Contemporary China is a land of contradictions—a jarring mixture of communism and capitalism, urban and rural, traditional and modern. Contradictions are apparent in the behavior of her local states and bureaucracies, a massive hierarchy of about 50 million personnel (five times the entire population of Michigan), extending from Beijing through provinces, cities, counties, and townships. As a recent report from the Southern Daily, based in Guangdong, highlighted, “On the one hand, local governments used a variety of preferential policies to attract investments and capital; but, on the other hand, high barriers to entry, onerous licensing requirements, and messy procedures make things difficult for firms” (Southern Daily, March 29, 2012).

Is the local state in China developmental (growth-enhancing) or predatory (extractive and growth-impeding)? Or is it both? How can we understand the paradoxical economic role of the state in local China?
What Makes “Good Governance”?  
Given the rise of China as an economic powerhouse, it is important to make sense of the conflicting images and actions of her local state actors. As for those who are concerned about development broadly, it is all the more important to unravel the Chinese puzzle given the unusual challenges it poses to our core assumptions about what constitutes good governance and institutions.

Both in scholarly and policy circles, experts assert that developing countries should “get governance right” before they attempt to reform and develop economically. What does it mean to “get governance right?” Often it means taking as a universal benchmark institutions already established in matured capitalist economies, like the U.S. “Good” institutions are considered institutions of the economically advanced world. Any deviance from universal benchmarks is read not as a variance, which could be good or bad, but as a deficiency—that is, definitely bad.

Assumptions have a real impact on policy making and prescriptions. Developing and transitional countries are expected to toe universalistic institutional norms. They are required to adopt the formal trappings of good governance, but in practice they retain rules of the game that had always been in place. The result, as Fred Riggs (who pioneered the study of bureaucracies in developing countries) pointed out, is like the fable of the emperor’s new clothes. As he aptly described in Public Administration in Developing Countries, “As in the fairy tale, he may elaborately create a suit of clothes for the emperor which leaves him as naked as before—while everyone joins the conspiracy of illusion to declare how resplendently the emperor has been dressed.”

What is so problematic and illuminating about the China case is that it falls short of golden standards of good governance on multiple accounts, and yet, it grows spectacularly. Why is China anomalous? Is it anomalous, or is there something more deeply amiss in our assumptions about the bureaucratic prerequisites for development?

To attempt to assess China’s quality of governance and bureaucracy I started from the bottom-up. Beginning in 2006, when I was a doctoral student, I visited various localities and interviewed local bureaucrats. My first field trip was in Beijing and a county of Shandong. From this trip I gleaned only a very preliminary and superficial view into the workings of Chinese bureaucracy. I left with arresting impressions that the bureaucracies I studied were definitely not the type of “Weberian” civil service found in capable developmental states.

Instead, these public organizations were engrossed with money. (Literally, when I ask bureau chiefs what their biggest concerns were, their answers were consistent: “money.”) Local bureaucrats spoke passionately about the local economy. They were equally concerned and unusually bold about sourcing income for their offices. They were creative in their attempts to “develop” (fazhan), be it attracting investors or raising administrative funds. They can be surprisingly candid about their practices, because they often do not even realize that what they do would be met with disapproval outside of China. To them, they were being entrepreneurial.

Defying Best Practices in Public Administration

By the end of my first field trip in 2006, I developed a distinct hunch that the workings of local bureaucracies in China were highly “rational”—rational in the sense that there was a shared logic to why and how things were done the way they were. Just because certain practices in China do not comply with best practice norms of public administration does not mean her bureaucracies have all but failed. No doubt, the organizations I studied are not sophisticated and transparent like the Singaporean or Finnish civil service, but neither were they completely chaotic, backward, or corrupt, as some others have described. Deviations from best practices were not simply deficiencies; they served purposes specific to the context in which the public agents operated. Yet, our existing vocabulary is too impoverished to explain the alternative administrative logic in action. To understand China, we must, to quote Riggs again, “employ some new words and concepts which cannot be found in the standard literature on public administration.”

A county government showcases its urban development plans (Chengdu, Sichuan).
Thus, one of my goals is to describe, rather than prescribe, what actually goes on within public bureaucracies in China. I spell out the contextual factors that gave rise to the paradoxical economic roles played by local state actors. While they are indeed entrepreneurial and fiercely motivated to pursue economic growth, most local governments, even wealthy ones I have visited, face enduring financial constraints. Few localities have sufficient tax wealth to simultaneously invest in developmental projects and feed local bureaucracies. These public organizations are partially, and sometimes fully, left to their own means. Naturally, they turn to citizens and firms. Their administrative and regulatory power can translate easily and legally into revenue.

However, there is more to the story than just less-than-ideal circumstances. Focusing on the public compensation structure, both formal and informal, my field research uncovers how internal mechanisms evolved to incentivize growth promotion on one hand and petty predation on the other. Different parts of China lie on varying points of a developmental-predatory spectrum. Notably those locales that can finance their bureaucracies and pay employees generously are ultimately those that succeed to build a solid business and tax base.

The paradoxical economic role of local states, once unraveled, is highly dynamic and broadly informative. China’s experience throws into question if there is only one standard for and path towards good governance. It motivates contextualization of the meaning of “corruption” and “bad governance” in transitional settings. It offers the possibility that a variety of governance structures could work at different stages of reform and development.

In the world of reforms, policymakers and agents of policy implementation are forced to distinguish between desirable goals and feasible strategies. It is easier said than done for developing countries to get governance right. The harder question is what countries can practically do to promote progress given less-than-ideal circumstances.

About the Author
Yuen Yuen Ang (assistant professor in political science) is a CICS International Security and Development Fellow for 2012-2013. She studies states, bureaucracies, and development in developing countries, focusing on China. She is currently writing a book manuscript that explains why state-led development has been possible in China despite the absence of conventionally “good” public bureaucracies. She has done extensive field work in China since 2006, gathering over 300 interviews with bureaucrats across regions and sectors. Her other research projects examine regulatory behavior, design of bureaucratic targets, and local fiscal sustainability. She was a recipient of the Andrew Mellon Foundation/American Council of Learned Societies (ACLS) Early Career Fellowships for two consecutive years from 2009-2011. Professor Ang is currently teaching a course for CICS entitled “Development and the Quality of Governance,” and she will deliver a public lecture on “Why Good Bureaucracies Aren’t Always Best: Unorthodox Lessons from Chinese Reforms” in winter 2013.