

**Career Ambition and Local Compliance:
The Political Logic of Tourism Development Policy Implementation in China**

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Zhen Wang

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David Julian Samuels, Advisor

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For my husband

Abstract

My dissertation solves a puzzling question in Chinese politics: Why do China’s local governments exhibit different degrees of compliance with central-government directives, ranging from merely perfunctory efforts to absolute obedience? Existing literature either emphasizes the predominance of the central government over local authorities or suggests that local implementation almost always diverges sharply from the policies proclaimed in Beijing. But neither of these two accounts is able to systematically explain the considerable *variation* of local compliance behavior when different localities are confronted with the same central dictate.

Based on a year of fieldwork, I develop a theory that integrates the two intrinsic power mechanisms of China’s Cadre Evaluation System (CES) – top-down control and local autonomy – to explain the variation in local officials’ compliance behavior. “Top-down control” refers to the fundamental evaluation guidelines dictated by the central government that local cadres must obey, while “local autonomy” refers to the substantial leeway that local cadres possess to formulate the specific strategies to fulfill the central government’s evaluation targets. I find that to work their way up the career ladder within the Chinese Communist Party, local officials must thread the needle between these two power mechanisms and figure out a way to fulfill the central-government’s fundamental guidelines while also taking local conditions into account. Once we understand that literally obeying orders may not be the optimal strategy for many local officials to win promotion, we are on the way to explaining the variation in their compliance behavior.

My research expands and challenges the existing literature, which only focuses on the top-down control function of the CES and ignores the extent to which local cadres possess autonomy. My research further challenges the widely received notion that the Party’s personnel management system is a power instrument under the absolute control of the central government, by identifying the essential “local autonomy” power mechanism embedded in the CES and the substantial amount of bargaining and negotiation involved in the cadre evaluation process. My findings have critical implications for understanding China’s central-local relations, its political economy of development, and the durability of the Party regime.

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CHAPTER ONE

Introduction: The Puzzle of Local Compliance Variation in China

Empirical Puzzle

China is a huge market for the travel and tourism industry, and the market is growing fast. Endowed with a diverse natural landscape and innumerable historical sites, China is one of the world's major destinations for international tourism. Based on recent data published by the World Tourism Organization of the United Nations (UNWTO), when ranked according to the two key tourism indicators – international tourist arrivals and international tourism receipts – China took the third and the fourth position, respectively, on the top ten lists in 2011: with 58 million international tourist arrivals, China was the third biggest tourist destination in the world; in terms of international tourism receipts, China achieved US\$ 48 billion, only less than the receipts of the United States, Spain, and France.¹ At the same time, the Chinese are engaging in both domestic and international travel on an unprecedented scale. Based on data from China's National Tourism Administration, domestic tourists in 2009 reached 1.9 billion person times that amounted to 143.2% of the total population.² Also, in 2011, China (US\$ 73 billion) ranked third on the top ten spenders in international

¹ UNWTO *Tourism Highlights*, 2012 Edition, p. 6.

² See the graph on “major statistics of domestic tourism 2009” on p. 57 in *The Yearbook of China Tourism Statistics*, 2010.

tourism, following the United States (US\$ 79 billion) and Germany (US\$ 84 billion).³ This is no surprise. According to the Boston Consulting Group (BCG), Chinese people often spend as much as 8% of their annual discretionary income on a single trip, far more than people in other emerging markets. Furthermore, the BCG expects the number of Chinese who have ever rented a hotel room to triple in the next decade. Home Inns, a Chinese budget hotel chain which caters to the new army of travelling businessmen as well as to domestic tourists, has grown from one hotel in 2004 to nearly 1,000 in 2011. It plans thousands more.⁴

However, this travel fever and tourism boom would have been unimaginable only three decades ago when Chinese citizens could not go anywhere without permission and modern tourism was practically nonexistent in China. The emergence and development of China's tourism industry is to a great extent the product of the state open-door policy in 1978 to generate foreign exchange income, alleviate poverty and above all, power its economic reform. And for more than 30 years the central government has been deliberately nurturing the sector and pushing for its fast growth. For example, the Chinese government first made clear that tourism was an important part of the tertiary (service) industry in the 1980s, and tourism was further designated as a growth point of the national economy in the late 1990s.

³ UNWTO *Tourism Highlights*, 2012 Edition, p. 13.

⁴ "Catering to Chinese tourists: Have money, will travel," *The Economist*, September 24, 2011.

In his report on the 10th Five-Year Plan for the National Economy and Social Development, the then Premier Zhu Rongji stressed:

The development of the service sector should be sped up, and more efforts should be given to the service industries directly related to resident consumption such as real estate, community service, *travel and tourism*, food services, entertainment and recreation, and fitness.⁵

In December 2009, the State Council, China's Cabinet, issued a major policy statement on pushing forward the development of tourism and making it a strategic pillar industry in the national economy.⁶ To be declared a “pillar industry” denotes the importance of a particular industry or sector to the economy as a whole and it then may attract special government support, including preferential loans and strong policy support (Sofield and Li 2011, 516).

Moreover, in mid-October 2010, the recommendations on formulating the 12th Five-Year Plan were adopted at the Fifth Plenary Session of the 17th CCP Central Committee. The recommendations state that “promoting the development of the service sector should be regarded as the strategic emphasis of optimizing and upgrading the industrial structure...,” and in particular, “should actively develop *tourism*.⁷ Furthermore, the final ratified version of the Plan further stipulates the detailed guidelines for tourism development:

⁵ “Zhu Rongji: report on the 10th five-year plan for national economic and social development” (朱镕基：关于国民经济和社会发展第十个五年计划纲要的报告), March 16, 2001, available online at: <http://www.china.com.cn/ch-15/15p9/3.htm>. Last accessed 06/15/2012.

⁶ “Opinions of the State Council on Accelerating the Development of Tourism Industry” (国务院关于加快发展旅游业的意见, 国发【2009】41号), December 1, 2009, the State Council, available online at: http://www.gov.cn/zwgk/2009-12/03/content_1479523.htm. Last accessed 06/15/2012.

⁷ “Authorized release: the recommendations of the CCP Central Committee on formulating the 12th five-year plan for national economic and social development”

We will comprehensively develop domestic tourism, actively develop inbound tourism, and encourage the orderly development of outbound tourism. Equal emphasis is put on both protection and development of tourism resources. We will strengthen the tourism infrastructure, and promote major tourism sites and construction of tourism routes. We will encourage the development of the tourist industries' defining characteristics and product diversification; we will comprehensively promote eco-tourism, encourage in-depth development of cultural tourism, and rigorously develop red tourism. We will improve the tourism service system, strengthen the industry's self-regulation and integrity construction, and improve the quality of tourism services.⁸

Therefore, with a huge travel market and a supportive national policy environment, one would naturally expect regions blessed with tourism resources to cash in on their tourism assets and take advantage of central-government preferential policies. However, an investigation of tourism development in some of China's most popular tourist regions reveals a very different reality.

Yichang, a municipality of Hubei province and home to the world-famous Yangtze Three Gorges (长江三峡) and the Three Gorges Dam Project, displays a very limited amount of commitment from local government to the development of tourism industry. Yichang's tourism business managers, scholars, and even tourism administration officials complain about local government's lack of support for tourism development as well as the lagging performance of Yichang's tourism sector.

(授权发布：中共中央关于制定国民经济和社会发展第十二个五年规划的建议), October 27, 2010, *Xinhua News Agency*, available online at: http://news.xinhuanet.com/politics/2010-10/27/c_12708501.htm. Last accessed 06/15/2012.

⁸ “Authorized release: the 12th five-year plan for national economic and social development of the People's Republic of China”

(授权发布：中华人民共和国国民经济和社会发展第十二个五年规划纲要), March 16, 2011, *Xinhua News Agency*, available online at: http://news.xinhuanet.com/politics/2011-03/16/c_121193916.htm. Last accessed 06/15/2012.

Why doesn't Yichang's government take full advantage of its rich tourism resources, especially when the central government has been calling for greater emphasis on tourism development? How is Yichang's government able to ignore the dictate coming from Beijing without apparent punishment? China is still a single-party, nondemocratic regime after all. This situation in Yichang violates expectations. However, what is more puzzling is the fact that the local governments of Yichang's two neighboring regions, which also boast rich tourism resources, exhibit very different attitudes towards tourism development.

Changyang County, most well-known for the scenic attraction – the Qing River Gallery, follows central directive religiously and centers its economic development largely on tourism sectors associated with this scenic attraction. In addition, an examination of Zigui, a neighbor county of Changyang and the hometown of the ancient poet Qu Yuan, suggests a local government whose devotion to tourism development and compliance with central dictate lies somewhere between that of faithful Changyang and lukewarm Yichang.

Why do these three localities all boasting rich tourism resources display such a wide variation in complying with central directive of promoting tourism development? Considering the strong commitment to developing tourism from the central leadership, one might assume that localities endowed with rich tourism resources would have all been loyally dedicated to tourism development, especially as China is still a unitary authoritarian country, and noncompliance with central directives tend to generate high political costs that local leaders are

reluctant to risk. Why do Yichang's leaders, unlike those of Changyang and to a lesser extent Zigui, choose to overlook the benefits of developing tourism, especially when Yichang is home to such wonderful tourist resources that would make many cities envy? And how are Yichang's leaders able to shirk the policy directives that are the top priorities of the central government without incurring any political punishments? These questions seem more puzzling when one considers the strong commitment on the part of the central government which usually leads to effective and consistent local enforcement across regions in an authoritarian country like China.⁹

Research Question

This empirical puzzle generates the overarching research question that drives this project: *Why do China's local governments exhibit different degrees of compliance with central-government directives, ranging from merely perfunctory efforts to absolute obedience?* My dissertation intends to not only solve the particular empirical puzzle in the area of tourism development policies but also, more importantly, provide an answer to this broader research question about how China is governed. Answers to this question have critical implications for understanding China's central-local relations, its political economy of development, and the durability of the Chinese Communist Party (CCP).

⁹ For instance, the incidents such as the 2003 SARS and the Sichuan earthquake in 2008 have well demonstrated the predominant power of the central state and its ability to align local governments with its orders within a short amount of time.

The Argument

I argue that two inter-related aspects of the Cadre¹⁰ Evaluation System (hereinafter referred to as the “CES”) – a personnel management system that assesses the performance of leading local officials from the provincial down to the lowest local level –shape local cadres’ compliance behavior: top-down control and local autonomy. “Top-down control” refers to the fundamental evaluation goals dictated by the central government that local cadres must obey, while “local autonomy” refers to the substantial leeway that local cadres possess to formulate the specific strategies to fulfill the central government’s evaluation targets based on local conditions, as long as these strategies do not conflict with the fundamental goals. Only by integrating these two aspects of power mechanism in the CES can we systematically explain the career-driven political incentives of local cadres and thus the variation in their compliance behavior.

Specifically, in the case of tourism development, the logic of my argument goes like this: Regarding economic policies, one of the fundamental goals the CES sets is economic development, measured by GDP growth rate, and local cadres have sought to achieve this goal faithfully. While they have the autonomy to design specific developmental strategies tailored to local preferences, local cadres tend to design these strategies in a way that maximizes local GDP growth

¹⁰ Cadre (*ganbu*) is originally a French word and refers to the elite officials in the communist political personnel systems. For a good discussion of cadre, see chapter four “Local Officials as Rational Actors in the Chinese Cadre System” in Yang Zhong, 2003, *Local Government and Politics in China: Challenges from Below*, p. 94-127; or chapter two “Management of Party Cadres in China,” in Brodsgaard and Zheng, ed. 2004, *Bringing the Party Back In: How China Is Governed*, p. 57-91.

rate and hence their chances of being promoted to higher positions within the administrative or the Party system. However, because some types of economic activities, including tourism, are inherently difficult to measure statistically, it is also difficult, if not impossible, to demonstrate their economic impact on GDP. Therefore, local cadres tend to regard tourism as a secondary choice after industry when deciding where to invest their limited resources.

This logic helps explain the variation in the three localities' degree of compliance: Yichang leaders' half-hearted implementation of tourism development policies is because there exists a predominant industrial sector in Yichang and the leaders have no incentive to divert resources to the tourism sector from this already highly profitable sector in terms of GDP generation. In contrast, Changyang is a mountainous region where the industrial sector is almost nonexistent. Therefore, local leaders have far stronger incentives to tap into Changyang's tourism resources and play up the contributions of local tourism development to GDP for their own career advancement. Finally, with a limited industrial sector but rich tourism resources, Zogui's leaders have incentives to distribute its resources to *both* sectors, and their compliance with central directives to develop tourism is between that of cadres in Yichang and Changyang.

In sum, the career incentives of local government cadres significantly determine the extent of compliance of localities in implementing central government dictates. And to understand local cadres' career incentives one must

examine the two essential power mechanisms of the Cadre Evaluation System – top-down control and local autonomy, within the context of the opportunities available at the local level. After clearly laying out the logic of the relationship between the CES and the incentives that local cadres have to comply or not comply with central government dictates, I will examine how this logic plays out in two case studies explaining the consistent pattern of Yichang, Zigui, and Changyang's varying degrees of compliance across two tourism development policies promoted by the central government. This dual power mechanism theory not only can explain the particular empirical puzzle observed in the case of tourism development but also can help make sense of the variation of local compliance behavior in Chinese politics more broadly, as I will analyze in chapter three.

Research Contributions

My dissertation contributes to our understanding of policy implementation in China by being able to systematically explain the variation in local compliance behavior, which prior literature has not fully examined. On the one hand, studies of China's central-local relations tend to agree that the central government predominates over local authorities, whether through its monopoly of the personnel management system (e.g., Huang 1996; Bo 2004; Li 2004; Landry 2008) or control over financial and economic resources (e.g., Wong 1991; Solinger 1996; Tsui and Wang 2004; Yang 2006; Naughton 2007). However,

these studies cannot deal with the reality that orders from the central government often are not scrupulously implemented locally.

On the other hand, the argument of “fragmented authoritarianism” (FA), arguably the most durable framework through which to study Chinese politics (Mertha 2008), suggests that local implementation almost always diverges sharply from the policies proclaimed in Beijing due to the fragmented structure of the Chinese bureaucracy and the protracted intergovernmental bargaining (e.g., Lampton 1987; Lieberthal and Oksenberg 1988; Lieberthal and Lampton 1992). But the FA argument cannot explain the fact that some local leaders do follow central mandates religiously.

Additionally, some studies stress the importance of policy issue areas in affecting and predicting policy implementation outcomes in China (e.g., O’Brien and Li 1999; Zhong 2003). However, with policy issue area being a constant variable across the localities, this account still cannot explain why there is such great variation in the degree of local policy enforcement when different localities are confronted with the same central dictate.

Furthermore, Kung and Chen (2011) explain the enormous variation of political radicalism during China’s Great Leap Famine across provinces by focusing on political career incentives of Communist Party officials. This study makes a great progress towards a more generalizable account of local compliance variation by going beyond the conventional explanations that emphasize the idiosyncrasies of provincial leaders or ideology. However, although Kung and

Chen's quantitative approach is able to show the consistent link between promotion prospects and the degree of leaders' political radicalism, it does not explore what exactly the mechanism of the career incentive system is and how this mechanism functions to shape officials' behavior.

Therefore, existing literature does not satisfactorily explain the considerable *variation* in local-level compliance with central directives. My dissertation aims to fill this void in the literature. To do this, I focus on how leading local officials' career incentives are significantly shaped by the Cadre Evaluation System.

My research distinguishes itself from existing studies on the CES, which only focus on its top-down control function, and ignore the extent to which local cadres possess autonomy (cf. O'Brien and Li 1999; Whiting 2001, 2004; Edin 2003; Heimer 2006; Minzner 2009). I am able to gain insight on implementation leeway because – in contrast to prior research – I focus on higher-level administrative localities (one prefectoral city and two counties) and because I rely on a new source of data regarding the extent to which local-government cadres fulfill central directives – Government Work Reports. Existing scholarship on the CES, by contrast, has focused on China's lowest level of administrative units – township governments – and has relied solely on what are called “responsibility contracts” to gauge compliance. This focus on townships and on responsibility contracts has impeded scholars from explaining local variation in compliance with central dictates.

My research challenges the conventional wisdom that the Party's personnel management system is a power instrument under the absolute control of the central government, by identifying the essential "local autonomy" power mechanism embedded in the CES and the substantial amount of bargaining and negotiation involved in the cadre evaluation process.

Methodology

Why A Qualitative Case Study?

My dissertation employs a qualitative case study method based on three fieldwork trips of almost a year in total length during which I interviewed government officials, business managers, scholars, and journalists and collected first-hand documents and reports. First and foremost, this methodological approach is better suited to the research question at hand, because the nuances of the variation of local (non)compliance and the behavior incentives of political leaders are best captured and expressed in interviews and strategic documents. Second, the reality of the poor quantitative data in China and especially the tourism sector's difficulty with statistical measurement dictate the choice of a qualitative method. I will discuss this feature of the tourism sector in more depth in chapter three.

Case Selection

Why tourism?

The top concern driving my selection of the tourism sector is the fact that the rapid development of China's tourism sector has largely resulted from the heavy involvement of the state—from nurturing a take-off to cultivating a comprehensive industry—so much so that China's tourism development is widely referred to as the “government-led model” (政府主导模式) in China.

Accordingly, in tourism studies, there is a vast literature, both in Chinese and English, that credits the rapid growth of tourism in China to the policy initiatives taken by the Chinese government.¹¹

Although leisure travel engaged by people of power and wealth dates back thousands of years in China,¹² tourism of a modern sense did not exist until 1978. Under Mao's reign, the travel and tourism industry was considered a form of diplomatic activity, serving political rather than economic goals. Travel services were only provided for visiting overseas Chinese residents and for foreigners with special permission to visit the country. Domestic tourism hardly existed, and outbound travel was limited almost exclusively to diplomats and government officials. Moreover, this nascent travel industry was forced to be almost entirely suspended during the Cultural Revolution. In 1978, at the Third Plenary Session of the 11th CCP Central Committee, Deng Xiaoping declared that China was to

¹¹ For literature in English, see, for example, Zhang, Guangrui. “China’s Tourism Since 1978: Policies, Experiences, and Lessons Learned,” p. 3-17, in Alan A. Lew and Lawrence Yu, 1995, *Tourism in China: Geographic, Political and Economic Perspectives*, Boulder: Westview Press; Zhang, Q., Chong, K., & Ap, J. (1999) “An analysis of tourism policy development in modern China,” *Tourism Management*, 20, p. 471-485; Zhang, Guangrui and Alan A. Lew. “Introduction: China’s Tourism Boom,” p. 3-11, in Lew et al., 2003, *Tourism in China*, New York: The Haworth Hospitality Press, etc.

¹² For a brief discussion on this subject see Zhang Guangrui, “China’s Tourism Since 1978: Policies, Experiences, and Lessons Learned,” in Lew, et al., 2003, p. 13.

shift its emphasis from political struggle to economic development and open its door to the outside world. This epoch-making decision has gradually but steadily transformed every aspect of Chinese economy and society, with tourism being one of them. Instead of a political means to showcase the progress of China's communist regime, tourism is now seen as an important tertiary industry aligned with Deng's reforms. The tourism industry gained a new acceptance as part of the open-door reforms; its foreign exchange earnings were recognized as being able to make a significant contribution to financing the "Four Modernizations" of industry, agriculture, science and technology, and national defense. Politically, tourism was justified in socialist terms as an acceptable industry because it would advance economic reforms and the policy of opening to the outside world, further friendship and mutual understanding between the Chinese proletariat and other people of the world, and contribute to world peace (Sofield & Li 1998).

As a result of this change of political and economic policy orientation, China's tourism development successfully took off, with jaw-dropping speed. In 1978, the total number of overseas visitor arrivals in China was 1,809,200. Within only ten years after the reform, the number reached 31,694,804.¹³ In addition, the international tourism receipts increased from US\$262.9 million in 1978 to US\$2.2 billion in 1988,¹⁴ an average annual growth of 20 percent.

¹³ See Table 2.1, "Overseas Visitor Arrivals in China (1978-2000)" in Lew et al., 2003, p. 16.

¹⁴ See Table 2.2, "International Tourism Receipts in China (1978-2000)" in Lew et al., 2003, p. 17.

Today, tourism is a booming business sector of the Chinese economy. Having recorded a growth rate between 1995-2020 of 7.8 percent a year, China is forecast to be the largest receiving country in the world by 2020 with 130 million arrivals.¹⁵ Moreover, according to the projections by the World Travel & Tourism Council, travel and tourism's direct contribution to GDP in China is expected to increase by 140% between 2011 and 2021, to more than US\$1.35 trillion,¹⁶ and by 2021 China will have overtaken the USA to invest more in travel and tourism annually than any other country (a 19% share of global investment).¹⁷ Indeed, had it not been for the reform policies, tourism in China would never have taken hold in the national economy and become the large economic engine that it is today.

Despite its humble start, what explains this astonishing achievement of China's tourism sector over the three decades since the economic reforms started in 1978? *First* and most importantly, China's government, especially the very top leadership, clearly recognizes the pivotal role played by tourism in sustainable growth, employment creation and social development across the entire national economy, and thus is firmly committed to developing the tourism industry. Deng Xiaoping (1904-1997), the legendary figure in political history of modern China who initiated the open-door policy, talked on various occasions of encouraging

¹⁵ *Tourism 2020 Vision*, UNWTO, p. 9.

¹⁶ *Travel and Tourism 2011*, World Travel & Tourism Council, p. 26.

¹⁷ *Ibid.*, p. 30.

the development of China's tourism sector as part of his economic reform strategies.

For example, at the very early stage of economic reforms from October 1978 to July 1979, in five different speeches Deng stated the need for the swift growth and development of tourism.¹⁸ Deng's advocacy for tourism was later edited by the Chinese Communist Party Central Committee Literature Research Office and the China National Tourism Administration and published as a book – *Deng Xiaoping on Tourism* (邓小平论旅游) – in 2000 to celebrate the achievements made by China's tourism industry over the past 20 years. During a meeting dedicated to the publication of this book, Qian Qichen, the then Vice Premier of the State Council, spoke that:

Deng Xiaoping's thought on developing tourism is an important component of Deng's economic thought...[and it] is both a theoretical breakthrough and a useful guide for practice. [It] not only defines the overall framework for our nation's tourism development work but also points out the right direction for a sustainable, fast, and sound development of the tourism industry.¹⁹

Furthermore, according to a commentary at the *People's Daily*, the ruling Communist Party's mouthpiece newspaper, the publication of *Deng Xiaoping on Tourism* reflects

the hope that various quarters will conscientiously study, profoundly comprehend and accurately grasp Deng Xiaoping's thinking on the

¹⁸ For a more detailed analysis of Deng's legacy on China's tourism development, see, for example, Honggen Xiao, "The discourse of power: Deng Xiaoping and tourism development in China," *Tourism Management* 27 (2006) 803-814.

¹⁹ "To learn from comrade Deng Xiaoping's thought on tourism development To promote greater development of China's tourism industry" (学习邓小平同志关于发展旅游业的思想 促进中国旅游业更大发展), *People's Daily*, March 29, 2000, available online at: <http://www.people.com.cn/GB/channel3/22/20000329/25060.html>. Last accessed 06/15/2012.

development of tourism, and (will) flexibly apply the essence of his thinking in practice, to adapt to the new situation, explore new ways, and jointly spur the tourism industry, to play a still greater role in national economic development and social progress, thereby forging ahead in a pioneering spirit in order to realize the dream of making China a world tourism power at an early date.²⁰

Likewise, speaking on the importance of economic restructuring and poverty relief at the Third Session of the Ninth National People's Congress in 2000, China's former President Jiang Zemin stressed the importance "to exert greater efforts to develop the tertiary industry, especially information, finance, *tourism* and services."²¹ Also, on joining the UNWTO/World Travel & Tourism Council (WTTC) Global Leaders for Tourism Campaign in September 2011, Chinese vice premier, Wang Qishan, said that "The Chinese Government is increasingly conscious of the role that tourism plays in socio-economic development and will double its efforts in tourism."²² Moreover, at the 2011 central economic work conference, President Hu Jintao set the tone for next year's policy direction and emphasized the need to "expand and explore consumption areas, to encourage

²⁰ "To strive for a world tourism power—written on the occasion of the publication of *Deng Xiaoping on Tourism*" (向世界旅游强国奋进—写在《邓小平论旅游》一书出版之际), *People's Daily*, March 29, 2000, available online at:

<http://www.people.com.cn/GB/channel7/36/20000714/145112.html>. Last accessed 06/15/2012.

²¹ "Participating in the plenary session of the Shanxi and Guizhou delegation Jiang called for strategic economic restructuring and further poverty alleviation and development" (江泽民参加山西贵州代表团全体会议时指出：推进经济结构战略性调整进一步做好扶贫开发工作), *People's Daily*, March 11, 2000, available online at:

<http://www.people.com.cn/zgrdxw/lianghui/news/0311/031101.html>. Last accessed 06/15/2012.

²² "Joining UNWTO/WTTC global campaign, China reaffirms commitment to tourism," available online at: <http://media.unwto.org/en/press-release/2011-09-06/joining-unwtowtcc-global-campaign-china-reaffirms-commitment-tourism>. Last accessed 06/15/2012.

innovation on consumption products, and to promote residents' cultural, *tourism*, fitness, senior care, and housekeeping service consumption.”²³

Second, in addition to the strong commitment from the top leadership, the central government has also made a series of supporting policies in order to sustain the development momentum in the tourism sector. One of the most prominent examples is that tourism was made a strategic priority in the national campaign to develop western China. This decision was made based on the central government's strategy to take advantage of the west's rich tourism resources while tackling the problem of its lack of industrial and financial base and a large amount of poorly educated labor force. Harsh Varma, former Regional Representative for Asia and the Pacific of the World Tourism Organization, wrote in the foreword for a book:

One of the most immediate benefits of the tourism industry is its ability to create employment and, as an added benefit, it requires both skilled and unskilled employment. China is the most populous destination in the world. As a labor-intensive industry, tourism has the potential to create more jobs per unit of investment than most of other industries...Other related benefits of the tourism industry include foreign revenue receipts and attraction of national and international investment in the development of tourism infrastructure, which can also be exploited for local use. It is therefore no surprise ... that the Chinese government identified tourism as a major engine for the development of its western provinces. In this manner, it is not only diversifying its tourism product beyond its traditional destinations, but is also ensuring that these provinces develop an industry that can provide immediate benefits with relatively little investment and using existing resources.²⁴

²³ “Central economic work conference held in Beijing—Hu Jintao and Wen Jiabao speak” (中央经济工作会议在京举行 胡锦涛、温家宝讲话) December 14, 2011, available online at: http://www.gov.cn/jrzq/2011-12/14/content_2020039.htm. Last accessed 06/15/2012.

²⁴ Lew et al., 2003, p. xviii-xix.

To let the tourism sector work its magic, the central government has formulated many preferential policies to support the tourism development in the west regions. For instance, tourist attraction businesses in the west enjoy substantial tax cuts.²⁵ Due to these preferential policies, tourism has successfully served as a leading catalyst for the development of western China, and thus has balanced the wealth disparity between China's more developed eastern regions and the west.

In sum, although tourism is a latecomer in China's economy, its development is clearly a political as well as economic priority to the central government authorities, and the strong commitment from the top leadership and the central government preferential policies have both helped cultivate a fast-growing tourism sector in China. This fact makes the tourism sector an ideal candidate to examine the general disparity between policy formulation and policy implementation, as one naturally assumes that if the state is highly motivated and offers preferential policies, then these policies should be expected to be well enforced. However, the gap between central policy expectations and their actual enforcement detected in this case constitutes an instructive scenario to find out what has caused such a gap in policy implementation. In particular, as discussed earlier on in this chapter, given a firmly committed top leadership and the central

²⁵ "Notice of the Ministry of Finance and the State Administration of Taxation on including western region tourist attraction operations into the range of western development tax preferential policies" (财政部国家税务总局: 关于将西部地区旅游景点和景区经营纳入西部大开发税收优惠政策范围的通知, 财税{2007}65号), May 22nd, 2007, available online at: <http://www.chinatax.gov.cn/n8136506/n8136563/n8193451/n8193481/n8193932/8240345.html>. Last accessed 06/15/2012.

government to tourism development, one would naturally expect every locality blessed with good tourism resources will follow central directives and take advantage of the preferential policies for tourism development. However, the reality is that some localities do indeed comply with the central policies quite enthusiastically whereas some only reluctantly pay lip service. Therefore, the tourism sector makes an especially interesting case to examine the variations in local policy compliance.

Why tourist scenic spots?

The tourism sector is a rather broad field that encompasses a very diverse range of businesses. For writing purpose, I have chosen to focus on the particular subsector of tourism—tourist scenic spots. This is not only because scenic spots are one of the most representative subsectors of the tourism industry, but also more importantly because they constitute the most complex area of tourism administration and involve a high degree of government regulation. Unlike travel agencies²⁶ or tourist hotels, the other two major subsectors of tourism administration, scenic spots usually consist of many natural resources, including land, water, and forest, that incur the regulation of a great number of government agencies. To name only a few, for example, to get land, the tourist scenic spot business must get approval from the local Bureau of Land and Resources; to cut down trees, the business must seek approval from the local Forestry

²⁶ A rented place and one person can form a travel agency.

Administration Bureau. Moreover, many large sized scenic spots include rural villages and sometimes even urban communities, thus the involvement of village committees and urban neighborhood committees in the administration of these tourist attractions. Due to this complexity, governing scenic spots constitutes the most challenging part of tourism administration and is a great place to examine local government implementation of central policies.

Why the two policies?

To examine local compliance with central directives, I will focus on two tourism development policies in the particular subsector of scenic spots –tourism marketing and promotion, and tourism market regulation – and see to what degree these policies have been carried out by local governments in accordance with central intentions. These two policies are chosen because they are among the most important indicators of the general wellbeing of the tourism sector, and are thus highly valued by the central government. Therefore, these three policies constitute great issue areas to examine the disparities between higher level policy directives and local enforcement and the causes for local implementation variations.

Tourism marketing and promotion constitutes one of the very core functions of the tourism industry. As China's market reform deepens, the tourism marketing policy suggests that government and business follow a division of labor in tourism marketing, with government authorities focusing on promoting city

image as a whole and businesses focusing on marketing their individual tourism products. The extent of local government compliance with this policy regarding marketing responsibilities substantially shapes the success of local tourism businesses.

Tourism market regulation is one of the key functions of tourism administration authorities to ensure an orderly development of the tourism industry. Whether this tourism market regulation policy can be faithfully carried out locally greatly affects the sound development of the local tourism sector.

Why the three localities?

I have selected Yichang city, Zigui county, and Changyang Tujia Ethnicity Autonomous County as the three research sites of my case study. Yichang is a prefecture-level city located in Western Hubei province. In China, a prefecture-level city is not a “city” in the strictest sense of the term, but instead an administrative unit comprising, typically, both an urban area (a city in the strict sense) and surrounding rural or less-urbanized areas usually many times the size of the central, built-up core.²⁷ Prefecture-level cities nearly always contain multiple counties, county-level cities, and other such sub-divisions.

Although these sub-division counties and county-level cities are under the jurisdiction of the prefecture-level city, they all have their own complete sets of government administrative systems and have financial and administrative

²⁷ In a sense, the prefecture-level cities in China resemble the counties in the United States which can include several cities as well as urban and rural areas.

autonomy over their own policy making and implementation (属地管理). This autonomy is even increasing, especially since the center's reform efforts to centralize the authorities of the prefecture-level cities to the provincial level so that counties and county-level cities can bypass the prefecture-level cities and report directly to the provincial governments – the “*sheng guan xian*” (省管县) reform.²⁸ The Ministry of Finance states that it plans to realize the fiscal part of the *sheng guan xian* reform by the end of 2012 to pave the way for the administrative part of the reform.²⁹ As a Yichang official commented, “This is called ‘eat in separate stoves (分灶吃饭),’ so every county head has a lot of power and lots of responsibilities.”³⁰

In the case of Yichang, it has jurisdiction over five urban districts (Yiling, Xiling, Wujiagang, Dianjun, Xiaoting), five counties (Yuan'an, Xingshan, Zigui, Changyang, Wufeng), and three county-level cities (Dangyang, Zhijiang, Yidu). Although Zigui and Changyang are under the jurisdiction of Yichang, these two counties have a great degree of decision making autonomy both financially and administratively. In my dissertation, Yichang refers to its actual urban area (城区) that includes the five districts, unless otherwise specified. This definition

²⁸ Interview: Yichang, September 29, 2011; “Central document No. 1 to promote the provincial control of county system reform” (中央一号文件提出推进省管县体制改革), February 2, 2009, *Beijing Times* (京华时报), available online at: http://news.xinhuanet.com/politics/2009-02/02/content_10748355.htm. Last accessed 06/15/2012; Mertha, Andrew C. 2005. “China’s ‘Soft’ Centralization: Shifting *Tiao/Kuai* Authority Relations,” *The China Quarterly*, December, pp. 791-810.

²⁹ “Ministry of Finance: implement fiscal provincial control of county system reform by 2012” (财政部: 2012年将实行财政省管县), July 10, 2009, *Beijing News* (新京报), available online at: <http://news.163.com/09/0710/02/5DR034UQ0001124J.html>. Last accessed 06/15/2012.

³⁰ Interview: Yichang, December 1, 2011.

complies not only with the administrative rules discussed above, but also with the common practice of statistical measures employed by Yichang's authorities.³¹

Yichang, Changyang, and Zigui are selected for a number of reasons. First of all, all three places are well-known in China for their abundance of extraordinary tourism resources. Today's Yichang is most often associated with the Three Gorges Dam Project which is located in the Yiling District of Yichang, and has attracted tourists from across the world to witness this largest hydropower project of human history. But Yichang is also famous for the Gezhouba Dam that used to be the largest hydropower project in China before the Three Gorges Dam came into being. In addition to these man-made attractions, Yichang also boasts numerous stunning natural scenic sites. Historically known as the "Gateway to the Yangtze Three Gorges", Yichang is home to one of the three gorges—Xiling Gorge, and it forms one of China's earliest national parks in Yichang. These two dams and the Xiling Gorge constitute the three must-see sights of many cruise tours down the Yangtze.³²

Similarly, Zigui County is also located along the Yangtze and boasts not only natural sceneries like waterfalls and hot springs but also cultural and historical relics. Zigui is especially known for being the hometown to Qu Yuan, a

³¹ According to interview information (Yichang, August 15, 2011), due to a unique legacy of Yichang's administrative division reform, Yiling district carries a rank that is equivalent to that of Yichang's sub-division counties and county-level cities. As a result, in Yichang's statistic yearbooks, Yiling district is usually singled out and listed independently from the other four districts of the urban area and parallels the sub-division counties and county-level cities.

³² It is widely referred to as the "two dams plus one gorge" tour route by travel agencies (两坝一峡).

great poet and politician of the State of Chu in the Warring States Period (475-221 B. C.) and Qu Yuan Shrine is one of the most visited sites of Zigui.

Also, Changyang Tujia Autonomous County is located in the basin of the Qing River, a tributary of the Yangtze, is famed for rugged mountains, crystal clear waters and indigenous culture. The Qing River Gallery is the signature tourist attraction of Changyang.

Most importantly, I have chosen these three localities because the central government attaches great importance to developing tourism in these three locations. As the three places are within the proximity of where the Three Gorges Project is located, they all have taken in relocated migrants caused by the inundation of the Project. This large number of new residents who are usually poor with little education has been a sensitive political issue both for the central state and local governments. Because of the abundance of tourism resources in the three regions and especially tourism's advantage in creating jobs both for skilled and non-skilled workers, tourism has been highly promoted by the central government as the priority developmental strategy in the three regions. For example, Deng Xiaoping once commented, "the current migrant policy is correct and one million migrants can be well resettled. We can develop rural enterprises, tertiary industry and develop tourism."³³ Also, Li Peng, the former premier and one of the strong supporters of the Project, wrote that "for future functions and

³³ Li Peng, *Li Peng's Three Gorges Diary*, 2010, (李鹏三峡日记), p. 48.

planning of the dam area, we prefer to develop tourism and move into the direction of tourist sites, and not to have industry.”³⁴

In line with central policy, Hubei provincial government has stepped up its efforts in developing tourism, especially after the State Council’s promulgation of the *Opinions of the State Council on Accelerating the Development of Tourism Industry* in 2009.³⁵ In 2008, the provincial government created the Western Hubei Eco-cultural Tourism Circle, incorporating eight cities (including Yichang and Changyang and Zigui under its jurisdiction) in the province with the aim to take advantage of the rich tourism resources of these places and to advance local development based on tourism. This project obtained central investment of 77 billion RMB.³⁶

In responding to central and provincial call for tourism development, these three localities’ governments have all set up lofty goals for the tourism sector in their 12th Five-Year Plans, and created grand slogans to advocate tourism development. For instance, Yichang’s government calls for the building of Yichang into a city of “Three Gorges International Tourist Destination.”³⁷ Both

³⁴ Li Peng, *Li Peng’s Three Gorges Diary*, 2010, (李鹏三峡日记), p. 154-155.

³⁵ “Opinions of the State Council on Accelerating the Development of Tourism Industry” (国务院关于加快发展旅游业的意见, 国发【2009】41号), December 1, 2009, the State Council, available online at: http://www.gov.cn/zwgk/2009-12/03/content_1479523.htm. Last accessed 06/15/2012.

³⁶ “Hubei Western Hubei Eco-cultural Tourism Circle gained 77 billion yuan in central investment” (湖北鄂西生态文化旅游圈获中央投资770亿元), September 9, 2009, *Xinhua*, available online at: http://news.xinhuanet.com/politics/2009-09/09/content_12023342.htm. Last accessed 06/15/2012.

³⁷ “Yichang to build Three Gorges international tourist destination—constructing national level tourist resort zone with important scenic sites within half an hour’s reach” (宜昌打造三峡国际旅游目的地—建国家级旅游度假区 重要景区半小时到达), March 7th,

Changyang and Zigui strive to become one of China’s “Strong Tourism Counties.”³⁸ However, despite these impressive slogans, my investigation of the three localities’ implementation of the four central policies reveals considerable variation in local compliance, from the most zealous enforcement of Changyang, to the less devoted Zigui, to the least attentive Yichang. Why do these three regions that are equally endowed with marvelous tourism resources and are within the same national policy environment choose to comply with central directives very differently? These three localities provide a very interesting case to examine the causes for local policy implementation variation.

Evidence

The main sources of evidence for my research are interviews and written materials that are conducted and collected during my three fieldwork trips to China: 2008 (May-August), 2009 (July-August) and 2011 (June-December). The first two trips were mainly to immerse myself in the field simply to find out what was going on, evaluate how much information I could possibly get, and most importantly, start building up connections. The third trip lasted about six months and its purpose was primarily to gather data.

I conducted 53 interviews, mainly consisting of four categories of people—government officials, business managers, scholars, and journalists. I

2011, available online at: <http://www.hubeitour.gov.cn/xwdt/html/72/9124.html>. Last accessed 06/15/2012.

³⁸ The 12th Five-year Plan for Economic and Social Development of Changyang Tujia Ethnicity Autonomous County and the 12th Five-Year Plan for Economic and Social Development of Zigui County.

relied on snowballing technique to get my interviewees. For some of the key informants, I had to go back and forth, interviewing a few times in order to get further information. The semi-structured interviews often lasted around an hour, but some longer ones lasted about two hours. All the interviews followed a similar format. At the outset the respondent was requested to introduce his or her job responsibilities and for how long he or she had worked at the particular position. Then I would inquire about some background information regarding the respondent's work unit, be it a government bureau or a company, such as the year it was established; the number of its employees; the scale of its business; and revenues or profits obtained in recent years. The purpose of getting both personal and work unit information was to place the answers in context. Following that I would ask four sets of questions based on four themes, respectively. All interviews were recorded, and transcribed.

Two methods were used to cross-examine the validity of the interview data. One was to ask the same set of questions that I asked government officials and business managers to scholars and journalists. At the early stage of fieldwork, I noticed that the subtle power relationship between government officials and business managers made it difficult to clearly confirm the accuracy of information obtained from officials through business people, because they were concerned that it might be turned against the company in its future dealings with the government. Therefore, sometimes the business managers tended to respond to my questions in a diplomatic and equivocal manner. To work around this

problem, I later started to ask the same set of questions to scholars and journalists who tend to be more independent and outspoken. By doing this I was able to identify the consistent pattern throughout all the interviews.

Another triangulation method I used was to double check with written materials. At the end of my interviews, I always made polite but persistent requests for any internal documents that the interviewee might feel comfortable giving me. Much to my surprise, most interviewees were very willing to help and offered me the extra copies of documents from their own collections. In some cases, they even went out of their way to make copies for me of some singular documents that I found particularly useful. One official from a tourism administration bureau struck me as especially interesting who wanted to give me a copy of a document about the price regulation of the Three Gorges Project tourist attraction, but thought that any issue related to the Project might be a bit sensitive so he stapled a blank piece of paper on top of the cover of the document before handed it to me and said, “Here, don’t let other people see this. Once you are done with it, shred it.”³⁹

Through this method, I was able to obtain a wide array of official documents, such as central and local government policy circulars, local government work reports, meeting minutes, financial records, cadre speeches, local government in-house journals (not publicly available) as well as documents and data from tourism businesses. These first-hand materials provided invaluable

³⁹ Interview: Yichang, October 11, 2011.

insights on the workings of local governments and businesses, and at the same time served as a trustworthy source to cross-examine my interview information.

I also did archival research at local public libraries and libraries of local universities and colleges that are probably the only places that house consistent collections of locally published newspapers, local yearbooks, and local gazetteers. Local governments often use local but widely circulated newspapers as a venue to announce policies, events and publicize cadre speeches. In addition, local scholars who are also important players in local government decision making often write commentaries at these newspapers on current policy issues or debates. Moreover, local yearbooks and gazetteers provide great historical background as well as data, albeit not always consistent, for local tourism development. These archival data further helped me cross-examine the information I obtained from interviews and official documents.

Chapter Layout

In this introductory chapter, I first discuss the empirical puzzle, and then outline the research question driving this project and offer my argument. I also address the theoretical contributions of my study and its methodology. In the second chapter, I elucidate the political logic of how the cadre evaluation system shapes the compliance incentives of local government officials. I then apply this logic to explain why Yichang, Changyang, and Zigui have implemented central directive of tourism development differently in chapter three. Chapter four and

chapter five are individual case studies examining the consistent variation of the three localities' dedication towards tourism development across two important issues – tourism marketing and promotion, and tourist market regulation, respectively. In the sixth and concluding chapter, I reiterate my major findings and arguments and the importance of my study, and suggest areas for future research.

CHAPTER TWO

A Theory of Dual Power Mechanisms: The Political Logic of Policy (Non)Compliance and China's Cadre Evaluation System

What explains the variation of local compliance with central dictates?

That is, when facing the same central directive, why do leaders of different localities choose to implement it with a varying degree of compliance? This is the central question driving my dissertation. Having provided the argument and the general framework of my dissertation, in this chapter I focus on exploring the political logic of my argument and analyzing how the two mechanisms – top-down control and local autonomy – of the Cadre Evaluation System shape the incentives that local cadres have to comply or not comply with central government dictates.

To do this, I will first explain what the CES is. I will then review the existing literature on the CES and examine how scholars' exclusive focus on township-level governments and sole reliance on responsibility contracts as the source of information about compliance incentives have led to their identification of top-down control function of the CES while being blind to its other essential feature – local autonomy. This weakness has limited the ability of the existing scholarship to understand the complete power mechanisms of the CES, and hence its ability to explain local variation in compliance with central directives.

Following that, I will discuss how a focus on higher-level administrative divisions

– prefecture and county – and the use of a new source for researching the CES – Government Work Reports – enable me to identify the local autonomy feature of the CES and the substantial amount of bargaining and negotiation involved in the process of constructing evaluations of local leading cadres. In the following chapter, I will illustrate how the combination of top-down control and local autonomy features in the CES help account for the different degrees of compliance with central directive to develop tourism in each individual locality – Yichang, Changyang, and Zigui.

Definition of the Cadre Evaluation System

The cadre evaluation system (干部考核制度) (CES), sometimes referred to as the cadre responsibility system, is one of the most important components of government personnel management in China.⁴⁰ As its name indicates, the system evaluates local party and government cadres based on performance criteria determined by their immediate superior level of government. Cadres take the CES very seriously, given that the evaluation results constitute one of the most influential factors affecting decisions about their career appointment, promotion, transfer, and removal.

It is important to note that the CES only deals with leading cadres (领导干部) of each level of government (Heimer 2006, 124). The official

⁴⁰ Other main components of the overall personnel management system that have been widely studied include the nomenklatura system (Burns 1989, 1994, 2006; Chan 2004) and the *bianzhi* system (Brodsgaard 2002; 2006).

documents are unclear about the exact political ranks or official positions of the leading cadres who are included in the system,⁴¹ but it is safe to say that both the party secretary – chief party official – and government head (党政一把手) of each level of local government are definitely included in the system and they constitute the group of cadres over whom upper level governments want most to control. For the purpose of clarity, in this project I focus on the evaluation of party secretaries and government heads.

Based on the current personnel management hierarchical arrangement in China, the CES operates in a one-level down fashion.⁴² That is, from the provincial level down, each level of local government has full authority to evaluate the leading cadres of the immediate subordinate level. Provincial governments, for instance, are empowered to evaluate, without approval from the central organization department, prefectoral party secretaries or mayors. Similarly, prefectoral governments are able to assess county party secretaries and heads of government without seeking approval from the provincial organization department. Likewise, county governments can decide, without approval from a

⁴¹ See, for example, “The Appraisal Methods for the Comprehensive Evaluation of Local Party and Government Leading Bodies and Leading Cadres (Trial),” issued by the Organization Department of the CCP Central Committee, [2009] No. 13, (地方党政领导班子和领导干部综合考核评价办法（试行），中组发【2009】13号), available online at:

http://www.nbws.gov.cn/wsdj/News_view.aspx?ContentId=7658&CategoryId=268. Last accessed 07/01/2012.

⁴² For more information on the decentralization process of China’s personnel management system from “two-level down” to “one-level down”, see, for example, O’Brien, Kevin J. and Lianjiang Li, “Selective Policy Implementation in Rural China,” *Comparative Politics*, Vol. 31, No. 2 (Jan., 1999), 167-186; Landry, Pierre F. 2008. *Decentralized Authoritarianism in China: The Communist Party’s Control of Local Elites in the Post-Mao Era*. Cambridge: Cambridge University Press.

prefectural organization department, how to evaluate township party secretaries and heads of government.

The CES has been undergoing great changes as the Party experiments with new ways of political and economic governance. Whiting's (2001; 2004) works have laid the foundation for studies on the cadre evaluation system, and provide some good background information on the central reform of CES since 1979. Her account shows that the CES has followed the path of economic reform and has transformed itself from a system that emphasizes political attitudes or work style to one in which cadres are assessed based on actual work performance and concrete achievements. Furthermore, the transformation of the CES lies in the increasing importance attached to the evaluation results and how they are used to determine material rewards and penalties as well as promotions. That is, in Whiting's words, "moving away from what were seen as subjective evaluations of political attitudes toward specific, measurable, and quantifiable indicators of performance" (Whiting 2004, 103).

Existing Studies of the CES

Although the general personnel management system has been the research subject of many China scholars, the specific system of the CES has neither been systematically studied nor thoroughly understood. This project contributes towards a better understanding of the working mechanisms of the CES. I argue that the existing studies on the CES have only focused on the top-down control of

local leaders, while overlooking these leaders' autonomy. Although these studies do reveal a certain degree of local discretion, they treat it as something that is neither desirable nor legitimate within the CES. Instead, existing studies suggest that the discretion of local leaders is an unintended consequence of the CES due to conflicting central priorities (Edin 2003), lack of central-government attention (Heimer 2006), or the moral hazard problem inherent in a principal-agent relationship (O'Brien and Li 1999; Whiting 2001, 2004). In sum, the existing literature dismisses local autonomy as a dysfunctional attribute of the CES. I argue differently that only by integrating the mechanism of local autonomy can we systematically explain the variation of local compliance with central policies.

In the following discussion, I will first briefly discuss the existing studies and their focus on the top-down control feature of the CES. I will then explain why existing scholarship has missed the CES's feature of local autonomy. I argue that this bias throughout the existing literature is caused by scholars' exclusive focus on township governments as the level of analysis and their sole reliance on responsibility contracts as the source of information about the working mechanisms of the CES.

The feature of top-down control

The CES is able to powerfully shape the behavior of local officials by linking both monetary remuneration and career prospects to their performance on the targets listed in the system. Therefore, the CES is widely believed to help

control local leaders and increase their compliance with policies made by higher level governments (O'Brien and Li 1999; Whiting 2001, 2004; Edin 2003; Tsui and Wang 2004; Heimer 2006; Minzner 2009). For example, when examining the mechanism of CES in China's legal institutions, Minzner describes the CES as "aimed at strengthening top-down supervision of lower-level officials and establishing positive incentives for good work" (Minzner 2009, 66). This is, in a nutshell, the conventional wisdom about the purpose of the CES.

Some authors tend to emphasize how the *central* government is able to use the CES to control grassroots leaders (Edin 2003; Heimer 2006; Whiting 2004; Minzner 2009), whereas others focus on the control of local cadres by their immediately-superior level of government (O'Brien and Li, 1999; Whiting 2001). For example, Edin (2003) sees the CES as a tool of the central government to get its policies implemented locally and thus has helped strengthen the control capacity of the central state to rein in local governments. To explain the failure of local implementation of central policy on peasant burden reduction, Edin (2003) refutes the view that the root problem lies in the center's inability to discipline its agents, and contends that the failure is because reducing peasants' burden is not the priority of the center and is not deemed as strategically important. Edin says it very well:

This inability is not primarily because of the center's lack of control over its local agents but because the center's actions are constrained by its other policy priorities. The political will to reduce peasant burden becomes weaker when balanced against other, more important, policy goals. It will be very difficult for the party-state to reduce peasant burden as long as its primary goal is economic growth ...The cadre responsibility system

transmits the goals of higher levels to local agents, but the system cannot cope with more than a few state goals simultaneously, especially when those goals conflict (Edin 2003, 51).

Also focusing on central control, Heimer asserts that:

The cadre responsibility system is the instrument used by the central government to steer local leaders and by which it holds them accountable. The priorities of the central are channeled downwards through the responsibility system. In this way, a focus on the cadre responsibility system enables us to see what priorities are communicated to lower levels as well as to study the implementation of central policy (Heimer 2006, 123).

Similarly, Whiting's (2004) work also highlights central control of the CES to construct high-powered incentives that are embedded in specific performance criteria so as to mobilize local cadres around specific policy goals reflecting the main concerns of the central government. She concludes that the CES has helped reinforce local commitment to the agendas of the CCP, thereby contributing to the durability of the Party.

Rather than focusing on how the central government is able to use the CES to rein in local governments, other scholars have emphasized the control of local leaders by their immediately-superior level of government. For example, to explain rural leaders' behavior of selective policy implementation – strictly enforcing unpopular policies like taxes and birth control while ignoring popular ones such as respect for villagers' rights, O'Brien and Li (1999) point out the fact that the one-level-down authority hierarchy embedded in the CES has led township leaders to be more responsive to their immediate boss – the county government – instead of the more distant central government. Also, Whiting

(2001) employs the CES as one of the two institutional factors (the other being the revenue-sharing fiscal system) to explain the ways in which township leaders were involved in the development of rural industry. She argues that the economic and sociopolitical targets in the CES set by the county government worked together to drive township leaders to advance local economic development through promoting rural industry.

In sum, despite the minor difference in the existing studies' emphasis on who controls the local leaders, be it the central state or the immediately-superior level of government, the existing studies are unified by their identification of the top-down control feature of the CES.

Why is top-down control important?

The emphasis on the top-down control feature of the CES in particular, and the overall personnel management system in general, is well-grounded. China's embrace of the market since the late 1970s has driven a surge in economic growth and a social revolution. Yet in the context of a single-party regime, this economic and social transformation has generated a pressing political question: How can the central government maintain effective control of local governments, even as it decentralizes economic and administrative decision making authority? And how can the Party sustain its reach into society when communist ideology has lost its appeal and individuals' preferences are increasingly more diverse and independent of the state? In addition to its

monopoly over the military and the media, the central party state's tight grip on personnel control is widely believed to be indispensable to the party's hold on power (Huang 1996; Bo 2004; Brodsgaard 2004; Landry 2008; Zheng 2010, etc.).

For example, drawing on institutional economics, Huang (1996) argues that despite economic decentralization, the central government's monopoly over personnel allocations plays a pivotal role in its ability to control local investment and inflation. Similarly, to explain why China's reforms, accompanied with a high level of economic and administrative decentralization, have not led to a fundamental weakening of the central state by local governments and hence, China's disintegration, Landry (2008) insists that the answer lies in the Leninist institutional control within the Chinese polity, "Each layer of local government is critically constrained by the capacity of a hierarchically superior unit to appoint, remove, or dismiss the leading officials in the locale in question, regardless of its economic importance." To Landry, the Party's personnel management is "the glue that turns the fragments of the Chinese local state into a coherent – albeit colorful – mosaic" (Landry 2008, 79).

In addition, by studying career patterns of provincial level leading cadres, Bo (2004) asserts that despite the decentralization of economic and administrative powers in the reform era, the CCP has remained a powerful institution vis-à-vis the systems of the government and the people's congresses by maintaining tight control of elite management and further strengthening this control through institutionalizing the rules of elite personnel management. As Bo (2004) sharply

points out, “The CCP has done so by invoking the principle that the party controls the cadres (党管干部)” (p. 73).

More than just scholarship, real-life political events in China also imply the strong control of the central party state in personnel arrangements. Most recently, after Bo Xilai, a prominent princeling, descendant of senior Communist party elites, and former party chief of the southwestern megacity of Chongqing and member of the powerful Politburo of the CCP Central Committee, was swiftly removed from his positions due to alleged wrongdoings, Li Yuanchao, head of the Central Organization Department of the CCP Central Committee, simply flew to Chongqing with Zhang Dejiang, then vice-premier of the State Council, and announced Bo’s replacement by Zhang at a local meeting.⁴³ Two days after Li’s announcement, headline news in *Chongqing Daily* carried declarations by leading officials from key Chongqing government ruling sectors to “resolutely support the decisions of the central government.”⁴⁴ The quick downfall of Bo and Chongqing’s conformity with central arrangements clearly demonstrate the insurmountable power of the center in personnel control of local cadres.

In sum, by controlling the careers of all party cadres, from the lowest to the top ranks, the overall personnel management system including the CES has enabled the central state to rein in local governments and strengthened CCP’s

⁴³ “Zhang Dejiang replaces Bo Xilai as Chongqing Party chief,” March 15, 2012, available at http://news.xinhuanet.com/english/china/2012-03/15/c_131468566.htm. Last accessed 07/01/2012.

⁴⁴ *Chongqing Daily* (重庆日报), March 17, 2012.

tight grip on the government, the People's Congress, and the Chinese society. No wonder the existing literature on the CES emphasizes its top-down control feature.

Why is only seeing top-down control misleading?

However, the importance of top-down control does not justify the existing scholarship's neglect of local autonomy that is also an essential feature embedded in the CES. Although these studies do reveal a certain degree of local discretion, they tend to suggest that this local behavior of discretion is neither desirable nor a legitimate part of the CES. Instead, existing research indicates that the discretion of local leaders is an unintended consequence of the CES due to conflicting central priorities (Edin 2003), lack of central-government attention (Heimer 2006), or the moral hazard problem inherent in a principal-agent relationship (O'Brien and Li 1999; Whiting 2001, 2004).

For example, Edin only sees the top-down control function of the cadre responsibility system and attributes the failure of local implementation of central policies to local discretion. To Edin, local discretion is undesirable and occurs only to “non-priority policies” and in “areas which are strategically less important” (Edin 2003, 52). In other words, local discretion does not exist in its own right, but only as a byproduct of calculated central control.

Also, Whiting's account of how the CES's economic and sociopolitical targets help push local leaders to develop rural industries also implies that she

does not perceive local-level autonomy to be actually embedded in the process of local decision-making. Similar to Edin, Whiting sees local discretion as an unintended and unwelcome result of top-down control. For example, as many county governments overemphasized economic targets, township leaders (who have limited terms in office) tended to excessively rely on administrative intervention rather than the market to guide enterprises, which tended to undermine enterprise autonomy and distort central-government credit policies (Whiting 2001).

Likewise, O'Brien and Li only find the CES as a top-down means of control that has led to better execution of some (in their case, unpopular policies) but not other state policies. They regard this behavior of selective policy implementation as street-level discretion that results from a combination of three factors – quantification of targets in the CES, the one-level-down hierarchy in overall personnel management, and the end of mass campaigns and thus lack of grassroots monitoring. They state that when these three factors work together, local cadres are enticed to ignore popular policies, which tend to be non-quantifiable and higher level governments cannot readily turn into binding targets (O'Brien and Li 1999, 173-174). Apparently, O'Brien and Li's interpretation of street-level discretion reveals that they regard local autonomy as an unintended and dysfunctional aspect of the CES and leads to unfavorable results.

In sum, the existing literature on the CES focuses exclusively on its top-down control function. Unfortunately, this narrow focus leads to the inability of

the literature to explain variation in local policy implementation. If the top-down control of the CES were so uniformly powerful, why facing the same central directive, some local officials choose to comply with a high degree of enthusiasm whereas others only pay lip service? None of the existing studies has satisfactorily addressed this research question. I argue that scholars have overlooked a crucial element of the CES – local autonomy. Only by integrating the variable of local autonomy to analyses of how the CES shapes local leaders' governing behavior and career strategies can we understand why there is so much variation in local policy compliance.

What has caused the exclusive focus on top-down control?

What has caused the exclusive focus on the top-down control feature of the CES in the existing scholarship? I contend that two research biases have led to a limited and even misleading interpretation of the mechanisms of the CES. First, scholars have focused exclusively on *township*-level governments and their leading cadres when considering the question of compliance with higher-level directives. Partly as a result, second, scholars have focused on what are called “responsibility contracts” (责任状) as the only source of data about how cadres are actually evaluated in terms of the extent to which they meet higher-level directives. However, the emphasis on townships and responsibility contracts has led scholars to overlook local cadres’ considerable autonomy in negotiating and structuring the specific terms of evaluation targets.

First, existing works on the CES focus exclusively on township governments (O'Brien and Li 1999; Whiting 2001, 2004; Edin 2003; Heimer 2006), and examine how township cadres are evaluated by the CES.⁴⁵ For example, while admitting that the cadre responsibility system applies to the provincial level and below, O'Brien and Li (1999, 172) and Heimer (2006, 125) choose to focus exclusively on township-level leading cadres – the party secretary and township government head – and examine how their political behavior is shaped by the cadre responsibility system.

China's system of territorial administration consists of several levels. The Constitution provides for three subnational levels – province, county, and township – although in practice there are five – province, prefecture, county, township, and village. As a result, this multi-tiered system of administration raises questions, such as: Do the findings drawn exclusively from one level of government apply to other levels? To what extent do existing findings represent the overall CES? Existing scholarship cannot answer these questions because they have focused exclusively on the township level.

Second, related to the issue of exclusive focus on townships, existing works have relied solely on “responsibility contracts,” or sometimes referred to as

⁴⁵ Zhong only mentions in passing that heads of village committees also sign responsibility contracts with the township government (Zhong 2003, 140-141). Based on the Constitution, village cadres are not officially part of the Chinese government apparatus. In addition, although Edin (2004) is claimed to focus “on the cadre responsibility system at the county and township levels” by Brodsgaard and Zheng (2004, 12) in the introduction of their edited book (Brodsgaard, Kjeld Erik and Yongnian Zheng, ed. 2004. *Bringing the Party back in: How China is Governed*. London: Eastern Universities Press.), a reading of Edin’s contributed chapter (“Remaking the Communist Party-State: The Cadre Responsibility System at the Local Level in China”, p. 175-191) actually suggests that Edin only examines the CES of the township-level governments.

responsibility commissions, as the research source to identify job assignments and performance targets for township leading cadres. For example, O'Brien and Li's study of township leaders' selective implementation behavior provides a detailed account of the contents of responsibility contracts:

In places where the cadre responsibility system operates as designed, a local government assigns a variety of targets to its subordinates when they assume office. Typically, a responsibility contract (*zeren zhuang*) detailing objectives, evaluation procedures, and remuneration is prepared, which the party secretary and government head at the lower level then must sign. Each and every target comes with a numerical value, and each target is allotted a weight in a cadre's performance appraisal. Particularly important tasks may also be granted 'veto power'. Fulfilling these tasks does not guarantee a satisfactory appraisal, but failing to do so means failure, no matter how well the other targets have been met (O'Brien and Li 1999, 172).

Furthermore, Heimer's (2006) study of the CES at the township level clearly illustrates how responsibility contracts function as a key component of the CES:

Party secretaries and township heads literally sign performance contracts (*gangwei mubiao zerenshu*) with the county level. In these contracts, township leaders pledge to attain certain targets laid down by higher levels and are held personally responsible for achieving them....At the end of the year, leaders are evaluated by higher levels upon the various targets in the performance contract. As part of the annual evaluation by higher levels, lower levels also pass their judgments on their leaders through questionnaires and opinion polls. Colleagues from the leader's own work unit and representatives from the subordinate unit take part in an appraisal meeting (Heimer 2006, 125).

It should be noted that some authors have pointed out the fact that the content of performance contracts varies by place and time and reflects the priorities of both the central and local governments. For instance, Heimer writes that other than "two national *yipiao foujue* [priority targets with veto power]: family planning and social order" (Heimer 2006, 129), "the content of performance contracts

varies between areas and over time, reflecting the priorities of not only the central, but also of local, authorities” (Heimer 2006, 125). Unfortunately, however, no research has actually explored the mechanism or extent of local autonomy.

With meticulously quantified targets and a clear link between performance and rewards established in the responsibility contracts, it is hard for one to miss the top-down control feature of the CES. However, because of the two research biases, scholars have lost sight of the other essential feature of the CES – local autonomy. In sum, by focusing on the grassroots level governments and relying on responsibility contracts, the current literature has undoubtedly enhanced our understanding of the workings of not only the CES but the overall cadre management system in China. However, its research biases have also led to an incomplete and skewed interpretation of the power mechanisms of the CES in particular, and the overall cadre management system in general. Do leading cadres of higher level governments make decisions about policy compliance based on the same CES mechanisms driving the township leaders? The existing scholarship is unable to address this question.

My Study of the CES

My study fills this void by examining how the CES works at the prefecture and county levels – the two levels of government immediately superior to the township. By examining leading cadres’ policy compliance at these higher

levels of the Chinese polity and relying on a new source of data as the indicator of the working mechanisms of the CES, I have found that in addition to top-down control, the CES is also characterized by a high degree of local autonomy that enables local leaders to bargain and negotiate with the higher level of government over the specifics of evaluation standards. For instance, although the central government determines the general main targets of evaluation that reflect central priorities at the time, I will show that it does not stipulate the specific contents of these targets to be passed down to provincial governments. Instead, provincial governments reserve the right to not only decide what specific aspects that each target should entail but also negotiate with the center over how much value each target should count in the final performance evaluation criteria. The same logic goes for subprovincial level governments. In sum, instead of the conventional image of the CES that is a one-way deal with the upper level government holding absolute control of its immediate subordinates, I find that the CES allows substantial maneuvering and bargaining in which local leaders are able to strike an evaluation deal that is tailored to the particular needs of the local government and is conducive to the career advancement of local leaders.

A new focus on higher level governments

This dissertation project is based on findings from three localities: Yichang (a prefecture-level city), Changyang and Zigui (two counties). By examining how the CES shapes the incentives of leading cadres and hence the

outcomes of policy compliance in these three localities, my research complements the current scholarship by adding new insights from two different types of higher level government.

My research suggests that administrative level makes a significant difference to the working mechanisms of the CES. Most importantly, leading officials at the level of prefecture-level city do not sign responsibility contracts with provincial governments, although their counterparts at the county and township levels must do so with their immediate bosses, respectively.⁴⁶ Given this fact, how does the CES work beyond the county level? Where do we look for evidence? How to generate a more encompassing theory about the working mechanisms of the overall CES across China's administrative levels? Existing scholarship cannot answer these questions.

A new source for research input

To circumvent the technical obstacle facing existing scholarship, my research employs Government Work Reports (政府工作报告) as the major research source to study the power mechanisms of the CES. In this section, I will first define Government Work Reports and explain why they constitute a useful and valid source for examining the career incentives of local cadres and their

⁴⁶ Interview: Yichang, March 19, 2012. Also, Tsui and Wang (2004, 76) point out that the practice of signing responsibility contracts "has been adopted from the county all the way down to township governments and village organizations."

decisions on policy compliance. I will then explain why as a research source, Government Work Reports are superior to responsibility contracts.

Definition

The Government Work Report is an official document that is issued every year by every government, from the central down to the township level, during the annual meeting of the People's Congress, China's legislature. This document is mainly intended to both outline the blueprint and specify the details of the essential government work for the year. Although national Reports have received the most media attention, Reports at lower level governments serve the same functions within their own jurisdictions. As Government Work Reports contain important information on government socio-economic and political policies for the year, they have been under close watch by various business and interest groups both within and outside China.⁴⁷ But surprisingly, and unfortunately, they remain an untapped research source for political scientists.

The General Office of each government has a designated team consisting of a varying number of officials responsible for writing up the Report.⁴⁸ The final version of the Report is delivered by the head of the government at the annual

⁴⁷ For example, see, Jamil Anderlini, "China needs to match words with actions: many problems leaders had promised to confront have got worse," March 8, 2012, *Financial Times*, available online at: <http://www.ft.com/intl/cms/s/0/5b4c8856-6919-11e1-956a-00144feabdc0.html#axzz2T0scFfvU>. Last accessed 07/01/2012.

⁴⁸ The size of the writing team tends to be shaped by the level of the government in question. Usually, the higher administrative level the government is the bigger the writing team is, given the fact that the Government Work Report of a government must encompass all its subordinate regions.

People's Congress meeting and approved later by the delegates to that meeting. This process works the same for every level of government. For example, most recently, at the central government level, on behalf of the State Council, Premier Wen Jiabao delivered the 2012 Government Work Report during the opening meeting of the Fifth Session of the Eleventh National People's Congress (NPC) on March 5th, 2012 in Beijing,⁴⁹ and the Report was later adopted at the closing meeting of the NPC on March 14th.⁵⁰ At the provincial level, in Hubei Province, on January 11th, 2012, Governor Wang Guosheng delivered the 2012 Government Work Report at the Fifth Session of the Eleventh People's Congress of Hubei Province.⁵¹ Similarly, at the prefectural level, Yichang's mayor Li Lecheng delivered the 2012 Government Work Report at the First Session of the Fifth People's Congress of Yichang City on January 6th, 2012.⁵² And then, in Changyang Tujia Ethnicity Autonomous County, the head of the county government, Zhao Jixiong, delivered the 2012 Government Work Report at the

⁴⁹ "Premier Wen's government work report," available online at: http://news.xinhuanet.com/english/china/2012-03/05/c_131446870.htm. Last accessed 07/01/2012.

⁵⁰ "China's parliament adopts government work report," available online at: http://news.xinhuanet.com/english/china/2012-03/14/c_131466127.htm. Last accessed 07/01/2012.

⁵¹ "2012 Government Work Report of Hubei provincial people's government" (2012年湖北省人民政府工作报告), available online at: http://www.gov.cn/test/2012-02/01/content_2056122.htm. Last accessed 07/01/2012.

⁵² "2012 Government Work Report of Yichang city" (宜昌市2012年政府工作报告), January 6, 2012, *Three Gorges Daily* (三峡日报), available online at: http://news.cn3x.com.cn/content/2012-01/11/content_197220.htm. Last accessed 07/01/2012.

Second Session of the Eighth People's Congress of Changyang Tujia Ethnicity Autonomous County.⁵³

All Government Work Reports are uniform in format, consisting of three main sections. *First*, the Report starts with a review section of the work accomplished by the government in the previous year, and these accomplishments are presented in concrete numbers. For example, the 2012 Government Work Report of the central government sets out with a review of government performance in 2011. In the brief summary at the very beginning, the Report writes that:

Last year ... China's GDP reached 47.2 trillion yuan, an increase of 9.2% over the previous year; government revenue was 10.37 trillion yuan, an increase of 24.8%; and the country's grain output reached a record high of 571.21 million tons. A total of 12.21 million new urban jobs were created. The per capita disposable income of urban residents and the per capita net income of rural residents rose in real terms by 8.4% and 11.4%, respectively.⁵⁴

Likewise, what follows this brief summary is a more detailed discussion of the achievements divided by some main categories. For example, in the same Report, it discusses five types of achievements: fiscal and monetary policy; economic restructuring; social services and development; improving people's wellbeing and social justice; and deepening reform and opening up. Within each type, the Report also tends to list the achievements in concrete numbers. Take the

⁵³ "Focusing on the people's congress: grand opening of the second session of the eighth people's congress of Changyang Tujia ethnicity autonomous county" (聚焦人代会:长阳土家族自治县八届人大二次会议隆重开幕), March 8, 2012, available online at: http://www.sxcynews.com/art/2012/3/8/art_52_74752.html. Last accessed 07/01/2012.

⁵⁴ Full text in Chinese is available online at: http://news.xinhuanet.com/politics/2012lh/2012-03/15/c_111660147.htm; full text translated into English is available online at: http://english.gov.cn/official/2012-03/15/content_2092737.htm. Last accessed 07/01/2012.

achievements in improving people's wellbeing as an example. The Report writes that:

Basic pensions for enterprise retirees increased for the seventh consecutive year, with an average increase of 1,680 yuan per person for the year, which benefited over 57 million people... The central government allocated 171.3 billion yuan for [the construction of low-income housing], an increase of 120% over 2010. We basically completed 4.32 million units of low-income urban housing and began construction on a further 10.43 million units⁵⁵ and so on.

In sum, these mentioned achievements epitomize the main areas of the government's strategic priorities and policy preferences, and similar to responsibility contracts, these achievements are also described in concrete numbers. Therefore, this first review section resembles an evaluation of the work performed by the government in the previous year.

The *second* section presents the overall guidelines for the government work of the current year, and this is the most crucial section where the government sets the overarching tone for the current year's mode of socio-economic development. Moreover, the government puts forward its guidelines and expectations in concrete statistics. For instance, in this section of the 2012 Government Work Report of the central government, regarding the main targets for economic and social development in 2012, it stipulates that:

...to increase GDP by 7.5%, create more than 9 million new jobs in towns and cities, keep the registered urban unemployment rate at or below 4.6%, hold increases in the CPI to around 4%, increase the volume of total exports and imports by around 10%.⁵⁶

⁵⁵ Full text in Chinese is available online at: http://news.xinhuanet.com/politics/2012lh/2012-03/15/c_111660147.htm; full text translated into English is available online at: http://english.gov.cn/official/2012-03/15/content_2092737.htm. Last accessed 07/01/2012.

⁵⁶ *Ibid.*

Also, with respect to fiscal and monetary policy, it stipulates that:

This year, we are projecting a deficit [of government debt] of 800 billion yuan, a decrease to around 1.5% of GDP, which consists of a 550 billion yuan central government deficit and 250 billion yuan of bonds issued on behalf of local governments.⁵⁷

These highly quantified targets constitute the very core of the work assignments for the central government for 2012, and its performance will be evaluated against these targets in 2013's Government Work Report and see whether it has achieved these numbers. This second section of Government Work Reports much resembles the responsibility contracts in the way that it not only lists the main work targets for cadres but also quantifies these targets.

Based on the guidelines of the second section, the *third* section of the Report is to further operationalize these guidelines in several major tasks that are spelled out in more specific details. For example, in this section of the 2012 Government Work Report of the central government, there list nine major tasks to be carried out, involving issue areas like price control, agricultural growth and rural income increase, education and human resource development, and cultural development, etc.⁵⁸ Furthermore, the Report specifies what each of these nine tasks entails for the work of every government. For instance, in terms of the task of keeping overall prices stable, one of the many details the Report specifies is that: "We will effectively carry out the practice of holding provincial governors responsible for the 'rice bag' (grain supply) and city mayors for the 'vegetable

⁵⁷ Full text in Chinese is available online at: http://news.xinhuanet.com/politics/2012lh/2012-03/15/c_111660147.htm; full text translated into English is available online at: http://english.gov.cn/official/2012-03/15/content_2092737.htm. Last accessed 07/01/2012.

⁵⁸ *Ibid.*

basket' (non-grain food supply)...”⁵⁹ Similarly, with regard to the task of promoting agricultural growth and rural income increase, the Report articulates some government work details in very specific numbers. For example, it states that:

We will continue to raise the minimum purchase price for grain, and we will raise the average floor prices for wheat and rice by 7.4 yuan and 16 yuan per 50 kilograms, respectively, [and that] We will strengthen agricultural and rural infrastructure. The central government plans to allocate 1.2287 trillion yuan for agriculture, rural areas and farmers, 186.8 billion yuan more than last year.⁶⁰

To ensure that targets in GWRs are met, every government further breaks down each target into specific tasks and then delegates these tasks to particular functional departments and subordinate governments under its jurisdiction. For example, after the 2012 GWR of the central government was approved by the National People's Congress, the Premier chaired a State Council executive meeting and divided up the main targets of the GWR among the various departments of the State Council.⁶¹ Also, Yichang government delegated the targets of its 2012 GWR to Yichang's functional departments in such a meticulous manner that each individual task was given a particular serial number

⁵⁹ Full text in Chinese is available online at: http://news.xinhuanet.com/politics/2012lh/2012-03/15/c_111660147.htm; full text translated into English is available online at:

http://english.gov.cn/official/2012-03/15/content_2092737.htm. Last accessed 07/01/2012.

⁶⁰ *Ibid.*

⁶¹ “Wen Jiabao chaired the State Council executive meeting to determine the division of labor among departments over the key tasks of Government Work Report” (温家宝主持召开国务院常务会议 确定《政府工作报告》重点工作部门分工), March 16, 2012, available online at: http://news.xinhuanet.com/politics/2012lh/2012-03/16/c_111666279.htm. Last accessed 07/01/2012.

and a leading official of the designated functional department was appointed as the responsible person for the task.⁶²

Moreover, each functional department will further divide its assigned tasks into more detailed and specific assignments and distribute them among its subordinate units. Each assignment comes with a detailed description of what needs to be done and how much needs to be achieved. In many cases, this description incorporates concrete numbers to quantify the required outcomes. Additionally, to ensure the completion of these assignments, the functional department not only appoints responsible persons for each assignment but also requires each designated unit to report on its progress to the department on a regular basis, sometimes as often as every month.⁶³ And to achieve its assigned tasks from the Government Work Report, Yichang's tourism administration bureau even included the Report's section on tourism development in its educational booklet and disseminated to people employed in the tourism industry.⁶⁴

⁶² For example, see, “The notice of Yichang municipal State-owned Assets Supervision and Administration Commission on breaking down key tasks of Government Work Report and delegating responsibilities, The General Office of Yichang municipal State-owned Assets Supervision and Administration Commission [2012] No. 3”

(宜昌市国资委关于分解落实《政府工作报告》重点工作责任的通知, 宜市国资办[2012]3号), February 17, 2012.

⁶³ For example, see, “The notice on implementing 2012 Government Work Report and Shuangbai Project and delegating responsibilities, The General Office of Changyang Tujia Ethnicity Autonomous County Construction Bureau”

(关于落实2012年《政府工作报告》和联系“双百工程”工作任务责任分解的通知, 长阳土家族自治县住房和城乡建设局办公室), April 16, 2012, available online at:

http://jsj.changyang.gov.cn/art/2012/4/19/art_606_78372.html. Last accessed 07/01/2012.

⁶⁴ *Study material for people employed in the tourism industry* (宜昌市旅游从业人员学习资料), Yichang Tourism Administration Bureau, February 2009.

These painstaking measures employed by local governments to warrant the implementation of targets set in Government Work Reports suggest that GWRs are not empty rhetoric, but a powerful document guiding and evaluating the annual work of every government in China. As a result, Government Work Reports are a useful and valid source for examining the career incentives of local cadres and their policy compliance decisions, because they unequivocally articulate the targets of government work for the year and quantify these targets in measurable statistics. Therefore, it is easy to both identify the essential tasks and compare their weight in terms of evaluating cadres' work performance, so that one could understand the career incentive structure driving local cadres' decision-making.

Superiority

In addition, more than just a valid source for studying the CES, Government Work Reports actually constitute a better research venue than responsibility contracts to gauge the power mechanisms of the overall CES. There are two main reasons for the superiority of Government Work Reports.

First, Government Work Reports are more consistent than responsibility contracts. From the central down to the township-level, every government issues a Government Work Report annually. In contrast, only officials at the county level and below have to sign responsibility contracts. This fact makes Government Work Reports a more consistent research source across levels of

government in China, enabling a systematic examination of the working mechanisms of the overall CES. In contrast, findings based on responsibility contrasts cannot be generalized beyond the county level.

Second, Government Work Reports are more transparent and reliable than responsibility contracts. Government Work Reports are officially a public document that is available either online or through local yearbooks.⁶⁵ In contrast, responsibility contracts remain a largely secret document, access to which is elusive and sporadic, hampering efforts to systematically collect data. Therefore, findings of existing studies of the CES that are built upon responsibility contracts cannot even be reliably compared across governments of the same level or across administrative levels in a systematic manner. Fortunately, Government Work Reports are able to circumvent the opacity of responsibility contracts, and findings of my research based on the three localities I have chosen are easily verified by studies of other regions and are more likely to be generalized to the entire country.

In conclusion, Government Work Reports not only constitute a legitimate and valuable research source for analyzing the overall mechanisms of the CES, but also serve as a better research venue than the conventional responsibility contracts in terms of the ability to produce more systemic and generalizable research findings.

⁶⁵ My experience tells that annual central, provincial and prefectural level Government Work Reports are consistently available online but county and township level ones are less consistent and may need to be obtained through fieldwork due to their less developed electronic service of the public sector. But nevertheless they are officially open documents and are usually available upon request.

My Theory

In this section, by comparing and contrasting the Government Work Reports of the central government, Hubei province, Yichang prefectural city, Zigui and Changyang counties from year 2010,⁶⁶ I will first briefly discuss the top-down control function of the CES. I will then focus on analyzing what the Reports suggest about local autonomy – the other essential feature of the CES – both through the contents of the Reports and the process in which they are produced. I argue that only the combination of top-down control and local autonomy can explain variation in local policy compliance.

Top-down control

A close reading of the Government Work Reports across the administrative levels suggests that a higher level government keeps a firm grip on its subordinates by making sure that lower level governments adopt every single important target that it considers as essential work for the year. For 2010, these important targets mainly include maintaining economic growth, adjusting economic structure, improving people's wellbeing, safeguarding social order and stability, and so on. I will elaborate on how these targets get adopted by governments of different levels in the following part.

The central government apparently attaches the foremost importance to the target of maintaining economic growth. Among the main targets of economic

⁶⁶ I have chosen this particular year because I happened to be able to obtain all the Reports for all the three regions in 2010.

and social development set for 2010, the central Report starts first with the expected number of GDP growth rate – “around 8%”.⁶⁷ Although the Report adds that “It is important to note here that the reason to set the GDP growth rate at around 8% is to emphasize sound development, and to guide people of all sectors to focus their work on the transformation of the pattern of economic development and the adjustment of economic structure,”⁶⁸ this call for economic restructuring is only secondary to the central government’s priority of maintaining GDP growth. The highest priority given to economic growth is further reflected in the more concrete tasks laid out for 2010, with the very first task being “...maintaining steady and rapid economic development.”⁶⁹ The second task is “accelerating the transformation of the pattern of economic development, adjusting and optimizing the economic structure,”⁷⁰ with specific assignments such as increasing technological innovation, promoting the development of the service sector, reducing energy consumption and protecting the environment, and etc.⁷¹ But these assignments to restructure the economy are still framed in terms of how they can contribute to the country’s sustained economic growth. For example, when discussing the assignment of promoting the development of the service sector, the Report calls for:

Vigorously develop finance, logistics, information, research and development, industrial design, business, energy saving and environmental

⁶⁷ Full text in Chinese is available online at: http://news.xinhuanet.com/politics/2010-03/15/content_13174348.htm. Last accessed 07/01/2012.

⁶⁸ *Ibid.*

⁶⁹ *Ibid.*

⁷⁰ *Ibid.*

⁷¹ *Ibid.*

protection services and other production-oriented services, and promote the organic integration of services and modern manufacturing.⁷²

Clearly, the central government's priority emphasis is on how the service sector can facilitate the production of the industrial sector that is usually regarded as conducive to economic growth.

Lower level governments not only have integrated all the essential tasks listed by the central government into their own Government Work Reports, but also have clearly ranked the importance of these tasks according to central priorities. As a result, unsurprisingly, all local Government Work Reports have designated "maintaining economic growth," in one version or another, as the first target to be implemented for the year. For instance, for Hubei provincial government, the first work target of 2010 is to "further expand domestic demand and maintain stable and rapid economic development."⁷³ Likewise, the first work target of 2010 for Yichang prefectural government is to "adhere to the project-led approach so as to expedite economic development."⁷⁴

In addition to "maintaining economic growth", other important targets have also been adopted in the same manner by local governments as their work tasks for the year. In their own words, both Hubei provincial government and Yichang prefectural governments attribute their accomplishments in 2009 to their following of higher level policies, as Hubei asserts that:

⁷² Full text in Chinese is available online at: http://news.xinhuanet.com/politics/2010-03/15/content_13174348.htm. Last accessed 07/01/2012.

⁷³ Full text in Chinese is available online at: http://www.gov.cn/test/2010-02/05/content_1529177.htm. Last accessed 07/01/2012.

⁷⁴ Full text in Chinese is available online at: http://www.yichang.gov.cn/art/2010/3/5/art_5888_224663.html. Last accessed 07/01/2012.

2009 is the most difficult year for economic development in our province in the new century...under the strong leadership of the CCP Central Committee and State Council and provincial authorities, the whole province has faithfully implemented the central policies dealing with international financial crisis...and ensuring economic growth, people's wellbeing, and social stability...⁷⁵

Similarly, Yichang contends that: "Facing severe challenges from the financial crisis in 2009, ...the municipal government has followed the central and provincial policies of 'maintaining growth, maintaining people's wellbeing, maintaining stability'..."⁷⁶ To sum up, it is through this top-down control method of pushing its policy priorities into the work agendas of lower level governments that the higher level government is able to rein in its subordinate cadres.

Local autonomy

Despite top-down control, an examination of the Government Work Reports also reveals a surprisingly high degree of local autonomy. *First*, local officials reserve the right to interpret abstract central directives for local implementation. *Second*, local officials have the right to bargain with higher authorities over defining local work targets and determining the numeric weight assigned to these targets. In this section, I will first explain the "right to interpret" through a content analysis of the Government Work Reports from the central down to county governments. I will then elaborate on the "right to bargain" by examining the process of how the Reports are produced.

⁷⁵ Full text in Chinese is available online at: http://www.gov.cn/test/2010-02/05/content_1529177.htm. Last accessed 07/01/2012.

⁷⁶ Full text in Chinese is available online at: http://www.yichang.gov.cn/art/2010/3/5/art_5888_224663.html. Last accessed 07/01/2012.

Right to interpret

Although local governments all follow the essential work targets specified by the central government, they also reserve the right to fill in the details for these targets. Therefore, to a certain extent, local autonomy is derived from the fact that central government tends to express its key policy directives in very general and vague terms and local governments get to further interpret these directives and fill in the working details before implementing these directives locally. As Minzner (2009) puts it well:

They [responsibility systems] are transmission belts by which vague central legal and administrative norms are operationalized into meaningful directives for local authorities to carry out....Lower-level authorities progressively flesh out the vague language of the central orders with increasing detail and instructions as to how to implement them (p. 74 & 77).

Similarly, Whiting (2004) points out that local versions of cadre evaluation system also convey local interest and priorities while following central guidelines, and therefore, vary across localities (106, 108).

This type of local autonomy is clearly captured in the contents of the GWRs. Take the target of “maintaining economic growth” as an example. As discussed above, the central government regards “improving the ability of macroeconomic regulation and maintaining steady and rapid economic development” as the number one priority task for all governments in the country for 2010. And the central government further lays out four more specific policies that are encompassed by this priority task, including active fiscal policy, loose monetary policy, increasing domestic consumption, and optimizing investment

structure. However, the terms of these policies still remain too general and too vague to be operationalized for local implementation. As a result, when adopting this central priority target into its own Government Work Report, Hubei provincial government adds more details to the policies that are tailored to Hubei's economic and social conditions.

For example, with respect to increasing domestic consumption, the central government only lists the broad categories to expand demand, such as peasants' income, pension for factory retirees, social security for low-income residents, senior care service, and so on. In contrast, Hubei provincial government fills these broad categories with concrete local policy programs, which the Report tends not to explain and thus are nearly incomprehensible to readers who are not Hubei residents or are not familiar with Hubei politics. For example, to increase rural consumption, the Hubei Government Work Report proposes to "continue implementing the 'Ten Thousand Villages and Thousand Townships Market Project,' 'Double Hundred Market Project,' 'Direct Farm-Supermarket Project' and 'New Countryside Modern Circulation Services Network Project'."⁷⁷ These projects make little sense to outsiders, but they reflect how Hubei provincial government has used its discretion to adapt general central directive to unique local realities.

Similarly, in the section that lays out the eight major work tasks for 2010, the central government's Report states its demands on tourism development in a

⁷⁷ Full text in Chinese is available online at: http://www.gov.cn/test/2010-02/05/content_1529177.htm. Last accessed 07/01/2012.

very general and vague manner. *First*, the Report asks to “actively cultivate information, *tourism*, culture, fitness, training, pension, and family services” in order to increase domestic consumption demands. *Second*, the Report asks to “accelerate the development of the tourism industry” as part of the efforts to develop the service sector. In these two cases, tourism is seen as a means to “maintain stable and rapid economic development” and “transform the economic development model and adjust and optimize the economic structure,” respectively.⁷⁸ These abstract guidelines are meant to be translated into more concrete targets by subnational governments.

For example, Hubei province starts its 2010 Report with a review of the work completed in 2009, and lists the accomplishments in tourism development as part of its strategies to expand domestic consumption:

Organized important cultural tourism festivals in order to promote the accelerating development of the tourism industry. Received a total of 152 million *renyi* of domestic and international tourist arrivals, an increase of 28.8% [over the previous year]; achieved tourism total revenue of 100.45 billion yuan, an increase of 35.0% [over the previous year].⁷⁹

In addition to these accomplishments in concrete numbers, the Report also describes the progress made in Hubei’s important tourist projects, such as “the comprehensive start of the building of Western Hubei Eco-Cultural Tourism

⁷⁸ Full text in Chinese is available online at: http://news.xinhuanet.com/politics/2010-03/15/content_13174348.htm. Last accessed 07/01/2012.

⁷⁹ Full text in Chinese is available online at: http://www.gov.cn/test/2010-02/05/content_1529177.htm. Last accessed 07/01/2012.

Circle, with 81 grand projects approved for construction and a total investment of 153.4 billion yuan.”⁸⁰

Compared to the central government Report, Hubei GWR is much more specific in terms of evaluating government work in concrete numbers and based on projects that are particular to Hubei. However, at province-level, Hubei’s Report still remains somewhat vague. For instance, in the third section of the Report where it lists the work to be done in 2010, tourism is included as part of Hubei’s efforts to develop the modern service sector:

Expedite the construction of tourist scenic spots and important tourist routes; cultivate a batch of unique tourist cities, tourist towns and villages; strengthen tourist dragon-head enterprises; and promote the fast development of the tourism industry.⁸¹

The Government Work Report of Yichang city follows the practice of Hubei province and enumerates Yichang’s 2009 accomplishments in tourism development in concrete numbers but gets more specific in its work plan for 2010 in the area of tourism development:

...ensure an investment of 2.82 billion yuan. Support the Three Gorges Tribes and Qing River Gallery in their work to achieve the status of 5A scenic spots.... Carefully hold a series of promotional activities, such as the ‘World EXPO in Shanghai, Travel to Yichang’, aiming for 13.6 million *renqi* in tourist arrivals for 2010....⁸²

Down to the county-government level, Zigui and Changyang’s Reports are even more specific than that of Yichang’s and are tailored to local characteristics. For

⁸⁰ Full text in Chinese is available online at: http://www.gov.cn/test/2010-02/05/content_1529177.htm. Last accessed 07/01/2012.

⁸¹ *Ibid.*

⁸² Full text in Chinese is available online at: http://www.yichang.gov.cn/art/2010/3/5/art_5888_224663.html. Last accessed 07/01/2012.

example, reviewing the government work of 2009, Zigui's Report not only lists the number of tourist arrivals and total tourism revenue for the entire county, but also gives a separate number of tourist arrivals for one of Zigui's most important scenic sites: "Juwan Creek Sightseeing received 160 thousand *renqi*, an increase of 89% [over the previous year]."⁸³ Moreover, at the end of the Zigui's Report, it emphasizes ten items of work for 2010, all in very concrete terms. One of these items is related to tourism development, including work, such as "The Fenghuang Mountain scenic site must be entirely opened to the public before the Duanwu Festival...."⁸⁴ Likewise, in its review of tourism development work in 2009, Changyang's Government Work Report records things as specific as "applied asphalt concrete to roads in Qing River Gallery" and "newly built two luxury vintage-style tourist boats."⁸⁵

The above examples demonstrate that lower-level officials derive their policy implementation leeway partly from translating the abstract directives from the central government into concrete targets that have meaning for local governments. Beijing dictates that the two targets of "maintaining economic growth" and using tourism to "increase consumption" and "develop the service sector" must be adopted for local governments' work agenda for the year, but it does not stipulate how local governments go about realizing these two targets.

⁸³ 2010 Zigui County Government Work Report, obtained through fieldwork.

⁸⁴ *Ibid.*

⁸⁵ 2010 Changyang Tujia Ethnicity Autonomous County Government Work Report, obtained through fieldwork.

However, this local freedom to interpret central targets can sometimes go so far that it even compromises the original intentions of central policies. Take the GDP growth rate for an example. As mentioned above, the central government sets the expected GDP growth rate at around 8% for 2010.⁸⁶ But the Hubei province sets it at 10%,⁸⁷ Yichang municipality at 13%,⁸⁸ and Zigui and Changyang counties at more than 13%⁸⁹ and 14%,⁹⁰ respectively.⁹¹ One wonders how the central government is able to keep the national average to the expected 8% while all local governments are aiming for at least 10%.

Another great example to demonstrate local exploitation of policy interpretation discretion is the central policy to optimize investment structure. Regarding this policy, the central government emphasizes that:

Government investment at all levels should concentrate on important areas. New projects should be strictly controlled, and funding should be mainly used for continuing and completing the existing projects to prevent incomplete projects...to prevent redundant construction.⁹²

This statement indicates that the central government is strongly advising for caution and limitation in terms of government investment and funding projects, and that the policy emphasis should be on optimizing the structure of investment.

⁸⁶ Full text in Chinese is available online at: http://news.xinhuanet.com/politics/2010-03/15/content_13174348.htm. Last accessed 07/01/2012.

⁸⁷ Full text in Chinese is available online at: http://www.gov.cn/test/2010-02/05/content_1529177.htm. Last accessed 07/01/2012.

⁸⁸ Full text in Chinese is available online at: http://www.yichang.gov.cn/art/2010/3/5/art_5888_224663.html. Last accessed 07/01/2012.

⁸⁹ 2010 Zigui County Government Work Report, obtained through fieldwork.

⁹⁰ 2010 Changyang Tujia Ethnicity Autonomous County Government Work Report, obtained through fieldwork.

⁹¹ 2010 Zigui County Government Work Report, obtained through fieldwork.

⁹² Full text in Chinese is available online at: http://news.xinhuanet.com/politics/2010-03/15/content_13174348.htm. Last accessed 07/01/2012.

However, the vague language does not define what constitutes “important areas” or “existing projects.”

Due to this lack of clarification, one detects a very different tone in local Government Work Reports: *First*, the emphasis is on promoting investment growth rather than improving its structure, as, for example, the Hubei Provincial Government Work Report says that:

[We should] maintain a reasonable investment growth and then optimize the investment structure. Investment is an important force in stimulating the economic and social development in our province, and [we] strive to exceed one trillion yuan in total fixed asset investment.⁹³

Second, instead of restricting funding for new projects as declared by the center, local governments actually encourage a growth model driven by project investment. For instance, in addition to finishing projects that have already begun, Hubei provincial government also hints at the importance of starting new projects by proposing to:

Do a good job of the planning and preparation work for major projects that affect long-term development [of the province]; enrich and prefect the project database to ensure the orderly takeover by new major projects.⁹⁴

And sub-provincial governments are found to be even more dedicated to project-oriented development. As Yichang prefectoral government states, “continue to place project construction at the top of [our] economic work...to promote sustained and fast growth of investment, and ensure a total fixed asset investment

⁹³ Full text in Chinese is available online at: http://www.gov.cn/test/2010-02/05/content_1529177_2.htm. Last accessed 07/01/2012.

⁹⁴ *Ibid.*

of 90 billion yuan.”⁹⁵ Likewise, with a strong focus on project-led growth, Zigui county government declares:

[We will] pick outstanding cadres to work in the forefront of attracting investment, … encourage every township and county government sector to fully use its own advantages to attract business and investment. … This year [we] expect to bring in more than ten industrial projects, among which more than three should have an investment worth more than 100 million yuan. … For important projects, [we] will organize a designated government committee … to provide a ‘nanny-style’ comprehensive service.⁹⁶

In sum, local higher GDP growth rates and stronger emphasis on project construction suggest that local governments have used their discretion to interpret central directives to such an extent that local versions of government work plans actually diverge from the long-term developmental strategy envisioned by the central government. However, it is important to point out that this local autonomy in policy interpretation does not mean that local governments are free from central constraint. Instead, it means that as long as local versions of the central directive are in line with the most fundamental priority targets of the central government (in this case, maintaining economic growth), local governments can take advantage of considerable leeway (for instance, setting the specific GDP growth rate, and emphasizing investment growth and project funding instead of restructuring investment) and may diverge from the originally intended policy design. This autonomy in policy implementation not only enables local cadres to interpret central policies in ways that are compatible with local

⁹⁵ Full text in Chinese is available online at: http://www.yichang.gov.cn/art/2010/3/5/art_5888_224663.html. Last accessed 07/01/2012.

⁹⁶ 2010 Zigui County Government Work Report, obtained through fieldwork.

economic and social conditions, but also grants local cadres the opportunity to carry out central policies in ways that maximize their chances of career promotion.

Right to bargain

Moreover, local autonomy is not limited to the right of interpreting the details of central directives. Rather, it involves an amount of decision making that is larger and qualitatively different from merely the ability to further specify the general policies made by the higher level government. The contents of the GWRs reveal little about this type of local autonomy. Only through a thorough investigation of how these Reports are made and come into final shape can we detect the existence of substantial local leeway – local officials' opportunity to bargain and negotiate with higher level governments over the contents to be written in local GWRs.

Every year around the annual People's Congress meeting, Government Work Reports are one of those hot subjects that get people anxiously talking and debating. Despite this widely received attention, however, what rarely known is how this important document comes into being. My examination of the drafting and adopting process of Government Work Reports also reveals that both top-down control and local autonomy are at work.

Work on a Government Work Report takes place long before (as early as September of the previous year) the final product is presented at the People's

Congress meeting (varies between January to March) for approval. There are four main stages to this work.

The first stage begins with deciding the large themes to be covered in the Report, and the finalized themes usually reflect the priority concerns of both the higher level governments and the government in question. For example, at this stage the designated writing team of Yichang municipal government must refer to the important talks of central and Hubei provincial leaders, reports of previously held internal meetings, documents and so on to find out the top policy concerns for higher governments and what their guiding principles (指导思想) are on these policy concerns. Then, the team will consult with Yichang local leading cadres to see what issues are priorities on their agenda.⁹⁷ As long as these local priorities are consistent with higher level principles, they are set to be included in the local Government Work Report as the main themes. Thus, local governments possess a substantial degree of autonomy in articulating what constitute local priorities in the Reports.

Having decided upon the main themes, the next stage is to divide up the themes among the team members who will then engage in an investigation and research process, called *diaoyan* (调研), focusing on the assigned theme. This process of *diaoyan* usually lasts around one to two months. During *diaoyan* the writing staff frequently visits functional government sectors and enterprises of the same level, and subordinate governments in order to both communicate to these

⁹⁷ Interview: Yichang, April 8, 2012.

units what priority issues the government in question wants to focus on for the coming year and discuss with these units how they think about these issues and whether they think the expected work targets set for them are reasonable. For example, while conducting *diaoyan*, the writing team of Yichang city visits Zigui and Changyang counties and holds meetings with county leading cadres to discuss potential policies and targets for the next year preferred by Yichang leaders. During these meetings, county cadres make sure that local economic and social conditions are to be taken into consideration in the writing of Yichang's Government Work Report and try their best to maximize the representation of local interest. Also, if county cadres think that the numeric value of a target is set too high for the county and is difficult to achieve, they will bargain with the writing staff until a new number is agreed upon by the two sides.⁹⁸ Therefore, this *diaoyan* process is characterized by bargaining and consensus-making between the higher level government and its subordinate cadres.

After the completion of *diaoyan*, the writing team will produce the first draft of the Government Work Report, which is subject to several rounds of revisions. These revisions are made according to new directives from higher level governments or based on suggestions from leading cadres of the government in question and subordinate governments. For instance, the State Council sends the

⁹⁸ Interview: Yichang, April 8, 2012.

draft of the central Government Work Report to all provincial level governments seeking for suggestions.⁹⁹

At the People's Congress meeting, the final draft of the Government Work Report will be distributed to the delegates while the government head delivering the Report to the audience. After its delivery, throughout the meeting the Report will be discussed by delegate groups representing various social and government sectors, including those from the lower level governments, and new suggestions are raised to further revise the Report before its approval. For example, at the First Session of the Fifth People's Congress of Yichang municipality in January 2012, delegates from Yichang's urban districts, and its subordinate counties and cities discussed the Government Work Report of the Yichang municipal government and proposed changes to some places of the Report.¹⁰⁰ Delegates from subordinate governments use this opportunity to further push for maximization of local interests in the Report. Only after this revision, the final version of the Government Work Report is considered official and is widely announced to the public.

In sum, from choosing major themes to *diaoyan*, from several rounds of revisions to the final approval at the People's Congress meeting, every stage of working towards the final product of a Government Work Report shows that two

⁹⁹ "Important work of the Government Work Report has been distributed to functional departments" (政府工作报告重点工作部门分工确定), March 17, 2012, *Beijing News* (新京报), available online at: <http://news.sina.com.cn/c/2012-03-17/022424128353.shtml>. Last accessed 07/01/2012.

¹⁰⁰ "Delegations deliberate the Government Work Report" (各代表团审议政府工作报告), January 8, 2012, *Three Gorges Daily* (三峡日报), available online at: http://news.cn3x.com.cn/content/2012-01/08/content_196682.htm. Last accessed 07/01/2012.

forces are at work: top-down control and local autonomy. Top-down control dictates that a local Government Work Report must defer to the guiding principles of higher level governments; and local autonomy grants the local government the power to integrate local interests and preferences into the Report so as to accommodate the unique conditions of local economic and social development.

In fact, the consideration for local conditions is regarded as the most fundamental guideline of drafting the Report.¹⁰¹ To summarize, use the words of a Chongqing official: “A successful municipal Government Work Report must have yearly features, reflect central spirit, and most importantly, relate to local realities.”¹⁰²

Although my examination is mainly based on interviews and data collected from the three regions I have chosen, my findings can also be verified by many news reports in China. For example, a Chongqing local newspaper described the process of how Chongqing Government Work Report for 2010 came into being, and it is extremely similar to what I have identified in the field.¹⁰³ Therefore, I am confident that my finding about the two forces shaping the outcome of Government Work Reports can be generalized to other regions of China.

Explaining variation in local policy compliance

¹⁰¹ Interview: Yichang, April 8, 2012.

¹⁰² “Reveal the secret of how the *lianghui* Government Work Report was produced” (揭秘“两会”政府工作报告出炉的台前幕后), *Chongqing Economic Times* (重庆商报), January 21, 2010, available online at: <http://cq.qq.com/a/20100121/000028.htm>. Last accessed 07/01/2012.

¹⁰³ *Ibid.*

Both the content of Government Work Reports and the process of how they come into being suggest that the two features of top-down control and local autonomy work hand in hand shaping the targets to be used for evaluating leading cadres' work performance. Therefore, the CES is more than just a one-way "transmission belt" (Minzner 2009, 74) that sends higher level commands down to lower level cadres who will automatically follow the commands. Instead, how the CES functions resembles more like the way an international corporation manages its outsourced factories. The outsourced factories must follow the most fundamental guidelines set by the distant boss but are also able to develop their own production strategies based on local characteristics.

As a result, using the CES to explain local cadres' behavior in complying with higher level directives, one must examine both the predominant priorities that local agents do not tamper with, and the particular local socio-economic conditions based on which cadres of great discretion design their specific enforcement strategies. Only by combining these two factors can we explain the variation in local policy compliance. In the following chapter, I will examine how the dual power mechanisms of top-down control and local autonomy in the CES help explain local leaders' varying degrees of commitment towards tourism development in Yichang, Zigui, and Changyang.

CHAPTER THREE

The Political Logic of Local Tourism Development

Having laid out the general logic of my theory of how the CES actually functions, in this chapter I apply my theory to examine the case of local tourism development, and show how the dual power mechanisms of top-down control and local autonomy in the CES help explain the varying degrees of compliance in three localities – Yichang, Changyang, and Zigui – regarding central policies on tourism development. That is, why do these three regions all boasting rich tourism resources display such a wide variation in complying with central directive of promoting tourism development? This chapter seeks to answer this question.

Despite the fact that all three localities boast ample tourism resources, why does Changyang follow the central government's call for developing tourism faithfully whereas Yichang only gives lukewarm support and Zigui's degree of compliance lies somewhere in between that of Changyang and Zigui's? I argue that local cadres' consideration of both the central priority target and local conditions accounts for the varying degree of their compliance with policies on tourism development. That is, leading cadres of these three local governments have internalized the importance of maintaining economic growth, as it is one of the most important factors in evaluating local cadres' work performance. And at the same time they are able to design their own developmental strategies based on

local economic structure in order to maximize local economic growth and thus their odds of career promotion.

I will first examine the fundamental guideline driving local cadres' developmental policies – economic growth measured by GDP. I will then explain why the tourism sector is not compatible with this GDP-oriented development environment. Lastly, I will analyze how the existing economic structures of the three localities, in terms of the ratio of the industrial sector to that of the entire economy, have led to their cadres' varying degrees of focus on tourism development.

Top-down control: economic growth

Sustaining economic development measured by GDP growth rate has been one of the Party state's most fundamental ruling policies since its decision to reform and open up in 1979. This strong emphasis on development and growth can be described in the late Deng Xiaoping's own words – “[economic] development is the only hard rule.” The major political crisis experienced by the Party during the 1989 prodemocracy movement when the party leadership used coercive forces to crack down on the movement further strengthened the Party's commitment to economic growth in order to survive and prosper. The former president Jiang Zemin and his administration had a reputation of putting

economic growth first and representing the rich and powerful.¹⁰⁴ Although the current administration under Hu and Wen have gone to great lengths to portray themselves as men of the people and propose for a people-oriented (以人为本) approach to governing in order to achieve a harmonious society (和谐社会), the party state's dedicated focus on GDP growth has hardly shifted (Heimer 2006).

Instead, as part of its effort to improve the qualifications and competence of cadres in the CCP, the Party has stepped up its evaluation of all party cadres who are “judged on a ‘GDP index,’ that is, how much gross domestic product, or GDP, grew annually during their tenure in their region” (Shambaugh 2008, 142).

Driven by career ambition, local cadres have taken to heart the great importance placed on economic growth by the central state, and have been hard working at ensuring an ever increasing local GDP growth rate. Bo (1996; 2002) analyzes the political mobility of China’s provincial leaders and concludes that it is determined by the economic performance of their provincial units. The worse the record of economic performance, the more likely the provincial leader will be demoted. Also, Li and Zhou’s (2005) study of the relationship between economic performance of Chinese local officials and their career mobility finds that the likelihood of promotion of provincial leaders increases with their economic performance, while the likelihood of termination decreases with their economic performance. Both studies demonstrate that the central party state uses personnel

¹⁰⁴ This is epitomized by Jiang Zemeng’s ideology of “Three Represents.” See, for example, Bruce Dickson, 2003, *Red Capitalists in China: The Party, Private Entrepreneurs, and Prospects for Political Change*, Cambridge: Cambridge University Press, for a thorough analysis of this ideology.

control to induce desirable economic outcomes. This career-driven incentive to a great extent explains the cut-throat competition among local governments to expand their economy,¹⁰⁵ and why China routinely surpasses its growth targets, often by large margins.¹⁰⁶

The Party's strong commitment to GDP growth has led to its adoption of an economic model skewed towards the industrial sector that is capital-intensive and amenable to rapid GDP growth. Also, this overemphasis on industry and manufacturing has left China's service sector underdeveloped. No wonder China is ranked first as a nation state (only after the European Union) in the world in terms of industrial output in 2011, counting to 46.8% of its GDP, whereas China's service sector is only 43.1% of its GDP.¹⁰⁷ In contrast, almost all developed countries have a larger service sector than industrial sector.

Features of tourism

However, the inherent features of the tourism sector make it an uncomfortable fit for the current GDP-centered performance assessment mechanism. That is, the extreme diversity and openness of the tourism sector has

¹⁰⁵ Other authors have emphasized the role of China's fiscal decentralization policies, such as Oi, Jean. 1992. "Fiscal Reform and the Economic Foundations of Local State Corporatism in China," *World Politics*, Vol. 45. No. 1 (Oct., 1992), pp. 99-126; Montinola, et al., 1995, "Federalism, Chinese Style: The Political Basis for Economic Success in China," *World Politics*, Vol. 48, No. 1, October, pp. 50-81.

¹⁰⁶ See the chart in "China's new growth targets: Year of the tortoise," *The Economist*, March 10th, 2012, available online at: <http://www.economist.com/node/21549977>. Last accessed 07/01/2012.

¹⁰⁷ CIA: The World Factbook, available online at: <https://www.cia.gov/library/publications/the-world-factbook/geos/ch.html>. Last accessed 07/01/2012.

led to the difficulty of measuring its economic impact in terms of its contribution to GDP. I will further illustrate this point in the following part.

The difficulty of measuring tourism's contribution to GDP is rooted in its extreme diversity and openness. Tourism is comprised of a great number of different types of businesses and organizations, such as airlines, hotels, restaurants, travel agencies, and attractions, to name only a few. Indeed, many talk about tourism as “an industry without boundaries.”¹⁰⁸ This diversity and openness further determines that the tourism sector is also extremely dynamic and constantly changing.

Given these features, it is a challenge to define tourism to even begin with. There is no single definition of tourism that is universally accepted. The World Tourism Organization (UNWTO), a specialized agency of the United Nations, is the leading intergovernmental organization that serves as a global forum for tourism policy and issues. The UNWTO defines tourism as “activities of persons traveling to and staying in places outside their usual environment for not more than one consecutive year for leisure, business and other purposes.” The Chinese tourism administration officials and tourism business people tend to characterize tourism by six elements: “food, accommodation, transportation, tour, shopping, and entertainment” (*chi, zhu, xing, you, gou, yu*). Despite the wide variety of definitions, they are all so general and lack the specificity that is conducive to statistical operationalization and measurement.

¹⁰⁸ Interview: Yichang, September 6, 2011.

Because of the difficulty to define tourism and provide a conceptual boundary for it, it is inevitably difficult, if not impossible, to measure tourism's total revenue and its contribution to economic growth in terms of GDP. A random look at the *Yearbook of Tourism Statistics (Data 2004-2008, 2010 Edition)*, prepared by the UNWTO Department of Statistics and Tourism Satellite Account, the supposedly most authoritative body for tourism data, reveals a lack of data on tourism's economic contribution to national economy. Instead, it presents data for 204 countries and territories on total arrivals and overnight stays associated with inbound tourism through breakdown by country of origin. Specifically, for China, only one type of data is available—"the arrivals of non-resident visitors at national borders, by nationality."¹⁰⁹ Similarly, the *Yearbook of China Tourism Statistics 2010*, compiled by China National Tourism Administration, does not provide any data on tourism's total contribution to national or local GDP. The most comprehensive data available are on foreign visitor arrivals and receipts, occupancies of star-rated hotels, and revenues of travel agencies. This selective availability of data is not surprising as those available categories are relatively easy to pinpoint and thus measure.¹¹⁰

International efforts have been made to target this issue, but the progress remains limited due to the intrinsic obscurity and uncertainty to tourism's definition. Most prominently, Tourism Satellite Account (TSA) is a technique that seeks to calculate the value of tourism in a way that demonstrates its share in

¹⁰⁹ *Yearbook of Tourism Statistics (Data 2004-2008)*, 2010 Edition, p. 163-166.

¹¹⁰ Interview: Yichang, July 25, 2011.

national economy and allows it to be compared with other industries. After two decades of development and refinement, the TSA has been touted as the most comprehensive way to measure the economic contribution of tourism to a destination's GDP. In 2008 the UNWTO issued two publications that provide a detailed documentation of its methodology. The 2011 Edition of the *UNWTO Tourism Highlights* states that "The most comprehensive way to measure the economic importance of both inbound and domestic tourism in national economies is through the *2008 Tourism Satellite Account (TSA) Recommended Methodological Framework*, approved by the UN Statistics Commission."¹¹¹ However, recent literature has pointed out that the TSA is deficient in that it does not yield the indirect contribution of tourism to GDP, and thus is unable to measure comprehensively the contribution of tourism to the GDP of an economy.¹¹² For example, Smeral (2011) writes:

It should be considered that a major goal of the TSA project was to prevent the tourism industry from being dismissed as a minor economic player. Unfortunately, the TSA spans only those effects that are generated by the direct economic relationship between guest and producer and thus makes it difficult to compare tourism-related GDP in relation to the overall GDP, since the latter also includes indirect effects caused by economic linkages... (p. 154).

In sum, the statistical techniques are still highly contested and our knowledge of the economic contributions of tourism remains preliminary.

¹¹¹ *UNWTO Tourism Highlights*, 2011 Edition, p. 2.

¹¹² For example, see Tian, et al., 2011, "The Direct and Indirect Contributions of Tourism to Regional GDP: Hawaii," available online at:

http://www.uhero.hawaii.edu/RePEc/hae/wpaper/WP_2011-5.pdf. Last accessed 07/01/2012.

In addition to the lack of international consensus on statistical tools among scholars and policy makers, the collection and compilation of tourism data in practice undertaken by individual countries is also loose and lacks consistency.

Even the UNWTO admits that:

Though many countries have taken steps towards the implementation of a TSA, relatively few have full, comparable results available... Based on the currently still fragmented information from countries with data available, tourism's contribution to worldwide gross domestic product (GDP) is estimated at some 5%... For advanced, diversified economies, the contribution of tourism to GDP ranges from approximately 2% for countries where tourism is a comparatively small sector, to over 10% for countries where tourism is an important pillar of the economy. For small islands and developing countries, or specific regional and local destinations where tourism is a key economic sector, the importance of tourism tends to be even higher.¹¹³

This uncertainty with data accuracy and consistency is especially acute in China where statistical data in general are underdeveloped and data reliability has traditionally been questioned both inside and out of the country. For example, in the first half of year 2010, the total sum of China's regional GDP figures was about 1.5 trillion yuan (\$220 billion) more than the national figure, and regional governments were blamed for inflating GDP data and false reporting.¹¹⁴ In fact, it is widely believed that Chinese economic numbers, especially at the provincial level and lower, are unreliable. According to U.S. diplomatic cables released by WikiLeaks, Li Keqiang, who is now the Premier, said to then-U.S. Ambassador to

¹¹³ UNWTO *Tourism Highlights*, 2011 Edition, p. 2.

¹¹⁴ "Local officials may be playing fast and loose with GDP," *China Daily*, August 2, 2010, available online at: http://www.chinadaily.com.cn/bizchina/2010-08/02/content_11078763.htm. Last accessed 07/01/2012.

China Clark Randt in 2007 when was the Party secretary of Liaoning province, “China’s GDP is man-made, unreliable.”¹¹⁵

This common problem of data unreliability in China also exists when measuring the tourism sector. Similarly, for many years, the aggregate numbers of tourism data reported by individual provinces have been bigger than those calculated by the national government. For example, according to national government data, the 2012 Chinese New Year Golden Week generated 176 million tourists nationwide and produced 101.4 billion yuan in tourism revenue. However, when adding up the numbers from the individual provinces, these two figures became 250 million and 138 billion yuan, which were 58% and 36% higher than their national counterparts, respectively.¹¹⁶

More than just the issue of data aggregation, how tourism data is collected nationally has long been viewed with deep suspicion. For example, controversy surrounding the tourism data for the May Day Golden Week in 2005 gathered national attention when a journalist tried to seek explanations for the data from the China National Tourism Administration, he/she was hung up by an official and told to “go figure!”¹¹⁷

¹¹⁵ “China’s GDP is ‘man-made,’ unreliable: top leader,” *Reuters*, December 6, 2010, available online at: <http://www.reuters.com/article/2010/12/06/us-china-economy-wikileaks-idUSTRE6B527D20101206>. Last accessed 07/01/2012.

¹¹⁶ Wang Xinbin, “Statistics on domestic tourism should get real” (国内旅游统计应去水分), *China Youth Daily*, February 10, 2012, available online at: http://zqb.cyol.com/html/2012-02/10/nw.D110000zgqnb_20120210_2-11.htm. Last accessed 07/01/2012.

¹¹⁷ “False tourism data for the Golden Week, who is to deceive?” (黄金周旅游虚假数字, 蒙的是谁?), May 12, 2005, available online at: http://news.xinhuanet.com/newscenter/2005-05/12/content_2949026.htm. Last accessed 07/01/2012.

My fieldwork experience also testifies to this problem with data accuracy and consistency in measuring tourism. First of all, many tourist enterprises and government bureaus tend to use different statistical indicators in their financial reports. For instance, when counting the number of visitors, some would use the indicator of “*renshu*” which is the number of people whereas many others would use “*renqi*” which literally means the times of one tourist visits a place. By using *renqi*, the number of tourists is more often than not much bigger than that using *renshu*, as one person can be counted as many times when he or she visits different sites of one tourist attraction or conducts different activities within one city, such as buying a meal, staying at a hotel, etc. Therefore, it is a challenge to obtain consistent data across different tourism enterprises and government agencies.

Also, when trying to figure out the data in *Compendium of Yichang's Tourism Statistics*, I asked my interviewee whose job responsibilities include conducting annual financial report on Yichang's tourism sector, “Does the category ‘tourism total revenue’ mean an add-up of all the data gathered from all districts, counties, and county-level cities under Yichang’s jurisdiction?” He paused for a few seconds and did not answer my question directly. Instead, he said, “For our country, there is one thing. That is, the data cannot be either compared horizontally or added up vertically.”¹¹⁸ In addition, when asked about the economic contribution of tourism to local GDP, one interviewee who had

¹¹⁸ Interview: Yichang, August 15, 2011.

conducted surveys on tourists for the purpose of government data collection stated that:

I dare to say that now in China not even one authority is able to get the tourism data straightened out, because no one really knows how much money a tourist spends. We usually conduct random surveys at tourist hotels and attractions, but people simply are not willing to do it even if we give them small gifts. They just make things up.¹¹⁹

These comments provide a glimpse into the awkward situation facing China's tourism sector, especially at the local level, with data reliability and consistency.

An interview with a scholar at a local university who specializes in tourism management sheds some light on the incompatibility between the tourism sector and the GDP system. I asked: "how is the indicator of 'tourism total revenue to GDP'¹²⁰ in *Yichang Yearbook* counted?" He did not provide a straightforward answer for it, but said:

Tourism total revenue is calculated based on random sampling survey and certain procedures designated by the state. ... It [The ratio of tourism total revenue to GDP] is an estimate ("xiangdangyu"). It's not like one plus one equals two. That is to say no matter what size the tourism total revenue is, it does not affect GDP. This is because the 'tourism total revenue' is a statistical indicator for the tourism administration system but GDP is a statistical indicator for the national economy. They are two separate systems.¹²¹

His answer confuses more than it explains. But it reveals the fact that few, if any, truly understand how to measure the economic impact of tourism on GDP.

In sum, my findings suggest a rather murky reality regarding data reliability of counting tourism, and of China's statistics more generally. The

¹¹⁹ Interview: Zigui, November 28, 2011.

¹²⁰ In Chinese, the indicator is "旅游总收入相当于GDP."

¹²¹ Interview: Yichang, July 25, 2011.

difficulty of defining the tourism industry and hence measuring its economic contributions in GDP terms has placed tourism in an uneasy position in an economy that is heavily dominated by a focus on GDP growth. Indeed, the frustration with measuring and showcasing tourism's economic impact on GDP has led many tourism scholars and officials to call for a less emphasis on the economic role of the tourism sector, but instead focusing on its social contributions, especially, employment creation and poverty amelioration.¹²² As a Chinese scholar contends:

When researching tourism and its contributions, you have to conduct interviews. For instance, if you study a tourist attraction, you can talk to the local peasants who rely on the attraction to make a living and see how their lives have been changed before and after the existence of the attraction. Only by doing this can you show the value of tourism.¹²³

The words of an assistant manager from the number one tourist company in Zigui county vividly reveal the social benefits of tourism to poor places like Zigui where there is a large population of resettled peasants due to the Three Gorges Dam:

At Jiuwan Creek [one of the company's tourist sites], a primary school student can raise enough money for one semester's costs by selling food along the Creek for one day. We have vendors who can make as much as one thousand yuan per day, just by selling fish, potatoes, and sausages, things like that. A junior high school student makes enough money for one semester's costs in two days, and a senior high school student in seven days. There are around two thousand people rely on the Jiuwan Creek. Our company hires two hundred people, all of them are resettled peasants. And 98% of our employees are Zigui locals. Only a couple of us are from other places. So our company provides great social benefits.¹²⁴

¹²² Interview: Yichang, July 22, 2011.

¹²³ *Ibid.*

¹²⁴ Interview: Zigui, November 18, 2011.

Apparently, the utmost importance of tourism lies not in numeric terms of GDP contributions but how it helps push the development of other sectors and improve the livelihood and wellbeing of the poor and unemployed. In fact, tourist business people are clearly aware of the disadvantage facing tourism in terms of its contributions to local GDP growth, and thus strategically play up the social and political values of their tourist businesses.

For instance, an employee of a tourist company that owns a few important scenic sites in Yichang described to me how it was extremely challenging for private companies like his to stay in a business that requires huge investment but is very slow in returns. However, the company has successfully turned itself into one of the few pillar tourist enterprises in Yichang and one of its scenic spots was recognized as a national-level 5A tourist site in 2011. To the employee, all this successful transformation is attributed to the company's strategy to "find the problem before the government finds it and help solve the problem for the government."¹²⁵ That is, he further explained,

What the government wants the most from the tourism industry is its 'pull effect' (拉动作用) on local economy – its ability to create employment opportunities and help protect the environment – not its contribution to tax revenue. Especially for the Three Gorges, the problem of relocated people is a highly sensitive issue for the government. From the central government down to local governments, they all put a heavy emphasis on finding employment for the relocated people. Although the industrial sector does provide some solution to the employment problem, the solution is short-lived because it might damage the environment....In contrast, tourism is a green, healthy, and vital industry....Therefore, the government is happy to see a [tourist site] that's like the local landmark...and is willing to spend money and effort in cultivating such a

¹²⁵ Interview: Yichang, September 28, 2011.

tourist business....This is [how we] match what we do with what the government thinks.¹²⁶

Finally, he summarizes, “In fact, economic means is secondary in this [tourism] sector. What matters most is the political means...to understand government policies...so as to let the government help us solve the problem...”¹²⁷

Similarly, even the most influential tourist business in Yichang does not consider its primary strength lies in its contribution to GDP growth. Designated to manage the tourism assets of the Three Gorges Dam, the Yangtze Three Gorges Tourism Development Company (hereinafter referred to as the “TGTDC”) is a wholly-owned subsidiary of the China Three Gorges Corporation that is a state-owned company directly controlled by the central government (中央企业). In 2010, TGTDC achieved a sales revenue of about 200 million yuan and a profit of about 20 million yuan.¹²⁸ This makes TGTDC the biggest business in Yichang’s tourism industry. However, one of its assistant managers stated:

Tourism is a peripheral function of the China Three Gorges Corporation. For a centrally controlled company conducting tourism business, it’s actually more concerned about living up to our social responsibilities. Our profit – 20 million yuan – only accounts to 0.1% of the profit of the Corporation – 20 billion yuan. It’s very small. But why do we do it? Because we can’t waste resources. [The Dam] can increase navigation, generate electricity, and prevent flood, but its tourism resources can also help develop local economy by bringing people to eat, stay, transit, and shop. And this is very important to local governments.¹²⁹

¹²⁶ Interview: Yichang, September 28, 2011.

¹²⁷ *Ibid.*

¹²⁸ Interview: Yichang, June 30, 2011.

¹²⁹ *Ibid.*

Indeed, TGTDC's development plan for the future five to ten years shows very humble goals: "By the end of the 12th Five-Year Plan, our sales revenue is to reach 2% of that of the Corporation and profits 1%."¹³⁰ As a Yichang government official commented, "they [TGTDC] don't rely on tourism to pay their taxes. Tourism is just part of their doing social responsibilities. Their electricity generation makes more than 100 million yuan in one day."¹³¹

Local autonomy: tourism vs. industry

Given the fact that tourism's contribution to the economy is not amenable to GDP measurement, local cadres driven by career ambition would naturally prefer the industrial sector to the tourism sector to promote economic growth. This is because equipped with limited monetary and personnel resources, rational local cadres want to make the best of what they have to increase GDP performance and thus their odds of being promoted. Accordingly, enabled by the autonomy in making local developmental strategies, local cadres make the strategic calculations as to how much emphasis to place on tourism development based on the compositions of existing local economies. In other words, assuming the endowment of tourism resources is constant, leaders of a region with strong industrial base are less likely to be devoted to tourism development than their counterparts of a region with a meager industrial sector.

¹³⁰ *Yangtze Three Gorges Tourism Development Company, Ltd. Development Plan* (长江三峡旅游发展有限责任公司发展规划), draft, p. 16.

¹³¹ Interview, Yichang, August 31, 2011.

Explaining variation in local policy compliance: Yichang vs. Zigui vs. Changyang

Only by integrating the overarching emphasis on economic growth and the unique structure of local economy can one explain the compliance behavior of local leaders regarding tourism development in a systematic manner. Yichang leaders' half-hearted implementation of tourism development policies is because there exists a predominating industrial sector in Yichang and the leaders have no incentive to divert resources to the tourism sector from this already highly profitable sector in terms of GDP generation. In contrast, Changyang is a mountainous region where the industrial sector is almost nonexistent. Therefore, local leaders have far stronger incentives to tap into Changyang's tourism resources and play up the contributions of local tourism development to GDP for their own career advancement. Finally, with a limited industrial sector but rich tourism resources, Zigui's leaders have incentives to distribute its resources to *both* sectors, and their compliance with central directives to develop tourism is between that of cadres in Yichang and Changyang. In the following section, I lay out the evidence that enables me to come to this argument.

Yichang

Guo Youming, the then mayor of Yichang, once in a public speech called on the local government to "expedite the building of Yichang into the best

destination city along the Three Gorges tourism,” and “to increase support for cultivating tourism as a pillar industry.”¹³²

Despite Guo’s seemingly passionate speech for developing tourism, however, in an internal government document on Yichang’s economic planning for the 12th Five-Year Plan, it states that “industry is the priority, although industry is not the only one.”¹³³ Moreover, although the document recognizes the need to both “increase GDP and restructure the economy,”¹³⁴ it clearly sees the fast growth of Yichang’s GDP as Yichang’s “priority task.”¹³⁵

In addition to government documents, my interviews with Yichang’s tourist business people, scholars, and officials also confirm local leaders’ preference for the industrial sector in economic development over the tourism industry or the service sector, more broadly.

For example, the owner of the most successful travel agency in Yichang complained:

I think when compared to similar cities, Yichang’s [tourism] development is relatively backward in terms of tourist arrivals, destination building, etc. Sometimes the government likes to hear eulogies, but I don’t feel like going to its meetings because I like to tell the truth not lies. We have so many good resources (I skipped the long description here), but why do we lag so far behind others who don’t even have the resources we do? ... This is highly related to China’s cadre promotion system. Because all we talk about now is GDP, if you do industry and build a factory, you will get billions or tens of billions [in GDP] next year; if you do tourism, it

¹³² Guo Youming, “To expedite the building of Yichang into the best destination city in the Three Gorges tourism” (加快建设三峡旅游最佳目的地城市), date unspecified.

¹³³ “Investigation and suggestions on the expeditious growth of Yichang’s GDP” (关于宜昌市经济总量跨越发展的调查与建议), research team of Yichang committee of the political consultative conference (市政协调研组), April, 2011, p. 8.

¹³⁴ *Ibid.*, p. 3.

¹³⁵ *Ibid.*, p. 1.

might not benefit the current leaders...So many leaders still talk about [promoting] tourism because if you don't talk about it, you are not up to par. But they know GDP is more important because only after they grab the GDP can they be promoted.¹³⁶

Also, explaining Yichang government's lack of support for developing tourism, an official noted:

...GDP trumps everything else....Tourism is a cause that benefits the people not the government, and is a cause where you plant the tree but don't get to enjoy the shade. If I focus on tourism, it doesn't reflect much on GDP. But if I build a factory, GDP shows right away. [In that case], if I were a deputy mayor, I could be promoted to be a mayor; if I were a mayor, I could be promoted to be a municipal party secretary; and a municipal party secretary became a provincial governor.¹³⁷

And he lowered his voice and whispered to me, "Secretary Guo (who was the then number one leader of Yichang) will lose his 'official hat' (a metaphor for official position in China) if he doesn't focus on industry."¹³⁸

Indeed, when asked whether the industrial sector ranks the first in its contribution to GDP, a scholar answered:

That's for sure. The industry in Yichang has been developing so fast these years, especially the electricity generated by the Three Gorges Dam. Since the Dam first started to generate electricity in 2003 to reach its full capacity in 2009, the increase [in GDP] is huge.... Plus, many industrial parks at Xiaoting district have tens of billions of yuan worth of annual production. But even the biggest tourist company, Yangtze Three Gorges Tourism Development Company, only had less than 200 million in sales income.... Its [tourism's] primary importance lies in employment creation and enriching people's lives.¹³⁹

This developmental strategy focusing on industrial growth has apparently paid off for Yichang's leading cadres. For instance, in August 2011, Guo Youming was

¹³⁶ Interview, Yichang, August 30, 2011.

¹³⁷ Interview: Yichang, August 15, 2011.

¹³⁸ *Ibid.*

¹³⁹ Interview, Yichang, July 22, 2011.

appointed vice governor of Hubei provincial government while still serving as Yichang's Party Secretary. Guo was promoted one rank up in the government hierarchy and was a political reward for his good performance.¹⁴⁰

Zigui

In contrast to Yichang's lack of interest in tourism development, Zigui government does want to invest in the tourism industry but its hands are tied by its shortage of funds, as Zigui is a national-level poor county and tourism is one of its pillar industries.¹⁴¹ In addition, the amount of influence in decision making held by local tourism administration bureaus can also reflect local leaders' attitude towards developing tourism. Therefore, when asked about the influence of Zigui's tourism administration bureau in comparison to that of Changyang, a Zigui official said, "It should be better in Changyang because these years their Qing River Gallery is better run than us [Zigui's tourism]. Moreover, their [Changyang's] local government does put more emphasis on culture and tourism than ours does."¹⁴²

Changyang

¹⁴⁰ This cross-appointment corresponds with the practice discussed by Edin (2003) of promoting successful township leaders to hold concurrent posts at higher levels of the Party and government. But in addition to political reward for good performance of local leaders, Edin (2003, 45) also argues that this practice is a means for higher levels to secure control of strategically important townships.

¹⁴¹ Interviews: Yichang, July 27, 2011; Zigui, November 28, 2011.

¹⁴² Interview: Zigui, November 28, 2011.

Indeed, in contrast to the bureaus in Yichang and Zigui, which are weakly positioned in local government decision making, the Changyang bureau carries considerable weight in influencing local policies, as one official from the Changyang bureau commented:

What the bureau directors of our neighboring counties say don't matter much, but what the director of the Changyang bureau says matters a great deal. This is because our annual comprehensive tourism revenue has reached 15% of the local GDP. Usually in a region, if an industry can count 5% of local GDP, then it is a pillar industry. We are 15%, and in our 12th Five-Year Plan we are going to achieve one third [of GDP] by the end of the Plan. That would be really something. Also, the annual government revenue of Changyang is about 400 million yuan, and the service sector led by tourism accounts for about 100 million yuan....So we are very important.¹⁴³

Regardless the accuracy of his data, what struck me most during our interview was the great confidence he exuded about his bureau and himself and his passion towards the cause of developing Changyang's tourism. This was very different from my encounters with officials from the Yichang and Zigui tourism administration bureaus who appeared to be bitter and disillusioned. Therefore, his words and his positive attitude do provide a clue to Changyang government's serious commitment to tourism development.

Changyang leaders' determination to tap into local tourist resources is clearly captured at Changyang's 12th Five Year Plan where the local government is to "give first priority to the modern service sector that is dominated by

¹⁴³ Interview: Changyang, November 15, 2011.

tourism.”¹⁴⁴ Ma Shangyun, Changyang’s Party secretary, describes Qing River sceneries and Tujia culture as “two inexhaustible gold mines” and developing tourism is to mold a “gold rice bowl” for Changyang people.¹⁴⁵ Ma himself even contributed an article to the exclusive provincial Party magazine on the Qing River Gallery tourism development.¹⁴⁶

To explain Changyang’s higher emphasis on tourism industry, a Yichang official noted: “Changyang is a mountainous county where it’s not promising to develop manufacturing industries....Now it barely has any industrial business. But Zigui has some industrial businesses because it benefits from the Three Gorges one-to-one support policy¹⁴⁷, such as Busen Shoes and Luozi Shirts from Jiangsu province, etc.”¹⁴⁸ Additionally, a scholar commented: “Yichang has such a large-scale industry. Whether it cares about tourism or not doesn’t matter much [to its GDP].”¹⁴⁹

Quantitative data?

I also try to identify quantitative data to supplement the qualitative evidence I have laid out above. However, the data available are baffling.

¹⁴⁴ *The 12th Five-Year Plan for Economic and Social Development of Changyang Tujia Ethnicity Autonomous County*, 2011.

¹⁴⁵ “An introduction to the tourism industry of Hubei Changyang Tujia Ethnicity Autonomous County” (湖北长阳土家族自治县旅游业情况介绍), a speech document (演示稿), p. 6.

¹⁴⁶ Ma Shangyun, “Forge a-hundred-mile ecological and cultural tourism industry belt at the Qing River Gallery” (打造清江画廊百里生态文化旅游产业带), *Policy* (政策), No. 3, 2011, p. 24-25.

¹⁴⁷ This refers to the policy (对口支援) where the central government demands the governments of other places to provide a variety of support for the areas affected by the Three Gorges Dam project, such as goods, money, technologies, projects, and people resettlement.

¹⁴⁸ Interview: Yichang, December 1, 2011, a.

¹⁴⁹ Interview: Yichang, December 1, 2011, b.

For example, to find out the percentage of industrial production to local GDP, I looked at *Yichang Yearbook*. It contains a table about the “sum of industrial production” (工业总产值) for “industrial enterprises above designated size” (规模以上工业企业) in all of Yichang’s sub-divisional localities. For Zigui, in 2010, its sum of industrial production based on Zigui’s enterprises above designated size was 5.13 billion yuan; and for Changyang, it was 2.76 billion yuan.¹⁵⁰

There are another two tables that each lists the “sum of industrial production” for all townships of Zigui¹⁵¹ and Changyang¹⁵², respectively. I suppose, if I add up the numbers of “sum of industrial production” for all individual townships, I will get the sum of industrial production for the entire county. By doing this, therefore, the total sum of industrial production for Zigui county in 2010 was 525.81 million yuan and Changyang was 2.34 billion yuan.

The *Yearbook* does not provide an explanation for the concept of “industrial enterprises above designated size” or any other concepts. But an online search seems to suggest that since 2011 the National Bureau of Statistics used this concept to refer to all industrial enterprises that make 20 million yuan

¹⁵⁰ “Report on the completion of production quotas by enterprises above designated size in Yichang for 2010” (2010年宜昌市规模以上工业企业生产指标完成情况), in *Yichang Yearbook, 2011* (宜昌年鉴, 2011), p. 162.

¹⁵¹ “Basic information on individual townships of Zigui County” (秭归县各乡镇基本情况表), in *Yichang Yearbook, 2011* (宜昌年鉴, 2011), p. 402.

¹⁵² “Basic information on individual townships of Changyang Tujia Ethnicity Autonomous County” (长阳土家族自治县各乡镇基本情况表), in *Yichang Yearbook, 2011* (宜昌年鉴, 2011), p. 408.

and above in annual income. Therefore, my assumption is that the sum of industrial production for industrial enterprises above designated size should be smaller than that of the sum for the entire county, regardless of the income size of the enterprise. But my assumption apparently conflicts with the data in the *Yearbook*. Especially for Zigui county, 525.81 million is substantially less than 5.13 billion.

In addition to the lack of clarification on concepts, data on individual counties also lack consistency. That is, data on each county tend to be based on different indicators. For example, one county would have the absolute values for production in agriculture, industry, and service sectors, whereas the other county would only have the increased values for the three sectors. Therefore, this lack of clarity and consistency in data makes comparison across counties extremely difficult. Again, my experiences seems to reinforce the belief that Chinese economic numbers, especially at the provincial level and lower, are unreliable.

Given the lack of reliable statistical data, in the following two chapters I will examine the three local governments' dedication to tourism development in two policy areas – tourism marketing and promotion, and tourist market regulation, respectively. I seek to find out whether the variation of dedication demonstrates a consistent pattern as I have articulated.

CHAPTER FOUR

Welcome to My Kingdom and Spend Your Money: Local Governments and Tourism Marketing

During my fieldwork, every time I boarded a commuter bus to Yichang I would immediately be drawn to the advertisements that were printed both on the walls and the disposable head rest covers. These advertisements were used to promote Yichang's various scenic spots. The bus was usually shabby and dirty, and occasionally one or two passengers would even smoke in it. Fortunately, the beautiful images on the advertisements made the two-hour rides less unbearable.

The marketing of the scenic spots did not end on the bus. Once I got off the bus, I continued to be bombarded by the promotional advertisements as I walked through the bus stop to catch a taxi, where the same experience would repeat again. When I arrived at my hotel, the very first thing I saw was a huge advertising poster put up in the hotel lobby by the front entrance. As I took the stairs to my room, I found a travel agency housed in the second floor of the hotel. Once I got to my room, I turned on the television and the default channel started showing commercials promoting local tourist attractions. Before long, I found myself so attracted to these advertised sites that I joined several tours sold by the travel agency housed in my hotel.

What happened in Yichang also happened in Zigui and Changyang. And what happened to me was a typical experience of any tourist visiting the three localities. Marketing and promoting local tourism resources has become an

integral part of the tourism industry, but what rarely known are the strenuous efforts made by the government to sustain business marketing activities.

In this chapter, I examine the dedication of the three local governments to tourism development by focusing on their efforts to promote tourist destination images. First, I explain why studying the issue of tourism marketing and promotion constitutes a legitimate avenue to look into the attitudes of local governments towards tourism development. Second, I engage in qualitative comparative analysis of Yichang, Changyang, and Zigui's governments' efforts to promote local images as tourist destinations based on interviews with influential tourism business people, tourism administration officials, journalists, and scholars specializing in tourism policies and management, along with archival data. Specifically, in order to gauge their different degrees of dedication to the cause, I assess two major areas of local government involvement in facilitating tourist destination image marketing – the amount of government funding and the quality of government promotion strategies.

I find that in the area of tourism marketing and promoting local tourist destination images, Yichang government shows the least amount of interest in funding promotional activities and the outcomes of its marketing strategies are seriously lacking in terms of meeting the needs of local tourism business. In contrast, a strong state-led initiative in promoting and developing local tourism industry is identified in Changyang County. Additionally, Zigui's commitment to this cause lies in the middle between that of Yichang and Changyang.

Why Tourism Marketing?

A state-led domain

Following a similar path of the development of China's commercial tourism, tourism marketing and promotion has also gone through a process from virtually nonexistent to full-scale campaigns.¹⁵³ In addition, as discussed in the introduction chapter, despite the changes in the role of the state in tourism development since 1978, the tourism industry remains fundamentally a government-led sector of the national economy.¹⁵⁴ Similarly, as an important aspect of tourism development, tourism marketing and promotion is also heavily dominated by the state in China.

At the national level, it is the China National Tourism Administration (CNTA) that is in charge of promoting inbound tourism.¹⁵⁵ At the provincial level, the provincial tourism administration bureaus are responsible for domestic tourism marketing and promotional activities;¹⁵⁶ and as they are “financially independent from CNTA, [they] can independently conduct their own marketing

¹⁵³ For a detailed description of the evolution of national government policy on tourism marketing and promotion, see *Development Report on the 30 Years' Opening and Reform of China's Tourism Industry* (中国旅游业改革开放30年发展报告), 2008, China National Tourism Administration.

¹⁵⁴ For a more detailed description of the Chinese government's role in tourism development, see, for example, chapter 7 “The Government's Role in Developing Tourism in China,” p. 93-109 in *Tourism and Hotel Development in China*, 2005, Hanqin Qiu Zhang, Ray Pine, and Terry Lam. New York: The Haworth Hospitality Press; and Hanqin Qiu Zhang, King Chong, and John Ap, 1999, “An analysis of tourism policy development in modern China,” *Tourism Management*, 20, p. 471-485.

¹⁵⁵ Suosheng Wang and John Ap, “Tourism Marketing in the People's Republic of China,” p. 217-235 in *Tourism in China*, 2003, edited by Alan A. Lew, Lawrence Yu, John Ap, and Zhang Guangrui. New York: The Haworth Hospitality Press.

¹⁵⁶ *Ibid.*, p. 222.

activities.”¹⁵⁷ No wonder there is considerable variation in the size of the promotion funds of provincial tourism bureaus.¹⁵⁸ However, very few, if any, existing studies have engaged in systemic analysis of government marketing strategies below the provincial level and our understanding about the nature and extent of marketing activities at the local level remains very limited.¹⁵⁹ This chapter seeks to enhance our knowledge in this aspect.

Based on my research, the main government authorities involved in local tourism marketing are the tourism administration bureaus and the departments of Propaganda, with the tourism bureaus leading most of the work.¹⁶⁰ Although officially tourism associations also assume the responsibility for some marketing activities, especially when promoting in Taiwan, these pseudo-civil organizations are controlled by tourism administration bureaus as the important positions of tourism associations, such as the President and the Secretary-General, are almost always concurrently held by officials from the bureaus.¹⁶¹

Tourist destination image marketing

¹⁵⁷ Suosheng Wang and John Ap, “Tourism Marketing in the People’s Republic of China,” p. 217-235 in *Tourism in China*, 2003, edited by Alan A. Lew, Lawrence Yu, John Ap, and Zhang Guangrui. New York: The Haworth Hospitality Press, p. 224.

¹⁵⁸ *Ibid.*

¹⁵⁹ Although Blecher and Shue (2001, p. 392) describe how local government is heavily involved in marketing – “particularly in advertising and in other ways drumming up business on behalf of local private capitalists” when trying to build up a local fur and leather industry. “Into leather: state-led development and the private sector in Xinji,” Marc Blecher and Vivienne Shue, *The China Quarterly*, volume 166, June 2001, p. 368-393.

¹⁶⁰ Interviews: Yichang, September 28, 2011 and December 1, 2011; Zigui, November 18, 2011 and November 28, 2011.

¹⁶¹ This is the case in Yichang’s Tourism Association; Interviews: Yichang, October 21, 2011 and November 4, 2011.

Among many things, the one area where tourism enterprises rely most heavily on the government is the promotion of tourist destination images (旅游目的地形象宣传). What this means is that, ideally, governments are responsible for marketing the image of the entire locale as a tourist destination whereas individual tourism enterprises focus on promoting their own tourist products. For example, the newly established destination image for Hubei province is “*lingxiu* Hubei (灵秀湖北)” (the official English translation is “Home to Wonders”) and the Hubei provincial tourism authorities would focus on promoting this overall image.¹⁶² Although advertisements of Hubei still show passing images of its major scenic attractions, for instance, Three Gorges Dam or Mount Wudang, the predominant take-home message for the viewer is the overall image of “*lingxiu* Hubei.”¹⁶³ Similarly, Shandong provincial tourism administration promotes the provincial destination image as “hospitable Shandong” (好客山东) instead of focusing on Shandong’s particular scenic attractions, such as the Confucius temple. And a more familiar case to the reader in the United States would be the catchphrase of “Fantastic India” advertised on television channels by the Indian government.

The rationale behind this widely accepted principle of division of labor in tourism marketing is that before tourists are able to make a decision about

¹⁶² See the official microblog (the Chinese version of Twitter) of Hubei tourism administration at <http://t.qq.com/hubeitour>.

¹⁶³ See, for example, the 2011 Hubei advertising commercial (http://v.youku.com/v_show/id_XMjUwOTk2MDYw.html) that clearly differentiates Hubei’s designated image from its innumerable individual scenic spots.

whether to come to a particular scenic spot they must first know where it is located. However, individual tourism enterprises have no incentive to do the marketing work for the entire region. With each tourism enterprise promoting its own product separately, the aggregated costs are huge but the marketing effect is small. Therefore, the government is needed to perform this function in order to attract tourists to the locale so that they could further visit the individual scenic spots. This relationship between the government and enterprises regarding marketing strategies is best described by a tourism business manager in Yichang:

“[It’s] like what we say, ‘the bowl is full only after the wok is full.’ Without food in the wok, how come there is any food in the bowl? If people don’t come to Yichang, how can they come to your scenic spot? It’s a complementary relationship.”¹⁶⁴

The government’s initiative in promoting tourist destination image is especially critical in the three localities I study. This is because Yichang, Changyang, and Zixi are all located along the Yangtze River and their local tourism industries rely heavily on the concept of the “Yangtze Three Gorges” (长江三峡).¹⁶⁵ However, unlike most scenic attractions, the “Yangtze Three Gorges” is not a singular concept. Instead, it consists of numerous scenic spots that not only cross jurisdictional locations but are under the authority of distinct interest groups. Most importantly, Chongqing municipality and Hubei province both are home to part of the Yangtze Three Gorges. There has been cut-throat competition between these two provincial-level jurisdictions over which has the more superior

¹⁶⁴ Interview: Yichang, November 11, 2011.

¹⁶⁵ Literally, Changyang is located in the basin of the Qing River, but Qing River is a tributary of the Yangtze.

sceneries and which is the more authoritative representation of the Yangtze Three Gorges in order to attract more tourists.¹⁶⁶ As a Yichang tourism business manager vented, “When we [enterprises] do marketing of individual scenic spots, we say ‘Three Gorges’ and people think it’s in Chongqing.”¹⁶⁷

Also, to further complicate the matter, the concept of “Yangtze Three Gorges” incorporates innumerable scenic attractions that are managed by entities of diverse ownership backgrounds. For example, the Three Gorges Dam is operated by a central-level state-owned company; the Yichang Yangtze Three Gorges National Park is controlled by Yichang local government; and the Three Gorges Bamboo Sea scenic spot in Zigui is owned by a private company, to name only a few. This multitude of entities makes it very difficult to manage the development of the overall tourism industry in the three localities,¹⁶⁸ let alone to generate a coordinated effort in promoting their tourist destination images.¹⁶⁹

Therefore, the Yangtze Three Gorges tourism business is extremely fragmented and the intervention from the government in coordinating the diverse interest groups is indispensable to a sound development of the tourism industries

¹⁶⁶ Recently though, Chongqing and Hubei have been making efforts toward reconciliation and coordination in Yangtze Three Gorges tourism development. For more comprehensive information on this issue, see *Yangtze Three Gorges Tourism Development Special Research Report* (长江三峡旅游发展研究专题), 2005, Three Gorges University; and “Speeches during the 2010 rotating chairman meeting on the Yangtze Three Gorges Tourism Cooperation between Chongqing and Hubei” (渝鄂长江三峡区域旅游合作2010年轮值主席会议交流发言材料), Chongqing, April 23, 2010.

¹⁶⁷ Interview: Yichang, November 11, 2011.

¹⁶⁸ A notorious example is that in 2007 conflicts over the distribution of the profits generated by the tourism assets of the Three Gorges Dam in Yichang were so dramatic that they received the attention of the then Prime Minister Wen Jiabao at the State Council. Interview: Wuhan, July 5, 2011.

¹⁶⁹ A marketing manager of a private tourism enterprise told me of the destructive competition among local marketing activities. Interview: Yichang, September 28, 2011.

in the three localities. And both businesses¹⁷⁰ and tourism authorities¹⁷¹ acknowledge the critical role of government in tourist destination marketing and appreciate the improved marketing outcomes resulting from government initiative.

In sum, given the state-led nature of tourism marketing and promotion in China, dedication from local governments to a great extent determines the success of promoting local tourism resources, and hence the success of local tourism development. Accordingly, examining the issue of tourism marketing and promotion in the three localities constitutes an ideal avenue to gauge the variation of commitment to tourism development among the three local governments. Moreover, because of the government domination in the area of tourist destination image marketing, I focus on examining how local tourism authorities engage in this particular area of marketing activities to gauge their different degrees of commitment to tourism development.

Key Tourist Attractions and Tourism Enterprises

My analysis of the degrees of the three local governments' devotion to tourism development mainly draws upon interviews and archival data from my fieldwork research of the key tourist attractions in the three localities and the enterprises that operate these attractions. These tourist attractions are important assets to local tourism industry and are run by enterprises that play a central role

¹⁷⁰ Interview: Yichang, November 11, 2011.

¹⁷¹ Interview: Zigui, November 28, 2011.

in local tourism business and development. Therefore, insights from these enterprises regarding their dealings with local tourism authorities in the aspect of marketing tourist destination images are good indicators of local governments' attitudes towards tourism marketing, and the tourism industry more broadly. In this section, I introduce the key tourist attractions and tourism enterprises in the three localities, respectively.

Yichang

Three Gorges Tourism Development Company

As the construction site for the Three Gorges Dam (TGD) project, today's Yichang is widely associated with the project and any visit of Yichang is likely to incur a tour to the Dam, partly thanks to the marketing strategies of the Yichang government.¹⁷² Indeed, recognized as a National AAAA Scenic Area by the CNTA, the TGD is the number one tourist attraction of Yichang, in terms of both the number of visitors and ticket sales. According to the data published by the Three Gorges Tourism Development Company, Ltd. (TGTDC), the company that is designated to operate and manage the tourism assets of the TGD, as of December 4th, 2011, the TGD had been visited by 1,714,280 people since January 1st, 2011,¹⁷³ and was expected to easily reach 1.75 million for the entire year of

¹⁷² For example, Yichang tourism administration used to have a commercial at the central television channel during the weather forecast which says "The Three Gorges Dam project is in Yichang" (三峡工程在宜昌). Interviews: Yichang, December 1, 2011 and December 1, 2011.

¹⁷³ *Daily Report of the Number of Visitors to the Three Gorges Dam for December 2011* (2011年12月三峡大坝接待人数日报表), December 5th, 2011, published by the Three Gorges Tourism Development Company Ltd.

2011.¹⁷⁴ This number of visitors makes the TGD the biggest tourist destination not only in Yichang, but in Hubei province.¹⁷⁵ With each entrance ticket sold at the price of 105 yuan, the company should have made around 180 million yuan for ticket sales in 2011.

The TGTDC is a wholly-owned subsidiary of the China Three Gorges Corporation that is a state-owned company directly controlled by the central government.¹⁷⁶ With a registered capital of 150 million yuan and 1,380 employees, TGTDC is the largest tourism business in Yichang.¹⁷⁷ According to the head of the Assets and Accounting Department at TGTDC, the company paid between eight to nine million yuan in taxes, with about five million going to local tax revenue and three million to national tax revenue. And this makes the TGTDC the number one taxpayer among Yichang's tourism businesses.¹⁷⁸ Because of the importance of the TGD and TGTDC to local tourism, the company has a very close relationship with local tourism authorities. The vice president in charge of marketing at TGTDC described,

We have a very harmonious relationship with Yichang Tourism Administration. We are best buddies....When the [Yichang] tourism administration promotes Yichang's tourism, it more often than not puts the TGD as its highest priority. Yichang positions tourism as a key industry and its core is the TGD. If the tourism of the TGD does not develop well, the tourism of the entire city will not fare well. However, the development of the TGD tourism is not within the control of the city but in

¹⁷⁴ Interview: Yichang, December 5, 2011.

¹⁷⁵ *Ibid.*

¹⁷⁶ For a current list of the 115 central state-owned enterprises, see the website of the State-owned Assets Supervision and Administration Commission of the State Council at <http://www.sasac.gov.cn/n1180/n1226/n2425/index.html>. Last accessed 03/25/2013.

¹⁷⁷ From company website, last accessed 01/09/2012.

¹⁷⁸ Interview: Yichang, July 27, 2011.

the hands of a central state-owned enterprise. Since we [TGTDC] run the tourism business of the TGD, we [TGTDC and Yichang tourism administration] collaborate and go out together. For example, on July 10th, we are going to Hong Kong and Macao together to hold a tourist product promotion conference. The government will send a team; we will send a team; and we work together...So we have a really close relationship.”¹⁷⁹

The vice president’s words reveal a highly interdependent working relationship between the company and the local tourism authorities with regard to promoting and marketing the TGD project. Therefore, an investigation of the relationship between the company and the local government in terms of marketing and promoting the Dam provides important insights into Yichang political elites’ attitudes towards tourism development.

However, despite the great importance of the TGD to Yichang’s tourism industry, it in many ways is not a typical tourist attractions. As the largest hydropower project, the TGD has been a controversial subject even before it was constructed because of the large size of land to be inundated, the several million people to be resettled, and environmental degradation. As one employee of the China Three Gorges Corporation cautiously warned, “There is nothing trivial about the TGD.”¹⁸⁰ But at the same time, due to official propaganda, the TGD is also widely received in China as a symbol of national strength and pride.¹⁸¹ These critical and sensitive implications of the TGD make it a lot more than just a tourism resource. This fact is clearly demonstrated by how the conflicting and

¹⁷⁹ Interview: Yichang, June 30, 2011.

¹⁸⁰ Interview: Yichang, August 16, 2011.

¹⁸¹ This partly explains why the TGD was designated a national red-tourism attraction by the CNTA in 2011. See <http://www.cnta.com/html/2011-11/2011-11-23-17-45-97691.html>. Last accessed 03/28/2013.

bargaining relationship between TGTDC and the Three Gorges Construction and Operation Management Bureau, a unit under the authority of the China Three Gorges Corporation that emphasizes the security of the TGD, not exploitation of its tourism assets.¹⁸² In sum, the TGD is too unique. So how representative is the relationship of TGTDC with the local government regarding TGD marketing and promotion? Do other more typical tourist attractions in Yichang share a similar experience? With these questions in mind, I explore Yichang's other important tourist attractions in the following.

Huanba Tourism Development Company

Another famous scenic attraction located in Yichang is the Three Gorges Tribes (TGT). Recognized as a national AAAA scenic area, one of Hubei's top ten scenic spots, and a part of the Three Gorges national geological park, the TGT is a tourist attraction combining both natural sceneries and folk customs.

The TGT scenic spot is operated by a private company – Huanba Tourism Development Company, Ltd. (HTDC). Compared to the Three Gorges Dam, the TGT better represents the typical tourist attraction and the HTDC resembles more of the average local tourism businesses, both in Yichang and China more broadly. One of the HTDC's managers in charge of marketing commented with a tone of sarcasm:

We earned about 30 million yuan in revenue for 2010. This [amount of money] might sound small to other types of businesses, but it actually

¹⁸² Interview: Yichang, December 5, 2011.

makes us a pretty big business in tourism industry. But we can't compare to the TGTDC. They made 120 million last year. Relying on the TGD, TGTDC has so many advantages over us....On top of that, it's [TGTDC] a central state-owned enterprise, the emperor's daughter, the princess! Who are we? How can we compete with it [TGTDC]?"¹⁸³

Zigui

Pinghu Tourism Development Company

The most influential tourism business in Zigui County is the Pinghu Tourism Development Company, Ltd. (PTDC). It runs three scenic attractions – Quyuan's Hometown, Jiuwan Creek Rafting, and Jiuwan Creek Sightseeing. With a registered capital of 100 million yuan, the company is controlled by Hubei Western Area Eco-cultural Tourism Investment Company (a provincial state-owned enterprise), TGTDC, and Zigui County government, which hold 35%, 35% and 30% of PTDC's stocks, respectively.¹⁸⁴ The county government head called PTDC the “dragon head of Zigui's tourist business” and demanded Zigui's departments of all ranks to try all means to support the development of PTDC and help it become “dragon head of Hubei province's tourist business” and “a listed tourist enterprise.”¹⁸⁵

Changyang

Qing River Gallery Tourism Development Company

¹⁸³ Interview: Yichang, September 28, 2011.

¹⁸⁴ Interview: Zigui, November 18, 2011.

¹⁸⁵ “Luo Lianfeng: Three Gorges Pinghu Tourism Company needs to strengthen four types of awareness” (罗联峰: 三峡平湖旅游公司要强化四种意识), May 2, 2011, available online at: <http://www.zigui.gov.cn/2011-05/02/cms453233article.shtml>. Last accessed 04/25/2013.

Like the Times Square to the New York City, the Qing River Gallery is the flagship attraction of Changyang's tourism assets. Its dominance and importance can be seen from the fact that the planning of the development of the Qing River Gallery almost equals the planning for all of Changyang's tourist attractions and that the tourism planning for entire Changyang focuses on how to correspond with the planning of the Qing River Gallery.¹⁸⁶

This attraction is run by the Qing River Gallery Tourism Development Company, Ltd. (QRGTDC). This company is controlled by three parties: Hubei Western Area Eco-cultural Tourism Investment Company that owns 51% of the stocks; Changyang county government that controls 44% of the stocks; and a private travel agency company from Liaoning province that has 5% of the stocks.¹⁸⁷ QRGTDC's general manager is also the Party Secretary of the Changyang County Tourism Administration.

Comparing Yichang, Zigui, and Changyang

In this section, based on evidence obtained from the above enterprises, I conduct a comparative analysis of the three local governments' involvement in promoting tourist destination images for their localities. Intuitively, the perfect scenario would be where we have the data of promotional budget for every locality throughout the years and then we could compare the ratio of promotional budget to local government revenue among the three localities. The bigger the

¹⁸⁶ Interview: Changyang, November 15, 2011.

¹⁸⁷ *Ibid.*

number of the ratio, the more dedicated the local government is to tourism marketing, and to the development of the overall tourism industry.

However, two problems make this perfect scenario hard to come by.

First, information about local government's promotional budget for tourism is not publicly available and my collection of data obtained through requesting my interviewees is very limited.¹⁸⁸ *Second*, it can be tricky to solely rely on annual government budget on tourist destination marketing and promotion to gauge different degrees of dedication, as sometimes government spending might involve two separate formats: one is fixed annual budget, and the other is payment for events. The annual budget is a fixed amount of money dedicated to the cause of tourism marketing and can be compared across different localities. However, in addition to a fixed budget, some governments also pay for promotional events on a case by case basis (一事一议). For example, although Zigui government allocates a very small annual budget for tourism marketing, it also helps pay for events like the annual Qu Yuan Hometown Duanwu Cultural Tourism Festival.¹⁸⁹ This payment amount is uncertain because it varies according to the costs of the festival and the reimbursement report written by the tourism administration. Therefore, a comparison solely based on promotional budget is out of the question due to the lack of reliable and consistent data.

¹⁸⁸ Wang and Ap (2003, 223) point out the similar problem at the national level. Therefore, in their 2003 article, they were only able to use dated statistics released from 1991 to 1993.

¹⁸⁹ Interview: Zigui, November 28, 2011.

Then how do we measure and then compare the different degrees of local governments' commitment to promoting tourist destination images and local tourism development? To do that, I first present the limited data I gathered through interview and archival sources regarding promotional budget. Although limited, these data do provide a glimpse into the financial condition of local tourism promotion. After that, I supplement the data evidence by examining the effectiveness of government marketing strategies from the perspective of the enterprises. This two-dimensional comparative analysis helps detect and gauge the variation in local governments' dedication to tourist destination marketing and tourism development.

Assess government funding

Given that the government is responsible for marketing the locale's destination image, it is naturally expected to pay for the costs of marketing activities. This is especially the case since marketing and promotion very often is very expensive and beyond the financial capacity of local tourism businesses and requires support from the government, such as airing commercials at national television channels. As a marketing manager of HTDC noted, "Take the example of television advertisement. Five seconds every day for a year costs more than 40 million yuan, extremely expensive and a business can hardly afford it..."¹⁹⁰ But government spending varies substantially among localities: some local

¹⁹⁰ Interview: Yichang, September 28, 2011.

governments foot the whole bill; some governments subsidize for most of the cost and let businesses pay the rest; whereas some pay very little compared to businesses.¹⁹¹

The data I have for Yichang's promotional budget are from reports on Yichang's overall tourism budget and expenditure plan (旅游专项经费收支计划) for year 2004, 2005, and 2009. These internal reports are only published and circulated at some local government bodies, such as tourism administration, bureau of finance, and development and reform commission. For example, in 2004, Yichang government designated 4 million yuan for the city's entire tourism budget, among which 1.3 million is for promotional budget and 1.5 million is for the annual Three Gorges international tourism festival.¹⁹² Because the annual Three Gorges international tourism festivals are also conducted for promoting Yichang's tourist destination image, I add the 1.5 million to the 1.3 million to make the total of promotional budget to 2.8 million. For the same manner, the promotional budget for 2005 and 2009 were 3.5 million¹⁹³ and 5.5 million,¹⁹⁴ respectively. These three numbers – 2.8 million, 3.5 million, and 5.5 million – do suggest that Yichang's annual promotional budget does increase over the years. However, these data are too limited to infer any meaningful conclusions.

¹⁹¹ Interview: Yichang, July 22, 2011.

¹⁹² *Explanation on the Use of 2004 Designated Tourism Budget* (2004年旅游专项经费使用说明).

¹⁹³ *Table on the Plan for the 2005 Designated Tourism Budget*
(2005年旅游专项经费计划安排表).

¹⁹⁴ *Table on the Plan for the 2009 Designated Tourism Budget in Yichang*
(2009年宜昌市旅游专项经费计划安排表).

This challenge with availability of consistent and reliable data even worsens at county-level governments. For example, in the appendix of the Zigui County Cultural Tourism Gazetteer, there are data for some of the years from 1989 to 2004 on funding for tourism promotion. But the years remain too few and the sources of the funding are mixed.¹⁹⁵

Consequently, I talked to business people, officials, and scholars, seeking to identify consistent patterns of the variation in the three governments' dedication to tourism development through funding for destination promotion.

Regarding Yichang, there is a common feeling about the lack of funding from Yichang government for marketing purposes, despite abundant revenue of the city. For instance, a HTDC's manager in charge of marketing commented:

This year the entire budget of Yichang's tourism administration is only 8.1 million yuan, which is a drop in the bucket compared to the costs of tourism marketing. It's basically less than what we, an enterprise, spend on marketing. You tell me how this can be effective?! So that's why we many times bypass Yichang and go to the provincial tourism administration and the central tourism administration asking for money. ... What we do at the province level is that we make a commercial that contains several important scenic spots of Hubei (e.g. Wuhan, TGD, Three Gorges Tribes, and Wudang Mountain). In that way, the provincial government subsidizes some costs and we businesses pay for some costs. So the burden is lighter for everyone.¹⁹⁶

Although influential tourism businesses like the TGTDC and HTDC can seek money either from its rich parent company or provincial government while skipping Yichang, the chances are not so optimistic for other smaller businesses.

¹⁹⁵ "Zigui tourism administration special funds summary," p. 277-278, in *Zigui County Cultural Tourism Gazetteer* (秭归县文化旅游志).

¹⁹⁶ Interview: Yichang, September 28, 2011.

Also, the manager of Xiazhou International Travel Service Company, Ltd., arguably the most successful travel agency in Yichang, said:

[The Yichang government] shouts loud slogans for developing tourism, but lacks real actions. For example, as for marketing and promotion budget, Yichang's government only provided 10 million yuan for last year [2010] although its revenue was 30 billion yuan... [In contrast, the marketing budget of] Wudang Mountain special zone was almost 100 million but its government only had 400 million revenue...If [Yichang] government invests 100 million in increasing Yichang's reputation...to attract more people to Yichang, I will receive more tourists and make more money.¹⁹⁷

Furthermore, an official from Yichang tourism administration also confirmed with this widespread disappointment with the lack of funding from the local government:

Our city budget for marketing is very little, only 10 million every year, although it does increase a little bit every year as GDP rises. So our marketing funds are seriously lacking and can't match Yichang's call for building a 'Three Gorges International Tourism Destination',¹⁹⁸ city.¹⁹⁹

As a result, despite Yichang's slogan to achieve the status of "world famous hydropower tourism city (世界水电旅游名城),"²⁰⁰ its government does not

¹⁹⁷ Interview: Yichang, August 30, 2011.

¹⁹⁸ See, for example, "Hubei Yichang spends 150 billion yuan to establish itself as a Three Gorges international tourism destination" (湖北宜昌1500亿元打造三峡国际旅游目的地), October 11, 2010. http://www.hb.xinhuanet.com/newscenter/2010-10/11/content_21101018.htm. Last accessed 03/31/2013.

¹⁹⁹ Interview: Yichang, August 15, 2011.

²⁰⁰ See, for example, "In five years Yichang will have preliminarily established itself as a world famous hydropower tourism city" (宜昌今后5年将初步建成世界水电旅游名城), December 31, 2004. http://news.xinhuanet.com/newscenter/2004-12/31/content_2402002.htm. Last accessed 03/31/2013; or *Research Report on the Interactions and Integrations between the Tourism Industry and Other Industries during Yichang's Building of A World Famous Hydropower Tourism City* (《宜昌创建“世界水电旅游名城”的产业互动与整合》研究报告), September 8, 2005.

provide the funds needed for tourist destination promotion and more generally, tourism development.

Concerning Zigui, it is widely shared that the Zigui government does want to develop tourism, but Zigui's poor financial condition prevents the government to invest sufficient funding in this cause. For example, when asked about Zigui government's role in tourism marketing, a vice president of marketing at PTDC says:

For marketing, strictly speaking, governments should pay for tourist destination promotion whereas businesses pay for marketing tourist products. But Zigui is a national-level poor county (国家级贫困县), so it does some destination marketing but not much. For instance, the government subsidizes some money for the costs of holding the Duanwu festival, dragon boat race, and rafting race, but businesses do most of the work, for example, our company does more of the work for the rafting race. If a local government is very rich, it will focus on destination marketing but in Zigui we should say the government does very little destination marketing ... It really doesn't have the money.²⁰¹

Again, when asked about the annual tourism marketing budget, the vice president answered:

None²⁰² ... This [budget] is based on the size of local government revenue. We have been calling for designating a fixed percentage of government revenue for tourism development, but Zigui government itself even needs help from the national coffer. So how is it possible that Zigui government will give us the money to do this [tourism development]? It simply can't. Zigui is a national-level poor county.²⁰³

Similarly, an official from Zigui tourism administration admitted that:

For all places, if their governments have the money they should be putting

²⁰¹ Interview: Zigui, November 18, 2011.

²⁰² Although an official from Zigui tourism administration said the government did provide an annual budget of 150 thousand yuan, the official also admitted that: "it's very little money" (Interview: Zigui, November 18, 2011).

²⁰³ Interview: Zigui, November 18, 2011.

an emphasis on tourist destination marketing. Now, [in Zigui] it's the businesses that are doing more of the marketing work...because comparatively speaking, they have more money than the government does.²⁰⁴

Their words suggest that the lack of money prevents Zigui government from investing in tourism marketing and tourism development, more broadly.

About Changyang, a clear message stands out from many conversations: Despite being a national-level poor county, Changyang remains highly enthusiastic about developing its tourism assets and spends heavily on Changyang's destination promotion. For instance, speaking of tourist destination marketing, the general manager of QRGTD said:

Our company does most of the marketing job. Because to a great extent Qing River Gallery equals Changyang's tourism, and Changyang's tourist destination marketing is about promoting the Qing River Gallery. Therefore, the government designates our company to do the job. But it sets the stage and pays the bill. The government sets aside a budget every year for tourism marketing and promotion. Usually after we finish the activities, we get reimbursed by the government.²⁰⁵

Moreover, informed by the party secretary of Changyang tourism administration, Changyang has an annual government budget of about 2 million yuan for tourism marketing.²⁰⁶ And he also commented with a tone of contempt, "I don't like what Yichang does for marketing. We don't work with them. We do our own work." These comments indicate a shared sense of pride and passion towards tourism development in Changyang.

²⁰⁴ Interview: Zigui, November 28, 2011.

²⁰⁵ Interview: Changyang, November 15, 2011.

²⁰⁶ Interview: Zigui, November 28, 2011.

Evaluate government marketing strategies

Because of the lack of consistent and reliable data and hence the limitations of solely relying on funding budgets, I further investigate the quality of local governments' marketing strategies to gauge variation in commitment to tourism marketing and development. Local governments engage in a variety of activities to promote tourist destination images and market tourism resources. I focus on examining two major types of government strategies – holding promotional conferences and hosting tourism festivals – through qualitative comparisons of the three localities based on interview and archival evidence.

Promotional conferences

How do businesses perceive the quality of marketing work by Yichang government? When asked this question, the vice president of TGTDC in charge of marketing admitted with a tone of diplomacy and ambiguity:

When the [Yichang] government goes out to do destination promotions, it usually does them in its own way that is not based on the principles of the market. That is to say, the government has good intentions. It wants to attract tourists to Yichang, but it lacks the experience and understanding of the market to know how. This [inefficiency and incompetence] is because the government does not have the material incentives to do a good job. As long as the officials complete the work, they get paid. But enterprises are different. Take me for an example. If I can achieve the quota of 1.75 million tourists this year, my salary will go up and my life becomes better and better. But the government has a different mechanism. So the government may do a lot of things when it goes out to promote tourist destination, but they are not effective and the results are less than satisfactory.²⁰⁷

²⁰⁷ Interview: Yichang, December 5, 2011.

The VP believes that “enterprises always do a better job than the government in tourism marketing” and that “the government should give the money to enterprises and let them do the job,” because “what an enterprise spends is its own money, not taxpayers’ money.”²⁰⁸

When pressed further about what specific things done by the government that are not satisfactory, the VP explains:

[The Yichang government] craves the pomp and fanfare. For instance, they went to Taiwan to hold a tourist product launching conference. But after the conference was over, they did not do any follow-up work. Also, they went to Shanghai to hold a conference to promote Yichang’s tourism and they invited some influential travel agencies. It cost a lot of money to do that but these travel agencies do not even do businesses in the area of Yangtze Three Gorges tourism. Their focus is not in this region at all, but in Shandong, Yunnan and Hainan.²⁰⁹ If I were at Shanghai to do this, I would know which travel agencies do business in our region and I would invite these ones instead. But the government doesn’t know well, and it only emphasizes the ranks of influence or the size of the travel agencies to make it look good and have face. But no matter how big the travel agency is, if it doesn’t do business in your area and doesn’t bring you a single tourist, what use is it?²¹⁰

Moreover, a scholar commented on the performance of the tourism administration with a disapproving attitude, “Yichang still hasn’t established an official destination image for itself.”²¹¹ Indeed, throughout my fieldwork I did not encounter any consistent tourist destination image promoted in Yichang, although a 2011 Yichang tourism pamphlet writes “pure love (*chunai*) Yichang.”²¹²

²⁰⁸ Interview: Yichang, December 5, 2011.

²⁰⁹ Shandong, Yunnan and Hainan are three provinces of China.

²¹⁰ Interview: Yichang, December 5, 2011.

²¹¹ Interview: Yichang, December 1, 2011.

²¹² Pamphlet. This title originates from a 2010 romance movie, *Under the Hawthorn Tree*, directed by Zhang Yimou, that was filmed in Yichang.

Tourism festivals

In addition to going to other places to advertise local tourism assets, local governments also organize various tourism festivals to attract tourists. For example, from 2000 to 2009, Yichang held its China Yichang Three Gorges International Tourism Festival every year. From 2010 to present, along with Chongqing municipality, Yichang has been co-hosting the China Yangtze Three Gorges International Tourism Festival every year. Similarly, Zigui holds an annual Duanwu Cultural Tourism Festival. Also, playing into its Tujia ethnicity asset, Changyang presents a Ba People Cultural Festival annually (巴人先祖廪君文化旅游节).

However, how these festivals are run is problematic and usually contributes little to the promotion of local tourism resources. When asked about the usefulness of these festivals, “Yes, they must be useful,” the vice president of TGTDC answered with hesitation, “But the participants whom the government invites to these festivals are mainly for show, such as leaders from the central government or other places. But it’s not of much use for these leaders to have some fun here. If I were to hold a tourism exchange conference and invite a guest from Anhui,²¹³ then this guest must be someone who has sent a large number of tourists to the TGD.²¹⁴

There are a few main problems with the tourism festivals. First, they usually do not correspond with the marketing needs of local tourism businesses.

²¹³ Anhui is a province of China.

²¹⁴ Interview: Yichang, December 5, 2011.

The festivals take place in Yichang. However, for most scenic spots in Yichang, their main potential sources of tourists lie outside of Yichang, especially since the city's implementation of the annual pass policy which grants Yichang residents unlimited visits per year once they pay a fixed fee. Therefore, Yichang's tourism businesses conduct minimum marketing locally. To make things worse, the intensive marketing strategies of the tourism festivals will bring a large number of local residents with annual pass to Yichang's scenic spots within a short span of time and create huge pressure on the accommodation capacity of scenic attractions and they run out of space for tourists outside of Yichang. Therefore, tourism festivals not only do not help businesses with their marketing needs, but create conflicting demands that lead to profit loss.²¹⁵ In the words of a marketing manager of HTDC, "this kind of festivals is simply boisterous, superficial, a big party for officials."²¹⁶

An official from the Yichang tourism administration admits that: "our marketing work at the tourist-generating regions, such as Wuhan and Guangzhou, is lacking. The money we spend there is too little and the money is not enough."²¹⁷

Similarly, a scholar specializing in tourism planning and management at a local university shares the same feelings toward the tourism festivals:

Yichang just does a lot of superficial work, without real city destination marketing....Tourism festivals are virtually useless. Even if you have a

²¹⁵ Interview: Yichang, December 5, 2011.

²¹⁶ *Ibid.*

²¹⁷ Interview: Yichang, December 1, 2011.

festival, it needs to be unique, such as the water festival of Dai ethnicity where tourists can actually participate. But there is no tourist participation in Yichang's festivals. What destination image is Yichang trying to promote?²¹⁸

Second, these festivals usually become extra financial burdens forced onto businesses by local government. According to the Yichang government's report on the lessons learned from organizing the Third International Yangtze Three Gorges Tourism Festival of Yichang China, one of the three lessons of the festival's success lies in the marketization of the funding method. That is, local government does not force businesses to pay for the costs of festival activities but let businesses bid for sponsoring and naming rights during the festival at the price of 500 thousand yuan.²¹⁹

However, the reality told by scholars and business people is the very opposite of what says on the government document. When asked about this statement, a scholar specializing in tourism planning and management said with a tone of despise:

In China, the more you say you don't do forced charges, the more likely you do. Take the Three Gorges Tribes for an example. The Yichang tourism administration helped the company with its application for AAAA scenic area. So when the government needs 0.5 million yuan for festival, the company better pay for it.²²⁰

A HTDC's marketing manager's words also correspond with the view of the scholar:

²¹⁸ Interview: Yichang, December 1, 2011.

²¹⁹ *Summary of The Third International Yangtze Three Gorges Tourism Festival of Yichang China* (第三届中国宜昌三峡国际旅游节总结), October 18th, 2002, internal report published by the festival organizing committee.

²²⁰ Interview: Yichang, October 21, 2011.

We have this international Yangtze Three Gorges tourism festival every year. Strictly speaking, it's operated by the government. So government revenue should foot the bill for the festival, but not to shift the burden to businesses. Basically, businesses are forced to pay for the festivals and have to take turns to pay different amounts each year. Our company participates every year. If we pay more, we get a more prominent seat; pay less, we get to seat a bit further behind. But sometimes we don't have a say about how much we want to pay. It's a political task that you have to pay.²²¹

When I asked, "what happens if you don't give the money?" He laughed (probably at my naïve ignorance) and responded, "If you don't, the government will screw you in other things."²²²

In sum, based on the above insights on promotional conferences and hosting tourism festivals, Yichang's marketing strategies are problematic and do not serve the real marketing needs of local tourism businesses.

Conclusion

Among many roles of the state in the development of China's tourism industry, promoting tourist destination image is definitely one of the most important ones. Through examining local governments' promotional funding and marketing strategies, I find that Yichang makes the least amount effort in marketing its tourist destination whereas Changyang government invests heavily in developing and promoting its tourist assets. However, Zigui County shows interest in tapping into its cultural and tourist resources, but its actions are limited

²²¹ Interview: Yichang, September 28, 2011.

²²² *Ibid.*

due to financial constraints. Drawing upon a multi-dimensional comparative analysis, I am confident that my findings are fairly robust.

CHAPTER FIVE

Maintaining Order among Fragmented Authorities: Local Governments and the Regulation of Tourist Scenic Spots

When I was at the office of Yichang Tourism Law Enforcement Brigade (宜昌市旅游执法大队)²²³ waiting to start my interview with the head of the Brigade, the office phone rang. I couldn't help but overhear the conversation. It was calling from a tourist making a complaint about his/her purchase of counterfeit cigarettes at a tourist scenic spot. The Brigade head told the person at the other end of the phone, "You should talk to the Tobacco Inspection Brigade.²²⁴ We don't have the qualification to judge whether the cigarettes are real or fake. Only the Tobacco Inspection Brigade can make them [the cigarette vendor] scared." The caller was obviously not satisfied with his answer. Only after a long back-and-forth argument did the Brigade head finally give the caller a phone number, "Call this number and say it's the tourism administration that gave you the number," and the caller hang up.

This short episode reflects the complexity of government regulation of the daily operation of the tourism industry. Average tourists tend to associate the

²²³ Yichang Tourism Law Enforcement Brigade (旅游执法大队) also carries the title of Yichang Tourism Quality Supervision and Management Institute (宜昌市旅游质量监督管理所). It was renamed to Yichang Tourism Comprehensive Law Enforcement Branch (旅游综合执法支队) in 2012 and was awarded a higher political rank. See, "The notice of the municipal people's government general office on the circulation of 'The main functions, interior organs, and bianzhi of Yichang Three Gorges Tourist Resort Zone Management Committee'" (市人民政府办公室关于印发宜昌三峡旅游度假区管理委员会主要职责内设机构和人员编制规定的通知, 宜府办发【2012】45号), May 23, 2012.

²²⁴ The Tobacco Inspection Brigade is a subordinate unit of the local Tobacco Monopoly Administration.

regulation of tourism businesses with the tourism administration, and they are likely to contact the local tourism administration bureau when they encounter a problem during travel or tour activities.²²⁵ However, the power of the tourism administration is more often than not too limited to cope with the problem alone.

In this chapter, I examine the dedication of the three local governments to tourism development by focusing on their efforts to regulate the tourism economy. First, I explain why studying the issue of tourism regulation constitutes a legitimate avenue to look into the attitudes of local governments towards tourism development. Second, I engage in qualitative comparative analysis of Yichang, Changyang, and Zigui's governments' efforts to administer and regulate the tourism assets of three local scenic spots, respectively. Specifically, in order to gauge their different degrees of dedication to the cause, I look at how local governments restructure administrative authorities to cope with the needs of scenic spot supervision, and how they corporatize the operation of scenic spots while still maintaining control over the management and supervision of these tourist assets. I find that in terms of scenic spot administration and regulation, Changyang county government remains the most dedicated followed by Zigui county government and lastly, Yichang municipal government.

Why Tourism Market Regulation?

²²⁵ The tourism administration posts on its website the phone number for tourist complaints, as in the case of Yichang city.

A state-led domain

Broadly speaking, market regulation, or as the Chinese say “*shichang jianguan*” (市场监管), is a term that refers to state interventions in the functioning of the market in order to avoid market failures and achieve a healthy development of the market. In the particular field of tourism industry, market regulation is the efforts taken by the Chinese government to pursue a fast and balanced development of the tourism economy. Specifically, in my research, I focus on the regulating behaviors of local governments within the context of scenic spots where the state is, arguably, the most heavily involved. Consequently, examining this issue provides great insights on the degree to which local governments are resolved to regulate the tourism sector, and thus allow me to gauge the variation in their dedication to tourism development.

Regulating scenic spots

There are two major factors that contribute to the extensive involvement of the state in regulating scenic spots. *First*, scenic spots usually consist of a diverse range of natural resources, such as land, water, and forest, to name only a few, and thus incur the regulation from a large number of government agencies. An employee of a private company that runs a scenic spot in Yichang commented:

In China, the state owns all the land. Because scenic spots rely heavily on land resources, almost all our development planning and construction contents need to be approved by the government. [Our work] involves a lot of government agencies, from the State Council down to village

committees. We have estimated that our scenic spot has to deal with 28 types of government agencies, regardless their political rank, such as the State Council, forestry administration, environmental protection administration, industry and commerce administration, taxation administration, public security, urban-rural development, planning, tourism administration, etc., involving basically every government bureau in Yichang. [Our work] is highly tied to the government, very close, very complex.²²⁶

Yichang's tourism emergency response plan also provides a glimpse of the large number of government bodies involved in tourism market regulation: 22 government agencies are designated with specific individual responsibilities in the event of a tourism public emergency.²²⁷

This complexity of involved authorities leads to the fact that effective government regulation of tourist scenic spots requires the collaboration from a multitude of functional departments. This fact explains the episode at the beginning of this chapter where the Yichang Tourism Law Enforcement Brigade is unable to solve the caller's problem with counterfeit cigarettes. Although the Brigade is a designated government institution for general tourist market regulation, it is a subordinate organ of the Yichang tourism administration bureau and only has authority over issues involving travel agencies and tour guides in the context of regulating scenic spots.²²⁸ The same situation goes for its Zigui counterpart (旅游质量监督管理所).²²⁹

²²⁶ Interview: Yichang, September 28, 2011.

²²⁷ *Tentative Plan for Yichang City Tourism Public Emergency Response* (宜昌市旅游突发公共事件应急预案), June 30, 2006.

²²⁸ Interviews: Yichang, September 28, 2011; November 4, 2011.

²²⁹ Interview: Zigui, November 28, 2011.

However, Changyang distinguishes itself from Yichang and Zigui in that it sets up a standing agency (旅游综合执法大队) directly under the authority of the county government. This agency draws personnel from a variety of important functional departments of the government and is headed by the director of the tourism administration bureau. This feature of the standing agency enables it to supervise a wide range of unlawful matters.²³⁰ Although Yichang and Zigui also form similar agencies like that of Changyang's, they only do so on special occasions of the year, such as the Golden Weeks during the Chinese New Year and the National Day.²³¹

In addition to inputs from tourist firms, an examination of the onerous administrative approval process for new project construction within scenic spots also suggests a heavy hand of the state. For instance, to start with, in order to obtain land from the state, a company must sign a land lease contract with the local land and resources administration. If the project is to be built in urban areas, the company must then seek approval from local urban planning administration on the proposed use of the project site. Also, the project must be evaluated and approved by local environmental protection bureau on its potential impacts on the environment. Furthermore, the company must prepare a master tourism planning for the project and submit it to local tourism administration for approval. Lastly, only after the company has obtained approvals from all the above government

²³⁰ Interview: Changyang, November 15, 2011.

²³¹ Interviews: Yichang, July 22, 2011.

agencies can it seek the final approval from local development and reform administration.²³²

The project only becomes legitimate, if lucky, after it undergoes such an extensive scrutiny from the government. An official described this process vividly:

The development and reform commission will only grant your request after it sees all the approvals from the other bureaus...The development and reform commission is a powerful governing body. It's like a small government. Its power can't be bigger! If you can do a good job as the director of the development and reform commission, you can do the job of the mayor, no problem. An approval from the development and reform commission means your project is now legitimate. Without this approval, your project is like a "black *hukou*"; it's like your child is a "black *hukou*", either born over the limit set by the family planning policy (超生), or born without a birth permit (准生证).²³³

His words indicate the presence of the far-reaching state in the process before tourist projects can even take place.

It is important to note that as part of its strategies to deepen economic reform and marketization, in 2004 the central government made the policy to greatly simplify the administrative approval procedures for certain types of projects that do not need investment from the state and are funded by private sources.²³⁴ However, tourist projects in scenic spots still remain one of the most strictly controlled areas and their administrative approval process stays

²³² Interviews: Yichang, September 29, 2011.

²³³ *Hukou* refers to China's household registration system. A "black *hukou*" is a metaphor for a person who is unregistered by the government and hence illegitimate.

²³⁴ Interview: Yichang, November 30, 2011. See "The decision of the State Council on the reform of the investment system" (国务院关于投资体制改革的决定, 国发【2004】20号), 2004, available online at: http://www.gov.cn/zwgk/2005-08/12/content_21939.htm. Last accessed 04/20/2013.

protracted.²³⁵ In Yichang, for example, project construction in scenic spots is further required to obtain municipal government approval on its master tourism planning.²³⁶ Moreover, tourist projects with an investment of 50 million yuan and above within key national parks (国家重点风景名胜区), national nature reserves (国家自然保护区), or national-level key cultural relic protection units (国家重点文物保护单位); and tourist projects with an investment of 30 million yuan and above within world natural and cultural heritage sites must be approved by the National Development and Reform Commission under the State Council.²³⁷ In sum, tourism business associated with scenic spots is under strict control of the state and tourist firms have to deal with various government agencies on a daily basis.

The *second* factor that leads to the extensive involvement of the state in regulating scenic spots lies in the fact that many scenic spots are large enough to contain rural villages or urban communities. Thus, conflicts often arise between tourist firms and these residents, and the state must be brought in to solve these

²³⁵ Interview: Yichang, December 7, 2011.

²³⁶ Interview: Yichang, December 7, 2011; and see “Supplemental requirements for related offices’ administrative approval work on certain projects” (有关科室办理相关项目审批项目的补充要求) p. 324, in *A Compilation of Administrative Approval Regulations and Policies* (行政审批相关法规政策汇编), September 2008, General Office of Yichang Development and Reform Commission.

²³⁷ See “A list on investment projects that to be approved by government” (政府核准的投资项目目录) p. 16, in *Yichang People’s Government’s Opinions on the Implementation of Deepening the Reform of the Investment System* (宜昌市人民政府关于深化投资体制改革的实施意见), May 2006, Yichang Development and Reform Commission.

conflicts.²³⁸ No wonder scenic spots are claimed to be the most complex and problematic area of tourism administration.²³⁹

Therefore, the complexity of resources employed by scenic spots and the context of their location pose great challenges for their governance and development. In this case, commitment from local governments is especially critical in securing collaboration among multiple government agencies to ensure effective regulation of scenic spots and orderly development of tourist economy. Accordingly, how local governments regulate scenic spots constitutes a good indicator of political elites' attitudes towards tourism development.

Comparing Yichang, Zigui, and Changyang

My analysis of the efforts of the three local governments' to regulate scenic spots mainly draws upon case studies of three individual scenic spots – Yichang's Yangtze Three Gorges National Park, Zigui's Qu Yuan's Hometown Cultural Tourism Area, and the Qing River Gallery of Changyang.

I choose to study these three particular tourist attractions because they all represent the flagship tourist attractions of Yichang, Zigui, and Changyang,

²³⁸ Interview: Yichang, October 21, 2011.

²³⁹ Chengqing Wang, Xuefeng Dai, and Zhun Jin. "Institutional reform and innovation in China's tourism development" (中国旅游业发展中的体制改革与创新), p. 163, in *Development Report on China's Service Industry, No. 5: The Institutional Reform and Innovation in China's Service Industry* (中国服务业发展报告No.5 中国服务业体制改革与创新), edited by Dexu He. Beijing: Social Sciences Academic Press, p. 147-169.

respectively.²⁴⁰ Moreover, given their importance in local tourism industries, these three scenic spots are considered as high priorities for local governments' work agendas. Therefore, these similar features of the three cases lead to meaningful comparisons results about the efforts of local governments in regulating tourism market and their commitment to developing tourism.

Yichang: Yangtze Three Gorges National Park (长江三峡风景名胜区宜昌景区)

Yangtze Three Gorges National Park is a scenic area along the Yangtze River that spans from Fengjie county of Chongqing municipality in the west to Yichang city of Hubei province in the east. It is one of the first approved national-level key national parks by the State Council in 1982,²⁴¹ and ranks the first on the list of “China’s best 40 tourist destinations.”²⁴² The Yichang section (hereinafter referred to as “Yichang National Park” or “YNP”) of the scenic area is located at the gateway of the Yangtze Three Gorges and lies between the Three Gorges Dam and the Gezhouba Dam. Yichang National Park is one of Yichang’s first AAAA level tourist attractions granted by China National Tourism

²⁴⁰ Although compared to the Yichang National Park, the Three Gorges Dam is probably more influential in Yichang’s tourism industry in terms of the number of tourists visited, the Dam is too unique of a case with respect to its ownership and management, as specified in chapter four, to be used as a case study for meaningful comparison with the other two scenic spots of Zigui and Changyang.

²⁴¹ “Notice on the State Council’s approval of the request from ministry of urban-rural construction and environmental protection and other agencies about the first batch of national-level key national parks,” November 8, 1982, (国务院批转城乡建设环境保护部等部门关于审定第一批国家重点风景名胜区的请示的通知, 国发【1982】136号).

²⁴² “Overview of the Yangtze Three Gorges National Park and its major responsibilities” (长江三峡风景名胜区概况及主要职能), in *Material of the Yangtze Three Gorges National Park Yichang Management Bureau* (长江三峡风景名胜区宜昌管理局资料), October 28, 2011.

Administration. The significance of Yichang National Park to Yichang and Yichang's tourism sector can be captured in the fact that the Park's master plan was initiated and paid for by the municipal planning bureau and the plan had to be approved by the municipal government.²⁴³

With a planning area of 142 square kilometers and a core scenic area of 32 square kilometers, Yichang National Park is home to three rural villages, one urban community, and a population about 4,400.²⁴⁴ This sharing land with a large number of population is a common feature among Chinese national parks. Consequently, unlike their western counterparts that are primarily focused on preservation, Chinese national parks are also concerned about seeking cooperation from their residing population when developing the tourism resources of the parks and its economic development.²⁴⁵

The highly fragmented structure of the Chinese bureaucracy also makes governing and regulating large tourist entities difficult, such as national parks.²⁴⁶ For example, despite being tourist attractions and hence subject to the supervision of tourism administration, China's national parks' primary supervisory body is the

²⁴³ Interview: Yichang, September 29, 2011; and see “Municipal government’s approval on Yichang Xiling Gorge master plan” (市人民政府关于宜昌市西陵峡口风景区总体规划的批复, 宜府函【2007】60号), June 22, 2007.

²⁴⁴ “Overview of the Yangtze Three Gorges National Park and its major responsibilities” (长江三峡风景名胜区概况及主要职能), in *Material of the Yangtze Three Gorges National Park Yichang Management Bureau* (长江三峡风景名胜区宜昌管理局资料), October 28, 2011; Interview: Yichang, November 24, 2011.

²⁴⁵ Interview: Yichang, October 21, 2011; and see, Chris Ryan, Gu Huimin and Fang Meng. “Destination Planning in China,” p. 31, in *Tourism in China: Destination, Cultures, and Communities*. 2009. New York: Routledge.

²⁴⁶ For more details on the fragmented nature of the Chinese bureaucracy and policy making process, see, for example, Lampton 1987; Lieberthal and Oksenberg 1988; Lieberthal and Lampton 1992.

Ministry of Housing and Urban-Rural Development and its corresponding units at the subnational levels. To further complicate things, large tourist attractions like national parks usually consist of individual scenic spots that may be under the supervision of other state bureaucracies. Take the Sanyou Cave (三游洞) in Yichang National Park as an example. Sanyou Cave is a national-level key cultural relic preservation unit and thus its primary supervisory body is the State Administration of Cultural Heritage and its corresponding subnational units.²⁴⁷ Also, another scenic spot of the YNP is the Xiling Gorge Forest Park that is under the supervision of Yichang forestry bureau. Therefore, this highly fragmented authority over the supervision and administration of national parks makes it a challenge to achieve effective regulation in Yichang National Park.²⁴⁸

Due to this complexity of the geographic and administrative context where Yichang National Park is situated, regulation of tourism market in the Park is of a great challenge for Yichang government. In the following, I delineate Yichang government's efforts towards tourism regulation in the context of this scenic spot.

In responding to the development and administration work required in the Park, a government supervision institution was first established in 1979. This institution has undergone many rounds of organizational change as a result of the municipal government's efforts to better develop and supervise the Park. In 1996,

²⁴⁷ In 2009, Yichang government made the decision to integrate Sanyou Cave from cultural administration into Yichang National Park management bureau. “The Notice on the adjustment of institutional establishment of Yangtze Three Gorges National Park Yichang supervision bureau” (关于调整长江三峡风景名胜区宜昌管理机构设置的通知), September 21, 2009, by Party *bianzhi* commission of Yichang.

²⁴⁸ Interview: Yichang, October 21, 2011.

this supervision institution was name to its current title – Yangtze Three Gorges National Park Yichang Management Bureau (hereinafter referred as “the Management Bureau” or “the Bureau”).

The Management Bureau has long had difficulties in enforcing regulations within the Park. In a briefing report addressing Yichang’s mayor, the Management Bureau complains about the challenges facing the Park’s development and that the Park’s current condition is “incompatible with the Park’s national status, superior location, rich resources and good opportunities.”²⁴⁹ The Bureau states that its lack of authority makes it difficult to regulate unlawful violations alone within the Park where decision making power is fragmentally distributed among an array of administrative organs. Also, the Management Bureau contends that the lack of funding from the municipal government prevents the Bureau from implementing social programs for the Park’s rural residents and investing in tourism project construction and remodeling.²⁵⁰

Finally, in 2010, the Management Bureau was designated a “dispatched agency” (派出机构) of the municipal government.²⁵¹ What this means is that the Bureau is authorized to “represent the government” to manage and supervise all

²⁴⁹ “A briefing from Yangtze Three Gorges National Park Yichang Management Bureau” (长江三峡风景名胜区宜昌管理局情况汇报), date unspecified.

²⁵⁰ *Ibid.*

²⁵¹ “The notice of Yichang municipal party committee and Yichang people’s government on the circulation of ‘Opinions on the Implementation of Yichang Municipal Government Institutional Reform’” (中共宜昌市委 宜昌市人民政府关于印发《宜昌市人民政府机构改革实施意见》的通知, 宜文【2010】1号), January 12, 2010.

affairs in the Park.²⁵² An official explained to me this administrative terminology in plain language:

Despite its name as the Management Bureau, it's just like a government sitting over there. It not only manages sceneries and tourism, but also manages rural livelihood – what peasants plant and what they eat; manages overall planning and public security... What it actually manages is equivalent to a township, three villages and a community...²⁵³

The current Management Bureau has thirteen primary job responsibilities:

- Implement national, provincial, and municipal laws, regulations, rules, and policies; stipulate local policies and methods for protection and management of the National Park;
- Be responsible for the protection and management of the sceneries, cultural relics, and tourism resources within the Park;
- Participate in the formulation of the master plan and the detailed plan, and supervise their implementation;
- Be responsible for land exploitation, utilization and management; and the work of planning, administrative approval and supervision for construction projects within the Park;
- Actively engage in attracting business and investment; keep increasing the operational scale of the industry; cultivate and expand the tourist and cultural industry; develop the tourist and cultural cause;
- Impose administrative penalties based on National Parks Regulations and related administrative management functions; investigate and penalize illegal actions and actions against rules;
- Be responsible for the Park's production safety, social order, fire protection, and other comprehensive governing work;
- Be responsible for managing the Park's state-owned assets, tax collection, financial and accounting supervision and inspection;
- Be responsible for the Park's ecological and environmental protection, forest maintenance and conservation, pest control, and forest fire protection;
- Guide the Park's community/village committees, manage permanent residents, organize and implement “*sannong*”²⁵⁴ work and resettle the relocated people;²⁵⁵

²⁵² Interview: Yichang, November 24, 2011.

²⁵³ Interview: Yichang, November 4, 2011.

²⁵⁴ “*Sannong*” (三农) literally translates as “three rural” and is a shorthand for agriculture, peasants, and rural areas. It is often used to refer to broader issues related to rural development.

- Be responsible for managing the Park's planning and data compilation, social affairs, family planning, technology, culture, health, personnel, labor and social security, and other various work that relates to economic and social development;
- Be responsible for managing and coordinating the work of units posted in the Park;
- Perform other tasks assigned by the municipal party committee and the municipal government.²⁵⁵

Although this long mission list is fairly vague and abstract, it does offer a glimpse of the very comprehensive and diverse duties of the Management Bureau, ranging from resource protection to economic development and social service.

Apparently, the Management Bureau is intended by Yichang government to serve as an all-encompassing administrative organ to supervise the development and operation of the tourism market in the Park.

The process of institutional restructuring of the Management Bureau seems to suggest a highly devoted local government to tourism development by shaping bureaucratic structure to accommodate the needs of effective governing and regulating the tourist market of the National Park. But surprisingly, the performance of the National Park is seriously lagging when compared to other scenic spots in Yichang. Despite being awarded an AAAA level tourist attraction in 2004, it still remains AAAA level after almost a decade while other scenic sites in Yichang, such as the Three Gorges Dam and the Three Gorges Tribes, have gained AAAAA status. Also, in 2007 the National Park only ranked the seventh

²⁵⁵ “The relocated people” (移民) mainly refers to the people who were relocated due to the construction of the Three Gorges Dam.

²⁵⁶ “Overview of the Yangtze Three Gorges National Park and its major responsibilities” (长江三峡风景名胜区概况及主要职能), in *Material of Yichang Management Bureau of the Yangtze Three Gorges National Park* (长江三峡风景名胜区宜昌管理局资料), October 28, 2011.

on a list of 16 scenic sites in the tourism administration's annual comprehensive evaluation.²⁵⁷ Again, during the "Golden Week" of 2011 National Day holiday, Yichang National Park ranked the fifth in terms of the times of being visited by tourists, way behind The Three Gorges Dam and the Three Gorges Tribes.²⁵⁸

What explains this poor performance of tourism economy within the Yichang National Park despite the municipal government's seeming commitment to the cause of the Management Bureau and more broadly, to tourism development? A closer examination of the personnel staffing reveals a local government that lacks incentive to fund effective tourism market regulation. To be more specific, the lack of enthusiasm is reflected in the small number of *bianzhi* assigned to agencies related to tourism administration. Let me first explain what *bianzhi* is.

In addition to the cadre evaluation system, the *bianzhi* system is another key control mechanism of the Party's cadre management system. A *bianzhi* list usually contains four major components. First, it stipulates the total authorized number of personnel for a state-related institution, be it a government administrative organ (行政机关), a state enterprise (国有企业), or a service

²⁵⁷ "2007 annual evaluation of Yichang's scenic spots – ranking based on comprehensive assessment" (2007年宜昌市景区年度考评 – 按综合得分排序).

²⁵⁸ Yichang National Park had 57.4 thousand *renqi* whereas the Three Gorges Dam had 104.1 thousand *renqi* and the Three Gorges Tribes had 73.9 thousand *renqi*. See "Tourist visits of scenic spots during 2011 National Day" (2011年国庆节景区接待情况) in "Statistics on 'Golden Week' urban tourism" ("黄金周"城市旅游接待情况城市汇总表), October 1-7, 2011.

organization (事业单位).²⁵⁹ Second, it further specifies the number of leading cadres and that of non-leading cadres within that total number. Third, it lists the number and title of composing offices within the institution and the number of personnel allotted to each of that office. Fourth, it provides the political rank and administrative functions for this institution.²⁶⁰ Another term that is often used to describe the mechanism of the *bianzhi* system is the so-called “*san ding*” (三定), literally translated as “three fixes”: fix functions (定职能), fix organs (定机构), and fix *bianzhi* (定编制).²⁶¹

In sum, both the four components and the “*san ding*” clearly indicate that the *bianzhi* mechanism is a powerful control mechanism that not only determines how many personnel slots each institution receives but also defines the institution’s scope of authorities and extent of power. Furthermore, as *Bianzhi* is formulated by the institution called the *Bianzhi* Commission (编委), a key part of

²⁵⁹ For more information on the definitions and differences of these three types of state institutions, see Kjeld Erik Brodsgaard, “Bianzhi and Cadre Management in China: the Case of Yangpu,” in *The Chinese Communist Party in Reform*, ed. Kjeld Erik Brodsgaard and Zheng Yongnian (London: Routledge, 2006), p. 104.

²⁶⁰ This description of a *bianzhi* list is based on my study of various *bianzhi* lists in Yichang, Changyang, and Zigui. As part of the central government’s efforts to achieve more government transparency (政务公开) and reduce corruption, *bianzhi* is officially an open information and any government institution’s *bianzhi* is supposedly available for public review and is searchable on local government website of finance and *bianzhi* (Interview: Yichang, November 4, 2011). For other studies on *bianzhi*, see Kjeld Erik Brodsgaard, “Institutional Reform and the Bianzhi System in China,” *The China Quarterly*, No. 170 (June 2002): 361-386; Kjeld Erik Brodsgaard, “Bianzhi and Cadre Management in China: the Case of Yangpu,” in *The Chinese Communist Party in Reform*, ed. Kjeld Erik Brodsgaard and Zheng Yongnian (London: Routledge, 2006);

²⁶¹ Interview: Yichang, November 4, 2011; and see, Kjeld Erik Brodsgaard, “Institutional Reform and the Bianzhi System in China,” *The China Quarterly*, No. 170 (June 2002): 361-386, p. 361-362.

the Chinese Communist Party apparatus, the Party is able to exercise and maintain its tight control of the government and society.

This Party control aspect of the *bianzhi* system has already been studied and widely acknowledged. For example, Broadsgaard (2002; 2006) argues that the Party's tight grip on *bianzhi* has prevented the successful implementation of China's institutional reform, and implies that the bigger the size of *bianzhi* an institution has, the more control the Party has on the institution.

While agreeing with Broadsgaard's assumption about the Party control function of *bianzhi* in the existing studies, I want to add that the *bianzhi* system also serves as a regulative tool that aligns the work agendas of bureaucracies with the policy preferences of local government and party committee, and that the size of *bianzhi* of an institution reflects the degree of commitment of leading local politicians to the cause of the institution. That is, the more committed a local government is to a cause, more *bianzhi* will be assigned to the institution that manages that cause.

This statement is derived from two findings. First, *bianzhi* is funded by local government revenue. That is, local finance administration pays for every authorized personnel determined by the *bianzhi* commission.²⁶² Second, although theoretically *bianzhi* decisions made by the *bianzhi* commission of a local government needs to be approved by the *bianzhi* commission of the immediately-

²⁶² Interviews: Yichang, November 4, 2011; Zigui, November 28.

superior level of government,²⁶³ in practice the local government usually has substantial autonomy on *bianzhi* decisions. Especially, the standing committee of the local Party committee, whose most important members are more often than not the Party secretary and the government head, wield the biggest influence on *bianzhi* outcomes.²⁶⁴

Therefore, I argue that the size of *bianzhi*, or the number of authorized personnel, of an institution constitutes an important indicator of the policy preference of a local government, and that *bianzhi* has critical implications on the authority and administrative capacity of the institution. I examine how the number of *bianzhi* reflects Yichang leaders' lack of enthusiasm towards tourism development and how it affects the regulatory work of tourism administration and the Management Bureau.

The small number of *bianzhi* granted to Yichang tourism administration has prevented it from performing effective supervision of Yichang's tourist market. An official from Yichang Tourism Administration Bureau stated:

There are more than 70 government organs in Yichang, and only four or five of them are staffed less than 20 people. Our bureau is one of them, having only 18 personnel. But we need to manage a tourism profession that has 260 thousand people. We only have one bureau director and two deputy directors, and we get so busy every day. This has created a problem of a little horse pulling a huge wagon. 'A world-class tourism city', if you really mean it, you should provide sufficient *bianzhi*.²⁶⁵

²⁶³ Interview: Yichang, November 4, 2011.

²⁶⁴ Interviews: Yichang, August 15, 2011; April 8, 2012.

²⁶⁵ Interview: Yichang, August 15, 2011.

This reluctance of Yichang's leading politicians to assign sufficient *bianzhi* to the cause of tourism administration and supervision is also reflected in the fact that the director of tourism administration bureau is also asked to serve as the director of the Park's Management Bureau. On top of that, in 2002, Yichang government established a new institution – Yichang Three Gorges Tourist Resort Zone Management Committee – and the director of tourism administration bureau was also appointed as the party secretary of this new institution.²⁶⁶ One person serving three leading positions at the most important institutions of Yichang's tourism bureaucracy is convincing evidence that key leaders in Yichang lack a serious interest in the sector of tourism economy and are unwilling to fund any more than minimal number of personnel. As one official commented, “it's mostly because the two heads are one person. If there were two people, the tourism administration and the Management Bureau would never have been combined.”²⁶⁷

The lack of *bianzhi* has inflicted obstacles on the work of the Management Bureau and the development of the National Park. Most importantly, it has substantially slowed down the marketization process of the Park. Responding to the central government's call for “separation of the government from enterprise” (政企分开), the director of the Yichang tourism administration has on various occasions advocated for the separation of “ownership authority, supervision

²⁶⁶ “The notice of the municipal people's government general office on the circulation of ‘The main functions, interior organs, and bianzhi of Yichang Three Gorges Tourist Resort Zone Management Committee’”

(市人民政府办公室关于印发宜昌三峡旅游度假区管理委员会主要职责内设机构和人员编制规定的通知, 宜府办发【2012】45号), May 23, 2012.

²⁶⁷ Interview: Yichang, December 1, 2011.

authority, and operation authority” in scenic spots.²⁶⁸ However, it is not until January 2011 when the Management Bureau tentatively set up a company that is in charge of the operational affairs of the National Park.²⁶⁹ This was such a new thing that many people in the local tourism business were not even aware of the existence of such a company.²⁷⁰

Zigui: Qu Yuan’s Hometown Cultural Tourism Area (屈原故里文化旅游区)

I gauge Zigui government’s devotion to tourism development through an investigation of the government’s efforts to manage and regulate the local scenic spot – Qu Yuan’s Hometown Cultural Tourism Area (hereinafter referred as “Qu Yuan’s Hometown”).

Qu Yuan is a highly celebrated patriotic poet and politician of the Warring States Period (475-221 B.C.) in China. Zigui is especially known for being the hometown to Qu Yuan and Qu Yuan’s Hometown is one of the most visited scenic spots in Zigui. In 2009, the United Nations Educational, Scientific, and Cultural Organization granted China’s application to list Dragon Boat festival, which commemorates the death of Qu Yuan, as an Intangible Cultural Heritage.

In June 2010, the central government held the first national-level Duanwu²⁷¹

²⁶⁸ For example, “Exquisite construction, energetic marketing, welcoming service – wholeheartedly push for the restructuring and upgrading of municipal tourism industry during the 12th five year plan” (精致建设 活力营销 温馨服务 全力推进全市旅游业“十二五”转型升级), March 4, 2011.

²⁶⁹ Interview, Yichang, November 24, 2011; and see, “Economic report of Xinqidian tourism company for the first half year” (上半年新起点旅游公司经济情况), July 23, 2011.

²⁷⁰ Interviews: Changyang, November 15, 2011; Zigui, November 18, 2011.

²⁷¹ “Duanwu festival” and “dragon boat festival” are usually interchangeable.

Cultural Festival in Zigui.²⁷² And since then Zigui holds an annual Qu Yuan Hometown Duanwu Cultural Tourism Festival.²⁷³

Because the Qu Yuan's Hometown scenic spot consists of 24 cultural relics that are listed as a national-level key cultural relic protection unit²⁷⁴ (国家重点文物保护单位), Qu Yuan's Hometown is under direct authority of Zigui's Bureau of Cultural Heritage, a subordinate unit of Zigui's Bureau of Culture.

At the end of 2001, in the context of the central government's policy of institutional reform, Zigui government combined the Bureau of Culture and the Bureau of Tourism Administration into one organ – Culture and Tourism Bureau. This administrative restructuring was due to the fact that many scenic spots in Zigui are more or less related to Qu Yuan culture. Therefore, local leaders thought that the integration of the two government functions, culture and tourism administration, would help promote Zigui's tourism development.²⁷⁵

From 2000 to 2010, Qu Yuan's Hometown was managed by the Bureau of Cultural Heritage. During that period, the construction of the Three Gorges Dam

²⁷² See, for example, “The first national-level Duanwu cultural festival was held in Zigui” (申遗成功后首个国家级端午文化节在秭归举行), June 16, 2010, available online at http://www.hb.xinhuanet.com/zhuanti/2010-06/16/content_20082056.htm. Last accessed 04/25/2013.

²⁷³ Interview: Zigui, November 28, 2011.

²⁷⁴ See, “The notice of the State Council on verification and announcement of the sixth batch of national-level key cultural relic protection units” (国务院关于核定并公布第六批全国重点文物保护单位的通知, 国发【2006】19号), May 25, 2006, available online at: http://www.gov.cn/zwgk/2006-06/02/content_297818.htm. Last accessed 04/25/2013.

²⁷⁵ Interview: Zigui, November 28, 2011.

forced the cultural relics to be relocated to its current site and the Bureau's main work involved relocation, reconstruction, and future planning of the relics.²⁷⁶

On March 26th, 2010, Zigui county government, Hubei Western Area Ecological Tourism Investment Company (hereinafter referred to as "Hubei Western Company"), and Three Gorges Tourism Development Company (hereinafter referred to as "TGTDC") signed the contract to establish the Three Gorges Pinghu Tourism Development Company, Ltd. (hereinafter referred to as "Pinghu Company"), which was given the responsibility to manage the tourism business of Qu Yuan's Hometown.²⁷⁷

This corporatization approach of Zigui government is widely considered as a wise move.²⁷⁸ Hubei Western Company is a state-owned enterprise controlled by Hubei provincial government. It was set up due to the provincial government's attempt to stimulate the economic development of Western Hubei by integrating and promoting its rich tourism resources. Endowed with bountiful cash (a registered capital of one billion yuan) and authority, the Company has invested in tourist businesses all over Western Hubei.²⁷⁹ Additionally, TGTDC is a wholly-owned subsidiary of the China Three Gorges Corporation, a state-owned company directly controlled by the central government, and is the most successful

²⁷⁶ Interview: Zigui, November 28, 2011.

²⁷⁷ See, "Three Gorges Pinghu Tourism Company established" ("高峡平湖旅游公司"组建), available online at: <http://www.hbzg.gov.cn/article.do?type=category&articleid=203266>. Last accessed 04/25/2013.

²⁷⁸ Interviews: Yichang, July 22, 2011; July 27, 2011.

²⁷⁹ Interviews: Changyang, November 15, 2011; Zigui, November 18, 2011; Yichang, November 30, 2011.

tourist company in Yichang with rich experiences in managing scenic spots.²⁸⁰

Therefore, taking advantage of financial and operational resources from two powerful state-owned enterprises, Pinghu Company is set to be the most influential tourist business in a poor county like Zigui.

According to the contract, Zigui county government holds 30% of Pinghu Company's stocks whereas both Hubei Western Company and TGTDC hold 35% of PTDC's stocks, respectively.²⁸¹ Also, the contract stipulates that Pinghu Company's daily operation is dominated by TGTDC (主导经营).²⁸²

However, this does not prevent Zigui government from wielding its influence on the management and regulation of Qu Yuan's Hometown. Most importantly, the County government exerts its control through appointing key local leaders to the management of Pinghu Company. At the time of my interview, one of Pinghu's assistant managers was the deputy director of Zigui government's general office (政府办公室副主任); and moreover, the general manager of the Company was served by Zigui County's vice government head (副县长) who was also a member of the County's Politburo Standing Committee, the most powerful organ of Zigui government.²⁸³

It is through this personnel appointment that the County government is able to maintain its control over Pinghu Company and the management of Qu Yuan's Hometown. At the same time, this practice of appointing important

²⁸⁰ Interview: Zigui, November 18, 2011.

²⁸¹ *Ibid.*

²⁸² Interview: Yichang, December 5, 2011.

²⁸³ Interview: Zigui, November 18, 2011.

government officials as key company personnel is welcomed by the Company and is seen as a strategic tactic to get things done. The following is an interesting conversion between me and a senior employee of Pinghu Company:

I sighed: there seems no clear boundary between the government and enterprise!

He said: In China, there is no need to probe into this. We have this member of the County's Politburo Standing Committee and also vice government head serve as our general manager. Then normally, which government organ of Zigui dares to supervise us? But where is the problem? Why nowadays do many localities want to promote this practice? It is because the red tape of China's bureaucracy is still rampant, and the self-centeredness of the bureaucracy is still severe. Any 'little devil' (小鬼)²⁸⁴ can get an enterprise in trouble. For example, our tourist cruise is too long to get into Jiuwan Creek and we are working on to move it into the Yangtze River. This is supposed to be something that the port administration deals with. But they not only don't solve the problem, but create more obstacles for you. They simply don't let your cruise in [to the Yangtze]."

I asked: Why? What's their incentive of doing this?

He answered: You can't understand this, especially because you have lived abroad for too long. Strictly speaking, we're their tax payer; we're their livelihood parents (衣食父母). But in China, they don't think this way. They think they have some power over you. But, Aha! We have a member of your Politburo Standing Committee. We remove your hat.²⁸⁵ Then they will do it for you.

I said: It seems this practice of government officials having multiple identities is somehow justified.

He responded: Of course, it's justified. Otherwise, you can't do anything and you get nothing done. Let me tell you another simple story. We have a very large parking lot in our scenic spot. We have no problem with fire inspection. But they [fire services] insist that we draw parking stalls and only 50 of them. This is such a huge parking lot and we can draw parking stalls following national standard. But they give you a piece of paper

²⁸⁴ "Little devil" is a Chinese metaphor for low-rank officials.

²⁸⁵ "Hat" is a Chinese metaphor for official position.

saying ‘you can only have 50’. So how can you reason with them? You can’t. We first went to the county head who is in charge of this matter, but couldn’t take care of it. Then we went up to the secretary of political and legal committee (政法委书记) and finally settled this matter. It’s just so strange! This is Chinese characteristic. You can do nothing about it. These little devils!...²⁸⁶

In sum, from direct supervision to indirect regulation, the evolution of Zigui government’s management of the scenic spot of Qu Yuan’s Hometown suggests a strategic local political elite that not only restructures its administrative institutions to better suit the needs of tourism regulation but plays the role of business managers.

Changyang: Qing River Gallery (清江画廊)

With a total size of around 120 平方公that includes seven villages, Qing River Gallery (hereinafter referred to as the “Gallery”) is a large scenic spot spanning along the course of the Qing River upstream from the Geheyuan Dam up to the Shuibuya Salt Springs.²⁸⁷ The area that is open to the public for business makes up only a third of the total size, and the rest two thirds of it is still under construction. Currently, the Gallery consists of four major scenic sites, and one of

²⁸⁶ Interview: Zigui, November 18, 2011.

²⁸⁷ “Spare no effort to build China’s most beautiful landscape gallery: a speech at the whole county’s seminar on studying and practicing the concept of scientific development and emancipating the mind” (全力打造中国最美丽的山水画廊—在全县学习实践科学发展观活动解放思想研讨会上的发言), August 14, 2009.

them is so stunningly beautiful that it is proudly declared “Miami of Tujia Ethnicity.”²⁸⁸

The Gallery is granted by Hubei provincial government as a provincial-level scenic park (省级风景名胜区) and is thus subject to the administration of Housing and Urban-Rural Development authorities. It is also a national-level forest park recognized by the State Forestry Administration.²⁸⁹ In January 2013, China National Tourism Administration confirmed that Qing River Gallery was awarded a national AAAA scenic spot.²⁹⁰

Like the Times Square to the New York City, the Qing River Gallery is the flagship attraction of Changyang’s tourism assets. Its dominance and importance can be seen from the fact that the planning of the development of the Qing River Gallery almost equals the planning for all of Changyang’s tourist attractions and that the tourism planning for entire Changyang focuses on how to correspond with the planning of the Qing River Gallery.²⁹¹

In terms of the nature of management, Qing River Gallery has undergone two important phases of management. At first, it was solely run by a government

²⁸⁸ Changyang’s full administrative name is Changyang Tujia Ethnicity Autonomous County due to its large population of the Tujia ethnicity. Interview: Changyang, November 15, 2011.

²⁸⁹ “A report on the tourism industry development of Changyang Tujia Ethnicity Autonomous County by the county tourism administration bureau” (长阳土家族自治县旅游业发展情况汇报, 长阳土家族自治县旅游局), June 8, 2010.

²⁹⁰ “Yichang’s Changyang Qing River Gallery promoted to national 5A scenic spot” (宜昌长阳清江画廊晋升国家5A景区), January 17, 2013, available online at: http://www.hb.xinhuanet.com/2013-01/17/c_114396054.htm. Last accessed 04/25/2013.

²⁹¹ Interview: Changyang, November 15, 2011.

agency.²⁹² However, the agency's lack of real power led to its inability to coordinate the development among the owners of the Gallery's many individual scenic sites. And the Gallery was plagued by self-destructive competition and low-quality tourist accommodation. Therefore, Changyang's tourist economy went downhill, especially around 2003 when the SARS epidemic struck China.²⁹³

To solve this problem, Changyang government first integrated all the individual scenic sites within the Gallery and allowed only one ticket sold at the general entrance.²⁹⁴ Then in 2005, the government drew personnel from a myriad functional departments of the county government and set up an institution called Changyang Tujia Ethnicity Autonomous County Qing River Gallery Tourist Resort Zone Management Bureau (hereinafter referred to as the “Management Bureau”). It is a “standing dispatched agency” (常设派出机构) of the county government and is responsible for “resource management, market supervision, and service coordination” within the Gallery.²⁹⁵

Also, to further help streamline the administration of the Gallery, Changyang government ordered the county's Tourism Administration Bureau and the Hubei Changyang Qing River Scenic Park Management Bureau

²⁹² It was called Qing River Gallery Tourist Resort Zone Management Section (清江画廊旅游度假区管理处). Interview: Changyang, November 15, 2011.

²⁹³ “A report on the tourism industry development of Changyang Tujia Ethnicity Autonomous County by the county tourism administration bureau” (长阳土家族自治县旅游业发展情况汇报, 长阳土家族自治县旅游局), June 8, 2010.

²⁹⁴ Interview: Changyang, November 15, 2011.

²⁹⁵ “A report on the tourism industry development of Changyang Tujia Ethnicity Autonomous County by the county tourism administration bureau” (长阳土家族自治县旅游业发展情况汇报, 长阳土家族自治县旅游局), June 8, 2010.

(湖北长阳清江风景名胜区管理局) under the housing and urban-rural development authority to “work jointly on the same premises” (合署办公) with the Management Bureau.²⁹⁶

Although this institutional restructuring seems similar to what Yichang government does to manage the Three Gorges National Park, Changyang distinguishes itself by the large number of *bianzhi* assigned to the tourism administration and the Management Bureau. One official from the Yichang tourism administration bureau said with a tone of envy that:

We only have one bureau director and two deputy directors, and we get so busy every day...but they [Changyang tourism administration bureau] have four or five deputy directors. Plus their Qing River Gallery [Management Bureau] also has two or three deputy directors. So it makes a total of seven to eight deputy directors.²⁹⁷

Moreover, Changyang government set out to corporatize the management of the Gallery’s tourist business and invited investment from private parties. In the end, Liaoning Huidian, a private travel agency company from Liaoning province, won the deal from the government. Together they formed a company – Hubei Qing River Gallery Tourism Development Company, Ltd. (hereinafter referred to as the “Gallery Company”) – where Changyang government held 51% of the stocks and Liaoning Huidian held 49%. The company is responsible for the daily business operation of the Gallery.²⁹⁸

²⁹⁶ “A report on the tourism industry development of Changyang Tujia Ethnicity Autonomous County by the county tourism administration bureau” (长阳土家族自治县旅游业发展情况汇报, 长阳土家族自治县旅游局), June 8, 2010.

²⁹⁷ Interview: Yichang, December 1, 2011.

²⁹⁸ Interview: Changyang, November 15, 2011.

After several rounds of internal financial makeup changes, the Gallery Company now consists of three parties: Hubei Western Area Eco-cultural Tourism Investment Company that owns 51% of the stocks; Changyang county government that controls 44%; and Liaoning Huidian 5%. These changes were carefully planned by Changyang government. Especially, having the rich and powerful Hubei Western Company join as a stockholder in 2006²⁹⁹ was driven by Changyang government's ambition to seek more capital for the Company and to further develop the Gallery. By the time of my fieldwork, the Company's registered capital had increased from 8 million yuan to 50 million yuan and the government was looking to reach 100 million yuan soon. At the same time, the government was working tirelessly on getting the Company go public.³⁰⁰

Despite shifting the daily operation of the Gallery to the Company, Changyang government is able to secure its tight supervision of the scenic spot through cross-appointing many of the key management personnel between the three administrative institutions and the Gallery Company. For example, at the time of my fieldwork, the Party secretary of Changyang tourism administration bureau also served as the director of the Management Bureau and the general manager of the Gallery Company.³⁰¹ When asked about his multiple identities

²⁹⁹ See the website of Hubei Western Company at:

<http://www.hbexqt.com/tzxm001.jsp?classid=61&ids=259>. Last accessed 04/25/2013.

³⁰⁰ Interview: Changyang, November 15, 2011.

³⁰¹ Interview: Yichang, November 4, 2011. This same person was also the deputy director of county government general office (政府办公室副主任). He had even served as the director of the tourism administration bureau; chairman of the board of the Gallery Company; and director of the Office for foreign and overseas Chinese affairs. But when Hubei Western Company joined the Gallery Company, it demanded him to be stripped of these titles.

across government and the Company in the context of Yichang leaders' call for the separation of "ownership authority, supervision authority, and operation authority" in scenic spots, this person appeared a bit agitated and said:

This is only good on paper. It doesn't work...It's impossible to completely separate operation and supervision. You need to coordinate the villages and that can't be done by a company manager alone. But I represent the government and it's simply smooth for me to go do this coordination work. It's impossible for a private enterprise to achieve this outcome. It either has to spend money [to buy off villagers] or turns to the government that then organizes a bunch of people to deal with [the villagers]. [Our way] makes it easy for the government, easy for the Hubei Western Company; but only makes myself busy...Let me tell you, the ultimate management model is this – the government does what enterprises are unable to do, and enterprises do what the government is not allowed to do.³⁰²

To sum up, Changyang's aggressive efforts in integrating tourism resources of the Qing River Gallery, straightening administrative institutions, and corporatizing the operation of the scenic spot demonstrate a local government that is highly determined to promote its tourist assets and develop the tourism industry.

Conclusion

In conclusion, I have tried to gauge the degree of dedication of local governments in the management and regulation of three local tourist scenic spots. The reason I have chosen to conduct a comparative analysis of these three scenic spots is because their shared identity as the flagship tourist site, which to a great extent defines local tourism. Therefore, the local government's attitude in managing and supervising such a scenic spot indicates its general attitude towards

³⁰² Interview: Changyang, November 15, 2011.

the tourism development of the locality. I detect a reluctant political elite in Yichang who is unwilling to assign sufficient *bianzhi* for adequate regulation work, which has resulted in poor economic performance of the National Park. In sharp contrast to Yichang leaders' attitude, Changyang government not only funds a large number of *bianzhi* for the need of regulating the Qing River Gallery, but also sets up standing tourism regulating institution. Although less devoted when compared to Changyang, Zigui government still shows more interest in tourism development than that of Yichang by corporatizing the management of key local scenic spot while maintaining control through concurrent personnel appointments between the government and company.

CHAPTER SIX

Conclusion: What Is My Dissertation About and Why Is It Important?

In this conclusion chapter, I first provide an overview of my argument and then discuss the theoretical contributions and policy implications of my dissertation research. Lastly, I explain why my argument is likely to be generalized to other policy areas, not just tourism.

Dissertation Review

Reporting on the case of Chen Guangcheng, the blind anti-population-control activist who fled to the American embassy in April 2012, *The Economist* argues that despite Chen's accusation of a local official in his home city whom Chen claims is mainly responsible for the human-rights abuses committed against him and others, the real villain is the central party state and its instrument of control – cadre evaluation system, that rewards local cadres who meet higher priorities, the most important of which are maintaining social stability, achieving economic growth and enforcing population control, even if they break laws.³⁰³

The story of Chen Guangcheng underlines the importance of the Cadre Evaluation System (CES) in Chinese politics and its immense impacts on average Chinese citizens. More importantly, this report alludes to the two widely received features of the CES: it is powerful, and it is secretive. It is powerful in that its

³⁰³ “Suppressing dissent: The emperor does know,” *The Economist*, May 12th-18th 2012, p. 51-52.

evaluation targets dictated by the central government are able to control local officials through built-in career incentives. It is secretive in that the responsibility contracts signed by officials are “meant for internal use”³⁰⁴ and thus are not open to the general public, although “local governments have sometimes published them on websites, and foreign scholars have also seen copies.”³⁰⁵

My dissertation reflects on these two features of the CES. In addition to its top-down control mechanism, does the CES allow local officials any leeway in policy implementation? If the responsibility contract is so secretive and scholars only have access to random copies of it, almost all of them evaluating township government officials, how can we conduct a more systematic study of the CES and hence better understanding of it?

Drawing upon interviews and archival research, I propose that instead of relying on random responsibility contracts, China scholars should turn to the yet to be tapped source – Government Work Report (GWR) – to look for cues of cadre evaluation targets. My proposal is based on two considerations. *First*, articulated in concrete targets and measured in numbers, GWRs constitute as valid a source as the responsibility contracts in evaluating the performance of leading cadres. *Second*, because of their consistency and transparency, GWRs are superior to responsibility contracts as a source for research data input.

A thorough analysis of Government Work Reports from the central down to county governments reveals that the Cadre Evaluation System actually contains

³⁰⁴ “Suppressing dissent: The emperor does know,” *The Economist*, May 12th-18th 2012, p. 51-52.

³⁰⁵ *Ibid.*

two intrinsic power mechanisms – top-down control and local autonomy. Therefore, while local officials must obey the fundamental evaluation targets dictated by upper level governments, they are also allowed to formulate the specific strategies to fulfill these targets.

It is only through this finding, I argue, can one systematically explain the considerable *variation* of local compliance behavior with central government dictates. That is, to work their way up the career ladder within the Chinese Communist Party, local officials must thread the needle between these two power mechanisms – top-down control and local autonomy – and figure out a way to fulfill the central-government's fundamental goals while also taking local conditions into account. Once we understand that literally obeying orders may not be the optimal strategy for many local officials to win promotion, we are on the way to explaining the variation in their compliance behavior.

Furthermore, it is this dual power-mechanisms of the CES that explains the empirical puzzle, which motivated my research in the first place: Why aren't all localities –all of which possess rich tourism resources – be fully committed to tourism development, despite such a strong policy directive from Beijing? The logic of my argument goes like this: One of the fundamental goals the CES sets is economic development, measured by GDP growth rate. Local cadres have long sought to achieve this goal faithfully. Local cadres have the autonomy to tailor economic development strategies to local preferences, but they tend to design these strategies to maximize local GDP growth rate, so as to maximize their

chances of being promoted. However, because some types of economic activities, including tourism, are inherently difficult to measure statistically, it is also difficult, if not impossible, to demonstrate their economic impact on GDP. Therefore, local cadres tend to regard tourism as a second choice after industry when deciding where to invest their limited resources.

For a set of localities that all possess ample resources that could be utilized for developing tourism businesses, this logic helps explain the variation in their degree of compliance with tourism policy: the larger the industrial sector is for a region's economy, the less likely that its local cadres will invest in tourism. Likewise, the more difficult the prospects for the industrial sector, the more likely is a locality to focus on tourism development. Local cadres can exhibit considerable leeway in terms of obedience or recalcitrance regarding specific policies, as long as their efforts clearly work towards implementing the central government's broader goals.

Theoretical Contributions

Being able to explain the *variation* in local-level compliance with central directives, my dissertation research fills the void in the existing literature. On the one hand, studies of China's central-local relations tend to agree that the central government predominates over local authorities, whether through its monopoly of the personnel management system (e.g., Huang 1996; Bo 2004; Li 2004; Landry 2008) or control over financial and economic resources (e.g., Wong 1991;

Solinger 1996; Tsui and Wang 2004; Yang 2006; Naughton 2007). However, these studies cannot deal with the reality that orders from the central government often are not scrupulously implemented locally. On the other hand, the argument of “fragmented authoritarianism” (FA), arguably the most durable framework through which to study Chinese politics, suggests that local implementation almost always diverges sharply from the policies proclaimed in Beijing due to the fragmented structure of the Chinese bureaucracy and the protracted intergovernmental bargaining (e.g., Lampton 1987; Lieberthal and Oksenberg 1988; Lieberthal and Lampton 1992). But the FA argument cannot explain the fact that some local leaders do follow central mandates religiously. Therefore, neither of these two existing arguments is able to explain the considerable *variation* in local-level compliance with central directives, and my research comes in handy.

Moreover, my research distinguishes itself from existing studies, which only focus on the top-down control function of the CES, and ignore the extent to which local cadres possess autonomy (cf. O’Brien and Li 1999; Whiting 2001, 2004; Edin 2003; Heimer 2006; Minzner 2009). I am able to gain insight on implementation leeway because – in contrast to prior research – I focus on higher-level administrative localities (one prefectural city and two counties) and because I rely on a new source of data regarding the extent to which local-government cadres fulfill central directives – Government Work Reports. Existing scholarship on the CES, by contrast, has focused on China’s lowest level of administrative

units – township governments – and has relied solely on responsibility contracts to gauge compliance. This focus on townships and on responsibility contracts has impeded scholars from explaining local variation in compliance with central dictates.

By identifying the essential “local autonomy” power mechanism embedded in the CES and the substantial amount of bargaining and negotiation involved in the cadre evaluation process, my research challenges the conventional wisdom that the Party’s personnel management system is a power instrument under the absolute control of the central government. My findings imply that even the personnel management system has more give-and-take than what is usually assumed, and this implication adds a fresh perspective to the understanding of China’s intergovernmental relations.

Also, while the developmental state literature has largely focused on industrial policies and the state’s role in pushing for countries’ industrialization (e.g, Johnson 1982; Wade 1990; Woo-Cumings 1999), little effort has been made to examine the state’s role in the development of the service economy. This status quo in the existing literature is at odds with the increasing importance of the service sector in today’s world economy. Scholarly research should reflect such changing needs of the time, and my work is a small step into this new exciting direction. My study sheds light on the working mechanisms of local governments in the service sector and helps construct a more complete understating of the state’s role in shaping a country’s overall developmental path.

Policy Implications

In addition to theoretical contributions, my research also carries important policy implications both for China and global politics and economy.

First, the difficulty of capturing tourism's comprehensive economic contributions towards GDP growth is also shared by many other pressing issues facing China, such as environmental protection and education, to name only a few. Although these policies provide long-term benefits to the wellbeing of average citizens, their uneasy fit for the GDP-centered cadre evaluation system conflicts with the short-term career incentives of local cadres. Therefore, these policies are unlikely to be the top priority of local governments' work and their implementation has a strong tendency to fail. My findings suggest that these progressive policies will not take root until the Chinese Communist Party does away with the evaluation target that focuses on GDP growth.

Second, as tourism is an important component of the service sector, my findings on local cadres' incentives on developing tourism portends gloomy prospects for China's attempt to restructure its export-led manufacturing economy to one that relies on domestic consumption. Therefore, in contrast to Yasheng Huang's argument that central personnel control enables China to achieve coordinated national development (Huang 1996), I contend that the emphasis on economic growth in Cadre Evaluation System contradicts the central government's long-term developmental strategy for the nation. And this

contradiction not only has repercussions on the world economy but threatens the stability of the Party regime and hence international security.

Broader Generalizability

This dissertation is built on findings from the tourism sector. A possible question one might raise is whether my argument could be generalized to other policy areas, especially when tourism is usually assumed as “a narrow and relatively unimportant” policy. Although I disagree with this assumption, I am obligated to answer this question.

Even for the most stringently enforced policies by the central government, their implementation outcomes vary across localities. To follow up on *The Economist* article, let’s take the policy of family planning as an example. Based on previous studies (e.g. O’Brien and Li 1999; Heimer 2006; White 2006) and interview information,³⁰⁶ family planning is a commonly used target to evaluate cadre performance nationwide, and this target is so important that it is usually granted “veto power”, *yipiao foujue* (一票否决), which means that fulfilling this target does not guarantee a satisfactory appraisal, but failing to do so means failure, no matter how well the other targets have been met.³⁰⁷ Despite the great importance attached to this target, local enforcement of population control

³⁰⁶ Interviews: Changyang, November 21, 2011; Yichang: December 2, 2011.

³⁰⁷ To read more about how the family planning policy evolved into an evaluation target with veto power, see, for example, “Veto ‘yipiao foujue’” (否决“一票否决”), January 14, 2011, *Nanfang Weekend* (南方周末), available online at: <http://www.infzm.com/content/54591>. Last accessed 07/01/2012.

exhibits a wide variation. While some local officials, like those in Chen Guangcheng's village, carry it to an extreme,³⁰⁸ most local governments handle it in a more or less mild approach.

How do we account for such variation in local implementation of family planning policy? Although I have not conducted a systematic study of this issue, my gut feeling is that my argument about the dual power-mechanisms of the Cadre Evaluation System would also make a compelling case in this issue. That is, the top-down control function of the CES dictates that every local government follows the general policy of enforcing population control; at the same time the autonomy possessed by local officials allows them to formulate specific implementation strategies, while taking consideration of local conditions. Therefore, for whatever reasons, local governments set different numbers for population control targets, with most numbers being reasonable, but some too ambitious to achieve. Regardless of the particular reasons for setting local target numbers, I believe these are well-calculated decisions driven by local cadres' career ambition.

Accordingly, it is not just tourism. Even one of the top priorities of central government policies and one of the most uniformly enforced shows discrepancies

³⁰⁸ Another recent extreme example that received national and world attention occurred in June 2012 in Shaanxi province where a seven-month-pregnant woman was abducted by local family planning officials after she refused to pay a fine for her second pregnancy and was forced to abort the fetus. See, for example, "Forced to abort, Chinese woman under pressure," *The New York Times*, June 26, 2012.

in local implementation and my argument can help explain these discrepancies.

This finding definitely adds broader appeal to my argument.

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