.023)
Relative fiscal revenue growth × Political connection			0.089 (0.126)	0.110 (0.130)			0.130** (0.053)	0.104* (0.058)			-0.010 (0.022)	0.015 (0.028)
Local characteristics	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Politician characteristics	No	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No	Yes
Province FE	No	No	No	No	Yes	Yes	Yes	Yes	—	—	—	—
Prefecture FE	—	—	—	—	No	No	No	No	Yes	Yes	Yes	Yes
Year FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Observations	65	65	65	65	665	607	665	607	4,739	3,508	4,739	3,508

Clustered standard errors at the corresponding administrative level are reported in the parentheses. The variables to measure local characteristics are log (population), rural population percentage, log (brightness), log (distance to the upper level government), and the number of competitors at the same level of jurisdiction. The variables to measure politician characteristics are the age and its squared term, and total year in office and its squared term. We did not report the coefficient estimates of these control variables as well as fixed effects dummies.

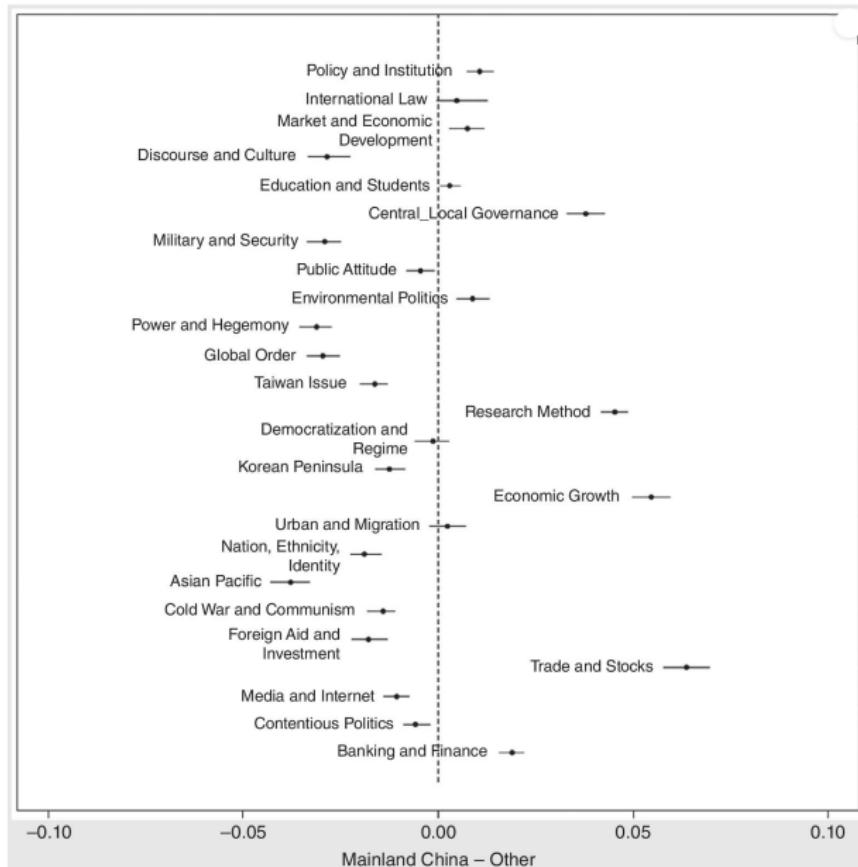
FE = fixed effects.

\* $p < .1$ . \*\* $p < .05$ . \*\*\* $p < .01$ .

## Looking ahead

- ▶ Central-local relations and local governance are key to authoritarian durability and resilience
- ▶ China on paper is a unitary state but the picture in real life is more complicated – how to balance between central control and subnational flexibility is a constant challenge
- ▶ Following the Reform, more subnational actors have become political important, such as the prefectures and municipalities

# “Telling Our Own Story” (Fu and Shao 2022)



## China: A federal state in disguise? (Li, Linda Chelan 2010)

- ▶ Centralization-decentralization (1950-80s)
- ▶ State and market with adjusting roles (1980-90s)
- ▶ Demarcating responsibilities over public service provision (2000s-)

# China: A federal state in disguise? (Li, Linda Chelan 2010)

- ▶ Centralization-decentralization (1950-80s)
  - Administrative decentralization was favored, setting of a massive delegation of economic management and planning powers from the central government to the provinces in 1957-8
  - The next decades till the late 1970s saw cycles of administrative decentralization and re-centralization, only leading to diminished return as the provincial governments gained more discretion
- ▶ State and market with adjusting roles (1980-90s)
- ▶ Demarcating responsibilities over public service provision (2000s-)

# China: A federal state in disguise? (Li, Linda Chelan 2010)

- ▶ Centralization-decentralization (1950-80s)
- ▶ State and market with adjusting roles (1980-90s)
  - Further administrative and fiscal decentralization led to market expansion
  - The tension between the central and local governments focused on powers to regulate rather than just over resources
  - the tax-sharing reform in 1994 was conspicuously based on a "rule-based" principle
- ▶ Demarcating responsibilities over public service provision (2000s-)

## China: A federal state in disguise? (Li, Linda Chelan 2010)

- ▶ Centralization-decentralization (1950-80s)
- ▶ State and market with adjusting roles (1980-90s)
- ▶ Demarcating responsibilities over public service provision (2000s-)
  - The discussion of central-local relations moved from revenues to expenditure responsibilities, which remained decentralized after the 1994 reform
  - More discussions on how different expenditure responsibilities should be shared between the central and local governments
  - More key players other than the provinces