

Red Swan Song: The End of Policy Experimentation in China?

JESSICA C. TEETS

China's miraculous era of reform and growth, launched with the creation of special economic zones in 1980, is one of the best-known examples of how policy experimentation can result in innovation even in a Leninist authoritarian system. However, President Xi Jinping's consolidation of power in the past few years has decreased the scope and scale of local policy experimentation, which has often been called the key to the durability of authoritarian rule in the People's Republic of China (PRC).

Former presidents Hu Jintao (2003–12) and Jiang Zemin (1993–2002) both allowed for more local discretion in policy experimentation because they understood the collapse of the communist regime in the Soviet Union to have been a result of the party's "ossification," or the disconnect between policy makers at the central level and officials and citizens at the local level. They perceived experimentation as an important source of bottom-up policy change in an authoritarian regime that lacked other feedback mechanisms.

According to the German political scientist Sebastian Heilmann, this adaptability makes China a "red swan challenge" to social science theories that assume the difficulty of institutional change in authoritarian states. Heilmann adapts this term from Nassim Nicholas Taleb's "black swan" concept, which holds that rare and unpredictable events might have extreme impacts and cannot be adequately explained by conventional models.

Unlike previous Chinese leaders, Xi does not fear ossification. Instead, he attributes the collapse of the Soviet Union to the fact that nobody in the party leadership had been "man enough to stand up and resist." His understanding of authoritarian durability seems to rely more on centralized

control and less on local discretion and experimentation. In fact, Xi has stated that local officials should continue to pursue policy innovation, but only under the constraints of "top-level design," a process wherein central officials design new policies and local leaders simply test them.

The changing institutions under Xi have altered incentive structures and dramatically reduced local innovation, as research by Xuelian

Chen and Christian Göbel shows. Scholars studying institutional change and regime resilience predict that if local officials no longer experiment, the regime will lose its ability to adapt to changing conditions and will need to rely more on surveillance and repression to retain control. In short, China would lose its unique policy style and come to resemble other authoritarian regimes.

Moreover, past examples of experimental policies designed by central authorities and blindly implemented at the local level include the Great Leap Forward (1958–62), when millions starved as local officials afraid to report failure instead reported "bumper harvests." After Mao, policy experimentation and its prerequisite, local autonomy, served as a check on bad central policy as localities adapted policies or created new ones. Of course, this discretion also was used to facilitate corruption and status projects like huge office buildings.

MIXED MOTIVES

Most of the existing literature on policy experimentation focuses on the causes of local innovation and its consequences, such as policy diffusion, learning, and adaptation. Heilmann has written extensively on both the origins and consequences of policy experimentation. In his new book, *Red Swan*, he updates his earlier work and adds a short epilogue on changes under Xi.

In *Mao's Invisible Hand*, a 2011 volume they co-edited, Heilmann and Elizabeth Perry argued that

Red Swan: How Unorthodox Policy Making Facilitated China's Rise
by Sebastian Heilmann
Chinese University Press, 2018

JESSICA C. TEETS is an associate professor of political science at Middlebury College.

local officials experiment due to the working norms developed during the revolutionary early years of the Chinese Communist Party (CCP) and institutionalized in the modern PRC through the style of policy gradualism exemplified in Deng Xiaoping's saying "crossing the river by feeling the stones." In *Red Swan*, Heilmann clarifies that institutional factors like career incentives and responsiveness to local governance challenges also matter, but argues that the motivation and the point of initiation (local or central) do not matter since elements of all these explanations exist and interact.

Although I agree that successful local experimentation requires both local and central support, I believe that the reason for experimentation and the point of initiation do matter (see the 2014 volume I co-edited with William Hurst, *Local Governance Innovation in China: Experimentation, Diffusion, and Defiance*). Local experiments initiated by the central government or started in hopes of winning promotion often are not as sustainable or as successful in solving problems as those initiated at the local level in response to governance challenges. Those initiated at the center or out of careerist motivations often lack the political will and attention needed to solve the initial problem and quickly collapse once policy makers' attention shifts. The obvious exceptions are policies directly sponsored by elite party members, such as the seven members of the Politburo Standing Committee.

Heilmann also discusses the consequences of policy experimentation, particularly policy diffusion and institutional adaptation. Although in his earlier work he focused mostly on policy learning and institutional change, his later work examines cases of policy imitation where local officials adopt experimental policies as a way "to gain access to preferential treatment and to improve their career prospects." Similarly, recent research by scholars including Liang Ma and Xufeng Zhu into the diffusion of policy experiments shows that in most cases local officials are not really studying and learning from experiments in other locations, but usually design and adopt them in imitation of peers and in response to evaluation and promotion pressures.

Although Heilmann's research into the causes and consequences of policy experimentation is foundational to this literature, his description of

the process of policy innovation is his most significant contribution. In short, he says this process entails identification of a policy problem, local governments serving as experimental points, and the diffusion of successful experiments when the central government codifies them into national law. Despite this outline of policy making according to scientific principles, Heilmann later acknowledges that in reality it is an "intensely politicized process driven by tactical opportunism, personal rivalries, clashes of interests and ideologies, ad hoc crisis management, or strategic consensus-building."

In studying this process, I have been surprised by how few policy experiments resemble the more scientific model; the majority fit Heilmann's description of a political process. Policy experimentation is often initiated without much research or empirical support and diffusion often occurs without rigorous evaluation. This is an incredibly complicated process driven by varying motivations, multi-level actors, differing levels of design quality, and the ability of unsuccessful policies to diffuse as quickly as successful ones.

LOCAL LEARNING

Despite this messiness, or maybe because of it, policy experimentation does create successful solutions to governance challenges and allows an authoritarian regime to respond to these challenges in a flexible and responsive way. Does the recent decrease in experimentation mean that the CCP is destroying the very mechanism that has allowed it to outlive or outperform all other communist regimes?

In the epilogue, Heilmann suggests that if the "conditions of a concentration of power at the top levels" continue "in combination with sustained and intense campaigns to enforce intra-party discipline," the system will become rigid and lose its ability to respond to governance challenges. In fact, Heilmann argues that local officials now avoid policy experimentation because of fears of being targeted in Xi's anticorruption and party discipline campaigns. Thousands of officials in many different bureaus and localities have been punished since these campaigns were initiated in 2013, when Xi took power. Although I agree with this assessment, I think the process will be variable, with less experimentation driven purely by promotion seeking. But policies designed to respond to local problems will likely continue.

*If officials no longer
experiment, the regime will
lose its ability to adapt.*

Despite the shift in governance style under Xi, the vertical control mechanisms of punishment through the anticorruption campaign or reward through the cadre evaluation system are difficult to use effectively at lower levels of government. As research by Xiang Gao shows, most officials remain in their birth provinces rather than getting promoted to other provinces or the central government, and they respond more to local governance problems. Even for local officials who desire promotion, the evaluation system is so complex, with hundreds of performance indicators, that many pathways to and conceptions of “success” exist. That suggests we should expect significant variation in local officials’ behavior.

In fact, many local officials are still experimenting, but most are relying on small adaptations like changing one part of a policy or not implementing all parts of a policy in certain locations. This results in incremental shifts instead of the more transformative experiments seen in the past. Thus, reduced local discretion might not completely halt experimentation, but instead constrain the policy learning and diffusion process that results in adaptive, bottom-up policy change.

Increasingly disconnected responses to shared governance challenges could result in an inability to resolve problems in policy areas requiring a comprehensive solution, such as food and drug safety or environmental protection. These are difficult problems to address solely at a central or local level without coordination, and purely top-down policies relying on administrative control mechanisms to force local compliance are expensive and less effective, as can be seen in the inability of the central government to enforce its strict environmental policies at the local level, or most recently in a scandal over ineffective vaccines for infants.

Sebastian Heilmann and I agree that Xi may better address the governance problems China currently faces by encouraging effective local policy experimentation. This requires local discretion, the possibility of failure without career-ending consequences, and the free flow of information to enable learning about successful experiments. After all, even if ossification was not the cause of the Soviet Union’s demise, the most effective and flexible policy responses typically are not created by rigid, hierarchical governments. ■

Current History presents a new ebook:

Changing with the Climate: A Current History Anthology

Climate change is accelerating and efforts to reduce carbon emissions may not be enough. The question of adaptation will become ever more important. How are governments and local communities responding to the climate impacts that are already upon them? How can they adapt livelihoods and infrastructure to an invisible but potentially existential threat? In order to develop a panoramic view of the situation, *Current History* commissioned a series of articles to show how climate adaptation is progressing in each region of the world. The articles collected in this anthology first appeared in the journal in 2017–18.

ESSAYS INCLUDE:

Pamela McElwee on Vietnam

Susan Crate on Russia

Jeannie Sowers on the Middle East

Daniel P. Aldrich on Urban Resilience

Mark Carey and Holly Moulton on Peru

Laura Booth and Anthony Patt on Europe

Andrea J. Nightingale on Nepal

Gina Ziervogel on Southern Africa

For more information, contact: editors@currenthistory.com