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Streamlining Local Behaviour Through Communication, Incentives and Control: A Case Study of Local Environmental Policies in China

Thomas HEBERER and Anja SENZ

Abstract: This article describes how China uses evaluation ratings and monitoring as incentives in order to foster the implementation of environmental policies at the local level. It is argued that decentralisation in China leaves room for actors at the local levels to manoeuvre and bargain with those on higher levels for flexible adjustment of implementation policies according to local conditions. However, decentralisation is accompanied by significant institutional changes in the structure of inter-governmental communication, incentives and control. Accordingly, decentralisation in China exhibits a specific design which leaves space for divergent local environmental policies while also engendering “grass-roots mechanisms”. On the whole, this new institutional setting benefits the implementation of environmental policies.

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Introduction

The process of liberalisation in China in the context of the reforms since the 1980s has significantly widened the operative scope of administrative levels below the central government. Competences have been shifted to provinces, municipalities and counties in order to foster economic development in accordance with the needs of each specific locality.

This liberalisation has enhanced the opportunity of actors at the local levels to manoeuvre and bargain with superior administrative echelons. However, it has also led to inconsistencies in policy implementation. This leaves the central state in somewhat of a quandary: Should it insist that all localities across China implement a uniform policy, this could cause many difficulties. It could, for instance, negatively affect local economic development, e.g. by forcing polluting enterprises at the local level to close down in accordance with a generalized environmental protection policy. As a result, local unemployment could rise and evoke strong local opposition or even result in local instability.

Thus as part of the reform process after 1978, local governments ceased to be mere agents of the central state and became economic principals and advocates of local interests. They enjoy not only wider leeway in shaping and implementing local policy but are also able to focus more on the protection and promotion of local social and economic interests (Gong 2006).

In the academic literature, the phenomena of local leeway and divergent local policies have been treated as resulting from decentralisation. Generally, decentralisation can be understood as

the transfer of responsibility for planning, management, and the raising and allocation of resources from the central government and its agencies to field units of government agencies, subordinate units or levels of governments, semi-autonomous public authorities or corporations, area-wide, regional or functional authorities, or non-governmental private or voluntary organizations (Rondinelli, McCullough, and Johnson 1989: 59).

Decentralisation itself encompasses a wide range of mechanisms, including institutional changes with shifts of decision-making authority (deconcentration), transfers of authority to special authorities outside the regular bureaucratic structure (delegation), and transfers of legislative and executive powers to lower government levels (devolution). The effects of

decentralisation, however, depend on the design of the individual decentralisation programme (Litvack, Ahmad, and Bird 1998: 26).

In the recent debate on effects of decentralisation in China, three primary positions can be distinguished:

- Local development has been triggered less by decentralisation than by factors like competition between factions at the central level (see e.g. Cai and Treisman 2006);
- decentralisation processes have primarily generated only economic development (Cao, Qian, and Weingast 1999; Xu and Zhuang 1998; Qian and Weingast 1996; Feltenstein and Iwata 2005; Montinola, Qian, and Weingast 1996); and
- a far-reaching autonomy has been the key not only to economic progress but also to social, political and structural developments at the local level (Laundry 2008; Smoke 2005).

Moreover, Laundry argues that China is “one of most decentralised countries in the world” (Laundry 2008: 3), and Zheng Yongnian even speaks of a “de facto federalism in China” (Zheng 2007; Tsui and Wang 2004). Decentralisation involves social and political costs in the form of possible implementation gaps, uneven development, loss of central control and state capacities, local clientelism or even state capture. However, as Qian, Weingast and others have shown, in China the benefits of decentralisation outweigh such disadvantages (Qian and Weingast 1996; Feltenstein and Iwata 2005).

With regard to the functions of decentralisation, two opinions come to the fore:

- Decentralisation fosters an implementation of central policies in accordance with local conditions and preferences.
- Decentralisation triggers competition among localities (Campos and Hellman 2005: 237).

Both currently seem to be true for China. On the one hand, the local level is endowed with more decision-making power, particularly in terms of policy implementation according to local features. On the other hand, locality rankings have become increasingly prominent. Such rankings are based on three factors: results of policy implementation, successful innovations and policy experiments, and the outcome of evaluations by superior echelons.

This article is not primarily concerned with the costs and benefits of decentralisation but rather with the question of how possible negative

effects of decentralisation are mitigated in China. Such negative effects – or “risks of decentralisation” – are:

- the emergence of strong local-level clienteles where powerful coalitions of local officials directly or indirectly collude with entrepreneurs or certain social groups on specific issues (e.g. preventing the closure of unsafe mines or enterprises which contaminate the environment) and oppose the implementation of central environmental policies in the name of “local stability” or “economic development”;
- imprecise norms and weak institutions, with overlapping responsibilities and an asymmetric information structure with strong boundaries between administrative entities, making environmental administration and problem-solving extremely complicated; and
- local-level state capture and corruption due to lack of transparent procedures (Bardhan and Mookherjee 2000; Prud’homme 1995).

These effects can undermine the general intention of the central state to foster local development, flexible governance, and administrative effectiveness by means of decentralisation.

The risks of decentralisation have been widely discussed in the literature (see Heberer and Senz 2011; Cai and Treisman (2004) called this type of decentralisation “state-corroding”); however, the mechanisms for minimising them have been somewhat neglected. What is more, most research focuses mainly on a possible loss of control over the local level as a result of decentralisation. The possibility of subtly influencing local behaviour with the existing administrative system is rarely tackled.

Taking environmental policies as an example here, we want to show not only that decentralisation in China fosters development according to local conditions but also that new mechanisms for streamlining local behaviour are required in order to avoid the negative consequences of decentralisation. This article proceeds from the hypothesis that decentralisation in China has both increased the power of local cadres to take action and generated greater incentives for policy implementation by creating new methods of communication and control.

This paper examines in particular the way in which the Chinese system of evaluating policy implementation and local cadre behaviour has altered the basic structures of communication and the incentives for policy implementation. These new incentives for policy implementation according to local conditions are of key importance for a better under-

standing of the impact of decentralisation and development successes at the local level by virtue of local innovations.

The introduction of fixed implementation responsibilities by means of “target responsibility contracts” (agreements between counties and municipalities) in combination with the attempt to tie target fulfilment to career advancement and income have generated new incentive structures for local cadres. (Here, we focus on the hierarchical interaction between two entities (the county and its superior level). We use the term “municipality” when speaking of the administrative level above the county. We are well aware that this superior level sometimes consists of the prefectural level, sometimes of a municipality, and sometimes even of a province.) Additionally, the continuous evaluation of cadre performance has influenced policy implementation and the behaviour of leading local cadres. Concurrently, evaluations have spawned learning effects because the higher echelons draw attention to deficiencies in setting policy targets and the lack of preconditions for policy implementation (such as funding and human resources). Moreover, the pressure on local leading cadres to present visible policy outcomes and innovations has increased.

Up to now, the effects of evaluation on the behaviour of local cadres and on the implementation of environmental policies have been addressed only marginally in the literature (exceptions: Edin 2003; Whiting 2001; Gao 2009; Gong 2009). The same holds true for the role of local policy experiments and modelling in environmental policy implementation and cadre assessment (exceptions: Cao, Qian, and Weingast 1999: 123-124; Xu and Zhuang 1998: 194; Cai and Treisman 2009 Heilmann 2008).

With regard to administration, this article will focus specifically on the county level and to some extent on its interaction with the municipal level as its superior echelon. We take the county level as an entity of research here even though we are fully aware that counties are embedded in the hierarchy of China’s administrative system. However, as mentioned above, counties enjoy a certain discretionary power vis-à-vis the next-highest level in shaping policies according to local conditions, and therefore are particularly suitable for our research. Since local cadres at the county and township levels are responsible for the “real” work of governing, we focus on their behaviour, motives and interests with regard to environmental issues and ask about the role they are playing in implementing environmental policies.

Our paper therefore examines two questions: First, to what degree do local cadres have a “creative space” for shaping policy implementation according to local interests? Second, what incentive and pressure instruments are used by the higher administrative levels to ensure the proposed implementation of environmental policies?

After briefly introducing the database and methodology used in our field research, we examine the interactions between the central and the local levels in terms of environmental policies and the leeway the local leadership has to shape policies according to local features. The section thereafter discusses Chinese evaluation systems as instruments for communication, incentive and feedback, and as a means for exerting pressure. In the section that follows, we analyse two case studies to illustrate the interaction between these evaluation systems and the corresponding implementation of environmental policies. The section after that reflects on model-building as a steering mechanism in environmental policies, and the final section concludes that the institutional setting of local policy-shaping and performance control in China effectively fosters environmental policy implementation and innovations according to local conditions.

Database and Methodology

This article is based on extensive field research conducted over a four-year period from 2007 to 2010 in collaboration with the China Centre of Comparative Politics and Economics in Beijing. It relies on the findings of three research projects, two of which compared environmental administration in China and Germany in both urban (Project 1, 2007) and rural (Project 2, 2009) areas. The third dealt with the issue of county and township cadres as strategic actors in the Chinese reform process (Project 3, 2008–2010). Field research was conducted in a total of 12 counties and cities in Xinjiang, Liaoning, Shandong, Fujian, Zhejiang, Sichuan, Jiangxi and Guizhou between 2007 and 2010. The field research comprised the locations and contexts shown in Table 1.

Table 1: Research Focus in Different Locations in China

Year	Location	Rural/ Urban (R, U)	Research Focus
2007	Shehezi/ Xinjiang	R + U	Urban environment administration
2007	Xiamen/ Fujian	U	Urban environment administration
2007	Yingkou/ Liaoning	R + U	Urban environment administration
2008	Laixi + Qingdao/ Shandong	R	Cadre behaviour/ New village construction
2008	Suining + Anju	R	Cadre behaviour/ New village construction
2009	Laixi + Qingdao/ Shandong	R + U	Cadre behaviour/ New village construction
2009	Suining + Anju	R	Cadre behaviour/ New village construction
2009	Shouguang/ Shandong	R	Rural environment administration
2009	Deqing/ Zhejiang	R	Rural environment administration
2009	Nanfeng/ Jiangxi	R	Rural environment administration
2010	Meitan/ Guizhou	R	Cadre behaviour/ New village construction
2010	Xifeng/ Guizhou	R	Cadre behaviour/ New village construction

Source: Field research conducted over a four-year period from 2007 to 2010 in collaboration with the China Centre of Comparative Politics and Economics in Beijing.

Qualitative interview techniques were used, for which a series of semi-standardised, open-ended questions were prepared. Projects 1 and 2 focused on issues of environmental administration, evaluations, environmental models, local environmental policies, and agencies. Project 3 concentrated on the role of local cadres and their group behaviour with regard to evaluations, programme implementation, and the creation of models with reference to the target of “constructing new socialist villages” (社会主义新农村建设, *Shehui zhuyi xin nongcun jianshe*).

Interview partners were selected from offices and cadres directly involved in local policy design, implementation and evaluation. Particularly in Projects 1 and 2, this encompassed officials in charge of environmental affairs in cities, counties and townships; environmental experts; administrative personnel in local bureaus concerned with environmental issues; grass-roots officials in townships and villages; entrepreneurs; en-

vironmental NGOs; journalists; and ordinary citizens. Altogether more than 100 expert interviews were conducted. Furthermore, local documents on both environmental and evaluation issues were collected, including in particular official documents of local governments, articles from local newspapers, and local Internet resources.

The field sites were selected according to regional distribution and different levels of local development (strongly developed, middle-level development, less developed) and in discussions with each Chinese partner institute:

- Project 1: West (Xinjiang) – Southeast (Fujian) – North (Liaoning)
- Project 2: Northeast (Shandong) – East (Zhejiang) – South (Jiangxi)
- Project 3: Northeast (Shandong) – Southwest (Sichuan) – South (Guizhou)

Chinese Environmental Policies: Central State Steering and Local Discretion

In comparison to other developing countries, China's central government started rather early to build up institutions to safeguard the environment and even anchored environmental protection into its constitutions (1978/ 1982) (Jun 2000). However, while in the 1980s and 1990s only a handful of laws and guidelines ranging from the correct use of different resources to noise emission and hazardous waste management were formulated, a total of 68 laws, regulations and guidelines regarding different environmental issues have been enacted in the decade since 2000 by the central government in Beijing (see MEP 2011a). What is more, the State Environmental Protection Administration (SEPA), which has been responsible for environmental issues since 1998, was made a federal ministry in 2007. This clearly illustrates the central government's increasing interest in environmental issues.

But the emphasis of the central government does not necessarily translate into successful environmental policies at lower administrative levels. Although environmental policies have been successfully carried out in some areas, this has not always been the case in others, with the effect that the country in general regularly scores rather low in international environmental performance indices (Env. Perf. Index 2010). The 2010 "Report on China's Environmental Situation" reveals that in 2010, despite improvements in water and air quality, problems in fields like

biodiversity and contamination by heavy metals and other toxins became more serious (MEP 2011c).

Currently, the central government employs three main mechanisms for implementing its environmental policies:

- setting agendas,
- allowing flexibility in environmental policy implementation, and
- establishing cadre responsibilities and evaluation systems.

The Centre as Agenda Setter

In principle, the Centre formulates policies in the form of basic environmental ideas, thus putting the focus on issues considered urgent. Instead of precisely specified policies and legal norms, the party-state prefers to set generalised standards which require local interpretation and thus leave room for local modification. To be sure, such abstract standards can result in high administrative costs (Diver 1983) inasmuch as unclear norms must be clarified at the lower levels of the political system. But this procedure transfers policy from the central-level actors to local-level actors, that latter of whom can then discuss and implement policy according to their needs, interests and capacities.

The standards of the Centre are fixed in documents which state the intentions of the party-state and its priorities. This kind of documentary politics has been characterised as a functional equivalent to legislation in Western democracies (Wu 1995). In this way, and in particular with regard to the environment, the Centre in China can be called an “agenda setter”, since standards are set but concurrently leave space for the localities to bargain over and modify central policies.

Since the Centre cannot possibly monitor all 2,862 Chinese counties in all the different policy fields, priorities are set by formulating “hard” policies such as economic development, stability, increases in local-level income, and birth control. Compliance with these policies is monitored rather rigorously.

Institutional and legal instruments are sometimes too weak to guarantee attention is paid to “soft issues” – most of which currently involve environmental protection. For this reason, political fragmentation and implementation gaps in several policy fields of minor relevance are accepted by the central government as part of the process of institutional change, pluralisation and flexibility required due to diverse local conditions throughout China. Such a lack of effective regulative institutions

represents governance by agenda and policy formulation, with a simultaneous acceptance of apparently diverse interests of the central and local levels and selective environmental policy implementation at the local level (O'Brien and Li 1999).

Acceptance of Flexibility in Environmental Policy Implementation

Another factor contributing to the Centre being an agenda setter is the perceived need for flexibility in policy implementation at the local level. Zhou Xueguang has discerned three categories of flexibility in policy processes in China:

- “flexibility by purposive design”, i.e. flexibility in central policies;
- “flexibility of unintended design”, i.e. flexible implementation at the local level; and
- “flexibility by special interests”, which means that the policy of the Centre is sometimes undermined by the interests of local cadres (Zhou 2010: 60).

This flexibility in policy implementation encompasses four features: adaptation to local conditions, implementation primarily of hard targets, local transformation of soft into hard targets (cf. the *wubua* case in Laixi in one of the following sections), and model creation as a kind of local policy innovation along with self-recommendation vis-à-vis higher echelons. These will be discussed at greater length below.

Flexibility is reflected by China's environmental policies, which are formulated and framed rather generally and vaguely – as described above – by setting standards instead of giving clear-cut directives. Although the central government requires implementation in principle, this is also to be attuned to local conditions. In locations with high unemployment, for instance, polluting enterprises are not to be closed down hastily, as this could spawn local protests and affect stability. Concurrently the central state provides funds for technically restructuring outmoded industrial facilities.

Obviously, this flexibility has the advantage of allowing policies to be implemented according to local conditions and the interests of the people concerned; however, it can equally well serve individual interests by leaving room for corruption, bribery, fraud, nepotism and the like.

Locally, we found widely differing conditions for implementing environmental policies and the cadres' behaviour in doing so:

- The environmental behaviour of local cadres tended to differ based on top-down pressure and the existence of incentives for promoting ecological policies.
- In locations with modern high-tech industries, like in the inner districts of Xiamen or in areas like Shouguang – the latter with its green agriculture and agricultural products processing industry, ecological issues were naturally more prominent than in cities with a strong legacy of heavy industry.
- In locations where polluting industries are the major source of local revenues and employment and where financial resources for technical upgrading and re-equipment are lacking, the municipalities tended to accept the continued existence of polluting industries in order to avoid local unrest and rising unemployment.
- Collusion of local cadres in order to conceal the real environmental situation and achieve a better evaluation outcome was prevalent in locations where policy implementation was faulty, targets too high, and resources and human capital for implementation lacking, and in those places unable to effectively mobilise or use resources, and/ or where individual or factional interests were being pursued. In particular, less successful county leaderships attempted to hide such problems from their superior administrative bodies. In more well-off areas, on the other hand, local officials sometimes feared that corruption or misuse of funding or resources might be discovered, which sometimes stopped them from hiding problems in the same way as their less well-off counterparts.

Cadre Responsibility and the Evaluation Systems

Since the Chinese party-state lacks the institutions required for fully guaranteeing and monitoring policy implementation at the local level, the Centre needs further mechanisms to influence the behaviour of local officials. The cadre evaluation system referred to in the following section is an important instrument for doing so. It is an example of how the central government strives to improve governance at all administrative levels (Carter and Mol 2007). As early as the 1980s, both a cadre “target responsibility system” and an evaluation system for cadres and enterprises at the local level were established, in which contracts of higher administrative levels with local officials determine the most relevant tasks of policy implementation at the local level. It is argued that this has enhanced environmental governance, too (Lo and Tang 2007).

Protecting career positions and being promoted in the hierarchy (*nomenklatura*), two salient concerns of local officials, require that they prove their effectiveness by means of successful political and economic performance and that they are evaluated positively. Moreover, they must carry out projects successfully, thus drawing the attention and support of their superiors. Local experiments (“models”) are important in this regard, since they can demonstrate the innovative character of local leadership. The more successfully such experiments are developed, the more likely the promotion is of leading cadres who are involved. Being successful, adapting innovative policies, and being evaluated positively are thus crucial not only to the promotion of leading cadres but also to their applications to higher levels for funding of policy implementation and experimentation.

Environmental Performance Evaluations

In the previous section, we argued that evaluation systems determine and structure the interaction between the counties and higher administrative levels in terms of environmental policies. In this section, we will 1) analyse this interaction by portraying the various evaluation mechanisms and their impact on environment policies and 2) specify the place of environmental evaluations in the interactions between the two levels. Finally, we will discuss the political significance of environmental policies in relation to China’s entire policy context.

Evaluation Mechanisms

A “target responsibility system” and an evaluation system for cadres and enterprises at the local level were established in the late 1970s (Huang 1995; see also Whiting 2001: 101-103, 2004; Renmin Luntan 2009). Each year, the prefectural city assigns specific policy targets to its counties (the county leadership). Those targets are stipulated in so-called “responsibility contracts”. The performance and behaviour of local leading cadres in each policy field are evaluated at the end of a given year. By means of these contracts, the municipality communicates the aims of its policies to county leaderships in order to guarantee policy implementation. The performance of leading local cadres at the county level is reviewed and assessed through evaluations and evaluation regulations, but the above-

mentioned contracts also serve as incentives for them to comply with implementation policies (see below).

In fact, a multitude of contracts for the various offices and policy fields exists (cf. Edin 2003: 39). Environmental issues are just one item in a broad range of policy domains. The evaluation programme of Qingdao City in 2009, for instance, covered more than 1,000 items. In principle, two types of evaluation exist:

- a programme evaluation, which assesses implementation of the various policy targets and programmes and
- a performance evaluation of leading county cadres by the municipality.

In the first, the offices of a municipality responsible for a certain policy field inspect the county offices concerned. At the end of an evaluation process, the counties under the jurisdiction of that municipality are ranked according to the evaluation outcome (one explicit target is to encourage competition among administrative units in the environmental sphere, see Ruan 2011).

A third instrument of local cadre surveillance is the so-called “periodical priorities”, in Chinese: *yipiao fougjue* (一票否决, one-item veto rule). It defines situations which must by all means be avoided or criteria which must be met. The meaning of *yipiao fougjue* is that if one of the items concerned has not been accomplished, all other achievements of local leadership will be negated. If, for instance, birth-planning targets are not achieved, then all other indicators such as GDP growth or preserving social stability are void. Hence, a county or township leadership in this situation cannot be classified as “excellent”, and promotion of the county and township’s party secretary or mayor to a higher position is almost surely precluded.

Yipiao fougjue targets (such as birth control or preserving social stability) are assigned by the Centre, the provinces, or by a county according to local requirements. It is therefore a must for local leaders to meet these targets, since failure to do so will negatively affect their evaluation and their individual career advancement and promotion. *Yipiao fougjue* is not a part of the regular evaluation system, even though it is managed by the local programme evaluation bureau. Rather, a check is carried out at the final stage of an entire evaluation process to see whether there has been any violation against this “one-item veto rule” (Interview, Organisation Department, Meitan, 30 August 2010).

The evaluations described above are clearly a major control instrument used by higher-level administrative echelons to bring the lower levels into line. But they are more than a mere instrument of control. As the following section shows, such evaluations are a multifaceted tool.

Incentives, Control and Communication

A pivotal question concerning the interaction between the municipalities and their counties is: What key instruments can the former use to encourage the latter to design and successfully implement environmental policies? It is certain that incentives are required to promote such behaviour. As mentioned above, one of the key interests of leading local cadres is to safeguard their current status and position while promoting their career advancement within the formal administrative hierarchy. This increasingly requires successful – even innovative – policy implementation and performance in line with current national policy trends. Here, the evaluations play a specific role.

However, incentives alone are not sufficient for steering the behaviour of local cadres. We therefore argue that evaluations have four major functions that can affect the interaction between a municipality and its counties. This holds for all policy fields and not merely for environmental policies.

Evaluations function as

- an instrument of political communication between higher and lower administrative levels by means of the aforementioned responsibility contracts. In those contracts, the higher level communicates its expectations in terms of environmental policy implementation to the county leadership and its sub-agents (township and village cadres). Environmental policies set out in the contract elucidate the significance assigned to environmental policies by the municipality leadership within the wide array of policy fields.

However, the contracts convey information not only from the municipality to the county but also vice versa: from the villages and townships to the county and from the county to the municipality. In the political domain, the information transmitted by the municipality encompasses the political agenda, policy priorities, methods for implementation, and targets to be fulfilled by subordinate entities. However, the aim is not to punish officials who fail to meet the targets but rather to encourage them to modify their thinking and be-

haviour and to improve their performance. This is to be achieved through educational means, like attending training courses at local party schools or conversing face-to-face with local leaders. These practices serve as a further tool of communication between local authorities in order to achieve compliance with policy contents and policy implementation.

- an incentive and steering system. Local officials must meet targets prescribed by higher authorities. The latter even expect that cadres conduct policy experiments, create models (for instance, in terms of environmental policies) and advance policy innovations in order to be positively evaluated and promoted. This is a major reason that leading local cadres attempt to design specific policies and models according to local peculiarities and to implement priority tasks assigned by higher echelons. Leading local officials must meet the targets if they wish to advance up the career ladder and increase their income (through bonus payments for target fulfilment).
- a control and pressure system in the form of performance ratings (the party secretary of Wuhan City argued that cadres need to sense a certain uncertainty in the policy process, see Ruan 2011). As a rule, only cadres consecutively evaluated as “excellent” can – ideally – gain promotion. In a survey of 100 leading local grass-roots cadres, over 30 per cent complained that the evaluations put enormous pressure on them (Zhu and Ye 2009). Our interviews with leading local cadres and Chinese scholars confirmed this. A major reason is that the evaluations take place frequently and regularly and can entail massive negative effects for career advancement, thus making leading cadres feel insecure. (Many county and township cadres complained about this. Interview Xiaozhaiba township, 4 September 2010.) Moreover, the contracts include both rewards for target fulfilment and punishment in the case of non-fulfilment.
- a feedback system regarding policy implementation. Other feedback institutions in China are weak or even non-existent. Thus the evaluations are an important instrument by which the higher administrative echelons can measure whether leading local cadres have successfully implemented a policy.

Effects of the Environmental Evaluations

As far as environmental issues are concerned, the local Environmental Protection Bureaus (EPBs) are in charge of annually evaluating the environmental performance of local enterprises. However, our investigations revealed that no genuine evaluation process existed in the localities we examined in 2007, primarily because the responsible departments were understaffed; evaluation in many locations was therefore based for the most part on reports by the enterprises, offices or officials themselves. Furthermore, environmental issues in those locations were regarded as “soft” targets, while economic (GDP) development and the preservation of social stability were the major “hard” targets.

In Shihezi and Yingkou in 2007, for instance, environmental issues were not even mentioned in the official evaluation documents of those cities. Instead, officials of the local Organisation Departments argued that environmental protection was subsumed under the construction of a “harmonious society” and the “theory of scientific development” (Interview, Shihezi, 8 September 2007). And an official responsible for evaluating the environmental behaviour of enterprises in an urban district of Xiamen noted that evaluations were not really significant (Interview, Xiamen, 16 September 2007).

From 2008 to 2010, on the other hand, the situation in the locations examined changed noticeably: Local evaluation documents began to itemise environmental issues as a specific category, and environmental evaluations became more standardised. There were probably two major reasons for this. First, in 2008 the State Environmental Protection Administration was upgraded and became the Ministry of Environmental Protection – a clear indication that environmental policies were becoming more prominent; and second, the political centre increasingly emphasised the importance of environmental improvement and enhanced the catalogue of incentives to local governments (in the form of funding for energy-saving systems, waste incineration plants, wastewater clarification plants, etc.). Assessments of environmental behaviour drawn up by those assessed themselves were no longer to be found. To be sure, some counties and cities handle environmental evaluations more strictly than others, and some even seek to find ways around the evaluations.

The items in the target responsibility contracts can generally be divided into “hard” issues – for instance, those related to current political priorities of the Centre such as economic growth, social stability, birth planning, etc. – and “soft” issues in other fields, such as the environ-

ment, social security, education, etc. The former are strongly linked to an official's career advancement and rewards and are to be implemented under any and all circumstances; the latter, although mandatory, are not necessarily related to promotion and remuneration, so pressure to implement them is weak. (In recent years, however, academics, journalists and even the party's media have begun demanding that the environment be a "hard" evaluation issue. Compare e.g. Sun 2010.) However, the Laixi case below shows that a local environmental policy can become a "hard" item if a county gives priority to it.

In the following section, we will show how environmental policies currently oscillate between being perceived as minor ("soft") and major ("hard").

Soft and Hard Environmental Policies

For years, the Centre demanded priority for GDP growth and assigned a subordinate role to environmental protection. This stemmed from the conviction that economic growth would bolster the legitimacy of the party-state. Although this lopsidedness is now increasingly criticised, and policy priorities increasingly include non-economic factors (for example, the environment) (Zhu and Ye 2009), this change continues rather slowly at the local level. For instance, our investigations revealed that the 2008 and 2009 evaluation regulations for the townships in Anju district of Suining City listed environmental protection and energy saving merely as "common work targets" (共同工作目标, *gongtong gongzuo mubiao*) and focused evaluation in those areas on the growth of GDP and fixed assets, local budget income, net peasant income, attraction of investments, and increased foreign trade. Concrete environmental projects were itemised only in the appendix to the regulations.

The contractual target responsibilities in this case specified that the Environmental Protection Bureau was to perform the following tasks: construct a wastewater treatment factory, reduce waste emissions and handle concrete environmental projects. A total of 110 points was allowed cumulatively for all fields of evaluation. The regulations ascribed 21 points for attraction of investments and 14 each for GDP growth, an increase of fixed assets, and improvement of the living standard of peasants. Thirty points in total were allowed for 23 items (one of which was environmental protection) under the umbrella term "common work targets". Although specific points were not allotted for these 23 "general targets", failure to meet them led to point deductions. One point was

deducted, for instance, if serious or dangerous environmental pollution occurred and was not remedied within a prescribed time despite admonitions of the local EPB, and half of one point was deducted if reports were not submitted in time. Such “slaps on the wrist” illustrate that environmental policies in Suining City were not regarded as key issues (*Suining shi Anju qu mubiao guanli 2009 2009*).

On the other hand, the environment is by no means a “soft” issue for some locations in China. Particularly in areas approved as environmental models or those intending to become such models, the environment has become a “hard” issue with political leverage. Central policies also encourage a diversification of policy priorities. In Sichuan, for instance, only four priority targets, one of which includes industrial energy consumption and waste discharge, are set and evaluated at the end of each year (*Renmin Ribao* 21 September 2010; Sichuan Government 2010). In 2011, Shaanxi Province determined similarly that five priority fields would be evaluated in the future: GDP growth, financial income, income of the urban and rural population, energy saving/ emission reduction, and harmony/ stability (Dang 2011). Sichuan and Shaanxi were among the first provinces to make environmental standards equal in importance to other standards in the implementation and evaluation process.

We now take up two case studies (the *wuhua* (五化) project in Laixi County and the “circular” development in Shouguang County) to substantiate our argument that contracts that include evaluations and target responsibilities have a positive effect on environmental policy implementation.

Case Studies: Implementation and Evaluation of local Environmental Programmes

The *Wuhua* Programme in Laixi

Evaluation of the “five changes” (*wuhua*) programme initiated by Qingdao to improve the rural infrastructure and environment in Laixi is taken here as a case study to illustrate the interaction of Laixi’s leadership with both its superordinate level (Qingdao City) and its sub-agents (townships and villages). The *wuhua* programme encompassed the hardening of rural roads (硬化, *yinghua*) and the beautification (美化, *meihua*), greening (绿化, *lühua*), illumination (亮化, *lianghua*) and cleaning up (净化, *jinghua*) of

villages. We will begin by outlining why and how this programme is to be regarded as part of an environmental improvement programme.

In a Western context, the term “environment” is strongly related to clean air, water and soil, along with waste management and the protection of natural resources and wildlife (Umweltlexikon 2003). In other words, it involves issues of environmental protection in post-industrial societies. Originally, however, the term referred simply to surroundings in general, and the current Chinese term for “environment” (环境, *huan-jing*) corresponds to this in that it encompasses the natural environment, the social dimension (quality of life), and the preservation of natural resources (air, water, soil, etc.) (Baidu baike 2011).

Moreover, with regard to environmental policies in China we must distinguish between rural and urban development. While in urban areas a considerate use of natural resources in the sense of environmental protection is regarded as crucial, environmental issues in rural areas are connected first and foremost with a modernising concept of development. As our field studies showed, basic infrastructural aspects like the paving of rural roads, electrification, waste disposal, presence of sanitary equipment, supply of water, etc., were covered in many counties by the “constructing new villages” (建设新农村, *jianshe xin nongcun*) programme, which also encompasses the greening, illumination and “beautification” of the surrounding areas. In this sense, therefore, environmental policies in China often overlap with aspects of local development and are distinguishable only at a later stage from the general improvement of local living conditions, when they become clear policies for preventing environmental degradation.

We argue that *wubua* constitutes the first step in an environmental improvement programme inasmuch as it aims to “civilise” villages and improve both the natural and social environment by so-called “civilisational projects” (农村文明化, *nongcun wenminghua*). In a follow-up step, such a “civilisational project” might easily shift its focus to genuine ecological issues such as enhancing the quality of water, air, and soil, organising waste management, caring for natural resources, etc. In light of our research focus on local environmental policies, it seems relevant to keep in mind that environmental issues in China are often linked closely with efforts to trigger civilisational processes and improve the living standard of the rural population. We therefore view this specific “civilisationalising” *wubua* programme as a major step in building up an ecological civilisation. This three-year programme (2008–2010) for improving the rural

infrastructure and village environment in Laixi may serve as a good example of the first step in this “civilisationalising” project.

In the following section, we wish to show first that interactions between municipalities and counties in terms of implementing and evaluating this programme have contributed to its success; secondly, we will show that there is a specific rationale behind the idea of using more developed areas as a basis for triggering local development.

The *wubua* programme was initiated by Qingdao to improve environmental conditions in its rural counties. To do so, the programme gave county leaders the following discretionary powers:

- to make implementation decisions according to specific conditions in the townships and villages;
- to select priorities within sub-domains of the *wubua* programme;
- to create distinct models;
- to select locations (townships, villages) for implementation;
- to tap additional resources for implementation; and
- to urge offices and enterprises, including private businesses, to take over obligations for poorer villages by supporting *wubua* implementation not only financially but also by providing resources and know-how.

Although the programme was imposed top-down by Qingdao, its concrete implementation was in the hands of the Laixi leadership and the townships.

Of the county’s 871 villages, 301 were ordered to implement *wubua* in 2008, another 301 in 2009, and the remaining 269 in 2010. The county leadership held the townships responsible for ensuring that Qingdao City’s evaluation of implementation by the villages and townships would bring to light no major problems.

As a means of controlling the process, the municipality imposed the following condition: Should Laixi fail to produce a positive evaluation of *wubua* in the first year, only half of Qingdao’s promised 34 million CNY would be paid out. Moreover, Qingdao might reduce or even annul its funding in the following year. This would have had severe consequences for the evaluation of the entire county and its leadership (Interview, Qingdao, 1 September 2009).

The county leadership attempted to guarantee fulfilment of the targets by means of regular meetings with the township and village leaders and, when necessary, it lowered the quality requirements of a measure

(for example, concerning road construction) in order to ensure at least formal implementation (Interview, Laixi, 21 August 2009). Along with the evaluation system, funding provided by Qingdao ensured motivation and guided the activities of the leading local cadres. In order to fulfil the above-mentioned wuhua targets and keep expenditures low, the local government began by selecting more developed and wealthy villages close to highways for the first year. In the second year, the county requested additional funding from Qingdao City and implemented the programme in rather average villages. Concurrently, the county leadership instructed local enterprises and government departments to take over responsibility for specific villages and to contribute to the programme financially at the village level. The county also redirected financial means from various funds (for example, for poverty alleviation) to the implementation of the programme.

Accordingly, implementation in the first year was rather easy and successful and was positively evaluated by Qingdao. In the second year (2009), the county leadership selected villages that could contribute a share to the funding or that had good connections to local enterprises. In the final year (2010), the county focused on villages with only marginal funding resources, believing that poor and remote townships and villages would be unable to implement the *wuhua* programme without external support.

This latter step was not without its problems. As a leading official of the county government recalls, due to the consequences of the financial crisis Qingdao had already reduced its funding twice, in 2009 and 2010. As a consequence, implementation of *wuhua* in the remaining villages had to be completely supported by public funding. About 20 per cent of Laixi's villages belonged to this category, including some without even an existing village administration and/ or party committees. Given the lack of adequate funding for 2010, Laixi City saw itself constrained to enter into a bargaining process with Qingdao so as to ensure programme fulfilment.

The Laixi leadership had good arguments at its disposal in this regard:

- It had fulfilled the targets of the first two years;
- it had problems funding the poorer villages, particularly because income from the local export industry had declined sharply due to the global financial crisis;

- due to that crisis, most enterprises refused to contribute to further funding; and
- peasants in the poorer areas were neither willing nor able to contribute financially to the implementation of *wubua* (Interview, Qingdao, 1 September 2009).

Moreover, due to the effects of the worldwide financial crisis and the reduction of funding provided by Qingdao, the leadership of Laixi had already decided to shift the focus for 2009 from road hardening (which is more expensive) to the much cheaper target of cleanliness of villages, a change approved by the Qingdao government.

In entering into a bargaining process with Qingdao, Laixi aimed to achieve the following:

- an adjustment of evaluation targets so as to better reflect the financial capacities of its townships and villages,
- an increase in subsidies, and
- an extension of the deadline for implementing the programme.

As a leading official of Laixi's Agricultural Commission stated, Qingdao had an obligation to increase its funding of the programme because – as mentioned above – the peasants in the poorer villages were either unwilling or unable to pay for it (Interview, Laixi, 21 August 2009). Thus if Qingdao wanted to have the programme fully implemented, it needed to provide additional funding (Interview with the person responsible for agriculture, Agricultural Commission, Qingdao, 8 September 2008).

To convince Qingdao of this, the Laixi leadership took the evaluators not only to advanced models but also to remote villages so as to show both sides of the implementation process – the advancements and the constraints. The local government believed that this would have a positive impact upon the evaluation outcome (Interview, Laixi, 21 August 2009).

For the year-end evaluation of *wubua*, Qingdao City drew up evaluation guidelines for the counties and urban districts under its jurisdiction. The guidelines communicated in detail which policy fields were to be evaluated and what the maximum points assigned to task fulfilment in each field would be. Laixi adopted the Qingdao evaluation criteria for evaluating its townships. The 2008 regulations for programme evaluation of the townships of Laixi stipulated development in 19 fields such as local revenues, large-scale industries, exports, peasant income, local GDP development, etc. Land resources and environmental protection as well

as the construction of a new countryside constituted two separate items (Laixi Government 2008a). The evaluation of the so-called “key programmes” was weighted as follows, whereby the percentages give some indication of the significance and weight of each item:

- economic construction: 50 per cent;
- social fields (preserving stability, developing social insurance systems, building new houses for villagers, insuring employment and public security, etc.): 15 per cent;
- constructing rural party organisations: 14 per cent;
- political construction (improving village elections, increasing the effectiveness of local people’s congresses and political consultative conferences, successfully combating corruption, etc.): 8 per cent;
- cultural construction: 8 per cent;
- other items (including environmental issues and wuhua): 5 per cent (Interview, Party School Qingdao, 30 August 2009).

These guidelines were intended to communicate to leading local cadres which policy fields were important and which were less or not at all so.

On the surface, the outcome of the entire rural infrastructural programme had little effect on careers, income or bonuses. The percentages showed no prominent role of environmental policies in the policy evaluation process of Qingdao and its counties. Thus, *wuhua* seemed to belong rather to the “soft” evaluation categories. In reality, however, the *wuhua* programme as a civilisationalising project was politically important for local development and was therefore highly rated by higher authorities who considered its implementation vital to the development of the rural areas and their environment and to the improvement of the living conditions of villagers. Moreover, Qingdao authorities allocated large amounts of funding to this project. Accordingly, *wuhua* turned into a hard programme which by all means had to be realised, and its implementation was evaluated rather strictly (Laixi Government 2008b).

To sum up, what was the major incentive for Laixi’s leadership to implement the *wuhua* programme successfully? We argue that its evaluation was all the more crucial inasmuch as *wuhua* was in the focus of Qingdao’s evaluation at the end of each year. The Laixi leadership was fully aware of what might happen if they were believed to be incapable of bringing about major changes in the rural areas’ environment and infrastructure within a certain time frame. This might have even led to the end of their career prospects. Therefore, the sense of foreboding

surrounding evaluation played a significant role as a strong incentive for policy implementation. On the other hand, the *wubua* case proves that local “soft” policies may become “hard” if local development requires it.

Circle Development in Shouguang

We (the authors) at times get the impression that Chinese environmental policies in the end are no more than a kind of showcase politics. In Shouguang, for instance, specific environmental attention was directed in 2009 towards villages located on highways. The party secretary of a village some distance away from a highway complained that evaluation inspection teams only visited villages close to highways, since more distant villages were too difficult to drive to. Accordingly, it was argued, the responsible township governments had little incentive to pave roads, to provide environmental facilities, or even to set up waste containers and dispose of waste (Interview, Shouguang County 25 February 2009. Similar remarks could be heard in townships in S. City and N. County).

An informal talk with township cadres painted a somewhat different picture. They admitted that the villages close to highways had the best chance of receiving subsidies for paving roads and were provided with waste containers. It was also the case, however, that improvements in the infrastructure of villages took place with financial means made available by both the prefectural city (Weifang) and Shouguang County, both of which demanded that funding had to be matched by the villages either in the form of additional funding or manual labour (like road construction). Since the more well-off villages could contribute more funding, investments there would not only be less costly but also rapidly show results. Since local funds are often scarce, the more developed villages close to highways tended to receive support first. Since almost no funds were available in the less developed villages, investments in them were much costlier (Interview, Shouguang County, 25 February 2009).

Behind such deliberations like those in Laixi and Shouguang stands the logic of a civilisationalising development by concentric circles: First, support the cluster of more well-off villages close to highways. This may lead to a positive evaluation and therefore improve the preconditions for bargaining with the prefectural city for additional funding and for progressing to the second circle. As a consequence, a second circle could be developed, then a third, etc. The most remote and poor villages would then certainly be the last ones to be developed. However, the township officials explained that conditions of bargaining with the prefectural city

improved notably whenever the programme successfully met the criteria of the first circle. This made it much easier to acquire additional funding from the higher level for the development of the poorer villages.

The above description by township cadres in Shouguang illustrates that there is a rationale behind the development concepts, although the peasants in the less-developed villages might complain of being the last to receive government support. The conjunction of target contracts with communication of goals, funding by the municipality, and control by means of evaluations proved to be a strong stimulus for *wubua* policy implementation. Moreover, there is even a certain flexibility in the interactions between county and municipality: If a county runs into (financial) problems, it can enter into a further bargaining process with the municipality.

The next section is concerned with local policy innovations. County leaderships attempt to develop specific experimental “models” to prove that they are innovative, thus enhancing their standing vis-à-vis superior bodies and improving their chances of achieving a better evaluation rating and further prospects of career advancement. The option and choices of creating policy innovations are not only part of a “Chinese” decentralisation process but are also directly tied to evaluation processes.

Local Policy Innovations: Environmental Modelling

In recent years, the Centre has fostered the creation of “ecological models” and other environmental experiments in order to trigger environmental improvement and development. Primarily counties without major heavy industry or high tech industries are eager to acquire the status of such a model, since this not only improves the outcome of performance evaluations but can also attract additional funding from higher echelons. Here we wish to illustrate how and why cities and counties make efforts to become environmental or ecological models and how such models operate.

Since 2011, the Ministry of Environmental Protection has imposed new criteria for the nomination of a city or county as an ecological model city on the national level. Among them are:

- economic and social criteria, like the income of the urban and rural population, investment in environmental protection, reduced energy and water consumption, and a reduction of emissions several years running;

- quality of environment (meeting specific environment standards set by the ministry for 85 per cent of the days in a given year), improving the quality of air and water, noise reduction;
- environmental construction: 35 per cent of new public space must be green; 80 per cent of wastewater must be purified; increased savings in energy; improved garbage disposal; etc.;
- environmental administration: drawing up an environmental protection and improvement plan; surveys attesting that more than 80 per cent of the population are satisfied with the local environment situation; establishment of environmental educational programmes in schools; etc. (MEP 2011b; Wu et al. 2005).

Specific incentives for environmental experimenting and modelling were also initiated.

If the Ministry of Environmental Protection approves a city's or county's application to become a national model, that city or county finds it much easier to acquire funding for environmental and ecological improvement projects (for energy-saving equipment, wastewater treatment plants, waste incineration plants, etc.) from its province and the Centre. The province, the prefectural city and the county must also match central funding. If a city or county becomes a provincial model, those models are financially supported by the provincial and prefectural level. Acquiring the status of a model concurrently enhances the reputation of a location and its leadership. However, when a location is accepted as a model, the superior echelons impose strict conditions regarding the establishment of new enterprises, wastewater treatment facilities, waste emission limits, further savings of energy and water, the insulation of buildings, and the improvement of water and air quality. Compliance with the criteria for being a national "model" is strictly monitored by the Ministry of Environmental Protection.

As a rule, such an application starts out with a decision at the prefectural, provincial or national level that a given county should be acknowledged as an ecological model in order to boost the local economy (green agriculture, tourism, attraction of investments in environmentally friendly industries, etc.). The decision is followed by submission of an application for funds to the higher levels. Applications are then forwarded to the respective branch of the Development and Reform Commission (发改委, *fāgǎiwěi*: a commission on the prefectural city, province or national level).

“Model” status is not without a time limit. Higher echelons regularly check whether a “model” is abiding by the regulations. In 2010, for instance, the central government decided that all cities and counties which had obtained model status prior to 2008 had to re-apply before the end of 2011 (Hebei EPB 2010).

Creating environmental models is not only part of the entire policy incentive system but also helps to give environmental issues more weight. The broad diversity of ecological models and their increasing prominence in policy documents and the media highlight the increasing role of ecological policies.

Since 2007, for example, Shouguang – a city on county level – has been since both a “national ecological city” (国家级生态市, *guojia ji shengtai shi*) – a designated national model for the environment (MEP 2009) – and a model for “green” agriculture. Further improving the county’s environment long ago became a pivotal issue within the local cadres’ responsibility system (Interview, Bureau for Development and Reform (发改局, *faqaiju*), Shouguang, 24 February 2009). Suining, for example, aimed to become a “green city” in order to develop tourism. Here, energy saving and the reduction of industrial emissions were crucial and were included among the “periodical priorities” (一票否决, *yipiao foujue*). Similarly, Deqing, a “national ecological county” aimed not only to develop eco-tourism but also to persuade people from the nearby provincial capital of Hangzhou to purchase much cheaper condominium flats in that “clean” county and to move to Deqing. Laixi, a “national ecological model” since 2005, ran into problems in 2008 when higher authorities discovered that a dozen or so enterprises there were major polluters. Accordingly, at the behest of the Qingdao government (also a national ecological model since 2000), Laixi was criticised for neglecting environmental policies and had to make environmental protection part of *yipiao foujue* in order to keep its model status (the county government promised to “establish a soft environment”). Xiamen in turn is a national model for energy saving and renewable energies. Nanfeng County, one model level below, was accepted in 2008 as a “national ecological model area” (国家级生态示范区, *guojia ji shengtai shifan qu*) and gave priority to environmental issues in order to be classified as a national ecological model county. Meitan County has been a “national ecological model area” since 2010. The county subsumed environmental issues under the category of “production safety” as part of the *yipiao foujue* items. Shihezi has striven to become a model for recycling and to develop the corres-

ponding industry. Finally, Xifeng County has been trying to become a model county for “constructing an ecological culture” (生态文明县建设, *shengtai wenming xian jianshe*), something strongly related to attracting ecological enterprises, general improvement of the environment, and increased environmental awareness on the part of local officials and the population.

The examples provided by these cities and counties illustrate that a broad variety of ecological models, backgrounds and contents exists in China. Some have been chosen by national authorities to become models (Xiamen, Qingdao), others by provincial authorities (Deqing, Nanfeng). In the case of Nanfeng, Jiangxi Province has aimed to enhance its environmental status and to create a new national ecological model on the county level. In Xifeng, the party secretary, a graduate of Qinghua University in Beijing with expertise in environmental sciences, wanted to send a clear political message to the higher authorities of Guiyang City, to which the county belonged. Shouguang (green vegetable), Meitan (green tea and vegetable) and Suining (green tourism) have aimed to become ecological models in order to gain further advantages in market competition. Laixi in turn was pressured by Qingdao City to improve its environmental standards. Additionally, it wanted to attract more investments from high-tech and environmental technology enterprises.

These examples illustrate how economic development based on specific local conditions plays a major role in the model-building process in China. Holding one's own against competitors and defining one's own local direction of development, particularly if other resources (financially means, external investments, mineral deposits, etc.) are lacking, are major driving forces behind the choice of an ecological development path. Either the county leadership itself puts forward such a proposal and communicates it to higher authorities, or the initiative comes from the municipality in a top-down manner. Several prerequisites are decisive for determining the path to be chosen by a county: directives from the superior echelon; incentives provided by higher echelons (funding, prestige, becoming a model); local particularities (for example, preconditions for developing eco-tourism); and individual connections to higher echelons.

Undoubtedly, successful and efficient reduction of environmental pollution and contamination does not take place overnight, but rather develops in each case as a process. In the counties we examined, this process was indeed progressing. However, this does not mean model counties experience no problems at all.

It is also the case that deficiencies of environmental degradation are sometimes concealed, and fake data are sometimes prepared by the counties so they can acquire the status of an ecological model or achieve a better evaluation. In order to fulfil the criteria for model counties, for instance, N. County was officially reported to be 71 per cent forested. This high percentage was achieved by designating the vast number of tangerine trees, the major product of this county, as “forest area”. This violated China’s regulations on statistical reporting (Interview N. Forest Bureau, 10 March 2009).

Our own observations in N. County showed that the preconditions for becoming an ecological model were still widely lacking. In many places in the county, wild rubbish dumps were found for which – according to local authorities – the peasants were responsible. With the exception of a handful of model villages, garbage collection in the rural areas was non-existent. For their part, the local leaders shifted the blame for these deficits, which they discussed openly, elsewhere: In a speech on “constructing a new socialist countryside” in 2008, N. County’s party secretary blamed not the local administration for environmental pollution but rather the peasants. The rubbish issue, he stated, was primarily a peasant issue: The peasants were defecating and relieving themselves everywhere, so the thinking of the peasants must be altered (Online: <www.jxnf.gov.cn/nfx_sjhh/2008716180524.asp> 12 March 2009) According to him, environmental pollution had to do with the “quality” (素质, *sùzhì*) of the peasants and was therefore an ideological issue.

In contrast to the party secretary, the mayor of this county took a more pragmatic view. In his report to the local People’s Congress in February 2008, he specified the key environmental problem as the destruction of natural forests by uncontrolled expansion of tangerine cultivation. Cultivation on mountain slopes had led to waterlogged depressions and erosion. The overuse of chemical fertilisers and pesticides in agriculture and the enormous contamination by a chemical and a concrete factory were identified as further key problems (Jiangxi Survey 2008). In N. County in 2009, the evaluations still focused on GDP development, investments, social stability, revenues, etc., as “hard” categories, while environmental issues played a minor role, not negatively affecting the local leadership. In awarding the title of an experimental ecological model to N. County, the higher echelons aimed to provide incentives to it for developing into a real model. All the more so inasmuch as this county had good preconditions for ecological development

(few heavy industrial enterprises, a beautiful landscape, cultural attractions, etc.) and could easily develop into a location for ecological tourism.

To sum up, model status in China fosters the orientation of localities toward environmental and ecological issues and serves as an incentive to streamline local behaviour in the direction of environmental protection. More and more counties are focusing on such issues, particularly if other resources for development are not available. Acquiring the status of an ecological model not only can fuel economic development (e.g. eco-tourism) but can also attract additional funding from higher administrative echelons. It is also important for positive evaluations and thus for the career advancement of a county's leading cadres.

Conclusion

Decentralisation has endowed the counties in China with greater decision-making power. Even though the localities remain embedded in a hierarchical system, they now have leeway to define their key areas of development within the focal policies of the central government. To be sure, environmental policies are increasingly playing a more prominent national role. Nevertheless, the Centre gives the counties some leeway to decide whether or not environmental issues are to be regarded as "hard" policies. The natural and financial endowment of a given locality and its legacies (a heavy industrial or agricultural focus) play a salient role here.

Still, decentralisation alone cannot solve all problems in environmental governance. A combination of policy communication between higher and lower echelons, incentives and pressure tools are required. The evaluation systems and the mechanism of creating models foster innovative policies (which can enhance evaluation outcomes). They are strongly tied to the career advancement of leading local cadres and have thus developed into major policy implementation incentives.

To be sure, areas lacking resources for environmental policy implementation and those with a poor policy implementation record, or those whose leading cadres are simply predatory, can turn to collusion in order to present mere showcases or enable rent-seeking. Incentives may play a minor role where corruption is rampant.

However, our own field research revealed that the local level is not always a "malign" state without development impetus. The Centre has established a system of strong incentives for county leaderships. It has

institutionalised evaluation processes and actively provides funds for which a county may apply in order to improve its environmental and ecological situation. We may even argue that deception and showcase politics by local leading cadres have become increasingly difficult. Pressure from the higher level to make progress and to provide innovation (models) in terms of environmental protection, and to implement environmental policies, is increasing. On an annual basis, the county leaderships have to prove developments and progress vis-à-vis the superior echelons. For evaluators it is increasingly unacceptable to be shown the same environmental “models” every year. As a former township cadre leader in a county of Qingdao noted accurately:

Evaluators from Qingdao want to see fresh outcomes. They will criticise you if you have nothing new to present. In the latter case they may classify your performance as “not fulfilled” and you may get a negative evaluation or a point deduction which might negatively affect your further career prospects (Interview, Qingdao, 2 September 2008).

To summarise, evaluation processes in China show not only that the counties have room to manoeuvre in terms of policy priorities but also that these processes offer incentives for policy implementation, particularly for implementing environmental policies. In China, decentralisation is a gateway to improving policy implementation, even in the domain of environment. The incentive and communication system that has been described here is a relevant factor in the specific design of decentralisation; otherwise all benefits of decentralisation – not just those in the domain of environmental policies – would have come to naught.

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Contents

Introduction

- Thomas HEBERER and Dieter GRUNOW
Environmental Governance in China: New Developments
and Perspectives 3

Research Articles

- Richard Louis EDMONDS
The Evolution of Environmental Policy in the People's
Republic of China 13
- Dieter GRUNOW
Structures and Logic of EP Implementation and
Administration in China 37
- **Thomas HEBERER and Anja SENZ**
Streamlining Local Behaviour Through
Communication, Incentives and Control: A Case Study
of Local Environmental Policies in China 77

Analyses

- Niels THEVS
Water Scarcity and Allocation in the Tarim Basin: Decision
Structures and Adaptations on the Local Level 113
- HUAN Qingzhi
Regional Supervision Centres for Environmental Protection
in China: Functions and Limitations 139
- Arthur P. J. MOL, Guizhen HE, and Lei ZHANG
Information Disclosure in Environmental Risk Management:
Developments in China 163
- Xianbing LIU, Yanli DONG, Can WANG, and Tomohiro
SHISHIME
Citizen Complaints about Environmental Pollution:
A Survey Study in Suzhou, China 193

Contributors

221