



# Policy Innovation of Local Officials in China: the Administrative Choice

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## Abstract

Local policy innovation is considered one of the major drives for China's rapid economic development, especially during the first 35 years of reform in China. Given the new central policies and constant anti-corruption campaigns under the Xi administration, this article examines a timely question of why and how local officials continue to develop new innovative policies and projects. Based on previous theoretical building, the article analyzes such key institutional factors as new rules of game and their impact on local officials' competition for survival and career advancement. Selecting cases across all the districts from a typical city in China, this article compares and identifies the changing patterns in local policy innovation. Policy innovations are administrative choices made by local officials in response to new and changing institutional opportunities and constraints. The discussion in this article makes significant contributions both theoretically and empirically to the China studies.

**Keywords** Local official · Innovation · Institution · Policy choice · Governance

Given the new central policies and constant anti-corruption campaigns under the Xi administration, maintaining policy innovation becomes more a challenge to Chinese local government officials. In the past, for the purpose of delivering local economic development and self-promotion, local officials were ready and willing to pursue innovative policies even that might be considered violating rules and laws or corrupt. With constant anti-corruption campaigns since the early 2010s, local officials tend to take safer though still innovative approaches so as to avoid possible mistakes that could be considered as corruption, which would eliminate their opportunities for further career development. New central policy of lifetime responsibilities is

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expected to give local officials second thoughts while they choose among new and innovative measures, the responsibility of which would follow them even after their retirement. Changes in rules of game may have jeopardized local policy initiatives, including the new and ever comprehensive requirements for official's promotion that was stipulated at the 18th Party Congress and the Fourth Plenum of the 19th Party Congress [47, 54]. However, contrary to the conventional wisdom, there has been no lack of local policy innovations throughout China since 2012. For instance, there are "one trip at most" (*zuiduo paoyici*) reform of government services in Zhejiang Province and innovative model of community governance in Shanghai [16, 78]. From a new institutional perspective, there are major reasons for the local Chinese government officials to act innovatively in developing local projects and implementing central policies under various circumstances [20, 23, 26, 31, 69]. Now the question for this further investigation is why and how the Chinese local officials – have to or could – maintain policy innovations after 2012 when China started some major political and institutional changes.

Our investigation will focus on the changing rules of game that constitute an incentive system for local officials to promote their self-interests while meeting government targets. In general, we argue that it is the interaction between local officials' self-interest in career development and the changing political and institutional opportunities and constraints presented to them that continue to drive local policy innovations. After decentralization reform, local officials have been left to compete for promotion on their own merits, and the evaluation of their merits has much affected by new and changing administrative rules of game. These new and changing rules of game also affects what kind of innovative policies local officials tend to create. In other words, policy innovations are administrative choices made by local officials in response to new and changing institutional opportunities and constraints. In particular, we argue that innovations have not stopped under the Xi administration despite the new challenges. By pursuing innovative policies local officials keep themselves competitive. However, they tend to focus innovations in certain areas as a response to three new rules that affect officials' promotion. Indeed, our research builds upon previous theoretical findings [27, 31, 32, 58] while addressing the new challenges that Chinese local officials face in their career development after President Xi Jinping succeeded President Hu Jintao. In this article we will first review major contributions to this area of studies, and then provide new evidence to illustrate and support our argument stated above.

In the 1980s, decentralization reform laid a political foundation that has supported much of the rationale for economic and administrative behaviors in China. Such a decentralized foundation has shaped many further economic and administrative reforms as well as behavior of local government officials in China. Decentralization gives more authority to local governments but also pitch their officials against each other, not only for regions to compete for economic resources, but also for local officials to compete for higher offices in their own innovative ways.

While competing through innovations, local officials become more creative in promoting their self-interests and implementing central policies or meeting central government targets. By doing so, Chinese local government officials proactively respond to changes in opportunities to pursue their collective and personal goals.

They take initiatives in formulating new local policies, develop new local projects, and implement central policies in an innovative and locally adapted ways. Local officials actively identify growth opportunities, develop strategies, and take risks in a competitive environment. By doing so they are able to respond to local issues with policy innovations [17, 61, 82]. Local officials seek to be creative and initiate original ways to implement central policies – this is the policy innovation we refer to in our studies.

To answer the research question of why and how Chinese local officials continue pursuing policy innovations, this article will review three useful theoretical perspectives in China studies. It will then apply the most useful theoretical perspective in analyzing three empirical cases broadly representative across China so as to address why and how Chinese local officials maintain policy innovation and support our argument of interactions between self-interests and the new and changing rules of game. In conclusion, this article will further address the innovative nature of local officials in an increasingly competitive economic and career environment.

### Three Useful Theoretical Perspectives

Questions of innovation have long been closely related to a broad academic debate on institutional opportunities and policy incentives [1, 6, 22, 29, 60, 75, 83]. Such debate requires us to examine some theoretical foundations and analytical approaches developed in China studies. Such examination will help us understand recent institutional changes and political dynamics evolved in China's economic reform and how they affect officials' behavior. This in turn will allow us to address the research questions of why and how local government officials continue to create innovative policies.

Scholarship in policy innovation in China has been growing. While some emphasize the importance of China's hierarchical system and state involvement [20, 27, 28], others point to local initiatives and performance incentives [62, 69, 71, 80], and still others look at the structured uncertainty caused by decentralization as the driving force behind policy innovation [10].

In our studies, we have narrowed down to three useful theoretical perspectives that address new incentive systems that help better understand why and how Chinese local government officials promote and maintain policy innovation. The first of these perspectives is Corporatism, Chinese style. Corporatism, or corporate statism, most commonly refers to the state playing the role of a mediator between the labor, business, and other state interests by institutionally incorporating them in the ruling mechanism. Corporatism was prevalent in the mid-twentieth Century in Europe and later elsewhere in developing countries. Also as a form of developmental state, the government is more autonomous and active in providing long-term macroeconomic planning to the businesses and taking necessary policy measures to accomplish those objectives beyond short-term considerations [33, 36].

Local governments in China take an active role in incorporating and managing local enterprises within their own jurisdictions, according to an early analysis by Jean Oi [41, 58]. This constitutes Corporatism, Chinese style, i.e., it is the

*local* governments that develop and drive corporatism. In post-Mao China, the central government provides fiscal freedom to the local governments as it allows local officials to retain a growing proportion of profits that used to be submitted to the central government. Oi and others argued that such fiscal reform in effect assigned local government *de facto* property rights over increased economic returns, hence giving it *de facto* autonomy to use retained revenues without formal protection of property rights [58]. Together with the enterprises within their respective jurisdictions, the local governments responded to such new institutional incentives by coordinating “economic enterprises in its territory as if it were a diversified growing corporation... and re-invest [its retained profits] as a corporation” ([58], pp.100–101). Indeed, such autonomy to use of state assets and rights to consequent economic returns provided a basic incentive system for the local governments, together with enterprises within their respective jurisdictions, to be more innovative. To Chinese corporatism, such fiscal autonomy is a key part of the new administrative rules of game for innovative local policymaking.

The second useful theoretical perspective to understand why and how Chinese local government officials promote and maintain policy innovation is Federalism, Chinese style. Different from Corporatism arguments, Federalism recognizes a continual lack of property rights protection in the reforming China. In absence of a well-defined property rights system, according to Montinola, Qian and Weingast ([46], p.55), decentralization however credibly limits the central government’s control over the local economy. Although it enhances local government power, China’s economic reform puts hard budget constraints on local governments, through either fiscal contracting system or new tax system. In the Federalist perspective, it is decentralization and central commitment to economic reforms, or Federalism the Chinese style, that has induced competition among local jurisdictions and provided incentives for the local governments to generate higher GDP growth and greater revenue.

Decentralization extends competition among jurisdictions to factors of production, such as capital and labor. Local governments are “thus induced to provide a hospitable environment for factors, typically through the provision of local public goods, such as establishing a basis for secure rights of factor owners, the provision of infrastructure, utilities, access to markets, and so on” ([46], p.58). If they were unable to secure such hospitable environment, local governments would lose many businesses to those that are able. In addition, the hard budget constraints make local governments self-reliant, thus providing the incentives for “proper fiscal management” and revenue-driven innovations [32].

While Corporatism points to the local governmental support of local business and economic development, Federalism emphasizes market-like competition as important drives for local policy making. Both Corporatism and Federalism provide important insights into the changing macro structural background for analysis of why Chinese local officials have been more open to innovation in creating business-friendly policies and promote rapid local economic growth. However, both these perspectives have left out much of an important new political reality in China. Without understanding the new political development in the reforming China, it is difficult to explain variations in local government policies, or rather variations in

political behaviors of local government officials. Therefore we need to consider a third theoretical perspective to understand these variations.

The third useful theoretical perspective to understand why and how Chinese local government officials promote and maintain policy innovation is Administrative Choice, Chinese style. A choice-theoretic perspective looks into both economic and political opportunities as well as collective and individual incentives [1, 6, 29, 60, 75]. Decentralization reform in China provides local officials with more autonomy to reinterpret and make their own administrative choices while implementing central policies. Collective incentives include benefits and interests for a group, a unit or a region on which an official's political survival or success depends. For instance, local government officials in China have been removed from office because of local coalmine blasts or violent mass protests. In addition, poor economic performance undermines the chance of many officials for promotion. In these instances, individual officials have an incentive to promote the collective well-being, may it be mine safety, social harmony, economic development, or community services.

The Administrative Choice approach is based on the choice-theoretic perspective. It is different from Corporatism or Federalism as it also looks into the changing political dynamics that shape and reshape the interests and incentives of individual officials at the micro level. The Administrative Choice approach examines individual positions and their related interests. It explores how individuals respond to institutional constraints and opportunities, and how these responses are turned into policy choices, some of which are not necessarily good for the economic development in a long run. The Administrative Choice approach provides analysis at the micro individual level. In other words, innovative policies should be considered as a result of administrative choices made by officials through interactions between individual desires and specific institutional opportunities. From this exploration, it is able to explain variations across the board [31].

China has changed much in the past four decades, not only in the economy but also in its administrative and political incentive systems. These changes include officials' evaluation and promotion requirements and their ripple effects [81]. Specifically we have looked into three important factors that are closely related to the officials' career development. They are: job performance, age, and exit mode [12, 18, 23, 31, 37, 40].

In the following, we will provide a summary of the rules and incentives on the individual level that have been developed since the reform started. By doing so, we will explore how these important factors have been transformed by local officials into their government policies and administrative choices.

### **Three Rules of Game for Local Policy Innovation as Administrative Choice under Decentralization**

In this section, we will review the rules of game emerged before the early 2010s as a result of decades of reform in China, and we will also discuss their effects on the administrative choices of local officials as they created their innovative policies. This section will help us understand why and how local officials pursued policy

innovations till the early 2010s, which will provide a background for addressing the current research question from a comparative perspective, i.e., why and how local officials continue to maintain policy innovations even under some political and institutional changes.

In previous studies, we identified three major new rules of game that had affected local officials' innovations [31]. While local officials have to compete for career advancement under a decentralized system that provides a certain degree of local autonomy, these new rules of game constitute the institutional opportunities and constraints each innovative official has to face. The first important administrative change that the officials faced was the evaluation of officials for promotion that turned to focus on economic performance. Local GDP growth and revenue generation were major criteria for measuring local officials' job performance. The next important administrative development was the term limit and retirement system for officials. To turn the Maoist gerontocratic politics around, the post-Mao reformers terminated life positions and life employment. As a result, there emerged the so-called "59-year-old phenomenon," which refers to the behavioral change when officials approach the critical ages for a potentially final promotion or stepping down, typically around 59 years old [64, 73]. Another important administrative change and perhaps the most prominent are the age caps for all government officials to be promoted to higher positions.

These three important administrative changes constitute new rules of game for local officials when they developed policies to fulfill government targets. In the following, we will discuss them one by one. The term limit and consequent "59-year-old phenomenon" could be considered as an extension or special case of the age cap. It also concerns the exit mode. These three rules of game concerning job performance, age and exit mode help shape administrative choices made by individual officials.

### **Meritocracy Centered on Economic Performance**

When post-Mao economic reform shifted the government focus from socialist revolution to market-oriented economic development, the criteria for promotion of government officials changed from predominantly political loyalty to meritocracy that was based primarily on economic performance [79]. In an effort to reduce political loyalty to previous leaders during leadership transition, new party leaders routinely introduce new rules and promotion criteria. For instance, shortly after a leadership transition in 2012, the Party under President Xi Jinping issued multiple directives on selection and appointment of cadres of the Party and the government. Nonetheless the performance-based criteria for official promotion can be traced back to decentralization and consequent growing fiscal responsibilities of local officials and the hardening budget constraints since the beginning of the economic reforms in the late 1970s. On one hand, as a result, China uses personnel control to induce desirable economic outcomes [27, 28, 35]; on the other, local officials have responded well to such promotion incentives by expanding the local economy and generating greater revenue [23, 40].

In response to this new rule of game, local officials started to become creative when they competed for resources and raced on the new promotion track. In order to promote rapid economic development, local officials adopted new measures to recruit business investment from outside, retained local companies, and constantly developed real estate and basic infrastructural projects [63, 65, 67]. It is important to note, when they recruited external investments and retain local businesses, they were in competition with officials from other regions. Such competition has been well recognized by scholars who study Federalism in China.

Local officials were well aware of that those with better economic performance in their portfolios were promoted sooner and more often [12, 40, 74]. Additional studies have shown that the political status of a Chinese province measured by the number of Central Committee members was positively correlated with the provincial economic ranking, and officials from better developed economic regions also got promoted sooner and more often [37, 45]. For local officials, such knowledge was both inspiring and stressful, which prompted them to be proactive and creative in their pursuit of innovative initiatives for better performance [71, 80]. At the same time, career concerns of local officials indeed improved local economic growth [9, 66]. In response to this new merit system, local officials found it imperative to make the right administrative choices for better and new policies in their competition for career development.

### Age Cap in Competitive Practice

The age cap was a most consequential political change that has affected deeply officials' administrative choices and their urge to deliver policy outcomes timely. Different from the age limit for politicians to run for offices in the United States and other countries, this age cap in reforming China prescribed a cap on age for each of the government positions. Such an age cap started from the top positions in China in a gradual political process, which was meant to limit the power of top leaders by restricting their years of service in top positions [77]. Together with term limits, however, the age caps have left an added pressure on officials competing for higher positions [76].

The age cap was introduced and applied during a political struggle when former president of China, Jiang Zemin, intended to remove those senior political challengers of his from the Standing Committee of the Politburo. There reached a compromise before the 16th Party Congress in 2002 that anyone who was of age 70 or older was to retire from the top government and party offices [42]. Such development finally ended the Maoist gerontocracy and changed in the rules of game that has created a ripple effect down the stream. Starting from the top positions as president and Politburo members, to ministers and provincial governors, and even down to office directors and unit leaders, the hierarchical system has incorporated age limits. For instance, premier or state councilors cannot serve the second term after they reach age 65. In 2009, the Chinese government circulated a "3-1-8" guideline for promotion of its officials, although such stipulation was not formally incorporated in the Opinions of the Organization Department of the Central Committee



on Strengthening the Work of Training and Selecting Young Cadres [31, 42, 44]. According to this guideline, no one 63 or older could be elected or selected as governor or party boss at the provincial level, no one 61 or older could take up the position as provincial discipline tsar, and no members of the provincial standing committee could be 58 years or older when elected. The age cap trickled down to the lowest level of government offices, with 40 as an informal cutting age for appointments as unit leader (*kezhang* in Chinese). This seemed to solve the problem that term limits could not, as term limits did not prevent officials from moving to another office in order to stay in power forever [42, 44, 76, 77].

This change of rules regarding age cap in the early 2000s led to intense competition among officials who were eager to move up the administrative ladder as quickly as possible – they not only competed with each other, they also competed against time. If one could not get promoted in time to the next level in the government hierarchy, he or she had to step down because of the age cap [77]. Predictably, it was important for young officials to develop leadership skills and secure abundant economic achievements as quickly as possible [18, 34, 44]. The newly installed, though informal, age cap drove officials to compete to stand out for their more and better administrative achievements. In delivering such achievements, innovative policies meeting the social and economic targets of the government became a reasonable and logical administrative choice of local officials. The age cap challenged local officials to make the right administrative choices for new and more effective policies in their competition for career advancement.

### Age-Based Term Limit and the “59-Year-Old Phenomenon”

When an official reaches age 60 on a rank lower than deputy governor or deputy minister, he or she would retire like anyone else. This has created an age-based term limit for Chinese officials. With the age cap, it also gave rise to a so-called “59-year-old phenomenon,” i.e. the behavioral change when officials approached to the critical ages for a possibly final promotion or stepping down, typically around 59 years old. Approaching the exit of their career, officials did make choices differently from those younger officials who might expect to continue to work in government for decades. The overwhelming majority of the officials reaching this age would not have a chance to move up to the very limited number of higher offices. Some of these officials became lame ducks and others were prone to corruption – cutting deals for their post-retirement careers [24, 64, 73]. According to a study, among Shanghai officials at the district and bureau levels who were disciplined or punished for corruption during 1994–1998, two-thirds were within a couple of years of 59 years old [73]. The “59-year-old phenomenon” was a unique exit problem of age limit as it focused more on concerns and plans for post-retirement arrangement.

This is similar in other countries that term limits are correlated with new public investments in infrastructure, in which many exiting officials “put less effort and give less payoffs to voters with respect to their first term in office” [7, 8, 13]. The “59-year-old phenomenon” involved not only creative policy initiatives but also doing so that primarily benefited themselves personally. The more projects they



initiated, the more personal benefits they could rip off. Corruption with a hope not to be caught requires some creativity or originality.

Under these three rules of games, Chinese local officials became performance-oriented and pro-innovative. Cases of infrastructure investment indeed provide robust evidence supporting our argument. Until recently as economic development had been primarily defined as GDP growth rates, infrastructure investment was favored as a “one-stone-two-birds” project. It promoted higher GDP growth that increased the chance of promotion for local officials, and it involved large public investments that could generate significant kickbacks to local officials, their families, friends and associates [14, 31, 63]. Given the three new rules of game, no matter whether they were rising junior officials or retiring senior officials, development of public infrastructures became a favorite administrative choice of innovative policy for many local officials. In a decentralized and competitive structure of decision-making in China, it is the administrative choice of local officials, in line with their individual career ambitions, that shape various projects and social outcomes.

All the three important new factors – job performance, age and exit mode – that developed during the reform era in China were missed by the other two analytical approaches, local state Corporatism or market-preserving Federalism. When we make connections between potential policy innovations to the interests of policy-makers, these three factors become key institutional opportunities that drive many local decision-making, innovative or corrupt, which may not necessarily mutually exclusive. This section has provided a background for addressing, from a comparative perspective, the current research question, i.e., why and how local officials continue to maintain policy innovations, even under some political and institutional changes.

### Three Rules of Game for Local Policy Innovation Refined

Since 2012 when President Xi Jinping took office, those three important rules of game discussed above have further evolved to various extents. Once again, as pointed out earlier in this article, in an effort to reduce political loyalty to previous leaders during leadership transition, new party leaders routinely introduce new rules and promotion criteria. This is often coupled with anti-corruption campaigns. In Chinese, all this is called re-queuing (*chongxin zhandui*).

### Performance-Based Meritocracy: “Five-in-One” and Sustainable Development

In addition to the GDP-focused performance criteria, the central government started to incorporate more diverse factors, such as environmental protections, social stability, and public security [70], some of which had been called for in the later part of the previous administration. At the 18th CCP Party Congress in November 2012, however, a new set of goals for China’s future development was highlighted. It is called the “Five-in-One” overall plan. The “Five-in-One” scheme refers to promoting coordinated and integrated economic, political, cultural, social, and ecological

advancement, and it is sometimes also translated as “five-sphere integrated plan” [47, 48]. It is considered as a consequential step of the deepening economic reform, which emphasizes sustainable development. Applied to evaluation for officials’ promotion, it deemphasizes GDP-focused criteria but expands previous criteria to incorporate other non-economic achievements, including political commitment, social stability, and sustainable development. All this was explicitly and well elaborated by the CCP Department of Organization time and again [59]. Such scheme received further and prominent attention at the Fourth Plenum of the 19th CCP Party Congress in December 2019 [54].

All this redefines new priorities for performance-based meritocracy. In the past, reckless pursuit of rapid GDP growth led to air pollution, water contamination, and other environment deterioration, as well as social polarization and growing number of “malignant incidents.” Against this background, officials will now also be evaluated against whether there has been any malignant environmental incident or major social unrest taken place under his or her administration, among other additional criteria [5]. When the list of criteria for promotion consideration grows, it not only increases the challenges to evaluate an official candidate on an equal and fair ground, but also gives more opportunities for rent seeking, that is, in this case to develop other self-serving measures to follow, such self-serving measures as loyalty to the upper administration or top leadership [30]. Such changes in performance evaluation will certainly change local officials’ pursuit of innovative policies. Although the foundation of meritocracy stays unchanged, on local officials’ innovation agenda it is expected to see fewer big-budget mega infrastructure projects at the expense of environment protections but more on sustainable development including those directed to social and political stability. This reflects new administrative choices made at individual level as local officials respond to changes in the rules of game.

### **Age Cap Lessened but Competition and Time Pressure Kept**

The rigidity of age cap seems to be challenged as well. To start, it has been more an informal than formal rule for official promotion. More in recent years, an increasing number of officials stay in office beyond their age limit, though first treated as exceptions. This increasing number of cases of over-the-age exceptions leads gradually to loss in rigidity of its implementation in practice. In the New Institutional literature, this is considered as a strategic attack against established institutions, a norm that will take place and increase over time [1, 6, 15, 43]. In addition, the sweeping and constant anti-corruption campaigns under President Xi Jinping have resulted in more openings for offices on one hand and decrease in qualified candidates on the other. This seems to provide legitimate reasons for more and more end-of-career officials to seek – or to be asked – to stay in office above their age caps [2, 3].

However, promotion competition and time pressure for local officials have changed little. The exact scheme of age caps for different ranks and offices may become invisible in official documents or guideline circulations, but the principle of age cap is still there. Calling for making the rank and file of officials younger has never stopped. It in fact remains routine. In June 2013, President Xi gave a speech at

a conference on national organization work emphasizing the importance of promoting young officials. In October 2017, the Party Congress once again made it clear the importance of training, selecting and promoting young local officials. In the same vein, “The Regulations on the Selection and Appointment of Party and Government Leading Cadres” were updated twice, in 2014 and 2019 respectively. At the end of 2019, the government issued the “2019-2023 National Party and Government Leadership Construction Plan Outline,” reiterating the need to recruit and incorporating young officials into leadership groups [57, 68].

Although the exact age caps have been lessened, the promotion competition and time pressure still remain prevalent and essential for both the government and individual young officials. This has not lessened the drive for local officials to perform and to innovate for their career development, and it continues to drive local officials to be proactive and innovative as their administrative choices for promotion competition.

### Anti-Corruption and Life Responsibility

Since President Xi took office, the anti-corruption campaigns have been indeed sweeping and constant, and they are also deadly. These constant, sweeping and career-ending anti-corruption campaigns have sent chills down officials’ spine, as it has been widely believed that many officials are corrupt. With added significance, the anti-corruption campaigns seem to have extended to officials recently retired. According to a new government policy, government officials carry life-long responsibility for their major administrative decisions, “even though they are retired” [52] and particularly for those decisions that may have caused major ecological or environmental damages ([50], p. 10). In a number of cases, retired officials have been indicted [19, 72]. This has also created a new problem of “inaction” (*bu zuo wei*) among many officials initially [21].

Constant anti-corruption investigations and particularly life responsibility should have curbed much the enthusiasm for the “59-year-old phenomenon.” As this increases the stake for those corrupt administrative choices, this new rule of game may divide officials into subgroups. Some, especially those with higher stakes and those who are closer to retirement, would tend to take “inaction” as an administrative choice to protect themselves; others, especially those who are younger and much dependent on merit performance for career development, would remain proactive and innovative as their administrative choices. The opportunity cost of “inaction” is much greater for the younger ones. Constant anti-corruption and life responsibility would also promote “safer” or risk-averse innovations in local officials administrative choices [1, 24, 35].

Under President Xi, there are clear continuities and changes in the administrative rules of game for local official innovations. Meritocracy, age-concerned promotion, and retirement system have remained unchanged. However, all of the three rules of game have been refined or modified. For meritocracy, the merits for official evaluation have shifted or expanded from predominantly GDP-driven to incorporation of multiple criteria, including sustainable development and social and political

stability. The “Five-in-One” scheme has been widely promoted by the government soon after the 18th Party Congress [51, 55]. For age cap, the limits become less rigid, especially for those who could stay for a couple of years beyond their retirement age of 60. The addition of constant anti-corruption campaigns and life responsibility should curb some corrupt projects, projects that are developed for instant private gains at the expense of future development. They should also turn local officials more careful and risk-averse in their administrative choices regarding policy innovation. In this sense, we expect to see both continuities and changes in administrative choices for local policy innovations.

Indeed, these recent changes in rules of game have not taken away local officials’ urge for career development and promotion. Officials still need to compete and develop new ways in order to advance their political career. Especially local officials still need to deliver as long as China does not return to the Cultural Revolution politics completely. Some officials are always ready to embrace changes as changes may provide new opportunities [23]. Given all this, local officials in China seem ready to respond to these recent changes under President Xi with their own administrative choices of new innovative policies. Now the question becomes whether there is any new focus or direction for recent policy innovations. In the next section, we will investigate three recent “policy innovation” cases and identify possible trend for future innovation in local China.

## Policy Innovation and Administrative Choice: New Case Studies

The sweeping anti-corruption campaigns after 2012 induced “political coma” in many government officials initially and discouraged them to be innovative. “You don’t know when and how you will get into trouble,” the saying that you would often hear in private conversations with officials who are afraid of being targeted in the next round of anti-corruption campaign simply because one takes initiatives or develops projects. Noticing the widespread dismay among government officials, the central government sent out warnings against those who took no actions in their routine government responsibilities or governance modernization (*bu zuo wei*). The central government charged those “inactive” officials as corrupt as any type of corrupt officials [39]. On February 10, 2015, Baoding Municipal Government charged 17 of its officials of “inaction” for administrative punishment in order to “emphasize deepening reform and increasing efficiency” [4].

Under a new central directive for the “loosening-managing-servicing” (*fang-guan-fu*) reform, local governments and their officials are asked to promote the quality of public administration and pay attention to public satisfaction [38]. *Fang-guan-fu* refers to streamlining decentralization, enhancing governance, and optimizing services of the government to manage the slowing economic growth and increasing social issues. Although government services have been emphasized from time to time since the 1990s, this *fang-guan-fu* reform package was first introduced by the State Council in May 2015 as a new concept of governance, and it has since been considered as part of governance modernization and efforts to increase the capacity of overall governance and quality of sustainable growth.

According to Administrative Choice approach, we need to examine how local officials respond to this new call of *fang-guan-fu*. In order to test our theory developed earlier and address local official innovation, we have selected a typical region in China and surveyed the variations across different districts within a major city Nanjing in Jiangsu Province. The city embodies the general trends of local policy challenges and innovation attempts. The following three cases share diverse geopolitical backgrounds within a city and they are representative in regard to the administrative choices made by local officials in response to the new challenges and new rules of game throughout China. They are selected across the districts in Nanjing to ensure representativeness of the findings. Nanjing is a major city that enjoys a total population of 30 million residents, with over eight million in its metropolitan areas. Our case studies cover the entire city and all its 11 districts in Nanjing. The cases have been followed in the past three years. Among all the cases, what stand out for our investigation is the growing dominant number of service-oriented new policy innovations, which supports our argument of expected administrative choices of local officials in their innovative response to new rules of game for their performance and promotion.

While the central government emphasizes *fang-guan-fu*, local officials find it politically and financially safe to offer services to their local population in face of constant anti-corruption campaigns, life-long responsibility and the slowing economy. There are variations in local officials' responses to the new social challenges and new central mandates, but the different cases we have investigated all share a common theme. That is they are predominately service-oriented. Although with different policy tools, such service-oriented policy innovations or programs will still earn credits for local officials, given the widened meritocracy, which are much needed for their promotion and career development. The following case studies will illustrate these points and support our Administrative Choice argument.

### **New Model for Public Security Services and Job Performance Evaluation**

Social stability under the "Five-in-One" scheme has become increasingly important for an economy that experiences slower rates of growth. Urban officials cannot shy away from the responsibility of preventing social disturbances, diffusing social discontent, and resolving social problems. Urban leaders across China seem highly aware of that the best way, in principle, to handle all these challenges is a strategy that combines prevention, communication, and speedy resolution [2, 3]. They understand very well that small incidents could erupt into major social turmoil if not handled early and satisfactorily, and this could derail their career development and promotion under the constant anti-corruption campaigns.

In response to these concerns, our first case involves an opportunity to develop an innovative, first-of-the-kind online service to the general public by Nanjing Municipal Public Security Bureau. In a race to reform police work and "modernize governance," the city's public security bureau is believed to be interested in becoming a leader in this round of police reform and modernization. The leadership of the Public Security Bureau, most around age 50 or younger, decided to

work with the municipal government to establish a public opinion tracking center, or the Public Opinion 110 (PO110) in May 2015. The telephone number 110 is an emergency number for the public to reach police. The municipal government then chose to elevate the center into an office in July 2016.

The objective of PO110 is to establish a surveillance network by opening the Bureau to all phone calls through its hotlines and following up the phone calls on whether issues reported are satisfactorily resolved. Under anti-corruption campaigns, the Bureau officials become more attentive and proactive, and their innovative approach incorporates public input, public information, and public feedback all together into the new online service system. Issues range from traffic incidents, neighborhood disputes, property protection, to vehicle registration and public security concerns. It encourages instant reports, comments and complaints, including those against police officers, from the general public. It helps to prevent small incidents from developing into major social turmoil.

All calls are categorized into 378 different groups. It is reported that for the first three months of its operation, the PO110 Office received 4411 calls, close to 50 calls a day including weekends. It is also reported that property violation or damage dropped 13.9% in 2017 as a result of PO110. The Office has provided services to millions of people since mid-2015. The information aggregated will also be used for internal assessment of police officers' job performance. This is a creative response of local officials to mitigate social risks – therefore their career risks – and incorporate new performance items in their job evaluation. In front of many traditional police action plans, this new and innovative administrative choice is service-oriented and risk-averse, an expected development according to our early analysis about the changes in rule of game since 2012.

What is also intriguing in this case involves the interests of the public security bureau and the municipal government. Both have paid significant attention to the outcome of the police work reform, particularly to how it can score on regional and national list or competition. For instance, the officials involved have boasted how their PO110 reform has loosened the traffic jam in the city, moving its ranking of the top 6 most jammed cities to the 31st nation-wide. The speed of response to emergencies and non-emergencies increased 30% during the three-year period from mid-2015 to mid-2018. The local officials believe all this contributes to the increase of quality of sustainable growth [2, 3].

More importantly to them, the Bureau officials have received multiple awards because of this reform. They include a national gold prize for innovation, a silver prize for reform and innovation among all public security bureaus across the country, the first prize for reform and innovation among all public security bureaus within the province, and the first prize for provincial legal professions. The Ministry of Public Security has included PO110 as one of its successful reform sample cases across the nation. Several major national news outlets have reported the success of the reform, including the Xinhua News and *People's Daily*. The Municipal Government and the Bureau have received 265 government Study Groups from across the countries, according to an unpublished case studies report. It becomes a new model for services and performance evaluation, which

surely earns local officials both within the Bureau and the municipal government a better chance in the next round of competition for promotion.

In front of many conventional police programs and projects, PO110 as a policy innovation with online services is a timely administrative choice made by local officials in response to the changing rules of game. The police work reform becomes an early success of its kind, and clearly it is a response following the guidance of the “Five-in-One” scheme. Given the economic slowdown and GDP growth less emphasized, local officials have to identify “shining spots” outside of “economic miracles.” Such new “shining spots” would be better if it supports the government’s new emphasis on the “*fang-guan-fu*” reform and sustainable growth. Finally, innovations such as PO110 are also a very safe project that does not involve big budgets or corruption risks – a risk-averse response to the new introduction of life responsibility. Innovation continues but the new innovative projects are clearly a response to the new rules of game, and particularly the new set of goals promoted by the Xi administration, all discussed above through the Administrative Choice framework.

### **New Model for Innovative Governance through WeChat and Higher Approval Ratings**

The second case in our study is of WeChat governance, or servicing constituents by using social media WeChat, which is a most popular Chinese mobile networking application with over 1 billion active users, sort of a combination of WhatsApp and Facebook. The innovative governance model is initiated by local officials, most under age 45, in the Qixia District of Nanjing. They apply WeChat messaging to open up a new, instant communication channel between the government and the public for the purpose of providing the government with sensors detecting public opinion and public mood of its residents early on, improving communications, and preparing information for informed decisions of the government. For Qixia officials, this is their administrative choice for an innovative way to respond to the Xi administration’s request for modernizing governance and enhancing social and political stability.

Qixia District under study consists of three very distinct sections of the society and they are rural villages, a college town, and an advanced economic and technology development zone. Over 200,000 are college students, researchers, and professionals, i.e. about 25% of the population. In addition, there are about 100,000 farmers, another 100,000 low-income migrant workers from outside of the region, and about 100,000 residents who recently moved from the center of the city due to relocation. Qixia District Government faces considerable challenges in managing and servicing this diverse population. With changes in the rules of game for officials, Qixia leadership was first at lost about how to implement new directives from their superiors in the municipal government under the “Five-in-One” scheme. On one hand, there is no longer much funding for any mega infrastructure projects that could cover the diverse population they have, nor is there any financial risk they could afford taking. On the other hand, the Xi administration seems to attach greater importance to social and political stability.



Following their own instincts and personal desire for strong job performance and career advancement, Qixia local officials finally settled on the innovative WeChat governance program. This program maintains a constant flow of information on the social mood and public opinion and a wide network and effective channels to reach Qixia residents from different corners through WeChat communications.

To achieve their goals, those young officials in Qixia took the initiative in 2016 and established 747 WeChat groups that cover all 119 neighborhoods and communities within the entire District. While WeChat is a social media for informal and private networking, the District officials saw the opportunity to utilize it for innovative governance. By 2018 it has already attracted more than 150,000 subscribers from the District, and it uses multi-functions of WeChat to create bulletin boards, specialized groups, and other service functions. For questions, comments and reports, the officials promise timely responses within two hours. They have also kept a promise of providing response to each request. As predicted in our discussions above, these younger officials who are much dependent on merit performance for career development have remained proactive and innovative in their administrative choices.

Through WeChat communications, the District Government has collected big data in four areas: public opinion and public mood, feedback on the District administration, intelligence services, and consultation and self-rule. In 2017, the District Government received over 4000 policy and governance suggestions. According to a public survey by Nanjing University, the approval rating of the 119 neighborhoods in Qixia increased on average from 52.3% in 2016 to 62.4% in 2017 due to communications and services delivered through WeChat. In the first half of 2018, the level of satisfaction with the District's WeChat governance reached as high as 95%, according to an unpublished case studies report.

Qixia residents can engage in discussions at any moments and check bulletin boards anywhere they are. They can use such services virtually around the clock. This around-the-clock service won praises from the provincial government. In a 2017 survey, the District received 88.08 points out of 100.00 on citizens' satisfaction with government services, and it became No.1 for government services among all districts in Nanjing, according to the unpublished case studies report. All this is exactly the statistics that the District officials need in their competition for career development in the new political environment after President Xi took office.

When asked about their administrative choice of the innovative WeChat governance, Qixia officials emphasized it was a response to "the central government's advice on using social media for innovative and efficient governance." For their policy decisions they also emphasized the guidelines set up by the 19th Party Congress Work Report urging governments at all levels to utilize web tools in governance and services and analyze big data collected through internet for informed decisions [2, 3].

Local officials seem very responsive to superiors' directives and demands. Under the "Five-in-One" scheme, they also become more sensitive to public demands and complaints. Under the Xi administration, public opinion, particularly bad publicity, may well derail an official's career path, as many surveys or reports conducted by different organizations, including newspapers, research institutions, and upper administration, nowadays always highlight public satisfaction. This is much different

from the previous years when officials dwelt on GDP numbers. Local officials also believe that monitoring the public satisfaction with their work will help prevent the population from causing social disturbances. Serious social disturbances derail further career development of government officials. Similar to PO110, although it may not generate any revenue for the local government, this service-oriented innovation helps officials score high in the job performance. Younger officials tend to have higher stakes in their record of job performance and their opportunities for future career development. This may make them more active even during the times of greater challenges, and their program choices seem to incorporate preventive and protective considerations.

Indeed this new case continues to illustrate the impact of the changing rules of game on local officials in their administrative choices of innovative policies, and it supports our fundamental argument regarding the logic behind policy innovation. While we do not see many senior local officials in our new innovation cases, younger officials tend to take the lead – the opportunity cost is greater for the younger officials. Anti-corruption campaigns and the new rules of game under the Xi administration have made local officials more careful of what innovation choices they make, and *fang-guan-fu* have provided them with new and safe channels of innovative inspirations.

### New Model for Online Services to Industries

Against the same backdrop of slowing economic development and increasing public demands, those who desire career promotion have to be more innovative to muster all resources available and strike a difference in the competition so that they can stand out and be recognized. At the same time, they have to minimize the risks that their predecessors took, such as big-budget mega infrastructure projects. Our third case continues to enhance our theoretical argument. It is about local officials from an economic development district, Jiangbei New District, in Nanjing. The municipal leadership and Jiangbei New District leadership work together to find ways to make a difference under the guideline of streamlining decentralization, enhancing governance and optimizing public services. For the municipal leadership, it could be cost-efficient to focus relatively more resources on one potential star district within its jurisdiction. For the economic development district, its leaders have to take the lead in setting up an example especially for sustainable economic development. In the past, everything in an economic development district was about economic development – that was the purpose of setting up an economic development district – and GDP growth was the golden standard. Nowadays, however, all these officials have to play by the same new rules of game in their innovative policies.

Jiangbei New District of Nanjing was first established in 2013 to coordinate economic development of suburban and technology development zones and to build a stronghold for the region in the Yangzi River Delta. It covers an area of close to 2500 square-kilometers, and it enjoys a population of over two million, three technology and industrial parks, and two fresh water ports on the Yangzi River. The major industries in Jiangbei New District include new materials, biomedicine,

software and information technology, rail transportation, and automotive supplies. Among these industries, 43% of Nanjing's rail transportation, 42% of its new materials, 40% of its biomedicine, and 30% of its smart manufacture are concentrated in Jiangbei New District. The district government has much to serve in this area [25].

With the new rules of game when GDP-driven policies could run political and economic risks, the New District officials have to be extra creative in developing their programs to meet their policy targets. As the economy starts to slow down the New District cannot enjoy the financial abundance as it did before. Most of the district officials are between ages 35 to the low 50s, and they finally proposed and received municipal support for a pilot project on strategic industrial development scheme.

Along this strategic industrial development scheme, the young officials installed two innovative policies. First, they decided to cut down some traditional bureaucratic functions, especially those duplicates of the municipal government, so that the district government could focus its resources on "economic, social and environmental functions" that support the "Five-in-One" scheme. Strategically the New District leadership managed to rally these three functions to build and serve new and cutting edge industries. In streamlining decentralization, even the economic development districts have to be fiscally responsible and self-sustained. This move is genuinely innovative as decentralization usually delegates power and responsibility by cutting down supervising administration's functions, but not the other way around like in this case. This is an important administrative choice that local state corporatism or federalism would be able to explain.

Second, the local officials secured their control over internet, e-commerce and other internet services locally within the district by taking advantage of their own technical and industrial support within the New District. Usually internet infrastructure is of cutting edge and more advanced in economic development zone than it is in other regular urban districts. The economic development district under study takes advantage of its control over such advanced internet infrastructures and turns them around to provide online services to the advanced and cutting edge industries it aims at attracting and retaining.

It is important to point out that the district officials may have lost more advantages to the changes in the new rules of game for innovation. While the new rules of game present more constraints than opportunities, the New District officials become more innovative to balance their sheet by cutting down duplicate government functions while creating cost-efficient online services to their targeted population of investors and industries. The New District leaders are able to remain goal-oriented. After the central government and upper administrations set up the targets, these local officials figure out what resources and support they might have and what boundaries not to cross, especially when the anti-corruption inspectors frequent their localities. For those officials who are ready for promotion, they just need to create ways to meet the targets and stand out in the crowd.

Again, the innovative strategic industrial development scheme pushed by the young district officials is a conscious and innovative administrative choice by the local officials to rally available resources and navigate new waters of rules of game, so that they could still try to distinguish themselves in career competition

for promotion. While the New District officials could not grow much of their GDP, they turn around to cut back their administrative costs. This is a result of interaction between their career development interest and opportunities and challenges presented by the new rules of game for their administrative work. This also results in a change of direction and emphasis of innovations, as predicted by our discussion earlier. They have moved from purely GDP growth to sustainable services to the industries. Such consequent move does not give young officials much of political, economic, or social risk.

In China as the economic base has been much expanded, it is clear to all these officials that economic miracles won't take place again easily in the near future and, given the "Five-in-One" scheme, in which GDP growth is not the sole goal, nor is there a big budget available for mega projects. As online services become a newly emphasized area, the local officials take the initiatives to lead in developing and delivering public services at minimum costs. Otherwise the opportunity cost for them would be much considerable, and "inaction (*bu zuo wei*)" is not acceptable for younger officials. A cost-benefit should yield a similar understanding. It is not a surprise that very soon the New District becomes recognized for its innovative way of delivering industrial and professional services online to attract advanced and cutting edge businesses. The image of the New District for serving industries has been much improved. As they streamlined their services, the efficiency of the overall service has also been improved. Nanjing Municipal Government is pleased with Jiangbei New District's new improvements and has made such comments in its reports, according to an unpublished case studies report.

This third new case also illustrates the impact of the changing rules of game on local officials in their administrative choices of innovative policies. Innovation continues but the new innovative projects are clearly a response to changes in the rules of game, and particularly the new set of goals promoted by the Xi administration, all discussed above through the Administrative Choice framework.

For this research, we strategically selected all the cases from one typical city in China, but across geopolitically diverse districts or economic development zones. They present contrasts against each other in terms of constituents, functions, and resources. However, all the innovative projects tend to pay much heed to a broader base of satisfaction and public mood, which has been emphasized in both the "Five-in-One" scheme and the *fang-guan-fu* reform – a clear response of local officials to the new government requirements. All three projects are also self-serving in the sense that they are of low risk and good for self-promotion when the general public and upper administration pay much attention to social stability and public satisfaction. On one hand, everyone faces a structural slowdown of the economy. It is difficult for government officials to achieve double-digit growth as they did in the past. On the other hand, under the "Five-in-One" scheme and related promotion requirements, social disruption and incidents are much more likely to derail one's promotion and further career development.

Under the new central call for the "loosening-managing-servicing" (*fang-guan-fu*) reform, local officials seem to respond well to the last – the servicing part – even though the issues and problems each local district faces might be different, the resources they could muster vary, and the specific innovations are distinct. Although

our cases were not selected due to the nature of their policy innovation, these service-oriented new initiatives seem to be positive on enhancing the capacity of local governance and improving quality of social development – all in line with the new goals that have been emphasized by the new central administration. In those offices under study, the officials are much younger, years away for retirement. For career development, they have to continue to compete and they have more incentives to continue to be innovative. “Inaction (*bu zuo wei*)” is not acceptable for the central government, nor for the younger local officials who would otherwise lose promotion opportunities. Indeed the projects that many of these local officials have been working on are service-oriented and risk-averse.

For all the similarities and differences across the various cases, including those under the older rules of game before 2012, only the Administrative Choice approach could capture and explain the driving forces behind innovative policies. In the interactions between personal interests and institutional opportunities, local officials make policy choices to advance different agenda in different creative ways as a response to government requirements and broader economic and political development. The changing rules of game shape and reshape the focus and direction of local officials’ policy innovations.

## Conclusions

In face of the growing central control and constant anti-corruption campaigns since the early 2010s, local government officials have tried to continue developing new innovative policies and projects. This article focuses on the new rules developed after the early 2010s and how these new rules have worked to shape local officials’ innovative behavior.

Our analysis has illustrated and supported our general argument that the interaction between local officials’ self-interest in career development and the changing political and institutional opportunities and constraints presented to them – particularly through the changing rules of game – is the key driving force behind local officials’ policy innovations. In other words, policy innovations are administrative choices made by local officials in response to new and changing institutional opportunities and constraints. Indeed, recent changes in rules of game have not taken away local officials’ urge for career development and promotion, but have provided more time pressure yet broader opportunities to local officials. Such pressure and opportunities have resulted in new focuses and directions for recent policy innovations. The changing rules of game have shaped and reshaped what kind of policies that local officials tend to create and pursue. In particularly, our analysis has demonstrated that local officials choose to initiate their innovative and risk-averse policies in service areas.

Until a few years ago, China enjoyed rapid economic growth for decades with intense and a magnitude of economic activities: projects, constructions, reforms, and so on. Many of them proceeded in innovative ways: unprecedented or unseen in other countries, and sometimes even going beyond legal or regulatory boundaries. We are interested in the question of how all these have happened and particularly

what policies and why and how these policies are adopted and implemented for economic and social development. In the choice-theoretic literature, policy innovations, whether pursued by lawmakers, lobbyists or local officials, is a constant that plays pivotal roles in reshaping policy outputs and economic future of a country. In face of challenges and opportunities brought about by new rules of game, local officials could still remain proactive and competitive in many innovative ways, but all this should depend on what incentive system is provided.

Since the early 2010s, China's economic growth has slowed down, and the administrative rules of game in China have also changed after President Xi took the office. Given these changes, the research question in this study is why and how local officials maintain a similar level of policy innovation, particularly in face of the "Five-in-One" scheme and anti-corruption campaigns. To answer our research question in this new study, we have applied the theory we developed in previous research [31] to new representative cases across geopolitically diverse districts in a typical city in China. We have found the same answer, i.e., it is the interaction between career motivations and institutional incentives that have made the local officials innovative in a competitive way. In other words, innovative policies are a result of administrative choices made by individual local officials through interactions between individual desires and institutional opportunities. In these interactions, local officials become innovative in response to the opportunities presented to them through the changing rules of game.

Moreover, in a decentralized and competitive structure of decision-making in China, it is the administrative choices of local officials, in line with their individual career ambitions, that result in various projects and policy innovations. To accomplish their own goals for their career development, local officials have to fulfill the targets set up for economic development or governance modernization and balance public services with their private goals. The three cases we have examined in this study cannot be fully or adequately explained by either local state Corporatism or market-preserving Federalism. These three cases illustrate and support our Administrative Choice argument. Together with those studies on the central government role for local innovations and state-led experiments, the literature on both Chinese style of Corporatism and Federalism provide important prelude to understanding of the institutional backdrop of local officials' innovations. Indeed, it is the career motivations and institutional opportunities local officials face that have made the local officials innovative in response to the changing administrative rules of game – those rules concerning meritocracy, age considerations, retirement, anti-corruption campaigns, and life responsibility.

More important for our studies, the Administrative Approach can provide a better and comprehensive explanation to the differences and similarities across innovations and, particularly in this study, both the continuities and changes in policy innovations as the local officials respond to the changes in the rules of the game. The nature of the competition and meritocracy has not changed, but the orientation and goals of central government have. Therefore the intensity and level of local policy innovations have not changed much, but the focus and directions have.

China has boasted that one of its "notable strengths" is to select officials "based on integrity and ability and on the basis of merit regardless of background to

cultivate more talented individuals” [56]. The basis of meritocracy may change from time to time, but it is where officials’ self-interest in career development and the changing rules of game interact. The central government routinely injects new goals and new expectations through these changing rules of game. Until recent years, local officials’ innovations were focused on rapid economic development, many a time even at the expense of long-term social development. Different from our previous findings, more recent innovations are centered on social stability and public services. As we predicted above according to Administrative Choice, given the changes within meritocracy, local officials have done much away with big-budget mega infrastructure projects at the expense of environment protections [49, 53] but have tried to develop more innovative projects on sustainable development including those directed at social and political stability. Innovative projects have not stopped but the recent innovations tend to be of a certain type as a response to the three new rules that affect officials’ promotion.

Indeed, all these new rules of game construct institutional opportunities for local officials. While some rules shape administrative behavior and choices of the local officials, the direction and focus of innovation seem to be set by the central government’s targets, be it GDP growth, social stability, or public service. It is in this sense that policy can be innovated “only as long as the dynamism of growth expectations is intact and newly emerging interest groups feel comfortable in fluid policy environment” ([27] p. 24).

In the new rules of game, age cap has become less rigid. For instance, bureau chiefs are routinely asked to stay in office after they reach the age of 60 while new replacements are sought and primed. However, the fundamental age consideration and calls for promoting young officials have not been changed. Age cap remains an important pressure for policy innovations. This helps to explain a similar level of innovations sustained especially among younger local officials even after other rule changes. The first case of our studies on new model for public security services has attracted 265 government study groups around the country who are inspired for their own new innovative projects and policies. Indeed, the recent loosening of age requirement does not change the nature of competition among younger officials. Local officials are among the busiest and most hardworking – for the public or the private – groups in China. Given the new rules developed in the reforming China, local officials have to be more innovative in achieving their economic and social goals as soon as possible in order to catch the time train for promotion.

New and heavy-handed anti-corruption campaigns and life responsibility have deterred some of the “59-year-old phenomena.” They may have also discouraged innovations among high-ranking officials, but they seem in no way to deter self-promotion oriented innovations – they have just offered different channels. Different from high-ranking officials, local officials in all of our three cases have maintained policy innovations. They are less a political target during power transition, and they are much younger and earlier in their career development. Indeed, there are variations across central versus local and higher-ranking versus lower-ranking officials that only the Administrative Choice approach can better explain [11]. Comparatively speaking, the risk of local officials’ innovative takes is smaller in career advancement than that of their superiors, but the opportunity cost for the



former might be much greater. Although it is not the objective of this article, a cost-benefit analysis would further support our Administrative Choice argument. Under the Xi administration, this might be a new phenomenon where local officials tend to be more innovative than their superiors might.

The Administrative Choice approach is based on the choice-theoretic perspective, and it also looks into the changing political dynamics that shape and reshape the interests and incentives of individual officials at the micro level. The Administrative Choice approach examines individual positions and their related interests. It explores how individuals respond to institutional constraints and opportunities, and how these responses are turned into policy choices, some of which may not necessarily be good for economic development or generate revenue.

In contrast to Corporatism or Federalism's prediction, the three cases in this study are not revenue-driven. For instance, PO110 or WeChat messaging does not generate revenue for their offices. Based on the choice-theoretic tradition, the perspective of Administrative Choice provides a fuller understanding of why and how local officials' innovation continues to take place in China. Similar to our previous studies, the continual policy innovations results from the urge of local officials for promotion and career development, in face of all the age considerations that have not fundamentally changed in the new administration. Similar to our previous studies, the variations in new innovations result from administrative choices of local officials in their individual responses to new institutional opportunities. In addition, their administrative choices for innovation are different from their superiors', many of who choose "inaction." To these variations, Administrative Choice provides a better and comprehensive explanation.

In our new findings, different from the previous cases we studied, the new cases also demonstrate a new trend of service orientation and risk aversion. We did not preselect cases of service-oriented policy innovation, but our cases happened to show such a common theme in more recent policy innovations. This is a result of the new, constant anti-corruption campaign and structural economic slowdown. Local officials have responded well in their administrative choices to the changing rules of game and new government targets installed. Therefore another clear difference from the past is the focus or policy tools the local officials use in their innovative drives. There lack big-budget mega infrastructure projects or widespread financial scandals in the new innovations. Indeed, there has been overwhelming efforts to shift local governance from pro-production to risk-reverse services. This indeed results from the new rules of game and regulations – i.e., new institutions that have been established since President Xi took office, which in regard to our studies is a combination of anti-corruption campaigns and the new government development targets. Anti-corruption campaigns and the new rules of game since the early 2010s have made local officials more careful of what innovation choices they make, and *fang-guan-fu* have provided them with new channels of innovative inspirations. Innovation stays although innovative projects are different – the new innovative projects are clearly a response in local officials' administrative choices to the new rules of game, such as the "Five-in-One" scheme, and particularly the new set of goals promoted by the Xi administration, such as the *fang-guan-fu* reform.

The Fourth Plenum of the Chinese Communist Party in October 2019, on one hand, “called for advancement of the modernization of the system and capacity for governance” [55]; on the other hand, it continued to emphasize the importance to “offer more local autonomy [and] support local innovative work” [54]. Local officials’ innovation seems very important for China’s future development [56], and our research findings will help understand better what may come next after China proceeds with its “governance modernization.” Further research needs to continuously look into the incentive systems for official promotion and institutional opportunities for them to maximize their resources and their own interests. This could include cost-benefit analysis that is important for our understanding of officials’ choices. As long as the self-interest in promotion and the fundamentals in meritocracy and age cap are not going to be changed, local officials will continue to remain innovative. What might be changing in tools to achieve local officials’ ambitions – initiatives, projects and programs – depends on the future goals and institutional constraints set up by the top leadership of the country.

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