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Tournament Style Bargaining within Boundaries: Setting Targets in China's Cadre Evaluation System

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ABSTRACT

Are evaluation targets negotiable in China's cadre evaluation system? If so, which ones and how are they negotiated? Little empirical work answers these questions, which reveals the reconciliation of political control with local governance considerations in a centralized system. This article bridges the literature on bureaucratic bargaining with that on the target responsibility system by examining intra-governmental bargaining in the performance target-setting process. In-depth interviews reveal a "tournament" logic of target-setting bargaining. Drawing on interviews and an original dataset of personnel rules, we conceptualize and classify performance targets based on their negotiability. The findings bring to light the presence of bargaining, albeit bounded, in the top-down rational-instrumental mechanism of the target responsibility system, and the intricate relationship between merit and personal connections in political selection.

Introduction

The Chinese bureaucratic system features prevalent bargaining behavior,¹ but the focus has been how bargaining changes policy implementation and outcomes, particularly among government units of the same administrative rank (i.e., horizontal bargaining). To what extent does bargaining occur in the setting of cadre evaluation targets, a process preceding policy implementation, that involves disparate ranks of government officials? Despite large literature on bureaucratic bargaining and the target responsibility system (TRS) in China, surprisingly little empirical work exists to answer these questions, and the two groups of literature remain largely disconnected. Evaluation results of target fulfillment are closely linked with leading cadres' promotion prospects and monetary compensation of rank-and-file officials. The high stakes involved should make bargaining particularly important, since bargaining happens most likely 'where tangible resources are at stake and the rules that govern decisions are not fixed and clear'. Meanwhile, local authorities have great autonomy in

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¹Studies on bargaining in Maoist-era China include David Bachman, *Bureaucracy, Economy, and Leadership in China: The Institutional Origins of the Great Leap Forward* (Cambridge: Cambridge University Press, 1991); Kenneth Lieberthal, and Bruce Dickson, *A Research Guide to Central Party and Government Meetings in China, 1949–1975* (Armonk, NY: M.E. Sharpe, 1989). Post-1980 bureaucratic bargaining is analyzed in David Lampton, 'A Plum for a Peach: Bargaining, Interest, and Bureaucratic Politics in China', in *Bureaucracy, Politics, and Decision Making in Post-Mao China*, ed. Kenneth G. Lieberthal and David M. Lampton (Berkeley: University of California Press, 1992), pp. 33–58; Kenneth Lieberthal, and Michel Oksenberg, *Policy Making in China: Leaders, Structures, and Processes* (Princeton: Princeton University Press, 1988). Examples of bureaucratic departmentalism and bargaining in the Soviet Union are discussed in Donna Bahry, *Outside Moscow: Power, Politics, and Budgetary Policy in the Soviet Republics* (New York: Columbia University Press, 1987); Jerry Hough and Merle Fainsod, *How the Soviet Union is Governed* (Cambridge: Harvard University Press, 1979).

deciding the content, points, and values of targets. Thus, according to this theoretical reasoning, bargaining should be prevalent in the process of setting evaluation targets. However, the process of target setting, including bargaining, remains understudied due to a lack of information.² Drawing on in-depth interviews and a unique dataset of formal personnel rules, this article extends the literature by revealing the complex process of intra-governmental bargaining in setting TRS targets and by differentiating targets on the basis of their negotiability.

Scholarship on China's policy-making and bureaucratic behavior has long coalesced into two competing camps.³ One camp focuses on the power of leaders or factions and the top-down control by the party-state through various means, including ideological indoctrination,⁴ and a *nomenklatura*-based personnel management system.⁵ The second camp depicts policy formulation and implementation as shaped by the fragmentation of, and extensive horizontal bargaining between, bureaucratic units.⁶ The institutional fragmentation also creates space for policy entrepreneurs to promote their own interests or policy agendas.⁷ While both views have merit, scholars argue that they miss important dynamics of Chinese bureaucratic behavior and have started to adopt a more balanced third view. For example, central leaders are found to willingly trade away some degree of control to ensure responsive governance and accommodate local interests in personnel appointments.⁸ The center sends vague signals in the form of slogans, to which subordinate officials must demonstrate responsiveness through policy outcomes.⁹ Such a mechanism creates institutionalized uncertainty and 'provides some flexibility and negotiating space as to how subordinate officials may respond'.¹⁰ This more balanced view implies the presence of and invites more nuanced research on bargaining between different levels of government.

Existing studies on contemporary Chinese politics show how lower-level governments with much less bargaining power improvise various tactics, such as using mass protests as a bargaining chip, to enhance their bargaining positions.¹¹ Looking at the classic literature regarding political bargaining also casts doubt on restricting the analytic scope of bureaucratic bargaining to horizontal bargaining, and 'some basic level of interdependency is a necessary condition for bargaining'.¹² On the one hand, the lower-level government depends on policy tools and funds granted by higher-level authorities to generate effective governance. On the other hand, the emphasis on performance legitimacy in the party state renders the cooperation from lower-level government in implementing policies crucial because upper-level government and leaders are ultimately evaluated and promoted

²Jie Gao, 'Governing by Goals and Numbers: A Case Study in the Use of Performance Measurement to Build State Capacity in China', *Public Administration and Development* 29, (2009), pp. 21–31; 马亮, [Liang Ma] '官员晋升激励与政府绩效目标设置——中国省级面板数据的实证研究' ['Promoting Incentive of Government Officials and Government Performance Target-Setting: An Empirical Analysis of Provincial Panel Data in China'], *公共管理学报* [Gonggong guanli xuebao] 10(2), (2013), pp. 28–39.

³Qiang Zhi, and Margaret Pearson, 'China's Hybrid Adaptive Bureaucracy: The Case of the 863 Program for Science and Technology', *Governance* 30(3), (2017), pp. 407–424; Jane Duckett, 'International Influences on Policy Making in China: Network Authoritarianism from Jiang Zemin to Hu Jintao', *China Quarterly* 237, (2019), pp. 15–37.

⁴Rothstein Bo, 'The Chinese Paradox of High Growth and Low Quality of Government: The Cadre Organization Meets Max Weber', *Governance* 28(4), (2015), pp. 533–548.

⁵Pierre Landry, *Decentralized Authoritarianism in China: The Communist Party's Control of Local Elites in the Post-Mao Era* (Cambridge University Press, 2008); Hongbin Li, and Li-An Zhou, 'Political Turnover and Economic Performance: The Incentive Role of Personnel Control in China', *Journal of Public Economics* 89(9), (2005), pp. 1743–1762.

⁶Kenneth Lieberthal and David Lampton, eds., *Bureaucracy, Politics, and Decision Making in Post-Mao* (Berkeley: University of California Press, 1992).

⁷Andrew Mertha, 'Fragmented Authoritarianism 2.0: Political Pluralization in the Chinese Policy Process', *The China Quarterly* 200, (2009), pp. 995–1012.

⁸David Bulman and Kyle Jaros, 'Loyalists, Localists, and Legibility: The Calibrated Control of Provincial Leadership Teams in China', *Politics and Society* 48(2), (2020), pp. 199–234.

⁹Qiang Zhi, and Margaret Pearson, 'China's Hybrid Adaptive Bureaucracy: The Case of the 863 Program for Science and Technology', *Governance* 30(3), (2017), pp. 407–424.

¹⁰Ibid, p. 407.

¹¹Xiao Ma, 'Consent to Contend: The Power of the Masses in China's Local Elite Bargain', *China Review* 19(1), (2019), pp. 1–29; Ching Kwan Lee, and Yonghong Zhang, 'The Power of Instability: Unraveling the Microfoundations of Bargained Authoritarianism in China', *American Journal of Sociology* 118(6), (2013), pp. 1475–1508.

¹²Gideon Doron and Itai Sened, *Political Bargaining: Theory, Practice, and Process* (Sage Publications Ltd, 2001), p. 7.

based on the policy outcomes in their jurisdiction. Although the lower-level authorities do not have veto power over higher-level authorities, as discussed below, higher-level government officials still rely on lower-level governments who have more on-the-ground expertise, information, and experience to avoid governance outcomes that could jeopardize their career prospects, including social tensions and economic stagnation. This performance interdependency makes the higher-level government willing to make compromises and thus make possible 'vertical bargaining'.

As to the understudied target-setting process,¹³ TRS, aside from control, also serves as a two-way channel of feedback and communication between higher and lower levels of administration, which implies some bargaining space as to how target values are finalized.¹⁴ Local leaders who still have promotional prospects are found to be more attentive to target evaluation results than those at the end of career,¹⁵ and locally promoted officials are more aggressive than transferred officials in setting economic targets to cultivate a positive impression from their superiors.¹⁶ However, whether and how these 'promotional' officials make endeavors to shape the targets to their career benefit remains far from clear. Only Kostka briefly mentions local governments' attempts to negotiate on their targets.¹⁷ Built on existing literature, this article focuses on the unnoticed intra-bureaucratic bargaining process in setting target values.

This article makes several contributions. First, it contributes to the field by showing that even within the target responsibility system, a key control mechanism in the party-state,¹⁸ there exists a certain level of negotiation. Researchers admit their coexistence, yet implicitly treat top-down control mechanisms and bargaining dynamics as two distinct dimensions largely independent from each other. This article shows how intra-government bargaining takes place within the top-down personnel system. In a unitary system where power is centralized, higher-level authorities ultimately depend on lower-level government to govern effectively and therefore willingly allow vertical bargaining to a certain degree. Even the implementation of the highly prioritized veto-targets (*yipiao foujue zhibiao*) leaves some space for discretion at local levels.¹⁹ This article offers broader insights about how the party state reconciles top-down control with local governance and uncovers negotiation and bottom-up inputs in setting performance targets.

¹³Most scholarly attention on Chinese cadre evaluation system is devoted to the strategic responses to fulfilling targets, such as selective policy implementation, data manipulation, and collusive behaviors. See Jie Gao, 'Governing by Goals and Numbers: A Case Study in the Use of Performance Measurement to Build State Capacity in China', *Public Administration and Development* 29, (2009), pp. 21–31; Jie Gao, 'Pernicious Manipulation of Performance Measures in China's Cadre Evaluation System', *China Quarterly* 223, (2015), pp. 618–637; Genia Kostka, 'Command without Control: The Case of China's Environmental Target System', *Regulation and Governance* 10(1), (2016), pp. 58–74; Jiayuan Li, 'The Paradox of Performance Regimes: Strategies Responses to Target Regimes in Chinese Local Government', *Public Administration* 93(4), (2015), pp. 1152–1167; Xuegang Zhou, 'The Institutional Logic of Collusion among Local Governments in China', *Modern China* 36(1), (2010), pp. 47–78; Kevin O'Brien, and Lianjiang Li, 'Selective Policy Implementation in Rural China', *Comparative Politics* 31(2), (1999), pp. 167–186.

¹⁴Thomas Heberer, and René Trappel, 'Evaluation Processes, Local Cadres' Behaviour and Local Development Processes', *Journal of Contemporary China* 22(84), (2013), pp. 1048–1066.

¹⁵Ibid.

¹⁶马亮, [Liang Ma] '官员晋升激励与政府绩效目标设置——中国省级面板数据的实证研究' ['Promoting Incentive of Government Officials and Government Performance Target-Setting: An Empirical Analysis of Provincial Panel Data in China'], *公共管理学报*[*Gonggong guanli xuebao*] 10(2), (2013), pp. 28–39.

¹⁷Genia Kostka, 'Command without Control: The Case of China's Environmental Target System', *Regulation and Governance* 10(1), (2016), pp. 58–74.

¹⁸Maria Edin, 'State Capacity and Local Agent Control in China: CCP Cadre Management from a Township Perspective', *The China Quarterly* 173, (2003), pp. 35–52; Maria Heimer, 'The Cadre Responsibility System and the Changing Needs of the Party', in *The Chinese Communist Party in Reform*, eds. Kjeld Erik Brodsgaard and Yongnian Zheng (London: Routledge, 2006), pp. 122–138; Pierre Landry, *Decentralized Authoritarianism in China: The Communist Party's Control of Local Elites in the Post-Mao Era* (Cambridge University Press, 2008); Melanie Manion, 'The Cadre Management System, Post-Mao: The Appointment, Promotion, Transfer and Removal of Party and State Leaders', *The China Quarterly* 102, (1985), pp. 203–233.

¹⁹Xiao Ma, 'Consent to Contend: The Power of the Masses in China's Local Elite Bargain', *China Review* 19(1), (2019), pp. 1–29; Ching Kwan Lee, and Yonghong Zhang, 'The Power of Instability: Unraveling the Microfoundations of Bargained Authoritarianism in China', *American Journal of Sociology* 118(6), (2013), pp. 1475–1508.

Second, this article offers a new classification of performance targets. Scholars often differentiate performance targets into hard and soft ones based on whether the target is quantifiable or its importance for promotion.²⁰ This article proposes a more nuanced conceptualization by looking at the *negotiability* of the target. Policy priority of the upper-level government, authority fragmentation in the issue area, financial considerations, and information on target implementation are all possible factors underlying the negotiability of a target. This conceptualization thus attempts to provide a new angle and introduces new analytic elements in examining the institutional environment that structures bureaucratic behavior. Through a content analysis of evaluation targets and a preliminary statistical analysis, this article identifies which targets are more negotiable than others in their values.

Third, this article advances the understanding of the intricate relationship between merit and personal connections in authoritarian settings. Scholars remain divided about which is the key to Chinese officials' promotion. Some scholars find merit, such as economic performance, of paramount importance, especially at lower levels of government.²¹ Other scholars find personal connections to be more important.²² A few scholars argue personal connections and performance complement each other in the political selection,²³ playing different roles depending on the official's career stage and educational background,²⁴ and that performance itself is partly endogenous to political connections.²⁵ This article provides a synergic perspective by examining how personal connections help local officials shape the formal personnel institution by affecting the target setting in TRS. Instead of suggesting merit and connections are separate from each other, this article shows political connections can work through, rather than against, the formal meritocratic evaluation institutions by maneuvering intra-governmental bargaining in target-setting.

This article draws on 27 in-depth interviews with local government officials directly participating in cadre evaluation target setting in the eight Chinese provinces of Beijing, Guangdong, Guizhou, Hunan, Jiangsu, Jiangxi, Sichuan, and Shaanxi (see [Appendix A](#)), and a content analysis of evaluation targets for municipal leaders in Hunan province from 2011 to 2015. The rest of article proceeds as follows: Section II describes the institutional setup and draws on in-depth interview to reveal the sophisticated calculations underlying intra-governmental bargaining in target-setting. Section III develops a typology of performance targets based on their bargaining room and employs preliminary statistical analyses to demonstrate which targets are more negotiable. Section IV concludes with a discussion of implications for understanding bureaucratic behavior and political selection.

The Bargaining Process in Setting TRS Target Values

Introduced in the mid-1980s, TRS is a set of personnel rules regarding evaluation targets as well as the rewards and punishments attached to evaluation results. A typical TRS form is composed of the content, values, and weights assigned to each target.²⁶ The following analyses focuses on TRS at the provincial level, which deeply shapes policymaking and bureaucratic behavior at the municipal level.

²⁰Graeme Smith, 'Measurement, Promotions and Patterns of Behavior in Chinese Local Government', *Journal of Peasant Studies* 40(6), (2013), pp. 1027–1050; Mayling Birney, 'Decentralization and Veiled Corruption under China's 'Rule of Mandates'', *World Development* 53, (2014), pp. 55–67; Maria Edin, 'State Capacity and Local Agent Control in China: CCP Cadre Management from a Township Perspective', *The China Quarterly* 173, (2003), pp. 35–52.

²¹Pierre Landry, Xiaobo Lü, and Haiyan Duan, 'Does Performance Matter? Evaluating Political Selection Along the Chinese Administrative Ladder', *Comparative Political Studies* 51(8), (2018), pp. 1074–1105.

²²Victor Shih, Christopher Adolph, and Mingxing Liu, 'Getting Ahead in the Communist Party: Explaining the Advancement of Central Committee Members in China', *American Political Science Review* 106(1), (2012), pp. 166–187.

²³Ruixue Jia, Masayuki Kudamatsu, and David Seim, 'Political Selection in China: The Complementary Roles of Connections and Performance in Political Selection in China', *Journal of the European Economic Association* 13(4), (2015), pp. 631–668.

²⁴Liang Ma, Huangfeng Tang, and Bo Yan, 'Public Employees' Perceived Promotion Channels in Local China: Merit-based or Guanxi-orientated?', *Australian Journal of Public Administration* 74(3), (2015), pp. 283–297.

²⁵Junyan Jiang, 'Making Bureaucracy Work: Patronage Networks, Performance Incentives, and Economic Development in China', *American Journal of Political Science* 62(4), (2018), pp. 982–999.

²⁶See [Appendix B](#) for an example.

The Process of Target-Setting and Recent Changes

The setting of TRS targets often starts with collecting self-set targets by lower-level governments.²⁷ Since 2004, some provinces have gradually established Provincial Offices of Targets and Performance²⁸ (POTP) in charge of the evaluation criteria for subordinate city governments. The POTP has two functions: to make performance evaluation criteria for provincial- and municipal-level government departments (usually between February and August), and to evaluate municipalities' annual performance at the end of a fiscal year. Under the jurisdiction of the party organization department or the general office of the provincial government, the POTP reports directly to the provincial standing committee of the Chinese Communist Party (CCP). The leading small group of the POTP includes the party standing committee members and heads of key provincial government departments. The self-set targets will first be submitted to individual provincial government departments for review and then are sent to the POTP for finalization.²⁹

Evaluation targets are set with consideration to three factors. The first is central policy initiatives, of which the most important one is the national five-year plan. Cadre evaluation criteria will undergo a major change when a new five-year plan is announced.³⁰ However, while the central government provides and adapts guidelines for general evaluation criteria of local leaders,³¹ it also grants autonomy to provincial governments in making concrete TRS metrics. The second factor is the preference of individual provincial leaders. For example, an interviewee mentioned, 'when Guizhou province had a new leader in 2012, the new leader developed a unique slogan for Guizhou's development—development plus environment ... Previous provincial leaders had focused on industrial development. Since the new leader came, environment protection started to enter Guizhou's cadre evaluation criteria, including high targets for forest preservation, river preservation, air quality, and natural resources preservation, and so forth.'³² The third factor for setting target values is last year's target values. In general, a province would like to make some progress each year but may avoid too much progress that could increase workload.

After considering these factors against the self-set targets submitted by municipal governments and individual provincial government departments' review comments (*shenhe yijian*), the POTP gives revision suggestions before finalizing the targets. The POTP also decides on the weight of each specific target, which signals the policy priority of the provincial government. After setting the targets and their respective weights, the POTP distributes these targets to individual provincial-level government departments. Once provincial departments receive their targets, they devise more specific targets for each city in the province and notify the city governments of the targets they are responsible for. The city government collects all these targets from all the provincial government departments, and then distributes them to individual city-level government departments.

The process of making evaluation criteria is illustrated in [Figure 1](#).

As China has entered a new era since 2013, negotiation room for targets seems to have polarized depending on the targets. A key change is that political loyalty became increasingly prominent in the evaluation and promotion of local officials, particularly after a new regulation

²⁷Thomas Heberer, and René Trappel, 'Evaluation Processes, Local Cadres' Behaviour and Local Development Processes', *Journal of Contemporary China* 22(84), (2013), pp. 1048–1066.

²⁸Chinese names for this office vary across provinces. For example, it is called POTP office affiliated with provincial government (省人民政府直属目标绩效办公室) in Guizhou, provincial POTP committee (省人民政府目标绩效管理委员会) in Sichuan, and POTP committee (省绩效评估委员会) in Hunan (also see who sits on this committee from http://www.czs.gov.cn/html/zwgk/fggw/14941/content_753288.html, accessed December 2019).

²⁹See accessed September 5, 2017, <http://www.sxkh.gov.cn/zcwj/297.jhtml>.

³⁰For example, when the 12th five-year plan for 2011–2015 was announced, the central government added two new initiatives. First is anti-corruption, and the second is environmental protection. Following this new central initiative, provincial governments gradually added new targets on environmental protection into TRS.

³¹Cai (Vera) Zuo, 'Promoting City Leaders: The Structure of Political Incentives in China', *The China Quarterly* 224, (2015), pp. 955–984.

³²Interview with a provincial-level official in Sichuan province (Interview #G16S011).

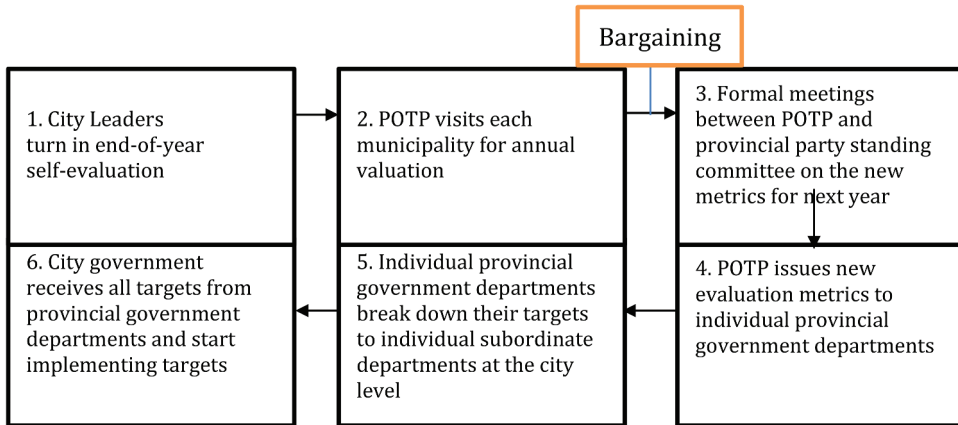


Figure 1. The process of making evaluation criteria

on evaluation came out in 2019.³³ An interviewee commented, ‘we are now primarily evaluated on our political loyalty to the party. All other evaluation targets are secondary to that.’³⁴ A main part of the ‘loyalty’ emphasis is that one should not lie to the upper-level government. Two opposite trends in negotiation room for targets emerge as a result. On the one hand, for some growth-related targets that previously experienced data manipulation and inflation of target values as the administrative hierarchy goes down (*cengceng jiama*), including GDP, GDP growth, and investment attraction targets, local governments at different levels are prohibited from setting values for these targets.³⁵ Also, some environmental target values originally set by the municipal government departments for subordinate counties, such as air quality, are now decided by the provincial government,³⁶ depriving local governments of any negotiation room on these targets. On the other hand, negotiation room for other targets seems to have increased, such as employment and agriculture output. An official mentioned, ‘faking data and manipulating policy outcomes have worse consequences for local government officials now—it would signal lack of loyalty. Therefore, no upper-level officials would want them to have unrealistic [policy] goals and push them to those behaviors [i.e. data fabrication], it would be disloyal ... target values need to be “communicated” now to be realistic. Maybe before 2012 there was less listening [from the upper-level officials], but there is more listening now. For example, we have to listen to the lower-level government on setting employment growth, otherwise it [implementation] could go wrong.’³⁷ Similarly, officials in charge of agriculture expressed a similar change in negotiation room after 2013. One city official in charge of agriculture mentioned, ‘nowadays, seeking truth from facts (*shishi qiushi*) is more important than ever. I tell them [provincial government] what we can and cannot achieve, and they listen when making policy goals ... they worry about pushing us too hard.’³⁸

³³中共中央办公厅[The Office of the Central Committee of the Chinese Communist Party], ‘党政领导干部考核工作条例’[‘2019 Regulation on Evaluation of Party and Government Leading Cadres’], April 2019, accessed December 15, 2020, http://www.xinhuanet.com/2019-04/21/c_1124395835.htm.

³⁴Interview with a city-level official in Guizhou province (Interview #G36S64).

³⁵Interview with a city-level official in Jiangxi province (Interview #JX20Y02).

³⁶Ibid.

³⁷Interview with a provincial-level official in Guizhou province (Interview #G73S48).

³⁸Interview with a city-level official in Guizhou province (Interview #G36S64).

Negotiations in Setting Targets: Who, When, and How

Instead of being exogenous to local officials' networks and capability, some performance targets are endogenous to local officials' political ability in mobilizing support from the upper-level authorities. These targets are often negotiated to the advantage of local leaders, making them not so much of a constraint but rather an indicator of how politically savvy these local leaders are. The careers of city party secretaries and mayors are closely tied to how relatively well their cities achieve performance targets.³⁹ Such a tournament-style evaluation and selection process generates strong incentives to bargain with the provincial government for easier targets to compete with other municipalities in the same province, especially for politically ambitious city leaders. In addition to promotion motivations, bargaining also takes place when the top-down targets are too difficult to fulfill. As indicated by one official, 'it [bargaining] also depends on whether the assigned tasks are realistic. We try to tell the upper level if something is not realistic and we cannot do it. It looks bad, but not being able to achieve the target is even worse.'⁴⁰ Similarly, another official commented, "our annual targets on demolition of illegal buildings are easy to fulfill and thus we do not need to bargain with higher-level authorities."⁴¹

Bargaining is done through both formal and informal approaches. Formally, consultation with municipal leaders on TRS is required before finalizing the targets. City governments are asked at the end of each year to provide feedback on last year's performance target setting, so the POTP can adjust targets and criteria for the upcoming year. The purpose of formal consultation is to make sure the target setting process is 'scientific' rather than arbitrary, providing the POTP with enough information on targets.⁴² However, formal consultation is widely considered to be for show. As a local official said, 'you can't say they [the province] officially "consulted with" us, it's all just talking between us and them'.⁴³ And another official explained why formal consultation is not usually used: 'Targets are set before they are "set" [formally]. If we negotiate for ourselves at a formal meeting for targets, it will make leaders [of different municipalities] fight each other. You just don't do that in a formal venue.'⁴⁴ Formal bargaining also takes place after self-set targets are vetoed or revised by individual provincial government departments or the POTP. Municipal government officials then provide further and more detailed information to justify the original target value or make requests on a decent adjustment of the target value. However, the formal bargaining is usually a one-shot game with upper-level authorities either approving or denying the request.⁴⁵

With the formal channel of consultation considered less effective, informal bargaining on target values is used more. Out of the 27 interviews regarding cadre evaluation criteria, 17 mentioned that the target value is a product of negotiation between upper- and lower-level governments. Bargaining over the upcoming year's target values is where city leaders put in a lot of effort. A common venue for informal bargaining to take place is during subordinate units' reception of higher-level authorities' multiple on-site investigations (*diaoyan*) throughout the year.⁴⁶ Additionally, between steps 2 and 3 in Figure 1, cities intensely engage in informal bargaining which is, '... an important test of a municipal leader's political capability to influence the upper [provincial] government and to bargain for her municipality ... One's political wisdom and capability

³⁹In the formal procedure of evaluating a city party secretary, provincial leaders examine three independent sets of evaluations in deciding on a municipal leader's career: performance of the party secretary's ruling city based on cadre evaluation criteria; self-evaluation of the party secretary; and collective evaluation of the party secretary's performance by his colleagues, subordinates, and superiors.

⁴⁰Interview with a city-level official in Guizhou province (Interview #G7S503).

⁴¹Interview with a city-level official in Hunan province (Interview #H19C01).

⁴²Interview with a city-level official in Beijing (Interview #B16S021).

⁴³Interview with a provincial-level official in Jiangsu province (Interview #J16J142).

⁴⁴Interview with a provincial-level official in Guizhou province (Interview #G15F012).

⁴⁵周雪光, 练宏[Xueguang Zhou, Hong Lian] '政府内部上下级部门间谈判的一个分析模型——以环境政策实施为例' ['Bureaucratic Bargaining in the Chinese Government: The Case of Environmental Policy Implementation'], 中国社会科学 [Social Science in China] 5, (2011), pp. 80–96.

⁴⁶Interview with a city-level official in Jiangxi province (Interview #JX20Y01).

is shown in this process'.⁴⁷ In this step, in order to get favorable targets for their city, city leaders mobilize their 'umbrella' provincial leader(s), who is usually a provincial Party standing committee member and has decision-making power in setting city performance evaluation targets. However, bargaining is not restricted to the top city leaders. City leaders also instruct their subordinates—heads of city government departments—to bargain with the corresponding provincial departments. Bargaining over target values is a collective action of the party secretary, the mayor, and leaders of individual government departments. Top city leaders tend to bargain over targets that involve multiple city departments' work, such as fiscal and economic targets. But heads of individual city government departments also bargain with their provincial umbrella institutions for department-specific targets, such as social welfare targets. Specifically, bargaining focuses on the content and values of targets, including the absolute and relative values vis-a-vis other cities in the same province. Interviews find that the weight of each TRS target is impossible to negotiate over.

There is a prominent tournament calculation in setting performance targets for local governments at different levels. A municipal official commented, 'Prior to 2015, the provincial government looked at the neighboring province in setting the growth rate of investment, and always set the target just a little bit higher than that of the neighboring province. In setting and fulfilling our own targets, we closely follow the monthly data (issued by the provincial government) on the city whose ranking is just ahead of us and on the one chasing us. Although the target values for investment attraction are now abolished, as long as we are evaluated against other cities and the higher authorities rank us in order, this (tournament logic) will persist ... Local government departments bargain down the target values only to the extent that their rank order (*paiwei*) will not be affected.'⁴⁸ Specifically, the interviews reveal three common bargaining tactics.

Under-Promise, Over-Achieve

One of the most common bargaining strategies is to bargain down the targets with the purpose to over-achieve them. A city official in charge of labor policies provided an example: 'New job creation accounts for 4 points (out of 100) in the city's evaluation. We cannot lobby to change how many points this item accounts for in cadre evaluation, but the number of new jobs can be negotiated. If we were asked to create 30,000 new jobs for next year, because we created 20,000 last year, we will ask for a lower target of, for example, 25,000'.⁴⁹

Because of the tournament style of cadre evaluation, for city leaders, promotion not only lies in the absolute performance, but also in the city's ranking within the province in terms of the progress achieved. Therefore, when it comes to bargaining on evaluation targets, an important calculation of local leaders is the *relative* target value against competing cities. In this situation, a city has an advantage if it receives easier targets relative to other cities in the same province. The same official explained how bargaining over relative target values works: 'So we were asked to create 30,000 jobs, and we can actually do that. But if our competing city was only asked to create 22,000 jobs because they have a smaller population, it is likely this lower target will make it easier for them to show bigger progress than us next year, even though they are creating fewer new jobs in absolute terms. In this case, we will negotiate for a lower target in new job creation, like 25,000. But we will still aim for creating 30,000 jobs, because this way we will have a bigger improvement—a 50 percent increase from last year, and 20 percent above the target for new job creation. This will help us surpass our competing city and rank higher in the final evaluation on job creation.'⁵⁰

This bargaining strategy is similar to the gaming strategy of 'threshold effect' or 'hiding reserves' in policy implementation, where bureaucrats underperform on policies. As explained by Naughton,

⁴⁷Interview with a city-level official in Guizhou province (Interview #G167W102).

⁴⁸Interview with a city-level official in Jiangxi province (Interview #JX20Y01).

⁴⁹Interview with a provincial-level official in Guizhou province (Interview #G16S012).

⁵⁰Ibid.

‘in ordinary times this bargaining takes the form of “hiding reserves.” Lower-level units wish to conceal capacity from their superiors in order to obtain plans that are easy to fulfill. In that way, they can be assured of a quiet life and an adequate income.’⁵¹ While also trying to hide the true capacity to implement policy, bargaining down on evaluation targets serves an entirely opposite purpose. Unlike bargaining to ease workload or prevent more demanding policy targets in the future, under-promising on evaluation targets does not mean less policy implementation efforts. Instead, it allows local officials to show greater achievement than they otherwise could. Since the promotion of city leaders often depends on whether a city makes greater progress than other cities, showing greater achievement with the same amount of effort then becomes the most efficient way to stand out in the competition with other city leaders.

‘Under-promise, over-achieve’ is especially common for well-developed cities, as it is usually harder for them to achieve faster growth than less developed cities. Bargaining down the target values relative to other cities will give developed cities more advantages in competition with their fellow cities in the same province.

Target Reframing

Target reframing is another common bargaining strategy adopted by lower-level units. It is a particularly useful strategy when it comes to inflexible targets that do not take into consideration local conditions. On some occasions, in the top-down allocation of targets, all cities in the same province receive the same targets that they cannot negotiate but also cannot necessarily fulfill. For example, once the central five-year plans started to stress environmental protection, a province added ‘ecological protection’ into its evaluation criteria, using the size of natural wetland, green land, woods, and mountain regions as targets. But several cities in the province depend on industrialization for economic growth and have little ‘nature’ left anymore. In one city, the city leader successfully convinced the upper-level government that any land covered in lawn without buildings on top should be counted as ecological protection, and the city managed to count golf courses under the target of ‘ecological protection’.⁵²

The essence of target reframing is to make unique local features ‘count’ in cadre evaluation. It is a bottom-up process for local officials to attempt to make targets reflect local conditions that are often ignored in the targets. Reframing is also an alternative to bargaining on adding new targets into the evaluation system, which could induce grievances from other cities that cannot fulfill those targets. Therefore, reframing only happens within the existing target categories and on a case-by-case basis.

One local official provided a detailed example of this rationale: ‘Technology innovation is an evaluation target for all cities. However, what counts as technology innovation can be negotiated’.⁵³ ‘If a city has an upcoming project in upgrading public transportation, but the targets for next year do not include measures of public transportation, the city leaders will then negotiate for adding a component of public transportation into the target system under the category of “urban construction”’.⁵⁴ It is difficult, if not impossible, to have the province add this extra target for all cities in the province, because it could cause grievances and complaints from other cities without the same condition. Therefore, on most occasions, the extra target is incorporated only into the bargaining city’s targets, allowing these cities to focus on what they already planned to do or what they are good at. In the above example, urban construction accounts for 5 points in the city’s evaluation scheme, and adding public transportation upgrades into these 5 points relieves the city from fulfilling some other

⁵¹Barry Naughton, ‘Hierarchy and the Bargaining Economy: Government and Enterprise in the Reform Process’, in *Bureaucracy, Politics, and Decision Making in Post-Mao China*, ed. Kenneth G. Lieberthal and David M. Lampton (Berkeley: University of California Press, 1992), p. 248.

⁵²Interview with a city-level official in Guangdong province (Interview #G20P07).

⁵³Interview with a provincial-level official in Jiangsu province (Interview #J16J141).

⁵⁴Interview with a county-level official in Guangdong province (Interview #G15SS092).

urban construction targets shared with all the other fellow cities. It also makes the relevant city government department easier to stand out in the annual performance evaluation.

Risk Minimization

The third common bargaining strategy is *risk minimization*. The Chinese government often launches policy campaigns to achieve policy goals, where the upper-level authorities employ massive mobilization of resources to achieve a well-specified policy target within a defined and relatively short period of time. The heightened pressure imposed on local officials by these campaigns, coupled with improvement in information gathering in the reformist era, pushes local officials to pursue the risk-minimization strategy in setting targets.

For example, in the poverty alleviation campaign (2014-2020) in China, provincial governments not only set a target of the number of households to be lifted out of poverty, but they also designate the means to lift these households out of poverty. In S province, the provincial government designated several poverty-alleviation industries and an assigned specific number of households to be lifted out of poverty by participating in each industry. These targets are then assigned to cities through TRS. While these industries all have some basis in the province, local officials perceive them as having different risk levels for target fulfillment and prefer industries that bear lower risks.

A municipal official in charge of poverty alleviation explains these concerns in detail, 'the province has set a clear target on how many households shall be lifted out of poverty this year. In disaggregating into more concrete targets, such as *industrialization for poverty alleviation* (*chanye fuping*), we will try to increase the number of households lifted out of poverty by having them join the "safer" rural co-operatives, such as the photovoltaic industry. As long as the electricity is integrated into the state grid, it will secure a steady income for the village because state-owned electricity enterprises will pay the electricity bill. So, this guarantees a dividend to be distributed to poor households that participate in the photovoltaic co-operatives in the short run. But for some agriculture products, including tea or fruits, it takes three to five years to grow and yield income. The price is dependent on market supply and demand at the time of sale. There is a risk of poor sales. Therefore, we are inclined to lower the targets on the number of poor households in these agricultural crops co-operatives if the local condition is suitable for developing the photovoltaic industry.'⁵⁵ City leaders in charge of poverty alleviation campaigns are incentivized to bargain over the specific types of industries for poverty alleviation. The bargaining is usually about re-assigning the number of households to be lifted out of poverty to 'safer' industries that have a higher chance in delivering poverty alleviation results. Unlike the strategy of *target reframing*, the goal of risk minimization is not to utilize local comparative advantage, but to minimize the risk of not being able to fulfilling targets in the campaign-style policy enforcement.

Allowing Bargaining, within Boundaries

Why are the upper-level governments willing to negotiate on policy targets? The first factor is information constraints. It is often difficult for the upper-level government to know the exact capacity of lower-level governments to reach certain policy goals, and such information is often delayed if at all available.⁵⁶ A second and related factor is that upper-level officials do not want to risk their own careers by setting overly high policy targets that are unattainable. In other words, the upper-level officials have the same incentive of blame avoidance observed in bureaucrats across various contexts.⁵⁷ Unrealistic policy targets can negatively affect upper-level officials in two ways.

⁵⁵Interview with a city-level official in Shaanxi province (Interview #S18Y01).

⁵⁶Ning Leng, 'Visible Development First: The Political Economy of Restructuring China's Public Service Sectors' (Ph.D. diss., University of Wisconsin–Madison, 2018).

⁵⁷Kent Weaver, 'The Politics of Blame Avoidance', *Journal of public policy* 6(4), (1986), pp. 371–398.

First, if the target is set too high and the local governments cannot achieve the goals and honestly report unfulfilled policy targets, it could make the provincial officials look incapable to their superiors. Second, if the unrealistically high policy targets push local officials to fake data and manipulate policy outcomes through various gaming strategies, the provincial officials who set the policy targets might eventually be punished due to the performance interdependency between upper and lower level officials.

As a provincial-level official explains, 'the upper-level government certainly wants them [local officials] to achieve higher policy goals, but they also do not want to push the local governments too hard, otherwise they might fabricate data or fake policy outcomes. That way the upper-level government will eventually be negatively affected.'⁵⁸ A city-level agriculture official explains with the same logic, 'we had this fishing industry, and one year the target set for fresh-water fish produce was 50,000 tons. Originally the province wanted to set it at 75,000 tons, but we told them honestly that this would be impossible, because most of the fish ponds in our constituency rely on natural water bodies. Therefore, if natural conditions are not favorable, we won't be able to provide even 50,000 tons of fish. If they [the province] push us too hard, the local officials might be forced to buy fish to fill the policy target. Once the province heard that, they no longer insisted on 75,000 tons.'⁵⁹

However, 'not everything can be negotiated, otherwise no one will listen to the [provincial] leaders.'⁶⁰ Bargaining takes place within boundaries. The centralized nature of the Chinese political system constrains bargaining room and bargaining outcomes, which are shaped by higher-level officials' preferences and their information capacity around certain policy areas. Allowing negotiation does not mean the Chinese cadre management is becoming a 'self-evaluating organization'⁶¹ where the local governments learn and improve local governance through self-evaluation whose results are open to public critique. Evaluation in China largely remains a means of top-down control. 'You can have all kinds of calculations in setting the targets, but whether they will be approved or not, it is up to the higher-level authority.'⁶² There is less room for negotiation when the higher-level authority has a strong priority to achieve certain policy goals.⁶³ For example, as pollution control becomes a high policy priority, the negotiation room around pollution control targets shrinks. A municipal official provides an example: 'My subordinate counties are complaining about the air quality targets (percent of days having up-to-standard air quality) that are set too high and give them too much pressure. However, the province requires that the environment should only get better but not worse, so we can do nothing about the complaint.'⁶⁴

In addition to upper-level governments' policy priorities, information is another parameter that contributes to bargaining power.⁶⁵ For some policy targets, the upper-level governments possess sufficient information on policy implementation at the local level, making these policy targets harder to negotiate upon. A good example would be the veto target of 'maintaining social stability', referring to the number of protests, other public security incidents, and related civilian casualties allowed to happen each year. Since handling protests and 'maintaining social stability' often requires the deployment of the Armed Police Force directly controlled by the provincial authority, it is almost impossible for the local governments to hide large-scale protests and casualties from the upper-level

⁵⁸Interview with a provincial-level official in Guizhou province (Interview #G73S48).

⁵⁹Interview with a city-level official in Guizhou province (Interview #G36S64).

⁶⁰Interview with a city-level official in Guizhou province (Interview #G167W102).

⁶¹Aaron Wildavsky, *Speaking Truth to Power* (Transaction Publishers, 1987).

⁶²Interview with a city-level official in Hunan province (Interview #H19X01).

⁶³周雪光, 练宏 [Xueguang Zhou, Hong Lian] '政府内部上下级部门间谈判的一个分析模型——以环境政策实施为例' ['Bureaucratic Bargaining in the Chinese Government: The Case of Environmental Policy Implementation'], *中国社会科学* [Social Science in China] 5, (2011), pp. 80–96.

⁶⁴Interview with a city-level official in Jiangxi province (Interview #JX20Y02).

⁶⁵Barry Naughton, 'Hierarchy and the Bargaining Economy: Government and Enterprise in the Reform Process', in *Bureaucracy, Politics, and Decision Making in Post-Mao China*, ed. Kenneth G. Lieberthal and David M. Lampton (Berkeley: University of California Press, 1992), pp. 245–282.

government.⁶⁶ The higher-level authorities, therefore, have relatively complete information on the risks of mass incidents in a certain geographic area when setting the targets. It is almost impossible for local governments to bargain on changing the specific values of this veto target.

A rigorous concept should be operationalizable. In the following section, we propose a strategy to measure negotiability in light of interview findings. Several interviewees mentioned the relative stability of cities' ranking on targets after the provincial five-year plan and the development focus (*fazhan zhongxin*) of each city is finalized.⁶⁷ Therefore, a dramatic and sudden change in cities' ranking on target values might indicate the success of bargaining due to a change in the leadership of the government department, updated information, or a change in circumstances, among other things. Frequent occurrence of successful bargaining in certain issue areas suggests that the targets of these issues are more negotiable. After establishing the measurement, we are able to identify which targets are more negotiable. We further demonstrate how target negotiability is conceptually and empirically distinguishable from policy priority and how negotiability constitutes a new dimension that can improve our understanding of variant bureaucratic responses to top-down policymaking.

Measuring Target Negotiability

This article utilizes TRS targets in Hunan province to detect the pattern of target negotiability. Unlike target points, consistent data on evaluation target values is extremely difficult to find. Hunan province has the most comprehensive and consistent data on the value of over a dozen TRS targets publicly available between 2011 and 2015,⁶⁸ which coincides with the 12th five-year plan, without experiencing any major central policy changes. For some targets, municipalities receive constant target values relative to other municipalities in the province. But for other targets, cities' ranking in target values fluctuates more frequently.

If every city gets an equal value for a certain target, it is unlikely to be the result of bargaining. Veto targets are the ones usually equally applied to all cities, and they are the most non-negotiable ones according to all interviewees. At the other end of the spectrum, if target values vary greatly across localities, it may be driven by large variation in local conditions and/or differences in bargaining potential. As shown in Figure B1 in Appendix B, out of the 25 targets that have information on target values, there is no target that has identical values for all cities. Some economic targets, such as FDI and exports and imports, have large variations across cities. The least varying targets include population growth and urban wastewater treatment rate. However, the variation in absolute values of targets can be caused by variation in local conditions, thus it is weak in predicting the occurrence of bargaining or negotiability of targets. For the 17 targets that have values for at least two years for all the cities, changes of cities' relative ranking in target values are used to capture the possibility of negotiation.

Using Longitudinal Variation in Ranking to Measure Negotiability

As shown in the sixth column of Table 1, cities' rankings in received target value (hereafter called '*target value ranking*') within a province demonstrate more frequent changes for some targets but not for others. The actual observed change in ranking divided by the largest possible count of year-to

⁶⁶Ning Leng, 'Visible Development First: The Political Economy of Restructuring China's Public Service Sectors' (Ph.D. diss., University of Wisconsin–Madison, 2018).

⁶⁷Interview with a city-level official in Shaanxi province (Interview #S18Y01); Interview with a city-level official in Hunan province (Interview #H19X01); Interview with a city-level official in Hunan province (Interview #H19C01).

⁶⁸Internal documents in multiple years (2011–2015). 湖南省绩效评估委员会办公室 [The Office of Hunan Provincial Performance Evaluation Committee], '湖南省绩效评估委员会关于印发《xxxx年市州政府绩效评估指标》的通知' [Notice of Performance Evaluation Indicators for City-level Governments Issued by the Hunan Provincial Performance Evaluation Committee].

Table 1. Target negotiability, Hunan province

Target Items	Priority/ Importance: average target points (out of 1,000 points)	Longitudinal variation in ranking			Degree of Variation	Negotiability
		No. of cities with change in ranking	Range of change in ranking	Frequency of change in ranking		
1. Urban Shanty Town Transformation 2011-2013	3.5	14	(-6,8)	0.93 (26/28)	most varying	highest
2. New Public Rental Housing 2011,2013	3.5	13	(-7,4)	0.93 (13/14)		
3. Maternity Insurance 2011-2014	1.7	11	(-3,5)	0.79 (11/14)		
4. Industrial Water Consumption 2011-2013	4.9	13	(-4,7)	0.79 (22/28)		
5. Standard-reaching of Water Function Zones 2011-2013	4.4	13	(-2,7)	0.61 (17/28)		
6. Unemployment Insurance 2011-2012, 2015	1.7	11	(-7,3)	0.57 (16/28)		
7. Work Injury Insurance 2011-2012, 2014-2015	1.7	11	(-4,4)	0.57 (16/28)		
8. Health Insurance for Employees 2011-2012, 2014-2015	1.7	11	(-4,3)	0.50 (14/28)		
9. Urban Wastewater Treatment Rate 2012-2013	3.4	10	(-3,3)	0.71 (10/14)		
10. Imports & Exports 2011-2015	15.5	11	(-3,3)	0.44 (23/52)		
11. Urban Refuse Treatment Rate 2012-2013	3.4	6	(-6,5)	0.43 (6/14)		
12. Control of Pollution Sources 2012-2013	4	6	(-1,1)	0.43 (6/14)		
13. Enterprise Pension Funds 2011-2015	1.7	11	(-5,4)	0.38 (21/56)		
14. Shutdown of Pollution Projects 2012-2013	4	2	(-1,1)	0.14 (2/14)		
15. Domestic Investment 2012-2015	11.4	3	(-1,1)	0.14 (6/42)	least varying	lowest
16. Fiscal Subsidy to Enterprise Pension Funds 2012-2015	5.3	4	(-2,0)	0.10 (4/42)		
17. FDI 2011-2015	8.8	2	(-1,1)	0.07 (4/56)		

Note: In the sixth column, the observed change in ranking divided by the largest possible count of year-to-year change in ranking is provided in parentheses.

Source: Author's dataset.

-year change in ranking indicates the *frequency* of change. For example, for urban shantytown transformation targets between 2011 and 2013, the largest possible count of year-to-year change in ranking for the 14 cities in 2 years is 28 (i.e., 14×2); the observed change in count is 26, indicating almost every city experienced yearly change in the target value ranking. But for FDI targets between 2011 and 2015, the largest possible count of year-to-year change in ranking for the 14 cities in 4 years is 56 (14×4); the observed change in the count is only 2.

There are also variations in the *range* of changes in ranking across targets. For example, for urban shantytown transformation targets, the year-to-year change in ranking varies from -6 to 8, meaning in one single year, a city ranked six places lower than last year, while another city ranked eight places higher. Another example is *FDI* targets, where the year-to-year adjustment in ranking only fluctuates

from -1 to 1 , meaning each city is ranked highly consistent with the previous year. Taking into consideration the frequency and the range of change in ranking, as well as the number of cities experiencing year-to-year change in ranking, we rank targets in the order of negotiability in the last column of Table 1.

How valid is it to use longitudinal variation in ranking to measure target negotiability? If the measurement is valid, namely most-varying targets are the most negotiable ones, personal networks between the city and provincial leaders should help city leaders obtain easier target values for more-varying targets, but not for less-varying targets. In other words, the values of most-varying targets should not merely reflect the socioeconomic features of a city but also the political network between city leaders and provincial leaders. We test this intuition with a statistical analysis. For meaningful statistical analyses, we only select targets that have target values for at least four years and a resultant larger number of observations.⁶⁹ The result is suggestive due to the small sample size.

The dependent variable is the standardized target value for a given year. The explanatory variable of key interest is a binary variable of personal connection between city leaders and provincial leaders, with 1 indicating the presence of personal connection. Local leaders' career history is collected from their curriculum vitae publicly available on government websites, and then *coworker network*⁷⁰ is used to measure personal connection: if a city's party secretary or mayor was promoted by the same provincial leaders prior to the relevant year, an informal connection is present. A statistically significant and negative relation between personal connections and the outcome variable is expected for more varying targets, and a lack of such association for less varying targets. Control variables include the level of GDP per capita, revenue, and population. All variables are lagged one year to reduce endogeneity. A binary variable of post-2013 is included to control for the effect of provincial leadership turnover in that year. Estimations with panel-corrected standard errors (PCSE)⁷¹ is employed to correct for within-group heteroskedasticity and cross-section correlation of errors. Estimates with first-order autocorrelation coefficient are used in the PCSE models to deal with serial correlation.

Table 2 presents the results. We find that cities' socioeconomic conditions are indeed associated with target values. Cities with more wealth and population receive higher values relative to all the targets being compared. However, for more varying targets, such as maternity and health insurance targets, after controlling for local conditions, personal connection remains statistically significant and negatively associated with the dependent variable, suggesting a significant and positive role of personal connections in getting easier targets. Variations in personal connection explain 5 to 8 percent of total variation in the outcome variables for these targets. Such an effect is absent for less varying targets, including domestic investment and imports and exports. In all, our proposed measurement passes the preliminary validation test and it is appropriate to use longitudinal variation in ranking to measure target negotiability.

A New Typology of Targets

Based on our analysis above, we develop a new typology of China's cadre evaluation targets based on their negotiability, and we contrast it with a target's policy priority. The negotiability of a target is measured by the degree of longitudinal variation in ranking, and the policy priority of a target is measured by its points/weight (see the third column of Table 1). We present our typology in Table 3 below.

We include veto targets as non-negotiable, high-priority targets. We categorize them as such based on interviews that consistently point out these are 'untouchable' targets. Veto targets

⁶⁹Thus, target items 1, 2, 4, 5, 6, 9, 11, 12, and 14 in Table 1 are removed from statistical analyses.

⁷⁰Franziska Keller, 'Moving Beyond Factions: Using Social Network Analysis to Uncover Patronage Networks Among Chinese Elites', *Journal of East Asian Studies* 16, (2016), pp. 17–41.

⁷¹Nathaniel Beck, and Jonathan N. Katz, 'Time-Series-Cross-Section Issues: Dynamics, 2004' (paper presented at the Annual Meeting of the Society for Political Methodology, Stanford University, 2004).

Table 2. PCSE-AR1 models of cities' target value

DV: standardized target value	Domestic Investment	Imports & Exports	Health Insurance	Maternity Insurance
Personal Connection	-.034 (.081)	-.183 (.099)	-.211** (.074)	-.251* (.105)
GDP per capita (logged)	1.618* (.710)	2.565*** (.601)	2.532*** (.553)	3.198*** (.358)
Revenue (logged)	-.001 (.053)	-.064 (.044)	-.038 (.055)	-.130*** (.035)
Population (logged)	1.455*** (.321)	.764*** (.067)	1.242*** (.307)	1.474*** (.405)
Constant	-11.053*** (2.866)	-13.007*** (2.394)	-14.274*** (2.751)	-17.252*** (2.238)
(Adj.) R ²	.275	.352	.452	.549
Rho	.821	.584	.748	.383
N	68	68	55	55

Note: ***p < .001, **p < .01, *p < .05. Standardized target value is measured as $\frac{targetvalue_{it} - u_t}{\sigma_t}$, where $targetvalue_{it}$ is the actual value of the target for city i in year t, u_t is the mean number of the target value in year t across all municipalities in Hunan province. σ_t is the standard deviation of the target value in a given year across all municipalities in Hunan province. Since the standardized variable takes into account annual differences, it is comparable across years. For the remaining four targets (items 7,13,16,17), political connection has no effect on the outcome variable at conventional levels of significance.

Source: Author's dataset.

Table 3. Typology of targets

Targets	Low priority	High priority
More	negotiable	E.g. Healthcare; Selective Social Welfare (a) <i>a moderate level of bargaining</i>
E.g.	Environmental Preservation (b) <i>intensive bargaining</i>	
Less	negotiable	E.g. Selective Social Welfare (c) <i>neglect</i>
E.g.	Economic Development; Pollution Control; Selective Social Welfare; Veto targets (d) <i>target fulfillment or gaming strategies, such as misreporting</i>	

Notes: Bureaucratic response in italic. Specific policies identified from the Hunan sample are listed below.

(a) Work injury insurance, health insurance, urban shantytown transformation, new public rental housing, maternity insurance, and unemployment insurance.

(b) Industrial water consumption and standard-reaching of water function zones.

(c) Enterprise pension funds, urban refuse treatment rate, control of pollution sources, shutdown of pollution projects.

(d) Domestic investment, FDI, imports and exports, urban waste water treatment rate, fiscal subsidy to enterprise pension funds, one-child policy, social stability.

represent the highest priority of the upper-level government, and therefore must be fulfilled and 'no contestation will be allowed'.⁷²

Although targets with high policy priority are in general less negotiable, as indicated in Table 3, target negotiability does not completely co-vary with target priority. In the analysis of policy implementation, another important dimension that scholars should consider is target negotiability, which together with target priority shapes the outcome of policy implementation by inducing different bureaucratic responses and behaviors. For example, one should pay special attention to high-priority policies that do not allow target-setting negotiation, as that could push local officials to adopt gaming strategies to fulfill these targets, such as GDP growth rate in the past, and environmental preservation targets nowadays. Similarly, policy targets with low priority and without negotiation room could lead to neglect in policy implementation, rendering a policy ineffective.

⁷²Interview with a city-level official in Guizhou province (Interview #G15F07); Interview with a provincial-level official in Jiangsu province (Interview #J16J142).

The negotiation of target values not only helps the upper-level government to avoid unrealistic policy goals, but it also provides a first opportunity for lower-level officials to gain an advantage in target fulfillment, and therefore could potentially reduce their incentives to game the system later in policy implementation. While this article does not attempt to claim policies with room for negotiation are carried out with higher quality, we do believe that it is an important but understudied dimension other than policy priority that shapes local officials' responses to top-down policy goals.

Conclusion

Chinese local officials can and do bargain over their own evaluation criteria, within certain boundaries. This article reveals how this process happens, its facilitating and constraining factors—including but not limited to policy priority and information, and its implications for understanding Chinese bureaucratic behavior and political selection.

The context of tournament-style political selection generates the distinct bargaining dynamics we observe in target setting. Bargaining over evaluation targets happens out of the career concerns of both lower-level and upper-level government officials. To get along and get ahead, lower-level officials are motivated to bargain for easier targets relative to their competing cities or counties within the same province. We identify particular bargaining strategies shaped by the tournament logic of cadre evaluation: *Under-Promise*, *Over-Achieve*, *Target Reframing*, and *Risk Minimization*. Upper-level officials also worry about the potential negative outcome of unrealistic policy goals that could induce failed policy enforcement or data fabrication, and therefore allow bargaining selectively. The performance interdependency between higher-level and the lower-level government is the necessary condition for vertical bargaining to happen.

This article also provides a new conceptualization and classification of performance targets, defined by *negotiability* of each target—the room for negotiation on target values. *Negotiability* is different from *policy priority*, and they do not always fluctuate together. Instead, *negotiability* identifies where the upper-level government is willing to make concessions to local governments in policymaking, and it is another key dimension other than policy priority that shapes local officials' policy responses. We capture target negotiability by observing the variability in cities' relative position on the target value. For example, in the past ten years, less-negotiable targets include investment attraction and pollution control, whereas most social insurance targets have lots of room for negotiation. This categorization of targets based on negotiability reveals some nuances in the nature and importance of the targets as well as in the politics of setting targets. For example, even within economic development targets, traditionally categorized as all being 'hard', some targets (such as imports and exports) are actually more negotiable than others are. Evidence suggests that upper-level governments are more willing to negotiate on policies with less political priority and/or those which they do not have sufficient information on. Taken together, this analysis paves the way for a more thorough examination of other potential determinants of target negotiability in the future, such as fiscal requirements, and authority fragmentation in a policy area, which provides new leverage in explaining variance in bureaucratic behavior.

This article develops a nuanced perspective to understand the promotion of local officials. Promotion prospects are not simply correlated with only policy performance or personal connections. Personal connection can work through the formally meritocratic TRS system by giving well-connected local officials preferential treatment on target values. In other words, local officials, especially government department heads in negotiable issue areas, may be promoted *not* (simply) because they perform better, but also when they are a high-flyer for various reasons, including having strong personal networks, they can manipulate the cadre evaluation scheme to gain comparative advantage in career advancement.

Moreover, these findings have an important implication on policy implementation in China, which is directly related to the program evaluation design. Seminal works point out important lessons for successful implementation, including simplifying and streamlining

policy implementation channels, avoiding the involvement of too many bureaucratic agencies, and incorporating policymaking with policy implementation into one government organization.⁷³ The findings here echo the last point: allowing negotiation before setting evaluation criteria is to a certain degree incorporating the considerations of those implementing policies into policymaking. Such practice can improve policy outcomes by reducing gaming and data fabrication later in the policy implementation phase. Also, since policy evaluation is a process of policy learning,⁷⁴ allowing negotiation on target values provides the upper-level government an opportunity for policy learning before policy implementation, and can therefore improve top-down policymaking quality. A lack of room for negotiation on target values could disincentivize local officials to fully enforce policy targets. Recent scandals regarding data fabrication on policy outcomes are mostly concentrated in policy areas that did not allow negotiation, such as GDP growth rate. With a growing concern of misreporting policy outcomes by local officials, one feasible solution is to allow more negotiation, namely bottom-up input, around policies with high priorities prior to setting the targets.

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⁷³Jeffery L. Pressman and Aaron Wildavsky, *Implementation: How Great Expectations in Washington are Dashed in Oakland* (University of California Press, 1984).

⁷⁴Michael Howlett, Michael Ramesh, and Anthony Perl, *Studying Public Policy: Policy Cycles and Policy Subsystems*, Vol. 3 (Oxford: Oxford University Press, 2009).

Appendix A. Interview Table

Twenty-seven in-depth interviews across eight provinces were conducted between February 2015 and August 2020. All interviewees are or were directly involved with target setting at different levels of governments. Sixteen interviews (numbers in bold) are directly quoted in this article.

Interview Number	Interviewee location and government level
Z15S03 Z15F04	Zhejiang, city-level
G15F012	Guizhou, province-level
G15W11 G73S48	Guizhou, province-level
G15F07 G7SS03	Guizhou, city-level
G36S64	Guizhou, city-level
G16S011 G16S012 G16S013	Guizhou, province-level
G167W101 G167W102	Guizhou, city-level
S16S011	Sichuan, province-level
J16J141 J16J142	Jiangsu, province-level
B16S021 B16S022	Beijing, city-level
G15SS091 G15SS092 G20P07	Guangdong, county-levelGuangdong, city-level
G15S04	Jiangsu, city-level
S18Y01	Shaanxi, city-level
H19X01 H19C01	Hunan, city-level
JX20Y01 JX20Y02	Jiangxi, city-level

Source: Author’s dataset.
Note: All interviews listed above directly informed this study. Some interviews are not directly quoted either because they are similar to quotes used in the article, or that the key information from them are similar to those in official documents which we choose to cite from instead.

Appendix B.

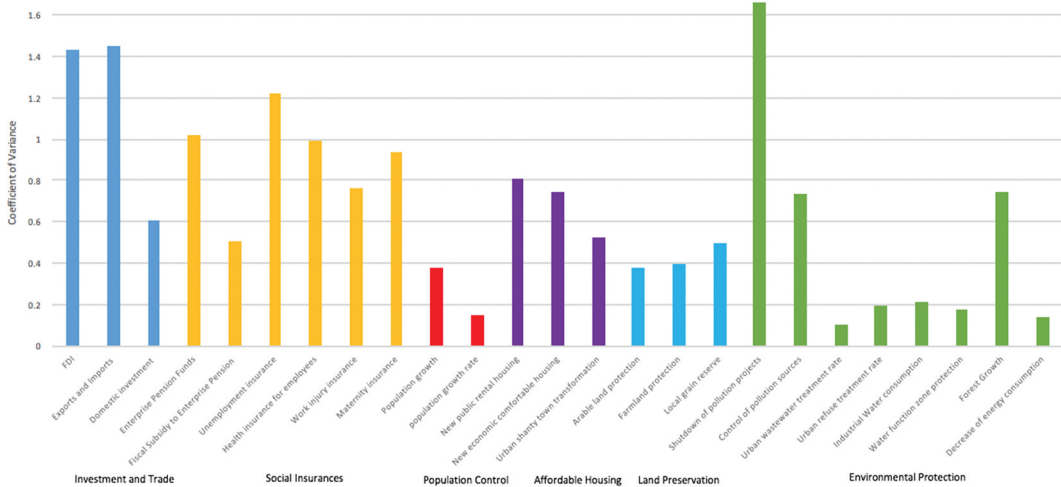


Figure B1. Geographic variation in target values (2011–2015) Note: Geographic variation is measured by the coefficient of variation (CoV), which is the ratio of the standard deviation to the mean of a variable. Compared to standard deviation, CoV is independent of the unit in which the measurement has been taken. Performance evaluation targets have a wide range of values. For instance, employment growth is in the tens of thousands, and population growth is usually set to be under 2 percent. It is meaningless to compare fluctuation of targets directly. Some target values are also missing for one locality or one year, making sample sizes uneven across target items. CoV allows us to compare the spread of a specific target across locality and time, controlling for both the scale of targets and the sample size. Here, the Y-axis value denotes the average CoV over years. Target items that have data across all years between 2011 and 2015 include FDI, exports and imports, and enterprise pension funds. Target items that have missing data for one year include domestic investment, fiscal subsidy to enterprise pension, unemployment insurance, health insurance for employees, maternity insurance, and work injury insurance. Target items that have missing data for two years include new economic comfortable housing, urban shantytown transformation, control of pollution sources, industrial water consumption, and water function zone protection. Target items that have missing data for three years include new public rental housing, arable land protection, farmland protection, shutdown of pollution projects, urban wastewater treatment rate, and urban refuse treatment rate. Target items that have data for only one year include population growth, population growth rate, local grain reserve, forest growth, and decrease of energy consumption. Sources: author's dataset.

Table B1. TRS Evaluation form for prefectural leaders in Shandong Province in 2008.

Category	Target Item	TRS Point	Data Provider
Economic Development (subtotal weight: 245)	GDP*	20	Bureau of Statistics
	GDP per capita*	20	Bureau of Statistics
	Revenue*	20	Bureau of Statistics
	Fixed-asset investment*	20	Bureau of Statistics
	Revenue on agriculture/Total public expenditure	15	Bureau of Statistics
	Industrial economy returns comprehensive index *	15	Bureau of Statistics
	Ratio of the output value of Hi-Tech industry to total above-scale industry output *	15	Bureau of Statistics
	Ratio of service industry added value to GDP *	20	Bureau of Statistics
	Ratio of service industry investment to fixed-asset investment*	10	Bureau of Statistics
	Import and export*	20	Customs
	FDI*	10	Department of foreign trade and economic cooperation
	Urbanization rate*	10	Bureau of Statistics
	Ratio of tax revenue to total revenue*	15	Bureau of Finance
	Ratio of R&D to GDP	15	Bureau of Statistics
Social Development (subtotal weight: 145)	Fulfillment rate of urban job creation task	20	Labor Bureau
	Consolidation rate of compulsory education	15	Bureau of Education
	Promotion rate from junior high school to senior high school	15	Bureau of Education
	Number of health personnel and hospital bed per 10,000 persons*	15	Bureau of Public Health
	Number of experts and professionals per 10,000 persons*	15	Personnel Bureau
	Number of collective action events and criminal cases per 10,000 persons*	20	Labor Bureau Bureau of Public Security
	Number of workplace accident death per hundred million yuan GDP	20	Bureau of Security Supervision
Sustainable Development (subtotal weight: 155)	Number of leapfrog petitioners per 10,000 persons	10	Bureau of letters and visits
	Birth rate and sex ratio	20	Bureau of Statistics
	Decrease rate and value of energy consumption per 10,000 yuan GDP	20	Bureau of Family Planning Bureau of Statistics
	Decrease rate and value of energy and water consumption per 10,000 yuan industrial added value	20	Bureau of Statistics
	Fulfillment rate of reduction in SO ₂ emissions	20	Bureau of Environmental Protection
	Fulfillment rate of reduction in emissions of chemical oxygen demand (COD)	20	Bureau of Environmental Protection
	Standard-meeting discharge of industrial wastewater and urban sewage and garbage centralized treatment rate	10	Bureau of Environmental Protection
	Number of days with above-grade-2 air quality	10	Bureau of Construction Bureau of Environmental Protection
	Cultivated land reservation and basic farmland protection area	20	Land Bureau
	Forest coverage rate*	15	Bureau of Forestry
People's Welfare (subtotal weight: 155)	Per capita disposable income of urban residents*	20	Bureau of Statistics
	Per capita net income of rural residents*	20	Bureau of Statistics
	Ratio of urban income to rural income	10	Bureau of Statistics
	Per capita savings account balance*	10	People's Bank of China
	Coverage rate of urban employee basic endowment insurance	20	Labor Bureau
	Coverage rate of urban resident and employee basic health insurance	15	Labor Bureau
	Participation rate of New Rural Cooperative Medical Care	15	Bureau of Public Health
	Coverage rate of urban and rural minimum subsistence allowances	20	Bureau of Civil Affairs
	Ratio of affordable housing investment to total housing investment	10	Bureau of Civil Affairs
	Standard-meeting rate of water quality in centralized drinking water sources	15	Bureau of Environmental Protection
Political Construction (subtotal: 100)	Scientific and democratic decision-making	20	Party organization department
	Administration by law	15	Office of legislative affairs
	Judicial justice	15	Politics and Law Committee
	Villagers' self-governance and democratic management of enterprise	15	Bureau of Civil Affairs Federation of Trade Unions
	Reform of administrative management system	20	Bureau of Development and Reform; Personnel Bureau
Culture Construction (subtotal:100)	Improvement of administrative efficiency	15	Department of Supervision
	Guidance of public opinion	20	Party propaganda department
	Construction of socialist core value system	20	Party propaganda department
	Construction of harmonious culture and spiritual civilization	20	Party propaganda department
	Construction of public culture service system	20	Party propaganda department
Party Building (subtotal:100)	Development of culture industry	20	Party propaganda department Bureau of statistics
	Thought construction	20	Party organization department
	Organization construction	20	Party organization department
	Work style construction	20	Party discipline inspection committee
	Institution construction	20	Party organization department
Public Satisfaction (subtotal:60)	Anti-corruption construction	20	Party discipline inspection committee
	Public assessment of party and government performance in economic, social, political, culture, and party institution construction		Public opinion survey institute/company
Total points		1,060	