

**Who Gets Promoted and Why?  
Understanding Power and Persuasion in China's  
Cadre Evaluation System**

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## **Introduction**

The worldwide speculations that took place before China's leadership change in 2012 suggest an uncomfortable fact that we know very little about how China's political personnel system actually works. The authoritarian state is surely to blame for intentionally making the process secretive. But as political scientists, how do we move beyond guesswork and start making better sense of the system? What are the criteria that the Communist Party uses to promote or demote its officials? How are these criteria implemented? And what are the power mechanisms involved in the implementation process?

A small group of political scientists have striven to make sense of this murky but highly important subject by examining either the Nomenklatura system at the central level or the Cadre Evaluation System (CES) at the level of sub-national governments. This paper seeks to contribute to this cause of a better understanding of the Communist Party's personnel management system by further investigating the CES – a personnel management system that assesses the performance of leading local officials from the provincial down to the lowest local level.

Based on six months of fieldwork combining interviews with archival research, I argue that China's cadre evaluation system consists of two intrinsic power mechanisms – top-down control and local autonomy, and that there is more bargaining and negotiation involved in the cadre evaluation process than often assumed. “Top-down control” refers to the fundamental evaluation goals dictated

by the central government that local cadres must obey, while “local autonomy” refers to the substantial leeway that local cadres possess to formulate the specific strategies to fulfill the central government’s evaluation targets.

My research distinguishes itself from existing studies, which only focus on the top-down control function of the CES, and ignore the extent to which local cadres possess autonomy. I am able to gain insight on implementation leeway because – in contrast to prior research – I focus on higher-level administrative localities (one prefectural city and two counties) and because I rely on a new source of data regarding the extent to which local-government cadres fulfill central directives – Government Work Reports. Existing scholarship on the CES, by contrast, has focused on China’s lowest level of administrative units – township governments – and has relied solely on what are called “responsibility contracts” to gauge the mechanism of the CES. My findings have important implications on the nature of Chinese politics, especially in the area of central-local relations and how they affect policy implementation.

In this paper, I first explain what the CES is. I then review the existing literature on the CES and examine how scholars’ exclusive focus on township-level governments and sole reliance on responsibility contracts as the source of information have led to their identification of top-down control function of the CES while being blind to its other essential feature – local autonomy. This weakness of the existing scholarship has prevented us from seeing the larger picture of the Party state’s strategies to maintain control of its local agents.

Following that, I discuss how a focus on higher-level administrative divisions – prefecture and county – and the use of a new source for researching the CES – Government Work Reports – enable me to identify the local autonomy feature of the CES and the substantial amount of bargaining and negotiation involved in the process of constructing evaluations of local leading cadres.

### **Definition of the Cadre Evaluation System**

The cadre evaluation system (干部考核制度) (CES), sometimes referred to as the cadre responsibility system, is one of the most important components of government personnel management in China.<sup>1</sup> As its name indicates, the system evaluates local party and government cadres based on performance criteria determined by their immediate superior level of government. Cadres take the CES very seriously, given that the evaluation results constitute one of the most influential factors affecting decisions about their career appointment, promotion, transfer, and removal.

It is important to note that the CES only deals with leading cadres (领导干部) of each level of government (Heimer 2006, 124). The official documents are unclear about the exact political ranks or official positions of the leading cadres who are included in the system,<sup>2</sup> but it is safe to say that both the party secretary –

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<sup>1</sup> Other main components of the overall personnel management system that have been widely studied include the nomenklatura system (Burns 1989, 1994, 2006; Chan 2004) and the *bianzhi* system (Brodsgaard 2002; 2006).

<sup>2</sup> See, for example, “The Appraisal Methods for the Comprehensive Evaluation of Local Party and Government Leading Bodies and Leading Cadres (Trial),” issued by the Organization Department

chief party official – and government head (党政一把手) of each level of local government are definitely included in the system and they constitute the group of cadres over whom upper level governments want most to control. For the purpose of clarity, in this paper I focus on the evaluation of party secretaries and government heads.

Based on the current personnel management hierarchical arrangement in China, the CES operates in a one-level down fashion.<sup>3</sup> That is, from the provincial level down, each level of local government has full authority to evaluate the leading cadres of the immediate subordinate level. Provincial governments, for instance, are empowered to evaluate, without approval from the central organization department, prefectural party secretaries or mayors. Similarly, prefectural governments are able to assess county party secretaries and heads of government without seeking approval from the provincial organization department. Likewise, county governments can decide, without approval from a prefectural organization department, how to evaluate township party secretaries and heads of government.

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of the CCP Central Committee, [2009] No. 13, (地方党政领导班子和领导干部综合考核评价办法(试行), 中组发【2009】13号), available online at: [http://www.nbws.gov.cn/wsdj/News\\_view.aspx?ContentId=7658&CategoryId=268](http://www.nbws.gov.cn/wsdj/News_view.aspx?ContentId=7658&CategoryId=268). Last accessed 07/01/2012.

<sup>3</sup> For more information on the decentralization process of China's personnel management system from "two-level down" to "one-level down", see, for example, O'Brien, Kevin J. and Lianjiang Li, "Selective Policy Implementation in Rural China," *Comparative Politics*, Vol. 31, No. 2 (Jan., 1999), 167-186; Landry, Pierre F. 2008. *Decentralized Authoritarianism in China: The Communist Party's Control of Local Elites in the Post-Mao Era*. Cambridge: Cambridge University Press.

The CES has been undergoing great changes as the Party experiments with new ways of political and economic governance. Whiting's (2001; 2004) works have laid the foundation for studies on the cadre evaluation system, and provide some good background information on the central reform of CES since 1979. Her account shows that the CES has followed the path of economic reform and has transformed itself from a system that emphasizes political attitudes or work style to one in which cadres are assessed based on actual work performance and concrete achievements. Furthermore, the transformation of the CES lies in the increasing importance attached to the evaluation results and how they are used to determine material rewards and penalties as well as promotions. That is, in Whiting's words, "moving away from what were seen as subjective evaluations of political attitudes toward specific, measurable, and quantifiable indicators of performance" (Whiting 2004, 103).

### **Existing Studies of the CES**

Although the general personnel management system has been the research subject of many China scholars, the specific system of the CES has neither been systematically studied nor thoroughly understood. This paper contributes towards a better understanding of the working mechanism of the CES. I argue that the existing studies on the CES have only focused on the top-down control of local leaders, while overlooking these leaders' autonomy. Although these studies do reveal a certain degree of local discretion, they treat it as something that is neither

desirable nor legitimate within the CES. Instead, existing studies suggest that the discretion of local leaders is an unintended consequence of the CES due to conflicting central priorities (Edin 2003), lack of central-government attention (Heimer 2006), or the moral hazard problem inherent in a principal-agent relationship (O'Brien and Li 1999; Whiting 2001, 2004). In sum, the existing literature dismisses local autonomy as a dysfunctional attribute of the CES. I argue differently that only by integrating the function of local autonomy can we understand the dynamic mechanism of the CES and better make sense how the Party uses its personnel system to maintain control.

In the following discussion, I first briefly discuss the existing studies and their focus on the top-down control feature of the CES. I then explain why existing scholarship has missed the CES's feature of local autonomy. I argue that this bias throughout the existing literature is caused by scholars' exclusive focus on township governments as the level of analysis and their sole reliance on responsibility contracts as the source of information about the working mechanism of the CES.

### *The feature of top-down control*

The CES is able to powerfully shape the behavior of local officials by linking both monetary remuneration and career prospects to their performance on the targets listed in the system. Therefore, the CES is widely believed to help control local leaders and increase their compliance with policies made by higher

level governments (O'Brien and Li 1999; Whiting 2001, 2004; Edin 2003; Tsui and Wang 2004; Heimer 2006; Minzner 2009). For example, when examining the mechanism of CES in China's legal institutions, Minzner describes the CES as "aimed at strengthening top-down supervision of lower-level officials and establishing positive incentives for good work" (Minzner 2009, 66). This is, in a nutshell, the conventional wisdom about the purpose of the CES.

Some authors tend to emphasize how the *central* government is able to use the CES to control grassroots leaders (Edin 2003; Heimer 2006; Whiting 2004; Minzner 2009), whereas others focus on the control of local cadres by their immediately-superior level of government (O'Brien and Li, 1999; Whiting 2001). For example, Edin (2003) sees the CES as a tool of the central government to get its policies implemented locally and thus has helped strengthen the control capacity of the central state to rein in local governments. To explain the failure of local implementation of central policy on peasant burden reduction, Edin (2003) refutes the view that the root problem lies in the center's inability to discipline its agents, and contends that the failure is because reducing peasants' burden is not the priority of the center and is not deemed as strategically important. Edin says it very well:

This inability is not primarily because of the center's lack of control over its local agents but because the center's actions are constrained by its other policy priorities. The political will to reduce peasant burden becomes weaker when balanced against other, more important, policy goals. It will be very difficult for the party-state to reduce peasant burden as long as its primary goal is economic growth ... The cadre responsibility system transmits the goals of higher levels to local agents, but the system cannot cope with more than a few state goals simultaneously, especially when

those goals conflict (Edin 2003, 51).

Also focusing on central control, Heimer asserts that:

The cadre responsibility system is the instrument used by the central government to steer local leaders and by which it holds them accountable. The priorities of the central are channeled downwards through the responsibility system. In this way, a focus on the cadre responsibility system enables us to see what priorities are communicated to lower levels as well as to study the implementation of central policy (Heimer 2006, 123).

Similarly, Whiting's (2004) work also highlights central control of the CES to construct high-powered incentives that are embedded in specific performance criteria so as to mobilize local cadres around specific policy goals reflecting the main concerns of the central government. She concludes that the CES has helped reinforce local commitment to the agendas of the CCP, thereby contributing to the durability of the Party.

Rather than focusing on how the central government is able to use the CES to rein in local governments, other scholars have emphasized the control of local leaders by their immediately-superior level of government. For example, to explain rural leaders' behavior of selective policy implementation – strictly enforcing unpopular policies like taxes and birth control while ignoring popular ones such as respect for villagers' rights, O'Brien and Li (1999) point out the fact that the one-level-down authority hierarchy embedded in the CES has led township leaders to be more responsive to their immediate boss – the county government – instead of the more distant central government. Also, Whiting (2001) employs the CES as one of the two institutional factors (the other being the

revenue-sharing fiscal system) to explain the ways in which township leaders were involved in the development of rural industry. She argues that the economic and sociopolitical targets in the CES set by the county government worked together to drive township leaders to advance local economic development through promoting rural industry.

In sum, despite the minor difference in the existing studies' emphasis on who controls the local leaders, be it the central state or the immediately-superior level of government, the existing studies are unified by their identification of the top-down control feature of the CES.

*Why is top-down control important?*

The emphasis on the top-down control feature of the CES in particular, and the overall personnel management system in general, is well-grounded. China's embrace of the market since the late 1970s has driven a surge in economic growth and a social revolution. Yet in the context of a single-party regime, this economic and social transformation has generated a pressing political question: How can the central government maintain effective control of local governments, even as it decentralizes economic and administrative decision making authority? And how can the Party sustain its reach into society when communist ideology has lost its appeal and individuals' preferences are increasingly more diverse and independent of the state? In addition to its monopoly over the military and the media, the central party state's tight grip on

personnel control is widely believed to be indispensable to the party's hold on power (Huang 1996; Bo 2004; Brodsgaard 2004; Landry 2008; Zheng 2010, etc.).

For example, drawing on institutional economics, Huang (1996) argues that despite economic decentralization, the central government's monopoly over personnel allocations plays a pivotal role in its ability to control local investment and inflation. Similarly, to explain why China's reforms, accompanied with a high level of economic and administrative decentralization, have not led to a fundamental weakening of the central state by local governments and hence, China's disintegration, Landry (2008) insists that the answer lies in the Leninist institutional control within the Chinese polity, "Each layer of local government is critically constrained by the capacity of a hierarchically superior unit to appoint, remove, or dismiss the leading officials in the locale in question, regardless of its economic importance." To Landry, the Party's personnel management is "the glue that turns the fragments of the Chinese local state into a coherent – albeit colorful – mosaic" (Landry 2008, 79).

In addition, by studying career patterns of provincial level leading cadres, Bo (2004) asserts that despite the decentralization of economic and administrative powers in the reform era, the CCP has remained a powerful institution vis-à-vis the systems of the government and the people's congresses by maintaining tight control of elite management and further strengthening this control through institutionalizing the rules of elite personnel management. As Bo (2004) sharply

points out, “The CCP has done so by invoking the principle that the party controls the cadres (党管干部)” (p. 73).

More than just scholarship, real-life political events in China also imply the strong control of the central party state in personnel arrangements. Most recently, after Bo Xilai, a prominent princeling, descendant of senior Communist party elites, and former party chief of the southwestern megacity of Chongqing and member of the powerful Politburo of the CCP Central Committee, was swiftly removed from his positions due to alleged wrongdoings, Li Yuanchao, head of the Central Organization Department of the CCP Central Committee, simply flew to Chongqing with Zhang Dejiang, then vice-premier of the State Council, and announced Bo’s replacement by Zhang at a local meeting.<sup>4</sup> Two days after Li’s announcement, headline news in *Chongqing Daily* carried declarations by leading officials from key Chongqing government ruling sectors to “resolutely support the decisions of the central government.”<sup>5</sup> The quick downfall of Bo and Chongqing’s conformity with central arrangements clearly demonstrate the insurmountable power of the center in personnel control of local cadres.

In sum, by controlling the careers of all party cadres, from the lowest to the top ranks, the overall personnel management system including the CES has enabled the central state to rein in local governments and strengthened CCP’s

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<sup>4</sup> “Zhang Dejiang replaces Bo Xilai as Chongqing Party chief,” March 15, 2012, available at [http://news.xinhuanet.com/english/china/2012-03/15/c\\_131468566.htm](http://news.xinhuanet.com/english/china/2012-03/15/c_131468566.htm). Last accessed 07/01/2012.

<sup>5</sup> *Chongqing Daily* (重庆日报), March 17, 2012.

tight grip on the government, the People's Congress, and the Chinese society. No wonder the existing literature on the CES emphasizes its top-down control feature.

*Why is only seeing top-down control misleading?*

However, the importance of top-down control does not justify the existing scholarship's neglect of local autonomy that is also an essential feature embedded in the CES. Although these studies do reveal a certain degree of local discretion, they tend to suggest that this local behavior of discretion is neither desirable nor a legitimate part of the CES. Instead, existing research indicates that the discretion of local leaders is an unintended consequence of the CES due to conflicting central priorities (Edin 2003), lack of central-government attention (Heimer 2006), or the moral hazard problem inherent in a principal-agent relationship (O'Brien and Li 1999; Whiting 2001, 2004).

For example, Edin only sees the top-down control function of the cadre responsibility system and attributes the failure of local implementation of central policies to local discretion. To Edin, local discretion is undesirable and occurs only to "non-priority policies" and in "areas which are strategically less important" (Edin 2003, 52). In other words, local discretion does not exist in its own right, but only as a byproduct of calculated central control.

Also, Whiting's account of how the CES's economic and sociopolitical targets help push local leaders to develop rural industries also implies that she does not perceive local-level autonomy to be actually embedded in the process of

local decision-making. Similar to Edin, Whiting sees local discretion as an unintended and unwelcome result of top-down control. For example, as many county governments overemphasized economic targets, township leaders (who have limited terms in office) tended to excessively rely on administrative intervention rather than the market to guide enterprises, which tended to undermine enterprise autonomy and distort central-government credit policies (Whiting 2001).

Likewise, O'Brien and Li only find the CES as a top-down means of control that has led to better execution of some (in their case, unpopular policies) but not other state policies. They regard this behavior of selective policy implementation as street-level discretion that results from a combination of three factors – quantification of targets in the CES, the one-level-down hierarchy in overall personnel management, and the end of mass campaigns and thus lack of grassroots monitoring. They state that when these three factors work together, local cadres are enticed to ignore popular policies, which tend to be non-quantifiable and higher level governments cannot readily turn into binding targets (O'Brien and Li 1999, 173-174). Apparently, O'Brien and Li's interpretation of street-level discretion reveals that they regard local autonomy as an unintended and dysfunctional aspect of the CES and leads to unfavorable results. In sum, the existing literature on the CES focuses exclusively on its top-down control function, whereas overlooks the other crucial element of the CES – local autonomy.

*What has caused the exclusive focus on top-down control?*

What has caused the exclusive focus on the top-down control feature of the CES in the existing scholarship? I contend that two research biases have led to a limited and even misleading interpretation of the mechanism of the CES. First, scholars have focused exclusively on *township*-level governments and their leading cadres. Partly as a result, second, scholars have focused on what are called “responsibility contracts” (责任状) as the only source of data about how cadres are actually evaluated in terms of the extent to which they meet higher-level directives. However, the emphasis on townships and responsibility contracts has led scholars to ignore local cadres’ considerable autonomy in negotiating and structuring the specific terms of evaluation targets.

First, existing works on the CES focus exclusively on township governments (O’Brien and Li 1999; Whiting 2001, 2004; Edin 2003; Heimer 2006), and examine how township cadres are evaluated by the CES.<sup>6</sup> For example, while admitting that the cadre responsibility system applies to the provincial level and below, O’Brien and Li (1999, 172) and Heimer (2006, 125) choose to focus exclusively on township-level leading cadres – the party secretary

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<sup>6</sup> Zhong only mentions in passing that heads of village committees also sign responsibility contracts with the township government (Zhong 2003, 140-141). Based on the Constitution, village cadres are not officially part of the Chinese government apparatus. In addition, although Edin (2004) is claimed to focus “on the cadre responsibility system at the county and township levels” by Brodsgaard and Zheng (2004, 12) in the introduction of their edited book (Brodsgaard, Kjeld Erik and Yongnian Zheng, ed. 2004. *Bringing the Party back in: How China is Governed*. London: Eastern Universities Press.), a reading of Edin’s contributed chapter (“Remaking the Communist Party-State: The Cadre Responsibility System at the Local Level in China”, p. 175-191) actually suggests that Edin only examines the CES of the township-level governments.

and township government head – and examine how their political behavior is shaped by the cadre responsibility system.

China's system of territorial administration consists of several levels. The Constitution provides for three subnational levels – province, county, and township – although in practice there are five – province, prefecture, county, township, and village. As a result, this multi-tiered system of administration raises questions, such as: Do the findings drawn exclusively from one level of government apply to other levels? To what extent do existing findings represent the overall CES? Existing scholarship cannot answer these questions because they have focused exclusively on the township level.

Second, related to the issue of exclusive focus on townships, existing works have relied solely on “responsibility contracts,” or sometimes referred to as responsibility commissions, as the research source to identify job assignments and performance targets for township leading cadres. For example, O'Brien and Li's study of township leaders' selective implementation behavior provides a detailed account of the contents of responsibility contracts:

In places where the cadre responsibility system operates as designed, a local government assigns a variety of targets to its subordinates when they assume office. Typically, a responsibility contract (*zeren zhuang*) detailing objectives, evaluation procedures, and remuneration is prepared, which the party secretary and government head at the lower level then must sign. Each and every target comes with a numerical value, and each target is allotted a weight in a cadre's performance appraisal. Particularly important tasks may also be granted 'veto power'. Fulfilling these tasks does not guarantee a satisfactory appraisal, but failing to do so means failure, no matter how well the other targets have been met (O'Brien and Li 1999, 172).

Furthermore, Heimer's (2006) study of the CES at the township level clearly illustrates how responsibility contracts function as a key component of the CES:

Party secretaries and township heads literally sign performance contracts (*gangwei mubiao zeren shu*) with the county level. In these contracts, township leaders pledge to attain certain targets laid down by higher levels and are held personally responsible for achieving them.... At the end of the year, leaders are evaluated by higher levels upon the various targets in the performance contract. As part of the annual evaluation by higher levels, lower levels also pass their judgments on their leaders through questionnaires and opinion polls. Colleagues from the leader's own work unit and representatives from the subordinate unit take part in an appraisal meeting (Heimer 2006, 125).

It should be noted that some authors have pointed out the fact that the content of performance contracts varies by place and time and reflects the priorities of both the central and local governments. For instance, Heimer writes that other than "two national *yipiao foujue* [priority targets with veto power]: family planning and social order" (Heimer 2006, 129), "the content of performance contracts varies between areas and over time, reflecting the priorities of not only the central, but also of local, authorities" (Heimer 2006, 125). Unfortunately, however, no research has actually explored the mechanism or extent of local autonomy.

With meticulously quantified targets and a clear link between performance and rewards established in the responsibility contracts, it is hard for one to miss the top-down control feature of the CES. However, because of the two research biases, scholars have lost sight of the other essential feature of the CES – local autonomy. In sum, by focusing on the grassroots level governments and relying

on responsibility contracts, the current literature has undoubtedly enhanced our understanding of the workings of not only the CES but the overall cadre management system in China. However, its research biases have also led to an incomplete and skewed interpretation of the power mechanism of the CES in particular, and the overall cadre management system in general. Do leading cadres of higher level governments make decisions about policy implementation based on the same CES mechanism driving the township leaders? The existing scholarship is unable to address this question.

### **My Study of the CES**

My study fills this void by examining how the CES works at the prefecture and county levels – the two levels of government immediately superior to the township. By examining leading cadres’ policy compliance at these higher levels of the Chinese polity and relying on a new source of data as the indicator of the working mechanism of the CES, I have found that in addition to top-down control, the CES is also characterized by a high degree of local autonomy that enables local leaders to bargain and negotiate with the higher level of government over the specifics of evaluation standards. For instance, although the central government determines the general main targets of evaluation that reflect central priorities at the time, I find that it does not stipulate the specific contents of these targets to be passed down to provincial governments. Instead, provincial governments reserve the right to not only decide what specific aspects that each

target should entail but also negotiate with the center over how much value each target should count in the final performance evaluation criteria. The same logic goes for subprovincial level governments. In sum, instead of the conventional image of the CES that is a one-way deal with the upper level government holding absolute control of its immediate subordinates, I argue that the CES allows substantial maneuvering and bargaining in which local leaders are able to strike an evaluation deal that is tailored to the particular needs of the local government and is conducive to the career advancement of local leaders.

*A new focus on higher level governments*

This paper is based on findings from three localities of Hubei province: Yichang (a prefecture-level city), Changyang and Zigui (two counties). By examining how the CES shapes the incentives of leading cadres and hence the outcomes of policy compliance in these three localities, my research complements the current scholarship by adding new insights from two different types of higher level government.

My research suggests that administrative level makes a significant difference to the working mechanism of the CES. Most importantly, leading officials at the level of prefecture-level city do not sign responsibility contracts with provincial governments, although their counterparts at the county and

township levels must do so with their immediate bosses, respectively.<sup>7</sup> Given this fact, how does the CES work beyond the county level? Where do we look for evidence? How to generate a more encompassing theory about the working mechanism of the overall CES across China's administrative levels? Existing scholarship cannot answer these questions.

*A new source for research input*

To circumvent the technical obstacle facing existing scholarship, my research employs Government Work Reports (政府工作报告) as the major research source to study the power mechanism of the CES. In this section, I first define Government Work Reports and explain why they constitute a useful and valid source for examining the career incentives of local cadres and their decisions on policy compliance. I then explain why as a research source, Government Work Reports are superior to responsibility contracts.

Definition

The Government Work Report is an official document that is issued every year by every government, from the central down to the township level, during the annual meeting of the People's Congress, China's legislature. This document is mainly intended to both outline the blueprint and specify the details of the

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<sup>7</sup> Interview: Yichang, March 19, 2012. Also, Tsui and Wang (2004, 76) point out that the practice of signing responsibility contracts "has been adopted from the county all the way down to township governments and village organizations."

essential government work for the year. Although national Reports have received the most media attention, Reports at lower level governments serve the same functions within their own jurisdictions. As Government Work Reports contain important information on government socio-economic and political policies for the year, they have been under close watch by various business and interest groups both within and outside China.<sup>8</sup> But surprisingly, and unfortunately, they remain an untapped research source for political scientists.

The General Office of each government has a designated team consisting of a varying number of officials responsible for writing up the Report.<sup>9</sup> The final version of the Report is delivered by the head of the government at the annual People's Congress meeting and approved later by the delegates to that meeting. This process works the same for every level of government. For example, at the central government level, on behalf of the State Council, Premier Wen Jiabao delivered the 2012 Government Work Report during the opening meeting of the Fifth Session of the Eleventh National People's Congress (NPC) on March 5<sup>th</sup>, 2012 in Beijing,<sup>10</sup> and the Report was later adopted at the closing meeting of the

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<sup>8</sup> For example, see, Jamil Anderlini, "China needs to match words with actions: many problems leaders had promised to confront have got worse," March 8, 2012, *Financial Times*, available online at: <http://www.ft.com/intl/cms/s/0/5b4c8856-6919-11e1-956a-00144feabdc0.html#axzz2T0scFvU>. Last accessed 07/01/2012.

<sup>9</sup> The size of the writing team tends to be shaped by the level of the government in question. Usually, the higher administrative level the government is the bigger the writing team is, given the fact that the Government Work Report of a government must encompass all its subordinate regions.

<sup>10</sup> "Premier Wen's government work report," available online at: [http://news.xinhuanet.com/english/china/2012-03/05/c\\_131446870.htm](http://news.xinhuanet.com/english/china/2012-03/05/c_131446870.htm). Last accessed 07/01/2012.

NPC on March 14<sup>th</sup>.<sup>11</sup> At the provincial level, in Hubei Province, on January 11<sup>th</sup>, 2012, Governor Wang Guosheng delivered the 2012 Government Work Report at the Fifth Session of the Eleventh People's Congress of Hubei Province.<sup>12</sup>

Similarly, at the prefectural level, Yichang's mayor Li Lecheng delivered the 2012 Government Work Report at the First Session of the Fifth People's Congress of Yichang City on January 6<sup>th</sup>, 2012.<sup>13</sup> And then, in Changyang Tujia Ethnicity Autonomous County, the head of the county government, Zhao Jixiong, delivered the 2012 Government Work Report at the Second Session of the Eighth People's Congress of Changyang Tujia Ethnicity Autonomous County.<sup>14</sup>

All Government Work Reports are uniform in format, consisting of three main sections. *First*, the Report starts with a review section of the work accomplished by the government in the previous year, and these accomplishments are presented in concrete numbers. For example, the 2012 Government Work Report of the central government sets out with a review of government performance in 2011. In the brief summary at the very beginning, the Report writes that:

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<sup>11</sup> "China's parliament adopts government work report," available online at: [http://news.xinhuanet.com/english/china/2012-03/14/c\\_131466127.htm](http://news.xinhuanet.com/english/china/2012-03/14/c_131466127.htm). Last accessed 07/01/2012.

<sup>12</sup> "2012 Government Work Report of Hubei provincial people's government" (2012 年湖北省人民政府工作报告), available online at: [http://www.gov.cn/test/2012-02/01/content\\_2056122.htm](http://www.gov.cn/test/2012-02/01/content_2056122.htm). Last accessed 07/01/2012.

<sup>13</sup> "2012 Government Work Report of Yichang city" (宜昌市 2012 年政府工作报告), January 6, 2012, *Three Gorges Daily* (三峡日报), available online at: [http://news.cn3x.com.cn/content/2012-01/11/content\\_197220.htm](http://news.cn3x.com.cn/content/2012-01/11/content_197220.htm). Last accessed 07/01/2012.

<sup>14</sup> "Focusing on the people's congress: grand opening of the second session of the eighth people's congress of Changyang Tujia ethnicity autonomous county" (聚焦人代会: 长阳土家族自治县八届人大二次会议隆重开幕), March 8, 2012, available online at: [http://www.sxcynews.com/art/2012/3/8/art\\_52\\_74752.html](http://www.sxcynews.com/art/2012/3/8/art_52_74752.html). Last accessed 07/01/2012.

Last year ... China's GDP reached 47.2 trillion yuan, an increase of 9.2% over the previous year; government revenue was 10.37 trillion yuan, an increase of 24.8%; and the country's grain output reached a record high of 571.21 million tons. A total of 12.21 million new urban jobs were created. The per capita disposable income of urban residents and the per capita net income of rural residents rose in real terms by 8.4% and 11.4%, respectively.<sup>15</sup>

Likewise, what follows this brief summary is a more detailed discussion of the achievements divided by some main categories. For example, in the same Report, it discusses five types of achievements: fiscal and monetary policy; economic restructuring; social services and development; improving people's wellbeing and social justice; and deepening reform and opening up. Within each type, the Report also tends to list the achievements in concrete numbers. Take the achievements in improving people's wellbeing as an example. The Report writes that:

Basic pensions for enterprise retirees increased for the seventh consecutive year, with an average increase of 1,680 yuan per person for the year, which benefited over 57 million people... The central government allocated 171.3 billion yuan for [the construction of low-income housing], an increase of 120% over 2010. We basically completed 4.32 million units of low-income urban housing and began construction on a further 10.43 million units<sup>16</sup> and so on.

In sum, these mentioned achievements epitomize the main areas of the government's strategic priorities and policy preferences, and similar to responsibility contracts, these achievements are also described in concrete

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<sup>15</sup> Full text in Chinese is available online at: [http://news.xinhuanet.com/politics/2012lh/2012-03/15/c\\_111660147.htm](http://news.xinhuanet.com/politics/2012lh/2012-03/15/c_111660147.htm); full text translated into English is available online at: [http://english.gov.cn/official/2012-03/15/content\\_2092737.htm](http://english.gov.cn/official/2012-03/15/content_2092737.htm). Last accessed 07/01/2012.

<sup>16</sup> *Ibid.*

numbers. Therefore, this first review section resembles an evaluation of the work performed by the government in the previous year.

The *second* section presents the overall guidelines for the government work of the current year, and this is the most crucial section where the government sets the overarching tone for the current year's mode of socio-economic development. Moreover, the government puts forward its guidelines and expectations in concrete statistics. For instance, in this section of the 2012 Government Work Report of the central government, regarding the main targets for economic and social development in 2012, it stipulates that:

...to increase GDP by 7.5%, create more than 9 million new jobs in towns and cities, keep the registered urban unemployment rate at or below 4.6%, hold increases in the CPI to around 4%, increase the volume of total exports and imports by around 10%.<sup>17</sup>

Also, with respect to fiscal and monetary policy, it stipulates that:

This year, we are projecting a deficit [of government debt] of 800 billion yuan, a decrease to around 1.5% of GDP, which consists of a 550 billion yuan central government deficit and 250 billion yuan of bonds issued on behalf of local governments.<sup>18</sup>

These highly quantified targets constitute the very core of the work assignments for the central government for 2012, and its performance will be evaluated against these targets in 2013's Government Work Report and see whether it has achieved these numbers. This second section of Government Work

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<sup>17</sup> Full text in Chinese is available online at: [http://news.xinhuanet.com/politics/2012lh/2012-03/15/c\\_111660147.htm](http://news.xinhuanet.com/politics/2012lh/2012-03/15/c_111660147.htm); full text translated into English is available online at: [http://english.gov.cn/official/2012-03/15/content\\_2092737.htm](http://english.gov.cn/official/2012-03/15/content_2092737.htm). Last accessed 07/01/2012.

<sup>18</sup> *Ibid.*

Reports much resembles the responsibility contracts in the way that it not only lists the main work targets for cadres but also quantifies these targets.

Based on the guidelines of the second section, the *third* section of the Report is to further operationalize these guidelines in several major tasks that are spelled out in more specific details. For example, in this section of the 2012 Government Work Report of the central government, there list nine major tasks to be carried out, involving issue areas like price control, agricultural growth and rural income increase, education and human resource development, and cultural development, etc.<sup>19</sup> Furthermore, the Report specifies what each of these nine tasks entails for the work of every government. For instance, in terms of the task of keeping overall prices stable, one of the many details the Report specifies is that: “We will effectively carry out the practice of holding provincial governors responsible for the ‘rice bag’ (grain supply) and city mayors for the ‘vegetable basket’ (non-grain food supply)...”<sup>20</sup> Similarly, with regard to the task of promoting agricultural growth and rural income increase, the Report articulates some government work details in very specific numbers. For example, it states that:

We will continue to raise the minimum purchase price for grain, and we will raise the average floor prices for wheat and rice by 7.4 yuan and 16 yuan per 50 kilograms, respectively, [and that] We will strengthen agricultural and rural infrastructure. The central government plans to allocate 1.2287 trillion yuan for agriculture, rural areas and farmers, 186.8

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<sup>19</sup> Full text in Chinese is available online at: [http://news.xinhuanet.com/politics/2012lh/2012-03/15/c\\_111660147.htm](http://news.xinhuanet.com/politics/2012lh/2012-03/15/c_111660147.htm); full text translated into English is available online at: [http://english.gov.cn/official/2012-03/15/content\\_2092737.htm](http://english.gov.cn/official/2012-03/15/content_2092737.htm). Last accessed 07/01/2012.

<sup>20</sup> *Ibid.*

billion yuan more than last year.<sup>21</sup>

To ensure that targets in GWRs are met, every government further breaks down each target into specific tasks and then delegates these tasks to particular functional departments and subordinate governments under its jurisdiction. For example, after the 2012 GWR of the central government was approved by the National People's Congress, the Premier chaired a State Council executive meeting and divided up the main targets of the GWR among the various departments of the State Council.<sup>22</sup> Also, Yichang government delegated the targets of its 2012 GWR to Yichang's functional departments in such a meticulous manner that each individual task was given a particular serial number and a leading official of the designated functional department was appointed as the responsible person for the task.<sup>23</sup>

Moreover, each functional department will further divide its assigned tasks into more detailed and specific assignments and distribute them among its subordinate units. Each assignment comes with a detailed description of what needs to be done and how much needs to be achieved. In many cases, this

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<sup>21</sup> Full text in Chinese is available online at: [http://news.xinhuanet.com/politics/2012lh/2012-03/15/c\\_111660147.htm](http://news.xinhuanet.com/politics/2012lh/2012-03/15/c_111660147.htm); full text translated into English is available online at: [http://english.gov.cn/official/2012-03/15/content\\_2092737.htm](http://english.gov.cn/official/2012-03/15/content_2092737.htm). Last accessed 07/01/2012.

<sup>22</sup> “Wen Jiabao chaired the State Council executive meeting to determine the division of labor among departments over the key tasks of Government Work Report” (温家宝主持召开国务院常务会议 确定《政府工作报告》重点工作部门分工), March 16, 2012, available online at: [http://news.xinhuanet.com/politics/2012lh/2012-03/16/c\\_111666279.htm](http://news.xinhuanet.com/politics/2012lh/2012-03/16/c_111666279.htm). Last accessed 07/01/2012.

<sup>23</sup> For example, see, “The notice of Yichang municipal State-owned Assets Supervision and Administration Commission on breaking down key tasks of Government Work Report and delegating responsibilities, The General Office of Yichang municipal State-owned Assets Supervision and Administration Commission [2012] No. 3” (宜昌市国资委关于分解落实《政府工作报告》重点工作责任的通知, 宜市国资办 [2012]3 号), February 17, 2012.

description incorporates concrete numbers to quantify the expected outcomes. Additionally, to ensure the completion of these assignments, the functional department not only appoints responsible persons for each assignment but also requires each designated unit to report on its progress to the department on a regular basis, sometimes as often as every month.<sup>24</sup>

These painstaking measures employed by local governments to warrant the implementation of targets set in Government Work Reports suggest that GWRs are not empty rhetoric, but a powerful document guiding and evaluating the annual work of every government in China. As a result, Government Work Reports are a useful and valid source for examining the career incentives of local cadres and their policy compliance decisions, because they unequivocally articulate the targets of government work for the year and quantify these targets in measurable statistics. Therefore, it is easy to both identify the essential tasks and compare their weight in terms of evaluating cadres' work performance, so that one could understand the career incentive structure driving local cadres' decision-making.

### Superiority

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<sup>24</sup> For example, see, "The notice on implementing 2012 Government Work Report and Shuangbai Project and delegating responsibilities, The General Office of Changyang Tujia Ethnicity Autonomous County Construction Bureau" (关于落实 2012 年《政府工作报告》和联系“双百工程”工作任务责任分解的通知, 长阳土家族自治县住房和城乡建设局办公室), April 16, 2012, available online at: [http://jsj.changyang.gov.cn/art/2012/4/19/art\\_606\\_78372.html](http://jsj.changyang.gov.cn/art/2012/4/19/art_606_78372.html). Last accessed 07/01/2012.

More than just a valid source for studying the CES, Government Work Reports actually constitute a better research venue than responsibility contracts to gauge the power mechanism of the CES. There are two main reasons for the superiority of Government Work Reports.

*First*, Government Work Reports are more consistent than responsibility contracts. From the central down to the township-level, every government issues a Government Work Report annually. In contrast, only officials at the county level and below have to sign responsibility contracts. This fact makes Government Work Reports a more consistent research source across levels of government in China, enabling a systematic examination of the working mechanism of the overall CES. In contrast, findings based on responsibility contracts cannot be generalized beyond the county level.

*Second*, Government Work Reports are more transparent and reliable than responsibility contracts. Government Work Reports are officially a public document that is available either online or through local yearbooks.<sup>25</sup> In contrast, responsibility contracts remain a largely secret document, access to which is elusive and sporadic, hampering efforts to systemically collect data. Therefore, findings of existing studies of the CES that are built upon responsibility contracts cannot even be reliably compared across governments of the same level or across administrative levels in a systematic manner. Fortunately, Government Work

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<sup>25</sup> My experience tells that annual central, provincial and prefectural level Government Work Reports are consistently available online but county and township level ones are less consistent and may need to be obtained through fieldwork due to their less developed electronic service of the public sector. But nevertheless they are officially open documents and are usually available upon request.

Reports are able to circumvent the opacity of responsibility contracts, and findings of my research based on the three localities I have chosen are easily verified by studies of other regions and are more likely to be generalized to the entire country.

In conclusion, Government Work Reports not only constitute a legitimate and valuable research source for analyzing the working mechanism of the CES, but also serve as a better research venue than the conventional responsibility contracts in terms of the ability to produce more systemic and generalizable research findings.

### **My Argument**

In this section, by comparing and contrasting the Government Work Reports of the central government, Hubei province, Yichang prefectural city, Zigui and Changyang counties from year 2010,<sup>26</sup> I first briefly discuss the top-down control function of the CES. I then focus on analyzing what the Reports suggest about local autonomy both through the contents of the Reports and the process in which they are produced. I argue that only by incorporating the feature of local autonomy can we correctly capture the working mechanism of the CES and understand how the Party's personnel system functions.

#### *Top-down control*

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<sup>26</sup> I have chosen this particular year because I happened to be able to obtain all the Reports for all the three regions in 2010.

A close reading of the Government Work Reports across the administrative levels suggests that a higher level government keeps a firm grip on its subordinates by making sure that lower level governments adopt every single important target that it considers as essential work for the year. For 2010, these important targets mainly include maintaining economic growth, adjusting economic structure, improving people's wellbeing, safeguarding social order and stability, and so on. The following part elaborate on how these targets get adopted by governments of different levels.

The central government apparently attaches the foremost importance to the target of maintaining economic growth. Among the main targets of economic and social development set for 2010, the central Report starts first with the expected number of GDP growth rate – “around 8%”.<sup>27</sup> Although the Report adds that “It is important to note here that the reason to set the GDP growth rate at around 8% is to emphasize sound development, and to guide people of all sectors to focus their work on the transformation of the pattern of economic development and the adjustment of economic structure,”<sup>28</sup> this call for economic restructuring is only secondary to the central government's priority of maintaining GDP growth. The highest priority given to economic growth is further reflected in the more concrete tasks laid out for 2010, with the very first task being “...maintaining steady and rapid economic development.”<sup>29</sup> The second task is “accelerating the

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<sup>27</sup> Full text in Chinese is available online at: [http://news.xinhuanet.com/politics/2010-03/15/content\\_13174348.htm](http://news.xinhuanet.com/politics/2010-03/15/content_13174348.htm). Last accessed 07/01/2012.

<sup>28</sup> *Ibid.*

<sup>29</sup> *Ibid.*

transformation of the pattern of economic development, adjusting and optimizing the economic structure,”<sup>30</sup> with specific assignments such as increasing technological innovation, promoting the development of the service sector, reducing energy consumption and protecting the environment, and etc.<sup>31</sup> But these assignments to restructure the economy are still framed in terms of how they can contribute to the country’s sustained economic growth. For example, when discussing the assignment of promoting the development of the service sector, the Report calls for:

Vigorously develop finance, logistics, information, research and development, industrial design, business, energy saving and environmental protection services and other production-oriented services, and promote the organic integration of services and modern manufacturing.<sup>32</sup>

Clearly, the central government’s priority emphasis is on how the service sector can facilitate the production of the industrial sector that is usually regarded as conducive to economic growth.

Lower level governments not only have integrated all the essential tasks listed by the central government into their own Government Work Reports, but also have clearly ranked the importance of these tasks according to central priorities. As a result, unsurprisingly, all local Government Work Reports have designated “maintaining economic growth,” in one version or another, as the first target to be implemented for the year. For instance, for Hubei provincial government, the first work target of 2010 is to “further expand domestic demand

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<sup>30</sup> Full text in Chinese is available online at: [http://news.xinhuanet.com/politics/2010-03/15/content\\_13174348.htm](http://news.xinhuanet.com/politics/2010-03/15/content_13174348.htm). Last accessed 07/01/2012.

<sup>31</sup> *Ibid.*

<sup>32</sup> *Ibid.*

and maintain stable and rapid economic development.”<sup>33</sup> Likewise, the first work target of 2010 for Yichang prefectural government is to “adhere to the project-led approach so as to expedite economic development.”<sup>34</sup>

In addition to “maintaining economic growth”, other important targets have also been adopted in the same manner by local governments as their work tasks for the year. In their own words, both Hubei provincial government and Yichang prefectural governments attribute their accomplishments in 2009 to their following of higher level policies, as Hubei asserts that:

2009 is the most difficult year for economic development in our province in the new century...under the strong leadership of the CCP Central Committee and State Council and provincial authorities, the whole province has faithfully implemented the central policies dealing with international financial crisis...and ensuring economic growth, people’s wellbeing, and social stability...<sup>35</sup>

Similarly, Yichang contends that: “Facing severe challenges from the financial crisis in 2009, ...the municipal government has followed the central and provincial policies of ‘maintaining growth, maintaining people’s wellbeing, maintaining stability’...”<sup>36</sup> To sum up, it is through this top-down control method of pushing its policy priorities into the work agendas of lower level governments that the higher level government is able to rein in its subordinate cadres.

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<sup>33</sup> Full text in Chinese is available online at: [http://www.gov.cn/test/2010-02/05/content\\_1529177.htm](http://www.gov.cn/test/2010-02/05/content_1529177.htm). Last accessed 07/01/2012.

<sup>34</sup> Full text in Chinese is available online at: [http://www.yichang.gov.cn/art/2010/3/5/art\\_5888\\_224663.html](http://www.yichang.gov.cn/art/2010/3/5/art_5888_224663.html). Last accessed 07/01/2012.

<sup>35</sup> Full text in Chinese is available online at: [http://www.gov.cn/test/2010-02/05/content\\_1529177.htm](http://www.gov.cn/test/2010-02/05/content_1529177.htm). Last accessed 07/01/2012.

<sup>36</sup> Full text in Chinese is available online at: [http://www.yichang.gov.cn/art/2010/3/5/art\\_5888\\_224663.html](http://www.yichang.gov.cn/art/2010/3/5/art_5888_224663.html). Last accessed 07/01/2012.

### *Local autonomy*

Despite top-down control, an examination of the Government Work Reports also reveals a surprisingly high degree of local autonomy. *First*, local officials reserve the right to interpret abstract central directives for local implementation. *Second*, local officials have the right to bargain with higher authorities over defining local work targets and determining the numeric weight assigned to these targets. In this section, I first explain the “right to interpret” through a content analysis of the Government Work Reports from the central down to county governments. I then elaborate on the “right to bargain” by examining the process of how the Reports are produced.

### Right to interpret

Although local governments all follow the essential work targets specified by the central government, they also reserve the right to fill in the details for these targets. Therefore, to a certain extent, local autonomy is derived from the fact that central government tends to express its key policy directives in very general and vague terms and local governments get to further interpret these directives and fill in the working details before implementing these directives locally. As Minzner (2009) puts it well:

They [responsibility systems] are transmission belts by which vague central legal and administrative norms are operationalized into meaningful directives for local authorities to carry out... Lower-level authorities progressively flesh out the vague language of the central orders with increasing detail and instructions as to how to implement them (p. 74 & 77).

Similarly, Whiting (2004) points out that local versions of cadre evaluation system also convey local interest and priorities while following central guidelines, and therefore, vary across localities (106, 108).

This type of local autonomy is clearly captured in the contents of the GWRs. Take the target of “maintaining economic growth” as an example. As discussed above, the central government regards “improving the ability of macroeconomic regulation and maintaining steady and rapid economic development” as the number one priority task for all governments in the country for 2010. And the central government further lays out four more specific policies that are encompassed by this priority task, including active fiscal policy, loose monetary policy, increasing domestic consumption, and optimizing investment structure. However, the terms of these policies still remain too general and too vague to be operationalized for local implementation. As a result, when adopting this central priority target into its own Government Work Report, Hubei provincial government adds more details to the policies that are tailored to Hubei’s economic and social conditions.

For example, with respect to increasing domestic consumption, the central government only lists the broad categories to expand demand, such as peasants’ income, pension for factory retirees, social security for low-income residents, senior care service, and so on. In contrast, Hubei provincial government fills these broad categories with concrete local policy programs, which the Report tends not to explain and thus are nearly incomprehensible to readers who are not

Hubei residents or are not familiar with Hubei politics. For example, to increase rural consumption, the Hubei Government Work Report proposes to “continue implementing the ‘Ten Thousand Villages and Thousand Townships Market Project,’ ‘Double Hundred Market Project,’ ‘Direct Farm-Supermarket Project’ and ‘New Countryside Modern Circulation Services Network Project’.”<sup>37</sup> These projects make little sense to outsiders, but they reflect how Hubei provincial government has used its discretion to adapt general central directive to unique local realities.

Here is another example. In the section that lays out the eight major work tasks for 2010, the central government’s Report states its demands on tourism development in a very general and vague manner. *First*, the Report asks to “actively cultivate information, *tourism*, culture, fitness, training, pension, and family services” in order to increase domestic consumption demands. *Second*, the Report asks to “accelerate the development of the tourism industry” as part of the efforts to develop the service sector. In these two cases, tourism is seen as a means to “maintain stable and rapid economic development” and “transform the economic development model and adjust and optimize the economic structure,” respectively.<sup>38</sup> These abstract guidelines are meant to be translated into more concrete targets by subnational governments.

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<sup>37</sup> Full text in Chinese is available online at: [http://www.gov.cn/test/2010-02/05/content\\_1529177.htm](http://www.gov.cn/test/2010-02/05/content_1529177.htm). Last accessed 07/01/2012.

<sup>38</sup> Full text in Chinese is available online at: [http://news.xinhuanet.com/politics/2010-03/15/content\\_13174348.htm](http://news.xinhuanet.com/politics/2010-03/15/content_13174348.htm). Last accessed 07/01/2012.

For instance, Hubei province starts its 2010 Report with a review of the work completed in 2009, and lists the accomplishments in tourism development as part of its strategies to expand domestic consumption:

Organized important cultural tourism festivals in order to promote the accelerating development of the tourism industry. Received a total of 152 million *renmi* of domestic and international tourist arrivals, an increase of 28.8% [over the previous year]; achieved tourism total revenue of 100.45 billion yuan, an increase of 35.0% [over the previous year].<sup>39</sup>

In addition to these accomplishments in concrete numbers, the Report also describes the progress made in Hubei's important tourist projects, such as "the comprehensive start of the building of Western Hubei Eco-Cultural Tourism Circle, with 81 grand projects approved for construction and a total investment of 153.4 billion yuan."<sup>40</sup>

Compared to the central government Report, Hubei GWR is much more specific in terms of evaluating government work in concrete numbers and based on projects that are particular to Hubei. However, at province-level, Hubei's Report still remains somewhat vague. For instance, in the third section of the Report where it lists the work to be done in 2010, tourism is included as part of Hubei's efforts to develop the modern service sector:

Expedite the construction of tourist scenic spots and important tourist routes; cultivate a batch of unique tourist cities, tourist towns and villages; strengthen tourist dragon-head enterprises; and promote the fast development of the tourism industry.<sup>41</sup>

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<sup>39</sup> Full text in Chinese is available online at: [http://www.gov.cn/test/2010-02/05/content\\_1529177.htm](http://www.gov.cn/test/2010-02/05/content_1529177.htm). Last accessed 07/01/2012.

<sup>40</sup> *Ibid.*

<sup>41</sup> *Ibid.*

The Government Work Report of Yichang city follows the practice of Hubei province and enumerates Yichang's 2009 accomplishments in tourism development in concrete numbers but gets more specific in its work plan for 2010 in the area of tourism development:

...ensure an investment of 2.82 billion yuan. Support the Three Gorges Tribes and Qing River Gallery in their work to achieve the status of 5A scenic spots.... Carefully hold a series of promotional activities, such as the 'World EXPO in Shanghai, Travel to Yichang', aiming for 13.6 million *renci* in tourist arrivals for 2010....<sup>42</sup>

Down to the county-government level, Zigui and Changyang's Reports are even more specific than that of Yichang's and are tailored to local characteristics. For example, reviewing the government work of 2009, Zigui's Report not only lists the number of tourist arrivals and total tourism revenue for the entire county, but also gives a separate number of tourist arrivals for one of Zigui's most important scenic sites: "Juwan Creek Sightseeing received 160 thousand *renci*, an increase of 89% [over the previous year]."<sup>43</sup> Moreover, at the end of the Zigui's Report, it emphasizes ten items of work for 2010, all in very concrete terms. One of these items is related to tourism development, including work, such as "The Fenghuang Mountain scenic site must be entirely opened to the public before the Duanwu Festival...."<sup>44</sup> Likewise, in its review of tourism development work in 2009, Changyang's Government Work Report records things as specific as

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<sup>42</sup> Full text in Chinese is available online at:

[http://www.yichang.gov.cn/art/2010/3/5/art\\_5888\\_224663.html](http://www.yichang.gov.cn/art/2010/3/5/art_5888_224663.html). Last accessed 07/01/2012.

<sup>43</sup> 2010 Zigui County Government Work Report, obtained through fieldwork.

<sup>44</sup> *Ibid.*

“applied asphalt concrete to roads in Qing River Gallery” and “newly built two luxury vintage-style tourist boats.”<sup>45</sup>

The above examples demonstrate that lower-level officials derive their policy implementation leeway partly from translating the abstract directives from the central government into concrete targets that have meaning for local governments. Beijing dictates that the two targets of “maintaining economic growth” and using tourism to “increase consumption” and “develop the service sector” must be adopted for local governments’ work agenda for the year, but it does not stipulate how local governments go about realizing these two targets.

However, this local freedom to interpret central targets can sometimes go so far that it even compromises the original intentions of central policies. Take the GDP growth rate for an example. As mentioned above, the central government sets the expected GDP growth rate at around 8% for 2010.<sup>46</sup> But the Hubei province sets it at 10%,<sup>47</sup> Yichang municipality at 13%,<sup>48</sup> and Zigui and Changyang counties at more than 13%<sup>49</sup> and 14%,<sup>50</sup> respectively.<sup>51</sup> One wonders how the central government is able to keep the national average to the expected 8% while all local governments are aiming for at least 10%.

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<sup>45</sup> 2010 Changyang Tujia Ethnicity Autonomous County Government Work Report, obtained through fieldwork.

<sup>46</sup> Full text in Chinese is available online at: [http://news.xinhuanet.com/politics/2010-03/15/content\\_13174348.htm](http://news.xinhuanet.com/politics/2010-03/15/content_13174348.htm). Last accessed 07/01/2012.

<sup>47</sup> Full text in Chinese is available online at: [http://www.gov.cn/test/2010-02/05/content\\_1529177.htm](http://www.gov.cn/test/2010-02/05/content_1529177.htm). Last accessed 07/01/2012.

<sup>48</sup> Full text in Chinese is available online at: [http://www.yichang.gov.cn/art/2010/3/5/art\\_5888\\_224663.html](http://www.yichang.gov.cn/art/2010/3/5/art_5888_224663.html). Last accessed 07/01/2012.

<sup>49</sup> 2010 Zigui County Government Work Report, obtained through fieldwork.

<sup>50</sup> 2010 Changyang Tujia Ethnicity Autonomous County Government Work Report, obtained through fieldwork.

<sup>51</sup> 2010 Zigui County Government Work Report, obtained through fieldwork.

Another great example to demonstrate local exploitation of policy interpretation discretion is the central policy to optimize investment structure.

Regarding this policy, the central government emphasizes that:

Government investment at all levels should concentrate on important areas. New projects should be strictly controlled, and funding should be mainly used for continuing and completing the existing projects to prevent incomplete projects...to prevent redundant construction.<sup>52</sup>

This statement indicates that the central government is strongly advising for caution and limitation in terms of government investment and funding projects, and that the policy emphasis should be on optimizing the structure of investment. However, the vague language does not define what constitutes “important areas” or “existing projects.”

Due to this lack of clarification, one detects a very different tone in local Government Work Reports: *First*, the emphasis is on promoting investment growth rather than improving its structure, as, for example, the Hubei Provincial Government Work Report says that:

[We should] maintain a reasonable investment growth and then optimize the investment structure. Investment is an important force in stimulating the economic and social development in our province, and [we] strive to exceed one trillion yuan in total fixed asset investment.<sup>53</sup>

*Second*, instead of restricting funding for new projects as declared by the center, local governments actually encourage a growth model driven by project investment. For instance, in addition to finishing projects that have already begun,

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<sup>52</sup> Full text in Chinese is available online at: [http://news.xinhuanet.com/politics/2010-03/15/content\\_13174348.htm](http://news.xinhuanet.com/politics/2010-03/15/content_13174348.htm). Last accessed 07/01/2012.

<sup>53</sup> Full text in Chinese is available online at: [http://www.gov.cn/test/2010-02/05/content\\_1529177\\_2.htm](http://www.gov.cn/test/2010-02/05/content_1529177_2.htm). Last accessed 07/01/2012.

Hubei provincial government also hints at the importance of starting new projects by proposing to:

Do a good job of the planning and preparation work for major projects that affect long-term development [of the province]; enrich and perfect the project database to ensure the orderly takeover by new major projects.<sup>54</sup>

And sub-provincial governments are found to be even more dedicated to project-oriented development. As Yichang prefectural government states, “continue to place project construction at the top of [our] economic work...to promote sustained and fast growth of investment, and ensure a total fixed asset investment of 90 billion yuan.”<sup>55</sup> Likewise, with a strong focus on project-led growth, Zigui county government declares:

[We will] pick outstanding cadres to work in the forefront of attracting investment, ... encourage every township and county government sector to fully use its own advantages to attract business and investment. ... This year [we] expect to bring in more than ten industrial projects, among which more than three should have an investment worth more than 100 million yuan. ... For important projects, [we] will organize a designated government committee ... to provide a ‘nanny-style’ comprehensive service.<sup>56</sup>

In sum, local higher GDP growth rates and stronger emphasis on project construction suggest that local governments have used their discretion to interpret central directives to such an extent that local versions of government work plans actually diverge from the long-term developmental strategy envisioned by the central government. However, it is important to point out that this local

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<sup>54</sup> Full text in Chinese is available online at: [http://www.gov.cn/test/2010-02/05/content\\_1529177\\_2.htm](http://www.gov.cn/test/2010-02/05/content_1529177_2.htm). Last accessed 07/01/2012.

<sup>55</sup> Full text in Chinese is available online at: [http://www.yichang.gov.cn/art/2010/3/5/art\\_5888\\_224663.html](http://www.yichang.gov.cn/art/2010/3/5/art_5888_224663.html). Last accessed 07/01/2012.

<sup>56</sup> 2010 Zigui County Government Work Report, obtained through fieldwork.

autonomy in policy interpretation does not mean that local governments are free from central constraint. Instead, it means that as long as local versions of the central directive are in line with the most fundamental priority targets of the central government (in this case, maintaining economic growth), local governments can take advantage of considerable leeway (for instance, setting the specific GDP growth rate, and emphasizing investment growth and project funding instead of restructuring investment) and may diverge from the originally intended policy design. This autonomy in policy implementation not only enables local cadres to interpret central policies in ways that are compatible with local economic and social conditions, but also grants local cadres the opportunity to carry out central policies in ways that maximize their chances of career promotion.

#### Right to bargain

Moreover, local autonomy is not limited to the right of interpreting the details of central directives. Rather, it involves an amount of decision making that is larger and qualitatively different from merely the ability to further specify the general policies made by the higher level government. The contents of the GWRs reveal little about this type of local autonomy. Only through a thorough investigation of how these Reports are made and come into final shape can we detect the existence of substantial local leeway – local officials’ opportunity to bargain and negotiate with higher level governments over the contents to be written in local GWRs.

Every year around the annual People's Congress meeting, Government Work Reports are one of those hot subjects that get people anxiously talking and debating. Despite this widely received attention, however, what rarely known is how this important document comes into being. My examination of the drafting and adopting process of Government Work Reports also reveals that both top-down control and local autonomy are at work.

Work on a Government Work Report takes place long before (as early as September of the previous year) the final product is presented at the People's Congress meeting (varies between January to March) for approval. There are four main stages to this work.

The first stage begins with deciding the large themes to be covered in the Report, and the finalized themes usually reflect the priority concerns of both the higher level governments and the government in question. For example, at this stage the designated writing team of Yichang municipal government must refer to the important talks of central and Hubei provincial leaders, reports of previously held internal meetings, documents and so on to find out the top policy concerns for higher governments and what their guiding principles (指导思想) are on these policy concerns. Then, the team will consult with Yichang local leading cadres to see what issues are priorities on their agenda.<sup>57</sup> As long as these local priorities are consistent with higher level principles, they are set to be included in the local Government Work Report as the main themes. Thus, local governments possess a

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<sup>57</sup> Interview: Yichang, April 8, 2012.

substantial degree of autonomy in articulating what constitute local priorities in the Reports.

Having decided upon the main themes, the next stage is to divide up the themes among the team members who will then engage in an investigation and research process, called *diaoyan* (调研), focusing on the assigned theme. This process of *diaoyan* usually lasts around one to two months. During *diaoyan* the writing staff frequently visits functional government sectors and enterprises of the same level, and subordinate governments in order to both communicate to these units what priority issues the government in question wants to focus on for the coming year and discuss with these units how they think about these issues and whether they think the expected work targets set for them are reasonable. For example, while conducting *diaoyan*, the writing team of Yichang city visits Zigui and Changyang counties and holds meetings with county leading cadres to discuss potential policies and targets for the next year preferred by Yichang leaders. During these meetings, county cadres make sure that local economic and social conditions are to be taken into consideration in the writing of Yichang's Government Work Report and try their best to maximize the representation of local interest. Also, if county cadres think that the numeric value of a target is set too high for the county and is difficult to achieve, they will bargain with the writing staff until a new number is agreed upon by the two sides.<sup>58</sup> Therefore,

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<sup>58</sup> Interview: Yichang, April 8, 2012.

this *diaoyan* process is characterized by bargaining and consensus-making between the higher level government and its subordinate cadres.

After the completion of *diaoyan*, the writing team will produce the first draft of the Government Work Report, which is subject to several rounds of revisions. These revisions are made according to new directives from higher level governments or based on suggestions from leading cadres of the government in question and subordinate governments. For instance, the State Council sends the draft of the central Government Work Report to all provincial level governments seeking for suggestions.<sup>59</sup>

At the People's Congress meeting, the final draft of the Government Work Report will be distributed to the delegates while the government head delivering the Report to the audience. After its delivery, throughout the meeting the Report will be discussed by delegate groups representing various social and government sectors, including those from the lower level governments, and new suggestions are raised to further revise the Report before its approval. For example, at the First Session of the Fifth People's Congress of Yichang municipality in January 2012, delegates from Yichang's urban districts, and its subordinate counties and cities discussed the Government Work Report of the Yichang municipal

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<sup>59</sup> "Important work of the Government Work Report has been distributed to functional departments" (政府工作报告重点工作部门分工确定), March 17, 2012, *Beijing News* (新京报), available online at: <http://news.sina.com.cn/c/2012-03-17/022424128353.shtml>. Last accessed 07/01/2012.

government and proposed changes to some places of the Report.<sup>60</sup> Delegates from subordinate governments use this opportunity to further push for maximization of local interests in the Report. Only after this revision, the final version of the Government Work Report is considered official and is widely announced to the public.

In sum, from choosing major themes to *diaoyan*, from several rounds of revisions to the final approval at the People's Congress meeting, every stage of working towards the final product of a Government Work Report shows that two forces are at work: top-down control and local autonomy. Top-down control dictates that a local Government Work Report must defer to the guiding principles of higher level governments; and local autonomy grants the local government the power to integrate local interests and preferences into the Report so as to accommodate the unique conditions of local economic and social development. In fact, the consideration for local conditions is regarded as the most fundamental guideline of drafting the Report.<sup>61</sup> To summarize, use the words of a Chongqing official: "A successful municipal Government Work Report must have yearly features, reflect central spirit, and most importantly, relate to local realities."<sup>62</sup>

Although my examination is mainly based on interviews and data collected from the three regions I have chosen, my findings can also be verified

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<sup>60</sup> "Delegations deliberate the Government Work Report" (各代表团审议政府工作报告), January 8, 2012, *Three Gorges Daily* (三峡日报), available online at: [http://news.cn3x.com.cn/content/2012-01/08/content\\_196682.htm](http://news.cn3x.com.cn/content/2012-01/08/content_196682.htm). Last accessed 07/01/2012.

<sup>61</sup> Interview: Yichang, April 8, 2012.

<sup>62</sup> "Reveal the secret of how the *lianghui* Government Work Report was produced" (揭秘“两会”政府工作报告出炉的台前幕后), *Chongqing Economic Times* (重庆商报), January 21, 2010, available online at: <http://cq.qq.com/a/20100121/000028.htm>. Last accessed 07/01/2012.

by many news reports in China. For example, a Chongqing local newspaper described the process of how Chongqing Government Work Report for 2010 came into being, and it is extremely similar to what I have identified in the field.<sup>63</sup> Therefore, I am confident that my finding about the two forces shaping the outcome of Government Work Reports can be generalized to other regions of China.

## **Conclusion**

Both the content of Government Work Reports and the process of how they come into being suggest that the two features of top-down control and local autonomy work hand in hand shaping the targets to be used for evaluating leading cadres' work performance. Therefore, the CES is more than just a one-way "transmission belt" (Minzner 2009, 74) that sends higher level commands down to lower level cadres who will automatically follow the commands. Instead, how the CES functions resembles more like the way an international corporation manages its outsourced factories. The outsourced factories must follow the most fundamental guidelines set by the distant boss but are also able to develop their own production strategies based on local characteristics.

By identifying the essential "local autonomy" power mechanism embedded in the CES and the substantial amount of bargaining and negotiation

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<sup>63</sup> "Reveal the secret of how the *lianghui* Government Work Report was produced" (揭秘“两会”政府工作报告出炉的台前幕后), *Chongqing Economic Times* (重庆商报), January 21, 2010, available online at: <http://cq.qq.com/a/20100121/000028.htm>. Last accessed 07/01/2012.

involved in the cadre evaluation process, my study challenge the conventional wisdom that it is through its absolute control of the personnel management system that the central government can predominate over local authorities. Consequently, my study generates important implications on the nature of central-local relations in China and its impact on policy implementation. Since local cadres are driven by career incentives to both conform to fundamental central targets and cater to local conditions, we should expect to see wide variation of local compliance with central policies. Therefore, my study provides a promising account to systemically explain the divergence of local policy implementations from central directives.

Admittedly, the CES is only one component of the Communist Party's complex personnel management system, both formal and informal, and my study is a small step towards better understanding of it. More research needs to be done to contribute to this challenging but immensely important cause.

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