

Faculty of Social Sciences

Graduate School

Master of Science in Development Studies

Major in Political Science

SIMV07

Spring Term 2019

Supervisor: Jan Teorell



China After Reforms in 1978 and Developmental State:

A Case Study of the Chinese Bureaucracy Since 1978

Author: Sivutha Say
Master of Science in Development Studies
Graduate School, Lund University
18th of May 2019

Abstract

The purpose of this thesis is to critically examine whether China following the Third Plenary Session in December 1978 could be considered a developmental state with a focus on public bureaucracy. The research uses single case study research as its methodological approach, coupled with content analysis on secondary sources, to examine whether reforms after 1978 unfolded in a way that had tailored its bureaucracy to correspond to bureaucratic qualities of either developmental states, neopatrimonial states, or fragmented multiclass states. This study finds that the Chinese bureaucracy after 1978 appears to feature both Weberian and pre-modern bureaucracies, the fusion of which markedly succeeded in building strong rudiments for China's remarkable growth between 9 to 10 percent from the 1980s to 2000s. Those rudiments include a prompt delivery of public goods, supportive bureaucratic services for enterprises, encouraging the growth of village industrial enterprises and empowering local enterprises with special treatments. The case of China informs three-ideal type state scholars to consider two further aspects on bureaucracy. First, powerful political actors who harness corruption or patronage system to coordinate their growth plans should be stressed. Second, inquiry into which types of corruption retard growth and which don't should also be highlighted. In a nutshell, it is feasible to claim that by a standard of bureaucracy China might straddle somewhere in between developmental states and fragmented multiclass states on the continuum of political efficacy in promoting growth of the three-ideal type states.

Key Words: developmental states, neopatrimonial states, fragmented multiclass states, bureaucracy

Word Count: 19089

Acknowledgement

I am deeply grateful to my supervisor, Dr Jan Teorell at the Department of Political Science, Lund University, for his constructive comments, guidance and support for the achievement of this thesis. I would also like to extend my wholehearted gratitude to the Swedish Institute (SI) for the two-year financial support and all other lecturers and professors at Lund University with whom I took courses. Finally, I am profoundly indebted to my parents for appreciating my academic journey and providing me with relentless support.

Table of Contents

1. Introduction	1
2. Theoretical Framework	5
2.1. Developmental States	5
2.1.1. National Industrializers	6
2.1.2. Commitment to Growth	7
2.1.3. Degree of Power to Pursue Development	9
2.1.4. Developmental States and China	10
2.2. Neopatrimonial States	14
2.2.1. Commitment to Growth	16
2.2.2. Degree of Power to Pursue Development	17
2.2.3. Neopatrimonialism and China	18
2.3. Fragmented Multiclass States	18
2.3.1. Commitment to Growth	19
2.3.2. Degree of Power to Pursue Development	19
2.4. Bureaucracy and Growth Promotion	20
3. Methodological Framework	22
3.1. Qualitative Case Study Research	22
3.1.1. Limitations	24
3.2. Document Analysis	24
3.2.1. Limitations	27
4. Findings	29
4.1. Institutionalizing China's Civil Service System	29
4.2. Meritocratic Recruitment	32
4.2.1. Recruitment-Related Corruption	34
4.3. Capacity Building of Civil Service Personnel	36
4.4. Performance Contracts	41
4.4.1. Performance Contracts-Associated Pitfalls	47
4.5. Fiscal Decentralization as an Incentive to Local Governments to Pursue Economic Development	51
5. Discussion and Conclusion	57
References	62

Chapter 1: Introduction

1.1. Background

Socio-economic climate in China prior to the 1970s is anything but prosperous. Chinese per capita income hovered at around USD154 in 1978, making it far below those of many Sub-Saharan African countries (Lin 2013). The period between 1958 and 1962 saw over 30 million people dying out of starvation (Jisheng 2013). Worse still, China's Great Leap Forward, from 1958 to 1962, culminated in virtually 45 million people dead and 2.5 million tortured (O'Neill 2016).

This grave context issued a distress call to the top echelon of the Chinese Communist Party (CCP). According to Garnaut & Song (2012), reformist leaders of December 1978 abundantly knew that Taiwan, Hong Kong, and South Korea were reveling in their economic success while China was falling prey to its enduring backwardness. This gave an impetus to the commencement of the Third Plenary Session of the Eleventh Central Committee in December 1978.

The Third Plenary Session in December 1978 inaugurated the endorsement of fundamental economic and political reforms. According to the Research Department of Party Literature (1991), in order to achieve rapid growth in production to improve people's living standard, China was scheduled to undertake four modernizations, namely modernizing agriculture, industry, national defense, science and technology (as cited in Tisdell 2009). In terms of political reforms, CCP modernized its bureaucracy by promoting intellectual qualification-based recruitment and promotion, and offering incentives to officials for realizing state objectives (Knight 2014: 1336).

Noticeably, remarkable growth ensued. Between 1978 and 1992, China recorded a yearly growth rate of 9.5 percent. In 1993, China's export hit USD90 billion worth of goods, making it the world's eleventh biggest exporter then. Concurrently, China was then home to USD104 billion worth of import. With foreign capital reaching USD 110 billion in 1993, China became the most favorite investment destination for foreign investors (Wong 1995).

Close scrutiny of the Chinese economy after December 1978 reveals a dual structure. On one hand, China has signed up with market liberalization and open-door policies championed by neoclassical economists. Post-1978 period was marked by the advent of foreign trade, foreign direct investment, foreign technology inflow, foreign capitals and local experiments (Garnaut & Song 2012: 4). The significance of state-owned enterprises (SOEs) gradually dissipated, indicated by the decline of their employees in urban areas from 69.7% in 1992 to just 28.9% in 2002. Simultaneously, foreign-invested enterprises had a larger stake in the economy, representing half of China's global trade in 2001 (50.85%) and investing in labor-intensive manufacturing industries. In 2001, China's reliance on international trade soared to 44% from merely 23.1% in 1985 (Knight 2005: 486).

On the other hand, China also at the same time acquires many characteristics of 'developmental states'. Those qualities include high saving ratio, sprawling infrastructure for heavy industry, promotion of industrial policy, central planning practices, labor-intensive industry together with capital intensive industry to substitute for import, whopping bureaucracy and corporatist management over society. For instance, state-owned enterprises, albeit dwindling in its vitality, continue to claim 60.9% of total assets of large industrial enterprises in 2002 (Knight 2005: 486).

These parallel practices in the reform periods are the result of its historical conditions. Garnaut and Song (2012) argued that there was no clear reform blueprint to provide conceptual groundwork for market-oriented economy in China. In contrast, the reforms operated on the principle of eclecticism of economic policy, and gradualism. Simply, the Chinese leaders and policymakers began to observe patterns of economic development as it encounters foreign experience and ideas in market process. The swift replacement of centrally planned economy with utter liberalization rather highly runs the risk of huge dislocation.

That is why senior Chinese politicians in the 1980s often publicly boasted its gradualism. Deng Xiaoping used to call China's economic reform crossing the

rivers by sensing stones at every step. In citing China's tenacity with its gradualism, Hu Yaobang, then General Secretary of the CCP, labelled the reform as the endeavor of Guan Yi, who moved five passes and killed six generals in search of his solemn objective, during a dialogue with then Secretary General of Japan's Liberal Democratic Party, Noboru Takeshita (Garnaut & Song 2012: 5).

1.2.Problem Statement

Lurking behind above empirically observed parallel practices in the reform era lies polarization in intellectual community over touting China in the reform era a developmental state. On one hand, a group of scholars portrays China as the latest developmental state with reference to its corporate governance of stateowned enterprises, regulated financial system, geared industrial policy, growth priority, and institutional incentives to propel growth (Baek 2001; Knight 2014).

Another camp negates early proposition, highlighting China's developmental trajectory deviant from East Asian developmental state routes such as conflicting demands inside the party, reform process dynamics and provincial deviation from central planning, and embedded autonomy (Breslin 1996; Shirk 1990).

Whatsoever, one factor makes an academic investigation on the conflation of China in reform era after 1978 with developmental state concept relevant. Although voicing ideational discrepancy, scholars are united on a notion that China shares a host of characteristics akin to East Asian developmental states such as sprawling heavy industry-targeting infrastructure, high investment rate, high saving ratio, professional bureaucracy, industrial policy promotion, and state leadership (Hutao 2018; Baek 2001; Knight 2014).

Even though there exist a multiplicity of empirical studies on relation between personnel control and economic performance in China during reform era (Li & Zhou 2005; Jin, Qian & Weingasi 2005; Xu 2011; Tsui & Wang 2004; Maskin, Qian & Xu 2000; Chen, Li & Zhou 2005; Li 2011; Caldeira 2012; Yang

2009; Landry 2008), studies investigating to what extent China's efforts to rationalize and improve in the reform era after 1978 align with developmental states remain underdeveloped.

Only through these two factors, i) abundant similarities with East Asian developmental states and ii) academic gap on determining China's developmental state with regard to its control on bureaucracy, could this thesis find its intellectual footprint. Therefore, this thesis proposes to investigate to what extent China after the Third Plenary Session in December 1978 can be considered a developmental state. This thesis uses empirical evidence available to test one out of four indicators developed in Atul Kohli's framework, that is, state's control over bureaucracy. Throughout this thesis, "cohesive-capitalist states" term is used to mean developmental states and vice versa.

1.3. Research Aims and Question

The aims of this thesis are:

- to examine fundamental policy measures implemented after 1978 to rationalize and improve bureaucracy in order to promote economic growth in China; and
- to situate the case of China after the Third Plenary Session in December 1978 in the continuum of three ideal types of developing states, that is, cohesive capitalist states, fragmented multiclass states and neopatrimonial states.

Main research question of this thesis is:

To what extent did China after Third Plenary Session in December 1978 become a cohesive-capitalist state?

Chapter 2: Theoretical Framework

This chapter presents assumptions and evolving views surrounding three concepts which are, in combination, necessary to form theoretical continuum on which China's efficiency to promote economic development can be situated. The three concepts are i) developmental states, ii) neo-patriomonal states, and iii) fragmented multi-class states. Significantly, this chapter sheds light on assumptions on how public bureaucracy is organized, maintained, and improved by each ideal-type state in an attempt to promote economic growth. Such theoretical premises are fundamental to this thesis's analytical objective.

2.1. Developmental States

An idea of government intervention in the economy took shape in the debate between John Maynard Keynes and Friedrich von Hayek following the end of World War II. Keynes, an English economist, strongly believed in the important role of government's use of fiscal policy to promote economic growth (Yergin & Stanislaw 1998). Keynes (2003) said, "insofar as the inducement to the individual to save depends on the future return which he expects, it clearly depends not only on the rate of interest but also on the fiscal policy the government ... If fiscal policy is used as a deliberate instrument for the more equal distribution of income, its effect in increasing the propensity to consume is, of course, all the greater". Hence, through fiscal policy, Keynes believed that government intervention in the market could improve welfare, create more jobs, and increase purchasing powers for the public (Yergin & Stanislaw 199).

Friedrich von Hayek countered Keynes' idea by contending that central planning draws an analogy to threading through socialist line. Hayek (2005) said, "planning leads to dictatorship because dictatorship is the most effective instrument of coercion and, as such, essential if central planning on a large scale is to be possible ... The division of labor has gone far beyond what could have been planned. Any future growth in economic complexity, far from making central

direction more necessary, makes it more important than ever that we should use the technique of competition and not depend on conscious control”. Hayek is further convinced that money supply into the economy lowers interest rate and prop up investment projects but resources to operate those investments do not exist, leaving those projects unfinished and investors desperate to loan more to mitigate price rise which ends up in upward pressure on the interest rate (Woods 2009).

Keynes’s take on state intervention and the whole debate serve as a worthwhile base for later emergence of the concept ‘developmental states’, interchangeably called cohesive-capitalist states. The concept presents itself as an alternative to Western-centric modernization theory in the 1950s and dependency theory in the 1960s to explain economic development of emerging economies, notably in East Asia (Evans 2013, as cited in Hutaotao 2018). Yu Zuoen defines developmental states as countries full of determination to develop, rich in fullyfledged autonomous and central economic bureaucratic institutions, comprised of government-business alliance, and focused on prioritizing industrial policies (as cited in Hutaotao 2018: 3). For Kholi, developmental states harbor unswerving commitment to growth because they portray growth rate as security issue. These commitments can be visible through an introduction of policies to ease supply- and demand-pressures to boost trade and industries (Kholi 2009: 214). In sum, developmental states, as Knight (2014) claimed, afford no definitional consensus.

The concept ‘developmental states’ springs to existence when Chalmers Johnson conducted his research on Japanese economic miracle (Johnson 1982), carried forward by Alice H. Amsden’s study on South Korea’s rapid growth after WWII (Amsden 1989) and later adopted in Robert Wade’s study on Taiwan (Wade 1990). All these three studies have in common a focus on how governments in East Asia have implemented economic policies to enhance industrialization.

2.1.1. Nationalist Industrializers

Developmental states usually used to be beset with domestic economic difficulties at first, whose continuity would spell national disunity and declining political legitimacy. Thus, political leaders of the states feel the urgency to promote industrialization and growth, and restore national security (Kohli 2009). Johnson (1984: 24) asserted that developmental states are late industrializers who wish to join a civilized industrialized club (Johnson 1982: 24-25). To do so, they place considerable attention on industrial policy, namely to organize domestic industries and improve international competitiveness. Taking precedence over political goals, economic interests prod these industrializers to nurture fervent nationalism to galvanize growth to be on par with external reference organizations (Johnson 1982: 24-25).

That is why Japan in the 1950s was found to strive to advance home demand as a driving factor of its economy while continuing to import technology from the US to operate its basic and high growth industries (Johnson 1982: 16-17). Following a similar line, Park Chung Hee and the military junta in the 1960s saw political order restoration and economic development as essential to national security mainly because “security umbrella” together with foreign aid of the US just looked set to decline. This development encouraged Park to kick off purposive leadership by strengthening existing state institutions and tailoring nationalism as a tool to legitimize repression and mobilize social groups for economic development (Kohli 2009: 88).

2.1.2. Commitment to growth

Scholars agree that developmental states employ a wide range of policy packages to empower targeted industrial enterprises in order to uplift growth (Johnson 1982; Amsden 1989; Wade 1990; Kohli 2004; Baek 2001; Knight 2014; Kalinowski 2014). These states usually grant exporting industries privileges and incentives to turn them competitive in the global market. Those measures include price distortion, subsidies, low interest loan, massive industrial capital,

undervalued raw materials, sufficient technology supply, ready well-educated workforce supply, and undervalued exchange rate (Amsden 1989; Wade 1990; Kohli 2004).

Besides resorting to price distortion to introduce growth-oriented subsidies, late industrializers, Amsden (1989: 8) claimed, saddle private firms with performance standard in return for subsidies. In the case of South Korea, Park-Chung Hee-ruled government nationalized the commercial banks, rendering the Chaebol massive capital, Amsden (1989: 16-17) continued. While continuing to embrace free trade to address import demands, the government firmly insulated infant industries from foreign competition by undervaluing exchange rate to encourage exports and reducing the costs of imported raw materials (Amsden 1989: 13).

The states do not oppose global trade but they help domestic producing firms to enter the global market competitively. Maintaining availability of industrial capital for export-oriented industries at the expense of financial capital, developmental states struggle to maintain stability on economic indicators such as exchange rate, interest rate and price level because they have impact on long-term investment (Wade 1990: 27-28). Industries willing to move to new industries prioritized by the governments are rewarded with further subsidies and protection. To forge steady supply of capital investment domestically, the states even pass legislations to outlaw certain level of capital flight or remittances of liquid capital abroad (Amsden 1989: 16-17).

Wade (1990) describes these institutional supports as commensurate with a political science concept “corporatist authoritarianism”. Whereas “corporatist” refers to a state in which governments create a small number of interest groups and hand over to them monopoly of representation in exchange for the states’ control of their demands, “authoritarian” accounts for a process in which rulers are chosen by methods taking little popular opinion on boards (Wade 1990: 27).

Kohli (2009) see corporatist authoritarian states’ control of interest groups’ demands as emanating from the states’ commitment to growth. Such commitment is realized through policies to ease supply and demand pressures for

targeted industries, Kohli (2009) added. On one side, the states use sophisticated tax collection, public investment, credits from public banks, credits for specific industries, or rising inflation to generate enough supply of capital, labor, technology and entrepreneurship. On the other side, they utilize expansionary monetary and fiscal policies, and tariff and exchange rate policies to augment local demands (Kohli 2009, p. 216).

2.1.3. Degree of Power to Pursue Development

Besides commitment to growth, developmental states are claimed to also command considerable degree of power to pursue development. In explaining why some states are successful than the others in driving industrialization, Kohli (2009: 221) pointed to their differing extent of power to set and achieve industrializing goals. In a bid to understand industrializing performance of developing countries, power must be understood as societal resource which can wax and wane. The degree of power is reflected in i) organizational features of state institutions and ii) the manner in which states forge ties with social classes, especially producing classes. For Kohli (2004), developmental states command much more power than fragmented multiclass and neopatrimonial states.

Although developmental states are inclined to work hand in glove with producing classes, this alliance appears brittle with other social groups calling for similar representations. This condition predisposes developmental states to be authoritarian and to penetrate deep down into society to form clearly organized interest groups, the result of which is to ward off political oppositions (Kohli 2009: 221-222).

In the case of South Korea, Park Chung Hee used coercion and other political techniques to force businessmen to help maintain his power (Kohli 2004: 96). At the wake of assuming office, Park arrested several high profile businessmen on corruption charges who were later released on compromised terms. This practice created a line of influence from the state to business which remained robust throughout Park's office. In addition, Park pressured businessmen to formulate top-down business associations later assigned to

respective ministries, which left the government convenient to regulate and control (Kohli 2004: 97).

Scholars also concur that developmental states put in place competent businesses, and ultimately marshal greater power (Kohli 2004; Johnson 1982). In this manner, authoritarian, sweeping and merit-based bureaucratic agencies are installed to replace corrupt and cumbersome bureaucracy (Kohli 2009: 219). In Johnson's study, Japanese Ministry of International Trade and Industry (MITI) was found to play positive role in enlarging governmental power and raising growth. For instance, the Japanese government amended the National Public Service Law in 1950 to set reexamination for all officials from the level of assistant section chiefs to administrative vice ministers. Even faced with protests by old officers, the so-called "Paradise Exam" took place as planned, culminating in 30% of serving officials failing to be reappointed (Johnson 1982: 43).

2.1.4. Developmental States and China

Two main camps of scholars exist to debate whether China is referred to as a developmental state. The first group, including Baek (2001), Knight (2014), and Kalinowski (2014), favor an idea that China bears several characteristics resembling East Asian developmental states, while the other group, comprised of Breslin (1996) and Evans (2014), refutes the above idea, citing several institutional defects and deviations China has compared to East Asian economies. Some scholars unite on a view that China is to a certain degree a developmental state (Baek 2001; Knight 2014), yet they differ on the yardsticks to gauge developmental state quality in China. While Knight (2014) ascribes China's developmental state quality to its growth priority, and institutional arrangement and incentives to achieve growth targets, Baek (2001) counts on anatomy on selective industries-targeted industrial policies, and producing industries-favoring financial system.

Since the 1990s, China was catapulted into international division labor making it embrace liberalization policies, welcome export-oriented foreign investment, and encourage foreign-invested enterprises. However, China has in

the meantime also possessed several developmental state attributes including control over finance, special treatment for state-owned enterprises, import substitution industrialization, reliance on export, and high saving rates (Baek 2001).

Knight (2014) describes Beijing's priority on growth as starting from 1976 wherein series of economic and political reforms were introduced (Knight 2014: 1336). Such priority is seen as an urgency to promote growth mainly because of three reasons. First, raising living standards became a political recipe to win back political allegiance to the Chinese Communist Party as its legitimacy was disrupted by periods of economic stagnation and political instability. Second, an understanding of the West's superiority and economic success of some East Asian states impelled Beijing to follow suit. Third, central planning in Mao era had been undermined by the vagaries of Cultural Revolution (Knight 2014: 1336).

Against this backdrop, Beijing launched a string of institutional measures to fasten industrialization. Incentive system, in the form of responsibility contract to promote or demote all public officials as regards their fulfillment of economic objectives, was put in place. The system encourages competitions among officials and emboldens them to try regional experiments (Knight 2014: 1339). Fiscal decentralization until 1994 also granted provincial officials plentiful marginal tax retention to finance the growth of non-state sector and reform of state sector (Knight 2014: 1340). Also, the Central government encouraged the establishment of large enterprise clustering such as PetroChina, Sinopec, or China Telecom, and controlled financial system to direct credits to certain industries mainly through state-owned banks (Baek 2001: 490-493). Even without strong industrial policies, Beijing's control over finance and personnel control at SOEs has given it influence on SOEs. Because state loans in China flow to domestic market-directed SOEs leaving FDI-financed non-SOEs responsible for export, China profoundly resembles Taiwanese developmental path (Baek 2001: 493-494).

Whereas espousing Knight (2014) and Baek (2001)'s stance that China is a developmental state, Kalinowski (2015) goes further to devise a new concept of

“neo-developmental state” to explicate China’s involvement in micro-intervention and rising public spending to guarantee local enterprises’ competitiveness.

Rather than support domestic industries via tariff and non-tariff measures, the Chinese government chooses to enable those industries to compete globally. Abandoning control of finance, the government governs the market by raising fiscal public spending instead (Kalinowski 2015: 259). For instance, it is found that around 90 percent of China stimulus package was for public investment like power, transport, rural village and housing infrastructure while non-construction infrastructure occupied a minor segment (Kalinowski 2015: 250). Most importantly, China is found to dole out subsidies to small and medium enterprises and start-up companies to help them withstand competition in the global market (Kalinowski 2015: 260).

On the other hand, a discreet conflation of China’s developmental path with developmental states of East Asia is advised in reference to several deviations from the concept in the case of China. Those deviations include political demands-impaired central economic planning, a misuse of financial autonomy by local authorities to favor local development plans, local officials’ rejection of central development scheme for the sake of Asian investors, and declining state’s efficacy in delivering collective goods (Evans 2014; Breslin 1996).

In the case of China, it is found that political demands, both within the party and from social actors, have dogged the creation of sophisticated and effective economic development scheme. For instance, as cited in Breslin (1996: 2), Susan Shirk raised that the Chinese Communist Party tended to adopt policy options which hurt no particular group rather than the ones which best serve long-term plan. The practice came into play in 1988 when Zhao Ziyang, the then party leader, proposed price reform as a cure to rising inflation but the idea was vehemently repudiated by Premier Li Peng and others with fears that price reform could trigger discontent. And finally, the CCP reintroduced planning and price controls (Breslin 1996: 693).

Local governments in China have also allegedly usurped financial autonomy to widen extra-budgetary investment finance from international contracts and pressed commercial banks and enterprises to adopt local government schemes instead. When provincial officials were permitted to find investors overseas for small projects, to spend and collect money without reporting to the center, they invested much more in unprepared local projects than in the state-planned ones. As an exemplar, in 1985, investment in unprepared state plans recorded 87 percent rise, while state-orchestrated ones stood at just 1.6 percent increase (Breslin 1996: 700).

In search of economic interests, local authorities even discarded internally determined development plans and followed the demands of Asian investors instead (Breslin 1996: 690). For instance, Qi Lou and Howe found that Taiwanese investors' intentions to invest in chemical production compelled Xiamen officials to remove their initial electronic manufacturing production plan to live up to the investors' demands (as cited in Breslin 1996: 704).

China's case appears starkly incompatible with developmental states concept when attention is lavished on an ability of the central authority to integrate civil society as a contribution to formulating inclusive state-directed plans to enhance development which later strengthen capability expansion. Evans refers to such states as the '21st century developmental state' (Evans 2014). With Amartya Sen's capability approach at its core, the concept's thrust is to improve human development so as to pursue growth policies.

Under this new concept, China lags far behind. Specifically, the delivery of provision of collective goods has, Dreze and Sen (2002) stresses, deteriorated in the transition to market-centered approach (as cited in Evans 2014: 101). To exemplify, the period between 1960 and 1981 saw China outpace Korea in reducing infant mortality while its income growth was abundantly lower than Korea's. But from 1990 to 1999 when China's income growth soared, its infant mortality regime faltered instead. This results in China's low embeddedness which implies the degree of inextricably connected web of state, administrative, political and civil society actors (Evans 2014: 1001).

2.2. Neopatrimonial States

Neopatrimonialism results from Max Weber's labelling of patrimonial authority as one type of traditional authority (Dibua 2013; Soest 2006 & Bechele 2010). In the system, the control of the state is at the mercy of individual rulers. Mastering and usurping public resources personally, rulers share public resources among clients through the yardstick of their personal loyalty to the rulers (Soest 2006). In essence, public authority is managed through patron-client network or personal relationship (Dibua 2013).

The term "neo" is used to separate between "pure" and "traditional" patrimonialism (Soest 2006). Actually, neopatrimonialism describes the combination between two Weberian ideal types: i) patrimonial and ii) rational-legal domination (Dibua 2013). Patrimonialism generally accounts, Weber (1980) said, for a system wherein patrons offer gifts in the forms of own resources to followers to win their support (as cited in Soest 2006: 7). Patrons are usually officials in public institutions who forfeit public fund to remain in office (Soest 2006:7). Hence, neopatrimonialism simply refers to a type of organization where relation of patrimonial genre coexists with a political and administrative system which operates based on rational-legal measure (Dibua 2013).

According to Dibua (2013), rational-legal authority constitutes a major part in neopatrimonialism. Essentially, constitutional order, bureaucratic organization, separation between public and private sphere, and legal processes are all undermined by patrimonial practices exemplified by personalism, patronage, clientalism and corruption (Dibua 2013: 8). As Bratton and van de Walle posited, an individual, not an office, claims the right to lead in neopatrimonial regime (as cited in Dibua 2013: 8). In this manner, personal friendship, allegiance and dependence permeate official political and administrative framework, making public officials underperform their public services for the sake of wealth and status retention (Dibua 2013: 8).

The concept has been famously applied to African politics for decades (Dibua 2013; Soest 2006 & Bechele 2010). For instance, Medard was the first scholar to use the concept to explain Africa's underdevelopment in the late 1970s (as cited in Dibua 2013) The application further flourished in the 1980s and 1990s when Africa was hard hit by economic crisis and neoliberal economic recovery policies imposed by international financial institutions (Dibua 2013: 8).

In the case of Zambia, Soest (2006) proved that the rulers reshuffle political elites to stave off political rivals. With ministerial posts lasting only around 2-4 years, cabinet expansion has been used to award elite members. That is why from 1986 to 1988 when Zambia was crippled by falling market price of copper, its cabinet size however expanded to 27 ministers. Equally acute is the misappropriation of state resources. In 1999, 'President Discretionary Fund' was launched to render the President 12 billion K wacha annually (around USD5 million) for partisan reasons (Soest 2006: 10-12).

Dibua appreciated this institutional efficiency of Africa yet questioned Soest and other neopatrimonial scholars like van de Walle who ascribe Nigerian economic hardship to political clientalism, ideological tendency and poor capacity (Dibua 2013). Earlier propositions, Dibua (2013) claimed, neglect external domain, the so-called neoliberalism-centric developmentalism in Africa in the 1980s. Hard-pressed to receive loans and credits from Western governments and international financial institutions, Nigeria and other African states stand to accept the inflow of foreign technologies and inputs. This diffusionism leaves Africa at the mercy of Western states with the impending threat of capital exodus (Dibua 2013: 21).

In Latin America, neopatrimonialism, as Medard (1982) remarked, functions to integrate and assemble various concepts and components in the region like clientalism, nepotism, and corruption under a single analytical framework, and to avert conceptual hauling (as cited in Bechle 2010: 14). This is because myriad of concepts like Caudillismo, Caciquismo, mandonismo, coronelismo, populism and neo-liberal populism emerge to explain political and institutional phenomena in the region. In this manner, neopatrimonialism concept

helps reduce the problem of parochialism in Latin America (Bechle 2010: 13). With three informal institutions in focus namely i) accumulation of personal power, ii) systematic clientalism and iii) the categorization of Latin American states can be made. Venezuela complies with only two criteria while its elites have been far from concentrating power effectively. Argentina similarly follows suit with its elites unable to completely control independent media and strong civil society (Bachle 2010: 20).

2.2.1. Commitment to growth

Neopatrimonial states have a poor record in committing to growth mainly because their leaders exploit state resources only for personal interests (Kohli 2004; Dibau 2013; Bachle 2010; Soest 2006). Public goals are undercut by personal and group interest, throwing state-directed development plan in neopatrimonial states into abyss of failure (Kohli 2004: 9).

With no concrete national development objectives, the states intervene in the economy only to win short-term political support through patronage system. This practice breeds corrupt state-business network. Ultimately, political chaos, inconsistent policies and state resource exploitation auger badly for industrialization prospect. (Kohli 2014: 15).

As the case of Zambia shows, corrupt practices across state institutions are found to hamper tax collection. Heads of departments related to taxation were nominated by the ruling party, which stoked resentment among other tax officers. Huge tax revenue was not fully collected. Zambian Minister of Finance in 1992 expressed concern that only one third of formal sector incomes had been taxed (Soest 2006: 14-15).

The states also don't have long-term blueprint to empower local entrepreneurs, special treatment for new industries, formal training for entrepreneurs, efforts to harness cutting edge technology in production, and bargaining power over corporations to promote management and technology locally (Kohli 2004: 342). Appropriating few economic resources and channeling them to unproductive investment, neopatrimonial states fail to support domestic

capitalists, improve the low quality labor and ameliorate political unrests. This plagues the growth of national private sector in manufacturing industries. To offset this erroneous capitalism, neopatrimonial states welcome foreign goods, producers, and foreign investment because their domestic production generally falls apart. This importation is possible because the states usually have alternative sources of revenue and demand (Kohli 2004: 15).

In the case of Nigeria, such inefficiency clearly manifests. Even if Nigeria experienced GDP increase from 5.8 percent in 1972 to 16 percent in 1980, its industry remained inefficient. Around 80 percent of all construction materials such as cements were to be imported while the government failed to smoothly supply, allowing the middlemen to reap huge profits translating into cost inefficiencies (Kohli 2004: 356).

2.2.2. Degree of Power to Pursue Development

As opposed to developmental states, neopatrimonial states are fraught with underdeveloped organization. Their politics are comprised of pre-class, haphazard interest group network, and incompetent public bureaucracy. The woeful lack of well-developed ideology and efficacious institutions spell their incapability of setting and achieving economic objectives. Public resources are highly likely to slip into the pockets of corrupt elites for personal affluence, triggering disaster in stategoverned development (Kohli 2004: 22).

In the case of Nigeria, poor bureaucracy to steer growth is clearly observed. Whereas Nigeria recruited up to two million officials in 1986, the quality of civil service still regressed. This emanates from several interrelated factors such as low quality training institutions, lowering entry requirement for applicants in the northern region for political reasons, control of technical positions by mostly expatriates, career promotion based on personalistic criteria, and pervasive corruption (Kohli 2004: 347-348).

In a similar vein, state-interest group network in the states is poorly organized, usually resulting in antagonism, tension and conflict. For instance,

between 1963 and 1964, political elites in Nigeria mobilized workers for a strike after political forces in the northern part marshalled their forces. This scenario rapidly escalated into regional-ethnic dimension wherein the central government, occupied by northern elites siding with foreign enterprises, balanced against workers from the southern part. At its worst, the military stepped in and accomplished another fraudulent national election in 1964 (Kohli 2004: 333).

2.2.3. Neopatrimonialism and China

The work of Wu (2015) stands out to illuminate neopatrimonialism and development in China. It is found that China can be said to have two faces of bureaucracy (Wu 2015). For one thing, there has been incremental rationalization of bureaucratic institutions in China since 1978. But informal practices of patron-client network, personal loyalties and the use of state power for personal benefits still encircle its bureaucracy. Even if China introduced decentralization and promoted professionalism in state institutions, it has still clung to authoritarian regime (Wu 2015: 284).

The continued use of *guanxi*, the offering of gifts among friends, is indicative of neopatrimonial practice. Under such social norm, gift-givers entangle themselves in redistributive structure since the beneficiary feel the need to do a favor. Similarly, provincial branches usually capitalize on the center's monopolization of resources by lengthening their demand lists to grab extra budgets into their pocket (Wu 2015: 287).

However, adverse effects of these practices are mitigated by a number of growth-oriented strategies. Prioritizing growth promotion, the central government still holds much sway over agents concerning growth fulfillment task by treating the patron-client network as a checking tool. Albeit pervasive, corruption in China is transactive in character meaning bribery and rents are used to break bureaucratic bottleneck and to gain goods and services rapidly. This has positive effects on economic growth (Wu 2015: 290-291).

2.3. Fragmented Multiclass States

Compared to the above two ideal types of states, fragmented multiclass states is a concept which is far less established in academic work. In terms of pursuing growth and industrialization, fragmented multiclass states situate somewhere in between developmental states and neopatrimonial states on the scale of political effectiveness (Kohli 2004).

2.3.1. Commitment to Growth

The states have many targets to achieve at once including economic growth, redistribution, legitimacy, and sovereignty (Kohli 2009: 217). Such pluralities of goals dog the states' growth promotion task by allowing groups and individuals to exploit state resources for short term gains and by forming unpredictable relations between the states and private sector (Kohli 2004: 15).

Fragmented multiclass states are less effective in easing supply and demand constraints compared to developmental states. On one side, the states have limited ability to collect tax, public spending package is spread across several sectors, efforts to steer credits culminate in cronyism and inflation becomes a tool for political expediency. Repression of labor is not functioning, leaving investors with scanty cheap labor force. On the other side, tariff and exchange rate policies geared to shore up demand for domestic products usually create potent interest groups which demand the states' attention and resources. In general, fragmented multiclass states resolve to promote industrialization but with lesser success than developmental states do (Kohli 2009: 217-218).

2.3.2. Degree of Power to Pursue Growth

Fragmented multiclass states are usually ineffective in concentrating power as a result of their weak political institutions which ignite intra-elite hostility and curb the state's efforts to control all spectrums of society. Interest groups within these states oftentimes put up their demands for ruling elites, making the elites flexible in their contacts with interest groups with an ultimate aim to secure legitimacy (Kohli 2009: 222). The tie between ruling elites and the

poor, both in the city and rural areas, is, Kohli (2004) suggested, generally disorderly, which prompts both rhetorical populism and conversation response to such populism (as cited in Westhuizen 2013: 82).

Facing multiple goals and demands of interest groups, political and economic elites often see their power resources dwindling, which deals a major blow to industrialization efforts (Kohli 2009: 222). Skills and professionalism in public bureaucracy of this type of states vary, meaning differences in the states' capacity to carry out economic policies (Kohli 2004: 23). In sum, fragmented multiclass states wield limited power resources to pursue industrialization and growth (Kohli 2009: 223).

2.4. Bureaucracy and Growth Promotion

Studies attest to a claim that the capability of a state to deliver rapid economic growth is partly a deliverable of a competent and professional bureaucracy (Jiamovich & Rud 2014; Goldsmith 1999; Liao 2001; Evans & Rauch 1999; Papaconstantinou, Tsagkanos & Siriopoulos 2013; Kohli 2004). Conversely, corruption-plagued civil service is believed to cause a drag on economic and social development (Papaconstantinou et al. 2013).

Among the three ideal-type of states, developmental states successfully construct such competent bureaucracy, generally called Weberian bureaucracy, to support their market economy (Kohli 2004). Marx Weber attaches a number of hallmarks to such bureaucracy including meritocratic recruitment, foreseeable long-term career rewards, graded hierarchy, official procedures, a system of salaried and full-time employment and performance-based promotion (Evans & Rauch 1999; Goldsmith 1999). This type of bureaucracy is resolved to stem corruption, avoid rent seeking, help entrepreneurs, provide constant public goods necessary for investment, and incentivize local enterprises to cruise into the global market competitively (Evans & Rauch 1999). Such bureaucracy also accommodates a nodal agency which can rectify improper bureaucratic practices and bring back bureaucratic compliance (Chibber 2002; Rothstien 2015).

On the contrary, neopatrimonial states and fragmented multiclass states are devoid of Weberian bureaucracy to varying degree respectively (Kohli 2004). Besides corruption and patronage, bureaucracy of the two ideal-types states more or less features cumbersome and oversized civil service manpower, which equals to mismanaged human resources potentially disrupting economic progress. Even worse, bureaucrats of the two states inflate wages for unskilled civil servants through heavy public sector demand so as to siphon off profits from non-competitively recruited unskilled bureaucrats; hence, this undermines private sector's competitiveness (Jiamovich & Rud 2014).

Chapter 3: Methodological Framework

This chapter exhibits methodological choices upon which the thesis embarks to elicit and analyze data necessary to answer the posed research question. This thesis applies qualitative research, specifically case study. Additionally, this thesis is also inspired by the use of document analysis as a research method to form themes and categorization out of reviewing secondary documents available.

3.1. Qualitative Case Study Research

Tracing its origin in qualitative approach to researches, contemporary case study research has been used in multiple disciplines, namely the social sciences, education, business, law, and health to answer varied research questions (Harrison et al. 2017). Ragin (2000) describes a case study as a research strategy to investigate one or a small group of phenomena in depth to discern configuration of each case and to illuminate attributes of bigger class of phenomena through developing and appraising theoretical explanation (as cited in Vennesson 2014). Gerring (2007) advocates the notion by arguing that a case study is an elaborate study on a single case to better comprehend larger class of case or a population.

Allowing researchers to focus on a case and gain real-world view, a case study is usually applied to “how” and “why” questions because such questions require explanation on operational connections to be traced over time rather than just frequencies or incidence (Yin 2014).

The case study research method is also popularly used to study contemporary phenomenon but it needs two sources of evidence, namely direct observation and interviews of persons in the events (Yin 2014). Importantly, drawing an analogy to a similar difficulty in reaching generalization in science derived from just single experiment, Yin (2014) stated that the goal of doing case study research is to expand and generalize theories, not to extrapolate probabilities. Simply, case study research method generalizes theoretical propositions, not the entire population or universe. It relies on existing

development of theoretical propositions to pave the way for its data collection and analysis. And these propositions guide researchers to search for related evidence.

Yin (2014) also identified five important reasons to choose a single case study approach. First, it is critical to theoretical construction since it helps confirm, challenge and extend the theory. Second, the case might be unusual, different from theoretical standings in today world. Third, the case might be common through which researchers can explore circumstances or conditions of today world. Fourth, the case might be revelatory in which investigators get a chance to observe and analyze a phenomenon earlier impossible to access by social scientists. Fifth, a single case study can be longitudinal when the same case is studied at two or more different points in time to discover how specific conditions or processes change as time passes by.

An attempt to answer “to what extent China at the wake of Third Plenary Session in December 1978 is considered a cohesive-capitalist state?” question requires elucidating operational linkages of variables, which are, if thoroughly traced, found to lead up to the final proposition whether China is a cohesive-capitalist state. In this manner, “to what extent” question carries a connotation as similar as “how” question for which case study research is commonly used.

Moreover, this thesis develops its main research question benefiting from the existing theoretical proposition of developmental states, neopatrimonial states, and fragmented multiclass states. This makes the selection of China in the reform era increasingly relevant. It is mainly because the case comprises of rich description of configuration of variables in a specific real-world context, necessary for possibly confirming, negating or extending existing conceptual assumptions of the three ideal-type states. Simply, the case of China allows for possible theoretical contribution or modification to the three ideal-type states.

According to Vennesson (2014: 243), case study research method runs the gamut of wide epistemological conceptions, ranging from positivists (King, Keohane and Verba 1994) to interpretivists (Burawoy 1998), and to the intermediate positions (Brady and Collier 2004). Philosophically, researchers doing case study adopt positivist position when they believe in one single reality

which is independent of human beings and can be studied while they uphold interpretivist perspective when they believe that several realities and meanings exist out there depending on researchers (Harrison 2017).

Hence, this thesis positions itself under a positivist conception. The perspective honors a belief in objectivity and the pursuit of generalization (Ellingson 2011, as cited in Harrison 2017). Researchers following the perspective achieve validity by scrutinizing others' results, and adhering to rigorous data collection and analysis mechanisms. To avert subjectivity and bias, contact with research subjects has to be reduced (Harrison 2017). This thesis falls under this conception since it strives to review several existing empirical works to question theoretical propositions of the three ideal-type states. The process works to scrutinize others' works to achieve validity. Also, as the thesis employs content analysis, bias arising from interaction with research subjects is absent. The researcher interacts only with existing published works.

3.1.1. Limitation

One outstanding limitation looms large. The case of China's promoting bureaucracy to enhance economic growth in the reform era does not seem to fit into contemporary phenomenon which Yin (2014) considered the subject case study protagonists commonly choose. The case of China is more of a historical episode. However, because the case represents an empirical real-world case full of varieties of existing empirical findings on correlation between bureaucratic promotion and economic growth in China, it is interesting to use the case to be able to verify, modify, or extend 'developmental state' theory.

3.2. Document Analysis

As one of analytic methods in qualitative research, document analysis lends itself to a systematic process of reviewing and evaluating documents, both hard and soft materials (Corbin & Strauss 2008, as cited in Bowen 2009). Such systemic process entails an examination and interpretation of data so as to draw meaning, understanding and empirical knowledge. As cited in Bowen (2009), the

elicited data are usually filtered into important themes, categories and case examples within the entire content analysis process (Labuschagne 2003).

Documents for analysis vary in forms. They can be blitz; agendas, attendance lists, and meeting reports; manuals; background papers; books and brochures; diaries and journals; event programs; letters and memoranda; maps and charts; newspapers; press releases; program proposals; application forms, and summaries; radio and television program scrips; organizational reports; survey data; and several public records (Bowen 2009: 28). Attending to document analysis, researchers hinge on an elaboration and interpretation of data of previous studies rather than securing sheer raw data for analysis.

As Stake (1995) and Yin (1994) posited, document analysis is markedly compatible with qualitative case studies, which allow for exhaustive description of a particular phenomenon, event, organization or program (as cited in Bowen 2009; George & Bennett 2005). While Mills, Bonner and Francis (2006) advise researchers to resort to non-technical literatures including reports and internal correspondence as the mainstay of empirical data for case studies, Merriam (1998) hinted that documents of all sorts assist researchers in discovering meaning, establishing understanding, and developing insights into a research problem (as cited in Bowen 2009).

In tandem with the above discussions on constituents of document analysis, this thesis decides to use certain existing published secondary sources to draw data, meaning, understanding and empirical knowledge surrounding China's institutional efforts to streamline public bureaucracy to promote growth after reforms in 1978. Those sources, including, but not limited to:

- *“Political turnover and economic performance: The incentive role of personnel control in China”* by Li and Zhou (2005)
- *“Regional decentralization and fiscal incentive: Federalism, Chinese style”* by Jin, Qian and Weingast (2005),
- *“The fundamental institutions of China's reform and development”*, by Xu (2011),

- “*Between separate stoves and a single menu: Fiscal decentralization in China*” by Tsui and Wang (2004), “*Relative performance evaluation and the turnover of provincial leaders in China*” by Chen, Li and Zhou (2005),
- “*Yardstick competition in a federation: Theory and evidence from China*” by Caldeira (2012),
- “*Decentralized authoritarianism in China: The Communist Party’s control of local elites in the post Mao era*” by Landry (2008), etc.

The selection of these secondary sources springs from a number of reasons. First and foremost, these secondary sources contain empirical data on the case of the Chinese government using institutional measures to rationalize public bureaucracy. This long list of sources runs the gamut of varied findings on correlation between bureaucratic promotion and achieving high grow rate in a post-Mao China, from positive ones to neutral ones. Thus, it permits the thesis to develop main themes and categorization such as “meritocracy-based recruitment”, “political turnover”, “regional decentralization” or “provincial competition” necessary to analyze how close the Chinese government after 1978 corresponds to developmental states.

Second, this list contains credible journals and books on the subject of China’s bureaucratic conditions during and after the reform era. Such diversity of authors’ background, from Chinese to Western ones together with their scientific ways of studies, enables the thesis to obtain balanced views on the phenomenon. And third, this list of sources allows for source criticism whereby each source can be compared, contrasted and verified to avoid possible bias of claim or propositions advanced by a single author.

Document analysis as a research method, Bowen (2009: 29-31) claimed, provides several instrumental functions for this thesis. First, documents enable researchers to be familiar with the contexts, background information and historical insight of the issue they investigate. For the thesis, the above documents unveil the general context, logics and details of China’s personnel control and decentralization after 1978. Second, other questions or observe other overlooked

situations while reviewing. Third, documents could offer supplementary data for the research if other methods in the study are used. Fourth, a multiplicity of documents serve as a way to monitor changes in relation to phenomenon in discussion. The thesis can observe how personnel control, for instance, in China has evolved over time through documents across different historical periods. Fifth, documents help verify findings and corroborate evidence from other sources.

3.2.1. Limitations

There are some observable limitations arising out of using document analysis as a research method. First, the thesis will run short of rich types of evidence or data obtained from various research methods. Document analysis, Denzin (1970) raised, is usually combined with other qualitative research methods to achieve convergence and corroboration via the use of diverse data sources and methods (as cited in Bowen 2009: 28). However, because the phenomenon this thesis explores, namely the Chinese government's use of improved bureaucracy to promote economic growth, is part of historical phenomenon, the prevalence of existing published empirical studies helps mitigate possible bias. Second, the thesis might encounter what Bowen (2009) called the 'problem of insufficient detail'. Since above documents were published for their respective objectives rather than the thesis's one, they are totally independent of a research agenda. Third, because the researcher of this thesis shows no command of Chinese language, it precludes the inclusion of several other relevant journals or books about the phenomenon in Chinese. Bowen (2009:32) refers to this issue as 'biased selectivity' which simply means the incomplete assembly of documents.

Fourth, for political scientists, the use of document analysis implies the use of primary documents so this thesis is prone to bias if source criticism is absent. This thesis is far from accessing primary sources on China's meritocratic recruitment, capacity building of state personnel, performance contracting system and fiscal decentralization to incentivize growth-oriented officials. A Chinese language barrier faced by this thesis's author is one of the reasons.

The Political Science and Peace and Conflict Studies subject guide of Lund University (Lund Universitet n.d.) succinctly recommends important steps to undertake source criticisms when reviewing secondary sources. First, readers should appraise those sources' reliability (the credibility or reputation of the sources), relevance (the usefulness of the sources to ones' study), references (sources these secondary materials use), and target audience (types of people these sources is directed to). Second, readers should probe an authority of those sources by scrutinizing profile or qualification of the authors of those sources, and examining the credibility of publishers of those materials. Third, readers should examine whether those sources are intended to inform, display research finding, share views, entertain, or convince public opinion. Fourth, readers had better notice the date when those sources were produced.

Chapter 4: Findings

This chapter is designed to delve into what policy interventions the Chinese government has introduced to streamline its bureaucracy after 1978 and whether such reformed bureaucracy is geared to spur economic growth. The chapter found out that the Chinese government has embarked upon meritocratic recruitment reform, capacity building of civil service personnel, performance contracting, and fiscal decentralization as incentives to drive growth. These policy interventions have both assisted in facilitating local economic development and triggered corrupt practices, informal networks, and interagency conflict, which could possibly drain growth promotion.

4.1. Institutionalizing China's Civil Service System

Civil service reform in People's Republic of China took shape amidst an urgency to restore political legitimacy. In an attempt to save socialism from crumbling as a result of the Cultural Revolution, one of the reform strategies was to solidify the party's control over society, through transforming the cadre management system (Pieke 2009). Prior to 1978, the Chinese bureaucracy was characterized by poor qualified, old-aged, and politically motivated recruited personnel whose main task was to undertake revolution. In this sense, Deng Xiaoping famously announced in 1989, 'China's cadre corps should become more revolutionary, younger, more knowledgeable and more specialized' (Pieke 2009: 41).

In China, the terms 'cadre', 'civil servants' or 'public officials' are interchangeably used but they carry slightly different meanings. In China, the term 'civil servant' incorporates both party cadre and non-party government officials, making it extremely challenging to distinguish (Rothstein 2014, as cited in Chou 2008). According to Pieke (2009), cadres in communist parties mean those who are in leading positions or professional officials critical to the party's operation. After 1949, cadres evolved to account for meritocratic power elites who are different from the people or the mass in that they fully engage in daily management and leadership. In essence, cadres ought to enjoy professional skill

and knowledge required by their work and to commit to socialist ideology. Unlike many Western countries, the Chinese civil service excludes a) all manual workers hired by the government and b) the staffs at all public service units such as schools, universities, hospitals or research institute (Burns 2007).

The system of personnel management of the Chinese Communist Party (CCP) is called *nomenklatura*, a regulative system managing leadership selection and appointments in institutional bodies in China (Zang 2013). In contrast, *Bianzhi* is a system handling authorized number of personnel in established posts in the Party, a government administrative body, a service organization, or a working unit. In this manner, *Bianzhi* includes all employed in an organ while *nomenklatura* counts only the most important ranks. For instance, thousands people of Peking University are within the *Bianzhi* of the educational system but only a few senior people are counted in the Central Committee's *nomenklatura* (Brødsgaard 2002).

Before examining China's landmark civil service reform, it is worth mentioning that the CCP has been claiming its influential role in China's civil service. Indeed, one member of the seven-member Standing Committee of the Politburo manages cadres and the management of the civil service. Moreover, the Party members register up to 80% of civil service posts in the approximately five-and-a-half-million-strong civil service (Burns 2007; Rothstein 2014). Significantly, the Central Committee tasks Organization Department with making policy for the civil service and the State Council's Ministry of Personnel is responsible for implementing the policy under the supervision of Organization Department. Here, the Party and government institutions working on civil service work hand in glove (Burns 2007).

Initial efforts to modernize the Chinese bureaucracy manifested in the form of an official abolition of lifetime appointment of the party and government officials and an introduction of a mandatory retirement system in 1980 (Li & Zhou 2005). Under the system, provincial leaders have to retire when reaching the age of 65 if they are not offered a place at the central government. This paved the way for younger people to take offices long occupied by senior provincial leaders

(Li & Zhou 2005). In addition, the party embarked upon reducing the size of the party and government, mainly politically inflated during the Cultural Revolution. As a result, central government organs were reduced from 98 to 61. Several commissions such as the State Agricultural Commission were abolished; some ministries were merged such as the one between the Ministry of Power Industry and the Ministry of Water Conservancy; and some new ministries were created such as the Ministry of Aviation Industry (Lee 1984). At the wake of the reorganization, newly promoted cadres made up a majority: 62 percent in the central government, 56 percent in the Central Committee, and 51 percent in the provincial secretaryship (Lee 1984).

Not until 1993 was civil service system officially established in China. The promulgation of Temporary Regulations on National Public Servants brought the civil service system into existence. Evaluation criteria for government officials, formerly in the pre-reform period defined by political conformity, was changed to economic performance and other merit-based yardsticks. Although political allegiance remains vital, several other factors are included in the evaluation process. Being young, holding sound educational background, and obtaining expertise in administrative management are marking criteria (Pieke 2009: 33; Li & Zhou 2005: 1746). Edin (2003: 37-38) disaggregated fundamental criteria of civil servant performance evaluation which are used at all departments, units and areas in China into four elements: i) political integrity, ii) competence iii) diligence and iv) achievement. It is revealed that work achievement made up 60% to 70% while political integrity, competency and diligence altogether constituted only 30% to 40% of the evaluation. In keeping with the evaluation results, cadres are ranked: i) excellent, ii) competent, or iii) incompetent (Edin 2003: 37-38). Later in 2005, the full Civil Servants Law came into force to supersede the Temporary Regulations (Pieke 2009: 33).

By and large, civil service reforms from the 1980s to 2005 have been mainly designed to address low predictability in public personnel management and overwhelming personnel power of local leaders. In other words, these reforms intend to put in place a personnel system for officials in government

administrative units and divide a clear line between the management of these staffs and public staffs in other sections of state sectors and service units. From another perspective, these reforms play a role of substituting the pre-reform cadre management system riddled with patronage and nepotism with meritocracy-packed system (Chou 2007).

4.2. Meritocratic Recruitment

To maintain high capacity public administration, staffing policies were introduced to recruit highly qualified people through open and competitive procedures. Confined to urban dwellers, the first open recruitment unfolded in 1978 when 23 provincial-level hired 34,000 cadres. Whatsoever, it engaged fresh college and secondary school graduates to fill posts at entry level. As early as 1986, Shenzhen city of Guangdong Province and Qindao City of Shandong Province also recruited mid-career candidates for positions up to bureau level. Between 1993 and 2000, approximately 350,000 officials in 29 provincial-level government were transparently selected (Chou 2007: 58).

A number of concrete steps are to follow in the selection process. After receiving applications for certain positions, an employing unit verifies whether applicants have fulfilled the minimum requirements such as age, qualification level, gender, youth league membership, and then forwards those who pass to sit written exams. Later comes thorough inquiry of shortlisted candidates through interviews or specialist exams. The party core group of the employing unit is responsible for this entire process under the auspices of the CCP's organization department. As an example, the Ministry of Personnel openly advertised four vacant bureau chief posts which later drew around 100 submitted applications. At the short-list stage, only 31 candidates were chosen and asked to visit a township within Beijing and to study the township development. Later they were to write analytical papers on the subject matter, the result of which brought only 12 candidates to an interview stage presided over by the Minister and other vice-

ministers. After all, only four candidates were chosen for promotion (Burns & Xiaoqi 2010: 66-67).

The appeal of working in civil service is also abundantly evident in China. From 1994 to 2004, the ratio of the total of candidates for each position has risen from around 10 to nearly 18. Data for the mid-1990s illustrates that civil service careers were more appealing to people in poorer provinces such as Liaoning and Jilin and in the western region than in richer region such as Shanghai (Zhu 1997, as cited Burns 2007: 10). For young university graduates, treading through civil service endows them with bureaucratic knowledge necessary for their higher-paid jobs in the future.

The mandatory retirement policy instituted in 1982 paved the way for many younger people to be selected for leadership positions. From 1981 to 1989, the average age of officials of ministerial and bureau positions shrunk from 63.6 years to 56.9 years. By 1998, only 54 % of provincial or ministerial level officials were over the age of 60 while this over-60-age group represented up to over 80% in 1980. Again, the number of this over-60-age official group at bureau level declined from 37% to 11% and hovered at only around 1% at county level. In general, more than half of civil servants were below the age of 40 by the mid-1990s (China Organization 1998; as cited in Burns 2007: 12).

Transparency surrounding recruitment was also promoted through multiple channels. Recruitment opportunities for civil service positions were announced and handled online through official websites of the Ministry of Personnel and local personnel bureaus since 2001. On-line application drove the amount of applications for position in central government from 30,000 in 2001 to more than 540,000 in 2004. The public notification system further enhances transparency. Article 38 of the Regulations of Appointment of Leading Cadres in effect in July 2002 mandates the Party Committee to notify employees who work with cadres-designate 7 to 15 days in advance before announcing their possible appointment up to prefectural or bureau level. This system correlates across-the-board consultation with the selection of right candidates for leading positions (Chou 2007: 59).

It can be argued here that the competitive and meritocratic recruitment since 1978 has considerably absorbed thousands of young, talented and highly qualified university graduates into the Chinese bureaucracy. Rational process of selection process, not political relationship, has become a tool to authorize admission into civil service jobs. Thousands of young bureaucrats have been promoted to replace old officials at leadership positions. This confluence of merit based recruitment, rational selection process, young bureaucrats-strong public institutions suggests that immediately after reforms in 1978, China has strived to bear the hallmarks of modern administrative organizations of Weberian bureaucracy (Evans & Rauch 1999; Goldsmith 1999). It is because in Beijing's calculus such bureaucracy is necessary for predictable delivery of public goods to assist local enterprises to enter the global markets and to ease local investment projects.

4.2.1. Recruitment-Related Corruption

Even though a plethora of reform efforts have been taken to bolster meritocratic recruitment in civil service, misconducts and corruption have still been found to cloud recruitment process. A great number of public positions, mostly at local levels, have been taken via corruption. For example, in the late 1990s, officials in Wenzhou City, Pizhou County, Beihai City, Huaibei City, Teiling City, Guanfeng County and Heilongjiang Province were caught selling public positions. Notoriously, former National People's Congress Vice Chairman Cheng Kaijie was allegedly found selling public posts in 2000 (Burns 2007: 13-14). In June 2004, former head of the Jiangsu provincial CCP Organization Department was sacked for pocketing 100 million yuan worth bribes from lower-ranking officials asking for promotion. In December 2004, the former governor of Hubei province, Zhang Guoguang was charged with receiving 300,000 yuan bribes to manipulate promotion in Shenyang. In November 2004, a district head in Sichuan's Nanchong city was fired for putting 61 departmental positions on sale between 1999 and 2003. In March 2005, the former Party Secretary of Heilongjiang's Suihua city was imprisoned for welcoming bribes from 18

candidates seeking promotion between 1992 and 2002, the adversity of which resulted in 260 officials being arrested. In May 2005, the Party Secretary handling personnel in Guangdong's Heyuan city was punished for selling public posts from 1992 to 2003 (Burns & Xiaoqi 2010: 69).

Burns & Xiaoqi (2010: 69) brands the practice of buying public office as a chance to marshal rent from the public and in turn pay for the acquired position "wet" functions. In "wet" functions, civil servants are able to misappropriate high returns on buying public posts. According to leaked media reports, a junior post in a city-level planning and resource bureau in Liaoning province in 2005 amounted to the range of 30,000 and 50,000 yuan. As Sun (20014) observed, high ranking leaders enhance the quality of selection process to measure the willingness of applicants to bribe. In light of stringent and competitive selection process, candidates will be more willing to pay high price for posts, exacerbating corruption. The fateful effect is the increasing number of candidates entering civil service via non-competitive process (as cited in Burns & Xiaoqi 2010: 69-70).

Compounding the post selling problem is recruitment exempted from competitive process. From 1998 to 2001, Haidain district government staffed fewer than 215 demobilized soldiers in numerous agencies while recruiting merely 24 fresh civil servants by means of competitive process. Likewise, Ningbo employed around 1273 demobilized soldiers in city, county and township government from 1997 to 1999, accounting for around 6.9% of Ningbo's civil service (Burns & Xiaoqi 2010: 67-68).

While it is earlier proved that China has markedly built a Weberian bureaucracy after 1978, the Chinese has simultaneously demonstrated the bureaucratic features of neopatrimonial states from the 1990s to the 2000s. Aforementioned evidence of pervasive public post sales, promotion via bribery, and noncompetitive selection process all suffice to suggest that corruption and patronage system have certainly hardly hit the Chinese bureaucracy. It was not then public offices, but individual officers, who command the functions of the Chinese bureaucratic agencies. Such sale of public positions denotes informal personal friendship, loyalty and dependence between low-ranked and higher-

levels official which overshadow the Chinese administrative apparatus. For Dibia (2013: 8), this makes those corruptly-recruited officials underperform their public services for the sake of wealth and status retention, dealing a heavy blow to long-term economic development. Likewise, the act of admitting demobilized soldiers into the state bureaucracy, for Jiamovich and Rud (2014), unnecessarily inflated the size of the Chinese bureaucracy, which inflicts harmful effects on economic progress. All of these situate the Chinese bureaucracy far from being a Weberian bureaucracy but adjacent to bureaucracy of both neopatrimonial and fragmented multiclass states.

4.3. Capacity Building of Civil Service Personnel

Professional training for public officials has long been one of several efforts of the CCP since 1978 to enhance civil service system. In the past, training centered on political knowledge and literacy promotion. Following reforms in the 1980s and 1990s, the pendulum has swung to professional skills and expertise at the start of and during their careers. Evidently, the State Council saw an increase in its spending on average training for each civil servant from around 157 yuan in 1994 to 295 yuan in 1998, a 17% rise every year. In Shanghai Municipality, officials at bureau level were demanded to attend refresher course every three to five years as of 1990, the expense of which stood at about 6,000 yuan for each official compared to the city's average GDP per capita of 46,718 yuan in 2003 (Chou 2007: 68).

Meanwhile, the Party has also embarked on enhancing cadre training at all levels of administration through the operation and modernization of party schools and school administration. For instance, in 1995, over 200 party schools were operating across the whole China (Pieke 2009: 59). As one among other party schools, the Central Party School in Beijing is both a research based university and an apex of cadre training in China. Teaching only graduate students, the Central Party School have taught 1,126 Master's and 266 PhD students between 1981 and 2007. In its announcement on 1 October 2007, the school claimed to have trained more than 50,000 middle and high ranking officials. Periodic

retraining classes are the school's main courses, designed for prefectural and provincial level cadres. Most students have a rank at the deputy level so such training is central to their promotion likelihood at the full level (Pieke 2009: 66).

Rather than focus only on political ideology, training at the Central Party School takes on board contemporary issues. It is true that ideological education cannot be avoided there but it is not a gross set ideological reciting. Rather, the training entails interpretation and application of ideology. For example, in the published volumes of lectures of the Central Party School in 2002, one concerns critical issues in the contemporary world and the other deals with fundamental issues in Marxism (Yu & Yang 2002, as cited in Pieke 2009: 67). After wrapping assigned readings on Marxist articles and other related documents, students as young cadres are required to submit a written report each on a current topic analyzing senior political leader in the party, government or army. At the report session, candid discussion which might unleash unusual thoughts is allowed. Such sessions, Pieke (2009: 68) believed, are essential to knowledge accumulation of students and new ideas for the central leaders.

To garner more, superior and modern knowledge, party schools in China endorse academic travel. Basically, students and teachers can move to party schools, universities, and other institutions within China and abroad. As an exemplar, teachers at the Yunnan Provincial Party School are permitted to enjoy a semester or year break to attend a famous university especially in Beijing such as the Central Party School, the National Academy of Administration, Peking University, Tsinghua University or the Central School of Nationalities (Pieke 2009: 123). In tandem, the Central Party School in Beijing has on many occasions dispatched groups of students abroad for a few week-long academic exchange in Japan, Korea, Singapore, the US, Canada and western Europe.

Such academic exchange is also commonly practiced at several areas in China. For example, the head of educational affairs of the party school in Qujing prefecture in eastern Yunnan remarked in November 2004,

“After full-time study on the training course here has been completed, students go on an inspection tour for half a month to places like Zhejiang, Shanghai, Guangzhou or Shenzhen, mainly for inspection and to attend classes. After class,

students visit enterprises and villages. The students' expenses are borne by their work unit, while those of the teachers from here who accompany them are paid for by our school. Our teachers also have to pay fees for sitting in on the lectures. Two years ago we went to Shenzhen, where we had requested lectures from eight teachers from the Shenzhen City Party School, four on theoretical knowledge and four on enterprise management. Finally, there was one week when the students carried out party spirit analysis. The students wrote their own summary of their experiences that were discussed in their group. After that followed an exchange of views for the whole class that was attended by leaders of our school and leaders of the organization department here.” (as cited in Pieke 2009: 125).

Probably, the most renowned joint training program which unfolds both in China and abroad is the one between the Central Party School and the Kennedy School of Government at Harvard University. The program has as of early 2000s recruited young county-level cadres to take half year course at Harvard in a program relevant with their professional demands after enrolling in preparatory course in Beijing. The success of this program paved the way for an explosive growth of a handful of similar programs in countries like the US, Canada, France, Sweden and the UK (Pieke 2009: 125).

Another feature of civil service training is to associate training with previous professional experience and future promotion. For instance, in Shanghai Municipality, civil servants are obliged to take qualification examinations, the failure of which translates into re-examination, demotion and eventually dismissal. By mid-2004, around 200 civil servants who failed the examinations were demoted. Shenzhen City also demanded its civil servants who were rated “basically satisfactory” to take a three-month refresher training course at the Shenzhen Institute of Administration even if the efficacy of such training is open to skepticism (Chou 2008:68-69).

Capacity building of officials at both central and local levels has also been focused on knowledge on budgeting and financial management system. Since the mid-1990s, the government has rolled out series of institutional reforms to build capacity in relation to fiscal capacity, generally defined as an ability of a government to collect necessary fund to finance public services. These reform efforts are mainly divided into i) ascertaining legal position and power of

participants in budgetary process, ii) centralizing budgeting prowess under the finance department, iii) galvanizing budget transparency and encouraging citizen involvement, and iv) enhancing professionalism related to fiscal administration (Ho & Niu 2013: 40).

The 1994 Budget Law Framework forbade the Planning Commission, later known as the Reform and Development Commission, to prepare most government expense except for infrastructure-related funds. In return, all spending departments have the authority to allocate their own budgets and subsequently submit them to the finance department for scrutiny. As regards professionalization, the government promulgated the master of public administration (MPA) programs in 24 universities in 2004, which were different from trainings offered by the party schools and concerned mostly professional and managerial competence of officials. By 2007, the total number of universities teaching MPA programs skyrocketed to 100 to train managers for agencies and units in collaboration with the government (Ho & Niu 2013: 41). In the past decade, the Chinese government has sent many officials overseas for official visits and short-term training programs to study other countries' financial management and budgeting experiences, the thrust of which is policy mimicking of western experiences (Christensen et al., 2008, as cited in Ho & Niu 2013: 41). In parallel, economic benefits, in the forms of salary rise and other benefits, have been used to attract high caliber university graduates to apply for governmental positions in fiscal sector. From 1989 to 2002, salary of civil servants in China has increased six-fold. In effect, by 2009, about 40% of Finance department staffs hold an undergraduate degree or above, compared to only 23% in 2004 (Ho & Niu 2013: 42)

Pay rise has effectively been used to enlarge application basket for civil servant recruitment. As of 1993, salary of civil servants increased every two years and ultimately twice a year in 2001. The biannual payment stood between 50 yuan and 100 yuan per month. This marked upsurge in salary is meant to exhort more qualified applicants to apply for civil service positions. Consequently, over 56% of 5.4 million civil servants hold college degrees in 2001, a 25% rise from 1993.

Again, in 2004, up to 91.7% of applicants who passed qualifying round of recruitment examination for positions at central government owned college degree. Nonetheless, it is noteworthy that such pay hike caused strain on payroll spending. As a succinct testimony, the merit-based pay rise in Foshan City in 2003 entangled the city government with an extra loss of 20.54 million yuan, approximately USD 2.45 million. Even worse, the pay hike has been unevenly implemented across China. Namely, whereas rich regions record abundant pay hike incidences, several low-level governments in less developed areas experience far less. For example, from 1991 to 1997, cadres moving out of seven counties in Guangxi province were twice as many as those moving in by 100%. Just 38.57% of technical experts in the province held college degree, far under the national average 45.7%. In Tibet and Qinghai provinces, the total amount of cadres moving out was twelve times as many as those moving in (Chou 2007: 63-64).

By a standard of developmental states, a competent bureaucracy entails a sprawling base of highly qualified and knowledgeable staffs (Kohli 2004; Johnson 1982). Contemplating all pieces of evidence concerning capacity training in China after 1978, it is hard to refute a claim that China has not been committed to building a competent bureaucracy. Recorded rise in public spending on training for public officials and research-based training for officials pending promotion could have enlarged the total sum of young and highly qualified Chinese bureaucrats. Above all, trainings, whose content mainly concerns critical issues in the contemporary world and is scientific research-based, implies a reduction in the number of heavily politically indoctrinated officials in the Chinese bureaucracy as of 1978. Equally significantly, academic travels have further enabled young Chinese bureaucrats to grasp cutting-edge and innovative research-based knowledge from countries which have pioneered in research, teaching, and training around the world. This renders the prospect of open-minded high-caliber Chinese bureaucrats adjacent. Also, the Chinese government's commitment to constructing a competent bureaucracy is much clearer when looking at the use innovative tool of pay rise to incentivize officials to welcome training routinely.

4.4. Performance Contracts

Incidences of local governments renegeing on national targets for the sake of promoting local interests mushroomed in the 1990s. To reap short-term gains, local officials adjust central policies so that they can continue to capitalize on opportunities in local context. For instance, they would never cease to receive illegal fees to relax tax burden of peasants, the mobilization of which helps finance local project they value (Naughton 1987; Shirk 1990; Wedeman 2003). In light of this, strengthening state capacity became an urgent matter. One of the strategies to do this was institutionalizing performance measurement system.

In 1995, the central party leaders introduced The Notice on Strengthening and Improving the Evaluation of Work Accomplishment of the Leadership Corps of Party Committee and Governments at the County (Municipal) Level, which formally set up performance measurement in local governments across the whole China. The main objective was i) to motivate and govern cadres to achieve the party's guidelines, ii) to perform assigned tasks efficaciously, and iii) to accomplish fast, durable and healthy growth of the economy and wide-ranging advancement of society. The document underpins a general framework on evaluating concrete accomplishments of the local leadership officialdom (Gao 2009: 23). At its core, the 1995 document casts a spotlight on three rudimentary performance targets: 1) party building, 2) social development and construction of spiritual civilization, and 3) economic development (Gao 2009: 23; Chou 2007: 67).

In practice, cadres at local levels, especially township government, sign performance contracts with the center, notably party secretaries. This gesture gives rise to a system of cadre responsibility system. Under these contracts, they promise to achieve targets set by higher levels, and are held accountable for fulfilling those targets. Contracts are signed in multiple fields such as industrial growth, agricultural development, tax mobilization, family planning, and social cohesion. Performance targets are usually structured in order of significance: soft

targets, hard targets, and priority targets with veto power. While hard targets refer to targets in economic sphere, priority targets account for those in political domain. The achievement of hard targets is beneficial for political remuneration whereas the fulfillment of priority targets is conducive for personnel decisions. If township leaders could not reach priority targets set by the center, the center can use the veto power to rule out other work performance (Edin 2003: 6).

In essence, the most important evaluating criterion at local levels has always been economic performance. Based on the national guideline introduced in 1991, 18 economic criteria were used to evaluate government leaders but only three of the rest were not economic-related, namely population growth, forested area and nine-year mandatory education completion rate. All the 18 criteria covered GNP, gross value of industrial output, gross value of agricultural products, national income per capita, taxes and remittances, retail sales, etc. (Whiting 2001, as cited in Burns 2007). For example, the central government once set out an objective to achieve a yearly average growth from 2006 to 2010 of 7.5%, thereby Shannxi province being tasked to secure an 11% rise in its GDP by the end of 2010. The Xi'an city was to achieve 13% while the districts and counties below it were to grow by 12-13%. Meanwhile, Zhouzhi county was expected to grow at 12.5%. Accordingly, Zhouzhi county moved to disaggregate this policy objective into smaller performance targets pertaining to areas such as industrial output, concrete projects on local infrastructure construction, and the amount of workers needed to roll out projects (Gao 2009: 26-27).

Central officials' preoccupation with economic performance manifests in the practice of economic ranking. Of a particular note, government reports or provincial yearbooks usually elaborates rich information on graded ranking of provincial performances including growth rate, steel production, or length of constructed roads (Li & Zhou 2005: 1746). Reward and penalty have been frequently used to motivate local officials to achieve high economic performance and compete among peers. For instance, high achieving provincial secretaries could be promoted to officialdom at the State Council, the vice-premiership, the premiership and membership of the Politburo or the Politburo Standing

Committee. In parallel, provincial governors, one notch below party secretaries, could be promoted to the level of provincial party secretary or to equal position in ministries or commission at the center. Instead, failure to reach targets could spell demotions or ultimately retirement although officials mostly take up honorary and toothless positions in the provincial People's Congress and the provincial People's Political Consultative Conference after they officially retire (Li & Zhou 2005: 1746-1747).

"Incompetent" ranking twice in a row could precipitate dismissal. However, very few civil servants, less than 0.3% nationwide, were recorded incompetent and then sacked (Burns & Xiaoqi 2010: 73). A fieldwork by Burns and Xiaoqi (2010: 73) uncovered that dismissal incident were quite low. In Haidian, a civil servant got 50% of the total annual bonus if he was rated "basically competent". Those with "incompetent" status had to undergo a probation period from six to 12 months and incur no bonus. Between 1994 and 1998, 34 people were judged as "basically competent" and 24 as "incompetent" in yearly appraisals. But only one official was sacked due to failing the evaluations. From 1997 to 1998, merely around 10% of civil servants, 28 and 39 staffs respectively in number, were rated "incompetent" in a multitude of city government bureaus. From the early days of reform, many more civil servants, 0.4% in 1995, were ranked "incompetent" in Changchun than those in Haidian and Ningbo (Burns & Xiaoqi 2010: 73).

A study by Li and Zhou (2005) firmly confirms the existence of relation between political turnover amongst Chinese provincial leaders and their economic performance in the post-reform era. Owing to data on 254 provincial leaders in 28 Chinese provincial units from 1979 to 1995 about their detailed information including, age, education, work experience, and appointment, the study found that annual growth rate had a positive effect on the likelihood of promotion and a negative effect on the likelihood of termination. It found that when the annual growth rate rose by one standard deviation (0.06) from the mean (0.10), the probability of promotion would rise by 0.011 or 15% of average probability of promotion (0.075), with the probability of termination shrinking by 0.015,

registering 15% of average probability of termination. Old age of officials is a minus for their promotion likelihood as well. The study indicated that 1 year rise in age from the mean 60 would lower the probability of promotion by 0.3 percentage points and raise the probability of termination by 0.4 percentage point. Furthermore, an increase of 0.06 in average rate could increase the average probability of promotion by 33% of average probability of promotion and decrease the probability of termination by 30% of the average probability of termination.

In this connection, with data panel of 344 top provincial leaders, including 187 party secretaries and 157 governors, from 28 provinces in China from 1979 to 2002, Chen, Li and Zhou (2005) revealed that the turnover of provincial leaders was relevant with not just their performance but also the performance of their immediate veterans. Indeed, the provincial GDP growth witnesses a positive coefficient but the provincial GDP growth of their earliest veteran has a negative coefficient. This suggests that the likelihood of promotion for provincial leaders is positively correlated with their own economic performance but negatively associated with the performance of their earliest veteran. This lends credence to a notion that the Chinese central government harnesses relative performance evaluation with much emphasis on provincial thresholds determined by the earliest veteran (Chen et al. 2005: 424).

Economic incentives, specifically bonuses, have been further used to prod local officials to achieve high performances. As Edin (2003: 41) disclosed, bonus accrues to township state cadres in congruence with total scores as a collective they have in the official ranking. This bonus acts as an addition to the basic salary for cadres in a legitimate fashion. The bonus payment is financed directly out of the township's own collective coffin, not the state budget. In one southern Jiangsu county, state cadres with a middle-ranking township enjoyed 4,600-yuan bonus in 1995 in reference to the collecting ranking. However, the three leading cadres obtained 30% more than the ordinary cadres. In one Zhejiang township, where the scale of collective enterprise was minimal, the average bonus stood at over 2,500-yuan in 1997 (Edin 2003: 42). It all boils down to the central government's plan to

enable meticulous and competitive working mission to fasten growth rate, albeit with varied growth pace across different regions.

Petition, the gesture of lodging complaints to higher levels, has been utilized to strictly control how local agents fulfill performance targets. It has become one criterion in appraising local leaders and a mechanism whose information flow reaches higher levels (Edin 2003: 43). Inside the party, petitions are channeled through to the Discipline Inspection Commission and the Organization Department while in the government, petitions flow directly to ministries responsible for policy implementation in areas where public disenchantment vehemently explodes such as the Ministry of Labor and Social Security, the Ministry of Public Security, the Ministry of Land and Natural Resources, and Ministry of Environmental Protection. Besides, all media agencies have also operated specialized offices for receiving petitions from the general publics and writing reports in accord with such information (Dimitrov 2015: 58).

Local officials feel hard-pressed to avoid huge volumes of complaints filed against them since larger number of complaints could take a massive toll on their evaluation scores and promotion likelihood. According to one vice-director working on evaluation in one Zhejiang county, over 15% of the total complaints could trigger adverse evaluation result for township leaders (Edin 2003: 44). Contents of citizen complaints are myriad. For instance, citizens in Guangxi in 2006 submitted complaints related to labor and social insurance; house destruction and eviction of settlers, land grabbing; enterprise system restructuring; legal issues; the rights of employees of retail stores and markets; aid to demobilized military officers; the quality of substituted teachers; environmental safeguarding; and cadre graft (Guangxi Niangjian 2007, as cited in Dimitrov 2015: 61). Such complaints are beneficial in performance evaluation as they are inextricably intertwined with the priority target of augmenting social order and stability (Edin 2003: 45).

Fluctuating trends of petitions over time reflected changing social and political circumstance. The number of petitions between 1984 to 1989 sunk three times from 2.4 million to 800,000. A possible explanation could be that overall

living standard among Chinese rural residents increased in the 1980s, rendering their satisfaction with the regime. But complaints during the 1980s were mostly confined to urban settlers, irritated by soaring inflation in the second half of the 1980s and new policies to bring to a halt lifetime employment and generous benefits (Dimitrov 2015: 64). After the Tiananmen massacre, petitions received greater fanfare. Between June and September 1989, Shanghai mayor Zhu Rongji, General Secretary Jiang Zemin, Politburo Standing Committee member Qiao Shi and Premier Li Peng all reiterated the significance of rapid and thorough response to citizen complaints. Hence, in August 1989, the top leadership called a meeting in Beijing attended by ten directors of provincial-level letters-and-visits bureaus and in September 1989 the Central Bureau of Letters and Visits distributed a notice letter to all provincial-level party and government offices concerning citizen complaints facilitation (Dimitrov 2015: 64-65).

Petitions have allowed the central government to keep track of corruptions at local levels. A Ministry of Supervision official assumed that 70%-80% of corruption incidences which are considered by joint Discipline Inspection-Supervision offices spring from citizen complaints. Also, around 80% of Discipline Inspection-Supervision investigation of infringement upon rules and tax discipline were also from citizen complaints. The Discipline Inspection-Supervision offices also fielded anonymous reporting to embolden citizens to complain. As such, inasmuch as scrutiny is directed toward higher echelons in the hierarchy of the communist party, it is seen that 93% of complaints concerning disciplinary violations by ministerial and army-level cadres are found (Dimitrov 2015: 62).

When China administered performance contracting system in 1995, it has arguably equated the Chinese bureaucracy with Weberian bureaucracy, which endorses performance-based promotion, held by developmental states. The system discarded the previously political loyalty-decided promotion or demotion, which was replaced with a criterion of fulfilling signed targets. This system produced clear working responsibilities whose fulfillment necessitates the presence of highly qualified Chinese bureaucrats. Furthermore, it acts as an incentive for local

officials to enter the race to produce professional accomplishment if they wish to be promoted and get salary hike. This institutional measure corresponds well to an assumption of developmental states that competent bureaucracy promotes career rewards and performance-based promotion so that bureaucrats can avoid corruption, help entrepreneurs, and deliver public goods necessary for investment (Evans & Rauch 1999; Goldsmith 1999). Following developmental states' line of argument, the frenzy race to achieving functional target by Chinese bureaucrats since 1995 mirrors the government's intention to ensure steady supply of quality public goods to facilitate economic development activities

Of exceptional note, it can be observed the promulgation of performance contract, or performance-based promotion system explained by developmental state scholars, predominantly focus on achieving economic growth. The revelation that 15 among 18 evaluating criteria in performance contracts introduced in 1991 were economic-related provides a clear testimony (Whiting 2001, as cited in Burns 2007). Studies by Li and Zhou (2005) and Chen, Li and Zhou (2005) confirm a positive relationship between promising growth performance and promotion chances of Chinese local officials. Hence, it is sufficient to claim that China follows Weberian bureaucracy of developmental states closely on the assumption of helping entrepreneurs to operate businesses locally and local enterprises enter the global market competitively.

4.4.1. Performance Contracts-Associated Pitfalls

Fierce competition among local officials to score high in evaluation has triggered unintended ramifications. Zhou (2010: 47) argued that collusion amongst local government existed to undermine the long-term goals reflected in the final annual target or the final performance evaluation arranged annually. The thrust of yearly evaluation is short-term targets not long-term ones, enabling no bureaucratic agents to be responsible for long-term goals of the central government. To grasp good performance appraisal, supervisors who write down reports even resort to inflated data or statistics submitted by subordinates to disguise the higher authorities that they had reached the targets (Zhou et al. 2013:

145). The chance of being spotted is remote since the price of auditing each report submitted by local officials is exorbitant, and even if they were found, the supervisors can just put all the blame on their subordinates (Zhou et al. 2013: 145). For example, the transfer of resources across organs, platforms or government units by local governments is touted as illegal resource transfers because it reneges on regulations put forward by the central government. In the event that a township government, Wu Yi (2007) found, failed to realize policy for mobilize agricultural taxes, the local officials gave bribes to the unit working on taxation in order that the unit listed extra taxes from other township governments as coming from this township government to fulfill its policy objective (as cited in Zhou 2010: 63).

However, a study by Jiang (2018) using penal data set for city-level administrations in China between 2000 and 2011 offers another perspective on collusion effect. It found that collusion among bureaucratic agents, specifically city leaders, was more likely to result in sound economic performance, and that those city leaders not engaged in collusion achieve far less. Indeed, cities with leaders having informal connection with other provincial secretaries were found to develop faster than unconnected city leaders in three economic areas: agriculture, manufacturing and service. The manufacturing sector saw the biggest difference with the connected leaders outpacing the unconnected by a margin of 0.74 percentage point (Jiang 2018: 10-11).

National economic goals have also been given a back seat amidst such contest to pursue local economic targets amongst provincial leaders. The initial national objective of substituting local self-sufficiency with a market-rational regional division of labor and comparative advantage is undermined by interprovincial race for growth. The local governments found themselves incapable of controlling the booming local capital construction projects in 1985. Investment in capital construction soared by 35% in the first quarter of 1985, by 37% in April, and reaching 42% in May due to banking reforms. Notably, investment in state-organized projects rose by just 1.6% while investment in unplanned local projects skyrocketed to 87%. Even worse, in 1986, local

provincial leaders still endorsed about 4.4 billion-yuan investment in the first seventh months, turning a blind eye to the central authorities' request to reduce investment expense. During the retrenchment period in 1989, it was reported that a handful of areas endorsed industrial growth schemes above the 4-5% level set by the central government, with Jiangsu province going too far reaching up to 12-25% (Breslin 1996: 699- 670).

Overwhelmed by fulfilling targets in performance contracts, bureaucrats are inclined to be at odds with each other, weakening inter-agency collaboration. Relying on his fieldwork in the forms of site visits; observations; informal discussion with Chengguan officers; and managers and supervisors in several units in 2011, 2015 and 2016, Zang (2017) gives insight on such inter-agency problems. In July 1985, an Urban Construction Supervision and Management team was launched, nowadays known as Chengguan. Its work mandate has expanded incrementally to include enforcing urban construction, landscaping codes, controlling noise and light pollution, tracking waste treatment, catching unlicensed street vendors, etc. Until 2011, Chengguan's tasks expanded to 232 (Zang 2017: 220). The Chengguan is credited with promoting local economies by means of consumption, land commodification, property-directed development, etc. (Xu & Yeh 2005; Zhang 2006, as cited in Zang 2017: 221). Put another way, the issues of unlicensed vendors, illegal structure, or public disorder could carry an image of backwardness and poverty, which ultimately unsettles investors and tourists. That is why the Chhengguan is beneficial (Zang 2017: 221).

It was found out that the Chengguan and the Bureau of Public Security had working feuds. The Bureau of Public Security had transferred the task of handling vagabonds to the Chengguan arguing that it was more of a civil matter, not a criminal one, while continuing to work on running household registration. Chengguan officers claimed that they were deceived because household registration job was a profitable task (Zang 2017: 221). Similarly, the Bureau of Land Resources and Housing Management still handled the task of issuing permits for land use while handing over the tasks of stopping illegal use of land and removing illegal structure to the Chengguan. Chengguan officers commented

that such duties of preventing illegal use of land and dislodging illegal structures were risky and that the job of issuing permits was a safe and lucrative business (Zang 2017: 222).

Insufficient coordination among bureaucratic agencies has also been prevalent. When the Chengguan sought support from the Bureau of Commerce in dealing with mobile vendors who did not own a business license, the Bureau just hinted at waiting to cooperate only after the Chhengguan had settled critical as many issues as enforcing food safety standards, arresting litterbugs and downsizing crowding in the streets (Zang 2017: 222). This issue is what Zang (2017) referred to as departmentalism, a situation when the necessity of achieving targets undercuts unity among elements of Chinese bureaucracy.

The habit of shirking responsibility and passing down to other units has also been evident. Taking stock of the control of unlicensed mobile street vendors, the Bureau of Public Health should have helped raising food safety standards; the Bureau of Commerce should have implemented license requirement; and the Bureau of City Appearance, Environment and Sanitation should have assisted in arresting litterbugs and reducing street overcrowding. But Chengguan officers asserted that other bureaus evaded their duties by citing that issue was the Chengguan's main work (Zang 2017: 223).

The race among Chinese officials to reach signed targets has however given rise to pernicious consequences instead. Earlier cases of pervasive bribery in exchange for inflated performance evaluation are a manifestation that patronage system and corruption have languished in the Chinese bureaucracy. This is reminiscent of neopatrimonial states' assumption on patron-client network. However, while in neopatrimonial states patron in public agencies misappropriate public resources to offer gifts to clients to stay in office (Soest 2006; Dibua 2013), patron-client network in the case of China is slightly different. Indeed, clients, or lower-level officials, marshal funds from its local resources to bribe patrons, or higher-level authorities, to win their continued support for the clients' local economic development schemes even if they fail to achieve targets handed down by the central government.

Simply speaking, it can be claimed that local officials in China colluded because they were obsessed with reaching growth targets and fearful of failure. Such collusion, though intrusive and disruptive to growth by traditional assumption of neopatrimonial states, might still have helped China gather rising growth rate at least in the short run. This is because such collusion exists to keep local economic development schemes underway. However, long-term economic planning of the central government might have fallen victim to this behavior among Chinese officials. For example, investment in unprepared state plans saw 87 percent rise, while state-planned ones hovered at just 1.6 percent increase. Similarly, Taiwanese investors' intention to invest in chemical production impelled Xiamen officials to remove their initial electronic manufacturing production plan to honor the investor's demands (Breslin 1996: 693-704). The upshot of this was that investment projects had still unfolded amidst corruption. But the long-term dreadful repercussion was that long-term economic development plans of the central government is overlooked.

4.5. Fiscal Decentralization as an Incentive for Local Governments to Pursue Economic Development

Prior to 1979, China embraced a 'unitarian budgetary system', through which revenue collection and fiscal transfers were centralized. Local governments mustered taxes and profits, and transferred to the central government, who later handed over back to local governments in keeping with expenditure requirements agreed by the center (Caldeira 2012: 883). Not until 1980 did decentralization policy take hold in China. Li, Li and Zhang (2000: 283) interpreted China's decentralization as consisting of two main elements: i) a fiscal revenue-sharing system between close levels of government, and ii) a delegation of state enterprises to local governments, which reduced state-owned industrial enterprises controlled by the central government to just 1.6% of the total amount of firms at or above the township level.

Between 1980 and 1993, fiscal contracting system was implemented. The crux of this system was that lower-level regional governments signed contracts

with upper-level regional governments on the amount of transferred tax and profit revenue for the next several years while the lower-level government keeps the leftover (Montinola, Qian & Weingast 1995: 63). Such fiscal leftover at lower-level regional governments rendered localities fiscally self-sufficient, weaned the central state off fiscal burden, and gave incentives to local governments to boost economic development (Oi 1992: 102). In principle, local governments would be entitled with great autonomy in their economies, such as the right to set prices, make investment with self-collected funds, and restructure their firms and issue license to newly created firms. Such system forced local governments to compete with one another to expedite marketization of the whole economy (Li et al., 2000: 283).

Under the fiscal contracting system, provincial governments inked fiscal contracts with the central government, which could run from three to five years (Jin, Qian & Weingast 2005: 1723; Oi 1992: 103). The nature of the contracts varied across provinces, prefectures, counties and township; some areas adopted a ratio of 70:30 meaning the localities take control of 70 percent and transfer 30 percent to the immediate higher level (Oi 1992: 103). At first, central fixed revenue was set to incorporate custom's duties, direct tax or profit remittance from the central government-controlled state-owned enterprises (SOEs) and some other taxes. The rest of the revenue were branded as local revenue, which on average comprised around 60% of the total government budgetary revenue between 1980 and 1993 (Jin et al., 2005: 1723). Sometimes referred to as budgetary revenue, this local revenue was divided between the local governments and upper level authorities that manage them (Han & Kung 2015: 91). For example, from 1988 to 1993, Guangdong province pledged to remit a fixed sum of 9% per year while Guizhou province promised to get subsidies that rose by a fixed 10% per year. For its part, Jiangsu province also committed to remitting a fixed share of revenue to the central government (Jin et al., 2005: 1723).

Another facet of fiscal decentralization is the so-called extra-budgetary funds. The funds include i) all taxes named local taxes such as the slaughter tax, the individual income adjustment tax and the tax on private enterprises and ii)

non-tax revenue including several fees and surcharges mobilized by local governments (Oi 1992: 104). Unlike the budgetary revenue, local governments are not obliged to share the extra-budgetary revenue with the central government (Montinola 1995: 64). In Maoist period, such funds made up just 1%-2% of total revenue collection in affluent provinces and no more than 5% for most provinces but during the reforms from 1978 to 1988, extra-budgetary revenue increased six times across the whole China. In 1989, all extra-budgetary funds stood at 91.2% of within-budget revenues (Oi 1992: 105). In 1993, the budget constituted up to 16% of the GDP whereas the budgetary revenue dropped to just 16% of the GDP (Statistical Yearbook of China 1995, as cited in Jin et al., 2005: 1724). Approximately 30% of the extra-budgetary funds was harnessed for government spending to offset the budgetary funds (Jin et al., 2005: 1724).

Above all, fiscal decentralization in 1980 played a critical role as an institutional incentive to harden local officials' resolve to collect local revenue in earnest and develop local economies. Markedly, the efforts of local officials in collecting tax were gaining momentum in the reform periods. From 1978 to 1990, tax from township and village enterprises soared from 2.2 billion to 27.55 billion yuan in the whole China. Besides, local officials also strived to levy circulation taxes or industrial-commercial taxes on enterprises, which ranged from the product, to value-added, and to turnover business taxes. Such taxes totally accounted for three-quarters of the sum of taxes on township and village enterprises nationally in 1988. From 1987 to 1988, one big Shandong village factory, whose then total gross profits amounted to 376,000 yuan, paid 38.8 percent (146,000 yuan) of the total profits for taxes. Among this, only 36,000 yuan was income tax while the other 75.3 percent (110,000 yuan) was sales and other taxes. This is illustrative of the size of industrial-commercial tax twice as large as that of agricultural tax (Montinola 1995: 106-109).

Because village-level officials' salaries are inextricably entangled with the total income of the village, they are incentivized to promote village industries. In this manner, they can avoid corruption and keep the budget constraints at bay. They later gain benefits from taxation. The most profitable and less political

vulnerable way was the creation of rural collective enterprises. In 1987, industry already outpaced agriculture as the driving force of rural income. Between 1978 and 1990, the gross output of these enterprises rose by 26.7 percent. By 1988, village industry with output valued over 100 million yuan occupied 46.6 percent of all counties in China. At the end of 1991, village industry was manufacturing 50 percent of total industrial output on par with the state-owned industrial enterprises. Revenue from tax on such village enterprises has been utilized to finance local expense such as public service, welfare, and subsidies to other sectors (Oi 1992: 115-116).

The thirst for village enterprises-driven tax revenue prompted competition among local governments for foreign capital. Based on the national bureau of land regulation in 1991, China accommodated merely 117 development zone but the zones skyrocketed to 27,00 in 1992. In parallel, authorities also succumbed to learning and imitating from successful regions. For instance, in 1991 Jiangsu province dispatched a team of 73 government officials to the southern part of Shaanxi province to help counties, organizations, and firms in Shaanxi forge cooperative ties with those in Jiangsu province. As a result, this part of Shaanxi later could secure two hundred projects valued at more than ten million yuan and several other types of personnel from different areas. This group of officials further trained more than 2,200 local personnel, disseminated information to firms, and helped expose the firms' sale abroad (Montinola 1995: 77-78).

Local governments were found to favor certain enterprises justifying that they were exceptionally important and deserved unequal treatment. Political pressures and connections still played crucial roles in such preferential treatment but banks and bureaus were also found to funnel resources and assistance to enterprise based on its capability to raise revenue. Those privileges include access to scanty materials such as fuel oil, electricity supply and rare-earth materials (Oi 1992: 119-120).

Premised upon 222 interviews with rural officials at the county, township and village in China and other published Chinese sources, Oi (1992: 120-121) claimed that local governments also helped enterprises through bureaucratic

services. Those services were obtaining licenses, certification and prize for products, and tax breaks. The county tax bureau not just marshalled taxes and authorized tax break, but also offered enterprises accountant training and technical personnel. The county tax bureau also lobbied banks to give risky loan to enterprises. In some circumstances, agencies like the tax bureau, the finance bureau, and the science and technology commission also had their own funds ready for enterprises' loan with low interest rate.

There exist empirical studies confirming correlation between fiscal decentralization and local governments' quest for economic development in China. Using a spatial lag dynamic model for a panel data of 29 Chinese provinces from 1980 to 2004, Caldeira (2012: 886-887) proved that there existed strategic interaction among Chinese provinces. An average public expense rise of 10% in the neighboring province causes a rise of about 4.5% with the distance matrix, 2.5% with the contiguity matrix, and 1.5% with the GDP per capita matrix in provincial expenditure. This interaction between provinces was much pronounced for economic rather than social expenses such as enterprise operation and development, and infrastructure construction. Similarly, with a panel data set of 29 provinces from 1970 to 1999, Jin et al. (2005: 1736-1737) found that fiscal decentralization greatly and soundly affected the growth of non-state enterprises. Numerically, 10 percentage point increase in revenue retention proportion translated into 1.01 percentage point rise in non-state enterprises in a province, measured for just rural enterprises, and 0.97 percentage point rise, appraised for both rural and urban non-state enterprises.

Apprehensive about booming fiscal revenue of the local governments, the central government instituted "separating tax system" (Jin et al., 2005: 1723; Han & Kung 2015: 91). Under the system, local revenue was changed to mean revenues from local taxes and the local segment of the shared taxes. The bulk of local taxes was then income tax from enterprises rather than state-run enterprises, business tax from service sales, and personal income tax, while the core of shard tax was value-added tax (VAT). The post-1994 fiscal reform also put an end to the varying revenue sharing schemes of the 1980-1993 phase (Jin et al., 2005:

1724). Within this context, Han and Kung (2015: 97) found that the post-1994 fiscal decentralization made local governments switch from industrial growth efforts to urbanizing efforts, namely real estate construction, as their tax revenue retention was tightened. Halving the enterprise tax resulted in 6% decline in prefecture fiscal revenue. Prefecture governments have resorted to land conveyance, revenue from the sale of land usufruct rights of previously arable land to a third party for other uses, to offset 60% loss in the budgetary revenue. More than half of the 96% increase in land conveyance from 2001 to 2002 results from the 5% drop in prefecture-secured fiscal revenue caused by enterprise tax loss.

One assumption of developmental states holds that a competent bureaucracy practices a system of salaried and full-time employment and performance-based rewards to steer clear of rent seeking (Kohli 2004; Evans & Rauch 1999). In keeping with this, the fiscal contracting system from 1980 to 1993 is a reflection of institutional incentive for local officials to expand local revenue in a legitimate way, avoid corruption, and remain committed to fulfilling growth targets. The more village enterprises they establish and coordinate, the more local fiscal revenue they amass. Indeed, when local officials buoy up more local industrial enterprises, safeguard those enterprises with production inputs facilitation, and coordinate bureaucratic services for those enterprises, they can stand to gain rents from taxes on those enterprises legitimately. Consequently, they could treat corruption or rent-seeking with disdain. Thus, fiscal decentralization from 1980 to 1993 is another institutional effort of the Chinese government to encourage its bureaucrats to effectively deliver public services and spur economic growth.

Chapter 5: Discussion and Conclusion

This chapter aims to discuss contentious points concerning bureaucratic conditions of China after 1978 and how those conditions fit into existing assumptions on bureaucracy of the three ideal-type states. In exposing the marriage between pre-modern and meritocratic bureaucratic qualities in China, the chapter ascertains what kind of state China could be vis-à-vis its bureaucratic experience and growth story.

Two major caveats deserve elaborate discussion here. First, because thorough discussion of China's bureaucratic policy reforms is not the thesis's core focus, the findings examine major policy interventions only to assess whether they intend to steer growth. Second, this thesis falls short of accessing and primary documents directly. The thesis should have directly accessed documents like civil service regulation from the Ministry of Personnel, China's Statistical Yearbook on economic performance data of provincial leaders, or Statistical Yearbook on Regional Economy. All of these documents are published in Chinese. Since having no command of Chinese, the author of this thesis resorts to English-written secondary sources which incorporate data from earlier sources.

In hindsight, the thesis heeds the risk of bias in using secondary sources. In this context, the danger of ideological leaning by authors of those sources looms large. In this manner, source criticism is instrumental in proving the validity of those sources and the findings.

Works by Li and Zhou (2005); Chen, Li and Zhou (2005); Gao (2009); Ho and Niu (2013); Lee (1984); Zang (2017); Dimitrov (2014); Burns and Xiaoqi (2010); Jiang (2018); Edin (2003); Li, Lu and Wang (2016); Montinola (1995); Han and Kung (2015); Oi (1992); Jin, Qian and Weingast (2005); Li, Li, and Zhang (2000); Caldeira (2012); Burns (2007); Pieke (2009) and Breslin (1996) are all published in well-known and credible publishing houses including International Journal of Public Administration, American Academy of Political and Social Science, Cambridge University Press, Journal of Public Economics, etc. All of these are written by academic researchers or faculty members of renowned universities. Essentially, all of these documents employ trustworthy

scientific research method, transparent research design and data collection, rendering ideological bias highly impossible.

Furthermore, above secondary sources use as their reference primary sources about China's bureaucratic progression originally in Chinese language which the author of thesis necessarily needs. They also entail extensive interviews with Chinese officials, personnel, or bureaucrats at various levels, initially impossible for the author of this thesis to access directly. Empirical works such as Jiang (2018), Li and Zhou (2005); Chen, Li and Zhou (2005); Jin, Qian and Weingast (2005); Li, Li, and Zhang (2000); and Caldeira (2012) also apply econometric analysis on obtained penal data set of local governments in China to prove certain propositions.

By all accounts, this thesis makes three-interrelated arguments. First, China since 1978 appears to straddle Weberian and pre-modern bureaucracies. It is extremely impossible to assert that China's reformed bureaucracy after 1978 fit exclusively into bureaucracy of either developmental states, neopatrimonial states or fragmented multiclass states. It appears reasonable to claim that China seems to enjoy the infusion of bureaucratic features of each ideal-type states. Policy interventions such as meritocratic recruitment, competitive selection process, capacity building for public personnel, performance-based promotion, institutionalization of performance contract and fiscal decentralization as an incentive to promote growth have certainly put in place a more professional, competent and younger staff-strong bureaucracy compared to that prior to 1978.

In the meantime, the Chinese bureaucracy has also witnessed shortcomings such as corruption, collusion, bribery, non-competitive selection, sale of public posts, and inter-agency rivalry. However, the case of China does not simply follow all assumptions on bureaucracy such as low quality training institutions, lowering entry requirement for applicants, and career promotion-based personalistic criteria advanced by neopatrimonial states.

It appears more perplexing to attempt to situate China's reformed bureaucracy within an assumption of fragmented multiclass states since the assumption is not abundantly established. The assumption just holds that

bureaucracy of the states vary in strength to pursue growth as the states are interrupted by intra-elite hostility and interest groups' demands, making it unable to control all aspects of society and limited in its capability to pursue growth. Conflict between Zhao Ziyang and Li Peng over price reform versus price control in 1988 might attest but an authoritarian China doesn't face fierce challenges from interest groups. Still, findings in Chapter 4 implies that the party elites share a consensus on streamlining Chinese bureaucracy to spur growth albeit divided over different economic paths.

Second, it is seen that the fusion of Weberian and pre-modern bureaucratic qualities in China has succeeded in facilitating China's rapid growth. As shown, policy interventions illustrated in Chapter 4 have enhanced the capability of the Chinese bureaucracy in facilitating prompt and quality delivery of public goods, easing bureaucratic hurdles for enterprises, spawning the growth village industrial enterprise, and empowering those industries with preferential treatments. All of these are the rudiments of China's remarkable growth rate of between 9 and 10 percent between the 1980s and 2000s.

Third, the success of the fusion warrants conceptual modification on the assumptions of bureaucracy advanced by the three ideal-type states. The case shows that totally corruption- or patronage-free bureaucracy is not a singular precursor to rapid growth. Neither can it be impossible for corruption-rife bureaucracy to promote fast growth.

There are at least two observable qualifications to help explicate how China's cumulatively meritocratic bureaucracy, yet coupled with corruption and pitfalls, since 1978 could successfully fasten growth. First, despite espousing market liberalization, the Chinese Communist Party still remains a potent political force to discipline, monitor, and penalize lower-level officials and bureaucrats. That makes it convenient for the party to follow through with streamlining bureaucratic agents to facilitate economic growth. From the view of developmental states scholars, the party can become a nodal agency which identifies improper bureaucratic practices and resurrects compliance (Chibber

2002; Rothstien 2015). Patron-client system may transform into the party's checking machine over local officials' behavior

The second factor is that collusion, bribery and corruption in the Chinese bureaucracy are not utterly counterproductive to economic development. Manifestly, Chinese local officials and bureaucrats colluded in a way that they could carry on their local development plans ignoring long-term national development plan. They may secure rent from this deviation but the salient fact is that investment projects still continue to burgeon and jobs continue to be created. The conundrum is the pernicious effects of such collusion on long-term planning. A study by Jiang (2018) showing that collusion-embroiled city leaders tended to achieve growth faster than those who lacked informal connection supports the assertion. Wu (2015: 290-291) also claimed that corruption in China was mostly transactive, which denotes the use of rent or bribe to remove bureaucratic bottleneck to gain goods and service swiftly; this type of corruption is beneficial to economic growth.

In sum, by a standard of bureaucracy, China is neither developmental, neopatrimonial, nor fragmented multiclass states exclusively. Yet, China might straddle somewhere in between developmental states and fragmented multiclass states on the continuum of political efficacy in promoting growth of the three ideal type states. To which side China mostly leans is extremely challenging to prove. Nonetheless, such blurring identity of the Chinese bureaucracy has certainly entitled it with fast growth rate of 9 and 10 percent between the 1980s and 2000s. The case of China represents a break from existing wisdom that only Weberian bureaucracy can propel rapid growth while corruption-filled bureaucracy would fail to deliver fast growth. Existing conceptions of the three ideal-type states need to take on board two more factors on the role of bureaucracy in facilitating growth. First, attention should be directed to powerful political agents inside a state who can harness patronage system to steer its bureaucracy toward growth promotion. Second, ones should not lose sight of nuances of corruption and patronage system. Any inquiry into whether types of corruption plunder public resources or promote transaction should be accentuated.

References

- Amsden, A., H., 1999, *Asia's next giant: South Korea and late industrialization*, Oxford University Press, Oxford.
- Baek, S. W., 2005, 'Does China Follow "the East Asian Development Model"?', *Journal of Contemporary Asia*, 35(4), 485-498.
- Bechle, K., 2010, 'Neopatrimonialism in Latin America: Prospects and Promises of a Neglected Concept', in German Institute of Global Area Studies (GIGA), viewed 20 February 2019, from <https://core.ac.uk/download/pdf/6494466.pdf>
- Brødsgaard, K., E., 'Institutional Reform and the Bianzhi System in China', *The China Quarterly*, 170, 361-386.
- Burns, J. P., 2007, 'Civil Service Reform in China', *OECD Journal on Budgeting*, 7(1).
- Burns, J., P., & Xiaoqi, W., 2010, 'Civil Service Reform in China: Impacts on Civil Servants' Behavior', *The China Quarterly*, 58-78.
- Bowen, G. A., 2009, 'Document analysis as a qualitative research method', *Qualitative Research Journal*, 9(2), 27-40.
- Breslin, S., 1996, 'China: Developmental Dysfunctional Development?', *Third World Quarterly*, 17(4), 689-706.
- Caldeira, E., 2012, 'Yardstick competition in a federation: Theory and evidence from China', *China Economic Review*, 23, 878-897.
- Chen, Y., Li, H., & Zhou, L., 2005, 'Relative Performance Evaluation and The Turnover of Provincial Leaders in China', *Economics Letters*, 88, 421-425.

- Chibber, V., 2002, 'Bureaucratic Rationality and the Developmental State', *American Journal of Sociology*, 107, 951-989.
- Chou, B. K. P., 2007, 'Does "Good Governance" Matter? Civil Service Reform in China', *International Journal of Public Administration*, 54-75.
- Dibua, J., I., 2013, *Development and diffusion: Looking beyond neopatrimonialism in Nigeria, 1962-1985*, Palgrave Macmillan, UK.
- Dimitrov, M., K., 'Internal Government Assessment of the Quality of Governance in China', Springer, 50-71.
- Edin, M., 2003, 'State Capacity and Local Agent Control in China: CCP Cadre Management from a Township Perspective', *The China Quarterly*, 35-52.
- Evans, P. B., 1995, *Embedded autonomy: States and industrial transformation*, Princeton University Press, Princeton, NJ.
- Evans, P., B., 2014, 'The Capability Enhancing Developmental State: Concepts and National Trajectories', in E. M. Kim & P. H. Kim (eds.), *The South Korean development and experience: Beyond aid*, pp. 89-110, Palgrave Macmillan, UK.
- Evans, P., & Rauch, J. E., 1999, 'Bureaucracy and growth: A cross-national analysis of the effects of 'Weberian' state structure on economic growth', *American Sociological Review*, 64, 748-765.
- Gao, J., 2009, 'Governing By Goals And Numbers: A Case Study in The Use of Performance Measurement To Build State Capacity in China', *Public Administration and Development*, 29, 21-31.
- Garnaut, R., & Song, L., 2012, *China: Twenty of economic reforms*, ANU E Press, Canberra, Australia.

- George, A. L. & Bennett, A., 2005, *Case studies and theory development in the social sciences*, The MIT Press, Cambridge, Massachusetts.
- Goldsmith, A., A., 1999, 'Africa's overgrown state reconsidered: bureaucracy and economic growth', *Cambridge University Press*, 51(1), 520-546.
- Gerring, J., 2007, *Case study research: principles and practices*, Cambridge University Press, New York.
- Han, L., Kung, J., K., S., 2015, 'Fiscal Incentives and Policy Choices of Local Governments: Evidence from China', *Journal of Development Economics*, 116, 89-104.
- Harrison, H., Birks, M., Franklin, R. & Mills, J., 2017, 'Case study research: Foundations and methodological orientations', *Forum Qualitative Social Research*, 18(1).
- Hayek, F., A., 2005, *The Road to serfdom: With the intellectuals and socialism*, The Institute of Economic Affairs, London
- Ho, A., T., K., & Niu, M., 2012, 'Rising with the Tide Without Flipping The Boat-Analyzing The Successes And Challenges of Fiscal Capacity Building in China', *Public Administration and Development*, 33, 29-49.
- Hutao, Y., 2018, 'China's Image From the Perspective of the Developmental State: What Kind of "Developmental State" is China?', *Journal of China and International Relations*, 6(1), 95-116.
- Jaimovich, E., Rud, J., P., 2014, 'Excessive public employment and rent-seeking traps', *Journal of Development Economics*, 106, 144-155.

- Jiang, J., 'Making Bureaucracy Works: Patronage Network Performance Incentives, and Economic Development in China', *American Journal of Political Science*, 1-18.
- Jin, H., Qian, Y., & Weingast, B. R., 1999, *Regional decentralization and fiscal incentives: Federalism, Chinese style*, Stockholm Site, Stockholm.
- Jisheng, Y., 2013, 'How Friedrich Hayek Helped Me to Understand China's Economic Tragedy', in *Forbes*, viewed 09 March 2018, from <https://www.forbes.com/sites/realspin/2013/05/30/how-friedrich-hayek-helped-me-to-understand-chinas-economic-tragedy/#ed2427d43e0f>
- Johnson, C., 1982, *MITI and the Japanese miracle: The growth of industrial policy 1925-1975*, Stanford University Press, California.
- Kalinowski, T., 2015, 'Crisis management and the diversity of capitalism: fiscal stimulus packages and the East Asian (neo-)developmental state', *Economy and Society*, 44(2), 244-270.
- Keynes, J. M., 2003, *The general theory of employment, interest and money*, A Project Gutenberg of Australia eBook, Oxford.
- Knight, J. B., 2014, 'China as a developmental state', *The World Economy*, 37(10), 1335-1347.
- Kohli, A., 2004, *State-directed development: political power and industrialization in the global periphery*, Cambridge University Press, New York.
- Kohli, A., 2009, 'State and economic development', *Brazilian Journal of Political Economy*, 29(2), 212-227, viewed 07 March 2018, from <http://www.scielo.br/pdf/rep/v29n2/03.pdf>

- Landry, P., F., 2008, *Decentralized authoritarianism in China: The Communist Party's control of local elites in the post-Mao era*, Cambridge University Press, Cambridge.
- Lee, H., Y., 1984, 'Evaluation of China's Bureaucratic Reforms', *American Academy of Political and Social Science*, 476, 34-47.
- Liao, K., J., 2001, 'The developmental state, economic bureaucracy and financial crisis in Asian societies', *Journal of Contingencies and Crisis Management*, 9(1), 36-45.
- Lia, H., & Zhou, L., A., 2005, 'Political turnover and economic performance: the incentive role of personnel control in China', *Journal of Public Economics*, 89(2005), 1743-1762.
- Li, S., Li, S., & Zhang, W., 2000, 'The Road to Capitalism: Competition and Institutional Change in China', *Journal of Comparative Economics*, 28, 269-292.
- Li, P., Lu, Y., & Wang, J., 2016, 'Does Flattening Government Improve Economic Performance?', *Journal of Development Economics*, 123, 18-37.
- Li, H., & Zhou, L., A., 2005, 'Political Turnover and Economic Performance: The Incentive Role of Personnel Control in China', *Journal of Public Economics*, 89, 1743-1762.
- Lund Universitet, n.d., *Political science and peace and conflict studies subject guide: Source criticism*, viewed 7 May 2019, from <https://libguides.lub.lu.se/c.php?g=296896&p=1988014>
- Maskin, E., Qian, Y., & Xu, C., 2000, 'Incentives, Information, Organizational Form', *Review of Economic Studies*, 359-378.
- Montinola, G., Qian, Y., & Weingast, B., 1995, 'Federalism, Chinese Style: The Political Basis for Economic Success in China', *Cambridge University Press*, 48(1), 50-81.

- Naughton, B., J., 1987, 'The Decline of Central Control Over Investment in Post-Mao China', in D. M. Lampton, (ed.), *Policy implementation in post-Mao China*, University of California Press: Berkeley.
- Oi, J., C., 1992, 'Fiscal Reform and the Economic Foundations of Local State Corporatism in China', *Cambridge University Press*, 45(1), 99-126.
- O'Neill, M., 2010, '45 million died in Mao's Great Leap Forward, Hong Kong historian says in new book', *South China Morning Post*, viewed 25 March 2019, from <https://www.scmp.com/article/723956/revisiting-calamitous-time>
- Papaconstantinou, P., Tsagkanos, A., G., & Siriopoulos, C., 2013, 'How bureaucracy and corruption affect economic growth and convergence in the European Union: The case of Greece', *Managerial Finance*, 39(9), 837-847.
- Pieke, F., N., 2009, *The good communist: Elite training and state building in today's China*, Cambridge University Press, New York.
- Rothstein, B., 2014, 'The Chinese Paradox of High Growth and Low Quality of Government: The Cadre Organization Meets Marx Weber', *An International Journal of Policy Administration and Institutions*, 28(4), 533-548.
- Shirk, S., 1990, 'Playing to The Provinces: Deng Xiaoping's Political Strategy of Economic Reform', *Studies in Comparative Communism*, 227-258.
- Skidelsky, R., 2009, *Keynes, the return of the master*, Public Affairs, New York, NY.
- Soest, C., V., 2006, 'How Does Neopatrimonialism Affect the African State?: The Case of Tax Collection in Zambia', in German Institute of Global Area Studies (GIGA), viewed 20 February 2019, from <https://www.files.ethz.ch/isn/47051/wp32.pdf>

- Tisdell, C., 2009, 'Economic Reform and Openness in China: China's Development Policies in the Last 30 Years', *Economic Analysis and Policy*, 39(2), 271-294.
- Tsui, K., Y., & Wang, Y., 'Between separate stoves and a single menu: Fiscal decentralization in China', *China Quarterly*, 71-90.
- Vennesson, P., 2008, 'Case Studies and Process Tracing', in D. D. Porta & M. Keating (eds.), *Approaches and methodologies in the social sciences*, pp. 223-239, Cambridge University Press, New York.
- Wade, R., 1990, *Governing the market: Economic theory and the role of government in East Asian industrialization*, Princeton University Press, New Jersey.
- Wedeman, A., H., 2003, *From Mao to market: Rent-seeking, local protectionism, and marketization in China*, Cambridge University Press, Cambridge.
- Westhuizen, J., V., D., 2013, 'Class compromise as middle power activism? Comparing Brazil and South Africa', *Government and Opposition*, 48(1), 80-100.
- Woods, T., E., 2009, *Meltdown: A free market look at why the stock market collapsed, the economy tanked, the government bailouts will make things worse*, Regnery Publishing, INC, Washington DC.
- Wong, J., 1995, 'China's Economic Reform And Open Door Policy Viewed from Southeast Asia', *ASEAN Economic Bulletin*, 11(3), 269-279.
- Wu, S., 2015, 'Development lessons from China: A political economic perspective on how neopatrimonial states may achieve high economic growth', *Canadian Journal of Development Studies*, 36(3), 283-295.

- Xu, C., 2011, 'The fundamental institutions of China's reforms and development', *Journal of Economic Literature*, 49(4), 1076-1151.
- Yergin, D., & Stanislaw, J., 1998, *Commanding high: The battle between government and the marketplace that is remaking the modern world*, Simon & Schusterr, New York, NY.
- Yin, R. K., 2014, *Case study research: Design and methods*, 5th edn., SAGE Publication, US.
- Zhou, X., 2010, 'The Institutional Logic of Collusion Among Local Governments in China', *Modern China*, 36(1), 47-78.
- Zang, X., 2012, 'Why Are the Elites in China Motivated and Able to Promote Growth?', in A. H. Amsden, A. D. Caprio & J. A. Robinson (eds.), *The role of elites in economic development*, pp. 232-248, Oxford University Press, UK.
- Zang, X., 2017, 'How Cohesive is the Chinese Bureaucracy? A Case Study of Street-Level Bureaucrats in China', *Public Administration and Development*, 37, 217-226.
- Zhou, X., Lian, H., Ortolano, L., & Ye, Y., 2013, 'A Behavioral Model of "Muddling Through" in the Chinese Bureaucracy: The Case of Environmental Protection', *The China Journal*, 70, 120-147.