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Policy: The Origins of China's Distinctive
Policy Process (abstract)***

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Introduction

To explain the capability of China's Party-state to generate institutional and policy innovations for economic reform and to adapt to a rapidly changing economic environment, many studies point to the crucial role of decentralized experimentation. This policy process, in which central policy-makers encourage local officials to try out new ways of problem-solving and then feed the local experiences back into national policy formulation, has been a pervasive feature in China's economic transformation. It has decisively shaped the making of policies in domains as diverse as rural decollectivization, foreign economic opening, the promotion of private business, state-sector restructuring and stock market regulation. In some intensely disputed policy areas, such as state-sector bankruptcy, experimental programs with varying priorities came and went for more than twenty years until a finalized national law was eventually issued. Over and over again, those national policy-makers who wished to change the way the economy was run used the results of experimental programs to overcome opposition from rival policy-makers who tried to defend the old rules of the game.

The existence of a sophisticated indigenous policy-making methodology of "proceeding from point to surface" (*you dian dao mian* 由点到面) suggests an entrenched legitimacy of decentralized experimentation that goes far beyond the sporadic and unconnected local experiments that were carried out in other authoritarian polities or in the paradigmatic Party-state of the Soviet Union. The Chinese point-to-surface approach entails a policy process that is initiated from individual "experimental points" (*shi dian* 试点) and driven by local initiative with the formal or informal backing of higher-level policy-makers. If judged to be conducive to current priorities by Party and government leaders, "model experiences" (*dianxing jingyan* 典型经验) extracted from the initial experiments are disseminated through extensive media coverage, high-profile conferences, intervisitation programs and appeals for emulation to more and more regions. This expansion process requires progressive policy refinement and effects a search for generalizable policy solutions. The tried-and-tested novel approaches emerging from this process are integrated into national policies after further revision. Thus, the point-to-surface technique gives room to local officials to develop models on their own, while ultimate control over confirming, revising, terminating and spreading model experiments rests with top-level decision-makers. Importantly, the mode of experimentation practiced in the PRC is focussed on finding innovative policy instruments, rather than defining policy objectives, which remains the prerogative of the Party leadership.

Though most scholars accept that experimentation is crucial to PRC policy formation, the origins of this policy process remain unexplained. Scholars have examined factors that encouraged

policy experimentation in the post-Mao period. For example, Sachs and Woo argue that Maoist China's cellular economic structure, smaller state industry and less comprehensive central planning explain why China had the potential to introduce market competition with less disruption than the former socialist economies of Eastern Europe. Others see China's economic rise in the post-Mao era as being characterized by extensive administrative decentralization that allowed local jurisdictions to launch economic policy innovation on their own. Cai and Treisman argue that it was not decentralization but rather factional competition at the national level that gave rise to local experimentation through patron–client networks reaching from central policy-makers down to local administrators. These arguments, however, do not explain how the Chinese pattern of policy experimentation took shape and became entrenched. To make decentralized experimentation work in a centralized Party-state, there must be a special mechanism that legitimizes local initiative while leaving hierarchical control intact. Even if factional competition constitutes a driving force behind policy-making, it does not help explain the distinctive historical and ideological foundations and the concrete patterns of experiment-based policy-making in China.

The methods and the terminology used in experimental programs in China are so idiosyncratic that an exploration of their political origins is necessary. In the first section of this article, I elaborate on the Chinese Communists' revolutionary experiences with experimentation. In the second, I turn to the non-Communist intellectual context and administrative practices in which the concepts of policy experimentation were pioneered in China. In the third section, I explain the core features of China's contemporary policy process through the particular revolution-era repertoire that policy-makers could draw on in their search for new policy instruments to facilitate rapid economic modernization. Core (technical) terms of experimentation, such as "experimental points" or "proceeding from point to surface", serve as identifiers in my search for the origins of China's experiment-based policy process.

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Conclusion

The pattern of experimental governance in China has distinctive foundations in a hierarchical Party-state and differs from models of decentralization or federalism that are frequently applied to explain the dynamics of central–local interaction in China's economic reform. The findings presented in this study support Elizabeth Perry's proposition that "certain elements of China's revolutionary inheritance have actually furthered the stunningly successful implementation of market reforms". This paradox can also be seen in the case of reform-era experimentation that has been crucial in facilitating policy innovation, yet is rooted in Maoist techniques of rule.

One of China's core strengths in reforming its economy has been its distinctive process of central–local interaction in policy generation. Explanations that stress central–local factional machinations as the paramount driving force behind policy innovation cannot appreciate the extent and importance of local initiative in generating novel policy instruments and in transforming the parameters and priorities of central policy-makers over time. Furthermore, the effectiveness of experimentation is not based on all-out decentralization and spontaneous diffusion of policy innovations. China's experiment-based policymaking requires the authority of a central leadership that encourages and protects broad-based local initiative and filters out generalizable lessons but at the same time contains the centrifugal forces that necessarily come up with this type of policy

process. Conceptual dichotomies such as centralization vs. decentralization, or constitutional concepts that suggest a stability of vertical checks and balances, such as federalism, cannot capture the oscillating dynamics of China's policymaking approach. It is *experimentation under hierarchy*, that is, the volatile yet productive combination of decentralized experimentation with ad hoc central interference, resulting in the selective integration of local experiences into national policy-making, that is the key to understanding China's policy process.

In searching for the causes of China's unexpectedly adaptive authoritarianism over the last three decades, this distinctive policy process may provide a more powerful explanation than static factors (such as the initial economic structure or the state's enforcement capacity), arguments based on quasi-natural economic liberalization and inevitable convergence with market principles, or explanations that treat policy experimentation merely as a derivative feature of factional rivalry. It is China's historically entrenched process of policy generation through local experiments and model demonstrations that has provided a productive link between central and local initiative and has allowed policy-makers to move beyond policy deadlock in spite of myriad conflicts over strategy, ideology and interests.