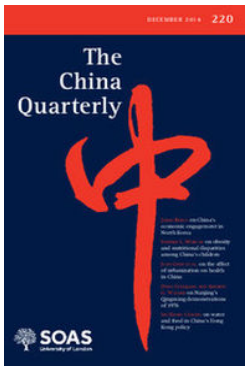

State Capacity and Local Agent Control in China: CCP Cadre Management from a Township Perspective

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State Capacity and Local Agent Control in China: CCP Cadre Management from a Township Perspective*

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ABSTRACT This study argues against the view that the capacity of the central state has declined in the reform era in China. It examines how reforms have been introduced into the old system of cadre management to make it more effective, but also how higher levels of the party-state have improved monitoring and strengthened political control through promoting successful township leaders to hold concurrent positions at higher levels and by rotating them between different administrative levels and geographical areas. Its findings suggest that state capacity, defined as the capacity to monitor and control lower level agents, has increased. The reason behind the failure to implement some policies, such as burden reduction, is not so much inadequate control over local leaders as the centre's own priorities and conflicting policies. The Chinese party-state maintains the ability to be selectively effective in the beginning of 2000s.

Decentralization and marketization are commonly believed to have weakened the authority of the central state vis-à-vis local governments and enterprise conglomerates in China. Whether central state capacity has declined or not in the reform era has been a hot topic of scholarly debate. Wang Shaoguang and Hu Angang both argue that it has been severely undermined by decentralization and economic reforms. Wang takes extractive capacity as the key indicator of overall state capacity. He shows that the centre is unable to control extrabudgetary funds and its relative share of tax revenues has decreased to the extent that Beijing has lost effective control over the country's economic life.[1] Huang Yasheng, on the other hand, argues against this view. Huang finds that the central government has increased its political and administrative control over provincial governments leaders, and continues to co-ordinate economic policy-making and implementation.[2] This study will approach the issue of state capacity by examining the party-state's ability to control and

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1. Wang Shaoguang, "The rise of the regions: fiscal reform and the decline of central state capacity in China," in Andrew G. Walder (ed.), *The Waning of the Communist State: Economic Origins of Political Decline in China and Hungary* (Berkeley: University of California Press, 1995); Wang Shaoguang and Hu Angang, *The Chinese Economy in Crisis: State Capacity and Tax Reform* (Armonk, NY: M.E. Sharpe, 2001). For the same view, see also Hao Jia and Lin Zhimin (eds.), *Changing Central–Local Relations in China: Reform and State Capacity* (Boulder: Westview Press, 1994); Lynn T. White III, *Unstately Power: Vol. I Local Causes of China's Economic Reforms* (New York: M.E. Sharpe, 1998).

2. Huang Yasheng, "Central–local relations in China during the reform era: the economic and institutional dimensions," *World Development*, Vol. 24, No. 4 (1996); and *Inflation and Investment Controls in China: The Political Economy of Central–Local Relations During the Reform Era* (Cambridge: Cambridge University Press, 1996).

monitor its lower-level agents. Its focus is on cadre management at the township level, where most of the economic growth has occurred.

In the 1990s, the Chinese Communist Party (CCP) attempted to strengthen its control over the evaluation and monitoring of local leaders through the cadre responsibility system (*gangwei zerenzhi*). Samuel Ho was one of the first to describe the assessment of local cadres' economically related work achievements in southern Jiangsu, in 1994.[3] Susan Whiting's account of the cadre evaluation system at the grassroots level is the most thorough to date. She describes how township and village officials promoted rural industry because of fiscal and political incentives. Their industrial performance was tied to both personal income and promotion. In studying tax collection and credit allocation, Whiting mainly focuses on the economic criteria of evaluation, economic rewards in the form of bonus, and the intended and unintended economic consequences.[4] While building on her work, the emphasis here will be on the political control aspect of cadre evaluation. This study views the cadre responsibility system (CRS) not only as a means designed to improve government efficiency, but also as an instrument of higher level to control lower-level agents and to regulate central–local relations. By analysing CRS as an important component of cadre management, this work bridges the literature on cadre responsibility in rural areas with that on Communist Party organization and the nomenklatura.

This article describes how market reforms have been introduced into the old system of cadre management to make it more effective, as well as how higher levels of the party-state have strengthened their political control over local leaders not only through appointment but also through promoting successful leaders to hold concurrent positions at higher levels and by rotating them between different positions within the county. It is argued that state capacity, defined here as the capacity to control and monitor lower-level agents, has increased in China, and that the Chinese Communist Party is capable of greater institutional adaptability than it is usually given credit for. The findings of this study suggest that the reason behind the failure to implement some policies, such as burden reduction, is not so much inadequate control over local leaders as the centre's own priorities and conflicting policies. The Chinese party-state maintains the ability to be selectively effective in the beginning of 2000s.

The project draws on seven months of fieldwork conducted at the county and township level between 1996 to 1999. The field research was carried out in a number of different places (12 counties), all very

3. Samuel P.S. Ho, *Rural China in Transition: Non-Agricultural Development in Rural Jiangsu, 1978–1990* (Oxford: Clarendon Press, 1994), pp. 212–15.

4. Susan Hayes Whiting, "The micro-foundations of institutional change in reform China: property rights and revenue extraction in the rural industrial sector," PhD dissertation, University of Michigan, 1995, pp. 58–66. For her more recent work on the cadre evaluation system, see Susan H. Whiting, *Power and Wealth in Rural China: The Political Economy of Institutional Change* (Cambridge: Cambridge University Press, 2000) and "The cadre evaluation system at the grassroots: the paradox of party rule," prepared for the workshop on Cadre Monitoring and Reward: Personnel Management and Policy Implementation in the PRC, University of California, San Diego, 6–7 June 1998, revised September 1999.

developed areas, in Southern Jiangsu, Shandong and Zhejiang province. Two townships (the first in Suzhou prefecture in Jiangsu, and the second in Zibo prefecture in Shandong) served as base field sites, and other sites were added to place the information in a comparative perspective. Some 150 interviews were carried out with local cadres and local entrepreneurs, involving personnel from the Party organization department and the personnel bureau at the county level as well as with township leading cadres.[5] While the findings only apply to the developed coastal areas of China, it is precisely those areas that are assumed to have gained power vis-à-vis the central authorities, and a study of developed areas allow examination of the claim that marketization and economic growth weaken the central party-state and its organization.

Reforms to Improve Government Efficiency

At the outset of reform, building a national civil service system (*gongwuyuan zhidu*) was seen by the new leadership as a precondition for economic development and modernization. Establishing a cadre responsibility system to improve government efficiency is part of that endeavour. The Chinese Communist Party has introduced market reforms, similar to those reforms that have swept public administrations in both the developed and developing world, into the old cadre management system. Market reforms refer to reforms modelled on the New Public Management, and include: decentralization of authority, employment of contracts, setting of quantitative goals, introducing competition among state bureaucrats, use of economic incentives to encourage goal fulfilment, and taking the help of clients to measure government performance.[6] These reforms will be discussed in turn below.

In an attempt to let the performance of public officials play a greater role and to facilitate measurement of that performance, national regulations on the evaluation of civil servants were passed in 1993. The principal criteria of evaluation are formulated in very general terms since they apply to all departments, levels and areas in the country: political integrity (*de*), competence (*neng*), diligence (*qin*) and achievements (*ji*), with an emphasis on actual work achievements. According to one handbook, work achievement should account for 60 to 70 per cent and political integrity, competence and diligence should together account for 30 to 40 per cent of the evaluation.[7] On the basis of the evaluation results,

5. For a more detailed discussion of the fieldwork, see Maria Edin, *Market Forces and Communist Power: Local Political Institutions and Economic Development in China* (Uppsala: University Printers, 2000).

6. For a good introduction to the New Public Management model which advocates that government should function in accordance with the same market principles as private enterprises, see Peter Self, *Government by the Market? The Politics of Public Choice* (Boulder: Westview Press, 1993); and Patrick Dunleavy and Christopher Hood, "From old public administration to new public management," *Public Money and Management* (July–September 1994).

7. "Guojia gongwuyuan zanxing tiaoli" ("Temporary regulations on national civil servants"), passed on 14 August 1993, published in Zhu Qingfang (ed.), *Guojia gongwuyuan*

cadres are judged to be excellent (*youxiu*), competent (*chenzhi*) or incompetent (*bu chenzhi*).[8] Performance criteria are closely connected with one of the four criteria above, work achievements (*ji*).[9] While they are very general on a national level, the targets given to local Party and government leaders are in contrast very concrete. The CCP Organization Department established official guidelines for the annual evaluation (*kaohe*) of local Party and government leading cadres in 1988, which contain very specific performance criteria, such as industrial output, output of township- and village-run enterprises, taxes and profits remitted.[10]

All state cadres at the local level are evaluated but it is primarily the leading cadres (*lingdao ganbu*) of the township government – the Party secretary and the government head – who are affected by the cadre responsibility system. It is only the township leading cadres who are evaluated by, and held directly accountable to, the county Party organization. Other township state cadres working in government departments are evaluated by the township leaders themselves, whereas they were previously evaluated by the relevant county functional agency. Today, Party secretaries and township heads sign performance contracts (*gangwei mubiao zerenshu*), one of the novel features of the cadre responsibility system, with the county level.[11] Township leading cadres thus sign contracts of a similar fashion to those signed by collective-run enterprises and households. In these contracts, township leaders pledge to attain certain targets laid down by higher levels, and are held personally responsible for attaining those targets. There are different contracts for

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guanli (*Management of National Civil Servants*) (Beijing: Zhongguo renshi chubanshe, 1997), pp. 543–556 and 149–151. See also "Zhonggong zhongyang guanyu yinfa dangsheng lingdao ganbu xuanba renyong gongzuo zanxing tiaoli' de tongzhi" (Circular distributed by the Party Central Committee: "Temporary regulations on selection and appointment of Party and government leading cadres") issued on 9 February 1995, published in *Canzhao guojia gongwuyuan zhidu guanli gongzuo zhidao shouce* (*Guidance Handbook on National Civil Servant System Management*) by the Central Committee of the Communist Party Organization Department (Beijing: Dangjian duwu chubanshe, 1997), pp. 161–173.

8. According to the national regulations above, the work of civil servants and leading cadres must have been excellent for two consecutive years, or at least competent or above for three consecutive years to qualify for promotion. If the cadre is deemed incompetent for two consecutive years, it should lead to dismissal.

9. Melanie Manion, "The cadre management system, post-Mao: the appointment, promotion, transfer and removal of Party and state leaders," *The China Quarterly*, No. 102 (1985), p. 227.

10. Whiting, *Power and Wealth in Rural China*, pp. 102–103. The document she cites is Zhongyang zuzhibu, "Guanyu shixing difang dangzheng lingdao ganbu niandu gongzuo kaohe zhidu de tongzhi" ("Notice regarding implementation of the annual job evaluation system for leading cadres of local Party and government organs") published in *Zhongguo renshi nianjian* (1991). In her section on the development of the post-Mao cadre evaluation system, Whiting describes how the system has evolved since the beginning of reform.

11. Performance contracts have been described earlier in Kevin J. O'Brien and Lianjiang Li, "Selective policy implementation in rural China," *Comparative Politics*, Vol. 31, No. 2 (1999), p. 172; and also in George P. Brown, "Budgets, cadres and local state capacity in rural Jiangsu," in Flemming Christiansen and Junzuo Zhang (eds.), *Village Inc.: Chinese Rural Society in the 1990s* (Richmond: Curzon Press, 1998), p. 32.

different fields, such as industrial development, agricultural development, tax collection, family planning and social order. In all areas where I conducted field research, performance contracts were in use. Collective contracts are drawn up between the county and township level, signed by either the Party secretary or the township head, depending on the content of the contract. Economic affairs formally fall under the responsibility of the government head while Party affairs fall under the responsibility of the Party secretary.

The content of performance contracts varies between areas and over time, reflecting the priorities not only of the central but also of local authorities. Performance targets can be adjusted and new ones added in response to changing circumstances. For example, the targets of export earnings, reducing peasant burden and reducing the number of complaint letters were all added when found urgent by higher levels. Whiting's work shows how the actions of local leaders prompted the central authorities to introduce new policies and targets.[12] The CCP continues to rely on the setting of quantitative targets but the difference from the pre-reform era is that a few selected performance targets (*kaohe zhibiao*) in cadre evaluation are given priority. As Whiting points out, it conveys information to local cadres which policies should receive priority.[13] Performance targets are internally ranked in importance: soft targets (*yiban zhibiao*), hard targets (*ying zhibiao*) and priority targets with veto power (*yipiao fojue*). Veto power implies that if township leaders fail to attain these targets, this would cancel out all other work performance, however successful, in the comprehensive evaluation at the end of the year. Hard targets tend to be economic in nature while priority targets are more often political. While completion of hard targets is important both for bonus and for political rewards, completion of priority targets constitutes the basis for personnel decisions.

To illustrate one performance contract with regard to industrial development, the targets were the following in one rapidly developing township in Shandong: output value RMB 700 million, sales income RMB 830 million and profit RMB 54 million. These originated from the annual economic and social development plan of the county, and were hard targets. The two key industrial projects (*gongye zhongdian xiangmu*) of this township, both listed in the county annual plan, were also written into the performance contract. They involved investment of RMB 20 million for building facilities to produce 8,000 tons of fire-resistant brick, and investment of RMB 10 million to produce graphite-plated reactors in two of the township's most successful enterprises. The performance contract for industrial development was the responsibility of, and was signed by, the township head.[14] Hard targets are, as this example illustrates, typically

12. Whiting, "The cadre evaluation system at the grassroots."
13. Whiting, *Power and Wealth in Rural China*, p. 270.
14. From document "X zhen 1997 nian gongye waijin mubiao zerenshu" ("Responsibility contract with regard to industry and foreign export targets in 1997 of X township") which was copied down for me by the township mayor. See also interview 2SAa18 with the mayor cum Party-vice secretary of this Shandong township (1998). The information on key industrial

drawn from the economic and social development plan. Tax revenues submitted to the county were, not surprisingly, invariably defined as a hard target specified in the performance contract with the township government in all the areas studied.

Priority targets with veto power are exclusively used for key policies of higher levels or the county itself. There are two priority targets which are enforced nation-wide, mirroring the importance which the Communist Party places on these policies: family planning and social order (*shehui zhi'an*).[15] In all the areas where I conducted field research, family planning and social order were made priority targets. One such performance contract with regard to family planning designated the birth quota to ten per thousand, and was signed by the township mayor.[16] Another performance contract on maintaining social order was 20 pages long and was signed by the Party secretary of that township.[17] Serious disturbance of social order will cancel out successful work performance in other fields of government work, and it varies between areas what constitutes such a disturbance. In one Zhejiang county, three situations held the power to cancel out other successful work performance: economic crime (where more than RMB 200,000 are embezzled), violence (resulting in a person's death), and large-scale demonstrations (when more than 50 people gather).[18] If areas experience particular problems that are deemed important, it may become a local priority target. Funeral cremation, for example, was declared an additional priority target in order to reserve land for productive uses, indicating that land waste was a particular problem of that Zhejiang county.[19]

Competition between party-state cadres at the same administrative hierarchical level has been introduced under the cadre responsibility system. Township leading cadres are placed in an internal ranking order within the county on the basis of the evaluation results. It is the Party organization department (*zuzhibu*) which is in charge of evaluation of township leading cadres. In some areas, such as in southern Jiangsu and northern Zhejiang, the Party bureau of rural affairs (*nongcun gongzuobu*)

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projects are from document "X qu 1997 nian guomin jingji he shehui fazhan jihua" ("The 1997 plan of national economic and social development of X district"), pp. 18–19.

15. The Chinese source Rong Jingben *et al.*, *Cong yalixing tizhi xiang minzhu hezuo tizhi de zhuanbian: xianxiang liang ji zhengzhi tizhi gaige* (*Transformation from the Pressurized System to a Democratic System of Co-operation: Reform of the Political System at the County and Township Levels*) (Beijing: Zhongyang bianyi chubanshe, 1998), p. 271 mentions that the county Party committee should accomplish the two compulsory tasks of imposing family planning and maintaining public order. Birth control is also referred to as a task to assume veto power in O'Brien and Li, "Selective policy implementation," p. 172.

16. From document "X xian 1999 nian jihua shengyu gongzuo mubiao zerenshu" ("Responsibility contract with regard to family planning work in 1999 of X county").

17. From document "X xian 1999 niandu shehui zhi'an zonghe zhili mubiao guanli zerenshu" ("Responsibility contract with regard to management of comprehensive public security in 1999 of X county").

18. Interview ZC5 with the vice-director in charge of evaluation in the Party bureau of rural affairs in a Zhejiang county (1998).

19. Interview ZE3 with one section chief of the Party committee and one section chief of the Party organization department in a southern Zhejiang county (1999).

co-ordinates the evaluation of work achievements. When all aspects of Party and government work have been evaluated at the end of the year, a total score is calculated for the township government as a collective, as well as for each individual township cadre. In one county 59 officials were assessed as excellent, 292 as competent, four as basically competent and two as incompetent on the basis of the final score.[20] The total number of cadres who can be excellent is stipulated in national or local regulations to a limited percentage of the total cadre force.[21]

Economic incentives are used to encourage goal fulfilment, and bonuses for township cadres are pegged to their work performance. The use of bonuses has been well described in the literature.[22] It is important to point out that townships are ranked on the basis of total scores as a collective, and bonuses are paid to all township state cadres in accordance with the score of the collective, thus reducing individual incentives. It appears that bonus payment is a conscious strategy on the part of local governments to supplement, through legal means, the basic salary for state cadres. While higher levels have the authority to decide the level of bonuses, they are not financed out of the state budget but paid from the township's own collective funds, that is to say, income from local projects such as township enterprises. In this way, bonus payment is dependent on the condition of local finances.[23] Not surprisingly, bonuses were higher, or at least the process was more open, in southern Jiangsu where collective industry dominates than in the other two provinces under study. In one southern Jiangsu county, all state cadres in a middle-ranking township received RMB 4,600 in bonus in 1995 on the basis of the collective ranking. Although bonuses were collectively determined, there were some incentives for the three leading cadres who received 30 per

20. Interview ZE3 with one section chief of the Party committee and one section chief of the Party committee organization department in a Zhejiang county (1999). A total of 357 officials which includes not only leading cadres but also ordinary state cadres. The two groups are compared within their two respective categories. The final score and the final grade are entered in the personal dossier of each cadre, see document "X qu quguan guanbu 1998 nian de kaohe jiegou huizong" ("The listed result of 1998 evaluation of cadres in X district") issued by the Party organization department which I was shown but was not permitted to copy.

21. According to national regulations, the percentage should be, at most, 15% of the total number of cadres, see article 6 in Temporary Regulations of National Civil Servants. Local regulations are often less restrictive, see for example document "Xiangzhen dangzhen lingdao banzi he lingdao ganbu 1998 niandu gongzuo kaohe banfa" ("The methods of work evaluation of township party government offices and leading cadres in 1998") which set a limit of 30%.

22. See, for example, William A. Byrd and Alan Gelb, "Why industrialize? The incentives for rural community governments," in William A. Byrd and Qingsong Lin (eds.), *China's Rural Industry: Structure, Development and Reform* (Oxford: Oxford University Press, 1990), p. 374; Jean C. Oi, *Rural China Takes Off: Institutional Foundations of Economic Reform* (Berkeley: University of California Press, 1999), pp. 49–50; Whiting, "The micro-foundations of institutional change in reform China," p. 29.

23. Cadres in poverty-stricken areas rarely receive any bonus at all, see interview ShBc1 with the Party secretary and the mayor of a Shanxi township (1999). In one township which was ranked third in a poverty-designated county in Shanxi, the township government as a collective was awarded RMB 1,000. However, the so called bonus was not divided among the leaders but used to finance public expenditure. The first-ranked township was given RMB 3,000 and the second-ranked township RMB 2,000, also given to the collective and used for public expenditure.

cent more than the ordinary cadres, in accordance with local regulations.[24] The average bonus for state cadres in a Zhejiang township, where the proportion of collective enterprises was lower, amounted to more than RMB 2,500 in 1997.[25]

The cadre responsibility system is, as shown above, a means to enhance government efficiency, but it is also an instrument by higher levels to monitor and control local agents. The next section examines how the central party-state has attempted to strengthen its monitoring of local agents using help from the local community, and also has revived old administrative practices from the pre-reform era to facilitate control over local leaders.

Strengthening Monitoring and Control over Local Agents

As part of the cadre responsibility system, segments of a local community evaluate their local leaders and thereby provide vital information to higher levels of the party-state. To manage and control its local agents, the centre employs methods such as promotion to a concurrent post at a higher level and rotation of leaders between different levels and different geographical areas conducted in a selective manner. It is argued here that administrative control over local cadres, replicated at all levels, is by no means waning and its structure is examined by focusing on counties' control over townships.

There exist serious obstacles to the monitoring of local cadres. One important obstacle is that the local offices of monitoring bureaus are under the leadership of local governments.[26] In order to obtain accurate information and to solve the principal–agent dilemma, central authorities have allied with the local community. As O'Brien and Li write, local agent compliance with state policies cannot be accurately assessed unless villagers, who have the most information about cadre shirking, are drawn into the process.[27] Delegating evaluation functions and enlisting the help of the masses may be seen as part of the broader decentralization trend sweeping the country, yet it at the same time reinforces central control. Up to this point, only one of the four evaluation criteria, work achievements, has been discussed. The evaluation of work achievements is mainly related to bonuses, and has been well described by Ho and Whiting.[28] The remaining three criteria are significant for political rewards and also affect the appointment and promotion of local state

24. Interview JAa4 with the general manager of the industrial corporation in a southern Jiangsu township (1996). The leading cadres of the highest ranked township in the same county received RMB 8,580 in bonuses in 1995, see interview JA1 with the vice-director of the Party bureau of rural affairs in a southern Jiangsu county (1996).

25. Interview ZC5 with the vice-director in charge of evaluation in the Party bureau of rural affairs in a Zhejiang county (1998).

26. Huang Yasheng, "Administrative monitoring in China," *The China Quarterly*, No. 143 (1995), pp. 837–38.

27. O'Brien and Li, "Selective policy implementation," p. 174.

28. Ho, *Rural China in Transition*, pp. 213–14 and Whiting, *Power and Wealth in Rural China*, pp. 104–106.

agents. One way to understand the role of these three criteria (political integrity, competence and diligence) is to view them as a bottom line of evaluation with the potential power to cancel out successful work performance in other fields under evaluation. The three criteria boil down to following the Party line of superiors and to evaluation by peers and "the masses." Assessment by peers and "the masses" is thus a criterion in the evaluation by higher levels but their assessment also provides information to higher levels and facilitates monitoring.

In conjunction with the annual evaluation by higher levels, a democratic appraisal meeting (*minzhu pingyi*), where colleagues and "the masses" gather to evaluate the Party secretary and township head, is held. The term "masses" (*qunzhong*) refers to representatives of the level immediately below the unit undergoing evaluation. In the case of the township leading cadres, it is the village leaders and the township-run enterprise managers. All village leaders usually participate in the meeting, while in some areas representation by township-run enterprise managers is limited to the key enterprise managers. Typically, they fill in a questionnaire rating the work performance of township leaders on a scale from excellent to incompetent along the four criteria of political integrity, ability, attitude and achievements. The rating is conducted anonymously. O'Brien and Li dismiss democratic evaluation meetings as having little practical effect,[29] but while it is true that their opinions mainly serve as reference, ratings send signals to higher levels and provide information. One interviewee describes their effect to be that if many people express dissatisfaction with a leader at the meeting, the Party organization department begins to investigate.[30] Without exaggerating the democratic effects of these appraisal meetings, it is safe to say that the evaluation by lower levels provides information to the county authorities which they may or may not choose to act upon.

Petitioning, or the practice of submitting letters of complaint to higher levels (*shangfang gaozhuang*), is also both a criterion in evaluation of local leaders and a channel of information that facilitates monitoring by higher levels. The renewed importance of complaint letters has been observed by O'Brien and Li.[31] It is relatively recently that reducing the number of citizen complaints has become a criterion in evaluation of local leaders: in one Zhejiang county it was introduced as late as 1999 because of the increasing emphasis by higher levels.[32] Evaluation scores may be downgraded if too many complaints are filed, or if complaints are not dealt with properly. According to one vice-director in charge of evaluation in another Zhejiang county, if more than 15 per cent of the

29. O'Brien and Li, "Selective policy implementation," p. 174.

30. Interview SCA1 with the village Party secretary cum chairman of the board of the village corporation in Shandong village (1998) and interview ZCa1 with the vice-mayor cum director of the industrial office and the vice-director of the industrial office in a Zhejiang township (1998).

31. Kevin J. O'Brien and Li Lianjiang, "The politics of lodging complaints in rural China," *The China Quarterly*, No. 138 (1995), p. 764.

32. Interview ZE3 with the section chief of the Party committee and the section chief of the Party committee organization department in a Zhejiang county (1999).

total number of complaints have been sent to the office for complaints at higher level, it will negatively affect the evaluation of township leaders.[33] But citizen complaints take on a special importance in evaluation since they are intimately connected to the priority target of upholding social order, reflecting the centre's concern with maintaining stability. In one Shandong county, problems with letters of complaint from the masses counted as violation of social order – a priority target – and as such cancelled out other successful work performance.[34] Information from citizens no doubt plays a major role in uncovering cadre misbehaviour. One study reports that 80 per cent of the clues about cadre misconduct and financial irregularities came from letters of complaint sent by the public.[35] Petitioning thus provides necessary information to higher levels of the party-state but is of course not by itself decisive for government action.

Whether the central level holds the capacity to control and discipline its local agents is often questioned even in the instances when it has received accurate information, and many see an erosion of the nomenklatura system in China. The nomenklatura is a list of leading positions over whose appointments the Party exercises full control, inherited from the Soviet model, and constitutes the basis of control of the CCP. John Burns concludes that the political institutions of the People's Republic of China still remain essentially Leninist today.[36] Higher levels can conduct evaluation of lower levels precisely because they are part of a hierarchical party-state organization. Party committees exercise authority over the appointment of senior personnel, as well as promotion, dismissal and transfer one step down the administrative hierarchy, and the lower level is accountable to the next level up.[37] Principal control is vested in the organization department of the Party committee, which maintains personal dossiers (*dang'an*) that contain information related to decisions regarding appointments. It is this system that confers authority on the district and county Party organization department to make personnel decisions involving township leaders.

33. Interview ZC5 with the vice-director in charge of evaluation in the party bureau of rural affairs in a Zhejiang county (1998). Two situations are considered to pose serious problems for the cadre in question: one is where complaint letters are not treated appropriately at the county level so farmers must appeal to the next higher level (*yueji shangfang*) and the other is, in direct translation "to assemble a mob in order to submit a letter of complaint" (*juzhong shangfang*).

34. Interview SB2 with the vice-director of the planning commission in a Shandong county (1997).

35. Xiaobo Lü and Thomas P. Bernstein, *Taxation Without Representation in Rural China: State Capacity, Peasant Resistance, and Democratization, 1985–2000*, forthcoming Cambridge University Press, ch. 6.

36. John P. Burns, "The People's Republic of China at 50: national political reform," *The China Quarterly*, No. 159 (1999), p. 580.

37. John P. Burns has written extensively on the nomenklatura system, see "China's nomenklatura system," *Problems of Communism*, Vol. 36, No. 5 (1987); *The Chinese Communist Party's Nomenklatura System: A Documentary Study of Party Control of Leadership Selection, 1979–1984* (Armonk, NY: M.E. Sharpe, 1989); and "Strengthening central CCP control of leadership selection: the 1990 nomenklatura," *The China Quarterly*, No. 138 (1994). See also Manion, "The cadre management system."

Some of the methods, on the basis of the nomenklatura system and control over appointments, frequently employed by higher levels of the party-state to induce compliance from local agents are examined below. One method involves positive incentives and rewards good performance by promoting successful leaders to hold a concurrent post at a higher level. Another method, a more direct form of control, is rotation of leaders between different administrative and geographical levels.

Under the cadre responsibility system, political rewards are linked to the result of the annual evaluation and the subsequent ranking of leaders. Top-ranking township leading cadres will be awarded with the political title of advanced leader (*xianjin lingdao*) or declared to be a model leader. As shown above, if a township has failed to attain the priority targets with veto power, it disqualifies the township government from becoming an advanced unit and the responsible cadre from becoming an advanced leader. In one county, leading cadres of the first three ranked townships in the annual evaluation were entitled advanced leaders in accordance with local regulations.[38] The results are officially announced, thereby putting pressure on those involved, during a large meeting to mark the end of the year and the beginning of the next working year. In the county above, the top 15 per cent and bottom 5 per cent of cadres on the list were respectively praised and disgraced at this meeting. In another county, a list of the first 100 cadres was both published in the local media and circulated as a government document to all relevant government departments.[39]

To be a top-ranking township leader and to be awarded with the title of advanced leader enhances the chances for promotion. The statistical relation between high work performance and promotion needs to be established in a quantitative study over time. Meanwhile, however, I want to point to the practice of promoting successful township leaders to hold concurrent posts at higher levels of the Party and government as potentially more important than regular promotion, at least with regard to monitoring and controlling local agents. The difference between regular promotion and holding concurrent posts at higher levels is that the township leader does not leave his post at the township, but still moves up one rank in the Party hierarchy, usually from section chief to division vice-chief. While this type of promotion is a positive incentive offered by higher levels, the incorporation of successful township leaders into higher levels strengthens their political control over local leaders. One township Party secretary called it a "political bonus,"[40] but it is at the same time also a means for higher levels to secure control of strategically important townships. This combined method of reward and control is thus not

38. Interview ZE3 with one section chief of the Party committee and one section chief of the Party committee organization department in a Zhejiang county (1999).

39. Interview ZD2 with the section vice-chief of the Party committee organization department in a Zhejiang county (1999) I was not permitted to copy the circulated document but he referred to it as "Shiwei yige jueding" ("A decision of the municipality Party committee").

40. Interview SCa3 with the Party secretary of a Shandong township (1998).

generally applied, but selectively used in the areas which higher levels deem to be important.

In one county in southern Jiangsu, for example, the township Party secretary of the first ranking township concurrently held the position of Party vice-secretary of that county.[41] As township Party secretary holds the rank of section chief (*keji*) and county Party vice-secretary holds the rank of division vice-chief (*fuchuji*), he was promoted one rank up in the Party hierarchy. This is an arrangement that benefits both parties. The township Party secretary benefits as he is promoted and is entitled to a wider range of goods, and also because his opportunities to lobby for his and his township's interests at higher levels increases. The county leadership acquires another channel over which the county can control this successful township, and increases its ability to gain accurate information about the township and to extract revenues more effectively. Successful township leaders might also be promoted to higher-level posts in Party or government, such as member of the county Party standing committee, member of the standing committee of the county level People's Congress, or vice-mayor of the county, while still continuing to perform their job at the township level.

Incorporation of successful township leaders into higher levels appears fairly common but, as with the case of regular promotion, there is little statistical evidence available today. We do know, however, that the same method of holding positions simultaneously on two or more levels is also used for different groups such as entrepreneurs and village leaders, that moreover it is applied throughout the system at all levels, and that it has historical precedents. To incorporate successful village leaders and entrepreneurs appears even more common. This might be explained by the fact that these two groups do not fall under the nomenklatura system, which makes it more urgent for higher levels to incorporate them into the party-state to be able to control them through other channels. One Party secretary of a village conglomerate was, for example, also the Party vice-secretary of a Shandong township, Party committee member of the district level, and a member of the People's Congress at the provincial level.[42] Almost all successful entrepreneurs that I interviewed were members of the People's Congress or the political consultative conference at higher levels, or held positions in the township economic committee. Above the township level, successful local leaders are incorporated at higher levels.[43] Bo Zhiyue has reported at the province level that provinces with more revenue contributions and faster economic

41. Interview JAb1 with the township Party secretary cum Party vice-secretary of a southern Jiangsu county (1996).

42. Interview SCa1 with the chairman of the board of the village corporation cum Party secretary of a Shandong village (1998).

43. At the county level, a director of the planning commission said that there was a clear connection between work performance of county leaders and concurrently holding positions at higher levels. In his county level municipality, the two most developed areas had representatives both at the municipal and province level; see interview ZD1 with the director of planning commission, vice-director of the economic committee and vice-director of the township enterprise bureau in a Zhejiang county (1999).

growth have gained more representation in the central committees than other provinces.[44] To promote local leaders to hold concurrent posts at higher levels was also a method used in the pre-reform era. Teiwes noted in his sample from the 1960s that at least 22 municipal secretaries werecon currently provincial secretaries, and the majority of them first acquired municipal secretarial posts and later assumed concurrent provincial duties.[45]

Another more direct form of control of the Communist Party is the top-down method of rotation, both between different administrative levels and between different geographical areas, to facilitate vertical integration of lower levels. The nomenklatura system gives the county Party committee authority to appoint officials one level down. Concretely, it means that both township leading cadres and cadres who work at county bureaus in the county government are under the purview of the organization department of the county Party committee, and rotate between the county and the township level. Frank Pieke has highlighted this system and how it encourages identification with the county and its pool of leading cadres, rather than with the township community or with a particular department.[46] David Goodman has found, on the district level, that no county-level leadership cadres under study were native to the county in which they served, although all were native to the district in which they were working.[47] Goodman's field material from Shanxi illustrates the pattern described by Pieke from Yunnan, and which was also observed in my field areas. The Party secretary of the first-ranking township in a Shandong county, for example, had recently been transferred from a position in the county-level Party organization department.[48] It is a more direct form of top-down control than in the case of the township Party secretary who became county Party vice-secretary above, since the former was rotated from a post in the county to one in the township. Both examples show how overlapping between different administrative levels is systematically used by the centre to control lower levels. It is again an old ruling tactic that has been revived from the pre-reform era. Oksenberg has described how leaders frequently held positions simultaneously on two or three administrative levels.[49]

Leadership cadres in the above examples were native to the county, but served in townships other than the ones in which they were born, which

44. Bo Zhiye, "Provincial power and provincial economic resources in the PRC," *Issues & Studies*, Vol. 34, No. 4 (1998), p. 15.

45. Frederick C. Teiwes, *Provincial Party Personnel in Mainland China 1956–1966* (New York: Columbia University, 1967), p. 43.

46. Frank N. Pieke, "Configurations of the Chinese countryside: Hongqiao administrative village, Xuanwei, Yunnan in perspective," paper presented at the Association for Asian Studies annual meeting, San Diego, California, 9–12 March 2000 (revised version).

47. David S.G. Goodman, "The localism of local leadership cadres in reform Shanxi," *Journal of Contemporary China*, Vol. 9, No. 24 (2000), pp. 171–72. His sample involved 47 local leadership cadres from the county level and above.

48. Interview 2SAa15 with the Party secretary of a Shandong township who had previously worked as the vice-head of the county Party organization department (1998).

49. Michel Oksenberg, "Local leaders in rural China, 1962–65: individual attributes, bureaucratic positions, and political recruitment," in Doak Barnett (ed.), *Chinese Communist Politics in Action*, (Seattle: University of Washington Press, 1969), p. 157.

is also part of another top-down method of the centre. Rotation of cadres between different geographical areas (*ganbu jiaoliu zhidu*) also serves to reinforce identification with higher levels rather than with the local community.[50] Traditionally, higher levels have tried to curb localism through the law of avoidance (*huibi zhidu*) which prevents leaders from taking up positions in their native place.[51] Some other studies have found that localism is on the increase in China, but my research suggests otherwise, both on the basis of my field data and also from a different interpretation of the data presented in these studies.[52] One problem here is the unit of analysis: the traditional notion of "native" or "local" is someone from within the province. With this definition, a leading cadre who is born in the province but outside the county in which he holds a position is conceived as local. The use of the traditional notion of local is one reason why scholars have been able to conclude that localism is increasing in the reform era, but it fails to capture the rotation between two administrative levels, such as between the township and the county or between the county and the district. Although Goodman's own data showed that none of the county level leadership cadres was native to the county in which he or she served, he still draws the conclusion that the main characteristic of local leadership cadres in Shanxi is localism.[53] However, as Pieke has pointed out, these leaders are more likely to identify with the next administrative level rather than the local community in which they serve. Li Cheng does study provincial leaders but even though he concludes that localism is on the rise, his data show that only four provincial Party secretaries served in the province in which they were born in 2000, as compared to six in 1999, seven in 1998, and nine in 1997, which indicates that localism is rather on the decline in the end of the 1990s.[54]

My field material, admittedly scattered, suggest that rotation at the township level is often applied by higher levels and that it became more frequent from the 1990s onwards. In one Zhejiang county, all township Party secretaries and township mayors were rotated in accordance with

50. For the view that rotation of cadres can in fact reduce accountability, see O'Brien and Li, "Selective policy implementation," p. 176.

51. National regulations stipulate that county Party secretaries and mayors shall not take up posts in their home towns, but there is no such provision for township leading cadres, see article 39 in Temporary Regulations on Selection and Appointment of Party and Government Leading Cadres.

52. Cheng Li and David Bachman, "Localism, elitism and immobilism: elite formation and social change in post-Mao China," *World Politics*, Vol. 42, No. 1 (1989), p. 86, Cheng Li, *China's Leaders: The New Generation* (Lanham: Rowman & Littlefield, 2001), p. 63; Zang Ziaowei, "Provincial Elite in Post-Mao China," *Asian Survey*, Vol. 31, No. 6 (1991), p. 524; and Goodman, "The localism of local leadership cadres," p. 163.

53. Goodman, "The localism of local leadership cadres," p. 171–72. Goodman himself points out that native of the province is a rather crude measure of localism but oddly enough still draws his conclusion. His comparisons between different level of cadres on a number of dimensions is very useful but his analysis would benefit from distinguishing between different levels also when discussing localism.

54. Cheng Li, *China's Leaders: The New Generation*, p. 66.

local regulations.[55] Out of 12 townships in another Zhejiang county, only one Party secretary, and not a single township mayor, was native to the township.[56] The practice of rotating the two most important township leaders had been revived in the second half of the 1990s in both cases above. There are variations between areas: some practise it to a lesser extent by only rotating one of the two top leaders or by only rotating leaders of some townships. In one Shandong county, for example, the Party secretary of the first-ranking township was an outsider while the township head was a native of the township.[57] In southern Jiangsu, the Party secretary of the third-ranking township was an outsider whereas all township leaders of a middle-ranking township were natives.[58] Although data are scattered, they suggest that rotation at the township level is more widespread than some authors claim. The trend points to increasing frequency of rotation of local leaders in the 1990s, which is substantiated by the few available studies carried out at the provincial level. The proportion of natives in provincial leadership declined in the 1990s: according to Bo, it was at 50 per cent during the 1950s, dropped to less than 20 per cent during the 1960s and 1970s, and began to increase again in the 1980s to decline again in the 1990s.[59]

Rotation at the township level is not only becoming more frequent, as suggested here, but it is also notable that it is selectively applied. This is done in three different ways. First, it is primarily the leading cadres of local governments that are rotated and not the ordinary local cadres. Secondly, Party leaders are more often rotated than government leaders. The same strategy has been observed by Oksenberg and Teiwes for the pre-reform era and by Bo for the 1990s.[60] Thirdly, and most importantly, this study shows consistently that top-ranking townships more often have leaders who are non-natives than less successful townships. In other words, the county takes greater care to control strategically important townships, either by promoting their leaders to hold concurrent posts at higher levels or by appointing a district- or county-level cadre as their

55. Interview ZD2 with the section vice-chief of the Party committee organization department in a Zhejiang county (1999).

56. Interview ZE3 with the section chief of the Party committee and the section chief of the Party committee organization department in a Zhejiang county (1999).

57. Interview 2SAa15 with the Party secretary of a Shandong township who was the former vice-head of the county Party organization department (1998); and Interview 2SAa1 with the township mayor cum Party vice-secretary in a Shandong township (1998). In another county, the Party secretary of a well-performing township was also non-native, see interview SCa3 with the Party secretary of a Shandong township (1998).

58. Interview JAc5 with the Party secretary of a southern Jiangsu township ranked third (1996); and interview JAa17 with the Party secretary of a middle-ranking southern Jiangsu township (1996) and interview 2JAa6 with the mayor cum Party vice-secretary of the same Jiangsu township (1997).

59. Bo Zhiyue, "Native local leaders and political mobility in China: home province advantage?" *Provincial China*, No. 2 (1996), p. 9. See also Zheng Shiping, *Party vs State in Post-1949: The Institutional Dilemma* (Cambridge: Cambridge University Press, 1992), pp. 220–24; and Huang, *Inflation and Investment Controls in China*, p. 116.

60. Oksenberg, "Local leaders in rural China," p. 187; Teiwes, *Provincial Personnel in Mainland China*, p. 17; and Bo Zhiyue, "Native local leaders and political mobility in China," p. 4.

leader. This seems to be a changing ruling tactic on the part of the CCP. Oksenberg reported in 1969 that demonstration sites, where the CCP had a stake in producing positive results, had more outsiders in leadership positions but that grade one and model unit areas were less likely to have outside cadres assigned to them. Leaders from model unit areas were in fact reassigned to backward units.[61] Today, the CCP takes greater care to control strategically important local leaders, especially from economically successful areas, by incorporating them into the higher levels of the party-state.

As shown above, the CCP has strengthened its control over selected local leaders. The picture presented here from a township perspective fit well with national development. Jiang Zemin has, much more than his predecessor, emphasized the rebuilding of the Party organization, and political control over its members. This strategy can be viewed as an effort by the Party to counter market forces, and to maintain its control over well-developed areas and rich entrepreneurs. The methods by which the party-state exercise political control involve the introduction of innovative market reforms into cadre management and responding to market signals, but, notably, also the revival of old administrative practices used in the pre-reform era. Neither introduction of markets nor strong economic development thus seem to have undermined the institutional pillars of the Chinese Communist Party, and in some instances they may even have strengthened it.

Conclusion

Many authors assert that the Party's Leninist institutions cannot survive marketization, that central state capacity is weakened by decentralization and that there is an erosion of the nomenklatura system.[62] In contrast with this view, it has been argued here that state capacity, defined as the capacity to monitor and control lower-level agents, has increased in China. This study questions the view that the root problem of policy implementation lies in the centre's inability to discipline its agents. Wang concludes that "the Chinese political structure has been transformed from one that was once reputed for its high degree of centralization and effectiveness into one in which the center has difficulty coordinating its own agents' behaviour."[63] Lü Xiaobo and Thomas Bernstein also identify the underlying cause, in this case of the centre's failure to address the problem of peasant burden, as inadequate control over the bureaucracy. They find that state capacity was increasingly eroded by ineffective

61. Oksenberg, "Local leaders in rural China," pp. 199–200.

62. See, for example, Merle Goldman and Roderick MacFarquhar, "Dynamic economy, declining party-state," in Merle Goldman and Roderick MacFarquhar (eds.), *The Paradox of China's Post-Mao Reforms* (Cambridge, MA: Harvard University Press, 1999); and David Shambaugh, "The Chinese state in the post-Mao era," in David Shambaugh (ed.), *The Modern Chinese State* (Cambridge: Cambridge University Press, 2000).

63. Wang, "The rise of the regions," p. 109.

control of the party-state over its own agencies and agents.[64] While I agree with their analysis of the mechanisms, I would like to offer a slightly different interpretation on the basis of the data presented here that shows higher levels' capacity to control local agents has not declined.

As I interpret it, the reason behind implementation failure is not so much the result of lack of central control but is rather an outcome of the centre's own policies. The issue of peasant burden reduction is often taken to illustrate the lack of state capacity to implement its own preferred policies, and I will also use it as a case in point.[65] There is general agreement that the centre seems truly concerned with the excessive taxes levied on peasants by local agents and with rural instability, but so far it has not been able to remedy the problem. I suggest that this inability is not primarily because of the centre's lack of control over its local agents but because the centre's actions are constrained by its other policy priorities. The political will to reduce peasant burden becomes weaker when balanced against other, more important, policy goals. It will be very difficult for the party-state to reduce peasant burden as long as its primary goal is economic growth, a goal that is bolstered by the current regressive tax system.[66] The cadre responsibility system transmits the goals of higher levels to local agents, but the system cannot cope with more than a few state goals simultaneously, especially when those goals conflict. Bernstein and Lü in fact offer a similar analysis with regard to conflicting goals: they describe how local agents were responsive to their superiors to meet performance targets but that this responsiveness didn't extend to compliance with regard to burden reduction, in part because extraction from peasants was required to meet other performance goals.[67] O'Brien and Li highlight how policies are selectively implemented, and how popular policies such as burden reduction are shunned by local cadres who can evade monitoring from above as long as villagers are not drawn into the evaluation process. My interpretation differs from theirs in suggesting that burden reduction is not implemented because it is not given top priority by the party-state.

In conclusion, reforms have been introduced into cadre management to make it more effective, and to counter market forces the CCP has also revived old administrative practices from the pre-reform era that may

64. Thomas P. Bernstein and Xiaobo Lü, "Taxation without representation: peasants, the central and the local states in reform China," *The China Quarterly*, No. 163 (2000), p. 752; and *Taxation Without Representation in Rural China*.

65. O'Brien and Li, for example, take peasant burden as an example of a policy that has not been implemented in "Selective policy implementation." For the best and most extensive work on peasant burden see the works by Xiaobo Lü and Thomas Bernstein cited above and also Xiaobo Lü, "The politics of peasant burden in reform China," *The Journal of Peasant Studies*, Vol. 25, No. 1 (1997).

66. For an analysis of this issue, see Wang Shaoguang and Hu Angang, *The Political Economy of Uneven Development: The Case of China* (Armonk, NY: M.E. Sharpe, 1999) and Azizur Rahman Khan and Carl Riskin, *Inequality and Poverty in China in the Age of Globalization* (Oxford: Oxford University Press, 2001). I am in total agreement with the analysis of Wang and Hu; we only differ in what we see as the source of the problem.

67. Bernstein and Lü, *Taxation Without Representation in Rural China*, ch. 1. Whiting has also noted that performance targets, for example industrial profits and public order, were not mutually compatible; see Whiting, "The cadre evaluation system at the grassroots," p. 10.

have slackened in the 1980s. This study's findings from the township level lend support to the argument by Huang that the central government has increased its administrative and political control over local leaders.[68] It has been argued here that state capacity, defined as the capacity to control and monitor lower level agents, has increased in China. However, it is very important to be precise about what the state has capacity to do, as capacity to control its local leaders does not readily translate into implementation of all their policies. As discussed above, higher levels of the party-state through the cadre responsibility system mainly have the ability to implement their priority policies. So while the CCP is able to govern effectively in the 1990s, it clearly also governs less.[69] State withdrawal from some fields allows the state to concentrate on some of its key policies. In sum, the Chinese party-state has the capacity to be selectively effective, that is, to implement its priority policies, and control its key local leaders and strategically important areas.[70] This strategy no doubt leaves large discretion to local agents over implementation of non-priority policies, and little control over areas which are strategically less important. It means that the centre is severely constrained in its implementation of other policies – to the detriment of peasants in less developed areas. To reduce rural poverty and peasant burden, the centre needs to modify its development strategy and move the issue of poverty and burden reduction to the top of its agenda.

68. Huang Yasheng, "Central–local relations in China"; and *Inflation and Investment Controls in China*.

69. For a similar analysis, see Richard Baum and Alexei Shevchenko, "The 'state of the state'," in Goldman and MacFarquhar, *The Paradox of China's Post-Mao Reforms*, p. 352

70. The idea that the state is selectively effective and can implement mainly its priority policies in fact goes back to the pre-reform period. For a discussion about the selective control of rural cadres during the Mao period, see Jean C. Oi, *State and Peasant in Contemporary China: The Political Economy of Village Government* (Berkeley: University of California Press, 1989), p. 102. Oi describes how model local leaders were the ones that were favoured but also the ones most closely watched and who risked scrutiny by outsiders.