Local Autonomy under Hierarchy:
Steering policy implementation in the Xi Jinping era

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ABSTRACT

Through a comparison between policy documents in the Xi Jinping and Hu Jintao eras, and a thorough examination of three typical policy areas, this research investigates how much local autonomy is preserved in the Xi era on two dimensions — "initiative" and "immunity"; and explains how the policy process is influenced. By appropriately defining the two dimensions in the context of China and measuring them, the text analysis demonstrates that local autonomy in the Xi era has been largely constrained, as many studies argued. Moreover, the comparative analysis of the Classification of Domestic Waste, COVID-19 Pandemic Control and Business Environment Evaluation shows that even in the Xi era, different types of local autonomy are indeed still granted to local governments. Finally, through in-depth interviews, on-site observation and a close reading of relevant policy documents and secondary materials, this research traces the policy process of Business Environment Evaluation through the hierarchy, and documents how it is adapted for implementation in two distinct provinces according to their respective preferences. The findings reveal that even though local governments are given the initiative in conducting Business Environment Evaluation, it is difficult for provinces to balance between contradictory policy goals in Xi Jinping's Top-Level Design era.

The findings bring forward the core argument, **local autonomy under hierarchy**, which means during the Xi era, local autonomy is not only largely restrained but closely scrutinized by the central state. The central state could recalibrate the degree of granted autonomy according to its judgement of the linkage between a policy area and the interest of the political system. Under such a scheme, policy implementation is rarely effective.

This research suggests that, faced with the challenge of the declining legitimacy of the Chinese political system, "local autonomy under hierarchy" is put forward as the Xi administration's response. However, old problems in implementation persist as new ones arise: the huge pressure exerted from above is eventually undertaken by the

grassroots government and the public. Effective policy implementation becomes hardly attainable.

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A | B | C | D | F | G | H | I | J | L | M | N | O | P | S | T | W

A

ALS Administrative Licensing System (行政许可制度)

B

BEDPC Business Environment Development and Promotion Center (营商环境发展促进中心)

BEE Business Environment Evaluation (营商环境评价)

BGSDCA Bureau of Government Service and Digitalization Construction and Administration (政务服务和数字化建设管理局)

C

CCCCP Central Committee of Chinese Communist Party (中国共产党中央委员会)

CCDI Central Commission for Discipline Inspection (中央纪律检查委员会)

CCP Chinese Communist Party (中国共产党)

CCPPC Chinese Communist Party's Party Congress (中国共产党代表大会)

CDI Commission for Discipline Inspection (纪律检查委员会)

D

DOBE Decree on Optimizing Business Environment (优化营商环境条例)

DRC Development and Reform Commission (发展改革委员会)

F

FA Fragmented Authoritarianism

FGF Fang Guan Fu (放管服)

FIC Federation of Industry and Commerce (工商业联合会)

G

GDP Gross Domestic Product (国内生产总值)

GOCCCCP the General Office of the Central Committee of Chinese Communist Party (中共中央办公厅)

GOSC the General Office of the State Council (国务院办公厅)

H

HQD High-Quality Development (高质量发展)

HURD Housing and Urban-Rural Development (住房和城乡部门)

I

IEBEE Business Environment Evaluation for Innovation and Enterprise (创业创新营商环境评价)

J

JLDOBE Jilin Decree on Optimizing Business Environment (吉林省优化营商环境条例)

JSDOBE Jiangsu Decree on Optimizing Business Environment (江苏省优化营商环境条例)

L

LAI Local Autonomy Index

LSG Leading Small Group (领导小组)

LSGBEC Leading Small Group for Business Environment Construction (营商环境建设领导小组)

LSGSEC Leading Small Group for Soft Environment Construction (软环境建设领导小组)

M

MOHURD Ministry of Housing and Urban-Rural Development (住房和城乡建设部)

N

NBEE National Business Environment Evaluation (国家营商环境评价)

NBS National Bureau of Statistics (国家统计局)

NBSIC National Bureau of Statistics Investigation Corps (国家统计局调查总队)

NDRC National Development and Reform Commission (国家发展改革委员会)

NGO Non-governmental Organization

NHC National Health Commission (国家卫生健康委员会)

NSC National Supervisory Commission (国家监察委员会)

O

OBE Optimizing Business Environment (优化营商环境)

OBEC Office of the Business Environment Evaluation (营商环境建设办公室)

OBEESM Optimizing Business Environment Experience Sharing Meeting (优化营商环境经验交流会)

OBEJCO Office of the Optimizing Business Environment Joint Conference (优化营商环境联席会议办公室)

OBELSG Optimizing Business Environment Leading Small Group (优化营商环境领导小组)

OSEC Office of the Soft Environment Construction (软环境建设办公室)

P

PBEE Provincial Business Environment Evaluation (省级营商环境评价)

PES Performance Evaluation System

PST Political Steering Theory

S

SADPIEEE Streamline Administration and Delegate Power, Innovation and Entrepreneurship Environment Evaluation (简政放权创业创新环境评价)

SC Supervisory Commission (监察委员会)

SCEM Executive Meeting of the State Council (国务院常务会议)

SCOPSR State Commission Office of Public Sector Reform (中央机构编制委员会办公室)

T

TGOBE Task Group for Optimizing Business Environment (优化营商环境任务小组)

TLD Top-Level Design (顶层设计)

TRS Target Responsibility System

TVEs Township and Village Enterprises (乡镇企业)

W

WB World Bank (世界银行)

WTO World Trade Organization (世界贸易组织)

1 Introduction

1.1 Relevancy

Understanding China's policy process is a compelling yet challenging task due to the intricacy of its bureaucratic structure and the lack of transparency in policymaking. However, scholars of China studies have made significant contributions to this field in recent decades, both theoretically and empirically. Despite the constraints on academic freedom that hinder the development of political science in China (He, 2011) and the difficulties in conducting substantial fieldwork (Ahlers & Schubert, 2022), knowledge production in this realm has not stagnated. Since the late 1970s, China has transitioned from a planned to a market-oriented economy and from a strictly controlled to a relatively open society. This transition has been accompanied by an adaptive, flexible, and effective governance system under one-party rule, which has been crucial for the stability and resilience of the Chinese political system (Nathan, 2003). The concept of "local autonomy" has been central to this resilient system, credited with enhancing the effectiveness of the policy process after Reform and Opening up (Ahlers & Schubert, 2015). However, scholars assert that this resilience is at risk due to a waning effectiveness of the governance system (Heilmann, 2018). Since Xi Jinping assumed the position of General Secretary of the Chinese Communist Party (CCP) in 2012, the political system has become more centralized under the banner of "Top-Level Design" (顶层设计, hereafter TLD). This has significantly limited local autonomy in policy implementation, experimentation, and innovation (Chen, 2017; Ahlers, 2018; Schubert & Alpermann, 2019). Despite this, local governments remain responsible for implementing central policy guidelines, which often requires considerable adaptation and adjustment. It is essential to consider how local autonomy has been altered and affected in this era. As pressure from higher authorities increases, the tension between central directives and local implementation intensifies. Investigating how lower levels of the system digest, ease, or reconcile this tension leads to the subsequent question: How is the policy process in Xi's era influenced? This research addresses the question

by first defining what local autonomy means and then assessing to what extent it still exists during the local policy process under TLD. Subsequently, this research adopts comparative analysis to further examine how local autonomy is embodied throughout the policy process. The ultimate objective of this research is to enhance comprehension of China's policy process, with a specific emphasis on local autonomy in light of the changing policy landscape.

1.2 Core Research Question

A fundamental premise among China scholars is that local autonomy is a crucial element encouraging local governments not only to adapt central policy guidelines to local conditions but also to innovate solutions for local issues, thereby contributing to the resilience of the Chinese political system. Given the entrenched tension between centralization and local autonomy (hierarchical control and local initiative) in this system (Schubert & Alpermann, 2019), the renewed emphasis on centralization in the TLD era is believed to pose threats to local autonomy and thereby influence policy process effectiveness. The query "has the governance pattern in China really changed" (Ahlers, 2018) expresses a similar concern. To investigate these issues, this research focuses on local autonomy, an area that has not been well addressed in existing studies. Although local autonomy is frequently mentioned, very few studies have captured its essence in China's policy process. Therefore, building on relevant scholarship, this research aims to provide an analytical definition of local autonomy. By doing so, a meaningful assessment of local autonomy's shift from the pre-Xi to Xi era can be made. Thus, the overarching research question is: **"What does local autonomy precisely mean in China's policy process? To what extent does local autonomy persist in the TLD era?"**

To understand this question, a systematic and in-depth investigation of policy processes is required. Therefore, it is necessary to establish an analytical definition of local autonomy, but this alone is insufficient. To achieve this goal, this research endeavors to construct a theoretical framework of local autonomy. Based on Clark's theory (1984), this theoretical framework conceptualizes local autonomy through two

analytical dimensions: initiative and immunity, and produces a typology of local autonomy by combining these dimensions. In this research, three diverse policy fields were selected (Classification of Domestic Waste, Covid-19 Pandemic Control, Business Environment Evaluation), each differing in terms of the two dimensions, to illustrate this typology. This research analyzes the character and level of local autonomy granted in these policy fields. The findings support the notion of restricted autonomy within China's policy process but highlight the need for a nuanced understanding of the variations in local autonomy across different policy fields. The core argument of this research is that despite the centralization by the central government, there are observable differences in local autonomy. The extent of autonomy granted is guided by the central government and can be changed whenever necessary. I argue that there exists a concept of "local autonomy under hierarchy" under TLD.

When considering local autonomy under hierarchy, it is important to examine the following question: **"What does local autonomy under hierarchy mean to the local policy process, and to what extent is local policy implementation still effective?"** Given that the effectiveness of policy implementation is closely tied to local autonomy, any changes to local autonomy raise questions about the effectiveness of the policy process. Therefore, a discussion of the effectiveness of policy implementation under TLD is necessary. Finally, this research delves deeper into the policy process of Business Environment Evaluation (BEE), aiming to provide a fuller picture of how local autonomy is guided under hierarchy across different localities. It focuses on **how local governments at each level carry out and adjust their relative BEEs according to "local autonomy under hierarchy"**, and **what outcomes result from this.** The theoretical framework helps identify local autonomy types across different policy fields but is unable to analyze how actors interact with each other and shape the policy process under each type, under which the behavior patterns of local governments are anticipated to vary accordingly. To bridge this gap, this research combines the "initiative–immunity" framework with elements from the "Political Steering Theory" (hereafter "PST", Schubert & Alpermann, 2019), revealing how steering subjects steer and how steering objects react for a certain type of local autonomy. This research suggests that there

exists a consistent logic between "local autonomy under hierarchy", "concrete local behavior patterns", and policy outcome effectiveness. Traditional literature has paid much attention to specific implementation behavior, within which the importance of local autonomy is slightly alluded to, but the literature does not directly address the logic between different types of autonomy and policy behavior. Refurbishing the "initiative–immunity" framework with PST precisely addresses this concern.

By addressing these questions, this research joins the discussion of explaining China's policy process under TLD by highlighting the pivotal role of local autonomy and providing a relatively full-fledged theory. The structure of the research is as follows: First, to identify gaps in the current literature and reiterate the research questions, I conduct a detailed review of existing studies on how local autonomy has been addressed in both theoretical and empirical studies on China's policy process since the Reform and Opening up. Following this, I revisit the literature on local autonomy and argue that Clark's theory on local autonomy emerges as a suitable framework for comprehending the concept within the Chinese context. Clark's theory defines local autonomy from two dimensions, allowing for an analytical definition. Consequently, this forms the basis for a preliminary theoretical framework to analyze the policy process from the perspective of local autonomy. Moving onto the empirical analysis, this research will apply this theoretical framework to compare the degree of local autonomy across two eras and three distinct policy fields, and to test the main hypotheses. Additionally, local BEE processes in two provinces, Jilin and Jiangsu, as well as two cities, Nantong and Changchun, will be investigated. Detailed descriptions of the local policy process will be presented to show how BEE initiatives have been carried out and adapted for implementation across diverse localities. This will shed light on the intricate ways in which local governments are guided to exercise their autonomy. Two deviant cases, Jiangsu and Jilin serve as a valuable mechanism for evaluating the effectiveness of BEE implementation in these two localities. The discussion section will fine-tune the theoretical framework by synthesizing the insights obtained from the case analysis.

This research contributes to the field of China studies in several ways. First, it sheds light on a perspective frequently mentioned yet understudied — local autonomy

— to analyze China's policy process. This study facilitates a nuanced comparison of local autonomy in the pre-Xi and Xi era, thereby enriching the ongoing discussion on local autonomy in the Xi era by defining local autonomy analytically. Second, based on Clark's theory, this research presents a comprehensive theoretical framework for analyzing local autonomy in the Chinese context. The framework encourages policy analysis across various fields, fostering a more holistic understanding of governance dynamics in contemporary China.

2 Literature Review

The fundamental objective of this research is to enhance the understanding of China's policy process during the Xi Jinping era, with a particular attention to local autonomy. This objective is structured around three pivotal tasks. First, reaffirming the centrality of local autonomy to this research and elucidating its interconnectedness with the research questions. Second, critically revisiting the most pertinent literature on local autonomy, discerning the gaps within existing scholarship, and explicating the specific contributions this research aims to make. At last, grounded in this review, proposing a novel perspective for approaching local autonomy and expounding upon its multifaceted dimensions. These endeavors lay the foundation for developing a robust theoretical framework for local autonomy.

There are four relevant bodies of literature for these tasks. The first strand of research closely examines the political and institutional changes ushered in by Xi, who advocated and implemented a TLD paradigm in reform. These studies explore its implications for China's policy process and political system. Many argue that local autonomy for policy adaptation, experimentation, and innovation has been markedly curtailed during this this era (Ahlers, 2018; Schubert & Alpermann, 2019; Chen, 2017; Heilman, 2018; Teets & Hasmath, 2020). While this argument is valid, it requires further elucidation on two fronts. First, a detailed explication of the nuances of local autonomy in scholarly discourse is necessary. Second, a comparative analysis is needed to illustrate how local autonomy under Xi's stewardship is curtailed compared to the pre-Xi era. These two issues are the main focus of this research and require a comprehensive examination of the scholarly treatment of local autonomy by China scholars.

The second body of literature explores the extensive literature in political science and public administration on China's policy process, examining how local autonomy has been conceptualized. Two perspectives emerge within this purview: the zero-sum and non-zero-sum perspectives. A critical analysis reveals the inadequacy of these

perspectives in fully understanding local autonomy. Consequently, a review of the first strand of literature reveals the predicaments faced by these conventional wisdoms, highlighting the potential of the new perspective posited in this research to address these shortcomings.

The third strand of literature provides a detailed explanation of local autonomy, examining aspects such as the delegation of formal power and the agency of actors. Finally, the examination of local autonomy serves not as an isolated pursuit but as a means of unraveling the intricacies of China's policy process. Therefore, a related body of literature goes beyond simply characterizing China's political and institutional system, exploring its implications for the policy process and theorizing about it. This strand of literature, while not presented independently, will be referenced whenever necessary.

2.1 Departure Point: Why is Local Autonomy?

The landscape of the Chinese political system has undergone a profound transformation following Xi Jinping's assumption of power. The new leadership asserted that China's reform entered a "deep-water zone", necessitating a paradigm shift towards a more strategic and comprehensively planned reform, encapsulated by the concept of "Top-Level Design"[1]. Consequently, TLD has become a focal point in both official discourse and academic circles, characterizing a distinct pattern in the policy process. A growing body of literature documents the evolution of the Chinese political system and its influence on the policy process.

At the central level, Leading Small Groups[2] (LSGs), which were subsequently transformed into Commissions, have played an essential role in promoting and supervising reforms (Ahlers & Stepan, 2016), integrating and coordinating

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[1] Recommendations of the Central Committee of the Chinese Communist Party for the 13th Five-Year Plan for Economic and Social Development of the People's Republic of China", 中共中央关于制定国民经济和社会发展第十二个五年规划的建议.

[2] Political Standing Committee Members' official positions, see Lee (2017:334); For Commissions chaired by Xi Jinping, see Grünberg & Drinhausen (2019:5).

departmental interests (Holbig, 2018; Tsai & Zhou, 2019), and fortifying Xi's personal authority (Brødsgaard, 2018; Tsai & Zhou, 2019; Chan, Lam & Chen, 2020). In this way, policy-making becomes more centralized, and stricter control of policy implementation is demanded (Yang & Yan, 2018; Schubert & Alpermann, 2019). Additionally, Xi's regime has intensified control over cadres to ensure unwavering loyalty and meticulous adherence to central directives. The Xi administration's commitment to consolidating power has been highlighted by an unprecedented anti-corruption campaign targeting subordinates (Manion, 2016; Li, 2019; Li & Wang, 2019) and tightened ideological control through consistent education programs and political slogans (Li, 2019). These measures have profound implications for China's policy process. Ahlers (2018) noted China's governance "shifting to a more top-down and tighter mode". Schubert and Alpermann (2019) argued persuasively for a resurgence of top-down steering in policy-making, while Yang and Yan (2018) posited that this shift represents a recalibration between institutionalization and local autonomy. Chen (2017) contended that local governments under Xi become inactive within the central–local relationship.

The overarching argument advanced in these studies contends that less autonomy is allowed for local policy adjustment, experimentation and innovation (Chen and Göbel, 2016; Heilman, 2018; Teets & Hasmath, 2020). Despite the cogency of this argument, it lacks supporting evidence. The meaning of local autonomy in the discourse of China scholars remains unclear. If, as asserted, local autonomy is curtailed, its defining attributes and the impact on local policy processes are not fully explained. This research aims to provide a nuanced definition of local autonomy and conduct a comparative case analysis to draw a fuller picture of it. This is why local autonomy is the central focus of this research.

2.2 How is Local Autonomy Approached?

As previously mentioned, a substantial body of literature by China scholars discusses local autonomy, which is inextricably linked to the perennial topic of the central–local relationship in Chinese politics. The question of whether local

governments are loyal agents of the central government or represent their own interests remains a subject of heated debate. This section surveys the most relevant scholarship, presenting how scholars understand the central–local relationship and local autonomy and probing into its influence on the local policy process.

2.2.1 Zero-sum Perspective

The discussion on the central–local relationship is closely linked to the country's oscillation between centralization and decentralization. A zero-sum perspective recognizes an inherent conflict between them. Specifically, heightened centralization is said to reduce autonomy of provinces, forcing them to align more closely with the central government. Conversely, increased decentralization provides provinces with more autonomy but also risks encouraging deviation from or even opposition to central directives. This perspective, rooted in the (de)centralization literature, suggests that the interests of the central government and local governments are incompatible. The granting of more autonomy to localities likely results in less central control.

Since the advent of China's Reform and Opening up, the country has transitioned from a centrally planned to a market-oriented economy. This transition was facilitated by substantial decentralization measures, starting with the decentralization of fiscal resources and economic management administration. Fiscal decentralization has been praised for endowing local governments with greater fiscal autonomy (Oksenberg & Tong, 1991; Montinola et al., 1995; Landry, 2008). This newfound fiscal latitude was considered to incentivize local governments to pursue economic development (Oi, 1992; 1995; 2020). China's fiscal system in the reform era has been referred to as Chinese style federalism, also known as "market-preserving federalism" (Montinola et al., 1995; Qian & Weingast, 1997) or "de facto federalism" (Zheng, 2007). These terms describe a fiscal framework that reflects some federalist principles, where local authorities are empowered with considerable autonomy in managing fiscal resources. Before the introduction of Tax-Sharing system, a consistent decline in the central revenue share was evident, which weakened the central government's control over fiscal resources (Xu & Zhuang, 1998). The Tax-Sharing Reform, implemented in 1994, gave the central

government control over more than 50% of the revenue, potentially constraining local government's autonomy. The assumption that local governments exploiting more fiscal resources have more feasible choices in policy implementation is based on a typical zero-sum perspective (Solinger & Jiang, 2016).

Along with fiscal decentralization, local governments have been granted more powers in economic and social management realms, leading to formal and large-scale administration reforms initiated by the central government. Administrative decentralization, mainly achieved through power delegation mechanisms (Lan, 2000), has been a crucial aspect of this evolution. After joining the World Trade Organization (WTO) in 2001, the Chinese government faced increased international pressure to reform its Administrative Examination and Approval System, prioritizing the elimination or delegation of approval powers, which remains the focus in the TLD era (Lin & Xu, 2017; Tian & Christensen, 2019; 2021). In the context of administrative decentralization, local governments benefit from superior governments devolving administrative powers to their subordinates, resulting in an expansion of the latter's autonomy (Donaldson, 2017; Wu et al., 2017). From a zero-sum perspective, the central government may caution against delegating too much power to lower-level governments, as it could lead to a loss of control, showing the logic that an increase in autonomy for lower-level governments could result in excessive administrative power (An & Zhang, 2024). Similarly, in a zero-sum perspective, when the CCP shifted from the "two-level downward system" to the "one-level downward system" with the aim of decentralizing the management of cadres below provincial levels, the Party Center faced the challenge of potential nepotism and excessive localism (Manion, 1985; Huang, 1996).

This zero-sum perspective on local autonomy and central control has wielded considerable influence within the academic community, shaping the prevailing understanding of China's policy process. Researchers who hold this perspective inadvertently fall into the trap of a "central–local binary opposition", unthinkingly embracing it and lopsidedly emphasizing the problems arising from local noncompliance. Zhou Xueguang (2011) precisely encapsulated the crux of the Chinese

political system as "the contradiction between authoritarian system and effective governance". This tension has been embodied in various deviations and distortions during policy implementation, such as "selective implementation" (O' Brien & Li, 1995), "irresponsible state" (Cai, 2004), "deformation" (Zhang, 2019), "collusion" (Zhou, 2010), "uneven implementation" (Göbel, 2011), and "muddling through" (Zhou et al., 2013). Scholars have mostly traced the reasons for these local behaviors by explicating the Chinese political system after the Reform and Opening up.

The fragmented authoritarianism model, originating from the collaborative efforts of three U.S. scholars, David M. Lampton, Kenneth G. Lieberthal, and Michel Oksenberg, is one of the earliest and most prominent theoretical models explaining the Chinese policy process. Lampton (1987a; 1987b) first portrayed China's political system as fragmented or cellular in his early analysis of China's water governance. This description underscored the vertical and functional divisions present in the systems, which caused delays and divergence in resource policies. Lieberthal and Oksenberg (1988) traced the policy processes of similar policy fields, such as large-scale energy development projects like petroleum, energy, and Three-Gorges Dam, and found that "China's bureaucratic structure is fragmented, segmented, and stratified, leading to a disjointed, protracted, and incremental policy process within which is full of negotiations, bargaining, and seeking consensus among involved bureaucracies" (1988:3). The "fragmented authoritarianism model" (FA) was formally introduced by Lieberthal in the volume "Bureaucracy, Politics and Decision Making in Post-Mao China" in 1992. The model emphasizes the fundamental characteristic of China's political system as fragmented authoritarianism (1992). The scholars contended that the bureaucratic structure, which became fragmented due to the political system post-reform, facilitated increased bargaining among competitive vertical functional organizations and territorial administrations. This incessant negotiation aimed to reach consensus on specific policies, particularly in the realm of natural resources, resulting in a protracted policy process during both formulation and implementation phases, and potentially contributing to policy distortions (Lieberthal, 1992; Lampton, 1992). The FA model has provided a theoretical foundation for understanding the Chinese policy

process and has been utilized in subsequent studies (Ma & Lin, 2012). Some scholars even claimed it as a "meta-paradigm" (Ahlers & Schubert, 2022). These studies suggested that the fragmented bureaucratic structure, resulting from the decentralized reform in decision-making and financial resources, largely influences the trajectory of policy processes and outcomes.

Another popular concept often employed to characterize the Chinese political system is the Pressure System[3] (Rong et al., 1998; Yang, 2012). This term refers to the "top-down evaluation system[4] exerting pressure on local governments across the hierarchy" (Rong et al., 1998:28). According to Yang (2018), the Pressure System originated from local officials' sayings and practices. To fulfill the requirements set by higher authorities, the evaluation system translates these tasks into quantified indicators. Local officials are then "rewarded or punished based on their performance, whereas the interplay of *guanxi* (关系) and strategic statistical manipulation is seen as a way to alleviate pressure" (Rong et al., 1998:34). The evaluation of cadres has its origins in the early reform period. A pivotal moment occurred in November 1979 with the issuance of a document titled "Notice of Opinions regarding the Implementation of a Cadre Evaluation System" (中共中央组织部关于实行干部考核制度的意见) by the Organization Department of the Central Committee of CCP (CCCCP). Susan H. Whiting's disclosure of the National Guidelines for Performance Criteria of Local Party and Government Leaders for 1988 revealed the systematic evaluation of township and village cadres based on economic indicators set by the county government (Whiting, 2000:103). The fulfillment of these criteria determines their bonus and promotion prospects. Numerous studies expounded on the mechanisms of this evaluation system, ranging from empirical investigations that detailed the allocation of central targets throughout the hierarchy (Gao, 2009; 2015; Chan & Gao, 2012; Kostka, 2016; Liang & Langbein, 2015; Zhang, 2020), to examinations of how local governments respond

[3] 压力型体制. Scholars adopt different translations, such as the "Pressurized system" by Ahlers and Schubert (2022).
[4] Different evaluation practices include "Cadre Responsibility System", specific affairs like "Performance Management (Evaluation) System" or the government like "Target-based Responsibility System", see (Heberer & Trappel, 2013) for a detailed discussion. Here they are used to refer to all evaluations conducted by upper-levels.

to evaluations from higher authorities, such as the "selective implementation" (O' Brien & Li, 1995), "data manipulation" (Gao, 2021), "collusion" (Zhou, 2010), and "muddling through" (Zhou et al., 2013). Operating within a multi-tier bureaucracy, the Pressure System envisions an escalation of pressure as one descends the bureaucratic echelons. When higher authorities exert more pressure, local governments experience a decrease in autonomy. Under such circumstances, to prevent bureaucratic stagnation and mobilize cadres, the central government frequently resorts to managed campaigns to enforce local compliance and achieve policy objectives (Perry, 2011; Zeng, 2019).

In conclusion, viewing the central–local relationship through a zero-sum lens often highlights conflict and local deviation, casting local autonomy as a potential threat to central control. While existing literature extensively explores local policy processes and the behavioral patterns of local governments, it frequently becomes entangled in a cyclical debate about centralization and decentralization, which predominantly focuses on the dichotomy between central control versus local autonomy.

2.2.2 Non-zero-sum Perspective

Several scholars have identified the limitations of the zero-sum perspective and advocated for a non-zero-sum perspective. For instance, when analyzing the central–local relationship, Chung (1995) identified three general analytical approaches: cultural, structural, and procedural, each emphasizing different facets. According to him, the cultural approach links the central–local relationship with value change or cultural transformation (1995:489). The structural approach, exemplified by the (de)centralization paradigm, focuses on formal power arrangements between the central and local governments, advocating for decentralization to empower local governments for effective policy implementation (1995:491). The procedural perspective underscores the dynamic interactions between the central government and localities, highlighting persuasion, bargaining, and concession in determining policy outcomes (1995:493). Chung insightfully warned against perceiving the central-provincial relationship as a zero-sum, pointing out that "the decline in central control does not invariably result in increased local autonomy, and vice versa" (1995:502). Early

insights into fiscal decentralization research corroborate this caution. Wong (1991) found that fiscal decentralization in the post-Mao era surprisingly reduced local governments' share in budgetary resources, despite formal arrangements meant to confer limited autonomy. Feng et al. (2013) proposed that the fiscal system after 1994 combined decentralization on the expenditure side with centralization on the revenue side. They argued that "local governments have some degree of autonomy in daily fiscal management, but the central government has ultimate authority" (2013:588). Therefore, scholars should be prudent when drawing conclusions about China's fiscal decentralization and the extent of substantial local autonomy. As Chung (1995) suggested, assessing local autonomy requires considering more than fiscal autonomy, and the nature of policy fields also matters.

Li (1997) supported the idea of a non-zero-sum central-provincial relationship by challenging Dahl's conventional interpretation of power and endorsing Persons' concept of power, which combines coercion and consensus. Scholars within this framework avoid perceiving the central-provincial relationship as an incessant oscillation between centralization and decentralization. Instead, they recognize (de)centralization as a result of an interactive process between the central government and provinces, wherein both entities vie for their respective interests (Li, 1997:62). In other words, local autonomy or provincial discretionary behavior depends on the extent to which provinces realize their interests in this interactive process. In the analysis of China's economic reform, Susan Shirk posited the concept of "delegation by consensus", which suggested that when local-level bureaucrats dissented on certain decisions, upper-level authorities stepped in to resolve the disputes or shelve them (1993:10,117). This interactive process allows both central and local governments to defend their interests.

Zheng Yongnian (2007) developed a new institutional approach to explore the central-provincial relationship, synthesizing Chung's three perspectives. According to Zheng, institutions encompass both formal organizations, procedures, and informal rules and norms, shaping the dynamics of the central–local relationship (2007:31). Zheng identified three key institutions: coercion, bargaining, and reciprocity. While

coercion and bargaining have been extensively discussed, Zheng introduced the concept of "reciprocity" to describe how the central government and provinces "achieve voluntary cooperation through self-adjustment and deliberation", as "both sides behave in mutually acceptable ways" (2007:54). This concept of reciprocity aligns with Li's non-zero-sum perspective, positing that "central policies are formulated through reciprocal interactions between the central government and provinces" (2007:99). Zheng attributed the growing reciprocity in the post-Mao era to effective local reforms that compelled the central government to recognize and amplify local autonomy (2007:111).

These studies rejected a simplistic dichotomy between central control and local autonomy, advocating instead for a dynamic understanding of the central–local relationship. However, they present divergent interpretations. Studies on fiscal decentralization (Wong, 1991; Chung, 1995; Feng et al., 2013) prompt a reevaluation of the conventional notion that fiscal decentralization inherently leads to more local autonomy. Conversely, Li (1997) and Zheng (2007) argued that the central and local governments share common interests, fostering negotiations and consensus-building where both can benefit. Zheng described this as a reciprocity institution, challenging the old zero-sum perspective.

Adopting a non-zero-sum perspective in examining China's policy process offers significant advantages over the traditional view. It avoids characterizing the central–local relationship as a binary opposition and instead it inclines towards a more compatible relationship. Numerous innovative theoretical contributions have emerged, enhancing the understanding of China's policy dynamics. The concept of Administrative Subcontract (Zhou, 2016) interprets inter-governmental relations, bureaucratic incentives, and administrative governance. The administrative subcontract system is a hybrid model that integrates a subcontract system into the bureaucratic structure, diverging from traditional Weberian bureaucracy and classical economic subcontract models (2016:42). The fundamental feature of this system is level-by-level subcontracting within the formal organization (2016:41). This conceptualization is based on a principal-agent relationship between each pair of adjacent government levels,

underpinned by factors in the distribution of administrative power, economic incentives, and internal control and performance evaluation. The principal holds formal authority and residual control rights, relying on results-oriented performance evaluations to enforce control on the subcontractor. Meanwhile, the subcontractor wields substantial executive and discretionary power in practice, coupled with robust incentives, either economic or political. This framework transcends the dichotomy, encompassing both facets of central control, as evidenced by cadre management and performance evaluation, and local discretionary power, as indicated by the subcontracting system. The interests of both central and local governments can be pursued through such a system.

The Control Rights Theory draws inspiration from the incomplete contract theory in economics. It examines the internal authority relationships within the Chinese bureaucracy by conceptualizing the allocation of control rights in three aspects: goal setting, inspection, and incentive provision (Zhou & Lian, 2020). The key proposition is that control rights in these different aspects can be separated and distributed to different governments levels. This model conceptualizes the multi-tier bureaucracy as a "principal-manager-agent" structure, with the allocation and combination of distinct control rights giving rise to different governance modes, such as "tight coupling, subcontracting, loose coupling, and federalism" (2020:59). The theory implies that specific governance modes are associated with particular behavioral patterns. For example, increased pressure cascades down through the bureaucracy during implementation, and collusion occurs to cope with inspections under the subcontracting mode. Control rights theory departs from the dichotomy of "central control and local autonomy" by arguing that control rights are separable and can be allocated and combined differently throughout the hierarchy. In other words, the central government can adopt suitable governance modes to address specific policy issues without always needing to possess all control rights. This perspective opens avenues for cooperation between central and local governments in various situations, as demonstrated by subcontracting, loose coupling, and federalism modes. In these cases, the central government can maintain central control while allowing significant local autonomy.

The concept of "experimentation under hierarchy", primarily formulated and developed by Sebastian Heilmann (2008a; 2009; 2011), focused on the compatibility of central and local interests during the policy process. This framework delineates an "experimentation-based policy cycle" in which local clients and central patrons interact. In this cycle, a locally originated policy option generated through experimentation, known as a "model experiment", gains the opportunity to be discussed by top-level policymakers and developed into a broader and national experimentation program once backed by national policy patrons. The experiment points selected by the central government then undergo trials, evaluations, and feedback to determine whether the "model experience" will be extended to more jurisdictions. When an experience is deemed valuable, it goes through policy formation and enactment stages, involving inter-ministerial review and top policymakers' endorsement. However, the newly adopted regulations or laws are subject to scrutiny during policy implementation and are open to debate over their impacts (2008a:10). This framework emphasizes the crucial role of oscillating central–local interaction in driving the continuous operation of the experiment-based policy cycle. It further argues that a combination of decentralized experimentation and *ad hoc* central interference is the key to the success of economic reform and adaptative authoritarianism (2008a:30). Heilman's studies paved the way for subsequent research on experimentation in China's policy process (Tsai & Dean, 2014; Hasmath et al., 2019; Teets & Hasmath, 2020; Zhu & Zhao, 2021).

Under the non-zero-sum logic, scholars have shifted their focus to documenting how central policy guidelines from upper levels are actively interpreted (Deng et al., 2018) and effectively implemented by local governments. Based on the Building New Socialist Countryside case, Ahlers and Schubert (2015) proposed an effective policy implementation framework illustrating how upper-level requirements and local demands are reconciled under the condition of a performance evaluation system, limited fiscal resources, and public participation. Local governments possess autonomy in interpreting and adjusting indicators and developing plans to facilitate effective policy implementation. They argued that "effective policy implementation creates a win-win situation for all parties involved" (2015:395), contributing to the resilience of

the Chinese political system (2015:378). Other scholars attributed such resilience to the Chinese system's ability to learn and adapt to the changing environment (Wang, 2009), particularly the CCP's adaptability (Shambaugh, 2008). Terms like "adaptative authoritarianism" (Ahlers & Schubert, 2011) and "authoritarian but responsive" (Zhu & Chertow, 2019) were coined to capture this trend.

Effective policy implementation is closely linked to compatible incentive mechanisms. According to Edin (1988; 2003), local cadres promoted growth rather than engaged in predatory behavior in the development of Township and Village Enterprises (TVEs) due to bonus and promotion prospects, alongside constraints such as demotion, auditing, and inspection. Oi (1992; 1995) introduced the concept of local state corporatism to highlight local officials' incentives and entrepreneurship resulting from fiscal reform, which drives local economic development. The Promotion Tournament Model (Zhou, 2007) was developed to emphasize the combination of personnel centralization and strong incentives. While recognizing the significance of incentives resulting from fiscal and administrative decentralization, the Promotion Tournament Model enhanced the understanding of cadre promotion incentives, intensifying competition among local leaders at the same level. Leaders face intense competition with the measurement criteria established by the superior government, and the winner is promoted. During the first two decades of the reform era, economic indicators were the main criteria for success, motivating all competitors (cadres) to develop the economy.

Overall, a non-zero-sum perspective tends to hold a positive view of China's policy process. Although the local policy process faces many institutional constraints, scholars following this logic focus on how local governments adapt to these challenges, fulfill tasks from superiors, and deliver tangible results to the public. This capacity is widely considered a source of the Chinese political system's resilience, ultimately benefiting both the central and local governments (Oi, 2020). While this strand of literature has gained a large audience, it grapples with a crucial but obscure problem: does granting autonomy to local governments always benefit both the central and local governments, as well as the overall political system?

2.3 Literatures Gaps and a Finetuned Perspective

2.3.1 Problems with the Zero-sum Perspective

The above review highlights two perspectives on the relationship between central control and local autonomy. The zero-sum perspective views these two as conflicting, where one's gain is perceived as the other's loss. This perspective often portrays local governments as disobedient, leading to unsatisfactory policy implementation, and sees local autonomy merely as power granted by the central government. However, this perspective raises several problems: gaining local autonomy does not necessarily mean a loss of central control, and it neglects the fact that both central and local governments can benefit from decentralization reforms. Successful policy implementation relies on the effective collaboration between the two. The zero-sum perspective, thus, adds little to the understanding of local autonomy when viewed through the dichotomy between local autonomy and central control.

These problems are evident in examining local autonomy during the TLD era. Despite the expectation that centralization in policymaking would reduce local autonomy, the TLD era saw the delegation of administrative power to lower-level governments (Guo, 2017; Jing, 2021), which, according to the zero-sum perspective, would strongly empower local governments. Additionally, China's fiscal system remains decentralized (Wong, 2017), and recent fiscal reforms continue to grant local autonomy[5] (Oi, 2020). Ahlers and Schubert (2022) also asserted that "the basic institutional prerequisites for the policy process have hardly been altered" under Xi's administration (2022:1), suggesting that classical models like fragmented authoritarianism and fiscal federalism, though needing modification, remain relevant (2022:25). This research supports these notions and refutes a simplistic view of "declined local autonomy" derived from the zero-sum perspective, which fails to

[5] Guiding Opinions of the State Council on Promoting the Reform of the Division of Fiscal Powers and Expenditure Responsibilities between the Central and Local Governments - the State Council〔2016〕49, 国务院关于推进中央与地方财政事权和支出责任划分改革的指导意见, 国发〔2016〕49 号.

capture the complexity of the local political process.

2.3.2 Problems with the Non-zero-sum Perspective

The non-zero-sum perspective views the interests of the central and local governments as potentially aligned, advocating a "win-win" situation where both can increase their interests through cooperation. However, this perspective faces its own problems. It tends to be overly optimistic about the alignment of interests between the central and local governments and assumes a relatively harmonious relationship where both parties can increase their interests through cooperation, which is not always the case. Furthermore, it may overlook the asymmetrical power dynamics between these two actors, with the central government holding ultimate authority. The latter's tolerance for local government misbehavior may be overestimated. Therefore, the assumed win-win situation can be fragile, as the central government can easily suspend cooperation, rendering the perspective's optimism misguided.

This pessimism about the loss of local autonomy and reduced adaptive capacity has been prevalent among China scholars, who lament that the TLD era has dramatically constrained local policy experimentation and innovation, widely regarded as sources of the Chinese system's resilience (Chen & Göbel, 2016; Chen, 2017; Ahlers, 2018; Heilmann, 2018; Teets & Hasmath, 2020). Regardless of their regrets, the core problem lies in assuming that local autonomy is a prerequisite for system resilience. This assumption holds only if the central government also believes that local policy experimentation and innovation at the local levels benefits the system. Observations indicated that local policy innovation in Xi's China was often conditioned by party control (Wang, 2020) or conducted under pressure (Heffer & Schubert, 2023). While experimentation may still exist, it has to be operated within parameters set by the central government. Thus, whether the central government views experimentation as beneficial is questionable. Scholars taking the non-zero-sum track fail to account for the central government's dominant position, making it essential to understand its stance to grasp the fuller picture of local autonomy in the Chinese political landscape.

2.3.3 Beyond Game Theory Perspective: Local Autonomy under Hierarchy

The existing perspectives lay the foundation for discussing local autonomy in China's policy process but overlook a fundamental element inherent in the Chinese political system - the imperative of political survival[6]. In fact, the extant literature has extensively discussed the resilience of the Chinese political system (Nathan, 2003; Shambough, 2008; Ahlers & Schubert, 2015), how authoritarian China copes with political crises (Chen, 2010), social unrest (Lee & Zhang, 2013; Wu et al., 2020), and sustains legitimacy (Zhao, 2009; Yang & Zhao, 2014). These studies show that political survival is crucial for the Chinese leadership. However, it has not been adequately included in discussions of central–local relations.

This research sheds light on the relevance of political survival to central–local relationship in two ways. First, political survival is not a partisan interest favoring either the central authorities, epitomized by central control and centralization, or local governments, embodied by local autonomy and decentralization. Rather, it stands as a core interest which either more central control or adaptative governance have to serve the broader system interests. Specifically, more central control is not necessarily good for system survival, nor is more local autonomy inevitable for it. Whether more control is exercised over local governments or more autonomy is granted to them is relevant to the ultimate interest. Thus, achieving political survival transcends the binary choice between central control and local autonomy, rather a dynamic adjustment as need.

Second, whether to exert more central control or allow more local autonomy is primarily a choice of the central leadership than a forced concession to local governments. For whatever reason, whether a shared sense of political crisis in the face of a weak party and state (Li, 2012; Lee, 2017; Baranovitch, 2021), or an unsustainable distributive coalition (Tao, 2021), the degree of autonomy afforded to local governments is thus a strategic decision crafted by the central leadership. At this point, local autonomy in the Chinese political system is not an absolute, but a calibrated

[6] Or the core interest of Chinese political system.

attribute that is deliberately guided by the central leadership. Those who take the zero-sum stance overlook the system's ultimate interest or mistakenly equated more central control with it; whereas those who take the non-zero-sum stance forget central government's dominant position, which calibrates the yardstick of local autonomy to achieve its envisioned interests. Therefore, this research proposes the concept of "**local autonomy under hierarchy**" to enrich the understanding of local autonomy dynamics in the Xi Jinping era. The final section of this review revisits TLD literature to further explore the meaning of "local autonomy under hierarchy" and its influence on the local policy process.

2.4 Local Autonomy under Hierarchy: Two Approaches

There has seen a long-standing debate in the social science about the primacy of structure or agency in shaping human behavior. In cultural studies, Barker (2008) defined social structure as "recurrent organizations and patterned arrangements of human relationship that influence or constrain available choices and opportunities" (2008:449); while agency is "the capacity of individuals to act independently and to make a difference" (2008:435). Although meanings of these concepts are beyond the scope of this research, they serve as two broad approaches to illustrate how existing literature on TLD directly or indirectly addresses "local autonomy under hierarchy". This research adopts two concise approaches - "institutional" and "agency" - similar to the typology of Chung (1995) and Zheng (2007) to analyze meanings of local autonomy. The institutional approach focuses on structural and procedural elements, whereas the agency approach centers on individual choices and examines the role of actors within the central–local dynamic.

2.4.1 Institutionalization

At the central level, considerable attention has been paid to institutional changes, particularly the resurgence of LSGs and the Party's gradual encroachment on government functions during the TLD era. Scholars widely viewed these changes as bolstering coordination between horizontal departments (Brødsgaard, 2017; Mertha &

Brøsgaard, 2017; Tsai and Zhou, 2019; Guo, 2020). Huang's study of the CNR-CSR merger (Huang, 2017) revealed how the political power shift in the TLD era affected the merger process of two giant state-owned enterprises. However, the extant literature is silent on how these changes affect local autonomy and the underlying logic.

China's reform was driven by the principle of "crossing the river by feeling the stones", under which local governments were empowered and incentivized to pioneer reforms and implement policies (Yang & Yan, 2018). Concurrently, the policy process under the fragmented structure was characterized by incremental changes and extensive bargaining, often leading to policy reshaping during implementation (Mertha & Brøsgaard, 2017). Over time, poor administrative performance under this system, such as "selfish horizontal departments, corruptive officials, and procrastinated reforms" became increasingly apparent (Mertha, 2012; Lee, 2017). In response, a new decision-making paradigm, TLD, emerged through the institutionalization of the most important coordination organization, the "Central Leading Small Group for Comprehensively Deepening Reform" (中央全面深化改革领导小组). This group had already approved over 200 documents by 2017, showing its paramount role in steering reform (Yang & Yan, 2018). As a result, the biggest difference between the pre-Xi and Xi era in policymaking is the central government's leading role, narrowing the space for local policymaking (Chen, 2017).

Furthermore, TLD emphasizes the strict and earnest implementation of central decisions, highlighting the internal logic within TLD: reconciling the paradox of "uniformity of decision-making and flexibility of implementation" (Zhou, 2010) by curbing local autonomy. The central government designs and makes systematic reform plans, while subnational levels are tasked with execution. At the same time, this era has seen a greater emphasis on improving the current administrative system for efficiency and rationalization (Guo, 2017; Yang & Yan, 2018; Jing, 2021). Despite the official discourse of "streamlining administration and delegating powers, combining deregulation with regulation, optimizing service", a concrete measure was the

requirement for local governments to publish the list of administrative approval items[7], implying that a rationalized administrative system requires local governments to wield their powers judiciously. Needless to say, this reform idea actually constrains the scope of local discretion by favoring standardized implementation[8]. Additionally, the dispatch of inspection teams to supervise local implementation has been more frequently used (Yang & Yan, 2018). This mechanism identifies problems, proposes rectification suggestions, and praises or criticizes local government performance. Overall, a brief review of the institutional environment of local governments in the TLD era suggests that local policy adjustment has become more challenging, and local policymaking is subject to greater central government scrutiny. Therefore, autonomy under hierarchy primarily concerns the policymaking space left to local governments.

2.4.2 Agency of Cadres

Personnel management consistently stands out as the Chinese state's most important method of maintaining political control (Huang, 1996; Xu, 2011). The extent to which local cadres can make independent choices in line with local interests is an indicator for assessing local autonomy. Cadre's agency has received considerable attention due to its profound influence on the policy process. Mertha (2009), drawing on Kingdon's definition (1995:122-123), identified three categories of policy entrepreneurs - officials, media, and NGOs - and asserted that there is space for them to frame policy issues, seek potential supporters, and ultimately shape the policy process. This policy entrepreneurship has also been found to drive policy innovation and policy change (Zhu, 2013; Teets, 2015). Numerous case studies documented the strategies employed by these policy entrepreneurs (Zhu, 2013; Hammond, 2013; He, 2018). Scholars have discerned that cadres who pioneer policy innovations in economic

[7] Guiding Opinions on the Implementation of the Power List System at All Levels of Local Governments.《关于推行地方各级政府工作部门权力清单制度的指导意见》.

[8] Local government's administrative approval powers do not equate with practical power exerted during implementation process, though in many cases they are needed. Here I argue that such a rationalization-oriented reform also limits the space for local implementation.

development receive better career advancement (Mei & Wang, 2017).

In addition to individual strategic agency (Ahlers & Schubert, 2022), Heberer and Schubert (2012) introduced another dimension by highlighting the collective strategic agency embodied in the leading cadres of counties and townships. They argued that these cadres "share an overarching interest in securing their relative autonomy, power, and privilege within the political system…" (2012:245). While they do not necessarily form a homogeneous unit, while exposed to the same political system, they are able to reconcile the needs of superiors and the public in policymaking with their quest for relative autonomy[9].

However, the momentum of cadre's agency has undergone a profound shift since Xi Jinping took office. One of the most striking political moves that has transformed cadre agency is the sweeping and ongoing anti-corruption campaign launched by Xi in early 2013. In the five years after CCP's Eighteenth Party Congress (CCPPC), with the aid of the Commission for Discipline Inspection (CDI) system, there have been 440 cadres above the provincial level or centrally managed who were investigated by the Party Central Committee; over 1.5 million have been punished for violating party discipline and state laws, among which 58,000 were transferred to the Judiciary Authorities[10]. In 2018, the establishment of the National Supervisory Commission (NSC) integrated the disciplinary inspection system and the anti-corruption functions of the People's Procuratorate, ensuring the relentless pursuit of hunting tigers and swatting flies (Liao & Tsai, 2020).

The anti-corruption campaign, a primary form of disciplinary campaign (Li, 2019), was synchronized and fueled by a widespread ideological campaign. Party education programs were launched, such as fighting against Four Work Styles (反四风), Eight Provisions (八项规定), the Three Guidelines for Ethical Behavior and Three Basic

[9] Policy outcomes also hinge significantly upon the actions of "street-level bureaucrats" (Weatherley & Lipsky, 1977; Lipsky, 1980), who are endowed with discretions that embodies local autonomy in practical implementation process. However, street-level bureaucrats refer to front-line staff public sectors, who do not belong to the discussion scope of this research.

[10] Work report of the 18th Central Commission for Discipline Inspection to the 19th National Congress of the Chinese Communist Party.

Rules of Conduct (三严三实), Two Studies - One Action (两学一做). The emphasis gradually shifted from mass line education activities to political rules for cadres and officials nationwide. Phrases such as political discipline (政治纪律) and political protocol (政治规矩) started to appear more frequently in Xi's speeches. Furthermore, the Four Consciousnesses (四个意识) were promoted by Xi to uphold the authority of the Party's Central Committee and himself.

While Xi Jinping's anti-corruption campaign has been widely acknowledged for its scope and tenacity, scholars have expressed concerns about its lack of independence (Wedeman, 2020), its potential use as a tool to crack down on political rivals (Chan & Sun, 2018), and its role in ensuring political loyalty towards himself (Li, 2019). On a broader level, these campaigns have also been seen as an effort to transform Chinese political culture (Keliher & Wu, 2016). These harsh measures against cadres have undesirably altered local cadres' agency, making them more cautions and risk-averse to avoid mistakes and ensure political survival (Li & Wang, 2019; Wang & Yan, 2020). Although these studies did not explicitly talk about the relationship between changes in cadre agency and local autonomy, they underscored that the central government desires loyal and clean cadres to implement policies more meticulously. Thus, cadre agency is another crucial element in examining the content of local autonomy under hierarchy. Scholars widely recognized that these institutional changes, including structural and political ones, have significantly altered cadre agency (Chen, 2017), as evidenced by the central government's call for local initiative in response to the negative backlash among local governments (Yang & Yan, 2018).

2.4.3 The Ensuing Question: How is the Local Policy Process Influenced?

The assertion that local autonomy in the Xi's era projects itself under hierarchy is not the only key to understanding China's policy process. The ensuing question is how this reshaped autonomy influences the policy process, especially at the local levels. Recognizing the value of both central and local actors in China's reform, Chen Xuelian proposed a typological framework by distinguishing and combining two key variables: who takes the leading role and the possible responses of the other side. Chen argued

that TLD clearly means that the central government will actively and consistently take the leading role. Under tighter ideological control and stricter party discipline, local actors would respond passively, either by simply following orders or by dodging them (2017:661-664).

Scholars have observed different outcomes of the dynamic. Some found that under strengthened central authority, stricter ideological control, and greater emphasis on political discipline, central policies have penetrated more deeply into local states (Tian & Tsai, 2020). In the environmental field, centralized mechanisms have improved environmental outcomes and curtailed falsified information and shirking behavior (Kostka & Nahm, 2017). However, others warned that heavy reliance on LSGs comes at the cost of sluggish decision-making at lower levels (Grünberg & Drinhausen, 2019). Central control mechanisms in water governance at the local levels have been found to hinder the efficient use of investments (Habich-Sobiegalla, 2018), and they have not always improved environmental governance outcomes (Kostka & Nahm, 2017; Wong & Karplus, 2017). Tian and Tsai (2020) identified a hedging strategy in which county governments, when required to control air pollution with limited resources, only allocated more resources to control air pollution when the special inspection team was dispatched. This reflects a campaign-style implementation strategy that, while unsustainable, ensures compliance with higher-level requirements and protects local interests. In addition to being hedgers, local governments have also been seen to only partially implement central policies, as illustrated by the case of the social credit system, in order to minimize political risk (Tsai, Wang & Lin, 2021).

As seen from these literatures, the paradigm of TLD's influence on the local policy process is varied, local autonomy has not been fully upended (Kostka & Nahm, 2017). However, these studies tend to focus on a single policy area, so there emerges a need for comparative analysis to assess this issue comprehensively.

2.5 Summary

China's political system has undergone significant changes since Xi Jinping came to power. The review above documents these changes and highlights scholarly

perceptions, particularly focusing on the frequently raised yet understudied issue of local autonomy[11]. While there exists a widespread pessimism about restricted local autonomy, empirical studies caution against drawing overly simplistic conclusions. Some basic facts are essential to highlight: first, despite centralized decision-making, it is still primarily up to local governments to implement and adjust central policies on the basis of discretionary power (Ahlers, 2018). Second, China's core institutional prerequisites have hardly changed (Ahlers & Schubert, 2022:25). In other words, local autonomy has not been completely eradicated but its character has largely changed.

In reviewing the literature on central–local relations, two dominant perspectives on local autonomy have emerged. The zero-sum perspective emphasizes the classic dichotomy between (re)centralization and local autonomy. However, simplistic conclusions drawn from this perspective do not consider the complexity of reality. The non-zero-sum perspective attempts to convince us of a win-win situation between the central and local governments, yet it neglects the crucial fact that the central government ultimately determines what a "win-win" situation means. Given the limitations of these two perspectives, this research proposes the concept of "local autonomy under hierarchy" to make sense of the changes occurring under the TLD, rejecting a sentimental loss of local autonomy and asserting that it is guided by the central government. The analysis identifies two key facets - institutionalization and cadre agency - as focal points in scholars' attempts to capture local autonomy under the new leadership.

Acknowledging these contributions, this research seeks to advance the topic in two ways. First and foremost, there is a notable absence of an analytical definition of local autonomy in the existing scholarship on China's policy process. While the term "local autonomy" is commonly used, only a few scholars (Hsu, 2004; Solinger & Jiang, 2016) have attempted to provide a comprehensive definition. This research tries to provide an

[11] Here the author does not distinguish between autonomy and discretion, which are used interchangeably by the scholars. A definition of autonomy and an analytical framework will be given in the next chapter, in which autonomy and discretion are defined differently.

analytical definition of local autonomy so that a qualitative comparison of the degree of local autonomy between the Xi era and the pre-Xi era is feasible. Second, this research aims to further develop a theoretical framework based on this definition. The goal is to interpret the meanings and implications of "local autonomy under hierarchy". As stated in the introduction, the research tries to answer the following questions: "What does local autonomy in the TLD precisely mean? How much local autonomy in China's policy process is preserved in this era? To what extent does local policy implementation remain effective? How do lower levels of the hierarchy respond to the spurring pressure from above?"

3 Concept and Theoretical Framework

This chapter provides a theoretical framework based on an analytical definition of local autonomy to improve our understanding of China's policy process in the Xi era. It seeks to fill a perceived gap in the existing literature by offering reliable analyses of local autonomy. By constructing such a comprehensive theoretical framework, this study delves into the complex issue of local autonomy within the policy process. This framework is fashioned by initially examining the concept of autonomy within the field of political science, and then focusing on discussions of local autonomy in the context of China. This is followed by an analytical definition of local autonomy. Finally, relevant terms and ideas are incorporated into an existing theory on local autonomy proposed by Gordon L. Clark (1984), thereby forming the final theoretical framework.

3.1 Concept: Local Autonomy

Before delving into the intricate understanding of local autonomy, it is important to provide a brief overview of the concept of autonomy. According to the Merriam-Webster Dictionary, personal autonomy means "self-directing freedom and especially moral independence", while a legal definition of autonomy refers more to "the quality or state of being self-governing".[12] Consequently, an examination of the philosophical foundations of autonomy becomes a prerequisite for delineating the specific aspects that this research seeks to emphasize. However, the extensive historical contributions to the study of autonomy from a philosophical perspective have yielded a variety of influential insights, so this research allows for only a cursory exploration of these contributions by selecting a few that are most relevant to the purpose of the research.

3.1.1 Autonomy: Compatible with External Influence?

In discussions of autonomy, much attention has been paid to its relationship with

[12] See https://www.merriam-webster.com/dictionary/autonomy.

external influences, especially authority. Thomas May (1994) contributed to the field of moral philosophy by focusing on the "relationship between autonomy and various influences on an agent". May highlighted the conflicting perspectives between libertarians and others regarding the compatibility of autonomy and authority. This dichotomy highlights two fundamentally different conceptions of autonomy: "autonomy as autarkeia" and "autonomy as self-rule". The former argues that external factors cannot coexist harmoniously with autonomy, while the latter posits that autonomy can still persist even when decisions are made under the influence of external factors.

May began by presenting the libertarian perspective that autonomy is inherently incompatible with authority, closely following Isaiah Berlin's concept of "negative freedom", which views authority as a mechanism that "removes obstacles to the fulfillment of human desires" (2002:30). May then traced the elements of "autarkeia" or "self-sufficiency" in the works of Aristotle and Kant. Referring to McKeon's compilation of Aristotle's works, May suggested that, for Aristotle, "the final cause and end of a thing is the best, and to be self-sufficing is the end and the best" (2009:1253a). "Self-sufficient" was defined as "that which when isolated makes life desirable and lacking in nothing" (2009:1097b). According to Aristotle, self-sufficiency is independent of external influences because individuals pursue goals that are not determined by external purposes or perceived deficiencies (May, 1994:135).

Similarly, Kant's influential work, "Grounding for the Metaphysics of Morals", posited that a good will, inherently good without qualification, means "A good is good in itself"; other talents could only be good when they are used for the good will" (Kant, 1993:7). He argued that "reason is necessary and its highest practical function is the establishment of a good will" (Kant, 1993:9). To further develop the concept of an estimable will, duty is proposed to estimate one's actions. Three propositions are raised about duty: an action must be done from duty to gain moral worth; it is moral not because of the purpose to be attained by the action, but the maxim contained in the action; duty is the necessity of an action done out of the respect for the law (Kant, 1993: 12-13). In a nutshell, a good will serves as the foundation of morality. Kant emphasized

the autonomy of the will as the supreme principle of morality, wherein the will is governed by a law unto itself, independent of external objects of volition. He said, "Always choose in such a way that in the same volition the maxims of the choice are at the same time present as universal law" (Kant, 1993:44). Therefore, for Kant, the moral value of action is contained in the maxim determining the action. In this sense, May argued that "moral value is self-sufficient and independent of external factors such as usefulness or desire, etc." (May, 1994:136).

The Kantian notion of autonomy has significantly influenced subsequent discussions on the topic. John Feinberg (1989:27-28) regarded personal autonomy as "the realm of inviolable sanctuary", wherein individuals exercise self-determination and their rightful prerogatives should not be violated, invaded, and usurped. John Rawls posited that human beings act autonomously when they adhere to principles (right or justice) under conditions that set them free, equal, and rational. Consequently, if individuals are influenced by external factors such as tradition, authority, or others' opinions, they cease to act autonomously (Rawls, 1999:452-453). Wolff also explicitly noted the inherent conflict between autonomy and authority, as autonomy implies individuals making choices based on their free will and reasoning capabilities, while authority represents the state's claim to be obeyed (Wolff, 1998:12-19). May briefly summarized these perspectives highlight their shared concern that authority poses threats to (personal) autonomy. However, he warned that "completely negating external influences, such as authority, is too rigorous for actions deemed autonomous and is impractical within the structure of a political system" (1994:134-135).

By contrast, May pointed out that "absence of man-made obstacles" is insufficient for a comprehensive understanding of autonomy. He suggested that positive factors[13] can be channeled into autonomy, drawing on examples from Raz's work such as "the man in the pit" and "the hounded women". Here, positive factors mean "the presence

[13] Here the "positive factors" have nothing to do with Berlin's "positive freedom", the latter which dates back to the idea that man is his own master, in specific means "one's life and decisions depend on one's own will", "rigidly disciplining one's lower nature to achieve the higher nature", and "coercing some men in the name of some goal". (2002:178-181) From these, an antipathy towards external influence could be explicitly detected.

of an adequate range of choices" (Raz, 1986:374). May further extended the notion of positive factors to encompass situations in which individuals, despite being influenced by external factors such as law and authority, retain the ability to make decisions consistent with their own evaluations (May, 1994:134). The case of traffic law illustrates that appeal to authority in daily life seems to broaden the autonomy. Building upon these ideas, May introduced his second notion of autonomy, namely "autonomy as self-rule". Drawing on Greek philosophical understandings of the "ruler", Aristotle likened citizens to sailors on a ship (McKeon, 2009:1276b), with the ruler assuming the role of the pilot or the helmsman (McKeon, 2009:1279a). The helmsman, possessing wisdom, steers the ship, considering external factors. As long as the helmsman steers the ship based on his wisdom, external influences are not regarded as a threat to one's ability to rule (May, 1994:139-140). Nevertheless, a debate arises regarding the standard of autonomy under certain circumstances, exemplified by the scenario of "throwing goods overboard during the storm to save lives". For Aristotle, such an extreme situation overstrains man's nature as a helmsman and leads to disproportionate options. May proposed a standard: "if the behavior reflects the agent's evaluative assessment, the agent acts a helmsman; if the circumstances are so extreme (such as the ship in the storm) that the agent is unable to choose, this action reflects more the external circumstances rather than agent's evaluative assessment" (1994:141). In summary, May contended that autonomy as self-rule emphasizes the significant role of the agent in shaping the content of their actions, marking a stark contrast to autonomy as self-sufficiency. The key to autonomy then shifts from the self-sufficiency to evaluative assessment. Detaching external influences from autonomy is no longer imperative; instead, they provide information for the helmsman to act in accordance with their wisdom and assessment. To further clarify this stance, May asserted that a person with autonomy does not merely react to external influences but can adapt their behavior in response to them (1994:141). This interpretation of autonomy suggests the potential compatibility between autonomy and external influences.

Adopting this position holds significant importance when addressing the issue of local autonomy. As May suggested, within the framework of the political system,

external influence from higher-level governments is inevitable when discussing the conception of local autonomy. Rejecting the possibility of compatibility between autonomy and external influence renders the discussion of local autonomy impossible. In the contemporary world, finding local governments free from the influence of higher-level governments is exceedingly rare, especially considering the case of China. Consequently, this research, after reviewing the aforementioned works on autonomy, takes the stance of recognizing the potential compatibility between autonomy and external influence to address the problem of how local autonomy functions under the influence of authority.

3.1.2 Local Autonomy in Political Science

Although the concept of local autonomy can be subject to different interpretations (Clark, 1984), it is most often considered in the context of central–local relationship. In recent decades, local autonomy has emerged as a prominent feature in various local government systems (Kuhlmann & Wollmann 2014). This section seeks to provide an in-depth introduction to how local autonomy has been addressed by reviewing relevant literature in political science, both in western and Chinese contexts. The objective is to establish a theoretical framework for understanding local autonomy by exploring its general meaning and its specific nuances in the Chinese context.

Local autonomy in western studies

The concept of local autonomy inherently implies a dichotomy between "central government" and "local governments". Numerous works have highlighted the significance of local governments and local autonomy (Ladner et al., 2018). For instance, Alex de Tocqueville (2009) argued that local governments, being closer to citizens, can reconcile diverse needs and promote collective freedom. John Stuart Mill (2001:264-283) advocated decentralization as essential for the efficient and effective management of local affairs, facilitating political participation and contributing to stable liberal democracies. Toulmin Smith (1851) expressed similar views. Chandler (2008) summarized that two basic grounds of local government's normative rationale were classic liberal theory and the ideal of individual freedom. These theoretical

underpinnings have significantly influenced scholars' interpretations of local autonomy. For example, Wolman and Goldsmith (1992:45) asserted that "local autonomy is the ability of local governments to independently impact the well-being of their citizens". Vetter (2007:99) defined it as "the range of functions performed by local authorities within a country and the freedom they have in making decisions about how to deliver their services". Reddy et al. (2015) encapsulated local governments' functions with the term "capacity", encompassing what local governments are supposed to do and how to do it.

Another strand of literature focused on local government's freedom from constraints imposed by its environment (Wolman & Goldsmith, 1990), primarily referring to interference from higher levels of government. Page (1982:21) defined local autonomy as "the ability of local governments to make decisions about service delivery without interference from the central government", consistent with the second aspect of autonomy "as the exemption of constraints on the actual use of the agency's decision-making competencies" (Verhoest et al., 2004:104), particularly the autonomy of the agency is free from *ex post* reporting requirements, evaluation and audit provisions. Clark (1984) earlier introduced the principle of "immunity" as a component of local autonomy, highlighting that local authorities should act independently, free from the oversight of higher levels of the state.

These different definitions of local autonomy have prompted scholars to introduce disciplinary approaches to categorize and define them. Four disciplinary approaches — namely the "legalistic", "functional", "organizational", and "politic" — have been identified to encompass and classify these definitions (Keuffer, 2016; Ladner et al., 2018; Ladner & Keuffer, 2021). Ladner et al. (2018) developed an analytical framework consisting of four sub-dimensions: "legal framework", "capacities", "vertical relations" and "self-regulation", to assess the degree of local autonomy in European countries, treating local autonomy as both a right and a capacity.

Beyond defining local autonomy, scholars have investigated the factors that influence its degree and its consequences. Local autonomy is essentially a result of power devolution (Ivanyna & Shah, 2014). As an independent variable, local autonomy

is seen as a tool to enhance the quality of local democracy (Ladner et al., 2018:317-332), expand public participation, increase economic efficiency, and facilitate policy experimentation (Andrews & De Vries, 2007; Treisman, 2007). Scholars have also contributed analytically to understanding local autonomy as a dependent variable, examining the analytical terms through which local autonomy can be captured and identifying various types or patterns of it. For example, Rhodes, introduced the term "local discretion" as a narrower concept than local autonomy, emphasizing the importance of other factors, including administrative, political, constitutional, and professional resources, in shaping local discretion. Therefore, as per Thompson's definition of power-dependence (1967:30), "complex patterns of power-dependence" could be generated and underpinned as central departments and local authorities require multifarious resources as listed and these resources vary in availability, distribution and sustainability (Rhodes, 2002; 2018). Gurr and King (1987:57) identified two sets of factors that constrain the local state autonomy in advanced industrial societies: local economic and social groups and the national or central state. They distinguished two crucial dimensions of local autonomy, Type 1 and Type 2. Type 1 "concerns to what extent the local state can pursue its interests conditioned by its economic and social factors", which can be further decomposed into three sets of constraints, namely revenue limits, powerful local interest groups, and powerful local social movements. Type 2 "concerns to what extent the local state can pursue its interests without substantial interference from the national state" (1987:62), which aligns precisely with the "free from constraints" rationale. The second set of factors, national constraints, include two main aspects: constitutional and legal constraints and administrative constraints. Aspects like the constitutional position of municipalities and the functions that higher levels of government expect municipalities to perform are also covered in the work of Page and Goldsmith (1987). Goldsmith (1995:237) synthesized these factors and claimed that high local autonomy is often associated with constitutional protection, minimal administrative oversight, a loose financial system, and strong local political influence. Finally, by combining legal status with political status, Goldsmith constructed a coordinate system to position different political systems based on

variations in their legal and political status, revealing several patterns of local autonomy.

Local autonomy in Chinese political studies

It is generally accepted that the more decentralized a system is, the more autonomy might local governments have in practice (Goldsmith, 1995). This is why recent literature suggest that the space for local autonomy has been significantly curtailed and reduced by the centralized reforms during the Xi era (Chen, 2017; Ahlers, 2018; Yang & Yan, 2018; Schubert & Alpermann, 2019; Tsai et al., 2021). Nevertheless, this simplistic zero-sum view lacks a nuanced understanding of the mechanisms bridging decentralization and local autonomy, thereby impeding a thorough analysis of the factors influencing local autonomy and its implications for policy behavior and outcomes at the local level. To address this, this session first reviews the existing literature on local autonomy in the Chinese context to understand its various dimensions.

China lacks constitutionally guaranteed local autonomy. Instead, local autonomy depends on the central government's power devolution, which can be revoked at any time (Hsu, 2004; Qian & Mok, 2016). The rapid socio-economic decentralization during the Reform and Opening up, endorsed and advocated by the CCP, played a crucial role in shaping the current state of local autonomy[14]. During this process, local governments were granted considerable autonomy in managing economic activities within their jurisdictions, as evidenced by their ability to set tax rates, approve foreign investment projects, and manage daily fiscal matters, particularly in special economic zones and experimental regions (Montinola et al., 1995; Feng et al., 2013; Xu, 2011). Some scholars referred to this as administrative autonomy (Wu et al., 2017). While this transformation facilitated China's impressive economic growth, it also led to issues such as pervasive corruption (Ko & Weng, 2012), local resistance to certain central policies, and regional protectionism and disparity (Kennedy & Chen, 2018).

Autonomy is also associated with decision-making and policy implementation, referred to as "operational autonomy" (Schurmann, 1966; Huang, 1996), which allows

[14] Of what drives the growth-promoting market reform, see Cai & Treisman (2006).

local governments to adapt policy guidelines from higher levels to local conditions and foster policy innovation and experimentation (Heilmann, 2018; Schubert & Alpermann, 2019). Numerous studies on policy implementation have documented this aspect, such as the cases of "Building New Socialist Countryside" (Ahlers & Schubert, 2015) and "Making New Pension Policies" (Zhu & Zhao, 2021).

Moreover, local autonomy can be understood narrowly as "local discretion"[15], referring to the feasible choices local governments have in implementing policies given constraints and their preferences. For example, local governments can exercise autonomy in setting specific target priorities (Chen & Jia, 2021), or deciding how to allocate environmental targets among polluters within their jurisdictions (Kostka, 2016). Rothstein (2015) noted that such discretionary power rests with local cadres. However, this discretion can sometimes lead to adverse implementation outcomes (Mei & Pearson, 2017). In these instances, local autonomy is conceived as "the local state's discretion over whether and how to conform to centrally imposed policy preferences" (Huang, 1996; Chung, 2000). Building on these discussions, scholars have offered specific definitions of local autonomy, with Hsu (2004:579) defining it as "the capacity of local states to identify and choose from a particular range of feasible actions in implementation, as a result of the power devolution in the state hierarchy". Here, capacity, according to Hsu, refers to local state's formal decision-making powers granted by the central government. Solinger and Jiang (2016:583) defined local autonomy as "a locality's ability to pursue a policy using its own resources rather than those from higher levels", emphasizing the significance of financial resource or "financial autonomy" in shaping the options available for local policy implementation (Chung, 1995; Jaros & Tan, 2020; Lu & Tsai, 2021).

A review of studies on local autonomy within both western and Chinese contexts reveals different disciplinary approaches[16], each emphasizing different dimensions. The

[15] Therefore, when this research focuses on local autonomy, it also encompasses the discussion of discretion, as the latter is a concept at a lower level but reflects the former one.
[16] For a detailed discussion of meanings of each disciplinary approach, see Ladner et al., 2018.

organizational approach views local government as an organization with the capacity to perform functions, reflected in the literature on discretionary power and its connection with financial resources (Hsu, 2004). For example, expenditures and revenues play a crucial role in discretionary policy implementation (Solinger & Jiang, 2016; Chung, 1995). The legalistic approach considers the distribution of competence necessary for policy implementation, involving the assignment of powers among multi-level governments. Scholars in this track examine, for example, the power to approve construction projects, land supply management and so on (Chung, 2016a; Donaldson, 2017). This approach also includes the "formal basis for central supervision of local governments" (Ladner et al., 2018:17). The cadre management system (Burns, 1994; Edin, 2003), supervision system (Li & Wang, 2019), and anti-corruption system (Chan & Sun, 2018; Li, 2019) exemplify this "central supervision of local government" aspect of local autonomy. Additionally, this legalistic dimension intertwines with the "politics approach", which focuses on both central control and local influence on higher levels. Huang and Kim (2020) conceptualized it as "a function of top-down and bottom-up forces that local leaders face in policy implementation". Although top-down forces typically dominate, local forces can exert varying degrees of influence within the Chinese political system. Heberer and Schubert (2012:227) have argued that county and township cadres, as a strategic group, are able to adopt strategies to "maintain a high degree of relative autonomy in smoothing policy implementation and maintaining a specific identity from upper levels" (See also Ahlers et al., 2016).

While much scholarly attention has been devoted to discussing the meaning and outcomes of local autonomy (Teets, 2013; Qiaoan & Teets, 2020) in the Chinese context, relatively less focus has been placed on understanding the factors that affect its degree. Previous discussions on the meaning of local autonomy have indirectly explored this question. First, some studies have acknowledged hierarchical differences in local autonomy, pointing to differences in local autonomy among governments at different levels. For instance, Ahlers and Schubert (2009) found greater autonomy in project implementation at the county level compared to the township and village levels. Similarly, Landry et al. (2018) observed different degrees of autonomy in policymaking

between urban districts and cities at the county level (See also Donaldson, 2017). Additionally, it is not uncommon for certain local governments to exercise greater local autonomy than others in implementing central policy guidelines (Mok & Wu, 2013; Wu et al., 2017). Second, Chung (1995) emphasized the importance of the strength or weakness of ties between central and provincial leaders and their potential impact on local autonomy, prompting us to consider the influence of patronage networks. Another factor influencing local discretion in policy implementation is the policy type. Chung (1995; 2016b) contended that "*Ceteris paribus*, the degree of local discretion permitted for implementation is likely to vary with different types of policy". He then proposed three categories to distinguish various types: policy scope, policy nature, and levels of urgency. According to him, a broader implementation scope, which entails a policy that is implemented indiscriminately nationwide rather than selectively, limits local discretion to push for standardized implementation. In terms of policy nature, governance policies such as stability maintenance and organizational restructuring allow for a lower level of discretion to enforce compliance over localities compared to resource allocation policies. Finally, policies considered more urgent demand swift implementation and afford less discretion (Chung, 2016b). Yang and Yan (2018) presented a similar argument, asserting that the degree of emphasis placed on a policy by the central government inversely affects the local autonomy allowed. These analyses introduce an essential perspective that explores the factors influencing the degree of local autonomy by focusing on the policy type. When the central government views a policy as more important, it is expected to exert stricter bureaucratic control to restrain local autonomy and ensure local compliance. This stricter control is often evident in central regulatory guidelines. Scholars (Xiao & Zhu, 2021) have recently focused on linguistic differences (e.g., the presence or absence of expressions such as "Strictly Restrain", "Must Not") in policy guidelines and linked these differences to variations in local autonomy. Stern language indicates a greater likelihood of central intervention through mobilization events such as frequent top-down inspections, central monitoring, and convening high-profile conventions, all of which are considered to undermine local autonomy (Zeng, 2019; Xiao & Zhu, 2021). Therefore, when analyzing local autonomy

in the Chinese political system, it is crucial not to overlook the influence of diverse intervention activities from upper levels.

Local autonomy: measurement and empirical studies

Empirical studies that appropriately measure local autonomy can elucidate potential relationships, whether local autonomy is treated as an independent or dependent variable. Despite its abstract nature, various disciplinary approaches and dimensions offer analytical perspectives for both quantitative and qualitative measurement. For example, the range of functions of local governments can be assessed using ratios of local expenditures to total expenditures and ratios of local employment to total employment. The discretion to perform these functions can be measured by assessing "the extent to which local governments can finance their operations with their own revenues" (Page & Goldsmith, 1987; Goldsmith 1995; Goldsmith & Page, 2010). Solinger and Jiang (2016) tested the relationship between greater financial autonomy and *dibao* (低保) policy choices using budgetary revenue per capita and *dibao* expenditure per capita as independent variables. Additionally, the fiscal transfer system is a crucial factor in determining local policy choices. For instance, in the case of national pension reform, provinces more reliant on central subsidies are found to have less autonomy in choosing feasible policy options (Lin & Tussing, 2017). Using survey data, Oi et al. (2012) demonstrated the limitations of township and village cadres' autonomy due to the fiscal transfer system.

Page approached European localism and centralism from legal and political perspectives. After examining three broad institutional indicators of discretion — the general legal framework of local government, the arrangements for central supervision of local government, and the intergovernmental grant structure, he argued that local discretion variations from a legal scale relate mainly to two dimensions: functions performed by local governments and the approval of the details of local government decisions (Page, 1991:13-38). Regarding local political influence, Page focused on whether certain patterns of central–local access provided greater opportunities for local influence. He identified two routes of local government access to the center: direct and indirect. Indirect access was mainly achieved through interest groups, examining the

portion of target membership of national local interest groups and internal unity. Direct access focused on the bilateral relationship between national politicians and local officials, measuring this access by the percentage of national politicians who have a local government background. The influence of central leaders with local backgrounds is often regarded as an independent variable to account for local policy behavior. For instance, in the central promotion of the urban-rural insurance integration task, it is observed that "when localities have city party secretaries who have work experience in the provincial or central government, integration is more likely to be adopted" (Huang & Kim, 2020), indicating greater local compliance. The literature also recognizes that the patron-clientship or factional politics influence local policy behavior (Jiang, 2018; Tsai & Zhou, 2019). Tsai and Dean (2014) illustrated that when a provincial party secretary has a factional relationship with the general secretary, greater leeway is permitted for implementing experimental political reforms. Thus, it is debatable whether belonging to the general secretary's faction or having a work experience with him increases local autonomy or necessitates greater local compliance.

Interventional activities from higher levels may also influence the degree of local autonomy. These activities manifest themselves in various forms, and existing empirical studies employ different strategies to measure them qualitatively. For instance, holding a National Television and Telephone Broadcast Conference serves as an indicator of central mobilization, while phrases such as "top-down inspection" in policy guidelines indicate central monitoring (Xiao & Zhu, 2021).

In terms of quantitative efforts, a group of scholars have developed the Local Autonomy Index (LAI) (Keuffer, 2016) to measure the degrees of local autonomy among European countries. The LAI defines local autonomy as "the (right and) ability of local governments (within a defined legal framework) to make decisions about the services they deliver (and the financial resources they need) without interference from the center" (Page, 1982:21). This index incorporates seven dimensions with a total of eleven operationalized variables (Ladner & Keuffer, 2021).

3.1.3 Summary

This section offers a comprehensive exploration of local autonomy in both western and Chinese contexts. Through philosophical inquiry, theoretical analysis, and empirical investigation, it reviews and examines the complexity and depth of local autonomy and its relevance to the policy process as both a dependent and independent variable. Compared to studies on local autonomy in the western context, studies on local autonomy in the Chinese context appear fragmented, lacking a coherent framework and relying heavily on case study. This underscores the need to develop a comprehensive theoretical framework that incorporates relevant elements gleaned from existing studies.

In conclusion, this section provides an overview of the multifaceted dimensions of local autonomy, followed by an analysis of factors that may affect local autonomy and an introduction of the measurement of it. Notably, it reinforces the notion proposed in the preceding section that, although local autonomy may be subject to constraints imposed by higher-level authorities, it persists. Hence, local autonomy is demonstrated compatible with the influence of overarching governance structures. This aligns with the idea that local autonomy under hierarchy conveys, that is, though closely scrutinized by the central government, local autonomy still exists in various manifestations across different policy fields.

3.2 Theoretical Framework

The review of local autonomy provides a comprehensive understanding of this concept within both western and Chinese political systems from multiple dimensions. However, despite the extensive existing knowledge, it remains somewhat disorganized and lacks a coherent theoretical framework that identifies key variables and explores their relationships to systematically analyze policy process (Schlager, 2007). The primary objective of this research is to provide an analytical definition of local autonomy that captures its various facets and facilitates the comparison and measurement of these aspects through rigorous analysis. Thus, this framework seeks to incorporate the most relevant variables in explaining local autonomy in order to make it suitable for empirical investigation.

The overarching research question — "**What does local autonomy in the TLD precisely mean?**" highlights the need for an analytical definition of local autonomy. Previous discussions have approached this concept from different dimensions, revealing two critical points. First, local autonomy is understood only within the central–local framework, meaning it is conditioned by, but also compatible with, central authority. Second, existing literature addresses two levels of meaning: local autonomy and local discretion, the latter being a lower-level concept and a manifestation of the former. Local autonomy represents as a countervailing power to central influence, allowing local government to act according to its own will, while local discretion refers to local government's concrete choices under certain conditions. The situation of local autonomy affects local discretion. The proposed theoretical framework will address their relationship.

Another part of the overarching research question is "**How much local autonomy is preserved in the policy process during the TLD era?**", which directs attention towards assessing the degree of local autonomy. Given the abstract nature of the concept, a more pertinent question is, "what type of local autonomy exists?". These two questions are not contradictory but complementary, as a thorough examination of the latter provides a logical foundation for answering the former.

In light of these concerns, the theoretical framework must meet three essential requirements. First, it should be succinct and concise to capture the essence of local autonomy. Second, it should be inclusive, engaging with existing literature on the relationship between autonomy and discretion, and contributing to ongoing debates on local autonomy. Finally, it should have the potential to evolve into a theory, presenting logically interconnected propositions that can explain policy phenomenon and analyze the policy process (Merton, 1968; Sabatier, 2007). By adhering to these requirements, a deeper and more comprehensive understanding of local autonomy in China's policy process can be achieved. After reviewing various works that theorize local autonomy through pattern identification, this research acknowledges Gordon L. Clark's "Theory of Local Autonomy" (1984) as particularly appropriate and draws upon it to develop the new theoretical framework, which is believed to effectively accomplish the

purposes of the current research.

3.2.1 Gordon L. Clark's Typology of Local Autonomy

Clark's work began with a critique of the daunting literature that either trivializes local autonomy by focusing solely on the efficiency of local public goods provision or ignores it altogether by prioritizing local electoral politics over the substantive power inherent in local autonomy (Clark, 1984:196). To remedy this, Clark analyzed local autonomy from the perspective of institutional power and legal structure. He reinterpreted Bentham's theory on two dimensions of legal powers ("power of contrectation" and "power of imperation", 1970:81) and incorporated Frug's contemporary legal theory language (1980) to identify "two primary principles of local autonomy: the power of initiation and the power of immunity" (Clark, 1984:198).

"Initiation" pertains to the "contrectation" dimension of power, regulating prior rights in a permissive manner, and thus refers to "local governments' actions in carrying out their rightful duties" (Clark, 1984:198). The initiation power of local governments varies significantly across policy fields, where initial stipulations on local governments' rights and obligations differ. On the other hand, "immunity" refers to "the power of localities to function free from the oversight authority of higher tiers of the state, within the limits imposed by the initiation powers," representing the "imperation dimension of legal power". This dimension focuses on whether higher tiers of the state actively exercise authority over the local state to alter its behavior. Essentially, initiation is *ex ante* arrangement, while immunity is *ex post* intervention. Clark emphasized that immunity holds a paramount position because, without it, any decision made by local governments is subject to review and potential reversal by higher levels, rendering the initiation of local autonomy superficial.

Having concisely defined local autonomy with its two types of legal powers, Clark combined these two dimensions, initiative and immunity, to further distinguish between initiative and no initiative, at the same time distinguish between immunity and no immunity, thereby yielding a 2*2 matrix and identifying four ideal types of local autonomy (Clark, 1984:199). Table 3.1 presents these ideal types: Type 1 represents the

complete opposite of Type 4, with the former encompassing both initiative and immunity, hence signifying "total local autonomy", while the latter implies "no autonomy". Moreover, based on his definition, Type 2 suggests that local governments have the authority to regulate domains where the state and higher tiers have already articulated local governments' rights and privileges, but their decisions are subject to review by higher tiers; in contrast, Type 3 indicates that local governments have no authority to regulate or legislate, but once their tasks are assigned, they enjoy immunity from upper-level supervision and can decide how to carry out these tasks. Although this typological analysis may appear rudimentary, it not only offers a preliminary yet indispensable theoretical underpinning, but also lays the foundation for practical application in policy processes.

Table 3.1 Four Ideal Types of Local Autonomy

	initiative	no initiative
immunity	Type 1	Type 3
no immunity	Type 2	Type 4

Source: Clark (1984)

Clark then went on to describe the details of each type by comparing them to "more general normative conceptions" (1984:200). When a locality enjoys both initiative and immunity, as in Type 1, it represents a fully autonomous local state with a political system wherein officials have the power to decide what to do, subject only to the local population's scrutiny, rendering higher levels of governments or the state irrelevant, such as historical Italian city-states, or "walled cities of feudal times". In the contemporary world, however, such fully autonomous city-states are rare due to the size and multi-level nature of modern states. In sharp contrast to this type, Type 4 is characterized by "no local autonomy", in that localities possess neither the power to set policy agendas nor the ability to evade supervision from higher levels. In this scenario, localities merely function as administrative apparatuses of higher tiers, lacking

discretion, and their population has no say in local affairs. Their mission is to execute decisions and tasks from above with "fidelity" (Matland, 1995). Clark associated localities with this type of "no local autonomy" with a Weberian rationalized bureaucracy, a Hobbesian hierarchically structured world, and a typical authoritarian state (1984:200). Between these two extremes, Type 3, characterized by "immunity but no initiative", indicates a local state that "cannot choose what to do but retains the power to decide how to implement tasks assigned by higher levels". Clark labeled this as "representative autonomy", where "the local state represents higher-level interests and responds to local concerns through appropriate ways of implementation". To some extent, the relationship between state governments and the federal government, as suggested by Clark, is consistent with this type. Nevertheless, he also cautioned against equating the two, as absolute immunity is unrealistic. The final type of local autonomy, with "initiative but no immunity", is portrayed as decentralized liberalism, in which the local state has the right to set policy agendas and take action. In other words, legitimacy stems from the local state. However, the absence of immunity means that local actions are closely scrutinized by higher tiers, thus limiting local autonomy (1984:201).

Clark engaged in this analysis while addressing an unavoidable challenge faced by researchers studying local autonomy: distinguishing between autonomy and discretion. According to the Oxford dictionary, discretion is defined as the freedom or power to decide what should be done in a given situation. In this article, discretion is described as "the ability of local governments to carry out their functions, actions, and legitimate behaviors in their own manner and in accordance with their own standards of implementation" (Clark, 1984:199). Therefore, discretion is a subordinate concept that manifests autonomy through specific governmental activities.

Clark further elucidated their relationship by demonstrating that both principles of his theory of local autonomy, initiative and immunity, are positively related to local discretion. He argued, "If local initiative is tightly circumscribed, then local discretion would be severely limited. If it were also the case that immunity is limited, then local discretion would be doubly constrained." (1984:199) While discretion is positively linked to both initiative and immunity, Clark suggested a more direct relationship

between discretion and immunity. Immunity, as he defined it, allows local governments to "act without fear or as they wish within the purview of their powers." Concurrently, discretion is also defined by the ability of local governments to act according to their wishes. Hence, the similarity in the definitions of discretion and immunity provides compelling evidence for this claim. Moreover, Clark's subsequent comparison between Type 2 and Type 3 autonomy further reinforced his view. He argued that under Type 3, although local governments cannot choose what to do, they still have "a measure of discretion" due to immunity. In contrast, under Type 2, local governments enjoy only "incomplete discretion" because the absence of immunity prevents them from acting according to their will. This comparative analysis lends support to Clark's argument that discretion is more directly constrained by immunity. Thus, Table 3.2 is devised to accommodate the discussion, facilitating a better understanding of local government's discretion under each type of local autonomy.

Table 3.2 Four Ideal Types of Local Autonomy and Discretion

	initiative	no initiative
immunity	Type 1 discretion	Type 3 a measure of discretion
no immunity	Type 2 incomplete discretion	Type 4 no discretion

Source: Clark (1984)

After detailing the theoretical features of each type of local autonomy, Clark proceeded to explore these elements through a comparison with dominant American theories, including the Tiebout Model (1956) and Dillon's Rule (1911). Grounded in the assumption of voters as rational-economic actors, the Tiebout Model posits that localities are supposed to respond to local preferences otherwise voters may leave. Hence, local governments are presumed to hold the power of initiation. However, Clark (1984:202) noted that certain responsibilities are beyond the scope of local governments

or should not be provided at all. These circumstances challenge the assumption that local governments possess the power of initiation. Nevertheless, the Tiebout Model envisions local government under a bottom-up political system, akin to decentralized liberalism, where legitimacy derives from voters. Therefore, local initiative is presumed by the local government in this model. As for immunity, he argued that in a regime where residents can "vote with their feet", local governments actions must be reviewed to present coercion. Consequently, immunity of local governments is constrained. In summary, the Tiebout Model approximately aligns with a type of local autonomy characterized by "initiative but no immunity".

Moving onto Dillon's Rule, Clark analyzed this theory, which regulates the role of local governments vis-à-vis state government. Dillon's Rule, named after Iowa Supreme Court Justice John F. Dillon, was first articulated in the case of Marriam v. Moody's Executors (1868) as follows: "A municipal corporation possesses and can exercise the following powers and no others: First, those expressly granted; second, those necessarily implied or necessarily incident to the powers expressly granted; third, those absolutely essential to the declared objects and purposes of the corporation — not simply convenient, but indispensable; fourth, any fair doubt as to the existence of a power is resolved by the courts against the corporation." Dillon's Rule indicates that local government power is specified by state legislatures, and any queries about this power are resolved by the courts. In this sense, Clark argued that local governments operating under Dillon's Rule possess incomplete local initiative and very limited immunity, resulting in Type 4 local autonomy.

By comparison, local autonomy in the Tiebout Model differs from that of Dillon's Rule. In the former decentralized liberalism model, local governments have the initiative to respond to resident preferences but are subject to oversight from higher tiers. In the latter, local governments have constrained state-assigned initiative and very limited immunity due to constant judicial review. As Clark succinctly concluded, "functional diversity in Tiebout's Model is a product of local residents' choices; functional diversity in Dillon's Rule is the choice of state legislatures" (1984: 203).

Finally, Clark exemplified the American reality of local autonomy with the state

of Illinois, which operates under home-rule. He examined the two principles of local autonomy, initiative and immunity, through an analysis of Illinois's constitutional clauses. He highlighted the limitations of power grants and the smaller immunity at risk of being constrained or revoked by the state legislature, concluding that "the American reality of local government autonomy seems much closer to absolutely no autonomy". In sum, by borrowing Bentham's concept of legal power and applying it to the analysis of local autonomy, Clark proposed the theory of local autonomy based on initiative and immunity, generating four ideal types of local autonomy ranging from absolutely no autonomy to complete autonomy. Although dominant perceptions like the Tiebout Model and Dillon's Rule suggest that local autonomy should exist in the U.S. regime, Clark's analysis of Illinois indicates a lack of true local autonomy.

A thorough dissection of Clark's theory of local autonomy is intended not to reiterate or discuss the specific types or degrees of autonomy local governments possess in the U.S., but rather to serve as a departure point for analyzing local autonomy within Chinese context. This issue is crucial for understanding Chinese politics, yet it has received unbalanced attention and requires more in-depth investigation and analysis. However, given the differences in political systems, applying Clark's theory to the Chinese context raises two basic questions:

First, ***why does Clark's typology serve as the underpinning theoretical framework for this research?*** As Clark aptly noted, "local autonomy means different things to different people" (1984:205). The goal of this research is not to provide a universal definition of local autonomy that satisfies everyone but to establish a theoretical framework based on an analytical definition of local autonomy. This framework should facilitate a comparative analysis of local autonomy in China's policy process from both diachronic and cross-regional perspective. An analytical definition should encompass the essential elements of local autonomy, allowing for logical reasoning grounded in these elements. Clark's theory of local autonomy meets this requirement perfectly. First, Clark's typology centers on the central–local relationship, aligning with the analytical scope of this research despite the different political regimes between the United States and China. "Initiative" emphasizes the local government's

formal decision-making power, while "immunity" highlights the boundaries within which localities operate without higher-level oversight. Together, these two principles provide a lens to examine the agency of local governments and their dynamic interactions with higher-level authorities. This recognizes that local autonomy is conditioned by, but also compatible with, higher-level influence. Second, the meanings of "initiative" and "immunity" resonate well with existing discussions of local autonomy in both western and Chinese contexts. From the legal power perspective, initiative refers to whether local government is able to do something, explicitly implying local autonomy as a result of power devolution[17]; while immunity aligns with the rationale of free from higher-level supervision. Finally, Clark's four ideal types of local autonomy, including the discussion of the relationship between autonomy and discretion, can be developed into a theoretical framework for analyzing China's policy process. For these reasons, Clark's theory serves as a solid foundation for this research's theoretical framework. By utilizing and extending Clark's typology, this research attempts to effectively analyze and understand local autonomy during China's policy process.

Applying Western-derived theories to analyze China's local autonomy requires meticulous consideration of several caveats due to the divergence in political systems. Therefore, the second fundamental question is: ***What points warrant clarification when applying Clark's theory to the Chinese context?*** A primary concern arises from the profound differences in state structures between the federal system of the United States and China's unitary state. In the U.S., federal powers are strictly regulated by the Constitution, with residual powers divided between state and local governments based on each state's constitution. Consequently, local autonomy may vary depending on the state constitution, as illustrated by the Home Rule and Dillon Rule. In contrast, China operates as a unitary state where local governments are creations of the central government, implying a considerable degree of similarity in local autonomy among

[17] In democracy, legislature is the foundation of power devolution while in authoritarian China, it depends mostly on the central commands.

China's local governments. However, empirical evidence shows significant disparities in policy outcomes due to different levels of local autonomy (Hsu, 2004; Solinger & Jiang, 2016; Lin & Tussing, 2017). This apparent contradiction reveals two key issues: the analytical perspective and the distinction between local autonomy and local discretion.

Regarding the analytical perspective, adopting a holistic perspective means investigating local autonomy within the central–local government dichotomy, treating local government as a unified entity. This perspective guides the research in two ways. First, as Clark noted, political changes affecting the powers granted to local governments can alter the level of local autonomy, as the degree of "initiative" and "immunity" changes due to political shifts (1984:206). Therefore, comparing local autonomy during the Xi era when extensive institutional reforms were initiated, with the pre-Xi era becomes a pertinent issue that has received considerable attention but lacks in-depth analysis. Second, examining the degree of local autonomy across different policy fields is essential. According to Clark's typology, legal provisions for various policies imply different degrees of local autonomy, as demonstrated by examples such as "land use", "municipal affairs", "tax areas", and "making local improvements by special assessment" (1984:204). Researchers and audiences should recognize that variations in local autonomy across policy fields should also exist in the Chinese context. Different policies require different allocations of control rights, leading to distinct governance modes (Zhou & Lian, 2020), which directly influences local discretion in policy implementation (Chung, 2016b). Therefore, considering policy type as a critical analytical prism is vital in this research. This analysis clarifies the meaning and significance of a holistic perspective in this research.

Building on the first point, it becomes evident that observed differences in local autonomy across localities primarily reflect differences in local discretion. Thus, thirdly, distinguishing between local autonomy and discretion is crucial, as existing literature often conflates them, leading to ambiguity in discussions of China's local autonomy. Some scholars focused on the overall situation of local autonomy in China (Chen, 2017; Ahlers, 2018; Schubert & Alpermann, 2019), while others emphasized local

government discretion in implementing higher-level policies (Hsu, 2004; Solinger & Jiang, 2016; Ahlers, 2018; Heilmann, 2018). It is essential to recognize that local autonomy significantly influences local discretion in various ways (Ahlers, 2018; Teets & Hasmath, 2020). Both analytical levels of local autonomy, as embodied in Clark's theory, are applicable to analyzing China's policy process. Integrating this insight with the issue of analytical perspective, it becomes evident that when addressing the overall degree of local autonomy — such as comparing it across time and policy fields — the focus is on the overall local autonomy. In contrast, when examining how a particular policy is implemented across localities, the focus shifts to variations in local discretion.

A fourth concern is the inadequacy of Clark's approach of identifying the character of "immunity" and "initiative" solely based on legal provisions, as shown in his analysis of the Illinois case. Recent reviews of bureaucratic autonomy in U.S. administrative law and political science by Bersch and Fukuyama (2023) mentioned *ex ante* procedural constraints and *ex post* review of discretionary authorities. However, they also proposed three other mechanisms: "appointment and promotion, removal power over officials, and *ad hoc* intervention in bureaucratic decision-making by political authorities" (2023:214). The legalistic approach, when applied to China, oversimplifies the examination of local autonomy within the policy process and falls short of academic standards. In China, local government power is delegated by the central government and can be revoked at any time. Consequently, local governments lack legally delegated powers, indicating a lack of real initiative. Moreover, local governments are expected to "defer to the superior", with the central government retaining the ultimate authority to intervene and correct local decisions whenever necessary. This highlights the absence of guaranteed immunity for local governments. As a result, Clark's original method would assert that local governments in China possess "no autonomy". However, this is not the picture this research aims to draw, as it overlooks variations in local autonomy over time and across policy fields under the Chinese political system. Therefore, examining the principles of "initiative" and "immunity" in the Chinese context requires a refined and contextually appropriate understanding, which will be further introduced in the theoretical framework section.

Fifth, while Clark focused on the relationship between local governments (municipalities and counties) and states in the U.S., China's multi-level government structure poses challenges to applying this theory. This research analyzes local autonomy within the central–local government dichotomy, not the situation of local autonomy between each two levels of government. However, differences in functions, resources, interests, and incentives between different levels of government in China affect local choices and policy outcomes during policy implementation (Zhu & Zhang, 2019). Consequently, local discretion becomes a central concern when governments at certain levels are involved. Numerous studies have documented this aspect (Ahlers & Schubert, 2009; Wu et al., 2017; Landry et al., 2018), echoing the third point of distinction between local autonomy and local discretion.

Finally, the measurement of local autonomy warrants further exploration. Clark's typology generates four ideal types of local autonomy, on a spectrum ranging from complete autonomy to absolutely no autonomy. Although an absolute quantified classification is difficult to achieve and unnecessary for a comparative case study, a more nuanced approach based on the principles of "initiative" and "immunity" can yield meaningful results. For instance, if one situation exhibits more initiative and more immunity for local governments than another, it implies greater local autonomy, as derived from Clark's theory. This is an indirect method of measurement relying on a qualitative comparison.

In light of these noteworthy points, a comprehensive framework for this research will emerge by combining Clark's typology with other studies on local autonomy. This framework aims to provide a nuanced understanding of local autonomy, considering both holistic and subdivided perspectives, reflecting its variations over time and policy fields. Moreover, it apprehends local autonomy, local discretion, and their relationship. The subsequent sections present our theoretical framework and introduce several main hypotheses for this research, building on the insights derived from the analysis of the identified caveats.

3.2.2 Introducing the Theoretical Framework

Previous introductions have underscored the relevance of Clark's two principles, "initiative" and "immunity", in capturing key elements of local autonomy in both western and Chinese contexts. Clark defined "initiative" as "the power of localities to regulate the behavior of residents" (1984:198), referring to localities' formal power. This aspect is akin to the allocation of competence or formal power (Ladner et al., 2018), determining the range of actions a local government can take and its ability to execute these actions with available human and fiscal resources. It outlines what local governments are supposed to do and ultimately achieve based on their resource endowments (Reddy et al., 2015). It is also similar to what Bersch and Fukuyama (2023) termed "*ex ante* procedural limitations", specifying the powers of offices. Regarding "immunity", Clark described it as "localities' power to function free from the oversight authority of higher tiers" (1984:195). Likewise, a strand of literature on local autonomy revolves around the influence of higher-level authority, focusing on the "free from constraints" (Wolman & Goldsmith, 1990; Verhoest et al., 2004). This reflects the relative status of local governments in relation to higher authorities. Although Clark's definitions are adequate, his typology, based on the legal interpretations of "initiative" and "immunity", requires refinement in the Chinese context, where local governance is steered more by central policies than laws. Therefore, this research retains Clark's "initiative" and "immunity" to capture the two dimensions of local autonomy but reinterpret them for relevance to China.

First, the assessment of initiative. Clark further noted that the scope of initiative "depends on the initial specification of the rights and privileges of local governments vis-à-vis other tiers of the state" (1984:198). This initial specification includes "centrally defined functions and orders", essentially delineating "what to do" (1984:201). Clark's assessment of initial specification is derived from laws (State Constitution). This legislature-based understanding of local autonomy is very much similar to the conventional perspective among China scholars, which views local autonomy as a result of power devolution (Hsu, 2004). This perspective also focuses on specific powers explicitly granted by the central government to local governments (Chung, 2016a; Donaldson, 2017; Tian & Christensen, 2019; 2021). However, in the

Chinese context, what truly matters for local autonomy is the extent to which local governments can choose whether and how to comply with central decisions (Hsu, 2004). Here, local initiative is interpreted as local government's ability and scope to decide and act on its own. Unlike the legislative specifications, this prior specification in China is typically speculated in central policy regulations. Therefore, according to Clark's discussions, whether localities have "initiative" refers to **whether localities are granted the power by the central regulations to decide what and how to do**. If the central regulations empower localities to decide their own tasks and functions, they possess "initiative"; otherwise, they do not.

Second, the assessment of "immunity". Clark defined "immunity" as "local governments' acting without fear of the oversight authority of higher tiers of the state" (1984:198). This aspect is crucial for understanding local autonomy, as higher-level oversight is always looming over localities. However, the oversight authority includes not only formal *ex post* review but also political control over local officials and various interventional activities (Bersch & Fukuyama, 2023). Moreover, China's central government can always exert its ultimate authority over local governments without juristic restrictions, with cadre control being central to this political control. Therefore, unlike Clark's analysis of "immunity" which focuses on the circumstances under which powers can be limited or revoked by the state legislature, in the Chinese context, "immunity" refers to **localities' power granted by the central regulations to function free from the oversight authority of higher levels**. This power can be changed by various interventional activities and cadre control measures. Along with "initiative", these two dimensions, tailored to the Chinese context, become the key variables of our theoretical framework for making sense of local autonomy under hierarchy.

Extant literature on the definition of local autonomy mainly focuses on three points: first, the role of local government in performing functions or delivering services (Wolman & Goldsmith, 1992; Vetter, 2007), the discretionary actions of local government in making choices to fulfill its functions with available resources (Hsu, 2004; Reddy et al., 2015; Solinger & Jiang, 2016), and the influence from higher levels that constrains local autonomy (Page, 1982; Verhoest et al., 2004). Taking these three

points into account, local autonomy in the Chinese context is defined as "**local government's capacity to adapt central policy guidelines to local conditions according to its own preferences**". This capacity is conditioned by initiative and immunity. The more initiative and more immunity left to local governments, the greater their capacity to adapt policies. This definition encompasses both the overall capacity of local governments to adapt policies (local autonomy) and the specific choices made in adapting particular policies (local discretion).

The definition of local autonomy is analytical because it provides two dimensions, "initiative" and "immunity", which are encapsulated in the theoretical framework to analyze the characteristic of local autonomy. Inspired by Clark's typology, these two dimensions together generate four typical types of local autonomy in the Chinese context (see Table 3.3). Specifically, complete local autonomy in policy adaptation occurs when a local government possesses the power to define and perform certain functions and can function without central oversight. In contrast, tethered autonomy in policy adaptation occurs when a local government can only adhere to the directives of the central policy, even if it operates without central scrutiny. Incomplete autonomy is present when a local government has the power to decide its course of action, but operates under close scrutiny from higher levels. In this scenario, policy adaptation remains feasible, but local adaptation bears inherent risks because it may lead to unintended outcomes beyond the scope accepted by the central government. Lastly, there is no autonomy to adapt central policy guidelines when a local government lacks the power to define policy tasks and is not free from central oversight. This refined typology offers a qualified measurement of local autonomy, allowing for assessment of the degree of local government's overall autonomy and analysis of the overall local autonomy for local governments in a certain policy.

Besides, the theoretical framework presented also takes into account the concept of local discretion[18], which is considered to be positively associated with local

[18] As noted earlier, as a subordinate concept of local autonomy, local discretion manifests local autonomy. For convenience, local autonomy is more frequently used to refer to local discretion.

autonomy. Tentatively, it can be argued that local governments exercise the highest level of discretion under the condition of "complete autonomy" and the least level under "no autonomy". While this inference seems plausible, I emphasize a shift in focus towards the logic of local behavior in policy implementation. A primary understanding emerges from this analysis: complete autonomy empowers local governments to make practical decisions based on their preferences, enabling them to align policy guidelines from the central level with their interests. Conversely, tethered autonomy allows local governments some flexibility in making feasible choices, yet they are bound by central regulations and compelled to produce tangible outcomes in line with demands of the central state. In the case of incomplete autonomy, local governments have the power to decide their course of action but face potential central oversight that discourages them from taking actions that might expose them to risk or blame. Finally, under the type of no autonomy, discretion is completely absent, as all actions at the local level are aimed at upholding implementation fidelity. This is the understanding of local policy behavior under each type of local autonomy in the Chinese context, as shown in Table 3.3.

Table 3.3 A Theoretical Framework of Local Autonomy

<table>
<tr><th colspan="2" rowspan="2">Local autonomy</th><th colspan="2">initiative:
localities' power granted by the central regulations to decide what and how to do</th></tr>
<tr><th>yes</th><th>no</th></tr>
<tr><td rowspan="2">immunity:
localities' power granted by the central regulations to function free from the oversight authority of higher levels</td><td>yes</td><td>complete local autonomy
(adaptation)</td><td>tethered local autonomy
(tangible results)</td></tr>
<tr><td>no</td><td>incomplete local autonomy
(risk / blame avoidance)</td><td>no local autonomy
(no discretion)</td></tr>
</table>

Source: self-made, inspired by Clark (1984)

3.2.3 Local Autonomy under Hierarchy

The table outlines two analytical dimensions of the theoretical framework and four typical types of local autonomy, facilitating an analysis of the overall situation of local autonomy for local governments or in a selected policy field. Moreover, the framework sheds light on the logic behind local behavior under each type of local autonomy, facilitating a detailed examination of how local governments make policy adaptations within the given constraints. According to this theoretical framework, local autonomy in the TLD is under hierarchy because the two defining dimensions of "initiative" and "immunity" are guided or closely supervised by the central government. From a holistic perspective, the existing literature on institutional reforms and cadre agency changes supports this point. On the one hand, decision-making has become more centralized and local implementation has become more strictly controlled, resulting in less power granted to local governments to decide how to implement central policies — less initiative. On the other hand, the "sword of Damocles" hanging over local cadres, created by increased political control and the sweeping anti-corruption campaign, greatly restricts localities' power to function free from the oversight of central authorities — less immunity. In this sense, the popular opinion about restricted local autonomy in the Xi era is very solid.

When investigating a particular policy field, attention is paid to how initiative and immunity are guided by the central government. By guiding the extent of initiative and immunity in different ways, the central government creates different kinds of local autonomy, which further affects local discretion in that policy field. Besides, this research delves deeper into investigating variations in local discretion across localities. It examines whether, within the same policy field, local governments in different regions at the same administrative level implement central policies differently. In conclusion, this heuristic framework serves as a qualitative tool to measure the degree of local autonomy under hierarchy, in a general context and within a selected policy field, as well as across different localities.

3.3 Refurbishing Theoretical Framework with Political Steering Theory

3.3.1 Why Refurbishing the Theoretical Framework?

The refined "initiative–immunity" framework serves as the primary tool for addressing the overarching research questions pertaining to local autonomy. However, comprehending the intricacies of China's policy process in the Xi era presents a multifaceted challenge that this theoretical framework alone cannot fully address. This challenge unfolds in two aspects. First, making sense of a policy process necessitates a detailed tracing of the events it involved. Policy tracing has been the dominant method for studying China's policy process (Ahlers & Schubert, 2022). Sabatier (2007:3) outlined the complexity of the policy process, which includes diverse actors — both individual and organizational — with different values and interests, a time duration, a policy subsystem, policy debates, and strategies to advance their own interests. Lasswell emphasized that with regard to the implementation stage, actors' actions should be consistent with the spirit and the words formulated in the original prescription (Ronit & Porter, 2015). Therefore, a careful documentation of actors and their behaviors within the policy process is essential. Second, while the framework has identified four ideal types of local autonomy based on the two dimensions of initiative and immunity, it does not expound on the behavioral patterns exhibited under each type of autonomy. This research attempts to address this aspect by investigating whether and how local government behavior is patterned under each type of local autonomy. The underlying assumption is that different behavioral patterns emerge under each type of local autonomy, leading to the adoption of similar strategies. Consequently, there is a need for an instrument that not only facilitates the tracing of policy processes but also sheds light on the analytical value of local autonomy in policy analysis.

3.3.2 Why is Political Steering Theory?

While existing efforts to understand China's policy process have provided valuable insights, there has been a notable lack of theory building in this area (Ma & Lin, 2012). Although recent progress has been made in publishing and discussing newly developed theories, many of these focus narrowly on specific aspects such as cadres'

incentives for promotion or intergovernmental relations, overlooking a broader perspective that encompasses various elements such as bureaucratic structures, diverse actors, and their interactions (Schubert & Alpermann, 2019). Recognizing the need for a rigorous and integrative theory, Schubert and Alpermann proposed "Political Steering Theory" (2019) as a promising framework for a more comprehensive understanding of China's policy process. This effort responds to the call for a logical and empirically falsifiable set of propositions that can explain a wide array of phenomena in the policy process (Sabatier, 2007:321-322; Lave & March, 1975, 59-73; King, Keohane & Verba, 1994, 99-113). It also presents an analytical toolkit that includes terms such as "steering subjects", "steering capacity", "steering objects", and "governability" and introduces additional concepts such as "steering instruments", "steering tactics", and "strategic action fields" to provide a coherent framework for depicting the policy process and analyzing the behavioral model of local government.

The suitability of the theory for policy tracing is underscored by its robust explanatory power and comprehensive nature, facilitating the assessment of the Chinese state's steering capacity and the governability of local governments, which focuses on actors' steering instruments and tactics, or in other words, actors' behavior (Schubert & Alpermann, 2019). This is exactly what our theoretical framework aims to extend. Some studies have already applied the theory to empirical analysis in this regard (Alpermann & Zhan, 2019; Schubert & Zhivkov, 2022; Heffer & Schubert, 2023).

Secondly, political steering theory aptly captures the defining feature — the (re)centralization of the policy process in the TLD era. Since Xi's inauguration, there has been a profound shift toward centralization, with an emphasis on top-down control and command or steering from the top (Schubert & Alpermann, 2019:217). While the theory does not dismiss horizontal elements, it places more emphasis on political steering and steering capacity, aligning with the prevailing centralization trend and China's political reality. Moreover, this theory's indication of a deliberate recalibration of steering modes by the central state is consistent with this research's stance: local autonomy in the TLD era is not simply restricted, but is closely guided under the hierarchy.

3.3.3 How to Use the Political Steering Theory?

The integration of PST into this research is crucial, and it is important to clarify the different roles of this theory and the theoretical framework. The previous section provides an analytical definition of local autonomy and modifies Clark's "initiative–immunity" framework to formulate this research's own theoretical framework. This allows for proposing hypotheses to make sense of local autonomy variations. In contrast, PST functions as a theoretical instrument that examines the entire policy process, including key actors, their interactions, and characteristics of the policy process. More importantly, due to its advantages in analyzing steering capacity and governability, it helps improve the theoretical framework, making it a more comprehensive tool for understanding the local policy process under the TLD.

In specific, this research intentionally selects three policy fields[19] to illustrate the government behavior under each ideal local autonomy type. With the application of PST, this research identifies the steering subjects and steering objects and conducts analysis of steering capacity and governability within each policy field. Specifically, it describes and analyzes how the central state steers the policy process, what instruments and tactics it employs, and how lower-level governments react to these measures, what strategies they take to meet or shirk requirements from upper levels. Considering the sufficient representativeness of the selected cases, this research suggests that what is found through steering capacity and governability analysis in a policy field can be generalized to illustrate government behavior under a certain type of local autonomy. Therefore, the refurbished theoretical framework is able to bridge the gap between ideal types of local autonomy and government behavior.

This chapter first reviews the meaning of (local) autonomy in political science within both western and Chinese contexts, and uses Clark's typology of local autonomy to develop a new theoretical framework. Then, I propose to refurbish this theoretical

[19] This will be explained in detail in the next chapter.

framework with heuristic elements from PST and explain the reasons. For several decades, the balance between central control and local autonomy has been a recurring theme, especially in the era of recentralization. Achieving this balance is considered more crucial but increasingly challenging at present (Schubert & Alpermann, 2019; Yang & Yan, 2018), yet systematic studies on the identification and comparative analysis of local autonomy remain limited. In this context, this theoretical framework is proposed to fill in this gap. The next chapter will propose the main hypotheses and explain the methodology and data.

4 Hypotheses, Methodology and Data

4.1 Hypotheses

Drawing on existing research on China's policy process and studies that have addressed the issue of local autonomy, I attempt to provide an analytical definition of local autonomy anchored in the **local government's overall capacity to adapt central policy guidelines to local conditions according to its own preferences**. This definition serves as the foundation of the theoretical framework, whose two dimensions "initiative" and "immunity", and their combinations allow for a qualitative measurement of local autonomy. It modifies the meanings of these two dimensions to adapt them to the Chinese context. Building on these theoretical preparations and surrounding the research questions, I propose the following hypotheses:

Scholars unanimously agree that local autonomy is significantly restricted in the Xi era compared to previous eras. This research agrees with this viewpoint and advances it by further elucidating the underlying mechanisms — declining initiative and decreased immunity — that are driving this profound change. Therefore, the first principal hypothesis is

H1: In the TLD era (2012-present), the degree of local autonomy is largely restricted compared with pre-Xi era, which can be attributed to the declining initiative and decreased immunity.

According to the theoretical framework, the degree of local autonomy is positively related to the presence of "initiative" and "immunity". Thus, when "initiative" and "immunity" are simultaneously constrained, the overall degree of local autonomy must be restricted. In the TLD era, the central state has initiated many reforms that have reshaped the degree of initiative and immunity, as noted before. I argue that **the decline in initiative during the Xi era can be attributed to the more explicit central regulations that restrict the room for decision-making of lower-level governments**. As for immunity, I argue that **Xi's numerous institutional reforms and campaigns targeting local cadres have significantly curtailed localities' power of function free**

from oversight from higher levels, as evidenced by the increased likelihood of central interventional activities. These changes in the two dimensions, according to the theoretical framework, jointly led to the restricted local autonomy during this period.

However, a few studies have not ignored the fact that even in the TLD era, local governments still possess the autonomy to adapt central policies to local conditions. Different degrees of local autonomy could be identified in different policy fields (Yang & Yan, 2018) due to different combinations of initiative and immunity with disparities. Therefore, the second hypothesis is:

H2: For different policy fields, the central government allows different degrees of initiative and immunity, leading to different types of autonomy. When initiative and immunity are relatively higher, local governments are hence left more autonomy in this field.

Furthermore, a policy is likely to have a very long lifespan which means that over time, different types of local autonomy can be granted to local governments to implement the policy. Thus, the third hypothesis is:

H3: For policy fields with long lifespans, the central government could grant different degrees of local autonomy at different stages.

4.2 Research Design and Methodology

4.2.1 Philosophical Foundation

This research aims to evaluate the level of local autonomy in China's policy process during the Xi Jinping era. The focus is on understanding why local autonomy is under hierarchy during this period. The ultimate task consists of two parts: not only explaining the restrictions on local autonomy during the Xi era and the varying degrees of local autonomy across policy fields, but also discussing the difference in terms of the implementation of BEE in different localities. The explanations for all queries depend on the theoretical framework that apprehends local autonomy through two dimensions: "initiative" and "immunity". Specifically, in explaining the differences in local autonomy between the pre-Xi and Xi eras (testing H1), this research illuminates how initiative and immunity have been altered. Therefore, an evaluation of the variation in

local autonomy is feasible based on the theoretical framework.

To identify and explain variations of local autonomy across policy fields (testing H2 & H3), this research explains the differences between initiative and immunity in various policy fields and how they evolve over time. Initiative refers to the power granted to localities by central regulations to decide how to carry out central policies, while immunity refers to the power of localities granted by central regulations to function free from the oversight authority of higher levels. Thus, the crucial aspect of our empirical analysis is measuring the two dimensions that determine local autonomy. To achieve this, I choose a qualitative analysis method. This method compares the initiative and immunity of targeted eras or policy fields, clarifies their differences, and demonstrates the tenability of our proposed hypotheses. This research also aims to illustrate the differences in local discretion when implementing the same central policy among different jurisdictions. Such differences can be presented by describing and analyzing the implementation details in a comparative way.

4.2.2 Approach: Case Study

The main approach taken in this research is a case study, aimed at unravelling the intricacies and subtleties of local autonomy within the Chinese context. This includes comparing the degree of overall local autonomy across eras and policy fields, as well as investigating local discretion differences of a single policy among localities.

According to Simons, a case study is "a detailed exploration of a particular situation or event from multiple perspectives in a specific sociopolitical context" (Simons, 2009:21; 2014). Case studies have the advantage of revealing the complexity of a social event and presenting changes over time. They also enable participants to "contribute to knowledge generation within the process" (Simon, 2014:458). Despite this, a singular case is always vulnerable to generalization (Simon, 2014:465). The primary task of social science is to explain social phenomena, within which the rules of social operation are anticipated to be figured out and accurately expressed in academic language. Such rules, intrinsic to the social operation, imply a consistent and general relation to the studied phenomenon. Considering this principle, the current research on

local autonomy raises the question of how to ensure that the findings from our cases truly reflect the features of the policy process in Xi's era. If case selection is based on typicality, then conducting case analysis to study autonomy involves the issue of generalization. The single case study strategy is subject to this criticism. One common practice is to conduct a comparative or multi-site case study. This approach is often praised for providing more robust and compelling evidence than a single case study (Herriot & Firestone, 1983; Yin, 2017). Therefore, this research will also adopt this strategy.

To improve the validity of the arguments and address the limitations of case studies, it is recommended to deliberately select multiple sites. Additionally, a multiple-case study allows for comparative research (Yin, 2017). The comparative method in political research is defined as "a method of testing relations among variables and in which cases are selected to maximize the variance of the independent variables and minimize the variance of the control variables" (Lijphart, 1975). Aligning with this definition, dependent and independent variables should be clear ahead of case selection. Researchers should select cases with independent variables that as different as possible while keeping other aspects as similar as possible.

This research resembles a theory-generated case study (Stake, 1995) or a theorizing work (Swedberg, 2012; Krause, 2016) that justifies the concept of "local autonomy under hierarchy" through dialogue with an existing theory and a typology (Krause, 2016). According to the "initiative–immunity" framework, in order to identify policy fields that differ in terms of local autonomy, policy fields with different independent variables must be selected. This requires policy fields to be selected in this research should display distinct features regarding initiative and immunity. In view of this, I select three cases: Classification of Domestic Waste (CDW), COVID-19 Pandemic Control (PC), and Business Environment Evaluation (BEE), which are considered as most typical and appropriate as they fit the bill of distinct independent variables.

Similarly, to illustrate how local discretion is embodied in the implementation of BEE, this research also selects deviant cases that can accurately represent the two

different patterns of local BEE[20], thereby strengthening the reliability of arguments supported by evidence from such cases. It is widely recognized that China is a vast country with dissimilar local regions in terms of size, population, cultural characteristics, and socioeconomic conditions. Therefore, researchers cannot cover all localities. A random selection of cases may not provide a complete picture of local autonomy as it unfolds in local states. Instead, this research selects the two most deviant cases to illustrate how the central policy guideline on BEE has been put into practice.

According to Yin (2017) and Simons (2014), the components of case study design generally include the following steps: First, the research question has been precisely conceptualized in a clear and appropriate way. Second, Yin (2017) suggested using propositions to guide attention towards evidence identification. Third, both Yin and Simons emphasized the importance of defining and bounding the case to decide what information to collect. Fourth, Yin (2017) reminded researchers to be aware of the choices of data analysis techniques and their ramifications to link data to the propositions. Finally, the data has been analyzed and interpreted to gain understanding regarding the research questions and propositions.

These procedures are to be implemented thoroughly during the case section. This section focuses on "drawing the boundaries of the case" and explaining the research design. The case in this research essentially is a policy. It includes organizations, whether at a holistic (such as government) or a segmental level (such as a specific department or sector), as well as the individuals who design and implement policies, and the actors involved in the policy-making process. The "initiative–immunity" framework emphasizes the importance of providing information on the measurement of these two dimensions, regardless of the policy field selected. As per the hypotheses, this research will document the central government's basic regulations, strategies, and

[20] The reasons why only local discretion of Business Environment Evaluation is analyzed with the application of Political Steering Theory are: most importantly, BEE is a new and understudied case, whose transformation from complete to incomplete autonomy exactly speaks to how central intervention affects local implementation, hence, illustrates the connotation of "under hierarchy"; second, the data collected on BEE is more systematic than that of the other two cases; third, although this research does not specify the steering modes of the other two cases, an analysis of steering capacity and governability is done for all the three policy fields.

activities, as well as the resources local governments have utilized to implement central policies, and the interactions among governments at various levels. For all three policy fields investigated in this research, I collect information related to initiative and immunity, as informed by the theoretical framework on local autonomy, as well as their policymaking processes.

Apart from the case boundary, it involves selecting deviant case sites of BEE from the entire country. This research focuses on two provinces, Jiangsu and Jilin, which have different levels of economic development, administrative efficiency, and culture. Jiangsu, an eastern and coastal province located just north of Shanghai, is often at the front of economy development. It benefits from and contributes to a favorable business environment. In contrast, Jilin, a northeast inland province, has a poor investment environment, as indicated by the saying, "investments do not go beyond *Shanhaiguan*" (投资不过山海关). When the central government emphasized the importance of business environment and allocated resources to BEE, it provided much impetus for provinces to promote their own BEEs. Jiangsu and Jilin both have the greatest incentive to optimize their business environment and were expected to take measures to conduct BEE. Findings from these two provinces will present how Provincial BEEs had been carried out differently.

4.3 Data Collection

After explaining the suitability of the policy fields and confirming the case analysis approach, this section introduces various data collection methods, data sources and the gathered data. Simons (2014) discussed the qualities of several primary methods that are considered appropriate for case studies, which are also utilized in this research.

4.3.1 Interviewing

Case studies are often complemented by interviews as they allow for the collection of in-depth data, including "participants' experiences and attitudes, and exploration of complex issues within a social phenomenon or event" (Simons, 2014:462). Interviews can be structured, semi-structured, or unstructured depending on the context.

Unstructured interviews allow for a flexible and open-ended dialogue that can help participants feel comfortable sharing their stories and feelings (Simons, 2014:462). But predetermined questions are also prepared and asked due to the clear research contents. This research employs both the semi-structured and unstructured interview methods, allowing for a balanced approach to gather information. Regarding the case of Classification of Domestic Waste, I did several fieldworks before 2020. Regarding the case of BEE, from March 2021 to July 2023, 35 interviews were conducted in Jiangsu and Jilin province. 16 of these interviews were conducted as one-on-one interview by myself, while others were recorded by fellow researchers[21] in the form of group conversations. In these group interviews, a group of interviewees sat together with the interviewers, providing the interviewers with a brief overview of the prepared questions submitted by our team. In total, we conducted interviews with officials, civil servants, and the third-party companies directly or indirectly involved in the policy process. More details on interview information are presented in Appendix A.

4.3.2 Document analysis

Policy documents are extremely pertinent to policy analysis (Simons, 2014:463). They provide basic information on policy context, policymakers, and implementers, which is essential for policy analysis. However, it is important to note that there may be gaps between policy documents and actual practices. This research involves analyzing various official materials, including official policy documents, both published and private, on CDW, PC, and BEE. In terms of BEE, these materials include BEE implementation plans, indicator systems, result notifications, and summary reports, as well as work records and reports from various departments. I collect them through

[21] Me and several researchers, as an expert team, worked for a department in Nantong. Our job is to identify knotty governance problems in Nantong through analyzing the data generated by government platforms, e.g. 12345 hotline, then conducted interviews and wrote reports submitted to the leadership. The policy fields covered by our reports are multiple, which provided opportunities for us to interview officials and staffs from various departments. Moreover, sometimes the theme of the report was BEE-related. Therefore, I was able to conduct interviews with them regarding BEE. When I was not in Nantong hence could not conduct an interview in person, I prepared the questions in advance and other team members helped me as tape the conversations and ask the questions. In doing so, I could revise and compile these tapes.

two main methods: searching for partially public documents on the internet and acquiring internal documents from interviewed officials. Obtaining authentic internal material is crucial to getting closer to the real story. Additionally, this research also channels other information such as speeches by important leaders, political meeting briefings, news conferences, and other useful information as supportive evidence.

4.3.3 Observation

Observation is regarded as a fundamental qualitative method in social sciences (Adler & Alder, 1994:389). In a case study, observation generally describes the "activities, events and incidents" that occur in daily life, providing a richer picture of the target being interviewed (Simons, 2014:462). Researchers can conduct either a "naturalistic" observation, in which they do not interfere with the people or activities (Adler & Alder, 1994; Angrosino, 2005), or a "participant observation", in which researchers identify themselves as members of the targeted community and engage with those people and events to varying degrees (DeWalt & DeWalt, 2010:21–25). Regardless of the degree of researchers' participation, observation brings an immersive experience that allows them to directly perceive details and verify data gathered through other means. In this research, I had the chance to participate in the local BEE process by getting to know some of the interviewees. I visited a third-party company, visited its workplace, and attended meetings held by it to gain insight into the evaluation discussions. This allowed me to better understand the local implementation behavior, including some undisclosed information.

In summary, the paper materials provide fundamental information on the selected policy fields. Interviews and observations provide a more nuanced understanding of the actual situation. Regarding BEE, we clearly identified the organizers, cooperators, and participants involved in the process, as well as the distribution of power and responsibility across agencies and hierarchy. Additionally, technical and operational details such as measures, standards, and data collection procedures of the indicator systems were also specified. This foundational knowledge is indispensable for addressing queries about the implementation of BEEs throughout the hierarchy.

Nevertheless, written materials may only provide a normative perspective. In reality, in-depth interviews and observations may reveal additional complexities and nuances. Furthermore, this approach allows researchers to gain insight into the attitudes and informal behavior of officials, thereby enhancing their understanding of local autonomy within the BEE implementation. Overall, the evidence obtained through the aforementioned methods is considered fairly sufficient, if not perfect, for exploring the research questions.

4.4 Measurement

The previous chapter has already presented the hypotheses of this research. An appropriate measurement of relevant variables, especially of the two dimensions "initiative" and "immunity", is necessary to test the hypotheses and explain local autonomy.

First of all, the core argument of this research is that local autonomy during the TLD era is under hierarchy, which could be detected by the decreasing initiative and immunity (H1). Moreover, it also claims that initiative and immunity vary across policy fields and over time (H2 & H3). Therefore, the crux of the empirical analysis of this research lies in the measurement of these two dimensions, initiative and immunity. According to their definitions, this research tries to further explain them with more nuanced and tangible indicators. This part clarifies how they are measured to test these hypotheses.

"Chinese politics is to a large extent documentary politics where a group of leaders can build consensus, formalize personal preferences, and gain ideological legitimacy by formulating a political document" and the Chinese state is mainly run by top-down directives (Wu, 1995). Central documents play an important role in intra-bureaucratic communication in this system, fulfilling the function of delivering political decisions and indicating central priorities. Documents issued by the State Council tend to be more technical and focus on solving specialized policy problems (Lieberthal et al., 1978). They naturally become the first-hand materials to examine the degree of initiative and immunity. Section 3.2.2 has preliminarily explained what local initiative and immunity

mean in the Chinese context. It defines initiative as the ability of local governments to decide and act on their own, which can be detected by analyzing central regulations. It says that if one central regulation empowers localities to decide their own tasks and functions, they are said to have "initiative"; otherwise, they do not have "initiative". At this point, by what standard can we say that local governments are empowered by central regulations to decide what and how to do, needs to be clarified.

4.4.1 Measuring Initiative

According to the definition of initiative, the extent to which local governments could decide what and how to implement central policies can be measured by three aspects. First, local governments can decide whether or not to implement a central policy. In general, a central policy requires implementation on a national scale, unless the central policy itself is for trial implementation or experimentation. I argue that under this circumstance, local governments can decide on their own whether to try out this central policy. Hence, this research considers central policy documents whose headlines include "pilot" grant more initiative to local governments to decide what to do.

The second aspect of initiative concerns whether local governments can define policy goals by themselves. Implementation studies show that policymakers tend to create very detailed regulations to curtail local discretion (Weatherley & Lipsky, 1977; Lipsky, 1980). On the contrary, China's central policies are known for their ambiguity (Schubert & Alpermann, 2019), which contributes to policy innovation and adjustment during the implementation process (Deng et al., 2018). Ambiguity is manifested in policy means and policy goal (Matland, 1995). When a central policy guideline clearly specifies a quantified policy goal, local governments have little choice but to achieve the policy goal. In view of this, this research contends that when a central policy document sets a quantified policy goal, local governments have less initiative in deciding how to implement central policies.

Lastly, central policy documents generally require local governments at all levels to carry out the policy in a meticulous manner by briefly specifying their responsibilities. They may broadly stipulate that "governments at all levels and all departments should

carry out central policies"; for example, "*all regions and departments should follow the above division of work, assume their own responsibilities, refine and implement relevant measures, set the timetable, strengthen coordination and cooperation, effectively implement various reform tasks...*"[22] Or they specify these in a more detailed way, under which "responsibilities of relevant governments and departments are clarified"; for example, "*provincial governments must effectively supervise provincial authorities, prefectural and county-level authorities and agricultural germplasm resources protection units to take their responsibilities, and include the protection and utilization of agricultural germplasm resources in relevant work assessments…Agriculture and Rural Affairs, Development and Reform, Science and Technology, Finance, Ecological Environment and other departments at provincial level above should jointly formulate development plans for the protection and utilization of agricultural germplasm resources. Audit agencies shall audit and supervise the implementation of policies and measures for the protection and utilization of agricultural germplasm resources and the management and use of funds in accordance with the law...*"[23] Based on this comparison, I argue that when central policy documents prescribe local governments' responsibilities in a general way, local governments have more initiative. In summary, this research identifies these three aspects to measure the degree of initiative of a central policy.

4.4.2 Measuring Immunity

The dimension of immunity, which focuses on "localities' power of function free of oversight authority from higher levels", has been widely documented by scholars. They have shown that this power can be altered *ex post* through many interventional

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[22] Notice by the General Office of the State Council of Issuing the Plan for the Assignment of Key Tasks of the tenth Teleconference on Deepening the Reform of "Streamlining Administration, Delegating Powers, Combination of Deregulation and Regulation, and Optimizing Services", the GOSC〔2022〕37. 国务院办公厅关于印发第十次全国深化"放管服"改革电视电话会议重点任务分工方案的通知, 国办发〔2022〕37 号.

[23] Opinions of the General Office of the State Council on Strengthening the Conservation and Utilization of Agricultural Germplasm Resources, the GOSC〔2019〕56. 国务院办公厅关于加强农业种质资源保护与利用的意见, 国办发〔2019〕56 号.

activities from higher levels. In the Chinese context, one of the main activities is anti-corruption campaign. A rich body of literature has addressed it in Xi's era (Manion, 2016; Li, 2019; Wedeman, 2020), which was cemented by the disciplinary campaign and ideological campaign (Li, 2019; Kautz, 2020). The dispatch of central inspection group was also a powerful tool to supervise localities and departments (Chan & Sun, 2018; Wedeman, 2020; Liao & Tsai, 2020). Ideological responsibility became an indicator, accounting for a significant part of the Target Responsibility System, which signified the role of political correctness in cadre selection and management (Chen, 2018). Local cadres were thus plunged into escalating levels of risk and insecurity due to these tremendous and unabated campaigns (Walder, 2018). In this regard, the immunity dimension is closely linked with the frequency of interventional activities conducted by the central state. Therefore, this research argues that the more such activities local governments experience, the less immunity they have in local policymaking.

The ensuing question lies in how to measure these interventional activities by looking only at central policy documents. One tenable method in the existing literature focuses on the wording of policy documents. Xiao Shiyang and Zhu Xufeng (2021) have argued that the choice of words in central guidelines signals central control. Following this logic, this research selects words that can signal interventional activities and calculates their frequency. Consistent with the previous understanding of immunity in the Chinese context, this research selects words that can best reflect "oversight from above" to represent the degree of immunity.

Besides, if a policy is more urgent to be implemented, or the central leadership has attached more attention to it, the central government is more likely to supervise or intervene in local implementation, so local governments have less immunity. This research supposes that if the central government considers a policy very important and urgent, it will issue more central documents. Therefore, the frequency of issuing central policy documents can serve as another indicator to measure the immunity degree of a policy field. This measurement is only applied to analyze the selected policy fields, as will be seen in CDW, PC, and BEE in the next chapter.

5 Analyzing Local Autonomy in Two Eras and across Different Policy Fields

This research argues that local autonomy during the Xi era has not only been restricted, but closely guided under hierarchy. The core argument, "local autonomy under hierarchy", rests on several pillars. First, the overall degree of local autonomy during the Xi era has been restricted compared to the pre-Xi era. Second, even during the presidency of Xi Jinping, variations in local autonomy can be observed across different policy fields and at different stages. This research posits that these variations reflect the central government's view of a policy area's linkage to the overall interests of the Chinese political system and the extent to which local governments can adapt to central policy guidelines. The central government grants more autonomy for some policies and less for others. Local governments may initially have more autonomy in a particular policy field, but then experience a decrease, or vice versa. The central state guides and steers all of these oscillations, judging what kind of autonomy under its scrutiny is most conducive to the overall interests of the political system. Additionally, this research examines how localities in different regions adapt the same policy in different ways.

5.1 The Overall Local Autonomy Degree in the Pre-Xi and Xi Era

The definition of local autonomy is "the ability of local governments to adapt central policy guidelines to local conditions according to their own preferences". H1 argues that **"in the TLD era (2012-present), local autonomy in China's policy process has been greatly restricted, which can be attributed to the decline of initiative and immunity".** China scholars have unanimously reached a consensus that this conclusion is clear (Chen, 2017; Ahlers, 2018; Heilmann, 2018; Schubert & Alpermann, 2019; Teets & Hasmath, 2020; Wang, 2020). However, a more nuanced understanding and convincing evidence are lacking to support it. This research aims to address this issue by reinterpreting the meaning of "initiative" and "immunity" and comparing their degrees between two eras. The test of H1 consists of two parts: the

decline in initiative and the decline in immunity. This task is accomplished in the following section by the measurement explained in section 4.4.

According to the definition and measurement method of initiative, this research collects all the gazettes of the State Council from March 6, 2003 to March 5, 2023, covering exactly four terms of government[24]. The period from March 6, 2003 to March 5, 2013 represents the Hu Jintao era, while the period from March 6, 2013 to March 5, 2023 represents the Xi Jinping era. The gazette of the State Council accurately publishes administrative regulations, decisions, orders, and other documents promulgated by the State Council. It also contains decisions approved by the State Council on institutional adjustments, changes in administrative departments, and personnel appointments and dismissals. Additionally, it forwards important regulations and documents promulgated by various departments of the State Council and other important documents approved by leading comrades of the State Council. According to the Legislation Law of the People's Republic of China (中华人民共和国立法法), administrative regulations and rules published in the Gazette of the State Council are considered authoritative texts. Official documents published here have the same weight as other official documents. In this sense, these documents are suitable for analyzing the dimension of initiative and immunity.

Consistent with the measurement of initiative noted earlier, I measure the difference in central documents between two eras by examining policies that are issued for pilot implementation, set quantified policy goals, and explicitly regulate the responsibilities and tasks of local governments at all levels, namely the three indicators of initiative. It is argued that local governments have more power to decide what and how to implement a central policy when it is at the pilot implementation stage. Similarly, when a central policy document does not specify a quantified goal for local governments to achieve, local governments are given more power to decide to what extent the policy should be implemented. In addition, if a central policy document does

[24] https://www.gov.cn/gongbao/2023/issue_10886/, Gazette of the State Council of the People's Republic of China, 中华人民共和国国务院公报.

not specify what a local government at a certain level should do, the government at that level possesses more power to act according to its own preference.

The official website of the Gazette of the State Council contains a total of 11,143 central documents promulgated between March 6, 2003 to March 5, 2023. These documents are of different types. To meet the needs of this empirical analysis, I focus only on the documents that inform the policymaking process. This excludes documents such as "Decisions of commendation or reward", "Replies", "Administrative regulations", "Evaluation methods", and "Notifications". After eliminating these documents, I am left with a total of 2696 documents, of which 1079 are from the Hu Jintao era and 1617 from the Xi Jinping era.

Table 5.1 presents the statistical results of three indicators that measure initiative between two eras. It shows that during the Xi Jinping era, there have been 47 policies for pilot implementation, accounting for 2.91 percent. In contrast, during the Hu Jintao era, there have been 40 policies for experimentation, accounting for 3.71 percent. Compared to the Hu era, fewer policies were designed for pilot implementation during the Xi era, as evidenced by the slightly lower percentage of policies.

Second, during Xi's two terms, 408 central policies set quantified policy goals for local governments, compared to only 249 policies during Hu's regime. During Xi's terms, the percentage has increased from 23.08 to 25.23. This suggests that central policy documents in the Xi era were more likely to set quantified policy goals for local governments, thereby limiting their initiative.

Third, what responsibilities each level of local government should take leads to a similar conclusion. An analysis of the ratio of policies that specify government responsibilities at a certain level to the total number of policies reveals this upward trend. For instance, 42.3% of central policies during the Xi Jinping era have specified province's responsibility, compared with 32.99% during the Hu era, an increase of ten percentage. Similarly, comparisons of government responsibility at other levels between the two eras also show an increasing trend with a higher range. All indicators suggest that during the Xi era, central policies were more likely to specify the responsibilities of local governments at all levels during the implementation process.

This suggests that local governments were left less room to adapt central policies. Taking all these three indicators together, the evidence strongly supports a decline in initiative.

Table 5.1 Comparison of Central Policies Promulgated between the Hu and Xi era

Number of policies	Total	For pilot implementation	Set quantified goal	Specify local government's responsibility				
				A	B	C	D	E
Hu Era	1079	40	249	356	104	100	21	4
Ratio (%)		3.71	23.08	32.99	9.64	9.27	1.95	0.37
Xi Era	1617	47	408	684	256	239	56	25
Ratio (%)		2.91	25.23	42.3	15.83	14.78	3.46	1.55

Note: A denotes government at provincial level, B denotes government at prefectural level, C denotes government at county level, D denotes government at town(ship) level and E denotes village.

The demonstration of decreased immunity follows a similar pattern to that of the initiative. Central policy documents follow a specific structure, typically including a section at the end that outlines the responsibilities of governments at each level. For this study, I extract this part from all the collected policy documents[25], resulting in two long texts: one from the Hu era and the other from the Xi era. I then conduct a word frequency analysis. Using classic dictionary methods, I utilize *jieba* segmentation (结巴分词) to extract Chinese words and remove stop words using Python. This generates a list of words that appear in each extracted text.

As mentioned above, the term "immunity" is closely related to the central state's interventional activities. Therefore, the frequency of the words listed in Table 5.2 is counted for each text to reflect the intention of interventional activities and to measure the dimension of immunity. The first group of words represents potential supervision

[25] In some circumstances, there is no such part in a policy document.

and inspection activities and consists of seven words. Six of these words appear more frequently in central policies issued during the Xi Jinping era, with a frequency almost triple that of the Hu era. The second group of words centers around the accountability that local governments may face. With this in mind, I select 15 words that reflect this aspect. Similarly, the total frequency of the listed words in this group has also doubled. Words with a stronger interventional tendency, such as "accountability", "hold accountable", "summon", and "request instruction and submit report", have seen a dramatic increase in appearance, despite a slight decrease in some other less mentioned words. The last group of words represents some political discourses that have been emphasized during the Xi era, such as "political stance" and "thinking in big-picture terms". As shown in Table 5.2, both discourses are more emphasized during the Xi era than the Hu era. The total frequency of selected words from central policies in the Xi Jinping era is more than double that of the Hu era. Figure 5.1 shows this more clearly. This evidence strongly supports the judgment of decreased immunity in the TLD era.

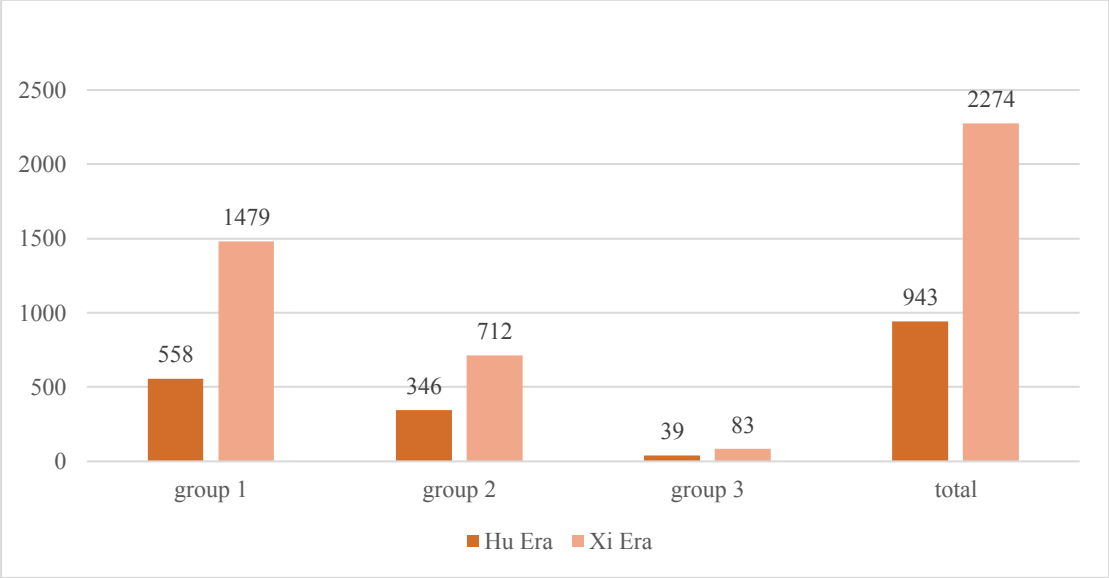

Figure 5.1 Comparison of the Frequency of Selected Words in Central Policies between the Hu and Xi era

Table 5.2 Frequency of Selected Words Relevant to Local governments' Immunity

Chinese Words		English Translation	Frequency	
Character	*Pinyin*		*Hu Era*	*Xi Era*
First group of words: supervision and inspection				
督查	*Du Cha*	supervise and inspect	104	396
督促检查	*Du Cu Jian Cha*	urge and inspect	148	239
督导	*Du Dao*	supervise and instruct	136	297
督促	*Du Cu*	urge	124	390
督办	*Du Ban*	supervise to handle	24	68
督察	*Du Cha*	supervise and inspect	19	88
检查督促	*Jian Cha Du Cu*	inspect and supervise	3	1
Subtotal			558	1479
Second group of words: accountability				
责任制	*Ze Ren Zhi*	responsibility system	155	127
问责	*Wen Ze*	accountability	28	180
问责制	*Wen Ze Zhi*	accountability system	26	9
追究责任	*Zhui Jiu Ze Ren*	hold accountable	26	31
责任书	*Ze Ren Shu*	responsibility letter	9	16
责任状	*Ze Ren Zhuang*	responsibility contract	5	4
政治责任	*Zheng Zhi Ze Ren*	political responsibility	1	9
必问责	*Bi Wen Ze*	accountability	0	1
追责	*Zhui Ze*	hold accountable	0	22
通报	*Tong Bao*	notification	55	170
通报批评	*Tong Bao Pi Ping*	notify criticism	20	37
通报制度	*Tong Bao Zhi Du*	notification system	13	20
约谈	*Yue Tan*	summon (regulatory talk)	7	54
请示报告	*Qing Shi Bao Gao*	request instruction and submit report	1	31
请示汇报	*Qing Shi Hui Bao*	request instruction and report	0	1
Subtotal			346	712
Third group of words: political discourses				
讲政治	*Jiang Zheng Zhi*	improve political awareness	2	5
政治任务	*Zheng Zhi Ren Wu*	political task	4	12
政治站位	*Zheng Zhi Zhan Wei*	political stance	0	26
提高站位	*Ti Gao Zhan Wei*	enhance political awareness	0	4
大局	*Da Ju*	big picture	25	19
大局意识	*Da Ju Yi Shi*	think in big-picture term	6	13
顾全大局	*Gu Quan Da Ju*	take the big picture in to consideration	1	2
顾大局	*Gu Da Ju*	take the big picture in to consideration	1	1
服务大局	*Fu Wu Da Ju*	serve the big picture	0	1
Subtotal			39	83
Total			943	2274

Source: made by the author based on the result of text analysis

In conclusion, after comparing central policy documents from the past two decades, it is tentatively demonstrated that the dimensions of initiative and immunity have largely declined in the TLD era. Specifically, the decline in initiative can be seen in a smaller percentage of central policies designed for pilot experimentation and a larger percentage of policies that set quantitative goals and specify measures that governments at each level should take. The significantly restricted immunity could be seen in the more frequent use of words signaling central interventional activities, which tend to put local behavior under scrutiny. These findings support scholars' arguments about the agency of local governments (cadres) due to the central government's increasingly harsh campaigns, such as anti-corruption, disciplinary, ideological, and inspection (See section 2.4.2). Based on our theoretical framework, both the power granted to local governments to decide what to do and how to implement central policies and their power to function free from the oversight authority of higher levels have been significantly limited. Therefore, it can be inferred that the degree of local autonomy during the TLD era is largely restricted. H1 is validated. Compared to the conventional wisdom on the restricted local autonomy in this era, this analysis sheds light on two dimensions: initiative and immunity, to dissect local autonomy. It also deepens the understanding of these dimensions by refining their connotations and providing compelling evidence from central policy documents of the past two decades. This analysis supports the pervasive argument.

5.2 Variations of Local Autonomy across Policy Fields during the Xi Era

H2 posits that **"For different policy fields, the central government allows different degrees of initiative and immunity, resulting in different types of autonomy for local governments. When initiative and immunity are relatively higher, local governments are thus left with more autonomy in this field."** This hypothesis addresses the variations in local autonomy across different policy areas during the Xi era. According to the theoretical framework, four typical types of local autonomy emerge, each defined by a unique combination of initiative and immunity. This section aims to illustrate these variations through the analysis of deliberately

selected policies, ensuring they are representative enough to highlight differences in initiative, immunity, and local autonomy.

The following analysis demonstrates how the policy "Classification of Domestic Waste" is characterized by "tethered autonomy", "COVID-19 Pandemic Control" by "no autonomy", and "Business Environment Evaluation" by first "complete autonomy" then "incomplete autonomy". Each type will be examined to explain how the central authorities steer the policy process and how local governments react. The illustration begins by discussing the differences in initiative and immunity among these policies and then proceeds to analyze the steering capacity and governability during their implementation.

In China's political landscape, the degree of attention given to a policy field can be inferred from the number of policy documents issued. Moreover, a higher frequency of documents within a shorter time indicates greater urgency for policy implementation. Before delving into the specifics of initiative and immunity within the three policy areas, it is essential to provide an overview of the central documents issued in each area. A search of the State Council's policy database using the keywords "classification of domestic waste", "COVID-19 pandemic", and "business environment (evaluation)[26]" in their titles is conducted. Figure 5.2 displays the number of documents found for each year. The State Council issued (or transmitted) only one document on CDW, 12 documents on the business environment (none specifically mentioning BEE), and 22 documents on the COVID-19 pandemic. Therefore, in terms of the number of policy documents, the State Council has paid the most attention to the prevention and control of the COVID-19 pandemic, followed by a relatively high level of attention to the business environment, although there is no direct mention of BEE in any central document title. In contrast, only one document on CDW was transmitted.

[26] Business environment and BEE are two different things, BEE is conducted to identify problems of business environment. A detailed discussion of their relationship could be seen in section 5.3.

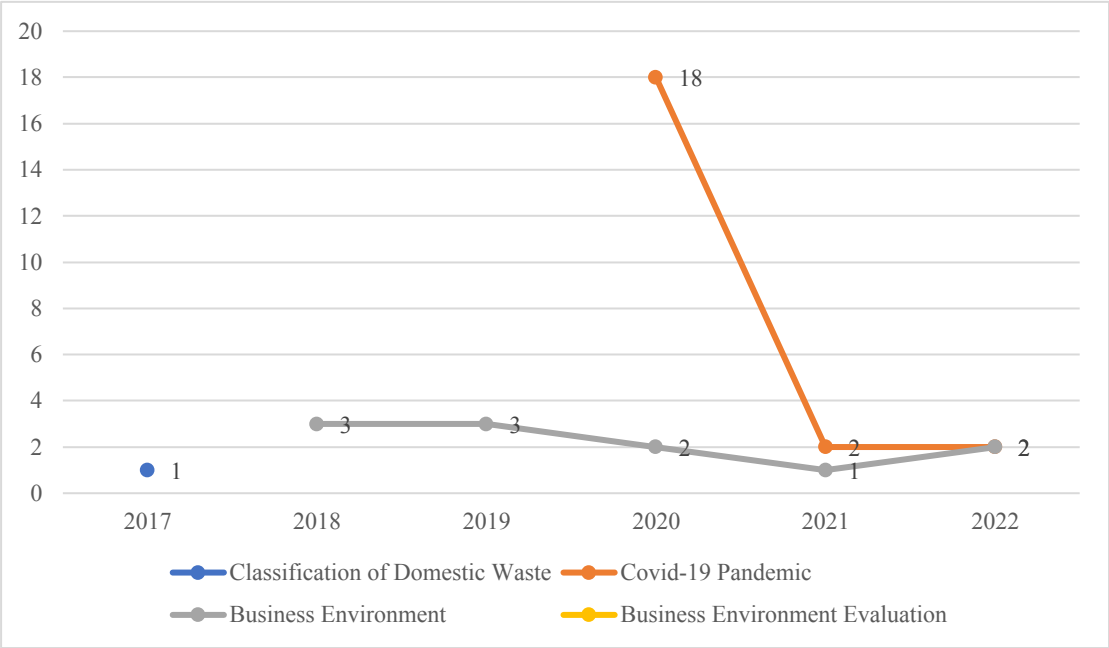

Figure 5.2 The Number of Promulgated Documents by the State Council by Year

A closer examination of the frequency of documents issued each year provides a better understanding of the relative importance placed on these policies. With regard to CDW, the State Council transmitted only one document from the National Development and Reform Commission (NDRC) and the Ministry of Housing and Urban-Rural Development (MOHURD) in 2017 and did not pay further attention to it. This indicates a low level of priority and urgency regarding the CDW. The State Council has consistently and steadily focused on the business environment, issuing at least one document per year from 2018 to 2022. This consistent issuance was evidenced by the annual document entitled “Improving the Business Environment” released by the State Council. This steady attention reflected the ongoing importance placed on enhancing the business environment, suggesting a medium level of priority for this policy field. By contrast, the outbreak of COVID-19 at the end of 2019 and its escalating severity at the beginning of 2020 forced the State Council to intensively issue and transmit central directives on its website. In 2020, there were 18 policy documents with “COVID-19 pandemic” in the title, indicating the urgency and high priority of pandemic control measures. However, in 2021 and in 2022, only two policy documents were promulgated each year, seemingly indicating less emphasis on pandemic control as the immediate

crisis abated and measures became more routine.

It is important to note that relying solely on the number of policy documents promulgated by the State Council does not provide a complete picture of the attention given to each policy field. The State Council issues guidelines to deliver orders and instructions from the central state, while specific policies are more likely to be made by the central departments. Two additional statistics are presented to illustrate how many documents have been issued by relevant central departments. The State Council's policy database shows the number of policy documents promulgated by central departments. In this context, six documents have been issued on CDW, 18 documents on the business environment (with none specifically on BEE), and 372 documents on COVID-19 pandemic control. The detailed number of documents issued by year is shown in Figure 5.3. As depicted, the central departments issued the most documents on COVID-19 pandemic prevention and control since 2020, particularly during the initial outbreak period. In contrast, optimizing the business environment and promoting domestic waste classification appeared to be less urgent, while there were more central documents on the business environment than on CDW.

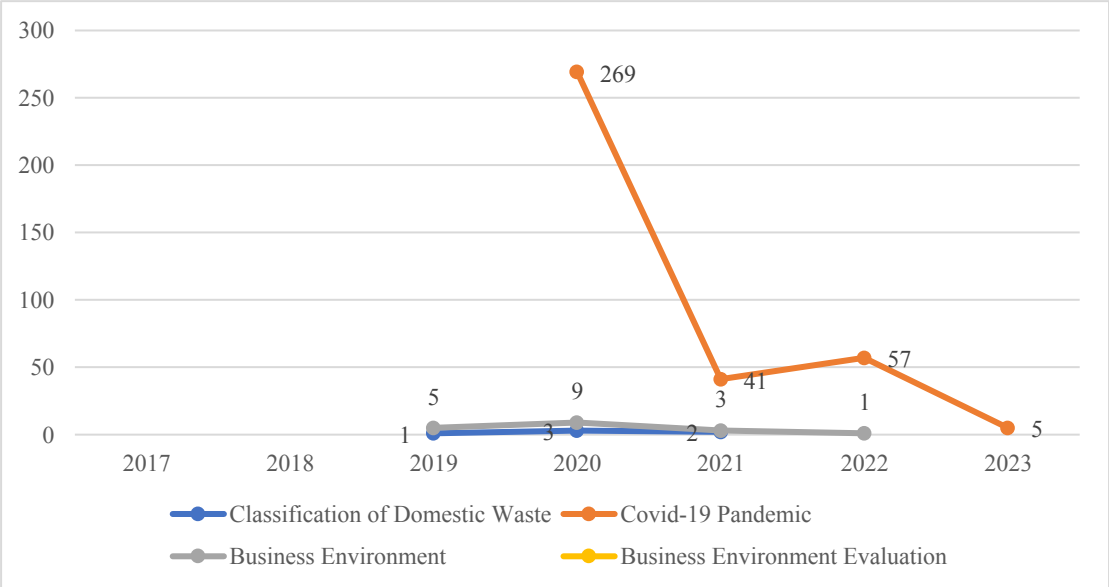

Figure 5.3 The Number of Promulgated Documents by the Central Departments by Year

Second, I conducted keyword searches on the official websites of the most relevant

central departments. Specifically, I searched for "classification of domestic waste" on the websites of the MOHURD and the NDRC; and "COVID-19 pandemic" on the website of the "National Health Commission" (NHC); and "business environment (evaluation)" on the website of the NDRC. To ensure the reliability of search results from different websites, I first accessed the government information disclosure page and then the document database. By entering the keywords, a list of policy documents of various types was generated. Finally, I selected only the "policy document" type to obtain the final results. Figure 5.4 presents the number of documents issued by the relevant central departments. The results show a similar trend to those shown in Figure 5.2 and Figure 5.3. In 2020, the NHC issued 176 documents related to the COVID-19 pandemic, which was significantly more than other policies implemented in that year. Although the number of documents decreased significantly in 2021, they still exceeded those related to CDW and the business environment. In recent years, MOHURD and NDRC have consistently made policies on CDW, but the number of documents issued was relatively smaller than those related to the business environment, fluctuating between five and twenty each year. This indicates that promoting the business environment has received more attention from the NDRC. Moreover, there were four documents that mention BEE.

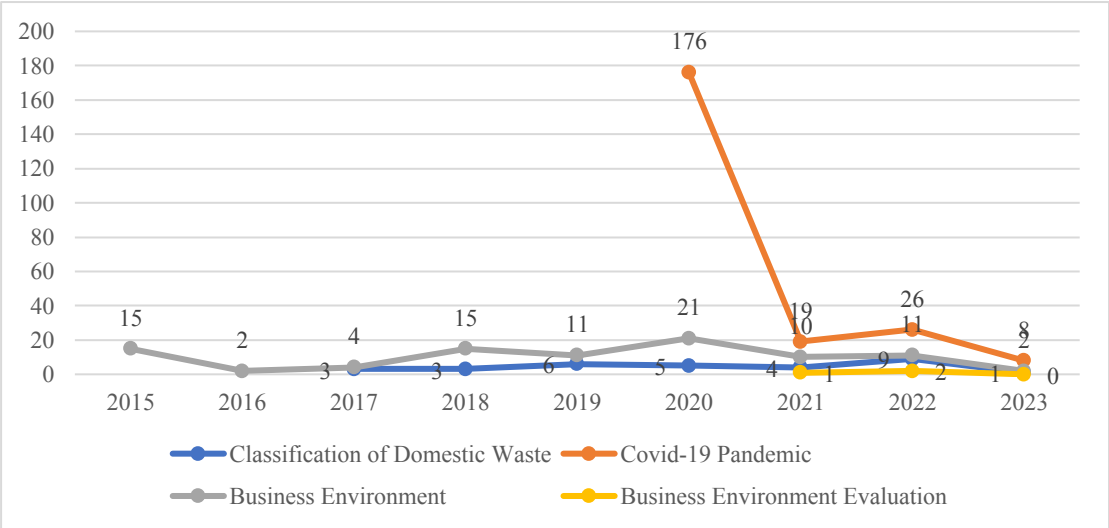

Figure 5.4 The Number of Promulgated Documents by Relevant Central Departments by Year

This detailed examination reveals that the central departments issued significantly more documents related to the COVID-19 pandemic, reflecting its urgent and high-priority nature. However, once it was no longer classified as a category A infectious disease, it was no longer a priority on the central policy agenda. In contrast, the business environment received a steady, moderate level of attention, while classification of domestic waste received the least attention, indicating its lower priority. The following analysis further explains the dimensions of initiative and immunity.

5.2.1 Tethered Autonomy: Classification of Domestic Waste

Initiative

Section 4.4.1 introduces three indicators for measuring initiative, which are applied here to assess the dimension of initiative on CDW. In 2017, the General Office of the State Council (GOSC) issued the first central policy guideline on the promotion of domestic waste classification[27] (hereafter Document No.26), jointly issued by the NDRC and the MOHURD, with the MOHURD primarily responsible for the practical implementation. This document was designed for experimentation in 46 cities, seemingly granting provinces the power to decide whether to implement it or not. However, a closer examination urges caution regarding this statement. The document mandated that all provinces implement domestic waste classification and generate replicable experience, requiring at least one city in each province to comply. Thus, CDW became a compulsory task for local governments, particularly for these 46 cities.

Second, Document No.26 also set explicit goals for municipalities, stating: “By the end of 2020, the relevant laws, regulations, and standard system on waste classification should be preliminarily established, a replicable and popularized model of domestic waste classification should be formed. In these 46 cities, the domestic waste

[27] Notice of the General Office of the State Council on Forwarding the Implementation Plan of the System of Domestic Waste Classification Made by the National Development and Reform Commission and the Ministry of Housing and Urban-Rural Development, the General Office of the State Council〔2017〕26. 国务院办公厅关于转发国家发展改革委住房城乡建设部生活垃圾分类制度实施方案的通知, 国办发〔2017〕26 号.

recycling rate should exceed 35%." This directive clearly set quantified policy targets for each city. Furthermore, the document outlined specific tasks for various government levels: "Provincial governments should strengthen guidance on domestic waste classification and gradually include its implementation as an evaluation indicator in 'ecological civilization demonstration areas', 'sanitary cities' and 'environmental protection model cities'…" It also stated that "municipal governments should effectively take the main responsibility, establish a coordination mechanism, solve major problems, and distribute workload and duties to promote related work; they should also strengthen supervision, inspection and evaluation of the implementation of domestic waste classification." These regulations stipulated the general responsibilities of provincial and municipal governments, significantly restricting the power of local governments to decide what to do. The analysis of these three indicators reveals that the CDW policy required mandatory implementation in designated cities, set quantified policy targets, and specified provincial and municipal governments' responsibilities. In short, local governments were afforded no initiative.

Immunity

An examination of the policy document's wording reveals the extent of immunity. Apart from mentioning that "relevant departments of the State Council and provincial governments should strengthen guidance on domestic waste classification and gradually include its implementation as an evaluation indicator in various kinds of urban civilization activities," there were no explicit phrases indicating the possibility of central supervision or inspection regarding CDW. Therefore, it can be argued that local governments possessed a significant degree of immunity in implementing CDW, meaning their implementation behavior was largely, if not completely, free from central state oversight. According to the theoretical framework, the Classification of Domestic Waste policy can be classified as "tethered autonomy." Local governments were not granted the power to decide how to implement domestic waste classification but do not face stringent central oversight of their implementation.

This "tethered autonomy" was further evidenced by the subsequent agendas. The MOHURD, responsible for CDW, issued several documents to promote and assign

policy tasks. Two of the most important were the "Notice of the MOHURD on Comprehensively Carrying out Domestic Waste Classification in Cities at the Prefecture Level and above across the Country"[28] (hereafter Document No.56), and the "Notice on Several Opinions on Further Promoting Domestic Waste Classification by the MOHURD and other departments"[29] (hereafter Document No.93). Document No.56 set new policy goals for the 46 cities and other prefectural cities: "By 2020, 46 key cities should basically establish a domestic waste classification and treatment system. Other prefectural cities should achieve full coverage of CDW in public institutions, and at least one sub-district should establish a CDW demonstration zone. By 2022, at least one district in prefectural cities should achieve full coverage of CDW, and in the remaining districts, at least one sub-district should establish a CDW demonstration zone. By 2025, cities at the prefecture level and above nationwide should establish a domestic waste classification and treatment system". Document No.93 reiterated the goal of achieving a 35% recycling rate nationwide. Figure 5.5 below summarizes the policy goals set by the three documents for city governments.

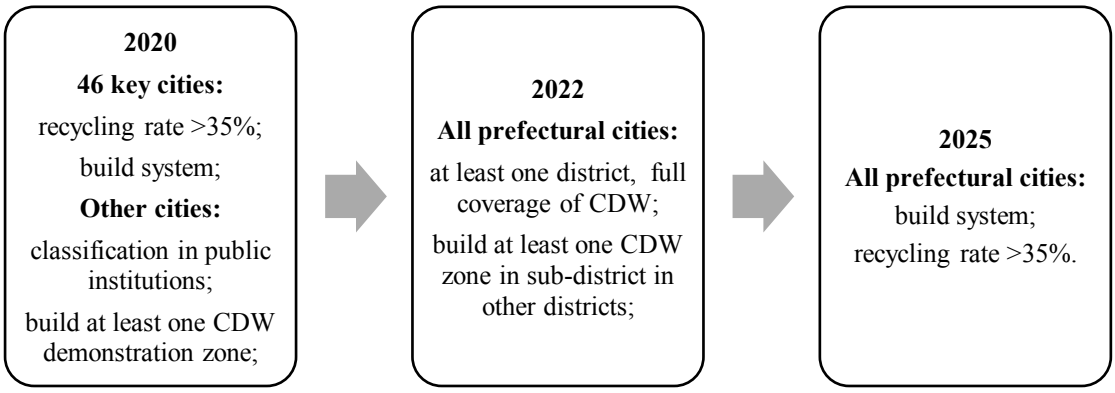

Figure 5.5 Policy Goals Set by the Three Documents on Classification of Domestic Waste

[28] 住房和城乡建设部等部门关于在全国地级及以上城市全面开展生活垃圾分类工作的通知, 建城〔2019〕56 号.
[29] 住房和城乡建设部等部门印发《关于进一步推进生活垃圾分类工作的若干意见》的通知, 建城〔2020〕93 号.

In addition, these two documents addressed the responsibilities specified in Document No.26 and provided detailed measures for provinces and prefectural cities. Document No.56 stated:

"Relevant departments such as housing and urban-rural development, development and reform, and environmental protection at the provincial level…must promote domestic waste classification in the region in a coordinated manner under the leadership of the Party Committee and government at the same level. They should guide prefectural cities and above to assume the responsibility of domestic waste classification. Provincial Housing and Urban-Rural Develop Departments must regularly summarize and analyze the progress of waste classification in the prefectural cities under their jurisdiction and promptly solve problems that arise in promoting this work. On January 15 and July 15 of each year, they should submit a semi-annual work report to the MOHURD…These departments must establish and improve the incentives, rewards, and punishments for domestic waste classification and include domestic waste classification in relevant evaluations. The MOHURD should summarize the progress of urban domestic waste classification in provinces (autonomous regions and municipalities) and report regularly to the Party Central Committee and the State Council…

Relevant departments at the prefectural level and above, such as housing and urban-rural development, development and reform, and environmental protection, must actively seek the support of Party Committees and governments at the same level, and establish a domestic waste classification leadership system and a working mechanism of unified leadership of the Party Committee, joint management of the Party and government, and active participation of the whole society. A four-level domestic waste classification work linkage system consisting of city, district, street, and community, which mainly focuses on "Kuai" and combines with "Tiao" to accelerate the formation of a unified, complete, adaptable, collaborative and efficient whole-process domestic waste classification operating system. It is necessary to do a good job in making and reviewing regulations and laws on the classification of domestic waste... They should

also work to gradually improve the accuracy of domestic waste classification…"

Similarly, Document No.93 stated:

"Provinces should generally be responsible for the classification of domestic waste, while cities should take the main responsibility, with the primary responsible comrade as the principal responsible person. Provincial governments should establish clear daily management institutions for domestic waste classification based on local conditions... and establish and improve the four-level linkage mechanism of city, district, street, and community party organizations, clarify the list of responsibilities of relevant departments and units of the people's government of each city…"

These two excerpts clarified what and how provinces and cities should do to promote domestic waste classification. Based on the analysis of the central documents on CDW, it is evident that local governments were required to fulfill the classification tasks assigned by the central government and achieve the recycling rate targets set by the central authorities. Additionally, the central regulations clearly outlined the responsibilities of provincial and prefectural governments. In summary, local governments were not granted the power to decide what to do and how to implement the CDW, leaving little room for initiative in this policy area.

The following analysis examines whether local governments can implement the CDW free from the oversight of central government. Figure 5.6 extracts and summarizes the contents of three policy documents that outlined the responsibilities of the central authorities. According to the Document No.56 in 2019, provincial Housing and Urban-Rural Development (HURD) departments should collect and analyze each prefectural city's progress on CDW within their jurisdiction and submit a semi-annual report to the MOHURD. The MOHURD should then submit these provincial reports to the Party Central Committee and the State Council. The provincial HURD should also seek the support of the provincial Party Committee and government to include CDW in performance evaluations and establish corresponding reward and punishment mechanisms. As stated in the 2017 document, the primary implementer of domestic waste classification was the HURD at the prefectural level (except for the four municipalities directly under the central government: Beijing, Tianjin, Shanghai and

Chongqing), while provincial HURDs played more of a guidance role. In the subsequent two documents, a top-down working mechanism was required to be formed within the vertical line of the HURD. These regulations clearly showed that the MOHURD intended to have a comprehensive understanding of the implementation situation of CDW, but the implementation behavior of prefectural governments was not strictly supervised by higher level. The regulations did not mandate any inspections of local implementation by the central government or the MOHURD. In sum, local governments possessed a degree of immunity. They were responsible for implementing the CDW and meeting the targets set by the central authority, but once these tasks claim to have been fulfilled, the central authorities rarely inspected the practical implementation situation. Therefore, the case of CDW corresponded to the type of "tethered autonomy" according to the theoretical framework.

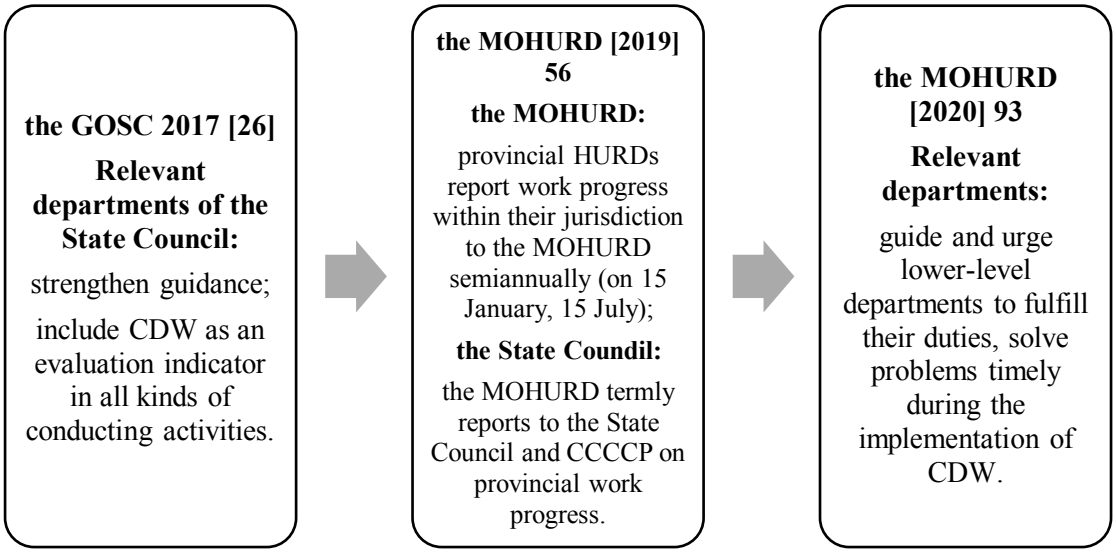

Figure 5.6 Contents within Central Documents Stipulating Responsibilities of the Central Authorities

Steering capacity and governability in CDW

This section further delves into the local implementation of the CDW, with a particular emphasis on steering capacity and governability. It explores how the central

state steered local governments and how these local governments reacted when granted tethered autonomy, characterized by no initiative and much immunity. The MOHURD set both instructive (making laws and regulations) and mandatory (recycling rate) targets for local governments, underscoring their lack of initiative. Additionally, it conducted performance assessment to evaluate city performance. Two evaluation documents were issued in 2018[30] (hereafter Document No.304) and 2021[31]. The Detailed Rules for Evaluating Municipalities' Domestic Waste Classification Work (as an appendix of Document No.304) outlined ten aspects[32], which were further divided into 39 items. By 2021, the MOHURD introduced new assessment methods for CDW for provincial and city governments. These aspects were refined to include mechanism establishment, promoting the reduction of source of garbage, classification-based placement, classification-based collection and transportation, classification-based treatment, mobilization and education, community governance, habit formation, guarantee measures, and reward & penalty items. The updated evaluation rule placed increased emphasis on classification behavior. The MOHURD assessed the performance of cities based on these detailed rules, providing feedback through the vertical line. Some local reports validated this working mechanism[33], illustrating that the central government's primary strategy for steering CDW under "tethered autonomy" involved setting clear and detailed policy targets and conducting performance evaluations.

In response to evaluation pressures, local departments primarily aimed to meet

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[30] Notice of the General Office of the MOHURD on Issuing Interim Measures for the Assessment of Classification of Municipal Domestic Waste, Letter of the General Office of the MOHURD〔2018〕304. 住建部办公厅关于印发城市生活垃圾分类考核暂行办法的通知, 建办城函〔2018〕304 号.

[31] Notice of the MOHURD on Issuing the Assessment Methods for Provincial Coordination and Promotion of Domestic Waste Classification Work and the Assessment Methods for Municipal Domestic Waste Classification Work, the MOHURD〔2021〕58. 住建部关于印发省级统筹推进生活垃圾分类工作评估办法和城市生活垃圾分类工作评估办法的通知, 建城〔2021〕58.

[32] Establishing mechanism, establishing demonstration zone, facilities, classification, organization and mobilization, education, public institution, propaganda, reporting information, bonus and deduction items

[33] See http://www.sz.gov.cn/cn/xxgk/zfxxgj/bmdt/content/post_1480872.html, "The MOHURD announced the ranking of 46 key cities for domestic waste classification in the second quarter of the year, with Shenzhen ranking second," 住建部通报第二季度全国 46 个垃圾分类重点城市排名 深圳位居第二; http://news.ijjnews.com/system/2022/06/19/030099234.shtml, "Fujian leads in domestic waste classification across the country," 福建生活垃圾分类工作全国领先.

these evaluation standard. My experience as a member of a research team studying the CDW implementation from 2017 to 2021[34] provided valuable insights into how city level departments promote classification in diverse ways. In general, cities first developed their implementation plans and then enacted local regulations. They selected pilots to experiment with domestic waste classification and gradually expanded the scope. Many cities also added, upgraded, or built new waste disposal facilities. This process revealed that cities adopt practical measures according to their own resources and preferences. For instance, Panjin and Shenyang utilized market-based approaches to urban environmental sanitation, whereas Changchun did not (2018042703). Cities like Beijing, Shanghai, and Changchun, relied heavily on neighborhood committees and community mobilization to monitor residents' waste classification behavior, while Chengdu outsourced classification services to the market (2017102802). Xiamen went further by separately procuring classification propaganda and education services. According to the director of Changchun's City Appearance and Environmental Sanitation Bureau, financial resources significantly limited local government's feasible choices: "Before specifying the policy measures, the first thing to consider is how much money we have…This year, the city government allocates 90 million yuan for CDW, which is not comparable to cities with 2 billion investment, but it is enough for solid basic work." (2018042703) The director also noted the MOHURD's evaluation pressure: "the MOHURD asks us to make our own evaluation method before March, and we have just finished it." This introduction provided insight into local governments' responses to evaluations and shed light on central–local interactions under tethered autonomy. Local governments strived to comply with the MOHURD's evaluation rules, producing tangible results in response to these evaluation items. For instance, the Detailed Rules required city governments to establish systems and mechanisms (14 points); accordingly, city governments issued local regulations, implementation plans, and work plans. The Rules assigned 15 points to facility construction, promoting local

[34] I conducted fieldwork in Changchun, Panjin and Chengdu. The other team members have done fieldwork in Beijing, Shanghai, Suzhou, Nantong.

governments to purchase new classification facilities and build food and hazardous waste disposal facilities. Notably, classification accuracy, core of the CDW, constituted only 9% of the total score. City governments generally designated specific urban communities to guide and monitor residents' waste classification behavior, sometimes collaborating with non-governmental organizations (NGOs) or businesses to raise awareness and influence behavior.

While local governments tried to meet assessment requirements and show compliance, this did not necessarily result in an effective implementation of the CDW. Data manipulation and image projects were common. For example, in most communities, despite purchasing classified bins and constructing clean and attractive small recycling bins, residents' classification behavior was not consistently improved. Classified bins were often filled with mixed waste transported in a mixed manner. Additionally, some recycling bins were often locked. These phenomena illustrate the dual nature of the behavior of local states: they complied with the central mandates by meeting targets but often resort to "muddling through" (Zhou et al., 2013). Furthermore, this coping strategy was normal and safe for local states because the central government rarely intervened in local implementation. That director implied that "as if the CDW is only the responsibility of our department…Governments should have attached more importance to it…Compared to environmental protection, poor performance in environmental protection can lead to summoning and accountability. This is more powerful." This suggests that without strict central inspection, local governments did not prioritize the CDW adequately. Limited attention and resources mean local governments prioritized meeting the MOHURD's assessment criteria over shaping public behavior, the latter being the most challenging and often thankless task. The Institute of Public and Environmental Affairs, an NGO which commits to collecting and analyzing environmental information disclosed by the governments and enterprises, developed a Garbage Sorting Index (GSI) to evaluate the situation of domestic waste

classification of cities. It published three reports from 2021 to 2023[35] based on the indicator systems developed by itself. Report in 2021 compared the GSI in 22 cities while more than 100 cities were involved in 2022 and 2023. The results show that only a few cities maintained a high level of waste classification, with Suzhou and Shanghai scoring well ahead and their standardized waste classification and disposal systems functioning well[36]. Most of the other cities performed badly even with the central government's efforts to promote waste classification.

This section uses the "Classification of Domestic Waste" as a typical case to illustrate "tethered autonomy", examining its adequacy through "initiative" and "immunity". By analyzing policy documents and drawing on fieldwork insights, it describes and analyzes central strategies and local actions. Fieldwork and interviews provide evidence that central steering strategies have made local governments produce tangible results per evaluation standards. However, the essential part of CDW — classification — has been somewhat marginalized. Local governments, granted tethered autonomy, strived to produce tangible results (Ahlers & Schubert, 2015) in order to meet central policy goals. However, data falsification (Gao, 2021), image projects (Cai, 2004) also occurred during this process to cope with central evaluations. Local governments, largely functioned free from the central oversight, enjoyed a degree of discretion. They were evaluated by the central authorities (the MOHURD), but they were able to adapt policy guidelines to local conditions according to their own preferences and produced tangible results. However, implementation has been far from effective (Ahlers & Schubert, 2015), as public mobilization has not been sufficient and consistent. Only a few communities, built as "potted landscapes", have truly instructed residents on classifying domestic waste.

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[35] GSI Evaluation Report 2021, see https://www.ipe.org.cn/reports/report_21391.html#; GSI Evaluation Report 2022, see https://www.ipe.org.cn/reports/report_21885.html; GSI Evaluation Report 2023, see https://www.ipe.org.cn/reports/report_22199.html.

[36] Suzhou scored 86.2 in 2021, 96.05 in 2022, 88.09 in 2023; Shanghai scored 66.2 in 2022, 70.45 in 2023. All of the remaining cities could not reach 60 points consistently. For the specific GSI results of all involved cities, referring to the three reports listed in the last footnote.

5.2.2 No Autonomy: COVID-19 Pandemic Control

China's response to the COVID-19 pandemic, spanning three years, officially commenced with the National Health Commission's No.1 Announcement in 2020[37] and concluded with the Plan for the Category B Management of COVID-19 as a Category B Infectious Disease[38]. Confronted with an unprecedented public health crisis and its profound domestic and international implications, China's central government plunged into the fight against the pandemic, despite a delayed response in the initial weeks. This case is an ideal illustration of a policy field with "no autonomy", fitting the conditions of "no immunity" and "no initiative". The following analysis illustrates this point and explains the policy process.

Initiative

When the CCCCP issued the first central document on COVID-19 prevention and control, this task was immediately elevated to a significant political level and closely tied to loyalty to the party[39]. This very first notice included a slogan for combating the pandemic: "The pandemic is an order, and prevention and control is our responsibility." (疫情就是命令，防控就是责任). This slogan, disseminated nationwide, emphasized that "the most important political task at present is to fight and win the battle against the pandemic." It further stated that "the performance of leading cadres in this battle should be related to their political quality, goal consciousness, holistic perspective, control ability, and spirit of responsibility…Cadres who fail to take responsibility, implement measures, falsify data, or exhibit superficial conduct and dereliction of duty would be held seriously accountable." This directive from the CCCCP set the tone for pandemic prevention and control as an uncompromising political task, with severe punishments for incompetent cadres.

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[37] Announcement of the National Health Commission of the People's Republic of China, No.1, 2020. 中华人民共和国国家卫生健康委员会公告, 2020 年 1 号.

[38] Notice on Issuing the Overall Plan for "the Category B Management of Covid-19 as a Category B Infectious Disease", the State Council Joint Mechanism for Preventing and Controlling Covid-19 Prevention〔2022〕144. 关于印发对新型冠状病毒感染实施"乙类乙管"总体方案的通知, 联防联控机制综发〔2022〕144 号.

[39] The Central Committee of the Chinese Communist Party issued the "Notice on Strengthening the Party's Leadership and Providing Strong Political Guarantees for Winning the Battle of Pandemic Prevention and Control". 中共中央印发《关于加强党的领导、为打赢疫情防控阻击战提供坚强政治保证的通知》.

At the central level, the State Council Joint Mechanism for Preventing and Controlling COVID-19 Prevention (hereafter Joint Mechanism) was established on January 20. This mechanism, comprising all relevant central ministries, was responsible for implementing COVID-19 prevention and control measures deployed by the central leadership. During the first wave of the domestic pandemic, mainly in Wuhan and Hubei Province, this mechanism issued nearly one hundred documents, repeatedly stressed that "pandemic control is the most important task" and that "local governments at all levels should firmly undertake responsibility"[40]. Local governments were required to "effectively reduce the burden on the grassroots and make every effort to prevent and control the pandemic"[41]. This is the first aspect of initiative in COVID-19 pandemic control, local governments through the hierarchy had no choice but to concentrate all resources on this task.

Due to the nature of infectious diseases, local governments were unable to independently determine policy goals and measures. The high visibility of infectious disease cases made it difficult for local governments to conceal information. Therefore, when the central government set the overall goal of "timely detection and reporting of cases," local governments had to report cases daily. Another factor that significantly limits local initiative was the unified plan for pandemic prevention and control. Unlike other policies, pandemic control required a unified implementation plan to ensure the consistency of nationwide effort. The Joint Mechanism was responsible for developing all technical measures and professional plans for local governments. Since the outbreak of COVID-19, it had issued ten versions of the "Prevention and Control Plan", ten versions of the "Diagnosis and Treatment Plan", four versions of the "Diagnosis and Treatment Plan for Severe Cases", the "Implementation Measures for Nucleic Acid Testing", and two versions of the "Technical Guidelines for the Prevention and Control

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[40] The Joint Prevention and Control Mechanism of the State Council issued the "Notice on Further Strengthening the Implementation of Responsibilities and Doing a Good Job in Prevention and Control". 国务院联防联控机制印发《关于进一步强化责任落实 做好防治工作的通知》.

[41] Notice on Effectively Reducing the Burden on the Grassroots and Making Every Effort to Prevent and Control the Pneumonia Pandemic Caused by the New Coronavirus Infection, the Joint Mechanism〔2020〕21. 关于切实为基层减负全力做好新型冠状病毒感染的肺炎疫情防控工作的通知, 肺炎机制发〔2020〕21 号.

of Novel Coronavirus Infection in Medical Institutions". Of particular importance was the "Prevention and Control Plan", which detailed measures to be taken in all aspects[42]. This plan provided specific instructions on detecting and reporting cases and asymptomatic patients, controlling inflection sources, tracing contacts, delimiting the scope and frequency of testing, and transferring patients. It also outlined the responsibilities of lower-level governments, such as counties, districts, sub-districts, towns (townships), and villages. For example, in terms of case reporting, the second edition of the COVID-19 Prevention and Control Plan (新型冠状病毒感染的肺炎防控方案第二版) clearly stated:

"Medical institutions with direct online reporting capability should immediately report suspected or confirmed cases of pneumonia caused by COVID-19 infection. If direct online reporting is not possible, they should report to the county-level disease control agency and submit an infectious disease report within two hours. The county-level disease control agency should report online immediately after receiving the report..."

It also specified the procedures for conducting epidemiological investigations:

"After county (district)-level disease control agencies receive reports of suspected or confirmed cases of pneumonia caused by COVID-19 infection from medical institutions or personnel within their jurisdiction, they should follow the 'Epidemiological Investigation Plan for Pneumonia Infected by New Coronavirus Infection (Second Edition)' (新型冠状病毒感染的肺炎病例流行病学调查方案第二版) for investigation".

Like these, all plans and technical measures devised by the Joint Mechanism were very detailed, clearly defining the responsibilities of local governments. Therefore, local governments were not granted the power to decide how to implement COVID-19 pandemic control measures. Pandemic control was the top priority for both local and

[42] Please see the eighth version here as an example. Notice on Issuing the Covid-19 Prevention and Control Plan (Eighth Edition), the Joint Mechanism〔2021〕51. 关于印发新型冠状病毒肺炎防控方案（第八版）的通知, 联防联控机制综发〔2021〕51 号.

central governments, with the central government setting all measures and standards that local governments had to follow without deviation. The ultimate goal was to achieve "zero" cases, leaving local governments with no initiative in this matter.

Immunity

As explained above, the immunity dimension pertains to whether local governments are granted the power to function free from oversight from higher authorities. In the case of pandemic control, they clearly were not. The response of the Wuhan municipal government and the Hubei provincial government during the early stages of the pandemic was questioned for its ineffectiveness (Gao & Yu, 2020; Gu & Li, 2020). This ineffectiveness was especially evident in the treatment of whistleblowers, such as doctor Li Wenliang, who was summoned and admonished due to sending the message of suspected unidentified pneumonia in a Wechat group[43]. On January 28, the central government intervened with a firm announcement to mobilize the entire party. Following this announcement, the Central Commission for Discipline Inspection (CCDI) and the NSC immediately issued a notice reaffirming their commitment to strictly enforcing the law and discipline in the fight against the pandemic[44]. This notice outlined three types of problems: "First, investigations and disciplinary measures would be taken against those who exhibit perfunctory, falsification, and feigned obedience in implementing the decisions and instructions from the Party Central Committee and General Secretary Xi Jinping; Second, issues of formalism and bureaucratism, such as shirking responsibility, failure to perform duties, irresponsible behavior, buck-passing, and negative coping would be seriously investigated and rectified; Third, violations of discipline and law, such as dereliction of duty and embezzlement of funds and materials for pandemic prevention and control would be resolutely investigated and dealt with according to discipline and the law."

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[43] Li Wenliang was infected and later unfortunately died from this virus.

[44] The Central Commission for Discipline Inspection and the National Supervisory Commission Issued a Notice on the Implementation of the Party Central Committee's Deployment Requirements and the Supervision of the Prevention and Control of the New Coronavirus Infection Pneumonia Epidemic. 中央纪委国家监委对贯彻党中央部署要求、做好新型冠状病毒感染肺炎疫情防控监督工作发出通知.

The Notice issued on January 28 also vowed to sternly hold cadres accountable for any misconduct in pandemic control. Through these political slogans, the central state sent clear signals to local cadres that any failure in pandemic control could have serious consequences for their political careers. This institutional assignment deprived local governments of the power to prevent and control the pandemic free from higher-level supervision. On the contrary, the pandemic control measures implemented by local governments were closely scrutinized by higher authorities. This unprecedented level of accountability translated into heavy pressure throughout the hierarchy. Therefore, local governments had no immunity in this policy area. As explained earlier, local governments also had no initiative, and therefore no autonomy was granted in pandemic control.

Steering capacity and governability in COVID-19 pandemic control

COVID-19 pandemic control in China provides a clear example of how steering capacity and governability manifest in a policy field granted "no autonomy". According to the theoretical framework, local governments had no discretion in implementing policies that were granted no autonomy and were not able to adapt central policies to local conditions abased on their preferences.

When pandemic control became a top priority for the central state, the Leading Small Group for COVID-19 Prevention and Control was established on January 25. A steering group was dispatched to areas with severe outbreaks, such as Hubei province[45]. Premier Li Keqiang headed the Leading Small Group, which reported directly to the Standing Committee of the Political Bureau of the Central Committee and to Xi Jinping. Along with the Joint Mechanism, a decision-making and implementation chain was formed at the central level (He et al., 2020). As the pandemic spread throughout the country, provinces initiated a first-level response mechanism for major public health

[45] https://www.gov.cn/xinwen/2020-01/25/content_5472186.htm, "Xi Jinping presided over a meeting of the Standing Committee of the Political Bureau of the CCCCP to discuss pandemic prevention and control work. The CCCCP established a leading small group for COVID-19 prevention and control," 习近平主持中央政治局常委会会议 研究疫情防控工作 党中央成立疫情工作领导小组.

emergencies successively[46]. Leading small groups (headquarters) were established at each level, duplicating the central structure. For example, Liaoning province established the COVID-19 Prevention and Control Headquarters and ordered prefectural cities, counties (districts), and town(ship)s (sub-districts) to immediately establish their own headquarters[47]. Similar to the central order, it also emphasized that responsibilities should be fulfilled layer by layer. In short, a top-down command chain was established from the central state down to the grassroots to effectively implement directives from above and supervise actions below.

During the period of Wuhan's lockdown, resource mobilization played a crucial role (Zhong et al., 2022). The People's Liberation Army dispatched more than 4,000 health workers to Wuhan[48] and nineteen provinces later joined the "one-to-one paired assistance program", sending 32,000 health workers and various pandemic prevention supplies to Hubei province[49]. Even in the subsequent Continuous Prevention and Control phase (常态化防控, since April 29, 2020) and "Zero–COVID Policy" (清零政策, first appeared on the State Council's website on November 13, 2021), mobilization remained a strategy to deal with the pandemic. Except for mobilizing resources, various social organizations were also mobilized and developed various forms of partnership with local governments (Chen, 2022; Cheng et al., 2020), supplementing and supporting the government's work. In short, the Chinese state effectively mobilized resources to fight the pandemic (He et al., 2020).

Although it was unclear whether pandemic control had been incorporated into the cadre evaluation system, practical actions indirectly suggested that it might have been. From January 21 to March 7, 2020, according to the statistics of the Journal of China

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[46] https://china.caixin.com/2020-01-29/101509411.html, "All 31 provinces in mainland China have activated the first-level response to public health emergencies," 中国内地 31 省份全部启动突发公共卫生事件一级响应.

[47] http://m.xinhuanet.com/ln/2020-01/27/c_1125504944.htm, "Liaoning Provincial Novel Coronavirus Pneumonia Pandemic Prevention and Control Command Order No.1", 辽宁新型冠状病毒感染的肺炎疫情防控指挥部令第 1 号.

[48] https://www.gov.cn/xinwen/2020-03/03/content_5486144.htm, "More than 4,000 military medical personnel rushed to Wuhan for rescue", 军队四千多名医护人员驰援武汉.

[49] https://www.gov.cn/xinwen/2020-02/18/content_5480227.htm, "A record of 19 provinces supporting Hubei", 19 省份对口支援湖北.

Discipline Inspection and Supervision[50], 899 cases were reported on the websites of the CCDI, NSC, CDI, and SC (Supervisory Commission) of provinces, autonomous regions, and municipalities directly under the central government. A total of 839 individuals were investigated and held accountable for poor performance in pandemic prevention and control, including 359 leading cadres[51]. In Hubei province alone, more than three thousand party members and cadres were punished for dereliction of duty in pandemic control by mid-April[52]. To effectively prevent and control the pandemic, the Chinese state adopted a hard steering mode to enforce local compliance, especially by punishing incompetent cadres, as expressed in central documents.

Under the central state's determined steering efforts, local governments were under great pressure and expected to faithfully follow orders from upper levels. The Prevention and Control Plan documented most of the measures at the central level that local governments were expected to follow in practice. For example, authorities detected and reported new cases in the affected provinces daily, traced contacts by posting information on social media, and educated the public through various channels. They categorized the risk of the pandemic as high, medium or low, regions with higher levels of infection levels built or prepared mobile cabin hospitals to quarantine asymptomatic infections and close contacts. Beginning in the fall of 2020, individuals entering mainland China were subject to separate quarantine measures. In 2021, vaccination efforts were prioritized among the working population to stabilize production, and frequent large-scale regional Nucleic Acid tests were conducted to combat the pandemic caused by the more contagious Omicron variant. Based on these observed local efforts, it is safe to say that local governments were doing their best to comply with the ever-changing central directives for pandemic prevention and control. Prior to the emergence of the Omicron variant, China's centralized national response to

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[50] An official journal being in charge of the CCDI and NSC.

[51] https://zgjjjc.ccdi.gov.cn/bqml/bqxx/202003/t20200314_213496.html, "Analysis of some cases of reporting violations of regulations and disciplines in pandemic prevention and control", 对疫情防控中部分违规违纪通报案例的分析.

[52] https://zgjjjc.ccdi.gov.cn/bqml/bqxx/202004/t20200428_216366.html, "Implement standardized and precise accountability in pandemic prevention and control", 疫情防控中实施规范问责精准问责.

COVID-19 was considered successful, particularly compared to some western countries (Wagner & Rogers, 2020; Capano et al., 2020). According to the World Health Organization statistics, China outperformed developed countries in Europe and the USA, as well as its Asian neighbors, both in terms of reported confirmed cases and deaths per million people. (The statistical criteria issue is not considered here.) As the following Figure shows, the confirmed total deaths per million in China were 85.525, much lower than those of other regions; the confirmed total cases per million in China were about 70 thousand, much lower than those in developed countries in Europe and the USA, as well as Japan, South Korea and the World average, slightly higher than those of Asian countries excluding China[53].

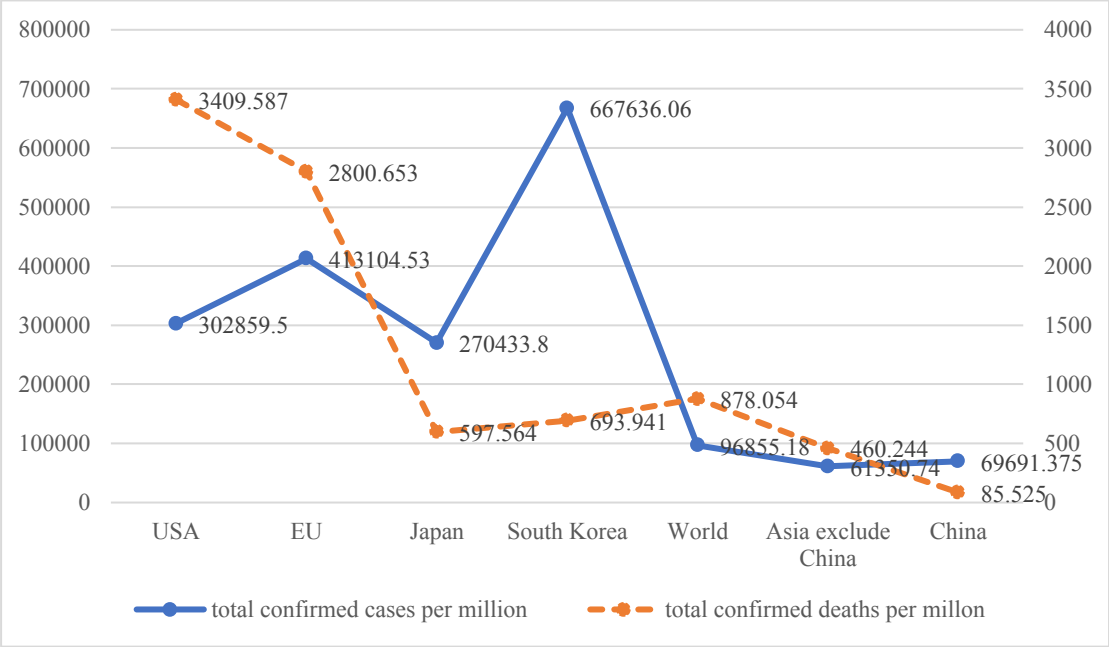

Figure 5.7 Total Confirmed Cases and Deaths per Million by Region (by the end of 2023)

However, as the Omicron variant became dominant, in response to the central

[53] This data used by Figure 5.7 is derived from the website of "https://ourworldindata.org/grapher/total-covid-cases-deaths-per-million?time=earliest..latest", whose data source comes from the World Health Organization. On this website, you can find more data on the total confirmed cases and deaths per million by region in the form of Table, Map and Chart.

state's growing steering capacity embodied in the "Zero–COVID Policy", along with the overriding concern of convening twentieth CCPPC, local governments' amenability to higher levels was distorted into excessive anti-COVID measures (Zhai, 2023), including harsh community lockdowns. Difficulties in obtaining medical service and the disastrous ramifications were not uncommon. These excessive measures tormented the public so much that, in response to public grievance, the Joint Mechanism introduced "Nine Prohibitions on Preventing Excessive Anti COVID-19 Measures" (新冠肺炎疫情防控"九不准") on June 5, 2022. Since then, media reports had exposed violations of the new order in localities[54]. However, the central state's reports addressed only the symptoms of the problem without tackling the root cause, serving as a gesture to appease public discontent. The issue was not fully resolved until the "Zero–COVID Policy" was lifted in December, signaling the end of the central state's hard steering mode of control measures[55].

This section explains why local governments in China have no autonomy in COVID-19 pandemic prevention and control. It also briefly documents how the central state steered the policy process and how local states reacted. China's response to COVID-19 can be roughly divided into three phases spanning nearly three years. The first phase was a chaotic local response, particularly in Wuhan and Hubei province (Mei, 2020), followed by a centralized and top-down crisis management mode after the intervention of the central government. As the first wave dissipated, COVID-19 control was gradually normalized but remained stringent. During the rapid spread of the Omicron variant, local governments faced unprecedented political pressure to adhere to the (dynamic) "Zero–COVID" policy, marking a new phase when local governments became more and more fanatical and exhausted by these measures. The policy measures

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[54] See https://www.gov.cn/xinwen/2022-07/13/content_5700806.htm, "Implementing the 'Nine Prohibitions' to make pandemic prevention measures more accurate", 落实"九不准"让防疫措施更精准; https://www.gov.cn/fuwu/2022-09/08/content_5709008.htm, "Rectify the 'successive layering' and continuously improve the scientific and previse level of pandemic prevention and control", 中秋国庆前后疫情防控要求发布、多地违反"九不准"被通报.

[55] Notice on Issuing the Overall Plan for "the Category B Management of Covid-19 as a Category B Infectious Disease", the State Council Joint Mechanism for Preventing and Controlling Covid-19 Prevention〔2022〕144. 关于印发对新型冠状病毒感染实施"乙类乙管"总体方案的通知, 联防联控机制综发〔2022〕144号.

were updated or replaced in each phase, resulting in varying levels of policy effectiveness.

After analyzing these policy documents and second-hand news reports, it is found that when the policy field was left with no autonomy, the overall policy process was steered in a top-down manner. Local governments were required to adhere to the central state's detailed measures and were closely monitored by higher levels. While complete local compliance was ostensibly ensured, there was no room for policy adaptation. According to an empirical study by Chen et al. (2022), there was a negative correlation between policy stringency and infectious cases and death rates. This effect was more pronounced in countries with higher levels of political trust and lower levels of democracy. Mei (2020) considered China, with its authoritarian political system and relatively high levels of public trust in government, had been very successful due to the stringent policy measures taken after the early chaos. This was demonstrated by tangible outcomes such as the lower number of infectious cases and death rates in China, despite being the first country hit by the pandemic. Better performance indicated that central policies were well implemented on the ground and the public was effectively mobilized to support state efforts. This was evident in the support provided by doctors, nurses, community workers and volunteers. According to Christensen and Ma (2021), administrative learning and adaptation improved both governance capacity and legitimacy in managing COVID-19 compared to the management of SARS. Control of the COVID-19 pandemic was effective in the second phase.

However, since local governments were not able to adapt central policies to local conditions, when external conditions changed and the central state failed or refused to adapt, problematic central policies could not be adjusted locally. Local governments came under pressure that prevented them from deviating from central directives. This was the situation China faced after the spread of the highly contagious Omicron variant. Measures that had been effective in the previous two years became too costly for society and the economy. Due to the rapid transmission of the Omicron variant, conventional measures such as community lockdowns and mass testing were escalated to draconian levels. The trade-off for preventing and controlling the pandemic was significant,

compromising the effectiveness of policy implementation. Local governments' adherence to the "Zero–COVID" policy responded only to central directives without adapting to local conditions. A major indication was the financial gap between the decline in fiscal revenues and newly-added expenditures for pandemic control[56]. Worse still, the "Zero–COVID" strategy evoked increasing public discontent due to the secondary disasters it created. Patients in need of medical services pleaded for treatment in hospitals, twenty-seven people died in a traffic accident two o'clock in the morning on a bus transporting close contacts to quarantine sites hundreds of kilometers away from Guiyang city[57], and ten people died in a fire in Urumqi, with public questioning about whether the lockdown delayed rescue efforts[58]…In December 2022, student protests erupted in many universities, drawing the attention of President Xi[59] and promoting the downfall of the "Zero–COVID" policy. These incidents indicated that public support for the policy was gradually waning (Zhai, 2023). The "Zero–COVID" strategy was no longer effective, given its enormous cost to socioeconomic development and people's livelihoods (Holbig, 2022).

In sum, when local governments are not granted autonomy in a policy field, they must exert considerable effort to demonstrate their compliance. However, under close oversight from higher authorities and intense pressure to meet central government policy targets, classic implementation issues such as "downward acceleration of implementation pressures level by level" (hereafter "*jiama*", 层层加码. Zhou & Lian, 2020; Deng et al., 2018), "cutting with a single knife" (一刀切. Perry, 2011) often arise. Some cadres even resort to "proactively raising targets" (主动加码) to avoid being

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[56] https://www.bbc.com/zhongwen/simp/chinese-news-64635752, "China's 'pandemic control accounts' highlight the contradiction between local fiscal revenue and expenditure. Guangdong province spent 71.1 billion yuan", 中国多省"防疫账本"凸显地方财政收支矛盾 广东花了 711 亿元.

[57] https://www.bbc.com/zhongwen/simp/chinese-news-62952097, "China's pandemic control: bus crash in Guizhou, 'nucleic acid boom' and 'Zero–COVID policy' ignite public anger", 中国疫情：贵州隔离大巴惨烈车祸、"核酸盛世"与"清零国策"点燃公众怒火.

[58] https://www.bbc.com/zhongwen/simp/chinese-news-63755840, "A high-rise fire in Urumqi, Xinjiang killed ten people, and netizens questioned the pandemic prevention measures", 新疆乌鲁木齐高楼火灾导致十人死亡 网民质疑防疫措施.

[59] https://www.bbc.com/zhongwen/simp/chinese-news-63845406, "Many places in China have lowered nucleic acid testing requirements. EU officials visiting China said Xi Jinping admitted that the virus's lethality has weakened", 中国多地降低核算查严要求 欧盟访华官员称习近平承认病毒致命性减弱.

blamed by higher authorities (Ling, 2020). The effectiveness of policy implementation ultimately hinges on the alignment between central directives and the objective policy environment.

5.2.3 From Complete Autonomy to Incomplete Autonomy: Business Environment Evaluation

According to H1, the autonomy of local governments has been significantly restricted during the TLD era, primarily due to the decline in both initiative and immunity. Consequently, identifying a policy field that retains substantial autonomy has become challenging. Nevertheless, in the central state's arduous efforts to enhance the business environment, one major strategy — Business Environment Evaluation (BEE) — has exhibited unique characteristics regarding local autonomy. This section offers a preliminary analysis of why BEE serves as an exceptional case that straddles the boundaries of complete autonomy and incomplete autonomy[60].

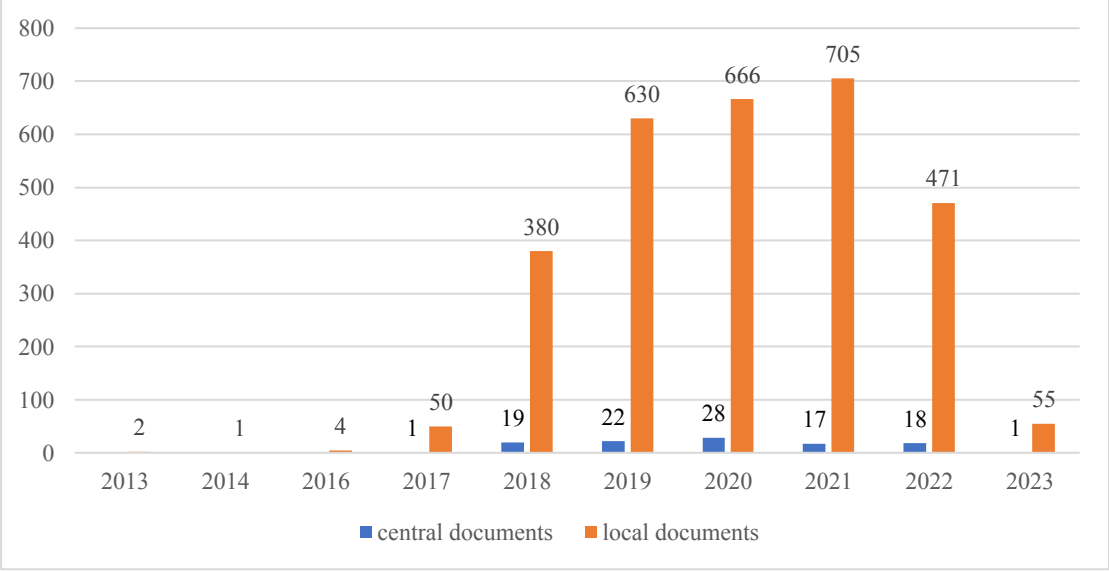
To assess initiative and immunity, I examined the regulation of BEE within the policy agenda by searching for the keyword "Business Environment Evaluation" (营商环境评价/评估) in central and local policy documents[61] (Figure 5.8). The first central document mentioning BEE was an Audit Result from the National Audit Office[62]. Its attached document reported that in 2016, Jiangsu province conducted an Evaluation for Streamlining Administration and Delegating Power, Innovation and Entrepreneurship Environment (SADPIEEE) in 13 municipalities and 96 counties (including county-level cities and districts). This instance represented the earliest recorded local experience of BEE, modeled after the World Bank's Doing Business practice.

The first central document mentioning national BEE (NBEE) dated back to 2018, following its inclusion in the central agenda at the Executive Meeting of the State Council (SCEM) on January 3, 2018, where Premier Li Keqiang advocated for the

[60] BEE is the main research target of this research, it has longer history in the world and comes to Chinese policy agenda in 2018. This part primarily explains why BEE is a policy field with "(in)complete autonomy", more detailed description of the policy process at central and local levels will be provided in the following section.
[61] Using the https://www.pkulaw.com/ database and official websites of governments and departments.
[62] 2017 年度第三季度国家重大政策措施贯彻落实情况跟踪审计结果.

establishment of a BEE system inspired by international experience and aimed at nationwide implementation[63]. In accordance with this directive, the NDRC conducted two trial BEEs in 2018 and the first formal NBEE in 2019. These records indicated that local governments had engaged with BEE earlier than the central government. Prior to 2017, the concept of BEE appeared sporadically in local documents. However, 2017 marked the first wave of growth in BEE activities. The evaluation in Jiangsu province illustrated that some local governments had initiated BEE practices before the formal introduction of the NBEE.

With the rollout of the NBEE, an increasing number of local governments began conducting BEEs within their jurisdictions. Notably, there was no formal central document dictating how local governments should conduct BEE until the GOSC issued Document No.59[64], which proposed several requirements for local BEEs. I argue that before the issuance of this document, BEE was granted "complete autonomy", whereas, following its internal promulgation, BEE was characterized by "incomplete autonomy".



[63] https://www.gov.cn/premier/2018-01/03/content_5252932.htm, "Li Keqiang presided over the State Council executive meeting to deploy further optimization of the business environment, etc.", 李克强主持召开国务院常务会议，部署进一步优化营商环境 持续激发市场活力和社会创造力.

[64] The Notice of the General Office of State Council Concerning Works on Regulating Business Environment Evaluation, Letter of the GOSC〔2021〕59. 国务院办公厅关于规范营商环境评价有关工作的通知, 国办函〔2021〕59 号.

Figure 5.8 The Number of Policy Documents Containing BEE by Year (-2023.3.5)

Complete autonomy

The BEE aimed to achieve two primary objectives: to furnish the market with pertinent information about the business environment in a given economy and to aid the government in optimizing the business environment through regulatory reforms. Initially, BEE was spearheaded by local governments in China before it was eventually adopted and championed by the central government. For a considerable period, the decision of whether and how to carry out local BEE was entirely at the discretion of local authorities. Before the issuance of the GOSC Document No.59, no central documents referencing BEE delineated the powers and responsibilities of local governments. For this reason, it can be asserted that during this period, local governments possessed complete autonomy in BEE.

In terms of the **initiative**, there were no regulations mandating local governments to conduct local BEE, even after the central government began promoting the NBEE in 2018. A comprehensive review of all relevant documents revealed that the recommendation to carry out BEE appeared solely in two documents related to the establishment of Pilot Free Trade Zones in Hainan[65]. Although this advice could signal to other local governments to conduct BEE, it was not mandated by any central government. Furthermore, subsequent central documents on enforcing the NBEE remained silent on this matter. In the absence of explicit objectives and defined responsibilities, local governments were free to decide whether to conduct and how to conduct local BEEs.

In terms of **immunity**, the lack of central regulation meant that local governments could conduct BEE without central oversight. The central state did not bother to intervene in local BEEs, thereby granting local governments immunity in this policy

[65] Notice of the State Council on Issuing the Overall Plan for the China (Hainan) Pilot Free Trade Zone, the SC〔2018〕34. 国务院关于印发中国（海南）自由贸易试验区总体方案的通知, 国发〔2018〕34 号.

field. Combining these two aspects, local governments were endowed with complete autonomy to determine whether and how to conduct BEE within their jurisdictions according to their preferences. By May 27, 2021, documents from various localities indicated that many provinces, cities, and even counties had conducted BEEs.

Incomplete autonomy

The enthusiasm for conducting BEE at the local level was further bolstered by the introduction of the NBEE since 2018. Numerous BEEs, both government-led and market-led, rapidly emerged. On the other hand, the proliferation of BEE made local governments more concerned about their rankings and reputation in BEE performance, as they would not be happy with lower positions. On the other hand, it significantly increased their administrative burdens, deviating from original intentions of the BEE to foster reform rather than increase burdens. During a press conference, a NDRC spokesman criticized this phenomenon and highlighted the need to regulate the burgeoning local BEEs in the near future[66].

On May 28, 2021, the GOSC issued Document No.59, aimed at regulating the rapidly expanding local BEEs. The document acknowledged that "in recent years, relevant agencies and localities have made many explorations in BEE, which played a positive role in continuously promoting the optimization of the business environment, but a few problems arose, such as duplicative evaluation and inappropriate behavior of the evaluation agency". To address these issues, the document proposed eight measures. The second measure specified the target and scope of the BEE, stating, "the NBEE conducted by the central department should scientifically select the cities to be evaluated and should be approved by the State Council. **Provincial governments** can decide whether to carry out BEEs for their subordinates, while **governments below the prefectural level** should no longer conduct BEEs". As such, provincial governments were granted the power to decide on measures regarding BEE, thereby giving them the

[66] https://www.ndrc.gov.cn/fggz/fgzy/shgqhy/202105/t20210525_1280696.html, "Q&A with Jin Xiandong, Director of the Policy Research Office and Spokesperson of the NDRC (Part 7)", 政策研究室主任兼任新闻发言人金贤东问答之七.

initiative, while prefectural governments were not[67]. This was evidenced by the fact that provincial governments could design the indicator system for BEE. According to this document, "provincial governments that conduct BEE may establish their own BEE indicators by referring to the NBEE indicator system and taking into account local conditions". Therefore, provincial governments could decide not only whether to conduct local BEE, but also how to design the specific BEE indicator systems.

The issuance of Document No.59 significantly altered the **immunity** of local governments. Five out of the eight measures clearly placed local BEEs under central government oversight. "Local governments are not allowed to organize staff to take examinations and answer questions. Market entities are encouraged to voluntarily take part in BEEs and report information, and should not be compelled by the evaluated governments." Regarding spending, it stipulated, "If governments delegate the conduction of BEE to relevant agencies, they should strictly adhere to government procurement regulations and control costs". Finally, it urged local governments not to "simply equate evaluation results with the ranking of local states." It also regulated the relationship between governments and agencies: "When social agencies conduct local BEE, evaluated governments should not have an illegal transfer of benefits with them. BEEs organized by third parties should not be labeled with 'China' or 'National', and local governments are not allowed to accept awards given by third parties." Lastly, the document stated that "relevant departments of the State Council and local governments should closely supervise local BEEs and the involved agencies, and timely investigate and report any violations during the process." The GOSC requested a report on the implementation of this document by the end of August 2021. As a result of above measures, BEEs organized by local governments would be strictly supervised by the central state, meaning they no longer had the same level of immunity as before and

[67] No matter in the Doing Business organized by the World Bank, or the NBEE organized by the NDRC, the evaluated target is city, which means it is prefectural governments in Chinese government system that are most involved in the NBEE. Therefore, when discussing local government's autonomy in carrying out BEE, the focus is on whether provincial governments are granted the power to evaluate their prefectural governments. Whether prefectural governments can evaluate county-level governments is not relevant because the former should be the evaluation object not subject. The document prohibits conducting BEEs below the prefectural level does not change the fact that local (provincial) governments have been granted the power to decide on their own in BEE conduction.

possessed only incomplete autonomy in organizing local BEEs.

In situations where local governments enjoyed only incomplete autonomy, their primary concern was to avoid being blamed. Interviews with local officials and agencies directly involved in local BEEs confirmed this point. First, provinces quickly adjusted the scope and target of BEE to comply with Document No.59. Jiangsu province responded to central intervention by internally issuing a document that largely reiterated the contents of Document No.59 [68]. A typical directive stated that "governments at the prefectural level and below will no longer conduct BEEs, except for the provincial BEE approved by the provincial government." Consequently, BEEs organized by cities were suspended in 2021. Statistics indicate that at least 14 provinces have openly responded to the GOSC's regulations in their provincial documents on the business environment. However, some cities, such as Changchun, chose to refine their original plans and circumvent the GOSC's ban on BEE below the prefectural by only changing the name of BEE into others. (2021062115). Second, newly imposed restrictions on delegating BEE to social agencies also resulted in cautious cooperation between local governments and social agencies. For instance, Heilongjiang province issued a notice requiring local governments to report if they wanted to seek third-party assistance to conduct BEE. Consequently, Suihua city suspended the "Do Things without Asking for Help" project. These examples illustrated how provincial and prefectural governments reacted to the new central steering efforts. Some localities immediately complied with the central directives, while a few chose to wait and see, or even evaded the directive by using cover-up strategy. Both reactions aimed at avoiding risks and being held accountable by the central state, highlighting local governments' primary concern under incomplete autonomy.

5.2.4 Summary

[68] Notice of the General Office of the Provincial Government on Standardizing the Business Environment Evaluation, the General Office of Jiangsu Province〔2021〕160. 省政府办公厅关于规范营商环境评价有关工作的通知, 苏政传发〔2021〕160 号.

H2 posits that even during the Xi Jinping era, varying types of autonomy can be observed across different policy fields. This research deliberately selects three policies, each serving as a representative case illustrating a distinct type of local autonomy as defined by the theoretical framework. The preceding analysis demonstrates that local governments were granted tethered autonomy in classification of domestic waste, no autonomy in COVID-19 pandemic control, and initially complete autonomy in business environment evaluation. However, with the promulgation of Document No.59, the central government exhibited a strong intention to supervise and intervene in local activities related to BEEs, thus limiting the power of local governments to conduct BEEs free from central oversight. Consequently, local governments were granted incomplete autonomy from then on. The comparative analysis reveals that "the central government permits varying degrees of initiative and immunity across different policy fields, resulting in distinct types of autonomy.

The BEE case exemplifies a policy field initially granted "complete autonomy" during the TLD era, albeit short-lived. The subsequent central intervention transformed BEE into a policy field characterized by "incomplete autonomy". This case also supports H3, demonstrating that the dimensions of "initiative" and "immunity" within a policy field can be altered, leading to different types of local autonomy granted by the central government. Based on the analysis of sections 5.1 and 5.2, it can be argued that **local autonomy during the Xi Jinping era is closely scrutinized under hierarchy**.

This section not only identifies and explains the different types of local autonomy but also analyzes the steering capacity and governability of the selected policies. This contributes to a better understanding of government behavior and the identification of patterns in policy implementation. In the subsequent sections, I will discuss how this comparative analysis can enrich the theoretical framework and better explain the concept of "local autonomy under hierarchy". However, this section only briefly describes how the central government steered BEE and how local governments reacted to this steering. The next section provides an in-depth analysis of how different local governments adapt central policy guidelines on BEE to local conditions.

5.3 Business Environment Evaluation: Policymaking and Implementation

The BEE policy has exhibited characteristics of both "complete autonomy" and "incomplete autonomy", where local governments were initially allowed to determine the implementation of local BEE, but later faced the looming central oversight. This situation allowed local governments the initiative to adapt central policy guidelines to local conditions while also instilling a concern to avoid blame for any perceived malpractice. This section provides a detailed description of the BEE policy process and analyzes how local governments behave under these two conditions.

5.3.1 BEE in China: a Detailed Introduction

International background of BEE: the World Bank's Doing Business

The concept of "Business Environment" originates from the "Doing Business" investigation, an annual event hosted by the World Bank (WB). This investigation measures regulations that either enhance or constrain business activity, publishing a report that ranks economies based on their ease of doing business[69]. The ease of doing business is measured through a score that "captures the gap between each economy and the best regulatory performance observed on each of the indicators across all economies in the Doing Business sample since 2005"[70]. The indicators cover various areas (typically five to ten) of a business lifecycle. Changes to these indicators since 2004 are detailed in the Appendix B. Figure 5.9 presents China's Ease of Doing Business ranking since 2006[71], which fluctuated between 100 and 78 from 2006 to 2018, showing a gradual upward trend. In recent years, however, the ranking has significantly improved, reaching a peak of 31st place in 2020[72]. It is worth noting that China's ranking is based solely on the performance of two cities, Beijing and Shanghai and therefore represents the best performance within China rather than the average situation nationwide.

Domestic background of BEE: Administrative System Reform

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[69] Please see https://archive.doingbusiness.org/en/doingbusiness
[70] Ibid.
[71] https://www.worldbank.org/en/businessready/doing-business-legacy, made on the basis of reports by the WB.
[72] https://www.worldbank.org/en/news/statement/2021/09/16/world-bank-group-to-discontinue-doing-business-report, "World Bank Group to discontinue Doing Business Report".

History

Since the Reform and Opening up, China has undergone a tremendous transformation from a centrally planned state to a market-driven economy, resulting in a more business-friendly environment. This transformation has been facilitated by extensive deregulation efforts across various sectors. One of the most significant measures has been the rounds of government or administrative system reforms. Since 1982, China has launched eight rounds (in 1982, 1988, 1993, 1998, 2003, 2008, 2013, and 2018) of administrative reforms (Tian & Christensen, 2019) aimed at dismantling the command economy and fostering the market economy, while also regulating the market by restructuring administrative systems and procedures (Lan, 2000; Lin et al., 2003; Christensen, Dong & Painter, 2008).

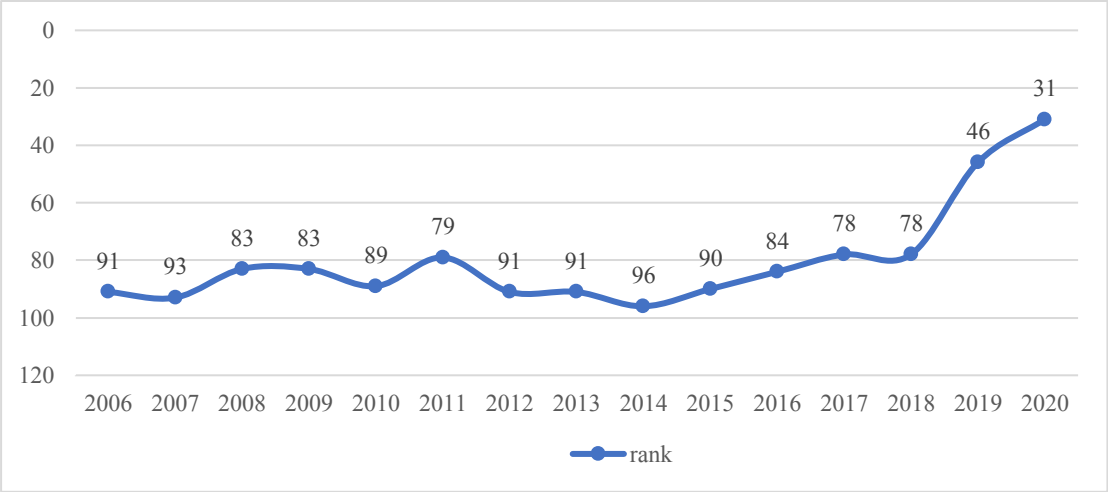

Figure 5.9 China's Rank in the Ease of Doing Business (2006-2020)

Source: the author's compilation based on Doing Business Reports

At the micro-level, some local governments have reformed the traditional Administrative Licensing System (ALS) to attract foreign business and investment, further empowering the private sector. The ALS was widely regarded as an obstacle to economic development and China's marketization process. Entering the 21st century and in response to China's accession to the World Trade Organization, the central government launched a nationwide reform of the ALS to align business regulations and services with international standards (Zhu & Zhang, 2019; Yang, Liang & Yu, 2022).

The ALS reform primarily aimed to downsize government approval requirements and simplify licensing procedures. According to Xinhua Net, "since the ALS reform in 2001, departments of the State Council have abolished or adjusted 2,183 administrative licensing items, accounting for 60.6% of the original items."[73]

Simultaneously, local governments focused on establishing one-stop government service centers to reduce licensing time and increase the transparency of licensing procedures (Zhu & Zhang, 2019; Yang, Liang & Yu, 2022). These centers aggregate all relevant license items into this one location, significantly improving the efficiency and optimizing the service of the ALS. From 2001 to 2012, the central government led six waves of reforms to either abolish or streamline existing licensing procedures (Zhu & Zhang, 2019). Overall, the ALS reform, combined with other measures, has strengthened regulatory power, increased administrative efficiency and transparency, and promoted the business environment (Yang, 2004:290-291). The ALS reform efforts have been integrated into a broader administrative system reform agenda aimed at transforming government functions into a service-oriented government (Tian & Christensen, 2021). This integration has provided sustained momentum for ALS reform to date.

During the Xi era

The consistency of administrative reform has continued under Xi's leadership, albeit with new features. At the close of the Third Plenum of the eighteenth CCPPC in 2013, the epic "The Decision on Major Issues Concerning Comprehensively Deepening Reforms" (中共中央关于全面深化改革若干重大问题的决定) was adopted. Clause fifteen stated, "Perform government functions comprehensively and correctly. Further deepen the ALS reform, and minimize the central government's control over market operations. The ALS should withdraw from business activities that can be adjusted by market rules, and regulate the reserved items in a standardized and more efficient way". At the same time, facing slower economic growth, the new leadership asserted that

[73] http://news.cntv.cn/20120108/119849.shtml, "60% of administrative approval items has been cancelled or adjusted in the past ten years", 我国行政审批改革十年取消调整六成审批项目.

China had entered a "New Normal" that necessitated modifications to the previous governance model and administrative system (Noesselt, 2017a; 2017b). Xi Jinping believed that the New Normal would bring new development opportunities for China if the government continued to "simplify procedures and delegate power" to invigorate the market[74]. Consequently, the decade-long ALS reform gradually evolved into a more comprehensive administrative reform, known as the "*Fang Guan Fu"* (FGF, 放管服) reform. This reform aimed to optimize the relationship between the government and the market, regulate more efficiently and effectively, reduce the cost of doing business, and improve public services (Jing, 2021).

Since 2015, the Xi Jinping–Li Keqiang administration has issued policy guidelines annually to advance the FGF reform. The term "*Fang*", short for "*Jianzhengfangquan*" (简政放权), refers to "streamlining administration and delegating power to lower level governments"; "*Guan*", short for "*Fangguanjiehe*" (放管结合), refers to "the combination of deregulation and regulation"; and "*Fu*", short for "*Youhuafuwu*" (优化服务), refers to "service optimization". Initially, the 2015 document focused on "*Fang*" and "*Guan*" and proposed the goal of transforming government functions[75]. In 2016, "*Fu*" was added to the headline, officially forming FGF[76]. In 2017, the document had a similar theme to that of 2016[77], but emphasized conscientious implementation. The 2018 Assignment Plan combined FGF with the previous "transforming government function", resulting in a more detailed implementation plan[78]. In 2019 and 2020,

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[74] http://www.xinhuanet.com/politics/2014-11/09/c_1113175964.htm, "Xi Jinping systematically expounded on the 'New Normal' for the first time", 习近平首次系统阐述"新常态".

[75] Notice of the State Council on Issuing the Plan for Promoting the Streamlining Administration, Delegating Powers and Combination of Deregulation with Regulation and Transforming Government Function in 2015, the State Council〔2015〕29. 国务院关于印发 2015 年推进简政放权放管结合转变政府职能工作方案的通知, 国发〔2015〕29 号.

[76] Notice of the State Council on Issuing the Key Points of the Reform Work for Promoting the Streamlining Administration and Delegating Powers, Combination of Deregulation with Regulation and Optimizing Services in 2016, the State Council〔2016〕30. 国务院关于印发 2016 年推进简政放权放管结合优化服务改革工作要点的通知, 国发〔2016〕30 号.

[77] Notice by the General Office of the State Council of Issuing the Plan for the Assignment of Key Tasks of the Teleconference on Deepening the Reform of "Streamlining Administration, Delegating Powers, Combination of Deregulation and Regulation, and Optimizing Services" in 2017, the GOSC〔2017〕57. 国务院办公厅关于印发全国深化简政放权放管结合优化服务改革电视电话会议重点任务分工方案的通知, 国办发〔2017〕57 号.

[78] Notice by the General Office of the State Council of Issuing the Plan for the Assignment of Key Tasks of the Teleconference on Deepening the Reform of "Streamlining Administration, Delegating Powers, Combination of

"Optimizing Business Environment" (OBE) was added to the policy goals after the FGF reform[79]. In 2021, the new phrase "Endeavoring to Foster and Stimulate the Vitality of Market Entities" replaced OBE in the document's title[80]. The headline of the 2022 document returned to the classic FGF without any additional changes[81].

OBE: emerging from the FGF reform and the Doing Business Project

The above review elucidates the rationale behind China's administrative system reform post-1978, emphasizing the FGF reform as the key focus and policy direction under the Xi–Li administration. From 2015 to 2022, these policy documents shared a common objective: reforming the administrative system to reduce transaction costs, ease burdens, and provided better services to enterprises, thereby stimulating economy growth. Concurrently, domestic reforms underscored the necessity to improve the investment environment and China's reputation on the international stage, particularly during the New Normal when the economy faced downward pressure. Against this backdrop, the FGF reform embraced the rationale of the World Bank's Doing Business Project, integrating its professional and external standards to measure the reform's effectiveness. In this context, the business environment concept, as articulated by the Doing Business Project, was borrowed by China's central government and became a

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Deregulation and Regulation, and Optimizing Services" and Transforming Government Functions in 2018, the GOSC〔2018〕79. 国务院办公厅关于印发全国深化"放管服"改革转变政府职能电视电话会议重点任务分工方案的通知, 国办发〔2018〕79 号.

[79] Notice by the General Office of the State Council of Issuing the Plan for the Assignment of Key Tasks of the Teleconference on Deepening the Reform of "Streamlining Administration, Delegating Powers, Combination of Deregulation and Regulation, and Optimizing Services" and Optimizing Business Environment, the GOSC〔2019〕39. 国务院办公厅关于印发全国深化"放管服"改革优化营商环境电视电话会议重点任务分工方案的通知, 国办发〔2019〕39 号. Notice by the General Office of the State Council of Issuing the Plan for the Assignment of Key Tasks of the Teleconference on Deepening the Reform of "Streamlining Administration, Delegating Powers, Combination of Deregulation and Regulation, and Optimizing Services" and Optimizing Business Environment, the GOSC〔2020〕43. 国务院办公厅关于印发全国深化"放管服"改革优化营商环境电视电话会议重点任务分工方案的通知, 国办发〔2020〕43 号.

[80] Notice by the General Office of the State Council of Issuing the Plan for the Assignment of the Key Tasks of the Teleconference on Deepening the Reforms of "Streamlining Administration and Delegating Power, Combination of Deregulation and Regulation, and Optimizing Services" and Endeavoring to Foster and Stimulate the Vitality of Market Entities, the GOSC〔2021〕25. 国务院办公厅关于印发全国深化"放管服"改革着力培育和激发市场主体活力电视电话会议重点任务分工方案的通知, 国办发〔2021〕25 号.

[81] Notice by the General Office of the State Council of Issuing the Plan for the Assignment of Key Tasks of the tenth Teleconference on Deepening the Reform of "Streamlining Administration, Delegating Powers, Combination of Deregulation and Regulation, and Optimizing Services", the GOSC〔2022〕37. 国务院办公厅关于印发第十次全国深化"放管服"改革电视电话会议重点任务分工方案的通知, 国办发〔2022〕37 号.

prominent task on the national policy agenda.

Business environment and its evaluation: documents

The policy documents guiding and promoting the FGF reform reflected the incorporation and localization of the Doing Business ideas. For example, while the 2016 document briefly mentioned OBE as one of the general requirements, by 2018, OBE gained significant momentum, being assigned as a crucial task. The 2018 document emphasized accelerating the construction of a Business Environment Evaluation system with Chinese Characteristics and introducing third-party evaluations by the end of 2018. Key measures included the establishment of the BEE system, the compilation and publication of the "Report on China's Business Environment" (中国营商环境报告),[82] and the promulgation of the "Decree on Optimizing Business Environment" (DOBE) next year to provide the legal basis for the "OBE". After the enactment of DOBE in 2020, subsequent documents called for conscientious implementation and the establishment of Business Environment Innovation pilot cities.[83] However, the original proposal to establish a BEE system triggered enthusiastic, sometimes rampant, local evaluations. Therefore, the key points of policies in 2021 and 2022 focused on "regulating BEE", "avoiding increasing the burden on local governments and market entities", and "expanding the scope of pilot cities".

In addition to the package of FGF reform documents, the State Council's official website created a "Business Environment" policy database. This database includes twelve State Council documents and eighteen documents issued by central ministries, commissions, and administrations. Figure 5.10 provides an overview of the frequency and intensity of policymaking on OBE in recent years. Two points can be drawn from this figure. First, OBE has received increasing attention since 2015, illustrated not only by the State Council issuing more documents on OBE but also by China's outstanding performance in Doing Business rankings, as shown in Figure 5.9. Second, these

[82] See 78.
[83] See 79.

comprehensive policy documents, issued by one or more central departments, indicate that the task of OBE involves many central ministries. This further demonstrates that OBE is a comprehensive task and its implementation is a typical policy agenda in the context of TLD.

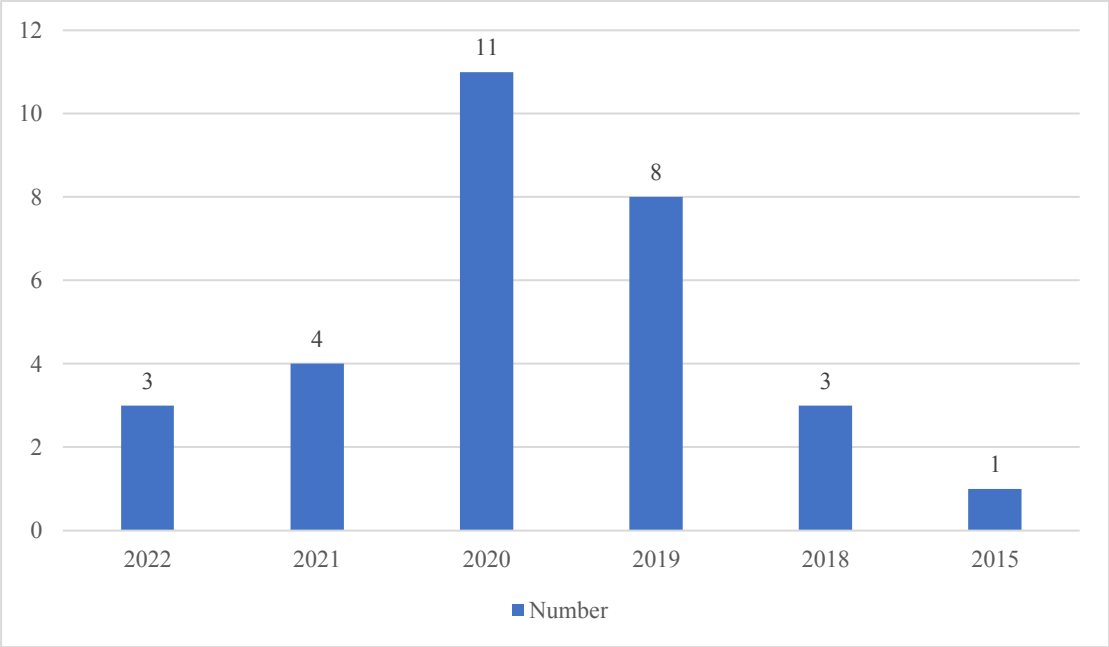

Figure 5.10 The Number of Issued Central Documents on Business Environment

Source: Disclosed by https://sousuo.www.gov.cn/zcwjk/policyDocumentLibrary?t=zhengcelibrary&q=%E8%90%A5%E5%95%86%E7%8E%AF%E5%A2%83 (-2023.3.5).

Business environment and its evaluation: central moves

The increasing focus on OBE in recent years has led to a proliferation of policy documents. Years of FGF reform practice required review and evaluation, and the World Bank's Doing Business indicator system was well-suited to this task because of its reputation for measuring the ease of doing business globally. Therefore, the central government believed that learning from the World Bank's Doing Business Project can help not only evaluate local governments' OBE performance, but also guide China's reform practices to align with international evaluation system.

Leader's speech

In the Chinese context, the fate of a policy is often largely determined by the

political leader's attitude towards it. The patronage of the central or high-profile leader is crucial for the success of local policy experimentations (Repnikova & Fang, 2019). This is especially true in the TLD era, in which power is mostly consolidated under President Xi Jinping (Tsai & Zhou, 2019; Schubert & Alpermann, 2019; Chan, Lam & Chen, 2020). When he speaks about a particular policy issue, his attention can be seen as an endorsement, potentially leading to the development of a new policy agenda. Since the eighteenth CCPPC, Xi Jinping has made numerous statements on constructing the business environment. For instance, in December 2014, during the Political Bureau of CCCCP's the nineteenth collective study on accelerating Free Trade Zone construction, Xi emphasized the need to "deepen market-oriented reform and foster a law-based business environment"[84]. In July 2017, Xi presided over the sixteenth meeting of the LSG for Central Finance and Economic Affairs, focusing on improving the market environment and promoting further openness, where he highlighted the importance of "a stable, transparent, predictable and law-based business environment in developing a new system of open economy and promoting sustainable and healthy economic growth"[85]. These statements were also expressed at some international events. For example, in his keynote speech at the Opening Ceremony of The Third China International Import Expo, Xi proclaimed that China will continue to improve the business environment by introducing more open and transparent foreign-related legal systems, strengthening intellectual property protection, and safeguarding the legitimate rights and interests of foreign companies[86]. These speeches, along with many others, have consistently emphasized the importance of prioritizing OBE in policy agendas over the past decade, sending a clear and stable signal to policymakers.

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[84] http://cpc.people.com.cn/n/2014/1207/c64094-26161930.html, "Xi Jinping presided over the 19th collective study session of the Political Bureau of the CCCCP and delivered an important speech", 习近平主持中共中央政治局第十九次集体学习并发表重要讲话.

[85] http://www.xinhuanet.com/politics/2017-07/17/c_1121333722.htm, "Xi Jinping: Create a stable, fair and transparent business environment and accelerate the construction of a new open economic system", 习近平：营造稳定公平透明的营商环境，加快建设开放型经济新体制.

[86] http://www.xinhuanet.com/politics/leaders/2020-11/04/c_1126698327.htm, "Xi Jinping's keynote speech at the opening ceremony of the Third China International Import Expo", 习近平在第三届中国国际进口博览会开幕式的主旨演讲.

Conference

Xi's speeches provided sufficient legitimacy for the agenda of OBE and paved the way for subsequent activities. The first substantive one at the central level occurred during the Executive Meeting of the State Council on January 3, 2018. This *ad hoc* meeting focused on deploying OBE work with three proposed measures. Premier Li Keqiang proposed the implementation of a National Business Environment Evaluation (NBEE) mechanism to promote the business environment, in addition to the consistent emphasis on streamlining administration and protecting intellectual property[87]. This decision marked the central government's commitment to using an evaluation system to drive local government's efforts to promote the business environment, translating Xi's slogans into practice.

NBEE in practice (2018-2021)

Targets and scope

Carrying out NBEE was an important means to continuously improve the business environment. Premier Li's instruction received a positive response. In 2018, after this meeting, the NDRC established China's Business Environment Evaluation System[88]. The NDRC, as the overall leading apparatus, ensured that the system was in line with international comparability principles, benchmarking against the World Bank and incorporating Chinese characteristics. Two pilot BEEs were then conducted in 22 cities in eastern, central, western and northeastern China. In 2019, the NDRC conducted NBEE in 41 major cities and another pilot evaluation for 21 cities in the northeast. In 2020, the scope of NBEE expanded to eighty cities and eighteen National New Areas (国家级新区). The main body of the evaluated targets were municipalities, with a minority at the county level, determining the administrative power structure shaping the local policy process. Prefectural governments were mostly involved in the NBEE process, responsible for organizing personnel for the evaluation work. In the early years,

[87] See 63.

[88] It was also said that the NDRC was only in charge of the organization work, while the GOSC designed and drafted the NBEE indicator system. (2021060813,2022062115)

it was expected that "NBEE would be conducted in all prefectural cities nationwide by 2020", as stated in the State Council's official document[89]. The document — "Opinions of the CCP Central Committee and the State Council on Accelerating the Improvement of the System of Socialist Market Economy in a New Era" (中共中央 国务院关于新时代加快完善社会主义市场经济体制的意见) — still considered the nationwide implementation of BEE as an important means of improving the macroeconomic management system. However, by 2020, the evaluation scope was only extended to 80 cities and 18 National New Areas, rather than to all prefectural cities nationwide as initially planned. This information was discovered at the press conference prior to the 2020 NBEE, where the NDRC discreetly altered the narrative to indicate that the NBEE would **gradually** be conducted nationwide in prefectural cities and above. Since then, the NDRC has not conducted any new NBEE. The slower expansion of NBEE significantly influenced local governments' attitudes and policy agendas.

Administrative regulation

Amid the evaluation process, in October 2019, the State Council enacted the "Decree on Optimizing the Business Environment". The DOBE outlined some key principles, such as reducing government intervention in market activities and providing specific reform guidance on the ten Doing Business topics and associated measurements of desirable outcome, sourcing back to the design of the World Bank's Doing Business Project. The central government quickly accepted the Doing Business Project's indicator system and applied it to China's NBEE practice. For local governments, the content of China's NBEE indicator system was the main focus. Table 5.3 shows that the clauses in the DOBE covered all ten Doing Business topics ranked in project 2020. This central alignment with international standards aimed to create a predictable evaluation criteria, enhancing local compliance and reform efforts.

NBEE's indicator system

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[89] Notice by the General Office of the State Council of Focusing on Enterprises' Concerns and Further Promoting Implementation of Business Environment Optimization Policies, the GOSC〔2018〕104. 国务院办公厅关于聚焦企业关切进一步推动优化营商环境政策落实的通知, 国办发〔2018〕104 号.

With the NDRC in charge of organizing and conducting the NBEE, the indicator system with Chinese characteristics became the primary focus for all evaluated cities. However, comprehending and preparing for the NBEE proved challenging for these cities.

Table 5.3 Relevancy between Doing Business Indicator and Contents of DOBE

Doing Business Indicator 2020	Contents of DOBE
Start a Business	All types of market players can enter the fields outside the negative list for market access...- Clause 20.
Dealing with Construction Permits	Simplify approval procedures, and improve approval efficiency... - Clouse 42.
Getting Electricity	Optimize the application and installation process, and disclose the specific processing time within limit stipulated by the state. - Clouse 28
Registering Property	In one window to accept and process real estate registration, transaction and tax payment, shorten the process time and reduce the cost…determine and disclose the specific processing time... - Clouse 47.
Getting Credit	Reduce the comprehensive financing cost of private enterprises and small and medium-sized enterprises. -Clouse 26.
Protecting Minority Investors	Strengthen the protection of the rights and interests of small and medium investors… and improve the convenience to safeguard legitimate rights and interests. - Clouse 16.
Paying Taxes	Simplify taxation materials and procedures, simplify the number of tax declarations and payments…gradually realize online taxation of the whole process. - Clouse 46.
Trading across Boarders	Reduce import and export approval items, cancel unnecessary regulatory requirements, optimize and simplify customs clearance procedures… - Clouse 45.
Enforcing Contracts	Governments and their relevant departments shall fulfill the policy commitments of making market players and various contracts in accordance with the law…- Clouse 31.
Resolving Insolvency	Establish a corporate insolvency work coordination mechanism to coordinate and resolve relevant issues involved in the process of corporate insolvency…-Clouse 33.
Employing Workers[90]	/

[90] The Employing Workers and Contracting with Government indicator are not included in this year's (2020) ranking on the Ease of Doing Business.

Contracting with Government	Bidding and government procurement shall be open, transparent, fair and impartial… - Clouse 13.

Source: Doing Business Report 2020 & Decree on Optimizing Business Environment

First, the indicator system was intricate, consisting of several levels of sub-indicators, with a minimum of four levels. Participants in the NBEEs were provided with a confidential paper outlining the indicator system before the evaluation. However, the paper only contained a rough two-level indicator structure[91], limiting the information available to the cities. The lack of full disclosure made it difficult for cities to understand the system comprehensively. This circumstance changed with the publication of "China's Business Environment Report 2020"[92] (hereafter "the Report 2020"), which clearly presented the 18 first-level indicators[93] and implicitly referred to the second-level indicators. According to a vice director of a local Business Environment Evaluation Division, "Theoretically these indicators remain confidential, but publishing the 'Report 2020' discloses this part of the information."[94] This disclosure revealed that China's indicator system increased by six areas compared to the World Bank's Doing Business score indicator systems in 2020[95]. Each first-level indicator was explained in a separate chapter, with the first sentence of each chapter explaining its meaning and dimensions. These dimensions constituted the second-level indicators. The words from that vice director of a local BEE Division were confirmed when I later compared these dimensions with the actual indicator system[96].This allowed local governments to better prepare for the NBEE and align their policy processes with the central government's requirements.

[91] 2021060813, 2022062115

[92] After the two formal rounds of NBEE in 2019 and 2020, the NDRC compiled the "China's Business Environment Report 2020" and "China's Business Environment Report 2021", which introduced the evaluation system and practice of China's Business Environment.

[93] Start a Business, Deal with Construction Permits, Get Electricity & Water and Gas, Register Property, Pay Tax, Trade across Borders, Resolve Insolvency, Get Credit, Protect Minority Investors, Enforce Contract, Labor Market Regulation, Contract with Government, Bid and Tender, Market Regulation, **Government Service, Intellectual Property Creation, Protection and Application, and Inclusive Creation**. (The last three in bold are called indicators with Chinese characteristics)

[94] 2021060813

[95] in Appendix B, there are 12 areas in 2020.

[96] Although there is no public document, I managed to get one version from local cadres.

NBEE's process. *(1)"Assemble and Fill in the system"* The evaluation process, described by participants being evaluated as a "serious and grueling examination", was organized confidentially and followed several procedures. The most burdensome task was filling out the questionnaires and providing supporting materials. Respondents likened the questionnaire process to China's college entrance examination. The questionnaire survey method was officially called "Assemble and Fill in the system" (集中填报系统). Officials and staffs from the evaluated cities gathered in a designated room and answered questions about the local business environment provided by the questionnaire system. Supporting materials were to be uploaded if necessary. This process was stressful for respondents for three reasons: first, fixed location and closed room. Respondents gathered at designated locations to fill out the questionnaires. In 2019, the NBEE dragged in many people, with respondents from 41 cities travelling to Beijing. In 2020, the country was divided into several regions to shorten the distance. For example, respondents from Changchun went to Shenyang, and those from Nantong went to Nanjing.

Second, limited time and intense pressure. The NBEE indicator system consisted of 18 first-level indicators, and the corresponding questionnaire was divided into 18 sub-parts, each to be filled out by specific respondents. Past experience indicated this was a labor-intensive undertaking. An official from the prefectural Development and Reform Commission (DRC) recounted, "In the first year (2019), 80 people from each city were ordered and dispatched to Beijing. Last year, the number of respondents remained the same, but the location shifted to Nanjing, the provincial capital. A total of 400 respondents from five cities participated in it (PBEE). The procession was deemed excessive!" (2021051801). In addition, the time allotted for filling out the system was insufficient. This official noted, "each first-level indicator was allocated twelve hours for evaluation, with the entire evaluation period spanning ten days." Another director from the DRC, participated in the 2020 evaluation, stated, "respondents only had about eight hours, which was insufficient. Later, the evaluation time was extended by approximately fifty minutes" (2021071922). It was clear that the "Assemble and Fill in system" was both labor-intensive and time-pressured.

Third, strict evaluation rules. For the evaluation of the first-level indicators, the number of respondents allowed into the closed room and their entry times were strictly regulated. All respondents were permitted to enter the room only once. Inside, they had to complete the questionnaire, answering as many questions as possible. If an immediate answer was not feasible, respondents could jot down key words on blank paper and take it out. These notes were used by respondents outside the room to prepare materials. All newly collected materials had to be stored on USB flash drives, the sole items respondents were allowed to bring into the room. Any individual entering the room a second time could not leave until the evaluation was completed. Prior to evaluation, respondents had access only to the second-level indicators, unaware of the detailed questions in the questionnaire. This lack of foreknowledge made it challenging for respondents to efficiently take notes on unanswered questions, recall them, and seek appropriate materials. On-site supervisors enforced strict rules: online chat software like Wechat for document transfer were banned. Whispering was prohibited, violation to this resulted in the lowest score for this sub-indicator. Additionally, content taken from the paper could not exceed ten words[97]…These stringent rules, though seemingly bizarre, were rigorously enforced. Supervisors recorded respondents' names and their entry and exit times and checked the contents of all papers taken out (2021051801, 2021071922). The "Assemble and Filling in system" tested not only the respondents who participated in the evaluation and answered questions but also many others involved behind the scenes. A prefectural official noted, "Four groups of people were on call during this period. The first group worked on computers inside the room, the second waited outside to discuss the areas related to unanswered questions, the office staff was ready to respond to the second group's needs, and when an office could not handle the problem alone, new materials and data were brought on USB flash drives during the second entry to complete the questionnaire. As a result, four groups of people collaborate to effectively complete the evaluation."

[97] Another saying is "forty words", 2021051804.

Interviews with respondents and local officials revealed several reasons why the evaluation process was conducted in this way from the central government's perspective. First and foremost, the NBEE indicator system and its scoring methodology, designed and operated by a third-party company, Infinity Technology (无量科技), were intellectual property. In order to maintain its dominant position in the BEE market and prevent replication, confidentiality was paramount. Many local officials believed this protected the confidentiality of the indicator system, particularly the questionnaire (2021041504, 2021051801, 2021060813, 2021061115, 2021071922). Furthermore, emphasizing confidentiality underscored the importance of NBEE. The evaluation mode aimed to control local government and curb gaming behavior. Unlike the traditional Target Responsibility System (TRS), which enforced local compliance through high incentives and quantified indicators but led to fabricated information and data manipulation (Gao, 2015; 2021), the NBEE system evaluated local governments' performance comprehensively and directly. It focused on both quantified indicators and practical experience. Local governments had to submit paper materials, such as documents and work reports, to support their claims. This evaluation aimed to accurately assess local performance and mitigate the intrinsic and long-standing gaming behavior in the past performance evaluations.

(2) result notification. Another indispensable step in the evaluation process was to inform local governments of their results. Evaluating a local government's performance and designing appropriate incentives is an effective way to control and guide local behavior. This mechanism generally relies on connecting local performance to specific political and economic interests (Gao, 2009; Chan & Gao, 2012). The basic premise of this mechanism is to measure and compare the performance of different local governments. As the old Chinese saying goes, "If you know the enemy and know yourself, you need not fear the result of a hundred battles" (知己知彼，百战不殆). Knowing your own position and the position of others not only helps you realize how far behind you are but also increases the transparency and credibility of the evaluation among the evaluated objects. In this sense, the ranking of each city in BEE was a focal point for local cadres and respondents.

However, the orientation of the NBEE was to guide and urge the optimization of the business environment, promote BEE reform through evaluation, and encourage local governments to introduce more reform measures. At a press conference held by the NDRC in May 2021, spokesman Jin Xiandong (金贤东) reiterated this orientation and implicitly denied the existence of a ranking list for the NBEE[98], a departure from the conventional "performance comparison". The 2020 NBEE was completed in September, but the results were communicated to each city at the end of July 2021.

There were two approaches to observe how the result was informed. The first one was through public reports, despite their limited information. The public message only revealed that "the degree of convenience in the business environment is better in 25 cities[99], the sense of gain among entities is stronger, and the business environment level in 14 cities[100] has improved by more than ten percent." As stated in the Report 2020, the NDRC listed benchmark cities for each indicator that performed relatively well. If a city was listed as a benchmark for a first-level indicator, it ranked among the top twenty in that area. The second approach was through access to the original report published internally. Fortunately, I obtained a document from the DRC in Nantong that recorded the results and relayed them to the Nantong municipal government. This document presented Nantong's overall score and the highest score in the country, stating that "Nantong's score in NBEE 2020 is 78.95, (the highest score nationwide score is 91.73) which is listed at the excellent level"[101]. In a nutshell, Nantong's performance was at the second level. Table 5.4 presents the detailed scores of each first-level indicators of Nantong. For instance, "Resolving Insolvency" and "Getting Credit" ranked 17 and 19, among the top 20. This authentic result supported Jin Xiandong's statement that there was no ranking list.

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[98] See 66.

[99] Shanghai, Shenzhen, Guangzhou, Beijing, Hangzhou, Suzhou, Xiamen, Nanjing, Jinan, Chengdu, Qingdao, Wuhan, Xi'an, Quzhou, Chongqing, Dongguan, Tianjin, Yinchuan, Shenyang, Changzhou, Wuxi, Zhuhai, Ningbo, Jining, Yantai.

[100] Qingdao, Zhengzhou, Chongqing, Changsha, Kunming, Changchun, Jinan, Xi'an, Chengdu, Hohhot, Hefei, Dalian, Nanning, Shenyang.

[101] The report classifies four levels: exceedingly good, excellent, very good and good, in Chinese "优异、优秀、优良、良好". For convenience, hereafter "level 1, level 2, level 3 and level 4".

Table 5.4 Result of China's NBEE in 2020 (Nantong)

First-level indicator	Score of Nantong	Highest score	Level
in total	**78.95**	**91.73**	**2**
Resolve Insolvency	70.45	95.55	1（17）
Get Credit	81.48	95.90	1（19）
Get Electricity	90.20	97.85	2
Contract with Government	85.50	98.42	2
Tender and Bid	83.44	98.80	2
Register Property	91.40	99.85	2
Deal with Construction Permit	74.41	98.86	2
Start a Business	78.76	96.69	2
Labor Market Regulation	63.34	99.51	2
Trade across Borders	76.41	92.56	2
Get Water and Gas	75.67	96.81	2
Intellectual Property Creation, Protection and Application	74.62	93.00	3
Pay Tax	89.65	99.19	3
Enforce Contract	77.07	97.46	3
Protect Minority Investors	36.69	93.75	4
Governance Service	78.37	92.10	2
Inclusive Innovation	73.99	88.85	2
Market Regulation	77.83	96.49	3

Source: provided by Nantong government

The NDRC notified each evaluated city of their NBEE results by using a "point-to-point" method. This method provided only the city's own score and the best performance, without detailed information on points deductions. Local officials expressed concerns about this method. As one division director of a local DRC said, "Such a 'point-to-point' method of result notification only tells you the score and deficiencies. How can we improve our work if we are not given specific feedback on

where points are deducted?" (2021051801). Another division's vice director at provincial level working on BEE remarked, "Without publishing the rankings, the evaluation could not effectively (stimulate local governments)" (2021060813). Local officials frequently voiced frustration with the lack of transparency in the result notification (2021051009, 2021061114, 2021071919). In conclusion, despite the central government's hidden purposes, the rigorous and somewhat bizarre evaluation process caused confusion and trouble for local officials, although unintendedly. It consumed excessive local government energy and provided incompatible incentives, weakening the authority of the NBEE.

(3) reports. As planned, after conducting the NBEE in cities at the prefectural level and above, "China's Business Environment Report" was published regularly. To date, two reports have been compiled: "China's Business Environment Report 2020" and "China's Business Environment Report 2021". The main content of these two reports was nearly identical, with only minor differences. The "Report 2020" consisted of four parts: an introduction, a chapter on benchmarking cities, a chapter on best practices, and a case from a province. The "Report 2021" comprised three parts: an introduction, a chapter on best practices, and reform highlights from the National New Areas. Both reports presented general knowledge about the business environment and NBEE, including the evaluation system, mechanism, scope, and results. For each first-level indicator, the reports revealed its second-level indicators and listed a number of best practices from different cities for reference. They also collected representative reform experiences and measures from cities, New Areas, and provinces. The reports produced by the NDRC's NBEE disclosed more information on evaluation standards and offering valuable experiences and best practices to learn from local governments. However, they did not address local concerns such as the rankings or deduction details.

(4) beyond the NBEE stage. The NDRC at the central level was not immune to the voices of local governments. Before conducting the NBEE, the NDRC seemed to have anticipated local reactions. One interviewee who had seen the NBEE Plan noted that the headline of the evaluation plan was followed by "pilot implementation" (2021060813). Sebastian Heilmann (2008a; 2008b) stated that China's national policy

process often takes an experimentation-based approach to incorporate local initiates and knowledge. Thus, the title of the document indicated the NDRC's willingness to adapt the policy process to changing conditions.

During and after the NBEE phase, the NDRC provided opportunities for further discussion. On May 13, 2021, the NDRC organized a nationwide on-the-spot experience sharing meeting (OBEESM) in Suzhou. The main objective of this meeting was to "summarize and generalize advanced experiences from different regions and promote further optimization of the business environment nationwide". Following this keynote, 18 cities[102], each responsible for one of the 18 first-level indicators, shared their experiences. Simultaneously, another 18 cities[103] provided one-to-one feedback on these presentations and engaged in further communication. During the meeting, a division director confirmed that only cities whose first-level indicator was in the top 20 of the NBEE could comment. This meant that at least 18 cities knew which of their sub-indicators were in the top 20.

In the exchange of experience, the official saying was, "Your city is improving very fast in terms of the convenience degree of the business environment. We invite you to introduce the advanced experience in 'Getting water and gas'. Please make videos and slides based on the introduction. The speech should not exceed ten minutes".[104] One official thought this meeting was beneficial, stating, "You can always learn something from other cities" (2021041504), while another expressed that "the nationwide experience has shown a lot of convergence, there is nothing special" (2021060813). Nevertheless, this meeting provided a platform for all cities and the NDRC to share information and encourage communication.

Prior to the meeting, a preparatory meeting was held where the NDRC solicited advice from all the cities on NBEE practices. During this meeting, some representatives

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[102] Harbin, Xi'an, Beihai, Qingdao, Dalian, Changsha, Changchun, Hefei, Hohhot, Zhengzhou, Chengdu, Xiamen, Chongqing, Suzhou, Wenzhou, Dongguan, Kunming, Taiyuan.
[103] Changzhou, Quzhou, Shenyang, Jinan, Guiyang, Guangzhou, Wuxi, Tianjin, Nantong, Yinchuan, Zhuhai, Shenzhen, Ningbo, Beijing, Shanghai, Hangzhou, Wuhan, Nanjing.
[104] Notice of Well Preparing for Presentation in OBEESM, 关于请做好全国优化营商环境经验交流现场会发言准备工作的通知.

were very blunt about their confusion regarding the evaluation method and the concealment of ranking, saying (the NBEE) won't help much for their work. Therefore, beyond the formal meeting, an informal but more important meeting was held for central–local interactions.

After these two meetings, the NDRC held a press conference to address BEE issues. The director of the Policy Research Office and the spokesman for the conference said, "At present, there are numerous publications ranking the Business Environment Evaluation in the name of 'national' or 'China', most of which are academic research. However, their indicator systems, evaluation methods, and data sources differ from general practice[105]. Some BEEs mislead the public by using words like 'authoritative' or 'official', over-emphasizing the rank and score, and organizing awards ceremonies. Some even make money through training projects and charging fees. According to the DOBE, carrying out BEE should not interfere with the normal work of localities and departments, nor should it interfere with the regular business activities of market entities or increase their burdens. In the future, we will regulate all kinds of BEE[106]". Local officials indeed expressed concerns about the large number of BEEs conducted by various agencies. However, they did not consider BEEs organized by agencies outside the administrative system to be burdensome because these BEEs were irrelevant to the governments hence could not intervene in local administrative work. The NDRC's response denied the legitimacy of BEEs conducted by other agencies, and established the authority of its own NBEE. However, it did not openly address the evaluation problems proposed by local governments.

Interestingly, some local opinions on the NBEE were incorporated into Document No.59, which regulated local BEE practices. The document included instructions such as refraining from BEE implementation below the prefectural level, refining the evaluation indicator system, and strengthening supervision. One notable regulation was the prohibition of local governments officials and employees from participating in the

[105] It means the BEE organized by the NDRC.
[106] See 66.

examination and answering questions for the BEE. If paper materials were inevitable, their number should be limited, and their contents should be restricted to public documents and data. Materials should be submitted online to reduce disruption to the daily work of local and grassroots governments (No.59 Document, p2). Another significant change was the suggestion to strictly manage public expenditure, especially when local governments delegated evaluation work to other agencies (ibid, p3). This was reasonably interpreted as discouraging local governments from conducting BEEs through third-party evaluations. As one agency manager noted, "If cities and counties carry out BEE through third-party evaluation, giving up using the name BEE would be a common method" (2021062811). Finally, Document No.59 required faithful implementation, and local governments were expected to report to the GOSC on the implementation situation by August 2021. These events showed that when local governments had complaints about NBEE, they could voice their concerns and demand policy changes through formal and informal channels, and it was successful. This implementation of BEE was influenced by the interesting central–local interaction, the ramifications of which left much room for adjustment.

NBEE's suspension (2021-)

Document No.59, which emerged from an "interdepartmental battle", marked a turning point in the NBEE policy trajectory. Prior to the NBEE, the NDRC had orchestrated and conducted national evaluations multiple times. However, an insider revealed that the GOSC had assumed full control of OBE work (2021060813; 2022062115). Dissatisfaction with the NBEE mode had been simmering among local governments, prompting them to lodge complaints with the GOSC (2022062115). Recognizing the problematic nature of the NBEE (2021051801), the GOSC responded with the Document No.59, addressing local grievances and imposing some revisions on the NBEE.

In a few months, the central government reverted to a familiar yet compromised approach: the establishment of policy pilots. In late November, the State Council released the "Opinions on Implementing Business Environment Innovation Pilot Work"

(国务院关于开展营商环境创新试点工作的意见, hereafter Document No.24), acknowledging the continuous improvement of China's business environment, particularly in certain localities. These regions have pioneered advancements, fostering a conducive business environment and nurturing market entity vitality. Therefore, the experimentation program for business environment innovation encouraged selected cities to construct a market-oriented, law-based, and international business environment. This program selected representative cities [107] to develop replicable institutional innovations for nationwide implementation. This document, issued immediately after the "Report 2021", enumerated over one hundred reform items for experimentation in six cities. The use of policy pilots as a working method was not new in the OBE domain. In 2019, the GOSC issued a Notice in late September, compiling a repertoire of reform measures and practices devised in Beijing and Shanghai during the OBE process, intended for national replication and dissemination[108]. The State Council's renewed focus on this issue, after a two-year hiatus, was likely catalyzed by NBEE-related complaints and a shift in policy orientation.

Following the issuance of Document No.24 in December, the NDRC established a new public institution, the Business Environment Development and Promotion Center (BEDPC), tasked with "researching business environment policies, standards, and the BEE indicator system.[109]" The NBEE has been inactive since 2021, after the GOSC rejected an evaluation plan proposed by the BEDPC (2022062115). Although anecdotal evidence suggested plans to establish new standards, the NBEE remained suspended until now. This shift to an experimentation approach, with the creation of the BEDPC, signified a critical juncture in the promotion of the business environment at the central level and the subdued suspension of NBEE. The chronological events pertinent to the business environment and the NBEE are detailed in the Figure 5.11.

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[107] Beijing, Shanghai, Guangzhou, Shenzhen, Hangzhou, Chongqing

[108] Notice by the General Office of the State Council on Replicating Reform Measures of Business Environment Innovation Pilot, Letter of the GOSC〔2019〕89. 国务院办公厅关于做好优化营商环境改革举措复制推广借鉴工作的通知, 国办函〔2019〕89 号.

[109] https://www.ndrc.gov.cn/fzggw/wzslxdw/202204/t20220425_1323011.html, "Business environment development and promotion center", 营商环境发展促进中心.

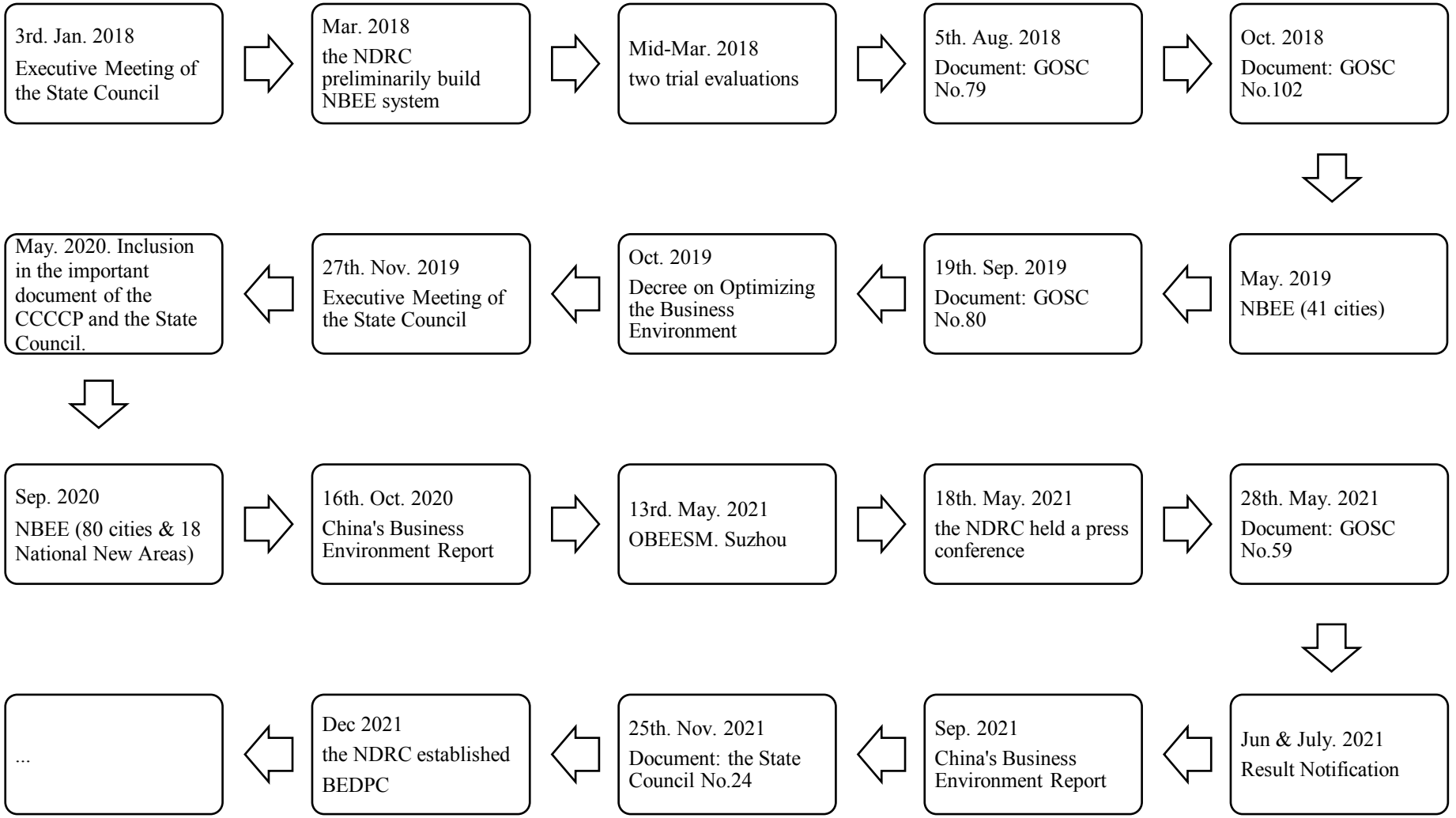

Figure 5.11 Chronicle Events Regarding the Business Environment and the NBEE

Business environment and its evaluation: local moves

The NBEE was designed to promote the OBE work and drive local reforms, yet it had a tumultuous journey with a disappointing outcome. As explained in Section 5.2.3, over the past five years (2018-2022), BEE has transitioned from complete autonomy to incomplete autonomy within China's policy agenda. This shift indicated that while local governments were given initiative in BEE, immunity was taken away following the promulgation of Document No.59. This section explores the implications of this shift on local governments and their policy processes, examining two deviant cases based on authentic policy documents and in-depth interviews with officials involved in NBEE and local BEEs.

The overall implementation in provinces

It is worth noting that the NDRC's NBEE in recent years primarily targeted at cities, mostly at the prefectural level, except for the four cities directly under the central government. This focus implied that personnel from various departments or divisions within prefectural cities were evaluated, with the prefectural government being more deeply involved in the NBEE process, while its immediate superior, the provincial government, was somewhat irrelevant. This is one of the reasons of the lack of interest in the BEE by provincial departments in some provinces. However, within China's five-tier government structure, characterized by an administrative hierarchy, it is not possible for provinces to be completely detached from the process. On one hand, the performance of cities evaluated within the same province partially represented that province's performance on NBEE. On the other hand, the ultimate goal of NBEE was to promote OBE reforms and advance concrete reform measures, a key focus of the Xi–Li administration over the past decade. Administrative reforms involving multiple tasks managed by various departmental agencies were nearly impossible without top-level design at the provincial level or above (Zhang & Rosenbloom, 2018). Therefore, although provinces did not have a direct role in the NBEE, they were expected to devote their energy and resources to the BEE, either to actively implement central reforms or to improve their cities' rankings. The emergence of the NBEE led to the proliferation

of local BEEs under various names, many organized and carried out by provincial and prefectural governments within their jurisdictions. These governments have initiated their own BEE plans and indicator systems, either emulating the NBEE or creating their own ones. Before delving into the details of the local BEE process in Jiangsu and Jilin, an overview of the implementation status across all provinces is provided.

Local regulations

Central documents function as pliable tools within the Chinese political system, often used to communicate central decisions, provide supplementary materials to localities, and increase visibility on certain issues (Lieberthal et al., 1978; Wu, 1995). Likewise, although the DOBE was not drafted and disseminated by the Central Committee, it certainly conveyed central decisions on the OBE issue and sent signals to subordinates. Therefore, the enactment of similar regulations by provincial governments reflected their initial attitudes towards this policy. Following the central enactment of the DOBE, provinces began to formulate and issue their own local regulations. Public information indicates that 27 provincial governments have issued their own local regulations.

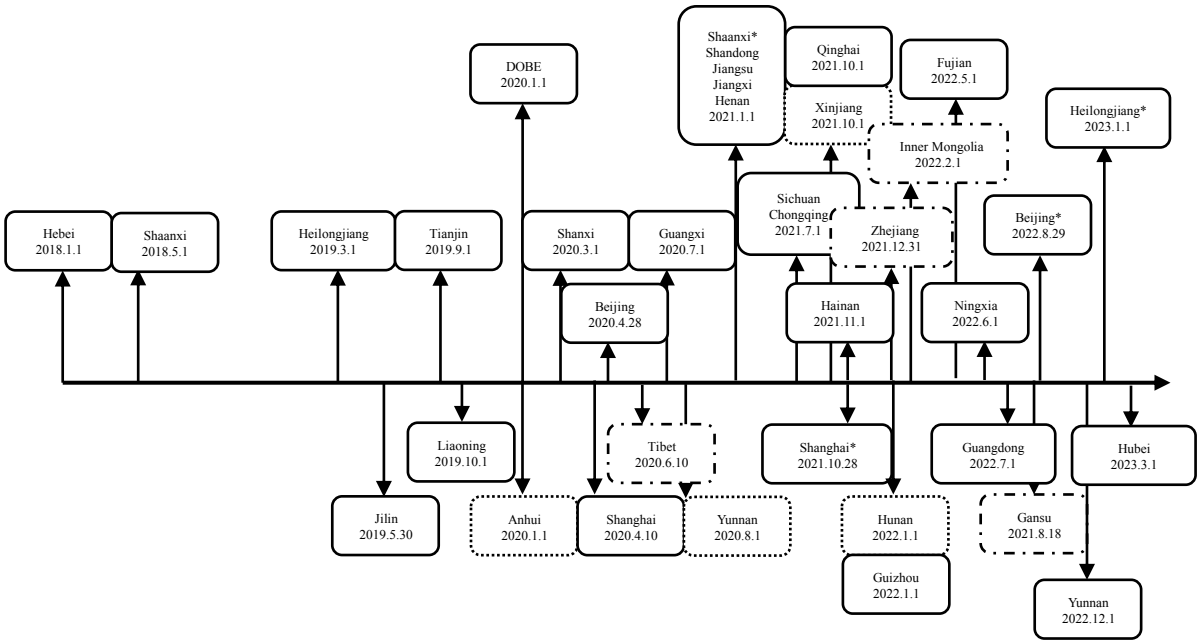

Figure 5.12 Timeline of Released of Provincial Policies

Figure 5.12 delineates the timeline of provincial policy documents issued in relation to the DOBE. The DOBE, an administrative regulation as defined by the "Legislation Law of the People's Republic of China", was promulgated by an order of the State Council signed by the Premier. Of the regulations listed in Figure 5.12, 24 provinces enacted 28 local decrees, with four provinces[110] amending their original versions. The remaining provinces, in the dotted line box, enacted local government rules, such as Yunnan province, which first enacted a local government rule in 2020 before enacting a local decree in 2022. Provinces in the dash-dotted line box only issued local documents with lower legal precedence. A detailed examination of these local regulations reveals that most provinces have enacted local regulations, demonstrating a proactive stance to engage in OBE work.

Provincial Business Environment Evaluation (PBEE)

While formulating and enacting local regulations is often seen as a *pro forma* step, provinces that have invested significant resources in PBEEs have demonstrated their pronounced commitment to BEE. This section examines which provinces have conducted their own PBEEs based on two main pieces of evidence. Generally, if a province intended to conduct PBEE, it was required to issue a PBEE implementation plan, detailing the evaluation method, time range, and evaluation indicator system. Searching on the PKULAW (北大法宝法律数据库), a comprehensive database of China's laws and regulations, along with the websites of provincial governments and Baidu, China's largest search engine, yielded information on these plans. In some cases, results only displayed the concrete BEE indicator system, a key component of the evaluation. Thus, the PBEE indicator system was also included in the statistics. Only PBEEs conducted after the first pilot NBEE by the NDRC in 2018 were considered. In addition to searching public resources, more authentic evaluation plans were obtained during the fieldwork, yielding over 20 PBEE implementation plans from various years.

The second piece of evidence came from statistical information on the results of

[110] province in a solid line box with an asterisk at the upper right corner.

bidding for third-party evaluations of PBEE nationwide. As introduced earlier, BEE was a comprehensive and systematic task requiring third-party participation. For instance, the two formal NBEEs were conducted by Infinity Technology, a third-party company. Provincial governments adopted this approach as well. Examination of provincial government procurement websites provided information on which provinces announced bidding results for third-party participation in PBEE. Table 5.5 presents the basic information on the successful bidder(s) and the winning bid amounts. By the end of 2022, at least 26 provincial governments had completed a total of 65 procurements, with a noticeable increase each year. Moreover, these procurements involved 35 bidders, for example the Infinity Technology Co. Ltd. and the Institute of Geographic Sciences and Natural Resources Research of the Chinese Academy of Sciences. From this data, it is evident that the use of third-party evaluation in NBEE has encouraged local governments to purchase third-party services for PBEEs, a trend that has increased even after the NBEE's suspension in 2021.

However, not all the provincial governments outsourced the entire PBEE task to third-party companies. Hunan, for example, adopted a mixed approach in its 2021 PBEE plan, stating that "the DRC and the Administrative Service Bureau will organize BEE for Hunan. The National Bureau of Statistics Investigation Corps (NBSIC) and the Federation of Industry and Commerce (FIC) in Hunan will carry out the task. The 'Governance Service' indicator will be evaluated by a third-party."[111] In this case, the NBSIC, an administrative organization managed vertically by the National Bureau of Statistics (NBS), and the FIC, a mass organization affiliated with the CCP, were mostly responsible for the evaluation. Hunan subcontracted only one of the 18 indicators to the market, rather than the entire PBEE, making PBEE more of an internal administrative matter driven by a top-down approach, which had the added benefit of significant cost savings. Jiangsu province has also employed a similar approach since 2019.

[111] 2021 Hunan Provincial Business Environment Evaluation Work Plan, 2021 年湖南省营商环境评价工作方案.

Table 5.5 Successful Bidder(s) and Amount of Money (million) of All Available Winning Bids on "Third-party's Participation in PBEE"

	2018		2019		2020		2021		2022	
	bidder[112]	amount	bidder	amount	bidder	amount	bidder	amount	bidder	amount
Guizhou	No.1	1.59	No.1	1.89	No.1	1.85	No.1	2.399	No.1	2.88
Ningxia	No.2	3.7	No.3	3.78	No.5 No.4	0.9774 2.4	No.5 No.6	1.019 1.528	No.7	0.9071
Tianjin	No.7	0.49795 552					No.8	0.98944	No.8	0.6997
Yunnan			No.2	1.64	No.3	1.9	No.3	0.38	No.9	1.98
Guangxi			No.2	4.7	No.10	5.888	No.10	1.9	No.10 No.2	0.5 0.38
Jiangxi			No.11 No.12	1.499 0.449			No.11	1.6365	No.3	1.998
Hebei	No.34	1.5	No.13	1.4			No.13 No.14 No.15	1.415	No.16	5.4065
Inner Mongolia					No.17	6.9995	No.2	6.38	No.2	6.89
Hubei					No.18	9.856	No.19 No.17	4.88	No.19 No.17	5.52
Zhejiang					No.20 No.21	2.28	No.20 No.22 No.23	4.985	No.20 No.22 No.23	4.54
Shandong					No.24	8.48				
Henan			No.2	2.32			No.7	4.807		6.3653
Fujian	No.4	1.57	No.33	6	No.33	6	No.3	9.98		
Guangdong							No.25	2.998		
Tibet							No.26	0.884		
Gansu							No.16	2.46	No.27	2.99
Shaanxi							No.3	3.52	No.10	2.988
Xinjiang							No.3	0.4992		
Qinghai							No.28	N/A		
Heilongjiang									No.3	3.489
Jilin							No.29	0.45	No.29	0.55
Beijing									No.30	0.94
Anhui					No.31	0.00880 367			No.31	0.5
Hainan			No.35	0.786					No.3	2.58
Sichuan					No.7 No.32	1.46	No.7 No.32	2.2	No.7 No.32	2.2
Chongqing							No.17	2.982	No.3	2.63

[112] About the information of all bidders' names, please find the Appendix C.

In brief, the evidence from provincial policy documents and public procurement information on PBEEs indicates that despite being sidelined in the NBEE, provincial governments have shown significant and enduring enthusiasm for conducting PBEEs. As explained in the research design, this study selects the most deviant sites, Jiangsu and Jilin, to examine local autonomy in the implementation of PBEE. The following section thoroughly examines the process of organizing and adapting PBEE in these provinces, including prefectures, and county-level governments.

BEE in Jiangsu Province and Nantong

Relationship with the NBEE

Cities in Jiangsu province have shown relatively active participation in the NBEE. The NDRC organized formal NBEEs in 2019 and 2020, evaluating 41 cities in the first year and 80 in the subsequent year. In 2019, Nanjing was the sole representative from Jiangsu province. However, by 2020, the number of evaluated cities from Jiangsu increased to five, including Nanjing, Suzhou, Changzhou, Wuxi, Nantong. As illustrated in Figure 5.13, Jiangsu province, alongside Zhejiang, Shandong, and Guangdong, dispatched the highest number of cities for evaluation in 2020. The relative ratio of evaluated cities to the total number of cities placed Jiangsu fourth overall. In addition, Nanjing's Jiangbei New Area was among the 18 National New Areas evaluated in 2020, further underscoring the active participation of Jiangsu's cities in the NBEE. According to the "Report 2021", four cities from Jiangsu (Suzhou, Nanjing, Wuxi, Changzhou) were listed among the top 25 cities with a high level of business environment.

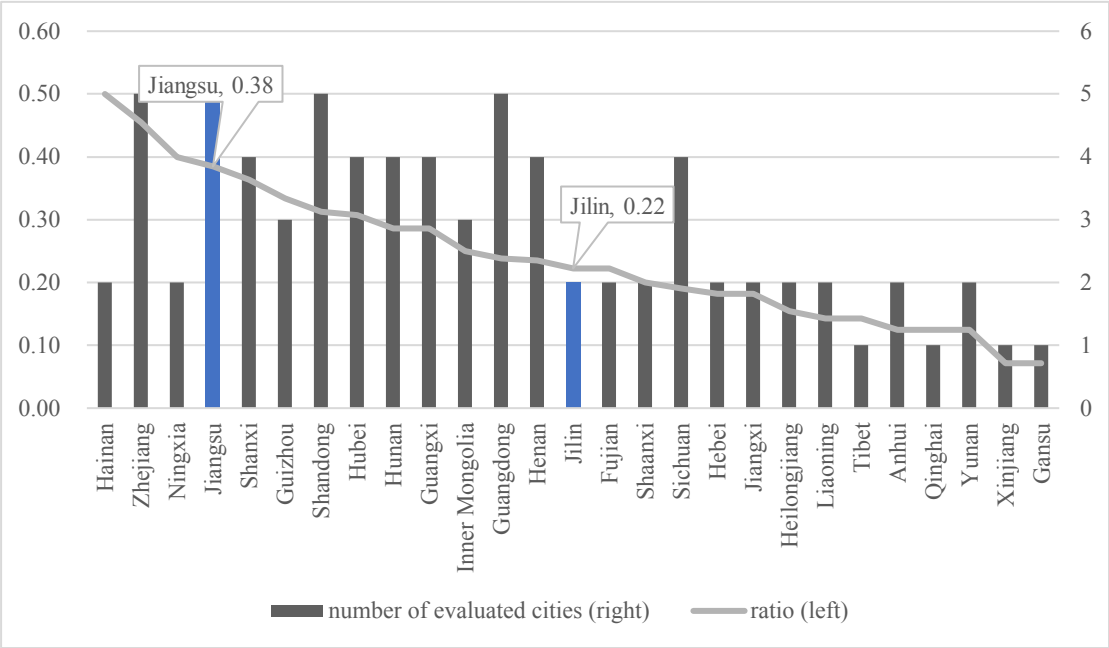

Figure 5.13 The Number of Evaluated Cities of Each Province in 2020 NBEE and the Ratio of it to the Number of All Cities of That Province

PBEE in Jiangsu (2019-2022). (1) Plan and Indicator System. Jiangsu province had conducted its own PBEE for four consecutive years, establishing a fixed work mode. Every year, Jiangsu formulated and issued a PBEE implementation plan, resulting in four plans by 2023.[113] The PBEE implementation plan's core content regulated the basic arrangements of the evaluation, including evaluation objects, the evaluation time period[114], evaluation contents, score methods, application of results, schedules, and supporting measures. The Office of Jiangsu Province OBE Joint Conference (OBEJCO), which later became the Jiangsu Province OBE Leading Small Group Office (OBELSG), released an evaluation plan at the end of the year. The evaluation work usually commenced in late December or early January of the following year and was completed

[113] 2019 Jiangsu Provincial Business Environment Evaluation Trial Plan, 2019 年江苏省营商环境试评价方案; Notice of the Office of the Joint Conference on Optimizing Business Environment of Jiangsu Province on Issuing of the "2020 Provincial Business Environment Evaluation Plan", the Office of the Joint Conference on Optimizing Business Environment〔2020〕4. 江苏省优化营商环境工作联席会议办公室关于印发《2020 年全省营商环境评价方案》的通知, 苏营商联办函〔2020〕4 号; 2021 Jiangsu Provincial Business Environment Evaluation Plan (revised version), 2021 年全省营商环境评价方案修订稿; Notice on Issuing of the "2022 Provincial Business Environment Evaluation Plan", Jiangsu Provincial Leading Small Group for Optimizing Business Environment〔2022〕6. 关于印发《2022 年全省营商环境评价方案》的通知, 苏营商发〔2022〕6 号.

[114] time period refers to evaluating government's performance of a certain indictor in this period.

in January. I obtained all four PBEE implementation plans from 2019 to 2022. Table 5.6 below provides a brief comparison of the evaluated objects and the schedule within the selected time period, illustrating a standardized arrangement of PBEEs.

Table 5.6 The Evaluated Objects and Schedule within the Selected Time Range

	Plan 2019 (trial)	Plan 2020	Plan 2021	Plan 2022
Time range	2018.12.1-2019.11.30	2020.1.1-2020.11.30[115]	2021.1.1-2021.12.31	2022.1.1-2022.12.31
Schedule	sample: early Jan.	start: 2020.12.21	start: 2021.12.1	start:2022.12.14
	score: first third of Jan.	preliminary result: before 2021.1.15	preliminary result: before 2022.1.10	preliminary result: before 2023.1.10
	result: middle third of Jan.	formal result: before 2021.1.24	formal result: before 2022.1.20	before 2023.1.29

Local government's initiative in Jiangsu's PBEE was first demonstrated by its autonomy in adapting the NBEE indicator system. The NBEE indicator system consisted of 18 first-level indicators and 87 second-level indicators, as shown in Table D.1. Jiangsu's PBEE indicator system specified concrete contents for first-level and lower-level indicators. Each first-level indicator was assigned to a leading department responsible for it, and each indicator, regardless of its level, was assigned a score. The system distinguished between evaluated and observed indicators. Observed indicators did not count as the current year's evaluation score but were expected to be included in the following year's evaluation. Jiangsu's PBEE had a full score of 100 points, with 80 points allocated to first-level indicators. The remaining 20 points were composed of Satisfaction Evaluation (15 points) and Innovation & Penalty Items (加分/扣分项, 5 points). (see Table D.2) The PBEE evaluated not only cities with districts but also

[115] Time range for "Intellectual Property Protection, Resolve Insolvency, Enforce Contract" is 2020.1.1-2020.12.31; for "Deal with Projection Construction Approval" is 2020.12.1-2020.12.31.

county-level governments, including counties, county-level cities, and districts. Each level of government entity had slightly different indicators. Table D.2 shows the translation of the Jiangsu PBEE indicator system in 2020.

The indicator system for the county-level governments differed slightly from that of cities with districts in one key aspect: the number of first-level indicators evaluated was lower. Accordingly, the score assigned to each indicator differed. A translation of the PBEE indicator system for county-level governments in the same year is provided in Table D.3. It shows that there were only nine first-level indicators, compared to 14 indicators in the system for cities with districts. Consequently, if the total score remained at 80 (excluding the Satisfaction Evaluation and Reward & Penalty items), the score for each first-level indicator increased. In addition, the second-level indicators of each first-level indicator were almost the same as those in the indicator system for city, with minor differences.

Each first-level indicator was composed of several second-level indicators, but details below the second-level indicators were not shown. This specific information was provided in the "explanation of the PBEE indicator" section of the PBEE plan. Taking "Starting a Business" as an example, the procedure of Starting a Business involved four steps: registering, engraving an official seal, opening a bank account, and receipt of invoices. This second-level indicator was assigned 1.8 points. The score was based on the number of steps involved. Second, the time required to Start a Business was calculated by accumulating the time for each step, based on data generated by the relevant sectoral system, also weighted at 1.8 points. Third, the cost of Starting a Business, which referred to the actual expenses incurred throughout the process, was weighted at 1.2 points. If charging items were in accordance with national laws, one point was awarded. For each extra fee, 0.1 points were deducted until it reached zero. Governments that issued policies to reduce fees received a full score of 1.2. The final sub-indicator concerned the ease of Starting a Business, which included the "one-window" construction and the registration specification. Government services for Starting a Business should provide "one-window" and "one-stop service" for

enterprises. In addition, free assistance services should be provided. Each of the three services was worth 0.2 points, for a total of 0.6 points. Compliance with business registration requirements was worth 0.6 points, which were awarded if the materials met the requirements. Points were deducted at a rate of 0.3 for each instance of non-compliance, until the score reached zero. Table 5.7 lists the scoring method for each specific aspect of Starting a Business. The PBEE Plan provided detailed explanations for each first and second-level indicator, allowing local governments to refine their policies and practices for better PBEE performance.

Table 5.7 The Score Method Details of the "Starting a Business"

Start a Business	procedure	6	1.8	score based on the rank of the numbers of steps
	time		1.8	score based on the rank of the length of time
	cost		1.2	charge in compliance with laws 1.0; deration policy 1.2; -0.1 for every extra charge case
	ease		1.2	"one-window" for Starting a Business 0.2; "one stop service" 0.2; free assistance 0.2
				materials are in compliance with specifications 0.6; -0.3 for every instance of non-compliance

The indicator system is the core of BEE. Comparison of the indicator systems of PBEE in Jiangsu and Jilin with those of NBEE demonstrates that provincial ones do not completely mirror the NBEE ones[116] (See Table 5.8). Indicator systems of NBEE 2019 and NBEE 2020 both consisted of 18 first-level indicators and 87 second-level indicators. In 2019, Jiangsu's PBEE replicated only part of the NBEE, adopting 11 first-level and 33 second-level indicators, while Jilin's PBEE included 14 first-level and 51 second-level indicators. From 2020 to 2022, Jiangsu's PBEEs retained 15 of 18 first-level indicators from the NBEE 2020 but about only half of the second-level indicators. Conversely, Jilin's PBEEs mostly mirrored the NBEE 2020 indicators, albeit with some

[116] The indicator system of two formal NBEEs are slightly different. Therefore, the indicator system of PBEE always compares to the newest one of NBEE.

differences. Furthermore, even when the NBEE and PBEE shared the same second-level indicators, the measurement methods were different. For instance, the NBEE evaluated the accessibility of credit to small-micro enterprises by measuring the interest rate of loan financing and the increase in total local financing for them. In contrast, Jiangsu's PBEE measured this by examining the increase in the number of small-micro enterprises loan financing and growth rate of small-micro enterprise loan balance over to growth rate of various loan balances over the beginning of the year. Namely, provinces had the autonomy to design their own indicators and adopt their preferred methods in their PBEEs, even though the NBEE served as a template.

Table 5.8 The Number of PBEE Indicators that are Same as the NBEE

Name of BEE		First-level indicator	Second-level indicator
Jiangsu PBEE 2019	NBEE 2019	11	33
Jilin PBEE 2019		14	51
Jiangsu PBEE 2020	NBEE 2020	15	44
Jiangsu PBEE 2021		15	42
Jiangsu PBEE 2022		15	40
Jilin PBEE 2020		17	73
Jilin PBEE 2021		18	85
Jilin PBEE 2022		18	84

(2) Organization and coordination. Jiangsu's initiative in implementing the BEE was notable for its distinctive organizational approach. Unlike other provinces and the NDRC, Jiangsu's bureaucratic system undertook on the task independently, eschewing third-party assistance and steering it in a top-down manner. To steer this complex and comprehensive task, which required much coordination, Jiangsu established the OBEJCO[117], set within the provincial DRC. In 2022, the OBELSG was established, headed by the Secretary of the Jiangsu Provincial Party Committee. This approach of utilizing LSGs to enhance the importance of the PBEE was commonly employed

[117] http://www.gov.cn/xinwen/2019-05/27/content_5395159.htm, "Jiangsu province issued a list of 150 tasks to optimize the business environment", 江苏出台 150 项任务清单优化营商环境.

during the Xi era (Tsai & Zhou, 2019; Guo, 2020). The appointment of the provincial secretary as the group leader underscored the significance of PBEE. Similarly, the OBELSG set up an office within the provincial DRC to coordinate and supervise daily affairs, track schedules, and ensure the implementation of PBEE. Thus, the DRC played the overall leading role in organizing PBEE. Figure 5.14 illustrates the organizational structure of PBEE in Jiangsu and the relationships between various organizations at different levels. This structure highlights the DRC's central role and the top-down coordination which is essential for the successful implementation of PBEE in Jiangsu.

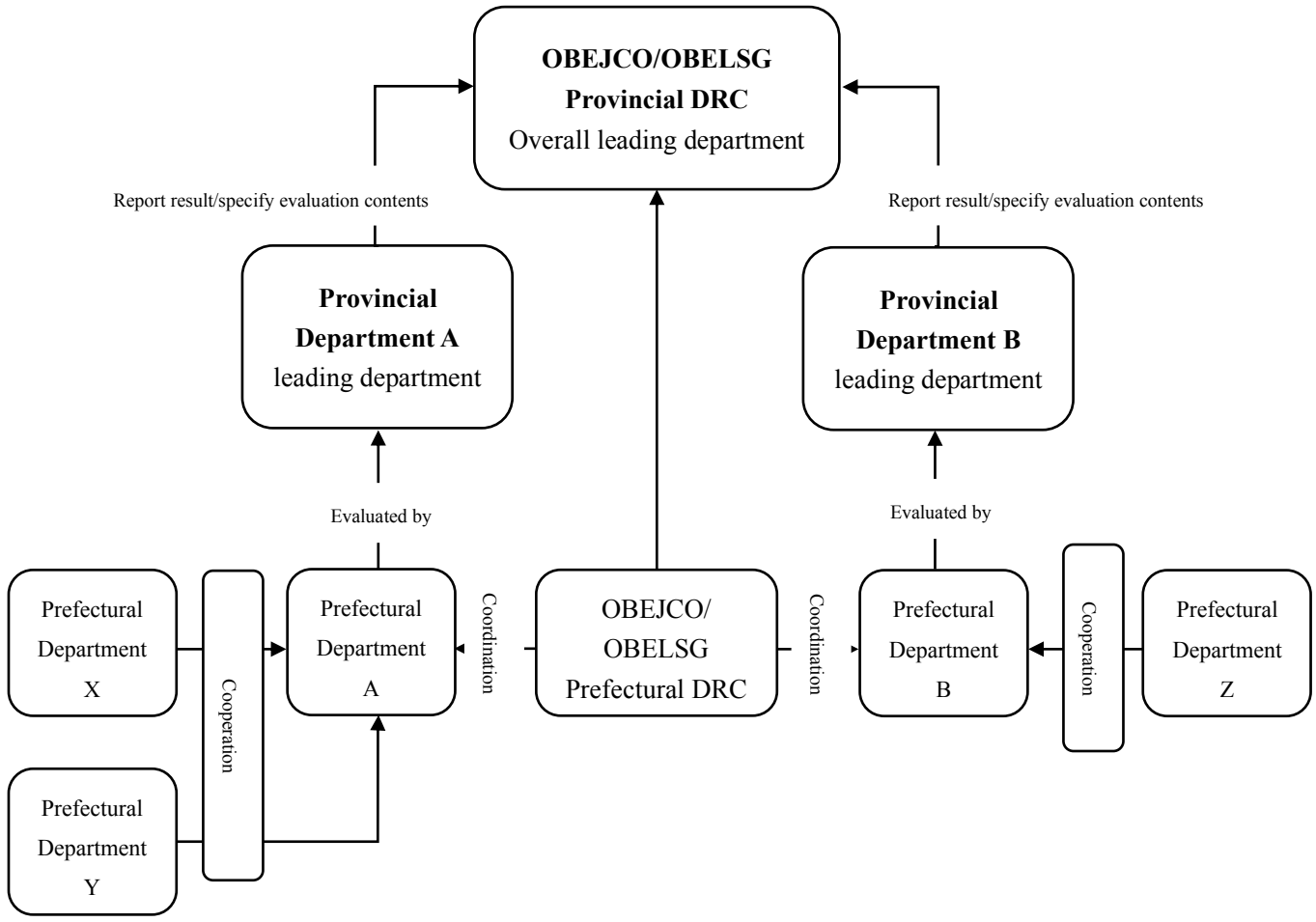

Figure 5.14 The Organizational Structure of PBEE in Jiangsu

At the central level, the NDRC organized people from municipalities to participate in the NBEE, but the evaluation contents and standards were designed by the Infinity Technology. In contrast, the PBEE in Jiangsu involved more collaboration and coordination among horizontal organizations. This was first embodied in the generation of the indicators and evaluation contents. The implementation plans from 2019 to 2021 recorded that the contents of detailed PBEE indicators were distributed to and generated by the leading departments of each first-level indicator, in collaboration with other responsible departments, and then collected and compiled by the DRC, as shown in Figure 5.14.

The director of the Regulation Division of Nantong DRC (2021041504) confirmed, "The detailed rules of the indicator system were drafted by each department and then consolidated into the BEE implementation plan, which was issued on behalf of the DRC. Both the province and the cities followed this pattern." This approach leveraged the expertise of each department while allowing them to prioritize their preferences and ensure control over their subordinates. However, coordination can be challenging. As the director added, "There is a risk of disunity and a big problem with departmental initiative, which makes it difficult to coordinate various departments."

Second, the PBEE results (each first-level indicator, satisfaction, reward & penalty item) were decided by each leading department. The results were then reported to the OBEJCO or Office of OBELSG, indicating the need for coordination among departments. Most of the first-level indicators were assigned to only one leading department, but the evaluation of these indicators relied on the cooperation of other departments. For example, in the PBEE Plan in 2022, "Getting Electricity", with the Provincial Electric Power Company as the leading department, included six second-level indicators. The evaluation of two indicators, "procedure" and "time", required information from the provincial HURD. Some first-level indicators were led by multiple departments. For instance, "Trading across Borders"[118] was led by the

[118] Also "Getting Credit", "Market Regulation".

Department of Commerce, the Department of Finance, the Department of Transportation, and the Nanjing Customs District. The Department of Transportation and Finance reported the production operation time limits at various ports, while the Department of Commerce was responsible for publishing the fort fee catalog lists. The evaluation result was then formulated by the Department of Commerce and reported to the Office of OBELSG. These cases illustrate the horizontal cooperation that occurred during the evaluation process.

Finally, subordinates commonly prepared for the evaluation by exchanging personnel and communicating across divisions within a department. For example, in the 2020 PBEE Plan, the "Governance Service" indicator consisted of four second-level indicators: "FGF Reform, Online Government Service Capacity, Ease of Government Service, and Data Sharing". In Nantong, the Administrative Approval Bureau was responsible for undertaking these four indicators during the PBEE. One division member introduced the basic work division and corporation, "Although the Management Division is responsible for the overall task, the Approval Reform Division is in charge of FGF Reform, the Information Division is responsible for Online Governance Capacity, the Management Division is responsible for Ease of Governance Service, and the Big Data Bureau is responsible for Data Sharing. When the PBEE starts," she further explained, "many works are mixed. I belong to the Approval Reform Division, but I also work for the Management Division to assist with the evaluation." (2021042707) In summary, the PBEE demonstrated ingrained coordination among multiple agencies during the BEE process.

(3) Result, report and incentive mechanism. The results of the evaluations were very important to local governments. The PBEE implementation plans stated that "feedback will be provided to the evaluated units and an evaluation report will be generated annually to encourage localities and departments to close performance gaps." Jiangsu communicated its evaluation results to local governments in a manner similar to the NBEE. Table 5.9 documents Nantong's performance in the 2020 PBEE. Compared to the result reported by the NDRC, Jiangsu's report provided similar

information on individual scores and the highest scores for each first-level indicator. However, instead of indicating the level in which the evaluated objects fell, Jiangsu's report showed the maximum, minimum, and average scores, allowing each evaluated object to understand its relative position in comparison to the average and maximum scores, even if it did not know the scores of other cities.

Table 5.9 2020's PBEE Result for Cities (with Districts) — Nantong

First-level indicator	Score	Nantong	Maximum	Minimum	Average
Total	100	90.653	93.527	82.5	88.703
Start a Business	6	6	6	4.2	4.892
Deal with project construction	10	9.7	10	9.6	9.769
Get Electricity	6	5.235	6	5.235	5.47
Register Property	6	5.65	5.89	4.59	5.571
Pay Tax	6	5.574	5.634	5.028	5.391
Trade across Borders	4	4	4	4	4
Get Credit	6	5.61	5.93	5.34	5.565
Solve Insolvency	6	5.1	6	4.8	5.459
Enforce Contract	6	5.4	6	4.8	5.538
Government Service	6	5.276	5.466	4.957	5.270
Intellectual Property Creation, Protection, Application and Service	6	4.21	4.705	3.33	3.743
Market Regulation	6	5.95	6	5.85	5.958
Contract with Government	3	2.995	2.996	2.988	2.992
Tender and Bid	3	2.969	2.97	2.964	2.967
Satisfaction — Private Enterprise PBEE	5	4.4	4.6	4.1	4.427
Satisfaction — Industrial Association and Chamber of Commerce	5	4.670	4.815	4.525	4.644
Satisfaction — Government Service	5	4.914	4.955	4.91	4.921
Reward Item — Innovation	5	3	5	0	2.115
Penalty Item	-5	/	/	/	/

Source: Analysis of 2020 Provincial Business Environment Evaluation Result – by Nantong OBEJCO

In addition to notifying local governments of their evaluation results, a PBEE Report was prepared and internally circulated. The report was expected to help local governments identify shortcomings and learn from advanced reform experiences. I obtained two authentic reports (PBEE Report 2019 and 2021). The Reports consisted of two parts: result analysis and presentation of typical cases. The analysis began by reiterating the evaluation process and describing the method used. It then presented the performance of specific indicators and analyzed their average performance across the province. For example, the PBEE Report 2019 stated: "The procedures of Starting a Business in our province are typically condensed into four steps. On average, it takes 1.58 days to complete this process in 13 cities. Local governments have implemented measures to waive fees for engraving official seals, purchasing tax controllers, and opening bank accounts." At last, the report provided a detailed analysis of the evaluation results, including a "specific analysis report" for each first-level indicator. These reports elaborated on the evaluation process for each indicator, described the overall performance of the province, and compared it with other provinces with better performance, identified major problems, and provided advice. The other part of the Reports highlighted cases that were considered worth learning and generalizing at the provincial level.

The evaluation results and reports would be less valuable without an effective incentive mechanism. Since 2019, Jiangsu's PBEE results have been linked to the High-Quality Development Evaluation, a more comprehensive evaluation project. High-Quality Development (HQD) was first proposed in the Nineteenth CCPPC, marking a shift from the high-growth to high-quality development, which called for a change in development mode and optimization of economic structure…[119]. Xi Jinping emphasized this concept several times in 2021[120]. The People's Daily (人民日报)

[119] http://cpc.people.com.cn/n1/2017/1028/c64094-29613660.html, "Xi Jinping's report to the 19th National Congress of the Chinese Communist Party", 习近平在中国共产党第十九次全国代表大会上的报告.
[120] http://www.xinhuanet.com/politics/xxjxs/2021-03/08/c_1127185784.htm, "2021 'Two Sessions New Words' Part 3, Xi Jinping keeps thinking about this road", 2021"两会新语之三，习近平心心念念这条路".

criticized the current evaluation system for being unable to meet the requirements of "HQD" and advocated using the evaluation system to promote "HDQ"[121]. In 2020, the Organization Department of the CCCCP issued a notice on "Improving the Promotion of High-Quality Development Performance Evaluation,"[122] emphasizing that in the new era, the evaluation of local party leaders and cadres should serve the needs of HQD, which meant that the concept of HQD should be bundled with the evaluation. Jiangsu responded positively by establishing relevant HQD evaluation indicators and implementation plans[123]. The HQD evaluation was incorporated into the annual comprehensive performance evaluation, highlighting its importance[124].

Regarding the regulations on the application of evaluation results in implementation plans, both the 2019 and 2020 plans stated that the BEE result would be counted in the monitoring of the HQD result. The 2021 and 2022 versions clarified that the BEE result would be counted in the HQD evaluation result. According to interviews with various departments and bureaus, the PBEE result accounted for 3.5% of the HQD evaluation, which was considered "very high" or "quite high" (2021071917; 2021071921; 2021072135; 2021102637). Interviewees unanimously reported that "the leadership attaches great importance to PBEE, which is also appreciated by the departments. Not to mention that the results of the PBEE are linked to the comprehensive performance evaluation, which affects our performance pay" (2021041504; 2021072028；2021071917；2021072136). Therefore, as evidenced by these responses, Jiangsu designed a very strong incentive mechanism regarding the PBEE.

However, this result notification approach also led to confusion and complaints

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[121] http://www.gov.cn/xinwen/2018-01/30/content_5261987.htm, "Using the evaluation system to promote HQD". 用考核制度推动高质量发展.

[122] The Organization Department of the CCPCC issued the "Notice on Improving the Performance Evaluation of Promoting High-Quality Development", 中组部印发《关于改进推动高质量发展的政绩考核的通知》.

[123] https://www.ndrc.gov.cn/fggz/fgzy/xmtjd/202105/t20210525_1280737.html, "Jiangsu strives to build an evaluation indicator system to lead and promote HQD", 江苏着力构建考核指标体系 引领推动高质量发展.

[124] http://www.jiangsu.gov.cn/art/2022/6/27/art_60095_10516342.html, "Jiangsu's 2021 comprehensive evaluation results are released, use the evaluation 'baton' well to stimulate new momentum for HQD", 江苏 2021 年度综合考核结果出炉 用好考核"指挥棒"激发高质量发展新动能.

among local governments. One problem was that prefectural cities did not know the scores of its counterparts. The provincial report described the general situation but barely mentioned the scores of each prefectural city, county, county-level city, or district. In the PBEE report 2019, only two first-level indicators, "Starting a Business" and "Intellectual Property Creation, Protection, Application, and Service", and one second-level indicator, "Government Integrity", recorded the scores of each evaluated object. In the PBEE report 2021, scores of first-level indicators were not disclosed; only the satisfaction results by the Industrial Association and Chamber of Commerce were notified.

Nantong despite its rapid GDP (Gross Domestic Product) growth and joining the GDP Trillion Club (GDP 万亿俱乐部) in 2020, did not perform as well as expected in the 2019 and 2020 PBEE rankings, ranking fifth in both years. In this context, Nantong's leadership set a target of "insuring the fifth striving for the fourth" (保五争四), which put more pressure on the departments. Undesirably, Nantong's rank dropped to sixth in 2021, which was a blow to them. To address this "crisis", the Nantong DRC (OBEJCO and then the Office of OBELSG) implemented a new measure by submitting specific work reports to the leadership and circulating them to relevant departments to achieve better results in the future. The gaps between Nantong and its superiors lay in two or three first-level indicators. Without knowing the specific scores of others on these indicators, it was difficult to create a targeted improvement plan. Interviewees from Nantong expressed that provincial departments did not provide details on score deductions. They complained that "they do not tell us…They just inform you about your score, but not how the score is deducted…" (2021050808) After the evaluation, the person in charge of the evaluated indicator usually went to meet the provincial department to ask for more information, but "they would neither tell you what score you got nor where you were ranked. They just gave general feedback on the city's performance and areas for improvement" (2022121340). This lack of transparency led to confusion and dissatisfaction, making it challenging to refine flawed indicators (2021051009; 2021051312; 2021051801; 2021071919;

2021072135).

BEE in Nantong 2020

In 2020, the DRC of Nantong, as the overall leading department, organized the BEE, following the surge in BEEs conducted by various agencies across the country. In these early days, many provinces and prefectural cities, including Nantong, enthusiastically joined the BEE boom. The Regulation Division, a small unit with no more than three people, was tasked with creating the final "Trial Plan" and acted as the central hub for communication and coordination with other divisions and bureaus to complete the evaluation. The director of the Regulation Division explained primary purpose of conducting the BEE towards its county-level governments was to better prepare for the PBEE (2021041504). Similar to the PBEE, the Nantong DRC led the evaluation process, with each first-level indicator having its own leading department and cooperative departments. The leading department was responsible for scoring, while the cooperative departments assisted the DRC and other departments in carrying out the evaluation. As with the PBEE, the results of the county-level government evaluations were also included in the 2020 HQD evaluation. However, this process was not without challenges. Interviewees from county-level departments provided feedback indicating that the evaluation, along with the PBEE, significantly increased the workload of local governments and exhausted civil servants. A vice-director of a county-level DRC expressed emotionally: "Mayor Shan has a good point, 'There is the NBEE indicator, the PBEE indicator, and a Nantong indicator, how can we have three sets of indicators?' I find the leader's words highlighting the crux of the issue. Three evaluations destroy me!" (2021071917) This frustration reflected the substantial burden imposed by multiple evaluations on local governments. Fortunately, the Nantong BEE was short-lived. It lasted only a year because the GOSC and Jiangsu issued documents to stop BEEs below the prefectural level.

Jilin Province, Changchun City and Changchun New Area

Relationship with the NBEE

In Jilin, fewer cities participated in the NBEE compared to Jiangsu. In 2019, among the 41 evaluated cities, only Changchun came from Jilin province. In 2020, the number increased to two with the addition of Jilin city. Despite the small number of evaluated cities, the ratio of them to the total prefectural regions in Jilin province is moderate compared to other provinces (see Figure 5.13). In addition, the Changchun New Area was one of the 18 National New Areas evaluated in the NBEE 2020. According to the "Report 2021", Changchun was one of the 14 cities that showed the fastest improvement in the performance of NBEE. It could be seen that over time, the NBEE has garnered increasing attention in Jilin province.

PBEE in Jilin (2019-2022). (1) Organization. China's northeastern region, including Jilin province, was familiar with the BEE because the NDRC had organized pilot BEEs before the formal NBEE rollout. In late 2019, Jilin began evaluating its subordinates under the name of PBEE and continued from 2020 to 2022. Unlike the central government and Jiangsu province, an independent department, rather than the DRC, managed the entire evaluation process in Jilin province. Before the NBEE was organized, the State Council vigorously promoted the FGF reform nationwide, Jilin assigned this responsibility to the LSG for Soft Environment Construction (LSGSEC) and its affiliated Office (OSEC). Initially, OSEC was a temporary coordination agency with personnel recruited from other departments. Later, it was absorbed into the newly established Bureau of Government Service and Digitalization Construction and Administration (BGSDCA).

A deputy division director of BGSDCA explained that BGSDCA became the overall leading department in PBEE work due to General Secretary Xi Jinping's emphasis on deepening reform and optimizing the business environment during his inspection of Jilin Province in 2015. Following his instructions, Jilin established LSGSEC for soft environment construction. In 2018, as part of a new round of party and state institution reform, Jilin established BGSDCA, responsible for government service and digitalization construction, integrating the functions of the former OSEC. In 2021, OSEC was renamed as the Office of Jilin Province Business Environment

Construction (OBEC). This practice of institution setting is known as “one institution with two names” (一个机构，两块牌子). Additionally, Jilin established the LSG for Business Environment Construction (LSGBEC), appointing the key leaders of Party Committee and government as group leaders to emphasize the importance of BEE. A third-party company, GY Consulting, played a major role in the PBEE process. GY Consulting was responsible for evaluation, scoring, ranking, and writing evaluation reports. It was also actively and deeply involved in designing the indicators.

(2) Plan and Indicator System. Jilin has developed a routine for conducting PBEE. At the end of 2019, OSEC issued the “Notice of Carrying Out the Third-Party Evaluation throughout the province” (关于开展 2019 年度全省营商环境第三方评估的通知，吉软环境办〔2019〕47 号), which included the PBEE indicator system. In recent years, the Office (OSEC in 2020, OBEC in 2021 & 2022) generally firstly issued the “Notice of Jilin Province BEE Implementation Plan” (吉林省营商环境考核评价实施方案（试行）的通知，吉营商环境组) in the middle of the year, which specified the evaluation indicator system for all evaluation objects, allowing for a comprehensive understanding of the finely divided indicators. Then, at the end of the year, the LSGBEC (in 2020 it was the LSGSEC) issued the “Notice of Carrying Out PBEE in Jilin Province” (关于开展全省营商环境考核评价的通知), which marked the beginning of PBEE and provided instructions before the evaluation. These were the main documents related to PBEE. It was conceivable that these two documents were structured differently. The Implementation Plans were structured as follows: general requirements, fundamental principles, indicator system, evaluation arrangement, application of results, and organization. In contrast, the other one was composed of four parts: evaluation scope, evaluation content and method, materials to be submitted, and work requirements. Several attachments were included to elaborate the details, such as the third-party evaluation plan, explanation for the confirmation of the business environment news report, and interim measures for the confirmation of the soft environment law case. Table 5.10 is based on the policy documents from 2020 to 2022 and shows that despite the organizational changes, PBEE in Jilin has been carried out following a regular

routine.

Table 5.10 The Evaluated Objects and Schedule within the Selected Time Range

	Notice 2020 / Plan 2020	Notice 2021 / Plan 2021	Notice 2022 / Plan 2022
Time range	2019.11.1-2020.10.31	2020.11.1-2021.12.31	2022.1.1-2022.11.30
Schedule	fill in system: trial 2020.12.3-12.4	fill in system: trial 2021.11.22-11.28	fill in system: trial 2022.11.23-11.25
	fill in system: formal 2020.12.7-12.9	fill in system: formal 2021.11.29-11.30	fill in system: formal 2021.11.28-12.1
	enterprise investigation	enterprise investigation	enterprise investigation
	data verification	data verification	data verification
	score	score	score

Source: summary based on the policy documents on PBEE Plans of Jilin Province

The PBEE in Jilin initially covered only prefectural and county-level administrative regions but later expanded its scope to include evaluations of provincial and centrally-administered departments. The indicator system used in 2019 and 2020 differed from that used in 2021 and 2022 due to a change in the main designer (2023011215). The indicator system was primarily developed by the vice director of an internal branch of BGSDCA, the BEE Bureau, with assistance from GY Consulting. In 2021, a new vice director took over the BEE Bureau, brining different ideas from his predecessor. When the indicator systems for 2019 and 2020, and for 2021 and 2022, were prepared by the same individual, they were structured similarly. Compared to the NBEE's indicator system, Jilin's system expanded the first-level indicators. Beyond the 18 indicators in NBEE's system based on the Doing Business's protocol (see Table 5.3), Jilin added more first-level indicators to reflect its preferences. For instance, the 2019 indicator system had 28 first-level indicators and 104 second-level indicators, while the 2020 system had 29 first-level indicators and 106 second-level indicators. In 2021 and 2022, the number of second-level indicators increased dramatically to more than 120. Table D.4 presents the details of these first-level and second-level indicators.

Under the PBEE indicator system, every first-level indicator was assigned a score, except for indicators 23 to 27, in which points were deducted according to actual implementation, and indicator 28, in which points were rewarded. Thus, a city could receive a score as high as 110[125]. The difference between the county-level evaluation indicator system and the prefectural level evaluation system lay in the number of first-level indicators. Compared to the PBEE indicator system for prefectural cities, the system for county-level areas dropped three first-level indicators and one second-level indicator. Accordingly, the weight of each first-level indicator changed when the full score remained at 110.

Jilin's PBEE introduced a new part in 2021, which evaluated relevant departments. The official document outlined six first-level indicators and 32 second-level indicators to promote effective coordination and supervision of the evaluation work. The evaluation used point deductions, point awards, and satisfaction measurements, combining to form a maximum possible score of 120[126]. The rationale behind the design of the evaluation for provincial departments was consistent with that of the ten newly added indicators for local governments, both aiming at promoting interdepartmental cooperation and ensuring the implementation of PBEE. The emphasis on "strengthening implementation, coordination, and expanding impact" explicitly stressed this point.

With the assistance of GY Consulting, Jilin's PBEE had gradually formulated a richer and more standardized indicator system, a clear evaluation procedure, and its own evaluation method. The indicator systems designed for the three different types of evaluation contained more contents compared to NBEE, reflecting the proactive stance of the leading department, BGSDCA. In short, Jilin province leveraged the initiative granted by the central government on BEE, making yearly adjustments to the NBEE indicator system. However, it was crucial to recognize that other departments and

[125] No deduction and awarded maximum score (20).
[126] See Table D.5.

lower-level governments had different attitudes towards these changes. The indicator systems did not provide information regarding how evaluated objects were scored, which might lead to manipulation due to such ambiguity or silence on the weight of second-level indicators. Further analysis is required to understand how these indicator systems were bundled with new content and how PBEEs were practically implemented.

(3) Coordination among the BGSDCA, GY Consulting, other departments and below. In Jilin Province, the BGSDCA (OSEC/OBEC) managed the PBEE work, while the practical evaluation was in the hands of OBEC's Evaluation Bureau and GY Consulting. The PBEE format in Jilin mirrored the NBEE, requiring evaluation objects to "fill in the questionnaire system", but in a virtual manner, not as rigorous as the NBEE. Assigning BGSDCA as the overall leading department posed a clear disadvantage. As an institution directly under the provincial government (省政府直属机构), it struggled to mobilize its peers — other provincial governments with the same administrative ranks as the BGSDCA. Both officials within BGSDCA and cadres working on PBEE expressed, "it was difficult for BGSDCA to coordinate. The provincial and prefectural BGSCDAs were very concerned about PBEE, but the provincial departments did not share this concern. This phenomenon was serious!" (2021060813; 2021061114). This lack of effective cooperation hindered the PBEE process and subsequent reforms.

To address this issue, Jilin province established the Interdepartmental Indicator Special Working Group in 2021. To correspond one-to-one with the 18 first-level indicators of the NBEE, 18 Special Working Groups were formed under the leadership of the LSGBEC, each headed by a vice-governor appointed as the group leader and a leading department principal as the deputy group leader. The organizational structure of the Special Working Groups connected at least the leading departments, member units, and provincial leaders. This move was intended to leverage the authority of the provincial leaders to mobilize the leading departments of each first-level indicator and promote coordination.

Despite this organizational design, PBEE's operational mode was found to be

largely limited regarding its effectiveness. The BGSDCA adopted a highly centralized approach to designing the indicator system, largely bypassing the initiative of the relevant departments. Essentially, the indicator system was mostly derived from that of Infinity Technology and then refined by GY Consulting (2023011648). All PBEE plans' indicator systems were designed by OBEC with the assistance of GY Consulting. The indicator system was then circulated to the relevant departments for review and feedback. The OBEC made appropriate amendments based on the feedback received. However, one director remarked, "it is unrealistic for all relevant departments to sit down and discuss the indicator design together, as it would take too much time and energy and ultimately fail" (2021060813). The leading departments theoretically had the best knowledge and information about the indicators in their field and should have been effectively involved in the indicator design process. Such an ignorance on the part of provincial departments discouraged them from active participation.

To ensure effective participation in PBEE, lower-level governments should appoint a general coordinator and a liaison. Moreover, they should also appoint a first-level indicator leading department coordinator and an informant to assist with the evaluation. As shown in Figure 5.15, the evaluated objects only needed to fill in the online system developed by GY Consulting. The general coordinators at the prefectural level were responsible for gathering and examining materials and data from each leading department, which were then reported through the system by the liaison. The department coordinator prepared the materials and coordinated the relevant departments to fill in the system. The informant reviewed these prepared materials and submitted the enterprise list and supporting materials to the general coordinator within its jurisdiction. The operational process of PBEE in Jilin required a lot of coordination, but the pattern differed from that in Jiangsu. GY Consulting acted as a hub for coordination among itself, prefectural departments, and provincial departments. This way of PBEE implementation imposed most of the organizational cost on GY Consulting, thus relieving the provincial departments, particularly the BGSDCA, of many miscellaneous and tedious tasks.

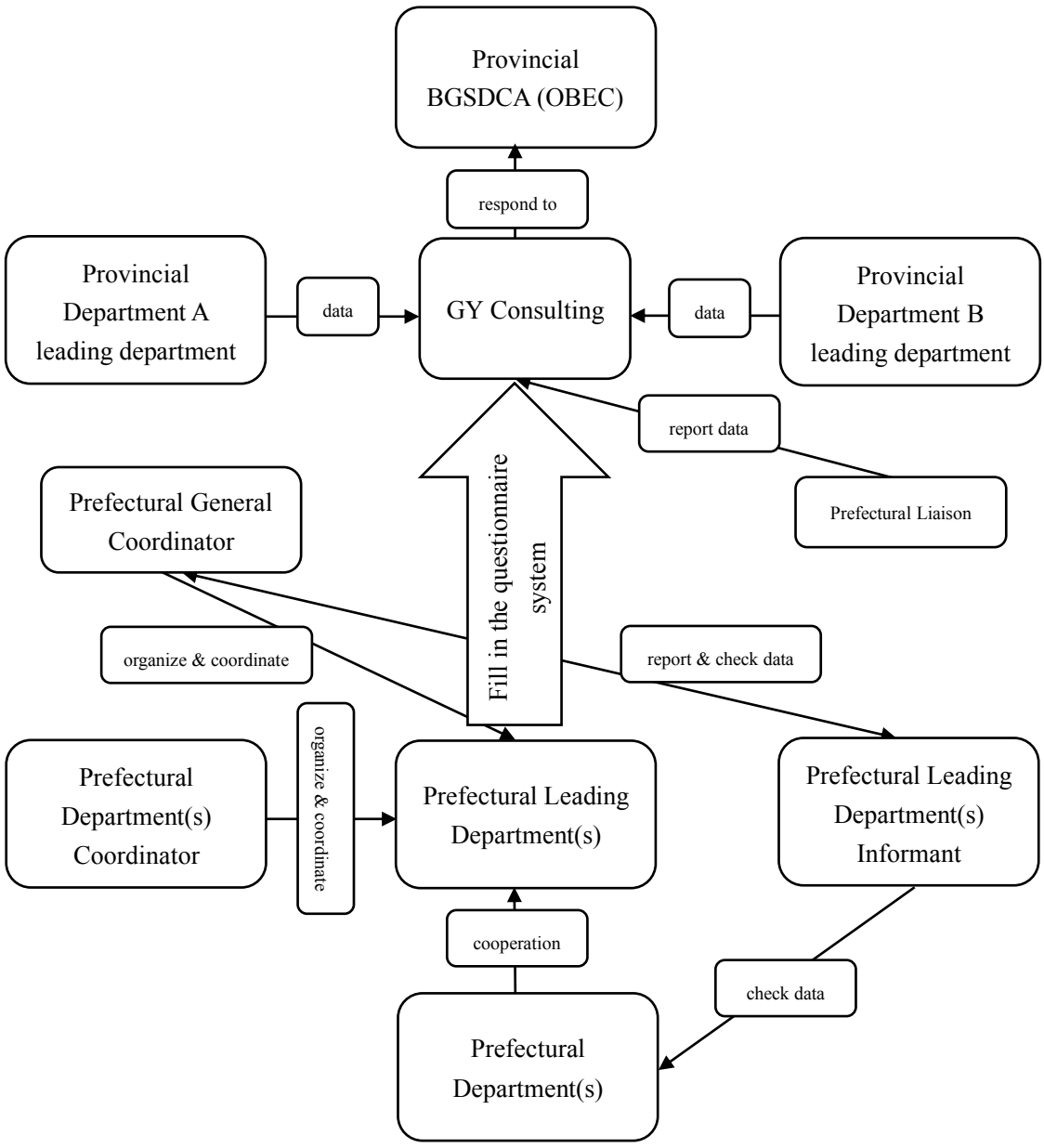

Figure 5.15 The Organizational Structure and Their Relationships of PBEE in Jilin

(4) Result, report and incentive mechanism. Jilin's notification of PBEE results through official channels was limited. GY Consulting classified the evaluation results into three levels: excellent, qualified, and unqualified. Scores above 90 were deemed excellent, those between 70 and 90 were qualified, and scores below 70 were unqualified. Additionally, units that performed excellently had the opportunity to

receive the title of “Annual Business Environment Construction Model Units” based on their ranking within their specific evaluation category. For a centrally-administered department to achieve this title, it must rank first among six peers. Provincial departments must rank in the top five, prefectural cities must rank in the top three, and counties (county-level cities) in the top nine.

Although each evaluated object received a score based on its performance, the official result notification document did not publish the scores and rankings. Instead, it listed all the model units and units that performed excellently. For example, the 2020 notification document titled “The Notification of Situation of the 2020 PBEE” (关于2020 年度全省营商环境考核评价情况的通报, 吉软环境组〔2021〕1 号) had a positive tone, encouraging other units to learn from these model units but did not provide information on the scores of each unit. According to the manager of GY Consulting, the evaluated units were not informed about the results (2023011615). However, the evaluation report sent to the prefectures disclosed this information. There was no requirement in any of the implementation plans for evaluation reports according to the PBEE, but GY Consulting chose to prepare evaluation reports for the prefectural governments. For example, the 2021 report submitted to Changchun presented the score and rank of each first-level indicator as shown in Table 5.11: the report disclosed the score and rank for each first-level indicator, the Market Entity Satisfaction, and the position of each indicator for this city. It also included the city’s previous year’s rank, enabling the city to easily identify changes and set future priorities. However, unlike the Jiangsu report, the scores of the best-performing city and the average levels were not disclosed to each other. The report also provided an analysis of each indicator, including the second-level indicators, by comparing Changchun’s performance with the best practice in the entire province. For instance, Jilin’s PBEE indicator system for Starting a Business comprised four second-level indicators: procedure, time, cost, and ease.

Table 5.11 Score and Rank of Changchun in PBEE 2021

First-level Indicator	Evaluation result 2021			In comparison with 2020	
	Score	Rank	Level	Rank	Ranking Change
Start a Business	4.8	1	excellent	3	+2
Deal with Construction Permits	4.66	3	excellent	6	+3
Get Electricity	4.53	3	excellent	1	-2
Get Water and Get Gas	4.93	1	excellent	1	——
Register Property	4.78	1	excellent	2	+1
Pay Tax	4.93	1	excellent	4	+3
Trade across Borders	3.62	1	excellent		
Resolve Insolvency	3.47	3	excellent	1	-2
Get Credit	3.73	1	excellent		
Protect Minority Investors	4	1	excellent		
Enforce Contract	3.75	5	excellent		
Labor Market Regulation	3.96	1	excellent		
Contract with Government	3.98	1	excellent	3	+2
Tender and Bid	3.86	2	excellent	5	+3
Government Service	4	1	excellent	9	+8
Intellectual Property Creation, Protection, Application	3.82	1	excellent		
Market Regulation	3.89	2	excellent	8	+6
Inclusive Innovation	3.76	1	excellent		
Cancel a Business	2.92	1	excellent		
Market Confidence	2.87	1	excellent	5	+4
Policy Supply Quality	2.95	1	excellent	6	+5
Social Credit System Construction	3	1	excellent	1	——
Year-End Indicator Evaluation (90)	86.21	1	excellent	2	+1
Market Entity Satisfaction Investigation (10)	9.77	3	excellent	8	+5
Yearly BEE (100)	95.98	1	excellent	3	+2

Source: Translation of the Evaluation Report 2021 for Changchun

Table 5.12 shows an example of how the report informed best practices and Changchun's performance for each second-level indicator. Regarding "Ease", the

report noted that "the contrast between the best practice and Changchun lies in the lack of free Tax Control Equipment and the failure of relevant departments to launch Electronic Seals". In this way, the evaluation report detailed each second-level indicator's data and highlighted the gaps, providing the evaluated city with clear standards to refer to and improve its performance accordingly.

Table 5.12 Changchun's Performance in Starting a Business in Comparison to the Best Practice within Jilin Province

	procedure	time (hour)	cost (¥)	number of application materials
Best Practice	1	0.33	0	1
Changchun	2	0.5223	0	3

The report was not motivated by pure altruism, as evidence by my attendance at an internal meeting of GY Consulting where the manager and staff discussed the progress of PBEE. When asked if they would continue producing evaluation reports for prefectures, the manager firmly replied, "Our goal is not limited to the current (PBEE) project. Writing evaluation reports provides better service for our clients and showcases our products, which can help us expand our market. That's how our company makes money. Therefore, we must continue to write these reports" (2023010415). The manager's words clearly revealed his underlying intention.

The incentive intensity of Jilin PBEE could not match that of Jiangsu. Although the result notification listing the "Model Units" was circulated throughout the province after the evaluation, it had little effect on the evaluated objects. According to the "Result Application" section of the implementation plan, "Entities that receive an excellent rating will be commended by the provincial Party Committee and the provincial government. Entities rated as unqualified will receive a notice of criticism, and the chief leaders will be admonished. If entities are rated as unqualified for two consecutive years, the Organization Department will take disciplinary actions, such as removal, dismissal,

or demotion, depending on the circumstances. Unqualified provincial departments will be downgraded by one level in the annual performance evaluation of the provincial government. The evaluation results of those unqualified departments under central management will be reported to their superiors." Despite these ostensibly stringent rules, they were never enforced. The manager's response confirmed this: over the past three years, no entity received an unqualified rating in the evaluations. The worst rating given was qualified, hence the negative incentives was never triggered due to the absence of unqualified ratings. It would not be prudent for GY Consulting to rate any entities as unqualified.

Second, the plan did not include any substantial incentive mechanisms. Jilin's PBEE plan stated that "the results would be an important reference for evaluating the performance of leaders and staff, selecting and appointing cadres in a department, and evaluating the department's excellence". However, the PBEE results did not affect the official's performance pay. The absence of these incentives from the PBEE rendered it less significant compared to other indicators and thus had very little influence on local governments.

BEE in Changchun. Both Changchun and Jilin participated in the NBEE and conducted BEE within their jurisdictions. The organizational structure for BEE was similar with Jilin province, with the BGSDCA organizing the BEEs in both Changchun and Jilin at the prefectural level. The Changchun LSGBEC issued the "Notice of Issuing Changchun BEE Implementation Plan 2021" (关于印发《2021 年长春市营商环境考核评价实施方案》的通知-长营组办〔2021〕4 号). The implementation plan's indicator system consisted of 26 first-level indicators, which were two fewer than that of the PBEE, excluding Trading across Borders and Resolving Insolvency. In other words, Changchun basically replicated the provincial indicator system.

The implementation plan explicitly stated that "the prefectural departments would evaluate the first-level indicators from No.1 to No.20. In practice, however, GY Consulting continued to conduct the third-party evaluation. Document No.59 strictly regulated third-party activities during the BEE process, aiming to regulate the

relationship between governments and third parties. Third parties assisting BEEs were expected to maintain their integrity. Governments distanced themselves from third parties following such instructions from the GOSC. The manager of GY Consulting once remarked, “Changchun would wait and see and then make the decision. The feasible strategy is to change the name of the BEE when bringing in the third party” (2021062115). Therefore, the evaluation in Changchun remained in the hands of GY Consulting, although it was presented as being evaluated by the prefectural department. This strategy persisted, and in 2023, the manager frankly admitted, “We still helped Jilin city to conduct the third-party BEE under the guise of Business Environment Performance Evaluation”. Whatever the strategy of the local government and GY Consulting, it was evident that they were circumventing central regulations, despite the risk of violating central policies.

5.3.2 Local Discretion under the (In)complete Autonomy

Informed by the theoretical framework, China’s BEE has transformed from complete to incomplete autonomy in 2021. This shift meant that local governments had the power to decide whether and how to conduct local BEE under central policy guidelines, but under incomplete autonomy, their behavior was closely supervised by the central government. This context resulted in uneven or heterogenous policy implementation due to differences in resources, administrative capacity, and actors’ strategies across various regions (Göbel, 2011; Loubere & Shen, 2018). The cases of PBEE implementation in Jiangsu and Jilin illustrate how these two provinces organized PBEEs according to their own preferences. This research considers these two deviant cases representing two modes of PBEE implementation. This section summarizes the main differences between PBEE in Jiangsu and Jilin to show how they exercised discretion when granted (in)complete autonomy.

First, the organizational structure, reflecting the power structure of BEE, differed between Jiangsu and Jilin. Conducting BEE required a leading agency to coordinate multiple horizontal departments. At the central level, the NDRC played this role, and

in most provinces, including Jiangsu, the local DRC acted as the overall leading department, aligning with the central government. In contrast, northeastern provinces like Liaoning, Jilin, and Heilongjiang established *ad hoc* organizations to undertake this work. For example, Liaoning established the Business Environment Development Bureau, also known as the Liaoning Provincial Administration Bureau of Big Data. Heilongjiang established the Business Environment Construction Supervision Bureau to implement the central government's business environment decisions and directives, and Jilin had the BGSDCA. In Qinghai, the Business Environment Construction Supervision Bureau was established as an internal division under the DRC.

Beyond the assignment of the overall leading department, the involvement of third parties in the PBEE process marked another major difference. Jilin, like most other provinces, involved a third party by outsourcing services. In stark contrast, Jiangsu did not rely on third-party services but utilized its provincial departments to implement the PBEE. The divergent organizational structure resulted in varying relationships among the involved actors. Notably, although the same pattern was adopted, these relationships were shaped differently due to specific structural arrangements. In Jiangsu, the relatively strong DRC system was leveraged while still recognized the initiative of each provincial department. The proper execution of PBEE at the provincial level was ensured by all relevant departments fulfilling their respective roles. However, this arrangement was not immune to coordination problems. The situation was even more challenging in Jilin, where a third party managed everything under the BGSDCA. The newly-established, weaker BGSDCA faced indifference from the provincial departments. Only the attention and pressure from provincial leadership improved the situation to some extent. In Jiangsu, the DRC acted as a coordinator, gathering and disseminating information, without intervening in PBEE tasks that were clearly divided among the relevant departments and units. Conversely, for convenience, BGSDCA's PBEE operation circumvented horizontal departments and relied heavily on GY Consulting, reducing input from provincial departments to a formality. Different power structures reflected different local preferences. Jiangsu demonstrated its commitment

to PBEE by formally including it in the HQD evaluation, while Jilin's PBEE, dominated by the BGSDCA and GY Consulting, appeared to be primarily focused on fulfilling procedural requirements.

Second, these two provinces employed different evaluation methods. Both claimed to use the PBEE indicator system based on the World Bank's Doing Business Project and the NBEE's system. However, the second-level indicators, which fell under the first-level indicators, were subject to change. In Jiangsu, the power to design indicators was controlled by provincial departments, reflecting their policy priorities and local discretion. In this context, the provincial department evaluated its subordinates by collecting data directly from their digital data management platforms and by requesting paper materials, easily utilizing the controlled data according to evaluation standards. Therefore, the evaluation method adopted in Jiangsu reinforced the power of superiors. In comparison, the indicators under PBEE in Jilin more closely represented the ideas of the BGSDCA and GY Consulting. They designed a questionnaire system that imitated Infinity Technology's one in the NBEE and was filled out by the evaluated objects, without deep involvement from provincial departments. According to an official from the BGSDCA, involving a third party ensured a more objective and impartial evaluation, rejecting requests from lower-level governments seeking to gain an advantage during the evaluation process (2021060813). However, this view did not provide the full picture. Although GY Consulting appeared to act independently, BGSDCA could strengthen its own role in PBEE and its influence on the final result (2023011615). The local discretion in conducting PBEE clearly shows the respective preferences of the overall leading departments — the DRC's strict implementation of the provincial order in Jiangsu and the BGSDCA's eagerness to earn position and reputation in Jilin.

Third, the given importance differed. The importance of PBEE was first embodied in its incentive mechanism. Although both provinces included the evaluation results in their implementation plans, the degree of PBEE's impact varied considerably, as evidenced by interviews. In Jiangsu, the PBEE result was strongly incentivized by its

inclusion in the HQD and subsequent implementation. As described by the director of Regulation Division in Nantong, "falling behind in the PBEE results in both loss of face and money, as the evaluation result is linked to performance-based pay" (2021041504). In Jilin, however, the incentive mechanism focused on spiritual aspects, such as the Model Unit, rather than the material ones. In practice, it praised well-performed individuals and avoided putting anyone on the list of poor performers. Unlike Jiangsu's PBEE, Jilin's PBEE results did not impact officials' performance pay, suggesting that PBEE was less important in Jilin. This importance could also be demonstrated by the attitudes and actions of the bureaucracy. In Jiangsu, PBEE progressed from a pilot evaluation in 2019 to a formal evaluation in 2020, with the overall coordination mechanism evolving from OBEJCO to OBELSG, signifying its growing importance among the leadership. The response of evaluated cities also reflected this point. Nantong's leadership held a special meeting on PBEE to review lower-ranking indicators. Departments were asked to set achievable targets, submit regularly the special reports, signaling the importance of PBEE from a prefectural perspective. Similarly, Jilin's provincial leadership expressed interest in OBE on several occasions. For example, the provincial Party Secretary, Jing Junhai (景俊海), gave a speech on Business Environment Construction, and the OBELSG and the Interdepartmental Indicator Special Working Group were established. However, it was unclear whether these moves were simply a necessary response to provincial leadership's mobilization and whether they could effectively stimulate provincial departments, given their position in the PBEE structure. Interviews suggested that "many vice-governors are still unclear about what to do". The deputy secretary of the Party Working Committee of Changchun New Area said, "There should be a vice-governor who personally promote this work" (2021061114). The manager of GY Consulting added, "At present, each indicator is in the charge of a vice-governor and a working group. However, secretaries, vice-governors, and even the departmental heads have not pushed this work forward" (2021061115). Therefore, the willingness of the provincial departments to make progress was questionable. Thus, it is fair to say that PBEE in Jilin has not received

sufficient attention, largely due to the sluggish response of provincial departments. The evidence clearly showed the different levels of importance given to PBEE in two provinces. In Jiangsu, the pressure for high performance was turned into a motivation for self-improvement, while in Jilin, regardless of the emphasis of the provincial leadership, provincial departments and prefectures did not face similar pressure.

Fourth, local responses to the Document No.59 varied. As mentioned earlier, the Jiangsu provincial government prohibited the conduction of BEE at the prefectural level. However, GY Consulting still conducted BEE for cities such as Changchun and Jilin under the guise of Business Environment Performance Evaluation. The immunity for provincial governments was taken away after the issuance of Document No.59, resulting in changes in local behavior. This change either enforced local compliance, as seen in Jiangsu, or forced local shirking, as seen in Jilin.

To close this section, the central government developed a flexible strategy for promoting BEE, allowing provincial governments significant autonomy in deciding whether and how to carry out BEE. In this context, it is not surprising that the implementation of local policies varied, as demonstrated by the practices in Jilin (Changchun) and Jiangsu (Nantong). When the central government strictly restricted the immunity of the provincial governments, the provinces also responded in different ways. This policy served as a representative case study of policies characterized by "(in)complete autonomy" during the TLD era, where local governments still possessed the capacity to adapt central policy guidelines according to local preferences. The following section analyzes the steering capacity and governability within the overall policy process to further discuss the characteristics of local behavior under (in)complete autonomy and to develop the theoretical framework.

5.4 BEE: Steering Capacity, Governability, Local Variations

This section analyzes the steering capacity and governability of the Business Environment Evaluations policy process through the hierarchy, borrowing elements from political steering theory. Political steering theory provides an analytical toolkit for

understanding China's policy process. It categorizes actors into steering subjects and steering objects, focuses on their strategies, and conceptualizes four ideal steering modes by identifying similarities and differences in authority relations and interactions between the steering subjects and objects (Schubert & Alpermann, 2019). This theory can be used to analyze policy implementation across different levels and fields, proposing that governments at all levels need to employ a specific mode to steer the policy process and achieve policy goals. The following analysis examines what steering strategies were employed by steering subjects and how steering objects at each level reacted accordingly, showing different choices made by local governments according to their preference. This is achieved through a close analysis of a variety of policy documents and interviews with officials from different departments deeply involved in the BEE process.

5.4.1 BEE's Characteristics

BEE was designed to evaluate the performance of a city's business environment. Therefore, for both NBEE and PBEE, the evaluated object was the prefectural government. Consequently, provinces were to some extent circumvented in the NBEE. Only those working for prefectural governments could enter the evaluation room and fill out the questionnaire system (2021060813). Provincial governments could not participate in this process. However, this did not render them irrelevant to BEE. On the contrary, "conducting NBEE is intended to guide and encourage the optimization of the business environment and to facilitate local governments in introducing further reform measures to optimize BEE". Thus, NBEE has become a *modus operandi* for local governments to demonstrate their enthusiasm for promoting OBE. Figure 5.16 outlines the key actors and power structure of NBEE.

Conducting BEE, however, faced a potential dilemma. According to the central regulation, "the conduction of BEE shall not interfere with the normal work of local governments and departments, nor with the production and operation of market entities." This implied that, on the one hand, BEE was designed to evaluate subordinates,

naturally imposing pressure on the evaluated subordinates, not to mention that it requires time and energy input from them. On the other hand, if BEE could not influence local governments, it would be impossible to promote OBE reform. Therefore, it was crucial for BEE to maintain a balance between these two conflicting objectives. The SCEM on 27 November reiterated this by stating that "refining the evaluation indicator system and method oriented by the market entity feelings, solving the common problems without increasing the burden on localities and enterprises".

These two characteristics of BEE determined that the central government adopted mixed strategies to steer BEE. On one hand, it dragged a lot of people from all over the country to participate in NBEE and fill out the questionnaire system; on the other, it granted autonomy to local governments to decide whether to conduct their own BEE. The next section explains the central government's strategies in a more detailed way.

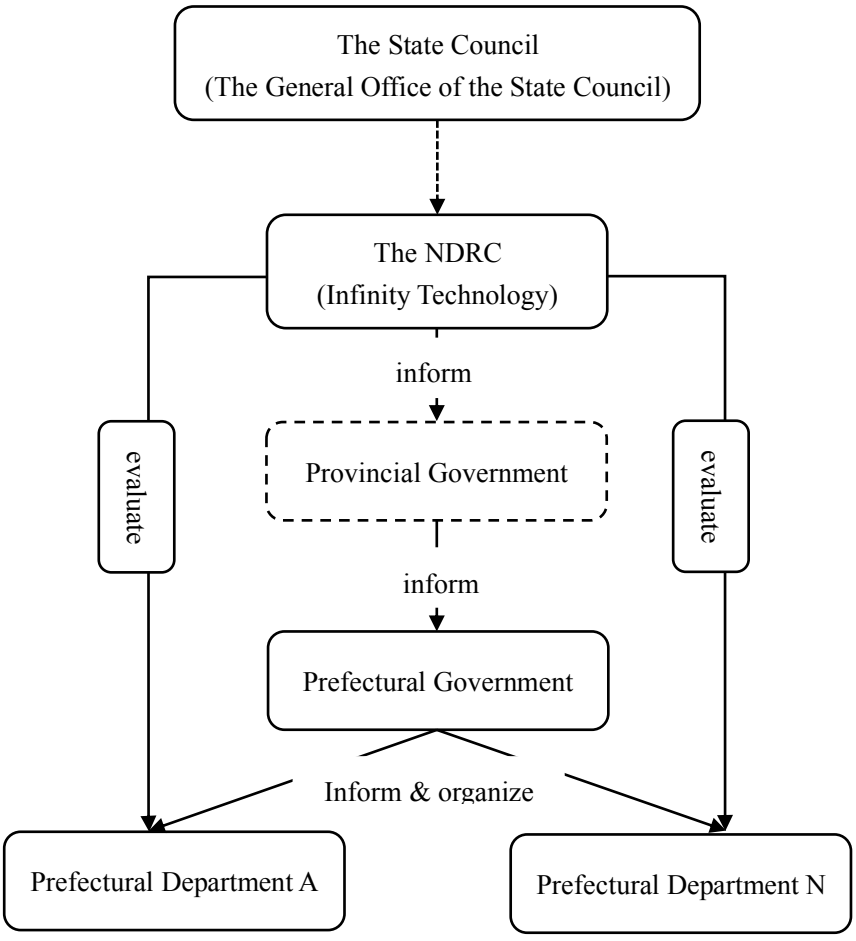

Figure 5.16 The Power Structure in the Process of NBEE

5.4.2 Steering Capacity and Governability on BEE at the Central Level

Steering the NBEE

Before 2019

Conducting NBEE was a policy agenda steered by the central government. The concept of BEE was first introduced during the SCEM on January 3, 2018. Premier Li Keqiang proposed the establishment of a mechanism for evaluating the business environment as soon as possible by drawing on international knowledge, with a gradual nationwide implementation. Shortly after the Premier's directive, on January 18, the NDRC began leading efforts to research and establish China's BEE indicator system. By March, the NDRC had managed to establish the BEE indicator system and organized two rounds of BEE in 22 cities in the eastern, western, central, and northeastern regions. On July 18, Premier Li issued new orders to gradually implement BEE nationwide and strengthen local governments' responsibility and motivation during the SCEM. This marked a new stage of steering where local governments were actively involved in the policy.

Immediately following this meeting, the GOSC promptly issued Document No. 65[127], mentioning the establishment of a Task Group for Optimizing Business Environment (TGOBE). The TGOBE was tasked with leading efforts to optimize the business environment and establish and improve the BEE mechanism. Lin Nianxiu (林念修), the NDRC deputy director, was appointed as the director of TGOBE, with vice-ministers from several other ministries and bureaus serving as deputy directors. Two weeks later, the State Council issued the Document No.79[128], which proposed 36 measures, the last of which mentioned the conduction of BEE. It stipulated that "in 2019, BEE will be implemented in provinces, cities under separate state planning,

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[127] Notice of the General Office of the State Council on the Establishment of the State Council Coordination Group for Promoting the Transformation of Government Functions and the "FGF "Reform, the General Office of the State Council〔2018〕65. 国务院办公厅关于成立国务院推进政府职能转变和"放管服"改革协调小组的通知, 国办发〔2018〕65 号.

[128] See 78.

provincial capitals, and a number of prefectural cities. A 'China's Business Environment Report' will be compiled. By 2020, a long-term BEE mechanism will be formulated, and BEE will be implemented nationwide in prefectural cities and above, with the 'China's Business Environment Report' published regularly." Premier Li Keqiang listened to OBE's work reports and officially decided to conduct BEE through third-party evaluation during the SCEM on November 28. Thus, within a year, the central leadership had determined how to implement BEE.

NBEE 2019

After these preparations, the NDRC held the NBEE for the first time in May 2019 as scheduled. According to feedback from evaluated departments, the entire NBEE indicator system was designed by Infinity Technology. Subsequently, the GOSC issued two documents: one concluded the first NBEE successfully, and the other promoted BEE. The first document[129] compiled 36 advanced experiences and typical measures from Beijing and Shanghai for national replication, demonstrating NBEE's value in guiding practice and promoting reform. The second, the more important one was the DOBE. The NBEE practice and previous preparations enabled the State Council to enact such a "law", further compelling local governments' attention and legalizing certain reform measures.

NBEE 2020

The NDRC drew lessons from NBEE 2019 and improved it in 2020. Despite the severe pandemic in the first half of 2020, the second formal NBEE was organized in October, and results were presented to the leadership in June 2021. In order to ensure an effective questionnaire system and relieve the pressure on evaluated targets, the NDRC, fully aware of the problems with the evaluation method, took two measures: changing the convention venue from Beijing to provincial capitals to reduce travel time for the evaluated objects, and preparing a tutorial manual and holding a two-day virtual

[129] See 108.

training session to help the evaluated objects understand the evaluation methods better.

Central–local interactions after NBEE 2020.

Despite these efforts, NBEE's approach incurred dissatisfaction among some local governments, evident in interviews conducted a year later. Confusion and complaints about NBEE were common among respondents. NBEE's evaluation process was questioned for whether it evaluated a city's business environment or the competence of respondents being evaluated (2021060813). "The strict evaluation procedures and disciplines reportedly caused stress, contrary to BEE's original intention"; "the delayed and inadequate notification of results" further discouraged cities' enthusiasm and was not helpful in guiding local reform (2021051801, 2021071920, 2021071922)… Finally, during the OBEESM and its preparatory meeting in Suzhou, local governments bluntly expressed their concerns about NBEE to the NDRC, hoping for adjustments. A few days after this experience-sharing meeting, the NDRC's spokesman and director of the Policy Research Office held the press conference to address BEE issues but refrained from discussing the concerns of local departments, instead reiterated the official narrative on conducting BEE. This was in response to the rampant BEEs organized by various organizations across the country over the past two years, many of which involved much financial expenditures. Moreover, these various BEEs organized by non-government related agencies threatened, or at least competed with, the authority of the NBEE. Thus, the spokesman's confirmation of these contents served not only to contain the enthusiasm surrounding local BEEs, but also to position the NBEE as the singular and authoritative standard. However, the press conference transcript did not suggest that the NDRC would modify the NBEE in response to local complaints.

The No.59 Document and Suspension of the NBEE.

Surprisingly, shortly after this press conference, the GOSC produced the Document No.59 and internally circulated it, addressing several NBEE-related problems in recent years, including "signs of formalism, repetitive evaluations, and irregular behavior by some evaluation agencies". The document explicitly prescribed pending issues related to BEE, such as evaluation scope and object, indicator system

design, evaluation method, and expenditure management. The immediate impact of this document was the suspension of NBEE, whose execution had been identified some of these problems. It was possible that this document was specifically designed for addressing complaints from local governments about the NBEE. The document contained an article that explicitly prohibited organizing local government functionaries to answer questions or take examinations, directly pointing to the NBEE, as it was organized exactly in this way. This article marked the end of the previous NBEE format. The ensuing question that arose was whether NBEE would disappear completely or be temporarily suspended for adjustments.

Since June 2021, there has been no new central policies addressing BEE, despite the business environment remaining a central government focus. An important SCEM on the business environment was held on September 8, 2021, providing new information on how to improve OBE in the next stage. It was decided that business environment innovation pilots would be launched in six cities with more market entities. Following the decisions made at this meeting, the State Council formulated and issued the Document No.24, asking these cities to deepen reform by implementing 101 concrete measures. One year later, the GOSC published a list of fifty measures generated by pilot cities for nationwide implementation[130].

Despite the NDRC's possible embarrassment over the suspension of NBEE, it did not abandon its efforts. The NDRC established the BEDPC to conduct research on BEE policies and the indicator system and even proposed a new evaluation plan, ultimately vetoed by the GOSC. Despite frustrations, the "Report on the Implementation of the 2022 National Economic and Social Development Plan and on the Draft of the 2023 National Economic and Social Development Plan" (关于 2022 年国民经济和社会发展计划执行情况与 2023 年国民经济和社会发展计划草案的报告), which was read out and revised at the first session of the fourteenth National People's Congress,

[130] Notice of the General Office of the State Council on Replicating and Promoting Business Environment Innovation Pilot Reform Measures, the General Office of the State Council〔2022〕35. 国务院办公厅关于复制推广营商环境创新试点改革举措的通知, 国办发〔2022〕35 号.

repeatedly emphasized the need to "optimize China's BEE indicator system and perfect its long-term mechanism of China's BEE". On March 31, 2023, the NDRC convened the National OBE on-site Meeting, where it supported localities to take measures according to their conditions and encouraged them to be the vanguard of OBE. At the meeting, cities that previously attended the NBEE shared their experiences and measures, centering around the 18 first-level indicators. These efforts indicated that the NDRC's persistence in maintaining the possibility of NBEE despite recent ups and downs in recent years.

In summary, the new central moves of the GOSC and the NDRC on OBE, which unfolded in front of the audience, showed different approaches. The GOSC's pilot program approach marked a step back from the NDRC's NBEE pattern. The Chinese government recognized NBEE's drawbacks and chose to discontinue it rather than give the NDRC a chance to modify it. In contrast, the NDRC, while slowing down the pace of NBEE conduction, maintained its belief in a set of "BEE standards". These two approaches were not contradictory, as the core idea was to learn from better performing peers (pilot program) or refer to an established standard (NBEE) to promote reform.

Steering subjects and objects

In the BEE process, the Premier, the GOSC, and the NDRC were the three main steering subjects at the central level. According to Article seven of the Organic Law of the State Council of the People's Republic of China (中华人民共和国国务院组织法), the GOSC is established by the State Council and headed by the Secretary-General of the State Council (国务院秘书长), who is responsible for the routine work under the Premier's leadership. Therefore, documents issued by the GOSC reflected the policy preferences of the Premier and the central government. However, the GOSC lacked the necessary human resources to carry out specific tasks. As a result, the NDRC, a powerful commissions of the State Council, was deemed appropriate for implementing a comprehensive task such as BEE.

In line with the State Council's directives, the NDRC was tasked with developing

and implementing an evaluation system. The Premier suggested learning from international knowledge, so the NDRC delegated this task to Infinity Technology, which referred to the Doing Business Project's indicator system, known for its professionalism in evaluating the business environment of the economy and using comparable measurement methods. This delegation showed the NDRC's ability to act independently despite receiving orders from the State Council. The practical NBEEs in 2019 and 2020 demonstrated this independence. The NBEE process, involving "filling out the questionnaire system", was strictly organized and controlled to prevent intellectual property leakage. Despite the intense evaluation process, the NDRC had the authority to mobilize more cities to participate in the NBEE and played the role of a steering subject.

On the other hand, the NDRC was required to implement the NBEE in accordance with the State Council's instructions and was supervised by the GOSC, which had the power to overturn the NDRC's decisions, as evidenced by the suspension of the NBEE. In this sense, the NDRC played the role of both a steering subject and a steering object. Infinity Technology, a non-state corporate actor, assisted the NDRC in accomplishing the task. Those evaluated cities and their departments were undoubtedly the steering objects.

Steering capacity and governability

Steering BEE in China involved both the NBEE and local BEEs. Initially, the promotion of the NBEE followed a top-down manner. However, hidden and exposed problems that emerged during the process led to a more mutually influenced direction. According to PST (Schubert & Alpermann, 2019), the NBEE, initiated by the State Council and targeting prefectural cities, was organized and implemented by the NDRC. Thus, the main "strategic action field" was positioned at the central and prefectural levels. The policy design was centralized, while policy implementation extended from the NDRC, with the corporate actor Infinity Technology, to prefectural governments and their departments. The steering process of the NBEE can be characterized as a mode

of **“negotiation under the shadow of hierarchy”**.

In terms of the decision-making, the process was emblematic of top-down steering. As documented in Section 5.3.1, the process from the initial idea of conducting BEE at the Jan 3 SCEM to the decision at the November 28 SCEM was smooth and steered by the State Council (and the GOSC). Subsequently, the NDRC was requested to develop an evaluation indicator system and organized two rounds of NBEE. At the beginning, the implementation was carried out in a command-and-control manner, as evidenced by the experience of local officials who participated in the NBEE. The NBEE organizers and implementers maintained strict control over the officials involved in this confidential and rigorous process. The evaluation was tightly controlled by the NDRC, which sought to maintain its authority over local governments.

Under these circumstances, these local governments did not passively accept the situation. Instead, they seized every opportunity and actively employed counter-steering strategies to alter the status quo. By counter-steering, they aimed to taking actions during the NBEE process to compel the NDRC to adjust the evaluation process. They strategically leveraged the original goals and key principles of the NBEE. The NBEE’s primary purpose was to guide and promote reform. In this sense, it was questionable whether the NBEE’s methods were suitable for the purpose. In addition, the central government’s core concern of not bothering local governments and market entities was disregarded during the implementation of NBEE. When local governments raised complaints to the GOSC, they framed their arguments to align with the central requirements, making them pretty persuasive. Besides, the GOSC was directly accountable to the State Council, which had delegated the conduction of NBEE to the NDRC. Therefore, reporting grievances to the GOSC was thus a means of seeking redress from the State Council, which held the power to reverse the evaluation way. Ultimately, Document No.59 demonstrated that the local government’s strategy had achieved the desired results, leading to the suspension of NBEE organized by the NDRC. Picking up the theme of steering, local governments were able to influence the policy process through central–local negotiations. This tactic was proved successful, at

least in the short term, and exemplified the “negotiation” mode.

In the top-design era, scholars argued that implementation was subjected to stricter control at each level (Schubert & Alpermann, 2019). One effective approach was “the higher level setting a good example for the next level, thus transferring the pressure from one level to the next” (Yang & Yan, 2018). According to this logic, the practice of BEE should be emulated throughout the hierarchy, with provinces evaluating their subordinates and prefectural-level governments doing the same. Initially, due to BEE’s characteristics, the central government refrained from commenting on the issue, allowing autonomy for local decision-making based on local conditions. Later, the government clarified its stance by stating that provinces had the autonomy to decide whether to conduct local BEE within their jurisdictions, as outlined in Document No.59. Under this strategy, the practice of conducting BEEs spread widely among the provinces and became more prevalent at the prefectural level. Local BEEs were organized mostly by government procurement, while a few of them were implemented by government itself. BEEs proliferated not only because local governments were enthusiastic about “using evaluation to promote reform” but also because the market saw a lucrative business opportunity. Local governments were both the driving force behind and deeply afflicted by this wave. According to interviews with local officials working on BEE, “when the business environment receives much attention, it becomes a central task for local leaders. Demonstrating that a place’s business environment is good naturally boosts BEE” (2021071917; 2021071918). However, some BEEs inevitably went awry. For example, “some grassroots governments report good performance in a particular BEE, but it turns out that they pay the newspaper some money and it reports such news.” (2021060813). Regardless of these negative effects, local governments were granted the autonomy to act independently based on their understanding of central practices and available resources. This indicated that the implementation of BEE in China did not a follow a traditional hard steering mode based on vertical domination. Instead, the central government granted a great deal of autonomy to local governments to implement it according to their preferences. However,

the central government retained the ultimate power to ensure proper control, as evidenced by the prohibitions in Document No.59. The next section explores how local governments steered their BEEs in two different provinces, Jilin and Jiangsu.

5.4.3 Jiangsu — Hard Steering (2019-2022)

This section traces the four successive PBEEs (from 2019 to 2022) that took place in Jiangsu province, based on interviews conducted between 2021 and 2023. It begins by outlining the evolution process of the current PBEE, followed by an argument that Jiangsu province has adopted a hard steering mode to carry out the PBEE, relying on the command-and-control chain of the vertical administrative system.

Before Jiangsu PBEE in 2019

Prior to the establishment of the first PBEE in Jiangsu, the province had already conducted evaluations known as the "Streamline Administration and Delegate Power, Innovation and Entrepreneurship Environment Evaluation" (SADPIEEE), which could be considered a precursor to the PBEE. The SADPIEEE was first introduced in the 2016 provincial document for "deepening the FGF reform"[131], which called for the formulation of the SADPIEEE indicator system, focusing on Starting a Business and Approving investment projects, and assessing the effectiveness of the FGF reform by referring to the business environment indicators of world-class areas. The SADPIEEE lasted for two years from 2016 to 2017, and in 2018, it evolved into the new PBEE[132]. In Document No.76, issued by the General Office of the People's Government of Jiangsu Province (省政府办公厅关于印发深化"放管服"改革转变政府职能重点任务分工方案的通知), the provincial government demanded to "accelerate the formulation of a business environment evaluation system to achieve the goal of

[131] Notice of Jiangsu Provincial Government on Issuing the Key Points of the Reform Work for Promoting the Streamlining Administration and Delegating Powers, Combination of Deregulation with Regulation and Optimizing Services in 2016, the Jiangsu Provincial Government〔2016〕118 号. 江苏省政府关于印发 2016 年推进简政放权放管结合优化服务改革工作要点的通知, 苏政发〔2016〕118 号.

[132] This was the first time that Jiangsu province used the name of PBEE. But this one in 2018 was not same as the NBEE starting in 2019 and its PBEE after 2019.

‘3550’”[133], the last key task for transforming government functions. It also declared to start the 2018 PBEE as soon as possible.

In this PBEE, the number of indicators for SADPIEEE was expanded from three (Starting a Business, Registering Real Estate, Construction Project Permit) to six, adding three new indicators: “Getting Electricity”, “Paying Tax” and “Approval without any Interview”. In addition, seven indicators were established for pilot evaluation: “Ratio of Approval without any Interview Case Amount to the Total Case Amount”, “Getting Water”, “Getting Gas”, “Getting Credit”, “Intellectual Property Protection”, “Convenience of Customs Clearance”, and “Enterprise Insolvency Environment”. These indicators were not scored in the 2018 PBEE. The expansion and adjustment of these indicators clearly responded to the directives of Document No.76 regarding the conduction of PBEE. The SADPIEEE or PBEE in 2018 was led and coordinated by the Provincial Approval Reform Office (also known as the CCP Provincial Institutional Organization Office). These efforts demonstrated that future PBEEs built upon an established foundation.

Jiangsu PBEE 2019

Before the rollout of NBEE, several provinces had already implemented BEE (see Table 5.5). Following the launch of NBEE in 2019, local governments eagerly followed suit, including Jiangsu, which aligned its old PBEE with the format of NBEE. The most compelling evidence was the increasing reference to the NBEE indicator system. In 2019, the General Office of the People’s Government of Jiangsu Province continued to issue the policy of “deepening the FGF reform” (省政府办公厅关于印发 2019 年江苏省深化“放管服”改革工作要点的通知) and proposed to “appropriately increase the characteristic indicators that could reflect Jiangsu’s High-Quality Development, referring to China’s BEE indicator. The evaluation method will be further refined, and the big data source will be fully utilized for the evaluation”. Compared with the

[133] “3” denotes Starting a Business should be completed within 3 workdays; “5” denotes registering real estate ownership should be completed within 5 workdays; “50” denotes the construction license of industrial construction projects should be approved within 50 workdays.

Document No.76, this document differed in two aspects: first, it announced the successive organization of evaluation in Jiangsu province by embracing the NBEE's concept. The 2018 PBEE included only six indicators. By contrast, the PBEE indicator system in 2019 was designed with 15 first-level indicators, 11 of which were scored, mirroring the first-level indicators of the NBEE indicator system. Second, this document claimed to establish an evaluation system that reflected the preferences of Jiangsu province. Not all first-level indicators of the NBEE were included, and sub-indicators were sometimes designed differently. In the first year, Jiangsu only partially replicated the NBEE. Besides, Jiangsu's approach to evaluation differed from the NBEE, which was evaluated by a third-party[134], it relied heavily on its provincial departments. A closer look at the content of the PBEE in provincial documents and subsequent implementation plans revealed a clear pattern in which the provincial government dominated policy orientation and its departments were responsible for executing orders.

Jiangsu PBEE 2020

In 2019, the DOBE was enacted. At the end of 2020, the Nineteenth Session of the Standing Committee of the Thirteenth People's Congress of Jiangsu Province passed the "Jiangsu Province Decree on Optimizing Business Environment" (JSDOBE, 江苏省优化营商环境评价条例). Article eight of the JSDOBE emphasized the importance of "refining the PBEE system with a focus on satisfying market entities and the public". The Jiangsu Province Business Environment Evaluation Measure (Trial, hereafter "Measure", 江苏省营商环境评价办法（试行）) was formulated by the OBEJCO and distributed to its departments and subordinates. The Measure was designed to implement the directives set forth in JSDOBE. For instance, Article 2 of the Measure echoed the "customer" (market entity and the public) orientation of the PBEE indicator system, as stated in Article 8 of JSDOBE. To reflect this orientation, the content of the

[134] Although NBSIC, as a third party, helped with case sampling in "Dealing with Construction Permit" and "Get Water and Gas" and did the questionnaire survey for "Intellectual Property Protection". It is very different with the agency as a market entity who takes over the entire NBEE.

indicator system was further modified. As elaborated in Articles 5 to 8, the PBEE indicator system was composed of three parts: “Evaluation for BEE indicators”, “Evaluation for satisfaction” and “Reward & Penalty items”. As shown in Table D.2, the satisfaction evaluation included three parts, satisfaction of private enterprises, industrial associations and chambers of commerce, and the public. The term “innovation” was used to award extra points to evaluated objects when they received commendations from provincial leaders or central departments. Conversely, the term “penalty” was used to deduct points from evaluated objects who received criticism or were held accountable by higher-level governments for business environment issues. These two documents transmitted new changes in PBEE to the subjects involved. As a result, the 2020 PBEE Plan was immediately adjusted to reflect these changes. Table D.2 shows that new elements were added to the evaluation system and the weight of each indicator was slightly adjusted.

In summary, based on the accumulated experience from 2019, Jiangsu made more adjustments to PBEE 2020 in two opposite directions. On the one hand, the first-level indicators of the NBEE were more assimilated into the PBEE indicator system, resulting in more first-level indicators being scored in the PBEE for cities with districts. The increased similarity between the first-level indicators of the PBEE and the NBEE indicated increasing replication between them. On the other hand, Jiangsu insisted on incorporating fresh contents that met the requirements of the newly issued JSDOBE on PBEE. These adjustments were steered by the provincial government and implemented quickly.

Jiangsu PBEE 2021

In 2021, the General Office of the People’s Government of Jiangsu Province resumed its focus on PBEE in its document on “deepening the FGF reform”[135]. The

[135] Notice by the General Office of the Provincial Government of Issuing the Plan for Supporting Efforts to Ensure Stability on Six Fronts and Maintain Security in Six Areas and Further Deepening the Reform of “Streamlining Administration, Delegating Powers, Combination of Deregulation and Regulation, and Optimizing Services”, the General Office of the Provincial Government〔2021〕59. 省政府办公厅印发关于深化“放管服”改革着力服务“六稳”“六保”实施方案的通知, 苏政办发〔2021〕59 号.

document aimed to respond to recent central directives on regulating BEEs and called for a scientific evaluation mechanism. It reiterated demands made in Document No.59, including "truly refining the evaluation way, strengthening the application of evaluation results, and avoiding formalism and increasing the burdens of grassroots governments and market entities." The document also emphasized that "evaluation should depend on the actual feelings of enterprises and the public, and establish a routinized mechanism for enterprises and the public to evaluate reform measures through the Jiangsu Government Service Website." Such compliance with these directives was also reflected in the PBEE Implementation Plan 2021, which included a new rule of "being strict in discipline". The plan called for "earnestly implementing the contents of Document No.59; refining the evaluation way by strictly controlling the number of materials submitted by local governments and mainly relying on online submission to reduce distractions caused by local governments". With regard to the involvement of market entities, it stipulated that "if PBEE needs information from them, their opinions should be fully respected; they should participate in the evaluation and report the situation voluntarily, and local governments should not interfere". This supplementary rule was also made in response to the GOSC's notice. Even though the Document No.59 recognized the provincial government's autonomy in conducting PBEE, regulations with imperative tones within the document compelled the provincial government to take immediate action, reflected in the new contents. This was a prime example of how steering from the central government worked in the TLD era.

Jiangsu PBEE 2022

The implementation plan for 2022 followed the same logic. As the focus shifted to launching pilot programs to improve the business environment, the provinces aimed to bundle the central priorities with what was eventually done (Kostka & Hobbs, 2012). Some sentences in the 2022 PBEE implementation plan illustrated this point: "This plan is made for the purpose of promoting the implementation of 'List of Reform Measures in the National Pilot Program'," which were requested to be implemented by six cities in Document No.24. Although none of these six cities belonged to Jiangsu province,

the implementation plan still chose to cater to the latest central preferences and bundled itself with them. In short, the Jiangsu provincial government has always tended to formulate its policies in accordance with the central guidelines.

The analysis above elaborates on the most relevant policy documents on BEE at the central and provincial levels. These documents reflected the provincial leadership's opinions o and guided the PBEE in Jiangsu. To reveal the provincial government's responses to the central mandates, I compare the key contents of a given policy document between the central and provincial versions. Additionally, these documents stated the key points of PBEE for each year, allowing for examination of whether they were earnestly implemented by investigating the PBEE implementation plans and observing the practical evaluation process. More specific information on the implementation of PBEE has already been provided in the preceding section. Together, these materials suggest **a hard steering mode through hierarchical control** during the process of PBEE in Jiangsu.

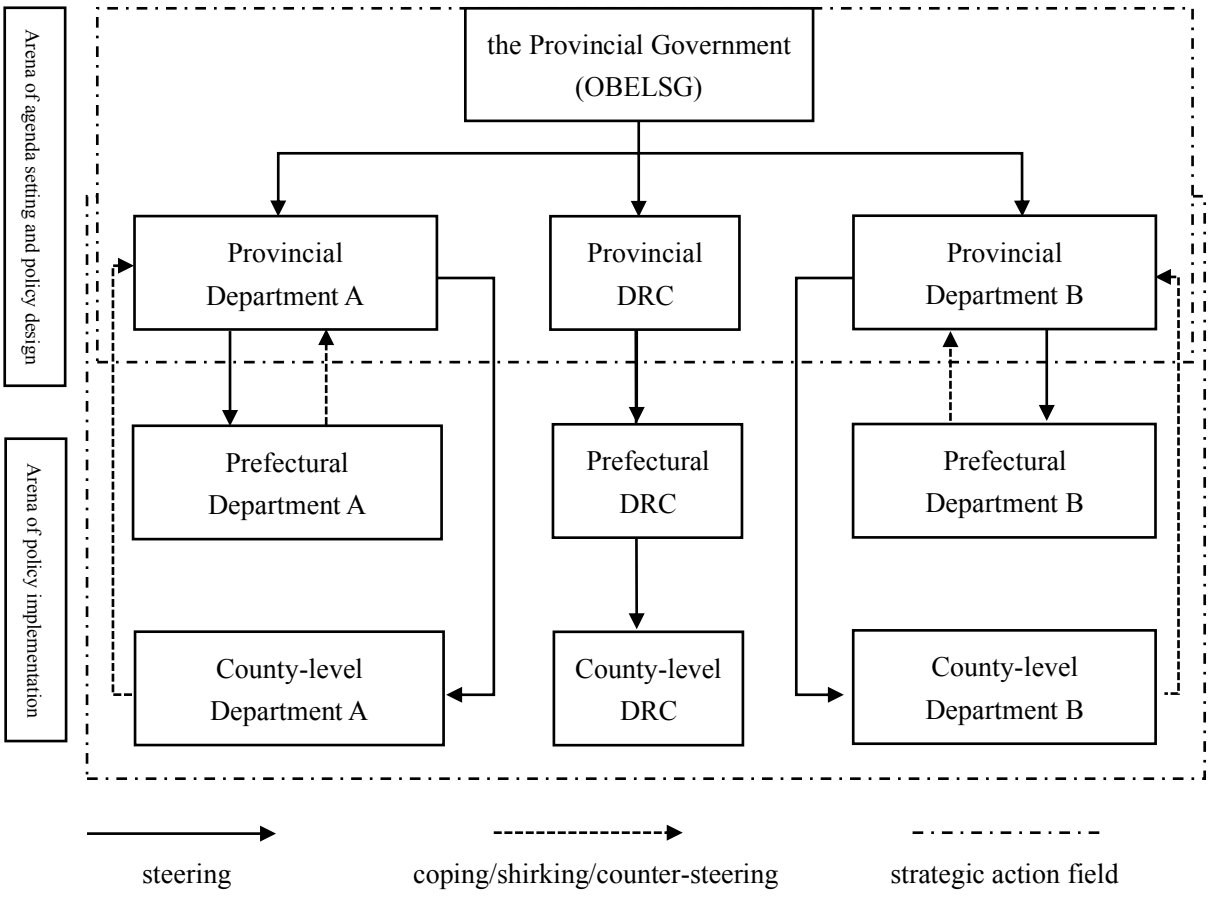

Figure 5.17 Steering the PBEE in Jiangsu Province

First of all, the policy process was dominated by actors at the provincial level. The provincial leadership and the OBELSG, with the secretary of the Jiangsu Provincial CCP Committee and the governor as the group leaders, were the primary steering subjects who made the major decisions on the business environment. Under them, the DRC as the overall leading department and other involved departments responsible for each first-level indicator played dominant roles in decision-making and implementation. The subordinate governments, their bureaus, and divisions that were evaluated were the steering objects, as PBEE covered both prefectural cities (with districts) and county-level governments. The strategic action field for PBEE in Jiangsu was delimited by provincial level and county-level government departments, as shown in Figure 5.17.

In terms of *decision-making*, the Jiangsu PBEE exhibited a typical feature of vertical domination. Provincial departments wielded the power of indicator design in their fields and evaluate their subordinates at the prefectural and county levels. The Jiangsu PBEE designed the indicators that determined the work tasks and evaluation results of lower-level governments. Ideally, the steering subjects and objects should have collaboratively designed the indicators, as the latter had a better grasp of practical work. However, lower-level governments had minimal influence in the indicator-setting process, despite a requisite but perfunctory procedure of soliciting opinions from involved actors. Lower-level officials often found some sub-indicators inappropriate (2021072026; 2022121340; 2022121344), but they were either reluctant to report their concerns (2021050808) or received negative or no responses from higher levels (2021102637; 2022121344), which used the PBEE as a tool to control subordinates.

Examining the *implementation process* reveals that the operation of PBEE was largely dependent on the administrative system. Lower-level departments were responsible for writing and submitting support materials to their immediate superiors; the interaction between superior and subordinate governments was limited. The PBEE was organized in command-and-control manner, employing various steering

instruments to mobilize subordinates. The PBEE result was incorporated into the comprehensive performance evaluation system — HQD — and linked to the performance pay of local officials. Moreover, the provincial departments responsible for the first-level indicators were delegated by the provincial coordinator (OBEJCO / OBELSG / DRC) to organize and conduct the evaluation. In view of this, the PBEE in Jiangsu was steered by a vertical system. Steering objects responded to the hard steering from upper level with discursive tactics. For example, shirking was identified when the performance of certain indicators lagged, but the responsible department did not take corrective action (2021030304; 2021071920). Coping was also observed during the evaluation process, with some officials fabricating data and documents to meet the evaluation standards (2021051009; 2021071922). Certainly, in most cases the evaluated subordinates successfully aligned their reforms with the PBEE evaluation standard. Observations from Nantong suggested that such a hard mode of steering yielded mixed results: it largely ensured the compliance of local governments and their departments, thereby maintaining the authority of the PBEE, and effectively mobilized them to carry out specific reforms and launch new projects to improve their performance in the PBEE. One shortcoming, however, was the heavy pressure and burden placed on officials, many officials expressed their grievances in interviews (2021071917; 2021071920; 2021072136; 2022121340; 2022121341).

Simply put, the authority relations within the PBEE process were hierarchical. Decision-making was dominated by the provincial government, with the power of setting and interpreting first-level indicators controlled by provincial departments. The practical operation of PBEE remained a traditional top-down mechanism. Lower-levels officials often had different understandings of the evaluation indictors with their superiors. Aside from murmurs of discontent under the table, they often reacted by "describing the issues" (反映情况) to the superiors, but this rarely resulted in any significant changes. As for the details of the evaluation, lower-level departments were unclear about the points deducted and tried to get clarification from provincial departments, but their efforts were unsuccessful. In short, interactions between higher-

and lower-levels of government were very limited under the hard steering mode. This hard steering mode in Jiangsu province was steered by the vertical system, which not only enforced easier compliance from lower-level departments but also ensured that the evaluators (provincial departments) were familiar with their own fields.

In conclusion, the analysis of PBEE in Jiangsu between 2019 and 2022 revealed a "hard mode of steering" (Alpermann & Schubert, 2019). The Jiangsu provincial government was granted considerable local autonomy by the central government. While the provincial government interpreted the specific content of the indicators according to its own preference, it basically accepted the NBEE evaluation system and its indicators. When the central government exercised its authority by issuing new directives to the province, the provincial government quickly incorporated them into provincial policy due to the lack of immunity. This was how the "autonomy under hierarchy" unfolded in Jiangsu. More precisely, because this steering was led by the vertical system, PBEE eventually became a mere administrative task for top-down evaluation. In this context, some local departments were motivated to manipulate the data to achieve better results in PBEE, which were further rectified by superiors through changes in evaluation indicators and the introduction of new evaluation disciplines. Put briefly, during the past few years of PBEE conduction in Jiangsu, a **"hard steering mode"** has developed, strongly motivating lower-level governments to respond the PBEE at the expense of local burdens.

5.4.4 Jilin — Soft Steering (2019-2022)

This section traces four consecutive PBEEs in Jilin from 2019 to 2022, focusing on the evolving process of PBEEs, the arrangements, and the dynamics of the provincial policy agenda. It then analyzes the steering process, based on policy documents, interviews, and leaders' speeches, arguing that Jilin province adopted a soft steering mode to conduct the PBEE.

Before Jilin PBEE in 2019

Jilin province was one of the early embracers of the concept of business

environment, actively engaging in pilot BEEs. The central leadership, including Xi Jinping, emphasized the importance of business environment during visits to Jilin. The "Opinions of the Provincial CCP Committee and the Provincial Government on Further Strengthening the Construction of a Soft Environment for Economic Development" (省委省政府关于进一步加强经济发展软环境建设的意见) proposed the establishment of the new LSGSEC and OSEC to take on the works for soft environment[136]. This document also recommended evaluating the soft environment through a third-party intermediary organization.

Then, in March 2018, the NDRC conducted two rounds of pilot BEEs in 22 cities, including Shenyang and Huludao in the northeastern region. Even before the first officially-organized pilot BEE, Jilin had already claimed to carry out BEE for Innovation and Enterprise (IEBEE), referring to the World Bank's core indicators[137] in the provincial document to promote the reform of "Only One Visit". The document included only seven indicators, "Starting and Cancelling a Business", "Simplifying the Procedures of Construction Permit License", "Facilitating the Enterprise to Get Water, Electricity, Gas and Heating", "Registering Real Estate", "Getting Credit", "Optimize the Service of Tax Payment", and "Facilitating the Cross-border Trade and Investment". The inclusion of IEBEE in the "Only One Visit" document signified Jilin's active response to the Premier's call for the establishment and organization of BEE within the SCEM. These BEE points were also reiterated in a Jilin provincial document aimed at promoting the FGF reform. This document outlined plans to "establish and perfect a long-term BEE mechanism and import the third-party evaluation" and "compile and publish the Jilin Province BEE Report." The responsible departments for leading and coordinating the BEE work were the OSEC (BGSDCA) and the provincial DRC[138]. In

[136] Soft environment refers to external conditions like law, regulation, cultures etc. It can be seen as a similar concept with business environment in the official discourse.

[137] Notice of Jilin Provincial Government on Issuing the Implementation Plan for Fully Promoting the "Only One Visit" Reform, Jilin Provincial Government〔2018〕6. 吉林省人民政府关于印发全面推进"只跑一次"改革实施方案的通知, 吉政发〔2018〕6 号.

[138] Notice by the General Office of Jilin Provincial Government of Issuing the Plan for the Assignment of Works on Deepening the Reform of "Streamlining Administration, Delegating Powers, Combination of Deregulation and Regulation, and Optimizing Services" and Transforming Government Functions in 2018, the General Office of Jilin

summary, PBEE in Jilin grew out of the IEBEE, forming the basis for its development.

Although PBEE was overseen primarily by the BGSDCA and its OSEC / OBEC in Jilin province, the Evaluation Bureau and its (deputy) director, assisted by GY Consulting, were responsible for designing and interpreting the indicators and formulating the implementation plan. During this stage, the Evaluation Bureau, particularly the director, played a significant role in selecting and incorporating first-level indicators into the PBEE system, while GY Consulting provided substantial assistance in interpreting these indicators and formulating the evaluation content. As a result, the structure and content of the PBEE implementation plan in Jilin largely reflected their views. Now that the director of the Evaluation Bureau changed in 2021, I discuss the PBEEs that were under the same director.

Jilin PBEE in 2019 & 2020

Xi Jinping's visits to Jilin underscored his attention to the province's business environment. In response, the provincial government emphasized the importance of OBE and promptly implemented the policy tasks in the document in 2019. On January 31, Governor Jing Junhai convened the Provincial Special Session on Business Environment work, prioritizing the improvement of the business environment. He ordered the reduction of administrative procedures, time, costs, materials, and promoting standardized administrative approval, online services, and data integration. Although Jing Junhai did not directly mention PBEE, he emphasized "making concerted efforts on OBE through strict governance, supervision, **evaluation**, and guidance", alluding to the role of evaluation. This meeting likely facilitated the implementation of PBEE in Jilin.

On May 30, the Eleventh Session of the Standing Committee of the Thirteenth People's Congress of Jilin Province enacted the "Jilin Province Decree on Optimizing Business Environment" (JLDOBE, 吉林省优化营商环境条例). Article 59 stipulated

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Province Government〔2018〕63. 吉林省人民政府办公厅关于印发落实深化"放管服"改革转变政府职能会议精神工作分工方案的通知, 吉政办明电〔2018〕63 号.

that the provincial government ought to "establish and perfect the BEE evaluation mechanism and the BEE indicator system; the result of BEE must be included in the government's performance evaluation system and the evaluation of leading cadres[139]"; and "entrust the task of BEE to a third-party, conduct BEE in the province regularly and publish the results to the society." Thereout, this local administrative regulation further confirmed the execution of PBEE and recommended third-party evaluation. In short, the Jilin provincial government paved the way for the launch of PBEE. Following these instructions, the OSEC organized the first PBEE by entrusting the third-party evaluation to GY Consulting. The 2019 PBEE policy agenda indicated that Jilin province closely followed the latest central moves, sometimes even took a step ahead. With autonomy granted by the central government, Jilin's PBEE seized the opportunity to significantly expand the NBEE's 18 first-level indicators and 87 second-level indicators to 28 first-level indicators and 104 second-level indicators. Similar to the NBEE, the PBEE saw extensive third-party participation.

In 2020, the provincial government issued the "Implementation Rules for JLDOBE"[140] to put the JLDOBE into effect. Article 36 stipulated to "refine the BEE system based on the NBEE system by absorbing the experience of advanced regions and taking into account the practical situation", which was well implemented last year and continued to be implemented this year. The Implementation Plan (trial) of Jilin Province's Business Environment in 2020[141] included 29 first-level indicators and 106 second-level indicators. Moreover, this year's PBEE also broadened its scope by evaluating the departments (provincial departments and departments administered by the central government), a difference in comparison to the evaluation practices of both the NBEE and PBEE in Jiangsu.

The PBEEs in Jilin demonstrated the provincial government's adherence to the

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[139] about these two types of evaluation, see Heberer and Trappel (2013).

[140] Implementation Rules for Jilin Province Decree on Optimizing Business Environment, Jilin Provincial Government〔2020〕17. 吉林省人民政府关于印发吉林省优化营商环境条例实施细则的通知, 吉政发〔2020〕17 号.

[141] 《吉林省营商环境考核评价实施方案（试行）》, 吉软环境组〔2020〕3 号.

NBEE's importing third-party evaluations and utilizing a questionnaire approach. However, Jilin also showed a strong interest in enriching the PBEE to align with local preferences by assigning the newly established BGSDCA to fulfill the task, expanding the scope of evaluation objects, and increasing the number of evaluation indicators. Such an arrangement planted the seeds of future problems in the PBEE. One problem was the inability of the weak BGSDCA to enforce effective cooperation from the provincial departments, which were to some extent marginalized in the PBEE. This greatly influenced Jilin's approach to steering the PBEE. Although the provincial government initially provided necessary support, the PBEE was solely in the hands of the BGSDCA (Evaluation Bureau) and GY Consulting in the following phases. Steering from the top was not solid enough, resulting in the PBEE being self-enforced (Schubert & Alpermann, 2019) by these two actors.

Jilin PBEE in 2021 & 2022

PBEE's underlying problems gradually came to the surface over the past two years, leading to a gradual shift in its steering mode. Both officials and manager of GY Consulting, who were responsible for or involved in the evaluation process, expressed concerns about PBEE's inability to capture the attention of provincial departments. In response, the PBEE was reshaped in 2021 to address this issue. The government's commitment to strengthening this work was evident in various actions and initiatives.

On February 18, the Jilin provincial government convened the Meeting for Business Environment Construction (全省营商环境建设大会). At this meeting, Jing Junhai emphasized the importance of the business environment, frequently referencing Secretary Xi's speeches and subtly linking business environment construction with investment attraction and project construction. Jing Junhai also announced the reorganization of PBEE's management structure. The provincial Party Committee decided to establish the working mechanism of "secretaries at five administrative levels in charge of business environment" (五级书记共抓营商环境) and upgraded the LSGSEC to the LSGBEC, with Secretary Jing Junhai and Governor Han Jun (韩俊) as group leaders. Other Members of the Standing Committee of the Provincial Party

Committee and vice governors were also required to join this group. Each prefectural city and county (county-level city or district) were also required to set up a corresponding leading group. Additionally, local governments and departments were urged to implement reform measures according to the NBEE indicator. Strict supervision and evaluation of the business environment were proposed to refine the BEE indicator system and play its role as a baton for the purpose of OBE. This meeting tinged with some political breath offered new ideas from the provincial leadership on how to steer PBEE in the next step. Following this meeting, Governor Han Jun hosted the Executive Meeting of Provincial Government, where the "Plan for the Assignment of Key Tasks for Implementing the Meeting for Business Environment Construction" was discussed and approved for implementation.

In response to these provincial decisions, the Office of Jilin Provincial Government issued the Implementation Plan for OBE in Jilin Province (吉林省营商环境优化提升实施方案 2021). It listed 18 measures, each corresponding to the 18 first-level indicators of NBEE, with specific indicator groups and departments responsible for each indicator. Furthermore, to strengthen leadership and coordination for BEE, the LSGBEC established 18 Trans-department Special Work Groups (跨部门专项工作组). These groups were uniformly structured, with one vice-governor serving as the group leader, the principal of the leading department as the vice group leader, and members drawn from the involved departments. This organizational arrangement met the requirements set by the Secretary at the Business Environment Construction Meeting and clarified the division of labor for each first-level indicator. The BGSDCA found it difficult to report to and coordinate with each vice-governor, so the organizational arrangement was established to improve this situation.

In 2022, the Office of the FGF Reform Coordination Small Group issued an internal document which assigned a number of tasks (2022 年吉林省人民政府推进职能转变和"放管服"改革协调小组工作要点) to be implemented in this year. Refining the PBEE through paying more attention to the enterprise's feedback was only one of the 24 tasks. However, this task did not add new requirements to the PBEE as it could

not. The Coordination Small Group was merely a coordination body, who had no direct influence on the implementation. PBEE was under the control of the BGSDCA. The steering effort from the provincial government remained at a small level.

The issuance of GOSC's Document No.59 and these provincial meetings in 2021, along with the new division director's assumption of the BGSDCA's Evaluation Bureau, promised new ideas for the upcoming PBEEs in 2021 and 2022. First, in order to demonstrate compliance with the central instructions on the regulation of BEEs, the implementation plans claimed to acquire evaluation data through a "questionnaire survey and public data" to reduce the burden on grassroots governments. Second, they also saw a significant expansion of indicators and evaluation scope, adding about 21 second-level indicators compared to previous two years. This was done in order to adapt the system more to the practical situation of the province and to refine the PBEE indicator system with Jilin's characteristics. Besides, the evaluation part for departments, which started in 2020, now included slightly more indicators (29 in 2020, 32 in 2021, and 31 in 2022). In addition, the 2022 PBEE included an additional evaluation project called "Evaluation of Comprehensive Development for Development Zone in Jilin Province" (吉林省开发区综合发展水平考核), which was organized by the Provincial Department of Commerce, accounted for ten points out of 100. Despite these changes, the core of PBEE remained largely unchanged. The manager of GY Consulting believed that the establishment of the Special Work Groups in 2021 led to positive outcomes. There was real communication between each group and the BGSDCA, and the latter's attention to making optimization plans was heightened. "After experiencing organizational frictions, the BGSDCA gradually gained recognition from other provincial departments" (2022062115).

This previous section documented key events in the promotion of PBEE, including relevant provincial documents and meetings. It showed that PBEE in Jilin province was mainly driven by the BGSDCA and GY Consulting. These entities were highly motivated to promote PBEE and persuaded the provincial leadership to restructure the organizational mechanism while striving for the cooperation of other provincial

departments. The BGSDCA wanted to gain recognition and authority by fulfilling this task. The third party not only focused on this project, but also expected more governmental projects in the future by building stable relationships with other departments. It tried to seize every possible opportunity and leverage *guanxi* (关系) resources to get more projects and make money by doing the PBEE project.

Based on the above analysis, I argue that the policy process of PBEE in Jilin province since 2019 has been characterized by **a soft steering mode**, where the provincial government occasionally introduced guidelines to steer PBEE, but its influence was limited. Unlike Jiangsu's "leading by vertical system" approach, Jilin's PBEE approach relied more on the power of the BGSDCA and the non-state actor, GY Consulting. The BGSDCA was the main steering subject, with GY Consulting playing an important role as a corporate actor deeply involved in the whole process. They dominated the implementation of the evaluation, influencing the setting of indicators and deciding outcomes. Lower-level governments were the steering objects subject to evaluation by the steering subjects. Other provincial departments were expected to collaborate with the BGSDCA and steer their own subordinates but were not effectively involved in this evaluation process. They were neither involved in PBEE's indicator design nor in its implementation, although they were better aware of the professional work within their functional lines. Therefore, the soft steering mode in Jilin resulted in provincial departments' indifference to PBEE and frictions between the provincial departments and the BGSDCA, although the situation improved somewhat later, as claimed by the manager of GY Consulting. Figure 5.18 illustrates how PBEE in Jilin province was steered at different levels.

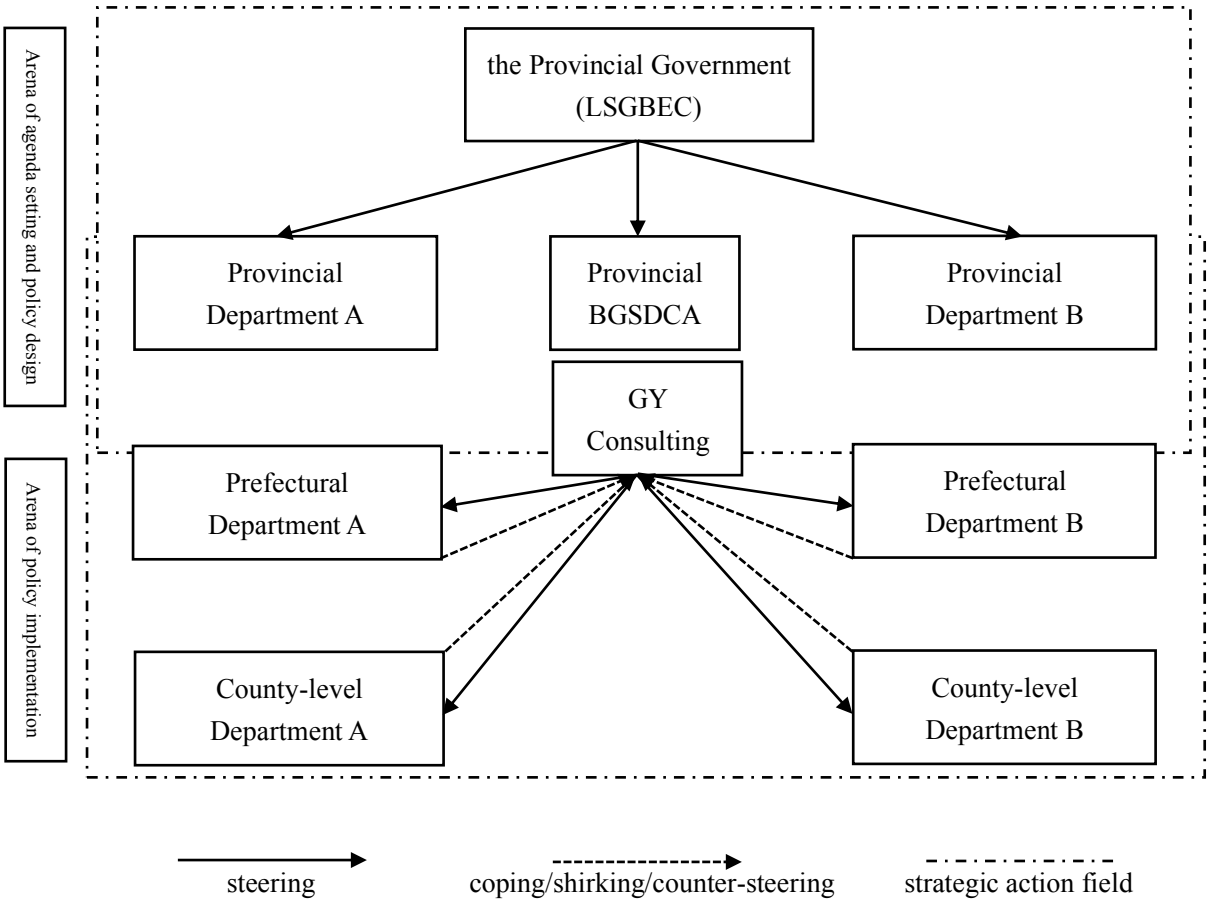

Figure 5.18 Steering the PBEE in Jilin Province

The *decision-making process* in Jilin's PBEE exhibited a discursive feature. On the one hand, the provincial government imposed limited vertical steering during the process; on the other hand, the BGSDCA actively lobbied for more steering measures to enforce compliance by provincial departments. Unlike Jiangsu, Jilin's BEE implementation plans from 2019 to 2022 did not overtly respond to the central government's dynamic requirements on BEE with obvious adjustments. Instead, Jilin province placed more emphasis on reshaping its PBEE with its own characteristics. In this sense, the provincial steering in Jilin was considered weak. Some might argue that the Business Environment Construction Meeting and the subsequent establishment of the Trans-department Indicator Work Group in 2021 forcefully demonstrated the provincial government's vertical steering. However, this argument overlooked the underlying story. The decision to establish the Work Group was not made overnight and

was driven by the BGSDCA's efforts (202106110; 2021061115). It was the BGSDCA that communicated with each vice-governor and facilitated this major step towards increasing the structural power. This was more of an interactive process with initiatives from both sides. Since the changes at the central level in 2021, the provincial government rarely intervened in the process of indicator setting and PBEE implementation, which was always under the control of the BGSDCA. This revealed a discursive decision-making process, evidenced by the inconsistent and erratic provincial measures. These provincial steering measures had more symbolic significance in adhering to the central spirit rather than having a tangible impact on the implementation of PBEE.

The practical *implementation process* of PBEEs in Jilin further cemented the argument for a soft steering mode. The provincial government merely provided guidance for PBEE work, while the BGSDCA, with the assistance of GY Consulting, executed it. The development of PBEEs, including the development of indicators, was mainly influenced by the ideas of BGSDCA leaders. The execution of the PBEE was self-enforcing, being upheld by the strong incentives from the BGSDCA and GY Consulting. On the other hand, provincial departments who are competent authorities were marginalized. This led to significant barriers to PBEE execution due to unmotivated provincial departments and their subordinates. Instead, informal mechanisms between GY Consulting and the evaluated objects played an important role. Under the table, GY Consulting estimated results for each object and adjusted them according to the needs of BGSDCA and itself. I overheard a phone call of the manager of GY Consulting in which he discussed PBEE result adjustment (2023011615) with certain evaluated objects. Another staff member confirmed that "PBEE is primarily a political task and GY Consulting was only responsible to the BGSDCA" (2023011648). In short, the PBEE implementation was self-enforced with little interference from the provincial leadership. Even though Work Groups were established in 2021, the BGSDCA and GY Consulting remained the dominant forces in PBEE execution. They made significant efforts to promote this task and achieve their respective goals.

In other words, the authority relation within the PBEE process in Jilin was semi-hierarchical. The Evaluation Bureau of the BGSDCA and GY Consulting controlled both the decision-making and implementation of PBEE. Under this steering strategy, practical implementation revealed both negative reactions from other provincial departments and a great deal of communication between the third-party agency and each evaluated object. This necessitated persistent follow-up by GY Consulting staff. Although the provincial government nominally prioritized the business environment, its steering measures were not implemented continuously. At the same time, the incentive mechanism designed for PBEE may not have been fully effective, as the evaluation results never classified any of the evaluated objects as "unqualified".

In conclusion, the PBEEs conducted in Jilin province from 2019 to 2022 suggested a "**soft mode of steering**". Jilin took full advantage of the NBEE's allowance for local policy adjustment by expanding the evaluation indicators, broadening the evaluation scopes, and enriching the evaluation contents. After the central government resumed direct steering, as seen in the Document No.59, Jilin did not directly respond the requirements in Document No.59, like regulations on evaluation way, expenditure control, and benefit transfers between government and agencies. The overall leading department's and the third party's weakness in enforcing other departments was due to a lack of effective mechanisms to involve other provincial departments and a weak incentive mechanism. Together, these resulted in a dispensable PBEE that had very little influence over the departments and subordinates. Dependence on these two organizations turned the PBEE into a monodrama where the BGSDCA focused on fulfilling its mission and gaining political momentum, while GY Consulting aimed to acquire more government projects and exploit larger markets. In short, Jilin's PBEE was steered using the blueprint provided by the NBEE, with implementers doing a great job in conducting the PBEE, though its actual influence over the administrative system remained limited.

5.4.5 Steering Capacity and Governability under (In)complete Autonomy

The theoretical framework outlines four ideal types of local autonomy based on variations in the dimensions of initiative and immunity and their combinations. Section 5.2.3 explains the type of local autonomy granted to BEE, while this part moves a step further to analyze steering capacity and governability within the BEE process by revisiting the interactions between steering subjects and objects. This research mainly analyzes the evolution of BEE in China's policy agenda from its inception to the end of Li's administration. The analysis identifies two distinct phases, separated by the issuance of the Document No.59. By examining the initiative and immunity features of BEE as outlined in relevant central documents, it is argued that local governments have been granted complete to incomplete autonomy in implementing BEE. This section provides a detailed account of the measures taken by central steering subjects and the reactions of the steering objects.

Under complete autonomy

Before the GOSC issued Document No.59 to regulate local BEEs, local governments had both initiative and immunity, which meant that they had complete autonomy in implementing their own BEEs. This was evidenced by the fact that before BEE caught the attention of the central government and was put into its policy agenda, some localities had already planned to conduct BEEs. Searching for the keyword "BEE" on the PKULAW website, over three thousand local documents can be found. Of these, 727 documents that involved all provincial governments were issued before the formal NBEE. These early local BEEs can be further divided into two phases: before and after the SCEM on January 3, 2018. Records indicated that Jiangsu was probably the first province to pioneer BEE. In 2016, "Jiangsu province carried out a SADPIEEE targeting at 13 prefectural cities and 96 counties (county-level cities / districts), learning from the World Bank's Doing Business practice". The local BEEs, conducted in advance of the NBEE policy agenda, suggested a lack of steering efforts from the central government. After the SCEM, the NDRC began organizing pilot and formal NBEEs with increasing involvement of prefectural governments. The SCEM marked the beginning of central steering of BEE, emphasizing the establishment and implementation of the NBEE

mechanism.

The central government adopted an experimentation strategy rather than a mandatory directive at first to gradually promote BEE nationwide. The NDRC and the responsible leading department made it a project and subcontracted it to Infinity Technology. Although there was no direct order from the central government, this approach served as a *modus operandi* for local governments to follow. In this way, the central government used its steering capacity to navigate the NBEE process. Meanwhile, because local governments were granted complete local autonomy, they were able to adapt the central guidelines on BEE according to their preferences. They expanded or narrowed the scope of their own PBEEs. Provincial governments either delegated the PBEE to a third-party agency or conducted it by themselves. Some provinces chose Infinity Technology, while others worked with many other different agencies. Local policy implementation was incremental and discursive, differing in the leading department, evaluation methods, and coordination patterns between various organizations. Local implementation of PBEEs were not effective as they were duplicative, meaningless, and not aligned with the original goals of BEE conduction. Policymaking in China under complete autonomy exhibited certain characteristics. The steering capacity from above was loose and played a guiding role. Local governments could either rationally and effectively put central guidelines into practice, or choose not to react. However, within the context of TLD, they tended to be more enthusiastic in BEE conduction, which was problematic.

Under incomplete autonomy

The issuance of Document No.59 stripped local governments of the immunity they were previously granted. While provincial governments could decide whether to carry out BEEs, their actions were subject to close scrutiny by the central government. The central government's looming oversight of BEE was embodied in the prohibitive regulations governing the evaluation scope, cooperation with third parties, and local BEE expenditures. In this sense, local governments that were granted incomplete autonomy in BEE could still carry out local BEE but were prohibited from committing

misbehaviors. The central government enhanced its steering ability than before, in response, local governments indeed recalibrated their own BEEs to show more amenability to this steering. As previously documented, 14 provinces incorporated these central prohibitions into their provincial BEE regulations, and some promptly canceled BEEs conducted by prefectural cities. They began exercising caution in their collaboration with third parties.

In the context of incomplete autonomy, the central government promoted BEE enthusiastically but provided only instructive guidelines without specific policy goals or measurable targets for local governments to achieve. What's more, it strictly supervised local government behavior to ensure compliance with new central directives. In other words, local behavior was subject to looming central intervention. When the central government promoted BEE with incomplete autonomy, it encouraged local governments to devise appropriate implementation plans and put them into practice. PBEEs were not prohibited and were conducted as usual, often with the assistance of third-party agencies. However, malpractice during the BEE was punished. It was rumored among a group of BEE companies that both Yang Jie (杨洁), the former Director of the Regulation Division of the NDRC (发改委法规司司长), and the Manager of Infinity Technology were under investigation for illegal benefit transfers. Therefore, the central state's ability to steer was demonstrated not only by encouraging and approving appropriate local behavior, but also by sending signals, such as issuing documents, frequently mentioning it in important conventions, and handling relevant cases to warn local governments. Local governments without immunity had to make sure that their behavior would not be punished, as in the cases of Yang Jie and Infinity Technology. Therefore, they tended to take strategy so as to avoid to be blamed (Tsai et al., 2021), as was the case with Jiangsu and Jilin. However, this did not necessarily indicate true local compliance with central directives. In fact, some provinces adopted counter-steering strategies and shirked those directives.

5.5 Discussion

This section provides additional explanations of how the findings support the main argument of "local autonomy under hierarchy" through the above analysis and interprets the implications of this argument for China's policy implementation.

5.5.1 Local Autonomy under Hierarchy

Largely-constrained local autonomy under TLD

To verify the trend of local autonomy over time, a comparison is necessary. This requires an appropriate definition of the object to be measured. Based on Clark's framework, this research understands local autonomy in two dimensions: initiative and immunity, and refines their meanings in the context of China. Moreover, in order to compare local autonomy between the two eras, the evidence must be compelling enough to represent reality. In view of this, this research resorts to comparing the characteristics of promulgated central policies of the two eras. Therefore, the original data are the public central policy documents (1079 in the Hu era, 1617 in the Xi Jinping era).

In terms of the "initiative" dimension, the result first finds a larger proportion of policies for pilot experimentation in the Hu era (3.71%) than in the Xi era (2.91%), which means there are fewer policies for local governments to decide whether to implement in the Xi era. However, the difference between the two eras is not that large, and the absolute numbers (40 in the Hu era, 47 in the Xi era) are also relatively small. This indicates that policy experimentation has not disappeared in the Xi era (Wang, 2020; Heffer & Schubert, 2023), seemingly contradicting the traditional view of a decline in policy experimentation (Chen & Göbel, 2016; Chen, 2017; Ahlers, 2018; Heilmann, 2018; Teets & Hasmath, 2020). Nevertheless, are these policy experimentations still in line with the classical "experimentation-based policy cycle" (Heilmann, 2008a)? In other words, is this pattern of policymaking still playing an effective role under Xi's China? The answer is at least not as effective as before. Heffer and Schubert suggested that "policy experimentation is obligatory under Xi" (2023:52), even though "local cadres face high political risks" (Lewis et al., 2021:16) for doing so.

Drawing on their discussions, I argue that experimentation under Xi is no longer what it used to be: the kernel of the classical experimentation mode lies in the process of "identifying and generating local solutions from experiments and refining them to improve their national applicability". Now, this process may be undermined by, on the one hand, local governments' difficulty in identifying truly novel solutions as local cadres face potential political risks (Ahlers & Schubert, 2022) and, on the other hand, the impatience and reluctance to invest large amounts of time in trying out and tinkering with these new policies through trial and error and extensive debates. Yasuda (2023) argued that it is the increasing complexity and ambiguity of the context that makes originally effective experimentation maladaptive. Heilmann said that "both local initiative and central sponsorship are crucial to the success of experimentation" (2008a:10), while it seems that experimentation is steered more in a top-down manner, with local initiative diminishing and central control increasing. "There is no choice but to experiment" (Heffer & Schubert, 2023) also indicates the less power granted local governments to decide what to do.

Second, a comparison of the number of central documents that set quantified goals for local governments shows that 159 more documents set at least one quantified target during the Xi era, a slight increase of 2%. Setting a quantified policy goal in a central document means that it should be achieved by local governments, which is traditionally incorporated into the TRS. Local governments are forced to adopt any strategies, positive or negative (Gao, 2009; 2021), to achieve these quantified targets. Therefore, the intrinsic Pressure System (Rong et al., 1998) becomes more intense when the Party Center encourages the transfer of pressure level by level (Yang, 2018) in the TLD era. Under such circumstances, local governments are less likely to deviate from central policy goals.

The third aspect is whether central policy documents clarify what measures and responsibilities local governments at a particular level should take. Through a close reading of the "organization part" of each document, it is found that within Xi's two terms, for local governments at each level, many more policy documents in their

"organization part" speak to the general responsibilities of local governments (for example, see the description of "CDW" in section 5.2.1). In particular, over the years, the proportions of documents mentioning such duties all grow higher. This observation can most directly show that the discretionary power of local governments has been constrained over the past decade. In other words, there is less room left for them to decide how to adapt central guidelines for local usage.

Aside from the above evidence found in central policy documents, there are other clues to the declining initiative. Since Xi's inauguration, a major measure to further regulate the administrative system has been to strengthen institutionalization by clarifying and publicizing the powers and responsibilities of government agencies at all levels (Jing, 2021). Despite obvious difficulties, the central state continued to mobilize and command the bureaucratic system to carry out this task. On March 24, 2015, the General Office of CCCCP (GOCCCCP) and the General Office of the State Council jointly issued the "Guiding Opinions on the Implementation of the Power List System at All Levels of Local Governments" (中办、国办印发《关于推行地方各级政府工作部门权力清单制度的指导意见》), according to which each administrative power exercised by local governments, together with its legal basis, operational procedure and corresponding responsibilities, should be spelt out in the form of a list, and made known to the public. Then, at the end of that year, it was requested that this measure be tried out in several departments under the State Council[142]. More recently, local governments were further urged to comprehensively implement the list management of administrative licensing items[143], and the GOSC issued new opinions on regulating the standardized management of administrative discretionary power[144]. The logic behind

[142] Notice of the General Office of the State Council on Issuing the Pilot Plan for Compiling Lists of Powers and Responsibilities of State Council Departments, the GOSC〔2015〕92. 国务院办公厅关于印发国务院部门权力和责任清单编制试点方案的通知, 国办发〔2015〕92 号.

[143] Notice of the General Office of the State Council on the Comprehensive Implementation of the List Management of Administrative Licensing Items, the GOSC〔2022〕2. 国务院办公厅关于全面实行行政许可事项清单管理的通知, 国办发〔2022〕2 号.

[144] Opinions of the General Office of the State Council on Further Standardizing the Formulation and Management of Administrative Discretion Benchmarks, the GOSC〔2022〕27. 国务院办公厅关于进一步规范行政裁量权基准制定和管理工作的意见, 国办发〔2022〕27 号.

these policy documents is that the central state believes that administrative behavior can be well regulated by institutionalizing it in advance. This logic reflects the notion that if all governments behave according to the established rules and act within the scope of their powers and responsibilities, misbehavior would disappear, a situation the central state looks forward to. Therefore, although the past decade has seen many efforts by the central state to streamline administration and delegate more power to lower levels (Guo, 2017), the increasing emphasis on the normative exercise of administrative power actually reflects the central state's effort to standardize governance (Noesselt, 2017a; Ding & Thompson-Brusstar, 2021). According to the State Commission Office of Public Sector Reform (SCOPSR), by 2016, 31 provinces nationwide had published the provincial "power list", and 24 had published the "responsibility list". Besides, 17 provinces published the prefectural and county-level "power list" and "responsibility list"[145]. However, there is often tension between such institutionalization efforts and local autonomy (Yang & Yan, 2018), as former Premier Li Keqiang bluntly claimed that "the government's publication of the power list will certainly curtail the discretionary power of officials"[146]. This was confirmed by the local-level officials and street-level bureaucrats. A city-level sector head agreed, complaining about "the lack of autonomy" (2022121247). As another county-level member similarly put it, "Compared to a few years ago, local discretionary power is diminishing, but the exercise of power has become more regularized" (2023060951). Whether the central state's desire for "normalized governance" will be realized remains to be seen, but this measure does indeed reduce the space for local autonomy. Thus, both the more explicit central policy and the institutionalization of the exercise of formal local government power demonstrate that the overall situation of local governments' initiative has

[145] https://www.gov.cn/xinwen/2016-01/29/content_5037000.htm, "The power lists of provincial government departments across the country have been fully released", 促进简政放权 完善运行机制 全国省级政府部门权力清单全部公布.

[146] https://www.gov.cn/xinwen/2015-11/18/content_5014157.htm, "Li Keqiang: Publicizing the government's 'power list' will reduce the discretionary power of officials", 李克强：公开政府“权力清单”压缩办事人员自由裁量权.

dramatically deteriorated during the Xi era.

In terms of the dimension of immunity, this research adopts the strategy of text analysis which compares the frequency of words that mostly embody central government interventional activities in the central documents of the two eras. The result shows that the use of all three groups of words, meaning "supervision and inspection", "accountability", and "political awareness and big picture" increased sharply, which basically means that local behavior is more and more under the oversight of the central state. This finding is consistent with the political realities of Xi's China. For example, as evidenced by the more frequent mentioning of "requesting instructions and (submitting) reports", the System of Requesting Instructions and Submitting Reports (请示报告制度) was established during Xi's administration, which required that "leading cadres at all levels must effectively shoulder their political responsibilities and ensure that their respective departments strictly follow the subjects, matters, procedures, and methods stipulated in the 'Regulations' and conscientiously do a good job in requesting instructions and submitting reports"[147]. Chen (2017) saw this regulation as a way to force local governments to behave in a safe manner. Besides, conducting inspections becomes an institutionalized method that the central government used more often to supervise local governments. For example, the State Council conducted "Accountability Inspection" seven times, and established an "Inspection through the Internet"[148] platform to collect information about local government power abuses directly from the public. All these clues show that central oversight is looming in the air. If local governments deviate from central policies, they are likely to be in trouble. In other words, local governments in the TLD era have less immunity than they did ten years ago. When both initiative and immunity are declining in the Xi era, the result is that local autonomy is severely restricted. This is the first level of the meaning of "local autonomy under hierarchy".

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[147] The CCP Central Committee issued the Regulations on Reporting and Requesting Instructions on Major Matters of the Communist Party of China, (中共中央印发《中国共产党重大事项请示报告条例》).

[148] https://tousu.www.gov.cn/dc/index.htm, "Inspection through the Internet", 国务院互联网+督查.

Local autonomy variations under TLD

The second level meaning of "local autonomy under hierarchy" argues that even in the TLD era, policymaking is not necessarily, nor in fact possibly, all shaped by the central government in a "no autonomy" manner. Instead, the central state could grant local governments varying degrees of autonomy anytime and anywhere. A comparative case analysis builds the blocks of this argument. Four ideal types of local autonomy are identified based on measurements of initiative and immunity. This typology can be used to analyze any policy in any period of time. For example, in the case of the Classification of Domestic Waste, the "tethered autonomy" granted encouraged local governments to quickly make classification plans, advertise classification in various ways, purchase and install relevant facilities, and instruct residents to perform classification to achieve the goals set by the MOHURD. However, many of these efforts were ineffective because they were mingled with behaviors such as coping (Schubert & Alpermann, 2019), muddling through (Zhou et al., 2013), and performative implementation.

China's experience with the prevention and control of the COVID-19 pandemic is a typical example of what a policy of "no autonomy" looks like and how it is implemented on the ground. In this case, "no initiative" meant that all pandemic control measures were designed in detail from above — the NHC and the Joint Mechanism. Local governments from the provincial level and downwards had to meticulously follow these central instructions without any deviation. "No immunity" meant that pandemic control became a political task and the top priority of the CCP; local governments took responsibility for reporting new cases, tracing close contacts, quarantining asymptomatic infected people, treating the sick, conducting large-scale testing…Any tiny misbehavior detected in this process would bring punishment for anyone in the local bureaucracy. Local governments were extremely pressured during this whole process, unable to decide what to do and how to do it, and they were under close and tight oversight from higher levels. In this context, China actually did a better job of controlling the number of new cases before lifting the "Zero–COVID policy",

but to achieve this top priority, many other normal socio-economic goals were sacrificed, and local governments were enmeshed in blindly following central orders. Proactively accelerating the implementation pressure level by level (Zhou & Lian, 2020; Deng et al., 2018), "cutting with a single knife" (Perry, 2011), and "proactively raising the targets" to avoid being blamed by higher authorities (Ling, 2020) appeared endlessly. Implementation descended into a "show competition".

In promoting the Business Environment Evaluation, a rare situation was observed: the central government allowed local governments a great deal of autonomy to organize BEE according to their own preferences, despite later imposing several restrictions. The idea of organizing NBEEs originated from international experiences. Before the pilot NBEEs in 2018, localities had already explored the field and accumulated a lot of knowledge. For example, Beijing and Shanghai had participated in the World Bank's Doing Business Project as sample cities for many years. Jiangsu province had learned from the indicator system of the Doing Business Project and organized SADPIEEE in 2016 and 2017. Since 2018, many local governments had also been enthusiastic about organizing BEEs, along with the emerging and rising NBEEs. For a long time, local governments did not face any restrictions on how and to what standard BEEs conducted by local governments should adhere, although most of them considered the NBEE indicator system and the Doing Business Project's indicator system as the only sources. Their BEEs have not yet come under the scrutiny of the central authorities. Literally, local governments had complete autonomy in carrying out local BEEs.

But after the GOSC issued Document No.59 in May 2021, the previous indifference to local BEEs turned into to a watchful eye. Several restrictions on local BEEs in this document meant that local governments were stripped of their immunity in this regard. They still had the power to decide whether and how to conduct BEEs, but they had to follow the central guidelines for doing so, otherwise, they were likely to be punished. It is interesting to note the local governments' double-faced reactions. On one hand, provincial governments and third-party agencies became wary of being implicated in accusations of rent-seeking and improper collaboration. On the other hand,

after a brief pause, local BEE in the shape of government procurement began to flourish again. Document No.59 banned BEE below the prefectural level, but many localities turned a deaf ear to it and continued to conduct BEE under the guise of other names. As can be seen, although the central authority prohibited some behaviors for local BEE, some lower-level governments risked shirking central directives by deliberately covering up their malpractice to avoid being blamed.

A review of the comparative analysis fully demonstrates that even though in the TLD era, different types of local autonomy can be observed in different policy areas. For the same policy, the central authorities also impose different degrees of local autonomy in order to adjust their directives and keep local behavior under control. In this sense, "local autonomy under hierarchy" means granting local governments with appropriate degrees of autonomy to the preference of the central government.

Logic behind local autonomy under hierarchy

This research argues that autonomy is closely scrutinized and guided by the central state (arguably Xi himself) **according to its perception and judgment of the relevance of particular issues to the core interests of the political system**. These three carefully selected cases help to illustrate this point. First, the core interest of the political system refers essentially to the long-term reign of the CCP. From the Party Center's perspective, all policy issues that can be closely associated with the CCP's legitimacy become crucial and are thus elevated into political tasks.

The COVID-19 pandemic control is the best illustration of the implementation of a political task. The arrogant attitude towards whistleblowers and the belated measures taken in the early stages of the pandemic exposed the weaknesses of the Chinese system, such as the inability to make scientific and timely responses to potential crises due to the silencing of the public and the suppression of civil society. In short, the legitimacy of the system was questioned. As the pandemic spread across the country, the regime immediately realized that this was also an opportunity for it and that it had to seize the opportunity to regain the legitimacy it had lost at the beginning of the pandemic. That was exactly what the central state and president Xi did. In official discourse, pandemic

control was closely linked to the superiority of the political system. China kept telling its people and selling the idea to international audiences that it did a better job of controlling the COVID-19 pandemic largely because the Chinese system is superior to that of democratic countries. Thus, the control of the pandemic, which was essentially a scientific issue, was quickly transformed into a political one. In this context, the central state could easily evoke political mobilization and take irregular measures to control not only local governments but also the resources of the whole society to achieve its goal (Zhou, 2021). Ironically, the abrupt termination of the "Zero–COVID policy" also came out of the consideration for legitimacy issue too (Zhai, 2023). Since the emergence and spread of the Omicron variant, maintaining this policy became extremely costly, leading to several well-known tragedies, rendering widespread public dissatisfaction and even social unrest, which for a long time had rarely happened. All of these posed a direct challenge to the Chinese political system and accelerated the abolition of the policy. As can be seen, when the central state turned a policy issue into a political task, it sought to reap the legitimacy of the system it inhabits. Be it local governments or society, no autonomy is given. Everything they do is guided to serve that one single purpose.

Unlike pandemic control, the central government has long attached great importance to optimizing business environment but has not elevated it to the level of a political task. Its affiliated project — Business Environment Evaluation — was designed to help local governments reform an unreasonable administrative system. This may benefit the legitimacy of the political system by boosting investment, bringing economic growth and providing better public services. Yet, it risked increasing the burden on local governments. Against this background, the central state initially gave local governments complete autonomy to decide whether and how to organize local BEE. However, the conduction of BEE was largely dependent on the assistance of third parties. This created a market for BEE which is worth hundreds of millions of dollars, in which interest transfer and rent-seeking were seen as backfiring on BEE and detrimental to the political system. That was why the central government suspended the

NBEE and issued new guidelines for local BEEs. In the eyes of the central leadership, the goal of business environment optimization was important, but it was also a process. Carrying out BEE could contribute to this; however, it could also cause problems. Once these problems reached a certain level that raised questions about the political system, such as the local governments' constant complaints about NBEE and the central government's awareness of extravagant spending in local BEEs, the central state recalibrated the degree of autonomy by making gestures of interference.

The classification of domestic waste, as a regular management issue, has attracted the attention of the central state and Xi himself only intermittently. It has little to do with the system's legitimacy. In this sense, local governments were granted tethered autonomy to adapt central policy guidelines to local conditions.

In sum, the degree of local autonomy granted by the central government in the TLD era essentially depends on the extent to which it links a policy to the core interests of the system. This view is consistent with the idea expressed by Yang and Yan (2018:44) that "the more seriously central decision makers view a problem, the more they will be inclined to curtail local autonomy to ensure that central demands are met". This research fleshes out this view through a comparative analysis.

5.5.2 Policy Process during Top-Level Design Era

Beyond understanding local autonomy in the TLD era, this research further asks what the impact of "local autonomy under hierarchy" on China's policy process is. This question has attracted extensive scholarly attention. On the one hand, many scholars have noticed the resurgence of hierarchical political steering (Schubert & Alpermann, 2019) or the top-down mode (Ahlers, 2018); on the other hand, Ahlers and Schubert (2022:1) explained that "the basic institutional prerequisites of policy process remain unchanged". The current research adds a twist to these discussions by identifying similar patterns of policy process under each ideal type of granted autonomy.

Refurbished theoretical framework

In policy areas where "complete local autonomy" is granted, the central state

typically formulates a vague central guideline and encourages local governments to flesh out the details of implementation. Policy experimentation is often used to address potential ambiguity and uncertainty (Heilmann, 2008a). For example, from the SCEM on January 3, 2018 to the first formal NBEE, local governments mostly tried out local BEEs according to their preferences. When the NDRC organized formal NBEEs, local governments had a standard to learn from, and they were still able to conduct local BEEs according to their preferences. Local implementation projected a discursive characteristic. Some local governments showed enthusiasm in pioneering new initiatives, while others shirked (Göbel, 2011). As a result, the central state can improve its policies after incorporating feedback from different regions.

By contrast, in "no local autonomy" scenarios, such as the "Zero–COVID policy", the central state predominantly adopts a top-down command and control approach, where specific policy goals and implementation plans are rigidly stipulated (Kostka, 2016). At the same time, cadres are mobilized through a managed campaign to respond immediately to the demands from higher levels (Kennedy & Chen, 2018). In this context, local cadres' performance is rigorously evaluated, and competent individuals are quickly promoted, while those who perform poorly are punished. Such an implementation pattern can be observed in China's response to the COVID-19 pandemic (He et al., 2020). In such cases, local authorities are expected to dutifully implement orders from above without any deviation. Lower-level governments must defer to their superiors, leaving no room for adaptation. On the contrary, local governments proactively upgrade the central measures to show their compliance.

Viewing CDW as a typical case of a policy area with "tethered autonomy", how the central government steers this kind of policy and how steering objects react deserves more discussion. Generally, local governments do not have the prior authority to decide on the course of action and are expected to operate within the scope of the assigned central task and adhere strictly to that task, but their implementation behaviors are not subject to the central government's close scrutiny. More specifically, policy goals, often in the form of quantified targets, are clearly defined in central policies, and ought to be

achieved by lower-level governments. Central authorities tend to utilize performance assessment and integrate it into cadre evaluation to push local governments to meet prescribed policy goals. In response, local governments strive to meet these policy targets. However, local implementation can be selective due to various reasons such as resource limitations, implementation complexities and difficulties, as traditional wisdom reveals (O'Brien & Li, 1999). To deal with the performance assessment, on a positive note, they tend to produce tangible and short-term results as they are more easily observable (Zhou et al., 2013). On the negative side, local governments at different levels may focus on only producing tangible results, neglect other parts of implementation, and even engage in collusive behavior to meet policy targets (Zhou, 2010).

Finally, in "incomplete autonomy", local states have the power to decide what to do and how to do it, but their actions are closely supervised by the central state whenever necessary. In this context, the central state may promote a policy task, but only provides a very broad outline, lacking clear and specific policy goals. There are also no measurable targets for local governments to achieve. Surrounding the broad outline, the central state continues to send signals, such as issuing more documents or frequently mentioning it in important meetings, to encourage or even mobilize local governments to develop appropriate implementation plans. The central state's steering capacity lies in its encouragement and acquiescence to local attempts. As for local governments, they can either make an effort on it or shirk the task. However, without immunity, local governments must be cautious in their implementation attempts, as unintended situations beyond their control may expose them to political risks or blame (Cai, 2008; Ran, 2017). Therefore, they are inclined to engage in blame avoidance (Tsai et al., 2021). Table 5.13 summarizes the above analysis and presents how policy areas characterized by different types of local autonomy have been steered and implemented.

Table 5.13 Refurbished Theoretical Framework by Absorbing Elements from Political Steering Theory

<table>
<tr><th colspan="2">Local autonomy</th><th colspan="2">Political steering theory</th></tr>
<tr><th colspan="2">Local autonomy type</th><th rowspan="2">Steering capacity: steering strategies</th><th rowspan="2">Governability: local behavior</th></tr>
<tr><th>initiative</th><th>immunity</th></tr>
<tr><td>yes</td><td>yes</td><td rowspan="2">-introduce general guideline
-experimentalism
-project funding</td><td rowspan="2">Implementation according to local preference:
-discursive implementation</td></tr>
<tr><td colspan="2">Complete local autonomy</td></tr>
<tr><td>no</td><td>yes</td><td rowspan="2">-clarify policy goals
-performance assessment</td><td rowspan="2">Selective implementation:
-produce tangible results
-coping
-collusion, muddling through</td></tr>
<tr><td colspan="2">Tethered local autonomy</td></tr>
<tr><td>yes</td><td>no</td><td rowspan="2">-lack quantified policy goals
-signal politics
-acquiesce</td><td rowspan="2">Avoidance:
-shirk or compliance
-avoid being blamed</td></tr>
<tr><td colspan="2">Incomplete local autonomy</td></tr>
<tr><td>no</td><td>no</td><td rowspan="2">Command & Control:
-top-down
-mobilization via campaigns
-cadre evaluation (promotion and punishments)</td><td rowspan="2">Blind local compliance:
-implementation with fidelity
-proactively “jiama”</td></tr>
<tr><td colspan="2">No local autonomy</td></tr>
</table>

Further implications

China’s local policy implementation during the reform era was considered effective and adaptive enough to enhance the regime’s resilience (Ahlers & Schubert, 2015; Chen, 2017). Many scholars believed that this would be undermined by Xi’s advocacy of TLD (Hsu & Wang, 2016; Heilmann, 2018). This section joins the ongoing debate by presenting insights from the above empirical findings.

Existing literature suggests that local governments at different administrative levels enjoy different degrees of local autonomy (Ahlers & Schubert, 2009; Landry et al., 2018). In practice, local governments in the pre-Xi era enjoyed substantial autonomy in policymaking (Xu, 2011). With an emphasis on meticulous implementation at each level, provincial governments, as the immediate subordinates of the central government, theoretically assume a more significant role in local policy

adaptation, as they bear the responsibility for formulating and interpreting implementation plans to carry out central mandates in a more detailed manner. Looking at the implementation of BEE, when Jiangsu province decided to adopt a hard steering mode, lower-level governments were pushed hard. Although Jiangsu is famous for less internal consolidation, and local cadres found its PBEE problematic, they had to accept it and devoted energy to improving performance. By contrast, when Jilin province kept its hands off during PBEE, even though the leading department was eager to attract more attention from lower-level governments, the whole PBEE largely turned into a routine task. This comparison implies that under TLD, policy implementation outcomes at lower levels are basically shaped by the strategy of provincial governments.

In line with the "beyond game theory" perspective, "local autonomy under hierarchy" is a result of the central leadership's choice. The central leadership takes into account the core interests of the political system during the TLD era, in which more centralization becomes a more favorable and desirable choice than granting more local autonomy. As already demonstrated, the overall local autonomy has been restricted, especially due to declining immunity. Against this backdrop, the intrinsic tension between central control and local adaptation (Zhou, 2011) has become more acute in this era, as the central authorities have increasingly emphasized "transferring pressure from one level to the next" (Yang & Yan, 2018).

What has this political shift meant for China's local policy implementation? Following the above analysis, this research agrees that policy implementation has "penetrated more deeply into localities" (Tian & Tsai, 2020) and perhaps visible policy outcomes are easier to be seen, but only in very few cases has it been effective. Effective implementation refers to "political system's ability to generate system stability by adapting to its environment's demands and as a result produce outputs entailing support for the system" (Ahlers & Schubert, 2015:377). It contains a variety of meanings: responding to the central guidelines, adapting to local conditions, being checked by performance assessment and cadre evaluation, public support mobilization and producing tangible results. Under the TLD, the implementation of the central policy

guidelines in the form of tangible results, passing down level by level, is what the central state really wants. This is very true when there is no initiative for local governments. For example, when the central government set policy goals and clarified tasks of classification of domestic waste, local governments carried them out through spending money in buying garbage cans and piloting waste classification. Once the central government decided to fight against a pandemic at any cost, local governments were insanely compliant with the central directives by tracing infected cases and implementing large-scale quarantines. Even for a policy area where local governments were granted with initiative, like conducting BEE, most provincial governments continued to organize BEEs in order to follow what the central authorities or other provinces did. These local governments efforts demonstrate how hard they respond to upper-level guidelines and produce visible results.

However, merely producing tangible results is not enough for effective policy implementation. First, in order to cope with the performance assessment and cadre evaluation, implementation was distorted. In domestic waste classification, local governments faced little pressure, their efforts were hence superficial, they cherry-picked easy tasks and avoided difficult ones: largely speaking, shaping individual behavior was not successful. In COVID-19 pandemic control, quite the contrary, they all faced enormous pressure. Therefore, implementation was shaped ossified and exaggerated. In both cases, performance assessment and cadre evaluation were not working as they should. This also affected local governments' ability to adapt policy guidelines to local conditions. Second, the mobilization of public support was inadequate. In the case of waste classification, it should have been a cooperation among residents, the private sector, and grassroots governments, where behavior is gradually cultivated. In most cases, however, governments acted like a gust of wind, simply handing out leaflets and thus failing to lead and form habits. Hedging is a useful strategy to avoid being held accountable (Tian & Tsai, 2020). As for the business environment evaluation, it also did not get enough support from the evaluated lower-level governments. Many of them mentioned that BEE was burdensome, and its effectiveness

for the business environment was not obvious, but their complaints did not lead to much change. Worse still, in the later stages of pandemic control, the lack of public support led to notable social protests against the political system and Xi Jinping. Effective policy implementation, it could be argued, existed during the "fight for Wuhan" and sometime after. It was effective because the system naturally won public support for the "fighting against the virus" and met public expectations without bothering to ask for it. This was a relatively rare circumstance.

Besides, although some scholars have good reasons to worry about bureaucracy getting slack (Wang & Yan, 2020), I find that the bureaucracy, especially the grassroots governments, are very busy coping with all kinds of assessments, inspections, and evaluations. Perhaps they are too busy to initiate real policy innovations. The mounting tension between central control and local adaptation is inherently persistent and will not vanish, but needs to be released (a loose implementation and inspection scenario) or taken up by actors (a strict implementation and inspection scenario) in the policy process. During the pandemic control and BEE implementation, this tension was mostly borne by grassroots governments and the public, which posed real challenges to the stability of the system.

6 Conclusion

6.1 Main Findings

China scholars have long been fascinated by the question of restricted local autonomy under TLD. However, the concept of local autonomy has often been taken for granted, with insufficient discussion about its specific meaning within the Chinese context and a lack of an analytical definition. Moreover, the mainstream opinion on restricted local autonomy lacks direct and compelling evidence, which necessitates an appropriate definition of local autonomy for accurate assessment. Thus, this research asks the question, "What does local autonomy mean, and how much does it persist in the TLD era?".

A review of the literature reveals that both the zero-sum and non-zero perspectives have flaws in understanding China's local autonomy, so a new perspective of "local autonomy under hierarchy" is proposed to fill these gaps by incorporating the core interest of China's political system into discussion, and argues that local autonomy during the TLD has been deliberately guided by the central government according to its view of the political system's core interest. Second, through a thorough review of the studies on local autonomy in western and Chinese contexts, this research defines **local autonomy as local government's capacity to adapt central policy guidelines to local conditions according to its own preferences**. Borrowing from Clark's "initiative–immunity" framework and reinterpreting their definitions in the context of China, this research develops a new theoretical framework with four ideal types of local autonomy: "complete autonomy", "tethered autonomy", "incomplete autonomy", and "no autonomy" to make sense of China's policy process. This typology outlines the kind of local autonomy the central state deliberately grants to local governments contingent on its perception of a policy's closeness to the core interest at any given time, with local policy processes expected to follow certain patterns accordingly.

The empirical analysis serves to demonstrate the core argument of "local autonomy under hierarchy". First, using published central policy documents spanning

twenty years, I measure and compare the levels of initiative and immunity during the Hu Jintao and Xi Jinping eras by using defined indicators. The findings support that the overall level of local autonomy in the Xi Jinping era has been constrained compared with that in the Hu era. During the Xi era, fewer central policies are designed for pilot experimentation, and more policies set quantified policy goals and specify the responsibilities of governments at each level. They all point to a decline in initiative. Besides, the wording of these policies suggests that the central state is more inclined to intervene in local affairs, showing a decline in immunity. These findings lead to the conclusion of "largely restricted local autonomy" during the Xi era.

Second, the comparative analysis demonstrates that the central state can grant local governments a certain type of autonomy at will. This is the most pivotal connotation of the argument of "local autonomy under hierarchy". For instance, COVID-19 Pandemic Control was left with no autonomy once the central state took over as the supreme commander; while in the Classification of Domestic Waste, local governments enjoyed tethered autonomy, under which they had to achieve the assigned policy targets but did not face much interventional pressure from central authorities. Regarding Business Environment Evaluation, local governments were at first granted complete autonomy in deciding whether and how to conduct BEE. However, when BEEs became rampant at local levels, the central government intervened and rectified the situation. This comparative analysis shows that even during the TLD era, the central government granted different types of local autonomy for different policy areas, based on the central state's perception of an area's closeness to the system's core interest.

Furthermore, the comparative analysis delves deeper into the government behavior in each policy area by examining the steering capacity and governability and assessing the effectiveness of policy implementation during the TLD era. When local governments are granted complete autonomy to implement a policy, the central state introduces general guidelines, leaving much space for local interpretation. Policy experimentation is a usual strategy to promote the implementation, with funding provided in a project-based manner to support experimentation. In this context, local

governments are able to implement central policy guidelines according to their preferences, leading to discursive and uneven implementation, as seen in the early stage of BEE. When local governments are granted with tethered autonomy, the central state sets clear policy goals and cares primarily about achieving these goals. Then, it examines the implementation situation through performance assessment. As shown in the case of Classification of Domestic Waste, the MOHURD mandates that the recycling rate of domestic waste should exceed 35%. In practice, cities carry out classification receive assessment from the MOHURD every quarter. Faced with regular assessments, local governments choose to meet those targets by producing tangible results. However, selective implementation (O' Brien & Li, 1995) and collusion (Zhou, 2010) are common. Delegating incomplete autonomy to a policy area without clear goals, the central state promotes it by sending signals or acquiescing to certain misbehaviors. However, due to the lack of immunity, local governments are very cautious of being held accountable. This caution does not mean that they avoid misbehavior but rather they try to cover it up if they do. Finally, when a policy's importance is elevated to a political task, the central state allows no autonomy for local implementation. As in the case of pandemic control, the central state steers it with a top-down command and control approach, within which local governments and cadres are closely scrutinized. Promotion and punishment are simultaneously and frequently used to mobilize the bureaucratic machine, anticipating complete compliance from local governments. In practice, local governments blindly comply with the orders from above, sometimes even acting proactively in an excessive manner, causing extra damage.

Except for the focus on local autonomy, a closer look at the Business Environment Evaluation reveals that different localities are able to adapt central policy guidelines to their preferences. In Jilin, provincial BEE was led by the BGSDCA and largely delegated to the third-party company, GY Consulting. The process, largely circumventing provincial departments and providing insufficient incentives, conformed to a soft steering mode. In contrast, in Jiangsu, it was in the charge of provincial

departments and coordinated by the provincial DRC. With the provincial DRC steering the plan in a classic top-down manner and linking it to the comprehensive evaluation, a hard steering mode was identified. Different assignments led to different problems. In Jilin, due to the weakness of the BGSDCA and GY Consulting, the PBEE had not gained much consideration from other departments and lower-level governments; while in Jiangsu, the strict PBEE which was steered mainly by the administrative system was very burdensome for lower-level governments. Therefore, policy outcomes in both provinces were hardly effective because support from the those being evaluated was not enough. Overall, the above analysis builds the blocks of the concept of "local autonomy under hierarchy".

6.2 Contribution

This research is anchored in China's policy research and contributes to it on several aspects: first, it clarifies the meaning of local autonomy, a concept that has been extensively discussed (Chen, 2017; Yang & Yan, 2018; Schubert & Alpermann, 2019) but rarely addressed in depth. Second, the analytical definition provided and the evidence presented strongly support the unanimous argument among scholars that local autonomy has been largely restricted during the Xi era. This research provides direct and compelling evidence to substantiate this view. More importantly, the core argument "local autonomy under hierarchy" enriches the understanding of local autonomy in the Xi era by adding various case analyses and explaining the logic behind. It demonstrates how local autonomy is deliberately guided by the central government according to its perception of the core interest of the political system. And drawing on the political steering theory, the refurbished theoretical framework has the potential to aid policy analysis from the perspective of local autonomy. This framework allows for a nuanced analysis of China's policy process and is expected to engage in a dialogue with prominent theories on China's policy process, such as the Control Rights Theory (Zhou & Lian, 2020).

6.3 Limitations and Future Study

This research has several limitations. First, the data source used to demonstrate the differences in local autonomy between the two eras is the State Council's Gazette, which is published by the State Council itself. The question is, not all central policy documents are included on this website, as they are pre-screened. This selection bias might impact the measurement of relevant indicators. However, the large volume of published documents is considered sufficient to reflect the truth of the two eras. Second, for the Business Environment Evaluation, though dozens of interviews were conducted with government officials at different levels, not much information was directly obtained from officials at the provincial and central levels. This flaw results in a lack of detailed understanding of the entire story of BEE. For instance, while it is known that NBEE is delegated to Infinity Technology, the relationship between this company and other central departments remains unclear. Besides, although it is known that provinces conducted BEEs prior to the central government, there is no direct evidence explaining the development of NBEE and its connection with early PBEEs. This gap hinders the complete presentation of central–provincial interactions, but does not affect the overall appraisal of the NBEE process as a negotiation under the shadow of hierarchy. Future research should include more interviews to fill these gaps.

Third, this research expects to apply the theoretical framework to explain local differences in local discretion through a quantified analysis. Existing research (Solinger and Jiang, 2016) has identified fiscal resource as a factor explaining such differences. Other case studies suggest human resources (Burns, 2003; Smith, 2010; Ang, 2012; 2016; Chen et al., 2015; Gong & Zhang, 2017) and patron-client relationship (Nathan, 1973; Nathan & Tsai, 1995; Dittmer & Wu, 1995; Shih, 2009; Hillman, 2010; Meyer et al, 2016; Bulman and Jaros, 2020) are relevant to differences in local policy choice. However, it remains unclear to what extent the "initiative–immunity" framework can explain differences in local BEE. Inspired by these studies, the next stage involves identifying the causal relationship between initiative, immunity and local discretion. For example, in the case of BEE, local discretion could be measured by the difference

between provincial and national indicators, and immunity could be measured by central interventional activities such as Xi Jinping's personal inspections to a region or the number of punished cadres in a region. Such an analysis would help to draw a fuller picture of BEE, provided that the data is available.

6.4 Final Remark

The final question this research aims to slightly dig into is how we should understand "local autonomy under hierarchy" in the TLD era from a political science perspective. As Ahlers (2018:266) aptly asked, "What kind of authoritarianism can best describe Chinese politics in the TLD era?" Grounded in all the above analyses, I argue that with the progress of reform, the political system is finding it increasingly difficult to sustain its legitimacy through the rapid economic growth upon which it has relied in recent decades. At the same time, ideological legitimacy (Zhao, 2009) continues to face challenges as the Internet penetrates deep into the public. Besides, Xi Jinping does not have such personal charisma as Chairman Mao and Reform Designer Deng. Taken together, the Chinese political system, which has appeared fairly resilient over the past forty years, is actually facing a problem of "diminishing legitimacy". Xi Jinping has the ambition to address this through various reforms, including restructuring the party and administrative system, intimidating local cadres, and deifying himself as a moral leader (Dittmer, 2020). "Local autonomy under hierarchy" rises in response to his vision of China's political landscape. However, such a new concept of the policy process has seen only limited effectiveness in implementation, while the shortcomings of the traditional policy process have persisted or even been exacerbated. Of course, it is too early to draw a final conclusion, so more fruitful empirical studies are needed in the future to further understand and evaluate this phenomenon.

Appendix A: Information on Fieldwork

Table A.1 The List of Interviews

Date	Location	Form	Number of interviewees	Notes
2017.10.16	Panjin	semi-structured	1	onsite/interview
2017.10.28	Chengdu	semi-structured	2	onsite/interview
2018.04.27	Changchun	semi-structured	1	onsite/interview
2021.3.3	Nantong	unstructured	1	onsite/interview
2021.4.15	Nantong	semi-structured	1	onsite/interview
2021.4.26	Nantong	unstructured	2	onsite/interview
2021.4.27	Nantong	semi-structured	1	onsite/interview
2021.5.8	Nantong	semi-structured	1	onsite/interview
2021.5.10	Nantong	semi-structured	2	onsite/interview
2021.5.11	Nantong	semi-structured	1	onsite/interview
2021.5.12	Nantong	semi-structured	2	onsite/interview
2021.5.13	Nantong	unstructured	1	onsite/interview
2021.5.18	Nantong	unstructured	1	onsite/interview
2021.6.8	Changchun	semi-structured	1	onsite/interview
2021.6.11	Changchun	semi-structured	4	tape/conversazione
2021.7.19	Chongchuan	semi-structured	3	tape/conversazione
2021.7.19	Nantong	semi-structured	3	tape/conversazione
2021.7.20	Nantong	semi-structured	5	tape/conversazione
2021.7.20	Rudong	semi-structured	3	tape/conversazione
2021.7.21	Nantong	semi-structured	3	tape/conversazione
2021.10.26	Nantong	unstructured	15	tape/conversazione
2022.6.21	Changchun	semi-structured	1	virtual/interview
2022.7.27	Haimen	semi-structured	5	tape/conversazione
2022.7.28	Nantong	semi-structured	2	tape/conversazione
2022.7.28	Rugao	semi-structured	4	tape/conversazione
2022.7.29	Nantong	unstructured	1	tape/conversazione
2022.12.12	Nantong	semi-structured	3	on site/conversazione
2022.12.12	Hai’an	semi-structured	3	on site/conversazione
2022.12.13	Nantong	semi-structured	2	on site/conversazione
2022.12.13	Nantong	semi-structured	5	on site/conversazione
2022.12.13	Nantong	unstructured	1	on site/conversazione
2023.1.4	Changchun	/	10+	observation
2023.1.12	Changchun	semi-structured	1	onsite/interview
2023.1.16	Changchun	semi-structured	1	onsite/interview
2023.1.16	Changchun	/	3	observation
2023.4.28	Changchun	semi-structured	1	onsite/interview
2023.6.9	Zhuanghe	unstructured	1	onsite/interview

Table A.2 The List of Interviewees

Date	Interviewee	Title and Position
20171016	01	manager, Panjin Jinghuan Huanbao Ltd.
20171028	02	staff, Green Earth, Chengdu
20180427	03	director of Appearance and Environmental Sanitation Administration, Changchun
20210303	04	director of Regulation Division, DRC, Nantong
20210415	04	director of Regulation Division, DRC, Nantong
20210426	05	director of Administrative Approval Bureau (AAB), Chongchuan
	06	vice director of Administrative Approval Bureau, Chongchuan
20210427	07	member of Administrative Approval Reform Division, AAB, Nantong
20210508	08	vice director of Municipal Social Governance Modernization Center (MSGMC), Nantong
20210510	09	director of Project Permission Division, AAB, Nantong
20210511	10	vice director of Market Access Division, AAB, Nantong
20210512	11	director of Integrity Division, DRC, Nantong
20210513	12	Audit Bureau, Nantong
20210518	04	director of Regulation Division, DRC, Nantong
20210608	13	director of Evaluation Division, BGSDCA, Jilin Province
20210611	14	vice-secretary of Party Working Committee, Changchun New Area
	15	manager, GY Consulting
	16	director of Bureau of Business Environment Construction, Changchun New Area
20210621	15	manager, GY Consulting
20210719	17	vice director of DRC, Chongchuan, Nantong
	18	chief of Enterprise Service Section, DRC, Chongchuan
	19	vice director of Municipal Social Governance Modernization Center (MSGMC), Nantong
20210719	20	vice director of DRC, Nantong
	21	vice director of Integrity Division, DRC, Nantong
	22	(previous) vice director of Integrity Division, DRC, Nantong
20210720	23	Market Regulation Bureau, Nantong
	24	director of Food Production Division, Market Regulation Bureau, Nantong
	25	director of Technology Information Division, Market Regulation Bureau, Nantong
	26	director of Credit Division, Market Regulation Bureau, Nantong
	27	director of Food Management Division, Market Regulation Bureau, Nantong
20210720	28	vice director of DRC, Rudong
	29	director of Integrity Office, DRC, Rudong
	30	member, DRC, Rudong

	31	member, DRC, Rudong
	32	member, DRC, Rudong
	33	vice director of MSGMC, Nantong
20210721	34	vice director of AAB, Nantong
	35	director of Market Access Division, AAB, Nantong
	36	director of Administration Approval Reform Division, AAB, Nantong
20211026	37	DRC, Nantong
20220621	15	manager, GY Consulting
20221212	38	director of MSGMC, Hai'an
	39	director of Yangmanhe Subdistrict Office
20221213	40	director of Government Service Management Division, AAB, Nantong
	41	director of Information Division, AAB, Nantong
20221213	42	director of Trail Administration Office, Intermediate People's Court (IPC), Nantong
	43	presiding judge of Liquidation and Insolvency Chamber, IPC, Nantong
	44	director of Research Office, IPC, Nantong
	45	vice director of Implementation Bureau, IPC, Nantong
	46	deputy presiding judge of Case Filing Chamber, IPC, Nantong
20221213	47	director of Information Collection and Application Division, Big Data Bureau, Nantong
20230104	15	manager, GY Consulting
20230112	15	manager, GY Consulting
20230116	15	manager, GY Consulting
	48	employee, GY Consulting
	49	employee, GY Consulting
	50	employee, GY Consulting
20230609	51	Local Tax Bureau, Zhuanghe

Appendix B: Areas in the Ease of Doing Business Score

Table B.1 Areas in the Ease of Doing Business Score[149]

Name of Area Year (20-)	20	19	18	17	16	15	14	13	12	11	10	09	08	07	06	05	04
Starting a Business	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Dealing with Construction Permits	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓					
Dealing with License													✓	✓	✓		
Getting Electricity	✓	✓	✓	✓	✓	✓	✓	✓	✓	×							
Registering Property	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	
Getting Credit	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Protecting Minority Investors	✓	✓	✓	✓	✓	✓											
Protecting Investors							✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	
Paying Taxes	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓		
Trading across Borders	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓		
Enforcing Contracts	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Resolving Insolvency	✓	✓	✓	✓	✓	✓	✓	✓	✓								
Closing a Business										✓	✓	✓	✓	✓	✓	✓	✓
Employing Workers	×						×	×	×	×	✓	✓	✓	✓			
Hiring and Firing Workers															✓	✓	✓
Labor Market Regulation		×	×	×	×	×											
Contracting with Government	×																
Areas included in total	10	10	10	10	10	10	10	10	10	9	10	10	10	10	10	7	5
Areas covered in total	12	11	11	11	11	11	11	11	11	11	10	10	10	10	10	7	5

Source: summary according to https://archive.doingbusiness.org/en/doingbusiness

[149] "✓" denotes this area is covered and included in this year's ranking on the ease of doing business score;
"×" denotes this area is covered but not included in this year's ranking on the ease of doing business score;
" " (vacancy) denotes this area is not included in this year's ranking on the ease of doing business score.

Appendix C: Names of All Successful Bidders

Table C.1 Names of All Collected Successful Bidders of PBEEs

No.1	Guizhou University of Finance and Economics
No.2	Institute of Geographic Sciences and Natural Resources Research. CAS (Chinese Academy of Sciences)
No.3	Infinity Technology Co. Ltd.
No.4	KPMG (China) Co. Ltd.
No.5	Ningxia Aiyisi Data Statistic and Investigation Co. Ltd.
No.6	Sanfang Credit Investigation Co. Ltd.
No.7	Beijing Idataway Market Survey Co. Ltd.
No.8	Tianjin Jinwan Network Information Technology Co. Ltd.
No.9	PwC Shenzhen Co. Ltd.
No.10	Shanghai ROFINE Technology Co. Ltd.
No.11	Institute of Industrial Economics of CASS (Chinese Academy of Social Science)
No.12	Jiangxi Province Private Economy Research Center
No.13	Hebei Xiong'an Huixinwangqiao Technology Service Co. Ltd.
No.14	ShineWing Accounting Firm
No.15	Guohao (Shijiangzhuang) Law Firm
No.16	Beijing Minsheng Think Tank Technology Information Consultation Co. Ltd.
No.17	Beijing CLIAC
No.18	Wuhan C Link Consulting Co. Ltd.
No.19	the NDRC International Corporation Center
No.20	Zhejiang Economics Information Center
No.21	Zhejiang Tianjian Software Co. Ltd.
No.22	Zhejiang Development Planning and Research Institute
No.23	Zhejiang University of Finance and Economics
No.24	Beijing RE-CODE
No.25	Guangdong Province Investigation and Research Center
No.26	Beijing TsingYan Group
No.27	the NDRC BEDPC
No.28	Qinghai University for Nationalities
No.29	Jilin Geyuan Consulting
No.30	Beijing International Engineering Consulting Co. Ltd.
No.31	Anhui Zhaoyuan Group
No.32	Southwest Jiaotong University
No.33	Xiamen University
No.34	Deloittee Huayong
No.35	Deloitte China Shanghai

Appendix D: Indicator Systems (National, Jiangsu, Jilin)

Table D.1 Translation of NBEE indicator system

First-level Indicator	Second-level Indicator	First-level Indicator	Second-level Indicator
1. Start a Business	procedure	9. Get Credit	strength of legal rights index
	time		depth of credit information index
	cost		coverage of credit agency
	ease		ease of enterprise of obtaining finance
2. Deal with Projection Construction Approval	procedure	10. Protect Minority Investors	extent of disclosure index
	time		extent of director liability index
	cost		ease of shareholder suits index
	building quality control index		extent of shareholder rights index
	ease		extent of ownership and control index
3. Get Electricity	procedure		extent of corporate transparency index
	time	11. Enforce Contract	time
	cost		cost
	reliability of the electricity supply and tariff transparency		quality of judicial processes index
	electricity price	12. Labor Market Regulation	employment
	ease		work time
4. Get Water / Gas	procedure		layoff regulation
	time		layoff cost
	cost		work quality
	price	13. Contract with Government	e-procurement platform
5. Register Property	procedure		procurement procedure
	time		determine result and sign contract
	cost		contract management
	quality of land administration index		payment and delivery
	ease	14. Tender and Bid	“Internet +” bid
6. Pay Tax	payments		tender and performance guarantee
	time		bid winning rate of foreign enterprises
	total tax and contribution rate		build fair and effective complaining mechanism
	post filing index	15. Government Service	FGF reform
7. Trade Across Borders	time to export – border compliance		online government service capability
	time to export – documentary compliance		government service ease
	cost to export – border compliance		data sharing
	cost to export – documentary compliance	16. Intellectual Property Creation, Protection, Application and Service	creation quality
	time to import – border compliance		protection effort
	time to import – documentary compliance		application benefit
	cost to import – border compliance		public service capability
	cost to import – documentary compliance	17. Market Regulation	“random inspection and public release”
	ease		Information disclosure rate of law

			enforcement and supervision
8. Resolve Insolvency	time		enterprise integrity
	cost		government integrity
	recovery rate		share with national "Internet +" regulation platform
	strength of insolvency framework index		innovation creation vitality
		18. Inclusive Innovation	talents flow
			market opening
			satisfaction of basic public services
			environment protection
			construct a convenient and smooth transportation network

Table D.2 Translation of Jiangsu PBEE indicator system for cities with districts in 2020

Indicator of Trial Business Environment Evaluation for cities with districts					
First-level Indicator	**Second-level Indicator**	**Score (80 in total)**		**Leading Departments**	**Notes**
1. Start a Business	procedure	6	1.8	Provincial Market Regulation Bureau	evaluated indicator
	time		1.8		
	cost		1.2		
	ease		1.2		
2. Deal with Projection Construction Approval	procedure	10	3	Provincial Housing and Urban-Rural Development Department	evaluated indicator
	material		2		
	time		4.5		
	satisfaction		0.5		
3. Get Electricity	procedure	6	1.5	Provincial Electric Power company	evaluated indicator
	time		1.5		
	cost		1.5		
	reliability of the electricity supply and tariff transparency		1.5		
4. Register Property	procedure, time, material	6	5.1	Provincial Natural Resource Department	evaluated indicator
	ease		0.9		
5. Pay Tax	payments	6	1.5	Provincial Tax Bureau	evaluated indicator
	time		1.5		
	total tax and contribution rate		1.5		
	post filing process		1.5		
	“non-meeting” approval level				observed indicator
6. Trade across Borders	publicity of port charge catalog list	4	4	Provincial Commerce Department, Nanjing Customs, Provincial Finance Department	evaluated indicator
	overall customs clearance time of export and import				observed indicator
7. Get Credit	coverage of enterprise in provincial platform	6	1.5	Provincial Local Financial Supervision Bureau, China Banking and Insurance Regulatory Commission, Jiangsu Office.	evaluated indicator
	credit service coverage of enterprise		1.5		
	coverage of client		1.5		
	credit availability rate		1.5		
8. Resolve Insolvency	insolvency hearing and acceptance	6	3	Jiangsu Superior People’s Court	evaluated indicator
	coordination of commercial insolvency		3		
9. Enforce	filing work mechanism	6	0.9	Jiangsu Superior People’s Court	evaluated indicator
	alternative		1.2		

Contract	dispute resolution				
	judicial quality		1.2		
	implementation		1.8		
	judicial publicity		0.9		
10. Government Service	FGF reform	6	1.5	Provincial Government Service Office	evaluated indicator
	online government service capability		1.5		
	government service ease		1.5		
	data sharing		1.5		
11. Intellectual Property Creation, Protection, Application and Service	creation quality	6	1.5	Intellectual Property Office of Jiangsu Province	evaluated indicator
	protection effort		2.5		
	application benefit		1.5		
	public service capability		0.5		
12. Market Regulation	"random inspection and public release"	6	2	Provincial Market Regulation Bureau, Provincial DRC	evaluated indicator
	Information disclosure rate of law enforcement and supervision		2		
	enterprise integrity		1		
	government integrity		1		
13. Contract with Government	e-procurement platform	3	0.6	Provincial Government Service Office	evaluated indicator
	procurement procedure		0.6		
	determine result and sign contract		0.6		
	contract management		0.6		
	payment and delivery		0.6		
14. Tender and Bid	"Internet +" bid	3	0.75	Provincial Government Service Office	evaluated indicator
	tender and performance guarantee		0.75		
	bid winning rate of foreign enterprises		0.75		
	build fair and effective complaining mechanism		0.75		
15. Satisfaction evaluation	private enterprise PBEE	15	5	/	evaluated indicator
	industrial association and chamber of commerce		5		
	government service		5		
16. Innovation & penalty Items		5		Units of OBEJCO	evaluated indicator

Table D.3 Translation of Jiangsu PBEE indicator system for county-level governments in 2020

Indicator of Trial Business Environment Evaluation for county-level governments					
First-level Indicator	**Second-level Indicator**	**Score (80 in total)**		**Leading Department**	**Notes**
1. Start a Business	procedure	9	2.7	Provincial Market Regulation Bureau	evaluated indicator
	time		2.7		
	cost		1.8		
	ease		1.8		
2.Deal with Projection Construction Approval	procedure	9	2.7	Provincial Housing and Urban-Rural Development Department	evaluated indicator
	material		1.8		
	time		4.05		
	satisfaction		0.45		
3. Get Electricity	procedure	8	2	Provincial Electric Power company	evaluated indicator
	time		2		
	cost		2		
	reliability of the electricity supply and tariff transparency		2		
4. Register Property	procedure, time, material	9	7.65	Provincial Natural Resource Department	evaluated indicator
	ease		1.35		
5. Pay Tax	number of times	9	2.25	Provincial Tax Bureau	evaluated indicator
	time		2.25		
	total tax and contribution rate		2.25		
	postfiling process		2.25		
	“non-meeting” approval level				observed indicator
6. Resolve Insolvency	insolvency hearing and acceptance	9	4.5	Jiangsu Superior People’s Court	evaluated indicator
	coordination of commercial insolvency		4.5		
7. Enforce Contract	filing work mechanism	9	1.35	Jiangsu Superior People’s Court	evaluated indicator
	alternative dispute resolution		1.8		
	judicial quality		1.8		
	implementation		2.7		
	judicial publicity		1.35		
8. Government Service	FGF reform	9	3	Provincial Government Service Office	evaluated indicator
	online government service capability		3		
	government service ease		3		
9. Market Regulation	“random inspection and public release”	9	2.25	Provincial Market Regulation Bureau, Provincial DRC	evaluated indicator
	Information disclosure rate of law enforcement and supervision		3.6		
	enterprise integrity		0.9		
	government integrity		2.25		
10. Satisfaction evaluation	private enterprise PBEE	15	5	/	evaluated indicator
	industrial association and chamber of commerce		5		
	government service		5		

11. Innovation & penalty	5	Units of OBEJCO	evaluated indicator

Table D.4 Translation of Indicator System of Jilin Province Business Environment Evaluation (for all regions) in 2021 & 2022

Indicator System of Jilin Province Business Environment Evaluation (for all regions)					
First-level Indicator	**Second-level Indicator**	**Score** 2021/2022 prefectural	county-level	**Evaluation Method**	**Leading Department**
1. Start a Business	procedure time cost ease	52	5.56	third-party's evaluation; score by rank	Provincial Market Regulation Bureau
2. Deal with Construction Permits	procedure time cost ease building quality control	52	5.56	third-party's evaluation; score by rank	Provincial Bureau of Government Service and Digitalization Construction Administration（BGSDCA）
3. Get Electricity	procedure time cost ease reliability of the electricity supply and tariff transparency electricity price	52	5.56	third-party's evaluation; score by rank	Provincial Bureau of Energy
4. Get Water and Gas	procedure time cost water / gas price	52	5.56	third-party's evaluation; score by rank	Provincial Housing and Urban-Rural Development Department
5. Register Property	procedure time cost ease land administration quality	52	5.56	third-party's evaluation; score by rank	Provincial Natural Resource Department
6. Pay Tax	tax payments time total tax and contribution rate post filing compliance	52	5.56	third-party's evaluation; score by rank	Provincial Tax Bureau
7. Trade across Borders*[150]	time of export border compliance* cost of export border compliance* time of import border compliance* cost of import border compliance*	42	**	third-party's evaluation; score by rank	Changchun Customs

[150] "*" denotes this indicator is not included in the evaluation for county-level governments.

	time of export documentary compliance*				
	cost of export documentary compliance*				
	time of import documentary compliance*				
	cost of import documentary compliance*				
	ease*				
8. Resolve Insolvency*	time*	4 2	* *	third-party's evaluation; score by rank	Jilin Superior People's Court
	cost*				
	capital recovery percentage*				
	law framework for liquidation and reorganization procedure*				
9. Get Credit	strength of legal rights index	4 3	5 7	third-party's evaluation; score by rank	Provincial Local Financial Supervision Bureau
	depth of credit information index				
	credit bureau coverage				
	enterprise financing facilitation level				
10. Protect Minority Investors*	disclosure index*	4 3	* *	third-party's evaluation; score by rank	Jilin Superior People's Court
	director liability index*				
	shareholder suits index*				
	shareholder rights index*				
	ownership and control index*				
	corporate transparency index*				
11. Enforce Contract	resolve a commercial dispute -time	4 2	5 *	third-party's evaluation; score by rank	Jilin Superior People's Court
	resolve a commercial dispute -cost				
	quality of judicial processes				
12. Labor Market Regulation	hiring	4 3	5 7	third-party's evaluation; score by rank	Provincial Human Resource and Social Security Department
	working hours				
	redundancy rules				
	redundancy cost				
	job quality				
13. Contract with Government	e-procurement platform	4 3	5 7	third-party's evaluation; score by rank	Provincial Finance Department
	procurement procedure				
	determine result and sign contract				
	contract management				
	payment and delivery				
14. Tender and Bid	digitalization	4 3	5 7	third-party's evaluation; score by rank	BGSDCA
	tender procedure				
	facilitate enterprise to enter bidding market				
	refine complaining				

	mechanism				
15. Government Service	"Internet" + government service approval service facilitation efficiency and satisfaction of enterprise and people governance information system integration and sharing	4 3	5 7	third-party's evaluation; score by rank	BGSDCA
16. Intellectual property Creation, Protection, Application	high quality development strengthen protection non-litigation dispute resolution application benefit	4 3	5 *	third-party's evaluation; score by rank	Provincial Market Regulation Department
17. Market Regulation	"random inspection and public release" standardize administrative inspection and punishment enterprise integrity government integrity "Internet +" regulation	4 3	5 7	third-party's evaluation; score by rank	Provincial Market Regulation Department
18. Inclusive Innovation	innovation creation vitality talents flow expand market opening improve the level of basic public services environment protection construct a convenient and smooth transportation network	4 3	5 *	third-party's evaluation; score by rank	Provincial Development and Reform Commission
19. Cancel a business	procedure time cost ease	3 2	3 6	third-party's evaluation; score by rank	Provincial Market Regulation Department
20. Market Confidence	fixed asset investment investment attraction funds private investment number of newly registered companies business confidence Index	3 1	3 2	third-party's evaluation; score by rank	Government at prefectural and county levels
	prevent and resolve debts owed to small and medium-sized enterprises				Provincial Industry and Information Technology Department
21. Policy Supply	preferential policies for enterprise	3 1	3 2	third-party's evaluation;	BGSDCA, cooperation with

Quality	policy implementation process			score by rank	provincial department and department under central control
	policy enjoyment after application				
	supervision mechanism for policy implementation				
	enterprise's sense of gain				
22. Social Credit System Construction	incentive for integrity and regulate lack of integrity	3 1	3 2	third-party's evaluation; score by rank	BGSDCA
	credit system construction				
	integrity culture and integrity construction				
	credit service and innovation				
23. Communication Infrastructure Construction	publish public resource open directory	deduction	4	score by daily statistics	Provincial Communications Management Bureau
	free publishing public resource				
24. Fair Competition Review	implementation system		4	score by daily statistics	Provincial Market Regulation Department
	review quality				
25. Implementation of Policies and Regulations	implement regulations		4	score by daily statistics	Government at prefectural and county levels
	review existing regulations				
	implement supervision ideas				
	rectify the problems				
26. Promote Implementation	be clear to task requirements		4	score by daily statistics	OBEC
	implement specific work				
	prepare for the NBEE*				
	complaints and reports acceptance				
	report the work progress				
27. Strengthen Warning and Deterrence	warning and notice		4		OBEC
	implement supervision matters				
28. Expand Work Impact	superior endorsement	maximum 5			OBEC
	a notice of commendation	maximum 3			
	media report	maximum 3			
	publish work report	maximum 3			
	generalize in province	maximum 3			
	investigate cases	maximum 3			

Table D.5 Translation of Indicator System of Jilin Province Business Environment Evaluation (for relevant departments) in 2021

Indicator System of Jilin Province Business Environment Evaluation (for departments)				
First-level Indicator	**Second-level Indicator**	**Score**		**Leading Department**
1. Strengthen Infrastructure Construction	implement and issue yearly work plan	minus point	40	departments, units under central management
	assign somebody to take charge BE work			
	implement key tasks			
	make regulations			
	work style construction			
	implement relevant institutions			
2. Strengthen Implementation	fulfill the task of NBEE			
	data sharing			
	implement important regulations on BE			
	information disclosure on public resource			
	“one-window acceptance, integration service”			
	“one-stop online service”			
	government service standardization			
	“one visit at most” reform			
	joint punishment of dishonesty			
	prevent and resolve default on payments for SMEs			
	improve the policy effectiveness			
3. Promote Coordination among Tasks	notify the work progress			
	implement affairs under supervision			
	“random inspection and public release”			
	strengthen rectification of prominent problems			
	implement fair competition review system			
4. Satisfaction of Service Objects	evaluation by Provincial People’s Congress deputies and Chinese People’s Political Consultative Committee Jilin Committee members	15		OBEC
	evaluation by local governments	15		
	evaluation by enterprises	15		
	evaluation by BE supervisors	15		
5. Innovation	study and learn from domestic innovative measures	award point	20	departments, units under central management
	Jilin’s characteristic measures			
6. Expand Work Impact	a notice of commendation			
	media report			
	publish work report			
	generalize in province			

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