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Jean-Pierre Gaudin & Liao Liao

Academic Foresights

Reform of Local Authorities in China



How do you analyze the present status of the local authorities in China?

Since the policy of general reforming and opening, considerable changes happened in China. Especially, a series of territorial reforms have been adopted during the 1990's and the last decade, which trigger a new local model of relationship between different levels of governments and, even furthermore, a new kind of local governance in China. Several important responsibilities related to local economic development in China (business zones, infrastructure) have been progressively devolved over the past 20 years from the macro level of "urban regions" down to the "districts" (micro level). This has also been accompanied by a new allocation of public resources and increased financial capacity of districts (taxation, financial transfers between levels). However, it occurred with quite different results from one province to another.

Thus, it can be analyzed as a sort of pluralization of public action, especially as the provincial level of supervision appears more distant than the "urban region" level. The "periphery" of actors involved in this new style of economic development appears to have expanded (elected officials and technicians of the districts, local economic actors, NGOs, "social" groups of entrepreneurs).

Although such a local mode of "central cities" within an urban region has played an important role in local economic development in China, its limits were more and more obvious with the local development and the urbanization procedure. To deepen the reform, a large territorial reform has been carried out especially after 2005 in China. The reform is called 省管县改革 "sheng guan xian gai ge"- reform of district administrated directly by province. In fact, it has been experienced through a few steps since the beginning of 1990s in the province of Zhejiang, and in 2002 some other provinces in China also started the experiment. The reform was successful in this

experimental period and has been generalized in 2005 at the national level (except for the autonomous regions and special administration zones in China).

In your opinion, how will the situation likely evolve over the next five years?

With this reform, districts have more fiscal powers than before and the relationship under the province level has changed from the model of three levels (province/central city/district) to just two levels (province/central city or district), with important consequences in economic initiatives (planning middle range economic zones and infrastructures).

It is a confirmation and dissemination of "economic openness". There definitely is a devolution of responsibilities concerning local economic development, the effect of which is to transfer responsibilities from urban region levels to the smaller district levels, but characterized also by direct cooperation between the provinces and the district level, which is then more accountable. At the same time, these transfers of responsibilities to districts and their application in terms of "politics of local economic development" have led to a more complex cooperation between different power levels (provinces, urban regions and districts).

What are the structural long-term perspectives?

With this specific reform, the financial system below the level of province has changed. The district may now directly get the whole subvention from the province without passing through the central city which usually took a part of this subvention. Thus, the district level can receive a more stable financial support. At the same time, there is also a reform of administrative procedure of approbation on public projects for specific public spheres such as social basic construction, education, health systems, and environmental protection, etc. Local government of central cities or district levels may have much more autonomy without turning over the decision at the higher levels. What's more, in some villages or districts in Sichuan, Zhejiang and several other provinces in China, direct elections of the village director have been also held in recent years, which means that in the future the local society may participate more in public affairs, and a new model of multilevel governance is going to appear in China.

It seems that the reform - which is very important but out of media screens - is actually

a mix of two complementary dynamics of change management (with shared responsibilities, and "cooperative" management style):

- a top-down type, where the central State sets the general framework of reform;
- a second dynamic, bottom-up procedure, in which the provinces and districts are experimenting in this context new approaches and initiatives.

This double track may lead to some negotiated *horizontalization* interactions between public players (with only “ex-post” approval of local initiatives). The “periphery” of actors involved in this new style of economic development appears to have expanded (including elected officials and technicians of the districts, local economic actors, NGOs, "social" groups of entrepreneurs). Therefore, it can be seen as a sort of *pluralization* of public action, especially as the provincial level of supervision appears more distant and relative than what used to be developed before within “urban region” levels. It is likely that the new political leaders at national level will confirm and perhaps even widen this evolution.

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Jean-Pierre Gaudin is professor of political science at the Institut d'Etudes Politiques in Aix-en-Provence, France, and specialized in public policy, public governance and participation processes. He is also adviser in science policy assessment. He has published books in French (*Presses de Sciences Po, PUF...*), English (*Longman*) and Chinese (*Social Science Academic Press*).

Liao Liao is a political scientist student (*Sun Yat Sen University, Sciences Po Aix*), engaged in a thesis on the decentralization processes in China.

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