

Fairbank Center Director's Seminar featuring Kerry Ratigan – Social Policy and Decentralization in China, March 9, 2021

– Good afternoon. Welcome to the Fairbank Center's Director's Seminar. I am Winnie Yip, Interim Director at the Fairbank Center. For this spring semester we have invited several, what I call, up and coming junior faculty from Harvard and the broader Boston area to share their frontier research with us. Today I'm really thrilled to have Dr. Kerry Ratigan from Amherst to speak on her work on social policy and decentralization in China. And we are equally honored to have our own colleague, Dr. Nara Dillon, from the Department of Government to moderate and chair the session. Nara doesn't need further introduction. She's very well known for her research on the politics of welfare and charity in China and other developing countries. So without further ado, I'd like to turn it over to Nara, and for the participants, please type your questions into the Q and A box, and we'll come to that when Kerry finishes her talk. Nara, over to you.

– Okay, thank you, Winnie. I'm very pleased to be able to introduce Kerry Ratigan for today's talk, and to tell you a little bit more about her. She is an Assistant Professor at Amherst College, so that's how she's joined our community. And before that point, she got her PhD at the University of Wisconsin–Madison under Melanie Manion and some of the other scholars there. And then since coming to Amherst she's had a postdoctoral fellowship at SAIS, at the School for Advanced International Studies, at Johns Hopkins for the last two years. So we're glad to have her back in the area and here virtually. And I was lucky enough to be able to read an early manuscript of this book that she's gonna be talking about today, which is titled, "Let Some Get Healthy First: How Local Politics Shaped Social Policy in China." This book is being published by Cambridge University Press, and I think it's scheduled to come out this fall if the pandemic is cooperative, and I'm very much looking forward to reading the final version of it. So Kerry, feel free to go ahead. And just let everyone know, she's gonna talk for about a half an hour, and then we're gonna open this up to discussion and Q and A.

– Great, thank you so much for the kind introduction, Nara. And thank you again for reading that earlier draft and your feedback. And of course, thank you so much to Winnie Yip and the Fairbank Center for Chinese Studies for inviting me to give this talk. On December 8th, 2019, just before millions of Chinese would travel to celebrate Lunar New Year, doctors reported a case of unknown pneumonia in the city of Wuhan in Hubei province. Several doctors sounded the alarm through social media channels about the possibility of a new SARS-like virus. However, not only were the warnings not heeded, eight individuals, including some doctors, were chastised by local officials on national television. The first death from the novel coronavirus was recorded on January 9th, 2020, and local authorities resisted taking action until after human-to-human transmission had been confirmed on January 20th,

2020. The city of Wuhan was placed under lockdown three days later. By the time the lockdown was ordered more than six weeks had passed since doctors' initial warnings of the new virus, and the window of opportunity for containment had closed. However, once the severity of the new virus was clear, the central government of China initiated an aggressive campaign to mitigate the effects of the pandemic. This campaign was largely, has been largely successful in maintaining low numbers of cases and deaths in China throughout 2020. Nonetheless, the pandemic has led to over a hundred million cases of COVID-19 and over two and a half million deaths worldwide. Local officials in Wuhan have been judged harshly for mishandling the initial warnings of the novel coronavirus, but unfortunately their behavior, and the tragic outcome in Wuhan, should not have been surprising. In fact, the response to the novel coronavirus highlighted structural features, structural features of the Chinese political system that are problematic for good governance. The Chinese political system is hierarchical, with upward accountability. By this I mean that local officials are evaluated by higher levels of government. They are not elected by their constituencies, as in a democracy. This hierarchical Leninist party-state disincentivizes local officials from reporting problems to higher levels of government. And ideological commitment is increasingly valued over expertise. Had local officials incorrectly sounded the alarm in the weeks leading up to Lunar New Year celebrations, they would have disrupted holiday plans and economic activity, and the consequences would have been severe. But what if the novel coronavirus had first been discovered in a city where local officials valued expertise over ideology? Where officials frequently used their professional judgment to make difficult decisions on the ground? Where local officials were accustomed to a certain degree of autonomy and decision-making? Of course we can never know whether these counterfactuals would have changed the outcome, in terms of either the local or global spread of the virus. But perhaps if doctors had been reporting the new virus to local officials who valued expertise over politics, the party-state may have reacted more quickly and saved lives. The importance of local government has never been more clear. When doing research for my forthcoming book, I conducted interviews with local officials on health policy in rural China from 2009 to 2012, and I discovered acute differences in how policies are interpreted and implemented. I consistently asked county officials for seemingly innocuous textbook information about local health policy, things like so, how much would a farmer in this program be reimbursed if they had some health expenses? How much would a farmer have to pay or a villager have to pay for annual premiums? These were technical questions that were not politically sensitive in the 2000s. In one province officials would readily supply the information, proudly declaring that it was publicly available, gong kai de, often on their website. And it usually was. In another province officials would provide basic information, but if I pressed them for more detail they would prevaricate, saying things like bu hao shuo. Or they would say that they would send me the specifics via email and they never did.

And in a third province, officials would claim that the same information that I was asking was secret or classified, *bao mi de*, and they would refuse to divulge anything of substance and simply regurgitate some central government rhetoric. So I observed variation, not only in how forthcoming local officials were, but also in how many policies and practices were implemented. These conversations led me to wonder, how is it possible that in a hierarchical party-state local officials could be behaving so differently? In today's talk I will draw on my research on health policy in China during the Hu Jintao government to show that Chinese provinces had developed distinct styles of governing, and these governing styles then impact how local officials implement policies on the ground. My first slide shows the depiction of my argument. My main argument is that provinces that opened their economies to the global market earlier developed a more pragmatic approach to governing. While those that opened up later retained a more paternalist approach to governing. These distinct approaches to governing subsequently shaped social policy, both in terms of social policy priorities and how social policy was implemented on the ground. The arguments in the book and in this talk pertain mainly to the Hu Jintao years from 2002 to 2012, when decentralization was at its height. Although there are implications for today, which I will allude to briefly in the conclusion. Today I'll discuss each of these three components of the argument, uneven economic reforms and decentralization, paternalist and pragmatist policy styles, and the implications for social policy. When I say social policy I'm referring to laws, regulations, and programs that the Chinese party-state has adopted to address problems related to health, education, poverty, and housing. So first I'll discuss uneven economic reforms and decentralization. I've already told you that China has a hierarchical political system where local officials are held accountable by higher levels of government. It would be reasonable for you to conclude that local officials across China respond to the system in similar ways since they face similar incentives and constraints. So how did a hierarchical party-state with a strong central government end up with such different approaches to governing on the ground? To understand how we got here, we need to briefly visit the early economic reform era. In the first wave of economic reforms the central government selectively granted some coastal localities access to the global economy and allowed them to experiment with market economics. Here are two pictures of Yumin Village in Shenzhen in Guangdong Province. The top two black and white pictures are from the 1980s and the bottom two pictures are from 2018. Due to its proximity to Hong Kong, Shenzhen was chosen as a special economic zone in 1980. This allowed the city to experiment with market capitalism and adopt policies that would attract foreign investment. Much research has examined the economic reform process, but I'm going to focus on the implications of this for governing style. These economic reforms had political implications, and scholars have discussed some of these elsewhere as well. Foreign firms wanted a predictable business environment where they could expect reliable

contracts and courts then would uphold business agreements. As a result, provinces that opened their economies earlier and gained exposure to foreign markets, developed a pragmatic style of governing. Meanwhile provinces that were not chosen for these early opportunities retained a more paternalist style of governing. By the early 1990s China's economic reforms had been underway for about a decade. The economy was booming, but the central government was not reaping the benefits. On the left side, on the left-hand side we can see the proportion of tax revenue that local government retained compared to the proportion of tax revenue that the central government retained over time. In the early 1980s and early 1990s you can see that local government was able to hold onto a majority of the tax revenue. However, in 1994, the central government mandated that about half of all tax revenue should be sent to the central government, allowing local government to retain a much smaller proportion than before. As a result, from 1994 onward, local government faced new budget constraints. Meanwhile, looking at the figure on the right, local government's responsibilities greatly expanded in this same time period. Starting in the 1980s local government was expected to fund most policies, programs, services, and even infrastructure in some cases. Over the course of the economic reform period the central government reduced its share of total expenditures, forcing local government to bear the burden of paying for many policies and programs, including most social policies, such as education, healthcare, policy alleviation, and affordable housing. Eventually the central government began to send fiscal transfers to poorer provinces and would sometimes earmark these funds for specific policies as healthcare. And we'll see this later in the talk Over the course of the 1990s and 2000s the center devolved fiscal responsibility for social policy to local government. But what did this look like from the perspective of policy implementation? This is a simplified depiction. It's simplified because China actually has five levels of government, but this is a simplified depiction of decentralized policy implementation in China in the 2000s. The central government would set broad policy priorities, goals, strategies, and sometimes even specific targets for lower levels to seek to reach. The province then determined how central policy was to be interpreted and implemented. The province could choose to standardize the policy across its own province, or the province could delegate implementation and sometimes funding to lower levels of government, such as the county, for example. Lower levels of government had to then either, depending on the path chosen by the province, lower levels of government either needed to either follow the guidelines set by the province or design the specifics themselves. In many cases, many specifics of implementation would be left unsaid by the province or even central government. So counties or localities may need to keep in mind any particular targets that the province or center have set, but they had a substantial amount of leeway in determining the specifics of many social policies. Lower levels of government, so in this simplified depiction, I refer to the locality, but these lower levels of

government within the province could include the prefecture, the county, township, or in urban areas the city or district, depending on the the policy in question. These differences in policy implementation are particularly salient in the Chinese context, since one's official place of residence determines access to social policy benefits according due to the Hukou system. In the context of decentralized policy implementation and fiscal constraints, provinces developed distinct approaches to governing, which I refer to as policy styles, building on the research of Sebastian Hellmann, Elizabeth Perry, and others. But what did these policy styles look like? What are their main characteristics? And how do they manifest themselves in policy implementation? Wealthier provinces that opened up earlier to the global economy tended to have a pragmatist policy style; therefore, they received relatively little central government funding for most social policies. Many social policies in pragmatist provinces are essentially unfunded mandates. However, these provinces have relatively large budgets and can fund these policies on their own, but they're also more likely to further devolve responsibility for social policy funding and implementation to lower levels of government, such as the city or county. Luckily due to the legacy of early economic reforms and higher levels of foreign investment, these provinces typically have a relatively, have relatively professionalized local officials. And these folks can take on policy implementation with relative competence. These provinces are somewhat more attentive to transparency and corruption. And I'm talking about even prior to C's now infamous anti-corruption campaigns, so we're talking about the early 2000s again, in policy implementation, pragmatists provinces are more likely to include non-state actors. Again, in the early 2000s, were more likely to include non-state actors, such as NGOs or businesses and innovate in terms of policy. These provinces often focus on using social policy to foster human capital and promote economic growth by prioritizing policies like education and sometimes healthcare. If you have a healthy and educated workforce your economy is more likely to grow. By contrast, paternalist provinces have much smaller budgets and are reliant on fiscal transfers from the central government to fund social policy. These provinces take a top-down approach to governing where the province typically establishes provincial-wide standards, and localities merely need to put in place the rules that have been set by provincial leadership. In part due to this top-down approach, local officials in paternalist provinces are less likely to innovate, and they're less likely to collaborate with non-state actors, such as NGOs or businesses. Paternalist provinces tend to prioritize social policy that promotes social stability. To this end, paternalist provinces prioritize targeted policies, such as poverty alleviation and affordable housing, where the province can direct resources at the people who are most likely to have economic grievances. In the book, I use provincial statistics to create an index to capture pragmatism and paternalism. I use this index to categorize the provinces as either having a predominantly pragmatist or paternalist or mixed policy style. In today's talk I focus on the

contrast between pragmatism and paternalism. This map shows the dominant policy style tendency of provinces using data from the Hu Jintao years. Now, again, these are tendencies, some degree of paternalism and pragmatism is going to exist in many places, but this gives you a sense of where provincial leadership tends toward one or the other policy style or the mixed policy style. In general, the coast has more pragmatist tendencies, while the interior is more paternalist, although there are a couple of exceptions to this. In the book I also discuss provinces that exhibit both tendencies and categorize them as mixed. So, of course, an index such as this has some limitations and it's difficult to quantify concepts such as paternalism or pragmatism, but I offer this as a framework for understanding the different approaches to governing that are prevalent to different degrees in different parts of China. While previous research on decentralization and the Chinese welfare state has showed the importance of decentralization, few scholars examine how social policy implementation varies across Chinese provinces. In the book, I use provincial social policy spending to show that pragmatism is associated with prioritizing education and health, while paternalism is associated with targeting poverty alleviation and affordable housing. And these associations are observable even when controlling for the wealth and needs within the province. So I'm not dismissing wealth and needs as important factors, but I argue that governing styles have diverged and are palpable when looking at social policy implementation. So different approaches to governing impact social policy beyond budget allocations. My qualitative research shows how policy implementation differs across social policy, across provinces. So how do policy styles impact social policy? Prior to 2003 most rural residents had no health insurance and paid their medical expenses out of pocket. As a result, up to a quarter of Chinese, this is actually both urban and rural, would forego medical treatment, this is about in the late 1990s, because of the cost. So they were foregoing medical treatment because of exorbitant cost. And many rural residents became impoverished due to the cost of healthcare. The goal of the new cooperative medical system was to reduce the burden, specifically of catastrophic medical expenses, for rural residents. The NCMS was a risk pooling, state-subsidized health insurance program available to rural residents. Rural residents paid small premiums, but most of the cost was born by the government. The NCMS began in pilot programs in 2003. Although the NCMS was encouraged by the central government in 2003, provinces implemented the policy very differently for quite a few years. We can observe the dynamics of decentralized policy implementation by looking at the NCMS. The central government set a goal of expanding insurance coverage to rural China. The main policy associated with this goal was the New Cooperative Medical System, or NCMS. The central government provided earmarked fiscal transfers to support this policy, but only to low-income provinces. Therefore, two different approaches to implementing this policy emerged. Paternalist provinces who were receiving the fiscal transfers, in paternalist provinces where they received the fiscal transfers, the province would

standardize reimbursement rates and other details of the policy across the province. Counties and levels of government within the province, in this case mainly counties, would follow the guidelines set by the province and implement the policy as directed. By contrast, pragmatist provinces did not receive central transfers. In pragmatist provinces the provincial government contributed a significant amount of funding toward the NCMS, but delegated to the county government to determine the details of the policy and implement it as the county saw fit. So how did rural, how did rural counties take on a new policy such as the NCMS? As part of the first wave of counties to adopt the policy, officials in Jiangsu, where I did some of my research, they couldn't draw on past experiences from other provinces. They had to improvise. County officials realized that they would need additional expertise and that they might benefit by learning from the experiences of others in the region who were also trying to figure out this new policy. To figure this out, several county officials started regular meetings to discuss the policy and to decide on appropriate reimbursement levels and other details that had not been determined by the province or the central government. In my field work, I spoke to county officials who were extremely proactive in implementing the MCMS. County officials from six rural counties and one urban district set up regular meetings and decided to standardize their rural health insurance program among this group. They met monthly within the prefecture and disseminated information among themselves to create a uniform program. They also independently acquired new training and skills, and they hired in-house professionals in accounting and actuarial sciences to help them navigate this new policy. And they were very, folks that I interviewed were really proud of the work that they had done. It's important to note that this work was initiated by local actors, local officials, rather than provincial or central government. These photographs are from two of the localities in Jiangsu in 2009. Although Jiangsu is a relatively wealthy province, these particular localities are not the wealthiest, not among the wealthiest in the province. Nonetheless, local officials were highly professionalized and sought to implement the NCMS to the best of their abilities. By contrast, other provinces in the paternalist group established provincial level guidelines to immediately standardize the new policies, the NCMS's implementation. Local officials in paternalist provinces merely follow provincial directives, perhaps losing an opportunity to shape policy and upgrade their professional skills. A key takeaway of this story is that local officials saw their work very differently in different places and in different contexts. In Jiangsu, local officials saw themselves as designing policy, creating it. They saw themselves as policymakers, whereas their counterparts in Hunan and other paternalist provinces were merely following orders. We can see the differences in how the central government has allocated fiscal transfers for the NCMS across provinces. While the center provided half or nearly half of the funding for the NCMS in paternalist provinces such as Hunan and Gansu, Jiangsu received almost no funding for the NCMS. Therefore, provincial officials in Jiangsu preferred to delegate more of the responsibility

for funding to the county. So we can see in Jiangsu most counties were contributing about 22% of the budget for NCMS. Whereas, in poor provinces the county was only contributing about six or 7%. Jiangsu also allowed counties to take the lead in figuring out the details of this policy. There were also implications for social policy's spending and reimbursement. The bar chart on the left makes a similar point about healthcare funding as the previous graph, about healthcare funding being more decentralized in Jiangsu but from a slightly different perspective. So even at the village level, even villagers in Jiangsu, are contributing much, much more to healthcare for the village than their counterparts in Hubei and Yunnan in two paternalist provinces. Because villages in Jiangsu are relatively wealthy their budgets are substantially higher than their counterparts in Hubei and Yunnan. Going back to the NCMS, because Jiangsu is more decentralized, there was much more variability in how the NCMS was implemented, even for quite a few years after the first year of adoption. The table on the right shows reimbursement levels for inpatient and outpatient procedures in several counties in Jiangsu and Hunan. These data are from interviews that I conducted, and the officials in Hunan suggested that I would receive similar data from other counties outside of the areas that I visited. So I have no reason to believe that these counties are particular outliers. A patient in Jiangsu that received inpatient treatment could have been reimbursed 55% of the cost, or up to 80% of the cost, depending on whether they lived in County J or County I. A patient receiving outpatient treatment could have been reimbursed 20% of the cost or 55% of the cost, depending on whether they lived in County K or County H, but by contrast, counties in Hunan followed provincial guidelines and more or less standardized their reimbursement rates across the province, nearly immediately upon the adoption of the policy. So we can see the implications of decentralization in different ways with social policy. Uneven economic reform, coupled with fiscal changes and decentralization has led to distinct governing styles in Chinese provinces. These divergent provincial policy styles have had a direct impact on social policy implementation in China, particularly during the early 2000s. First, disparate provinces have prioritized different aspects of social policy through budget allocation. Second, in pragmatist provinces, local officials became policymakers as they were tasked with making decisions about how policies would be implemented on the ground, especially during the early stages of a new policy. The NCMS many years later was subsequently standardized and merged with an urban program. Meanwhile, local officials in paternalist provinces were directed to implement guidelines established by the provincial government from the beginning, perhaps losing out on opportunities for them to improve their own professionalization. Provinces diverged in how they implemented what were ostensibly the same policies. As I discuss in greater detail in the book, pragmatist provinces were more likely to involve local officials, and also involve private enterprise and NGOs when they're designing the specifics of social policy. As a result, these provinces often exhibited substantial inequality within

the province in terms of social policy provision, particularly in the early stages of a new policy. For example, we saw how rural health insurance benefits varied significantly within Jiangsu. Sometimes pragmatist provinces even ignored central directives in favor of their local interests. For example, coastal provinces dragged their feet on affordable housing policy, despite a great need for these programs in those regions. Those provinces did eventually come around around 2010 when the central government expected a little more compliance with the affordable housing efforts. By contrast, paternalist provinces such as Hunan standardized programs from their inception. Indeed, because paternalist provinces often rely on earmarked fiscal transfers from the central government, they were much more constrained in their policy choices. Paternalist provinces were more likely to take a top-down approach to implementation and closely follow central and provincial guidelines, with very little innovation or participation from non-state actors. Now, local officials are often the first point of contact for local residents when they're interacting with the state. However, local officials are humans who are operating in very different contexts across the country. While some are highly professionalized and see themselves as policymakers, others are not afforded the respect or discretion to develop professional skills. As a result, the experiences of residents seeking help from local officials will vary dramatically across, and sometimes even within, provinces. In recent years Xi Jinping has reduced decentralization and policy implementation. Nonetheless, the habits and practices of local officials are likely to persist, at least to some degree. Moreover, if the party-state prioritizes political loyalty over expertise, good governance will be difficult to attain. So I'll end here and I'd like to open it up for questions.

- Thank you, Kerry, for a very interesting talk, and I'm gonna start off with a question or two and then draw in others starting with Winnie and our members of our audience. So I wanna start off asking you to say a little bit more about the origin of these different policy styles. And you talked about the timing of when these provinces began their economic reforms. And so I was wondering if you could say more about what was going on in these two different periods that you highlight, and also the interaction between the timing and the fiscal constraints that you talk about. And then I'm also interested, if you can say more about these policy styles in the Xi Jinping era, where he has clearly set out this agenda of reigning in the decentralization of the Chinese political system and trying to give the center more control. And so how far this has pushed against these policy styles? Or maybe one or the other. So if you could start off there, I'd appreciate it.

- Sure, thank you so much for your questions. So regarding the source of policy styles, and I know I went through everything fairly quickly, I build on other research that has shown some of the institutional and political impacts of having foreign investment in a particular region

in the early economic reform period. So essentially I argue that these provinces that were allowed to open up earlier, they were more exposed to certainly market capitalism and foreign firms. And foreign firms would often lobby for certain practices to be put in place. They might request infrastructure to be put in place. They might also hope for clear contracts and enforcement of contracts. And so through this interaction with foreign firms and entrepreneurs, I argue that that's where, that these interactions also impacted local government and local government developed a different, different ways of doing their own business, doing the business of government, different ways of working and different habits and practices. And so they were more entrepreneurial, more innovative, certainly they also had more resources, and that's part of the story as well. And they were also more accustomed to thinking about having consistent rules and regulations, at least pertaining to contracts. In the early 2000s in these provinces we also saw somewhat more open access to resources like the internet. So internet may be somewhat less regulated in these pragmatist provinces, as in contrast to further inland where it would be more restricted. And I suggest that this is also likely, in part, due to the pressure of business and foreign firms. And so all of that, all of those points, kind of contributed to a different, a divergent policy style. And then in terms of the role of fiscal transfers, so the central office did acknowledge that lower income provinces need support in certain areas, and so started to do initiate fiscal transfers. And I focus on fiscal transfers for social policy. There are transfers for other issues, and that's sort of a bigger conversation, but at least for social policy the center took what appears to be a somewhat progressive approach in terms of identifying counties that could be labeled as poor counties or provinces that needed additional support in implementing particular policies. On the one hand that, in theory, could reduce some inequality, but I propose that that has some unintended consequences as well. So by providing these funds, which certainly are needed funds, by providing these funds, but having your earmarked funds, that constrains the province and local actors. And so they also are less likely to engage in this sort of more innovative policymaking that we see more on the coast. And they sort of follow the letter of the law and follow the rules handed down by the center and the province. And so I think it has this a sort of unintended consequence of shaping local actors' behavior. And to your second question, I haven't done a systematic study of local policy variation, but from, in the Xi Jinping era, so say in the last 10 years or so, but anecdotally I would say that there has certainly been a decrease in local government innovation. Some recent research by Jessica Teets and others has found that local officials, some local officials also in these, in a province that I would consider to be more pragmatist, so like in Jiajiong and places like this on the coast, they sometimes persist in innovating. And I think that that would be an interesting research question for folks to take up. Who were those local officials that are persisting in innovating even under these difficult circumstances? Difficult from a

decentralization perspective. But yes, I would expect to see less variation on the ground. In fact, the NCMS and some other policies have been standardized at the national over the past several years. And certainly there's been a push towards party discipline. That said I think another implication of my argument is that it may be somewhat more, is that this push towards recentralization of power maybe somewhat more difficult in a province where local officials are used to having some degree of autonomy. They may resist or try to drag their feet on recentralization efforts if they were enjoining the autonomy that they previously had in the 2000s. So that could be sort of a source of contention if recentralization continues apace.

- Great. One quick followup, since I see that Meg Rithmire has asked some questions along the same line that I started here. And so she's also interested in this idea that these policy styles have been maintained over these decades and wants you to say a little bit more about what has helped sustain them and whether you think there are different cultures of governance that are forming in these different provinces in China.

- Yeah, I think that's a good, that's a great question. Thanks both Nara and Meg for that question. Yes, I think that's right. I think there's a certain degree of path dependency and a certain degree of local officials seeing their role in a particular way, either as innovative policymakers or as folks who are implementing rules that have been given to them. And so once you have that type of culture in a particular workplace, younger folks are gonna come in and it's, I'm certainly not gonna say that it's permanent, but that type of thing can be slow to change. And so I do think that there's some degree of stickiness, although I certainly, I think that, again, the data I collected and the arguments that I make are most, resonate the most with the early 2000s. But I think that in these practices there's some degree of stickiness, and where we see innovation, for example, the practice of policy innovation, these days, again, it tends to be in these same coastal provinces like the same sort of usual suspects as in the 2000s. I also think that in paternalist provinces, some of the kind of quantitative measures that I look at are meant to capture some degree of political conservatism. So I think that you may have folks in paternalist provinces who are nervous to overstep their bounds, and in that way maintain this type of approach to governing.

- Winnie, do you wanna jump in here?

- Sure, thank you very much, Kerry, for a very insightful presentation. Certainly, health policy, rural health policy and NCMS is a subject area, very dear to my heart. During the time around the 2000s, in fact, a lot of our work is doing social experiment, which means that what we do is to take the national government's policy, including NCMS, which laid out clear directions, broad directions, and broad parameters, and leave it very much to the local government to

design the exact policy that would be suitable for the local situation. And when we did that work, we actually consulted the central government for advice on where should we target our effort in. We always want to work in the poor areas, because we thought that's how we can help people. But the government, the central government advice to us is also go to the west. And here's their argument. The argument is that our provincial leader, they want to compete, right? I mean, the Chinese governance is to let the local government compete, and through this competition then they advance. And so the Western region leaders are quite convinced that there's no chance for them to win and compete with the eastern region in terms of economic growth. So their hope is to compete on the social sector. And so I'm just wondering how this alternative hypothesis work with what you have been thinking about. And in other words, is it possible that this pragmatism and also entrepreneur new thinking can differentiate between economic policy and social policy in that sense? My second question, which is similar to Nara's second question is, there's no question that in the last two, three years the scope for local innovation has been tightened. Is it possible that China is moving to a new form of innovation that is encouraging innovation at the just very early stage? And once they find one or two model that the national government find it palatable, they sort of stop the innovation and become very central, top-down scaling up of that same identical model. And partly for pragmatic reasons, because of the high variation across the different local condition, the ability to innovate, sometimes they're not just making progress, and at least in health we were told that we're done with innovation. This is about scaling up. So I'm just curious how you think about these alternatives.

- Yeah, that's a great, those are both great questions. Thank you so much. I think I'll do, I'll take your second question first and I'll go back to your first question. Yeah, I completely agree with you. I think that part of it is, part of the tightening in local innovation, as you put it, is due to CCP leadership and C's leadership preferences, but it's also perhaps sort of a natural stage of evolution, especially in some social policy areas. I think that's right. In the 1990s healthcare had different problems to contend with. So kan bing nan, kan bing gui. Healthcare was difficult and expensive to access, and that there are still many existing problems, but it has been alleviated to some extent. And so I think the hypothesis that perhaps the new stage or the new way of thinking about innovation is to allow some early stage innovation, but scale up more quickly. I think that is very likely to be something that we'll see in the coming years. To your first question, I'm really glad that you brought up this issue. I think that's exactly right that western provinces they don't see, there's no hope in competing with coastal provinces in terms of economic growth. And so they, in some cases, want to try to excel in other areas. And it's true, you do see examples of innovation as sort of, not just innovation, but also very proactive local

government or provincial government where the province or the local officials are exceeding the standards set by the province or the center. And you can see you see that in some of those poor provinces. So I think that certainly happens. That said, when I looked at how different types of social policy were implemented in many of those western, as I would categorize them, sort of more paternalist provinces, even when the province was attempting to be very proactive in a particular social policy, they often did so in a very top-down fashion. So for example, there is a poverty alleviation policy that matches local government, local localities, poor localities could be like a village or even a township, with other, either other localities and other places that have expertise in poverty alleviation, or sometimes other organizations or institutions within the government that can assist. And so there's this sort of matching program. And we saw this in response to the pandemic as well, but this predated the pandemic. And the idea of helping these low income areas alleviate poverty could potentially be very effective, but the way that it's done in some of these provinces is sort of very, very top-down, very constant monitoring, constant checking, that the target area is complying with the recommendations and more micromanaging than is even required by the overall program. So I think, I agree with you that in many cases these western areas are trying to excel in different areas. But I think often they do it in a really different manner. They're not saying, oh, let's, in some cases in the 2000s NGOs were a big part of the stories, but I think they're somewhat less likely to kind of partner with an NGO or partner with a private entrepreneur who can help them along this way. It tends to be more top-down, more heavy handed, and much more micromanaged. Thank you.

- Okay, we're getting a lot of questions, which is great. And we've gotten quite a few questions asking you to say a little bit more about the antidote you started out with, since we've all been thinking about it quite a bit, and to talk about the connection between these policy styles and what happened in Wuhan and whether you think there will be a change to these policy styles coming out of the lessons learned from the failure to contain the coronavirus early on in Wuhan. And just thinking that many of the healthcare reforms that came out of the SARS crisis, which were an attempt to prevent SARS from ever happening again, that was a response to a disease that emerged in Guangdong, in one of your pragmatic provinces. And now we have this example of one that's emerged in a paternalist province. So I wonder if you think there's gonna be some sort of correction to the paternalist policy style here.

- Yeah, so first to bring it back to those early days in Wuhan. So I didn't explicitly lay out the research that I did for the book. You can see the book for the details, but I did semi-structured interviews in three provinces, and I also did a survey in three provinces, and there was overlap in Jiangsu. So the survey, Hubei province was included in our survey. I don't wanna speak to the particular

individuals who reacted in those early days of the pandemic. But I think that this framework helps people think about the different constraints that local officials are facing, and that in a place like Wuhan it's likely that those folks were not used to a lot of discretion. It's likely that they were used to quite a bit of micromanaging. And they were also, because we're talking about the Xi Jinping era as well, they were also probably feeling a lot of pressure to demonstrate their ideological correctness. And I think that those factors contributed to their initial response. Is it likely to change? One would hope. I like that you brought up the example of SARS, because on the one hand SARS could be seen as a sort of catalytic event in precipitating healthcare reform, and a lot of reforms were taken post SARS, and a lot of disease reporting and public health areas were strengthened, but they clearly were not strengthened sufficiently because a lot of similar missteps happened with the novel coronavirus as had happened with SARS. And I think the issue, one of the issues is that the fundamental structure facing local officials in Wuhan had not changed, even though the public health officials may have somewhat more resources than they used to have. And there were computer systems in place for reporting. If the officials don't use those systems, then they're not going to be effective in dealing with this type of situation. The other piece that's a little bit tangential that I deal with in the book, but a little bit tangential to what I've talked about so far is that provinces that are sort of middle income, they often are not eligible for as many fiscal transfers from the central government, provinces like Hubei that are more middle income, they're not eligible for fiscal transfers, and at the same time, they're not generating as much of their own revenue as a wealthy province. So those, in some cases, those provinces actually have the smallest budgets for some areas of social policy. So we know, for example, that Wuhan would have had difficulty with just a regular cold and flu season. Their hospital system would have had difficulty with the regular cold and flu season. So they were already kind of at a disadvantage. So that coupled with the response of local officials and the increasing emphasis on ideology over expertise I think exacerbated the situation. I think the main way for it to change would be for leaderships to signal that expertise is more important than politics and ideology.

- Winnie.

- I'm just curious, what are we already, we have the firm evidence that it is the local government not reporting or whether some of them actually have been reported, not disseminated to the public, but reported to the central government, but were told to hold it. I do think those facts are important to confirm before one can take the interpretation on governance further. I still, I think it is still unraveling on that bit.

- I think that's exactly right. We received some reports, was that a

few, maybe two or three months ago, reports that the central government had information earlier than we thought. So I think you're right. The timing is not trivial. And, I mean, as far as I know, I've still been operating with the story that local government, that local officials were suppressing and whistleblowers in the very early days, but you're right, central government held onto it as well. And so I think that's an important part of the story and we'll see. Hopefully we'll get more details eventually. Thank you.

- Winnie, are we supposed to end at 1:30?

- [Winnie] Yes, yes.

- Okay, well, we have received many, many, many more questions than we can fit in last minute. So I'm gonna encourage everyone else-

- If Nara and Kerry is willing to stay for another five minutes, we can, of course, do that, yeah.

- It's fine with me.

- Okay, but in the meantime I'm gonna encourage people to contact Kerry directly by email and pass on these questions, because you've clearly generated a lot of interest and a lot of questions. And there's no way we could possibly get to all of these. And I assume her email is on our website.

- Yeah, it's on the Amherst College website.

- Great. Great. So should we just keep going? Sure, you wanna take another?

- For a few minutes?

- Yes, please.

- Okay, well, one other common theme in a lot of these questions here is the role of leadership and how much leaders can do to change these policy styles one way or another. And a whole set of questions about the role of central leaders, which we have talked about a little bit, but a lot of questions that we didn't talk about is about provincial leadership and the fact that the provincial leadership changes so frequently and regularly, and whether that has an impact on these policy styles or not.

- That's right, I think that the, so I think that central leadership absolutely plays a role. So I'm looking at, I didn't discuss Hu Jintao's leadership explicitly, but who really, from what we can tell, really valued collective decision-making and emphasized decentralization, and in many policies that the central government put

forward during that time, there was explicit language about localities tailoring the policy to local conditions. That was very explicitly encouraged, which could partly be sort of stage of evolution, but certainly who was encouraging that approach to thinking about policy. In terms of, by contrast C is not. So you can see the impact. There's certainly an impact of central leadership. In terms of provincial leadership I think that because provincial leaders, certainly provincial leaders have an impact, but because provincial leaders are often transferred and moved through the system somewhat more quickly than, say, central leaders, in some cases, they are less likely to make a dramatic change. And I think that provincial leaders are often seeking to excel and succeed within the context of their position. So this actually relates, I think, to the point that Winnie brought up earlier. So if you're appointed to the head, to lead a very wealthy province, then you're gonna be continuing to focus on the strengths of that province. By contrast, if you're leading a province that has a very high rate of poverty you're going to try to see to ameliorate that problem. And so then that's an area where as a provincial leader, you can shine. And I think, again, I think what I've seen is that provincial leaders that are saddled with the challenge of, say, poverty alleviation, they tend to do it in a more, in a more top-down manner rather than saying let's just experiment and see what happens, which is perhaps understandable. But I think that they very much respond to the context of the province, both the economic and political context of the province.

- We have time for one more? Okay, one more, last question. We've also got a lot of questions about how you portrayed how much China's decentralization has changed over time, and in questions, so do you think the Hu Jintao era was sort of the high point of decentralization in the post-Mao period or not? And why?

- Thus far, I think that that's fair. And if you look at Christine Wong's research, for example, she shows very convincingly that local governments were responsible for about 80% of expenditures. And that's not just social policy. That's more broadly speaking. So I think that up through 2021, without venturing into predictions, I think that thus far the sort of high point of decentralization has been those early 2000s. Again, the center and provinces were often explicitly saying, let's, go ahead and tailor this to local conditions. This should follow local conditions. The center was also actively encouraging provinces to choose areas for pilot projects. Interestingly, I had also heard that, from a couple of different sources, that pilot localities, the process to choose a locality for pilot projects was often to choose a locality where they thought the pilot project might succeed. So that's not perhaps what you would do in a scientific study, but there was certainly this like overall impetus and encouragement of pilot projects and experimentation. To the point that the pilot projects were situated in places where it was likely to have a good, have a positive effect and go off positively. So, for now,

certainly, that was the high point of decentralization. Perhaps we'll see sort of an ebb and flow in this area, but certainly C has moved towards a more centralized approach to governing from the central all the way down, even to the lowest levels of government.

- Great, well thank you for going on longer than we had planned. Very interesting. And I'm really looking forward to reading the book when it comes out . And I'm sure everyone here in the audience is as well. Winnie, do you wanna say any final words?

- Great, thank you both Kerry and Nara. Likewise, I look forward to reading your book, and thank you for coming to share your work and given the questions, and you see how much interest you have generated, and like Nara said, all of you please feel free to write to Kerry to further the conversation. So thank you very much for coming to today's seminar, and until next time, take care.

- Thank you so much for having me.

- Bye. Bye bye.

- Goodbye.

- Bye.

- Bye bye, thank you. Thank you, both of you, seriously.

- Thank you, Nara.

- Thank you.