

CP² Week 7: Central-Local Relations and Local Governance

Dr Chao-Yo Cheng

Plan for today

- ▶ Logistics: Upcoming weeks and assessment
- ▶ Lectures and discussion
 - Informal politics and factionalism
 - Central-local relations and local governance

Revised weekly syllabus

- ▶ **Week 1:** State of field
- ▶ **Weeks 2-7:** History and institutions
 - From empire to nation-state
 - Structures of the party-state
 - Informal politics and factionalism
 - Central-local relations and local governance
- ▶ **Weeks 8-10:** Governance and development
 - Control and co-optation
 - Ideology and propaganda (guest lecture)
 - Social protection and redistribution
- ▶ **Week 11:** China as a method (Dim Sum party in Chinatown)

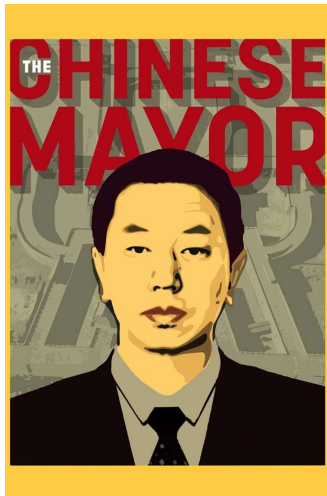
Assessment: Essay (70%)

- ▶ The questions are currently under review and we expect to release them next week
- ▶ You will choose one of the questions and write an original essay of 3,000 words
- ▶ You are tasked to demonstrate an adequate understanding of the subject matter and relevant literature, which means
 - You will use any readings or additional references listed on Moodle and in lecture slides
 - You will need to produce original insights based on the lectures and class discussions
- ▶ Resources outside the classroom: 1:1 meetings with Chao-yo and Birkbeck's Study Skills workshops
- ▶ Due on **18 April 2024** (midday or 12pm), about a month after the term ends

Assessment: Learning journal (30%)

- ▶ Briefly introduce the article you choose: Who are the authors? What is the main subject matter (e.g., research questions, arguments and empirical strategies)?
- ▶ Briefly explain how you will answer the questions: What countries does the article attempt to compare with China? Why? Does the comparison make sense to you?
- ▶ Any questions you would like to ask?

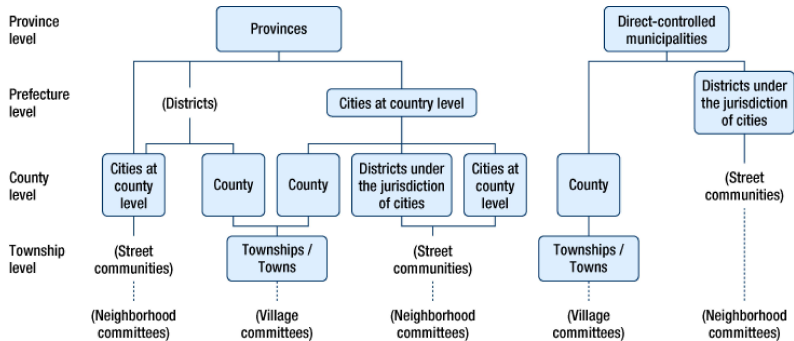
Documentary: “Datong: The Chinese Mayor” (2015)



- ▶ 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 has happened to Mayor Geng since then?

Central-local relations and local governance

- ▶ China: A federal state in disguise?
- ▶ Understanding central-local relations in China: Three analytical approaches
- ▶ How Chinese local officials behave and act: Three conceptual models
- ▶ Concluding remarks: Local governance as the key of authoritarian resilience and durability



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

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

How local officials behave and act (more on this next week)

- ▶ Promotion tournament system, proposed by Zhou LiAn (2004)
- ▶ Pressure system, key scholars include Yang Xueguang (1998) and others
- ▶ Project system, developed by Qu Jingdong (2012) and Zhou Feizhou (2012)

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.



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



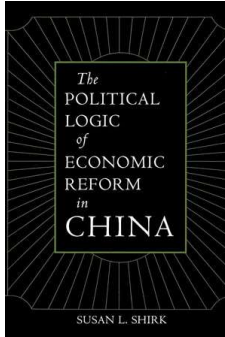
Junyan Jiang

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.

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

- ▶ 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
- ▶ Decentralization helped harden budget constraints on enterprises (maybe not SOEs), forcing them to restructure



"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."

Concluding remarks

- ▶ 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