

**Paper submitted to Urban Planet: Collective Identities, Governance and Empowerment in Megacities**

## **Urban/Regional Governance, Chinese Style -- A Perspective of Asymmetric Decentralization**

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Abstract:

Undoubtedly, the world is experiencing a new and unprecedented ‘urban/regional’ (or more precisely city-region and mega-city) phenomenon, and China is no exception. This essay is to offer an understanding of a version of ‘Chinese style urban/regional governance’. The main topic of this essay is the solution that China is currently seeking to sort out with its three regional development challenges: a lack of local accountability, widening disparities between cities and regions, and the limited monitoring of abuse of power. I argue that China utilizes the mechanism of ‘asymmetric’ decentralization, namely, economic decentralization to the local along with political centralization under the party, to create certain new ‘urban/regional’ governance practices that are different from the western experience. Those new practices include: upper accountability by resetting centrally-assigned development targets, cross-regional cadre transfer to balance uneven regional development, and cross-regional monitoring against abuses of power.

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# Urban Governance, Chinese Style

## 1. Introduction: Challenges Facing Urban and Regional Governances

Generally speaking, the world is experiencing a new and unprecedented ‘urban/regional’ phenomenon (Scott and Storper 2003), and China is no exception (Ma 2002). The so-called ‘urban/regional phenomenon’ can be characterized by three dimensions: first, increasing urbanization (over 50% of the world’s population living or staying in cities by 2007) (Scott and Storper 2003); second, the rise of mega cities (more than 60 cities inhabited by over 5 million people by 2015) (Setchell 1995; Coy and Pohler 2002); and third, an emerging system of global city-regions (from familiar metropolitan agglomerations like London or Mexico or polycentric urban networks presented by Randstad of Netherlands or Emilia-Romagna of Italy) (Scott 2001). In China, the number of urban inhabitants increased dramatically from less than 20% in 1978 to over 40% in 2005, with nearly 200 cities having more than 1 million residents and more than ten cities over four million. With the Pearl Delta and Hong Kong as a core and the Yangtze River Delta with Shanghai as a focus, these two key ‘world factories’ in China are also two city-regions populating about 15 to 20 million people (Chien 2007).

Under such context, operations and effectiveness of mega city and city-region governance becomes an important research topic on understanding how mega-cities and city-regions are able to cope with the dynamics of globalization, including responses to rapid economic restructuring, maintenance of political legitimacy, and enhancement of social and environmental sustainability. From observing the background of the ‘Global South’ (referring to the developing and lesser developed countries in the world), three major governance challenges facing cities and city-regions are identified: (1) a lack of local accountability, (2) widening disparities between cities and regions, and (3) limited monitoring to the abuse of power. At the beginning, certain leaders only paid attention to short term economic growth without taking long term local development into consideration. Demands from below for social and environmental sustainability were likely to be ignored by these economically-ambitious local leaders as a core of ‘growth machines’, whose interests were highly involved in the short term development process (Molotch 1993; Stone 1993).

On top of that, urban and regional authorities usually competed with each other for market share, productive resources, spending power, positions in different rankings, and so on. Instead of top-down 'regional policies' aiming in spatial equity, there were bottom-up local development policies concerned primarily with local economic efficiency and effectiveness. As a consequence, growing pains of uneven development between cities and regions in many cases became inevitable (Cheshire and Gordon 1996; 1998). Last, but not least, abuse of power such as corruption is still commonly seen in local non-democratic or flawed-democratic regimes, where there is inadequate check and balance among administration, jurisdiction, and legislation. Even worse, state-owned (or state-controlled) media causes serious problems of asymmetric information between local authorities and the central government, in which the former are in the upper hand. Therefore, local predatory leaders are easily able to cover up whatever news reports, if any, detailing their exploitation of local businesspersons and citizens.

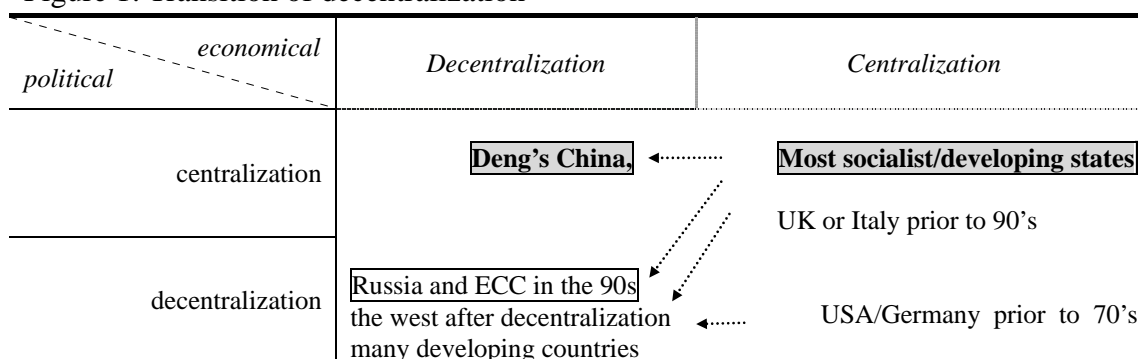
## **2. The World Bank Solution: Political Decentralization and Local Elections**

One remedy to those urban and regional governance challenges suggested by the World Bank is symmetric decentralization in both the political and economic sense (Dillinger 1994; Work 2002; World Bank 2003a; 2003b). In terms of economic decentralization, resources and responsibility as well as financial and tax resources are reallocated to local governments. Political decentralization refers to situations where power and authority have been transferred to elected sub-national governments that are autonomous and fully independent of the devolving authority. The mechanism of 'symmetric decentralization', namely, economic decentralization along with political decentralization, empowers citizens to participate local development policies through democratic means, like lobbying, public hearings, voting, and demonstrations. Such participation from below can possibly pressure urban and regional officials to be more responsive and accountable to local demands. In addition, 'fair' election competition is also likely to offer more space for freedom of speech. The party-based election system is highly correlated with 'functional' governmental checks and balances between administration, legislation and jurisdiction, offering the better institutionalized monitoring system against the abuse of power at the local level.

Empirically, after the 1980s, economic and political decentralization which granted proactive local governments more powers and competences occurred in most western European countries (Bennett 1997a; Keating 1998; Rodriguez-Pose and Gill 2003)

as well as many developing countries (Ahmad and Brosio 2006; Bardhan and Mookherjee 2006). For example, in Britain, the political devolution process from Whitehall in London to Scotland and Wales took place with the decentralization of economic and administrative powers over revenues and allocations of resources. Poland, Hungary and East Germany had also recently followed the path toward political and economic devolution as a consequence of the fall of the Berlin Wall (Wollmann 1997). In Russia and Tajikistan, carrying out ‘shock therapy’ general elections took place at the local levels in the 1990s (Blanchard and Shleifer 2000; Avezov 2004). Similar cases also happened to Bolivia (Faguet 2006), Indonesia (Baiocchi 2006), Brazil (Baiocchi 2006) and India (Chaudhuri 2006).

Figure 1: Transition of decentralization



Source: author compiled

### 3. China's model: 'asymmetric' decentralization under the CCP control

In terms of decentralization, China's model is to some extent different from the global trend of symmetric decentralizations. Economically, administrative and fiscal decentralization take place throughout China after 1978, as evident by the fact that local governments gained more power to handle trade, approvals for FDI, and budgetary and off-budgetary revenues and expenditures. However, politically, there was no significant sign of devolution happening in China, which was still tightly controlled by the Chinese Communist Party (CCP). As the 'party controls the cadres', local government officials were not elected directly by the people but decided on by the upper-level government mainly on the basis of their economic performance during their tenure. I call 'economic decentralization to the local' along with the 'political centralization under the party' asymmetric decentralization (Figure 1 above).

The process of asymmetric decentralization in China has been detailed by many scholars as a performance-based personnel management system. At the beginning of any fiscal year, the upper officials would set up development targets for lower cadres, who have to sign contracts to show their determination to fulfill these targets. Through utilizing decentralized economic powers and deploying local strategic development plans, lower cadres have to show their competence in fulfilling these assigned targets (Edin 2000; Wu and Zhang 2007). At the end of the year, local leaders are evaluated to get promotion or punishment by many dimensions, with the main criteria being whether or not those targets were accomplished (Whiting 2001; Saich 2002). Research also proves that considerations for personnel promotion or demotion during the post-Mao period no longer totally count on loyalty and trust to the CCP, but mainly rely on the performance-oriented management for economic development. It means that the greater economic development growth that is accomplished, the better the chances there are for leaders to be promoted by the upper-level governments (Bo 2000; Tan 2002; Li and Zhou 2005; Chien 2007).

#### **4. Urban/Regional Governance, Chinese Style**

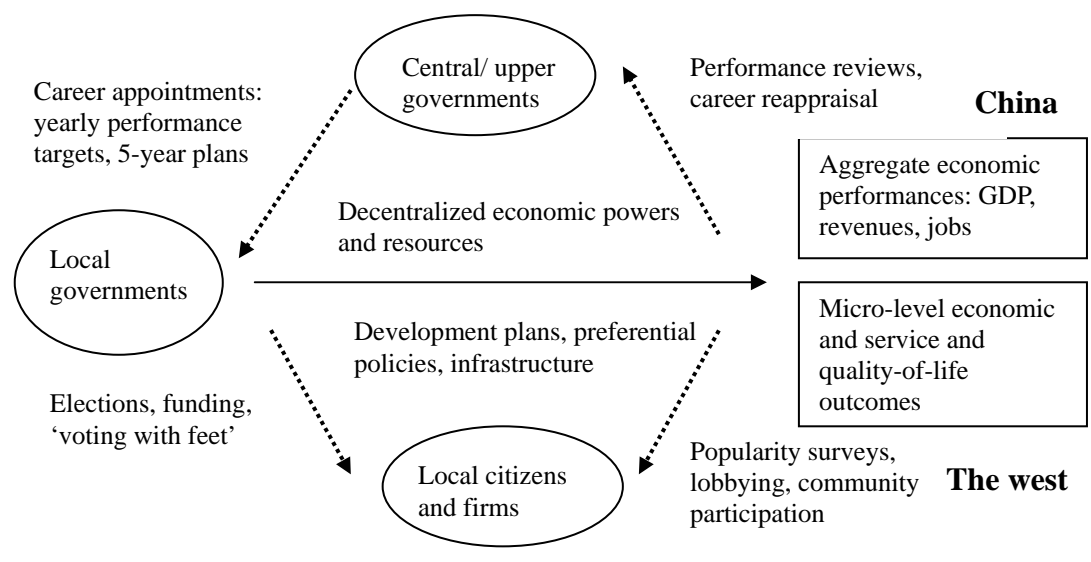
Interestingly, China's model of 'asymmetric decentralization' offers certain useful solutions to sorting out the previously mentioned urban and regional governance problems. First, asymmetric decentralization is able to politically motivate careerist local leaders to meet centrally-assigned performance targets, creating certain spaces for the accountability mechanism not for the below but for the top. Second, under the centralized personnel management system, 'experienced' local leaders are promoted from economically advanced regions to underdeveloped areas. Such geographically-specific cadre transfers diffuse successful local economic experiences to other regions and therefore balance uneven regional development. Third, there are several innovative monitoring against abuse of power either by cross-regional local-based public-owned media or cross-regional juridical systems. I explain each as follows.

##### ***'Upper' accountability in China***

First of all, this is about political incentives in relation to accountability. In the western liberal democratic context, elected politicians are politically motivated to be accountable to local citizens in order to win local elections (Cunningham 1970; Altshuler and Zegans 1990; Roberts and King 1991; Zerbinati and Souitaris 2005). Citizens can evaluate local leaders through popularity surveys, community

participation, organized lobbying, or even by ‘voting with their feet’. Therefore, there is a certain downward accountability of leaders toward local citizens and firms (Figure 2).

Figure2: upward and downward accountability of local leaders in China and the West



Source: author modified from Chien and Gordon (Chien and Gordon forthcoming)

However, in China, the economic performance management behind career incentives is actually assigned by upper-level governments, challenging the concept of downward accountability while creating another political space for ‘upward accountability’. By resetting the performance indicators, central or upper authorities are able to play a very important role in intervening and directing local development. Local behaviors were changed after evaluation indicators were reset. For example, Zhouzhuang, a canal-village near Shanghai, started to significantly preserve traditional waterways and landscapes after performance indicators of Zhouzhuang were changed with more of a focus on ecological preservation and promotion of the local tourist industry.<sup>2</sup> Another example is improving local environmental protection performances in 2007, which is highly related to the action that the central government started to evaluate provincial governments’ environmental performance once a year starting from 2005. To summarize, without its own downward accountability on the base of political decentralization and local elections, China’s asymmetric decentralization offers another kind of ‘upward’ accountability.

<sup>2</sup> News source: *xin hua wang* (based in Beijing), 2005/08/08.

### ***Cross-regional cadre transfer to balance spatial disparities***

In China, local leaders who are able to present better economic performances under their tenure are more likely to be politically promoted. With a geographical perspective, I would like to further argue that there is a new phenomenon in which those successful and experienced local leaders are promoted from developed regions to underdeveloped areas. Such kind of cross-regional cadre transfer is able to diffuse certain economic development experiences to poorer and underdeveloped areas in order to reduce regional uneven development. Jiangsu province, a major city-region in China in the Yangtze Delta, is a good case in point.

Jiangsu is a province that produced serious uneven regional development over past decades- with the prosperous *Sunan* (south of Jiangsu) and the deprived *Subei* (north of Jiangsu) being an example of such imbalances (Wei and Fan 2000). To reduce the development gap within the province, the Jiangsu provincial government introduced a system of moving *Sunan* leaders to *Subei* for promoting local economic development. The logic was that promoting a local economy was a very complicated task, and required codified knowledge (like what to do) and tacit knowledge (like who are key persons able to make investment, and when to create an FDI-friendly environments and how to do it). While codified knowledge can be learned through written materials, the tacit knowledge, which is context-embedded and personally-attached, is able to be diffused better through personal movement (Chien and Zhao 2007). From my empirical data, at least two kinds of cross-regional cadre transfer practices can be found in Jiangsu. First, local officials at the county-level who presented good economic performance under their tenures in *Sunan* were promoted to be leaders of prefecture-level cities in *Subei*.<sup>3</sup> Second, the coordination of the Jiangsu provincial government, allowed for a cross-regional transfer of cadres to take place along with a ‘one-to-one pairing’ system (*dui kuo zi yuan*) between *Subei* and *Sunan*.<sup>4</sup>

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<sup>3</sup> For example, Li Quanlin, mayor and party secretary of Kunshan from 1991 to 1996, was promoted to be mayor of Yancheng and then mayor of Changzhou; and Ji Jianye, mayor and party secretary of Kunshan during 1997 and 2000, was also shifted to be mayor of Yangzhou. The latest instance is Cao Xinpin, party secretary of Kunshan during 2003 to 2006, who is now mayor of Xuzhou after he left Kunshan. Kunshan is one of the most economically globalized counties in *Sunan* while Yancheng, Changzhou, Yangzhou and Xuzhou are all in *Subei*.

<sup>4</sup> For example, under the Jiangyin- Jinjiang development coordination committee, the Jinjiang zone was jointly invested in by *Sunan* city of Jiangyin (90% of capital) and *Subei* city of Jinjiang (10% of capital) by 2003. The former is in charge of economic affairs as the latter is responsible for other domestic affairs. In addition, there are several cadre transfer arrangements in order to consolidate regional coordination between these two cities. In 2005, Liu Jiangkuo, then vice party secretary of Jiangyin, was arranged to be party secretary of Jinjiang. And in 2006, vice mayors of Jiangyin and Jinjiang were cross-posted to each other for further exchange of development experiences and information between two cities.

Chien and Zhao (2007) use the local leaders' career path data in relation to their economic performances to show that the *Subei* regions with their leading leaders transferred from *Sunan* could perform better economic development than their counterparts (also in *Subei*) with natives *Subei* leaders who never worked in *Sunan* before. Another rough correlation test also confirms that the gap between *Sunan* and *Subei* has been reduced since 2003 after a larger implementation of cross-regional cadre transfer took place in the 21<sup>st</sup> century. Taken together, it shows us that China is trying to utilize its performance-based personnel management system as a new way of regional governance to tackle the spatial difficulty of uneven development.

### ***Cross-regional monitoring under CCP***

Like many developing countries, China faces the challenge of eliminating abuses of power and local corruption, particularly in the case of local 'cliente-list' states or even local 'predatory' states' (Baum and Shevchenko 1999).<sup>5</sup> 'Asymmetric decentralization' in China offered very limited functioning checks and balances because all administration, legislations, juridical systems, and even media were under the control of the CCP. In addition, due to very little political space for civil society, any anti-development interest groups still needed time to offer their alternative goals to the public, meaning that anti-growth or sustainable development policies were hardly evident (Zhu 1999).

However, under the context that China will not give up one-party authoritarian control in the foreseeable future, several policy ideas on a basis of cross-regional monitoring have been experimented. For example, due to their ownership belonging to local governments, local-based media obviously do not report any negative stories regarding the abuse of power happening in their localities. But in order to win more market share of newspaper circulation or to increase popularity among viewers, many local public-based news agencies are starting to give reports on abuse power cases taking place in other localities.<sup>6</sup> Such kind of cross-regional media monitoring has led to pressure among some local leaders who used to enjoy arbitrary policy implementation. Due to these changes, several provincial leaders had made a petition together to urge the central government to collectively prohibit cross-regional

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<sup>5</sup> Baum and Shevchenko's research (1999) suggests four kinds of officials' involvement in economic activities crossing two dimensions. One dimension concerns whether or not agents are motivated to promote economic growth; and the other is whether or not agents have a direct stake in the economic performance of local enterprises. Therefore, the four interrelated types include: entrepreneurial, development, and clientelist and predatory.

<sup>6</sup> News source: [http://www.xbzftw.com/Article\\_Show.asp?ArticleID=846](http://www.xbzftw.com/Article_Show.asp?ArticleID=846)

media monitoring.<sup>7</sup> In addition, there is also a practice of cross-regional juridical monitoring system in China. A corrupt vice governor of Anhui province was charged and convicted of corruption by a Shangdong provincial court.<sup>8</sup> Given that there is little local influence from Anhui due to cross-regional judgment, a heavy penalty was sentenced to the vice governor. Of course, it has to be admitted that such kind of cross-regional monitoring is still at its infant stage and more observations need to be made before there can be any further judgments.

## 5. Conclusion

The purpose of this essay is to offer an understanding into Chinese-style urban/regional governance. The three kinds of major governance difficulties facing many city-regions and mega-cities in many developing and underdeveloped countries are identified: the lack of local accountability, widening disparities between cities and regions, and limited monitoring to abuses of power. Without practicing political decentralization and local elections, I argue that China under ‘asymmetric decentralization’ is trying hard to implement several solutions aimed at sorting out these urban governance challenges. For example, due to upper accountability, local leaders who want to achieve job promotion are able to be motivated by resetting centrally-assigned performance targets. Successful local economic development experience is likely to be diffused across regions to other economically disadvantaged areas through the centralized personnel management system. Finally, cross-regional media or juridical monitoring has been introduced to make practices of ‘cross-regional anti- corruption against abuses of power’ possible.

A final footnote needs to be added because I do not want to give the impression that China’s urban and regional governance model under the context of ‘asymmetric decentralization’ is better than the global tendency of symmetric decentralization in the west. However, China is undoubtedly practicing a new model different from the orthodox western wisdom, calling for more theoretical debates and empirical research for not only China studies but also comparative studies between China and the West as well as between China and other developing and underdeveloped countries.

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<sup>7</sup> News source: <http://www.fjpc.net/cgi/topic.cgi?id=97878>

<sup>8</sup> News source: xinhuaawang, 2008/01/02.

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