



Governance Priorities of an Atomized County-level City Born from “Town-to-city” Reform in China: A Comparative Analysis of Policy Texts of Local 14th Five-year Plan

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Abstract

China's new-era reform of transitioning towns into cities is a groundbreaking attempt to restructure administrative divisions, leading to the creation of a new administrative entity known as an atomized county-level city. Thus, the governance performance of Longgang City, the first reform area in China, has yet to be examined. Based on established findings on China's Five-Year Plan-making mechanism, this paper proposes a new method of deconstruction and backward derivation. By analyzing the vertical and horizontal comparisons within the Five-Year Plan system, we can reflect on the relative governance capacity and development strategy characteristics of the local public sector. In this paper, the policy text of Longgang City's 14th Five-Year Plan is analyzed. The prefecture-level city under its administration and the county to which it was originally attached, now running parallel to it, are selected for comparison in both vertical and horizontal dimensions. This analysis aims to shed light on Longgang's capacity to leverage public resources and the focus of its development direction in the initial phase of its establishment.

Keywords

Policy comparison, governance priority, atomized county-level city

1. Introduction

In China, a general county-level government, the country's sub-basic administrative structure, has townships or streets under its jurisdiction. But recently the “town-to-city” reform has changed the picture, leading to the generation of a new form of administration organization, a county-level city without subordinate townships and streets. As a direct result, the new county-level city, unlike conventional county-level districts, directly serves as the lowest level of government in its boundary, engaging directly with the community and its citizens. And its local administrative decision-making will improve significantly on the holistic logic of governance, as there will be no intergovernmental misalignment. Therefore, in this paper, we name it an atomized county-level city. In September 2019, Longgang City (LG) was instituted as China's first atomized county-level city and announced the following three years as an exploration period for the governance model of a “county-level city” upgraded directly from a “town”, during which LG 14th Five-Year Plan is formulated and published.

As a policy experiment at the national level, the reform in LG acts as a role of the first step in a Chinese model of policy making -- experimentation under hierarchy. Its crux is the methodology of “from point to surface”—localities are allowed to explore solutions based on the actual situation, in which the successful experience will be absorbed

into the national policy formulation, and then promoted throughout the country. Therefore, it is necessary to assess the governance capacity of Longgang City in its early establishment, and then based on this, to further study and summarize the impact of the reform on the development of the region and explore the governance approaches adaptive to this reform. In this paper LG 14th Five-Year Plan been selected as materials used for the study. Wenzhou (WZ), the prefecture-level city that has proxy jurisdiction over LG, and Cangnan (CN), the county to which Longgang Town was previously subordinate before the reform, are selected for vertical and horizontal comparative analysis. By backward derivation, the characteristics of governance priorities at the early stage of the "town-to-city" reform will be concluded.

2. Comparative analysis of Five-year Plan policies: a process of deconstruction and backward derivation

In Chinese academic studies, the Five-Year Plan is considered a very important policy tool of the state. It is not a single policy document but a system of policies across the central and local levels of administration. Whenever this policy system is to be developed, every level and every local government in China will introduce one of these policies for local application in a similar period, describing development goals for the next five years and the corresponding path based on a review of the performance of the past five years and clarification of the reality. This Plan is known as "the most significant public policy issue" because of its vertical structure of decision-making mechanisms across all the governmental levels, its policy content reflecting consensus on the overall economic and social situation, and its process of mobilizing all parties to contribute their ideas and suggestions.

The Five-year Plan requires policymakers to make comprehensive use of the overall knowledge of the region during the formulation process, the policy text of which thus can accurately reflect the actual local situation. Since public interest is holistic and long-term in nature, the fundamental element required for dealing with the supply of public goods is the overall knowledge of the economy and society, as well as a long-term time frame and a global spatial framework. Thus, the Five-Year Plan is all-inclusive. It is a set of knowledge-based policies that requires decision-makers to reach a relatively accurate consensus on the issues they discussed; the consensus-reaching mechanism in this decision-making process can conduct an in-depth study in response to the divergence exposed during opinion solicitation, progressively revising the original one-sided perceptions led from intuition. It is this mechanism that ensures that the content of the Plan can reflect the actual local situation and seize future development trend more accurately. The Five-Year Plan gives a strong assurance of the representativeness of the research subjects for the researcher as a prerequisite for the credibility of the conclusions.

When formulating Five-year Plans, local governments often need to make comprehensive considerations between the basic framework given by their superiors and the actual local economic and social conditions, so as to implement locally appropriate institutional adaptations to upward alignment. Chen et al. advocate that the development orientation of such planning policies needs to balance the principle of local subordination to the overall situation and the one of development differentiation, requiring decision-makers to find a development path that actively integrates the regional development ideas of the higher level while highlighting the local differentiated development advantages. (Chen Sheng, 2018). From the perspective of inter-governmental interaction, Chen and Wang propose a theoretical framework of dual mechanisms of contractual governance and relational governance, in order to analyze the formulation and introduction of local five-year plans. They argue that in the process of policy formulation, there is a potential outcome contract between administrative agencies for delineation of target benchmarks, which is mainly reflected in the form of indicators (Chen Napo & Wang Suifeng, 2021). Relational governance is used to dissolve the cognitive incompleteness of decision making and ensure strong adaptability of the introduced planning policies, including: "voluntary benchmarking" ("zhudongduibiao"), i.e., the completion of the internal self-connection of the planning system from the bottom to the top; "maneuver space reserve" ("liuyouyudi"), i.e., a flexible means of adaptation by using general expressions or blanks to accommodate local differences, and only setting a "baseline" for the region for public affairs that are difficult to discuss explicitly.

All the inductive theories mentioned above lead to the following inference. First, the prevalence of voluntary alignment reveals that several sub-local governments belonging to the same higher authority have identical responsibilities to take on its spirit instructions when developing their five-year plans for a certain identical period. Besides, since the two principles of upward benchmarking and local adaptation co-exist during the preparation, there are both homogeneity and differences between the final planning policies issued by local governments under the same higher authority, reflected respectively in the benchmarking content and local self-designed content. A vertical comparison

of a local five-year plan with its higher-level planning documents and guidelines can distinguish what is benchmarked and what is self-set; a horizontal comparison of the planning policies of two regions with the same administrative line manager can reflect the differences and similarities of their benchmarking behaviors and the differences of their self-set development orientations. Therefore, the vertical and horizontal comparison analysis of five-year plans can reflect the relative governance capacity and development strategy characteristics of local public sector.

3. Comparative analysis of the main indicators in the 14th Five-Year Plan

The main economic and social development indicators listed in LG 14th Five-Year Plan policy, CN, and their higher level of government WZ were selected and comparatively analyzed. The traditional classification is used to divide the planning indicators into obligatory and anticipated targets according to the way of target setting. In the 14th Five-Year Plan those two categories of indicators have already been clearly clarified in the policy text. The statistical results are shown in Table 1.

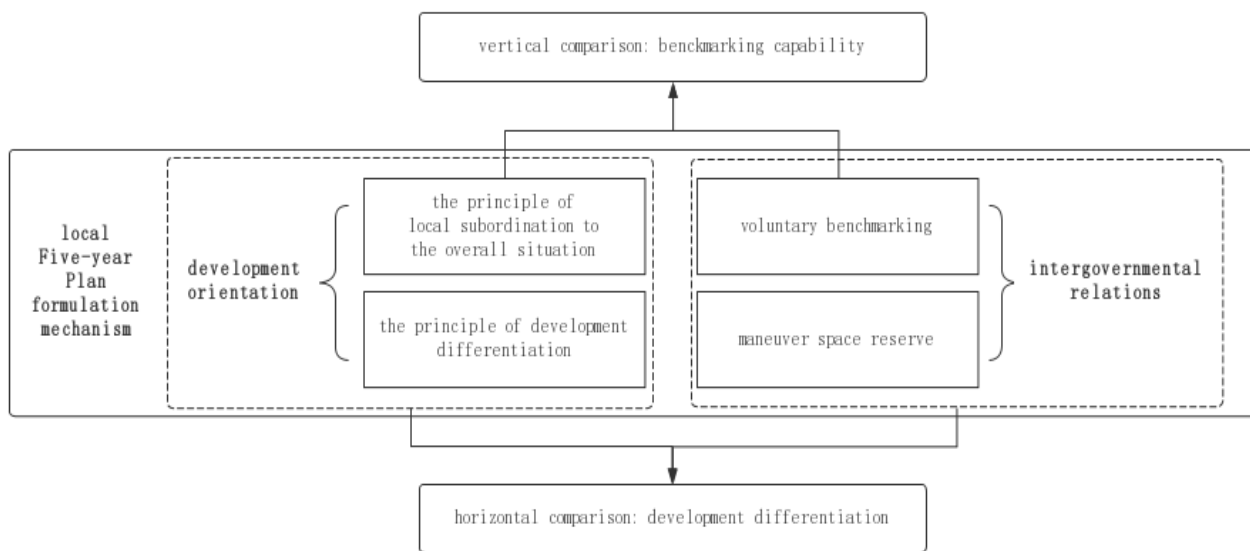


Figure 1. Comparative analysis methodology for the Five-Year Plan.

Table 1. Statistical results of indicator profiles

	LG		CN		WZ	
	Number	Proportion	Number	Proportion	Number	Proportion
Number of indicators	32		37		51	
Obligatory targets	8	25.00%	9	24.32%	14	31.11%
Anticipated targets	24	75.00%	28	75.68%	31	68.89%

Among them, LG’s Plan has significantly fewer anticipated targets than peer policies. A comparison of this situation shows that a large part of the indicators not listed in LG's plan is quantitative indicators used to evaluate the degree of urbanization, such as the "per capita area of sports venues" and "the number of basic pension insurance participants". These indicators overlap in content with the requirements in its earlier city establishment qualification review. The newly established atomized county-level city is, to some extent, ahead of other similar regions in terms of basic public services. The number of licensed physicians, infant and childcare spaces, elderly care workers, and other professional talent reserves, which are also in the basic public service measurement indicators system, are listed in the 14th Five-Year Plan as still needing further improvement.

Tables 2 and 3 show the statistical and comparative analysis based on this classification. In addition, we also classify the indicators according to the consistency with policies at the higher level. The indicators same as or

reflecting indicators in the planning of higher level are considered as consistent here, while the remaining ones are considered as local self-established.

Table 2. Statistical results of indicator content classification

		LG		CN		WZ	
		Number of indicators	Share	Number of indicators	Share	Number of indicators	Share
Economic Development	Economic Growth	10	31.25%	10	27.03%	11	24.44%
	Economic Structure	5	15.63%	9	24.32%	7	15.56%
	Science and Education	3	9.38%	3	8.11%	3	6.67%
	Society and Livelihood	10	31.25%	9	24.32%	16	35.56%
	Resources and Environment	4	12.50%	6	16.22%	8	17.78%

Table 3. Indicator consistency at the upper levels

	LG		CN	
	Superior Consistency	Self-Setting	Superior Consistency	Self-Setting
Number of indicators (percentage)	29 (90.6%)	3 (9.4%)	31 (83.3%)	6 (16.2%)
Economic theme (sub-percentage)	12 (41.4%)	3 (100%)	16 (51.6%)	3 (50.0%)
Non-economic theme (sub-percentage)	17 (58.6%)	0 (-)	15 (48.4%)	3 (50.0%)

From the distribution difference of indicators, the absolute sum of the difference between LG and WZ is about 19.2%, and the one between CN and WZ is about 25.6%, which is significantly larger than the former. That is, from the perspective of the preferential development direction layout, LG is relatively close to the overall layout of WZ and has a stronger ability to align upward when using local governance resources. And when it comes to individual indicators, LG's consistency is also higher than that of the surrounding areas. The conclusions of the two statistical paths mentioned above can reflect each other. At the same time, LG's 14th Five-Year Plan places special emphasis on economic growth, science and education, and social and livelihood issues. These three areas will be the priorities of development and breakthroughs in the early stage of the town-to-city process.

From the perspective of the horizontal comparison of number of indicators in each category, significant differences lie in the economic structure. Compared to the neighboring regions, LG's planning content does not contain the urbanization rate of the resident population and the income ratio of urban and rural residents, reflecting the advantages of a new atomized county-level city: small and concentrated in a geographic area, a higher degree of urbanization, and smaller wealth gap in the region, which makes it suitable for a "small and precise" development route. Besides, LG has not carried out targeted actions in the urbanization of rural residents after the establishment of the atomized city. It is reported that LG has basically realized the equalization of social welfare between urban and rural areas before the town was transformed into a city. Under this circumstance, whether the urbanization of the resident population in "town-to-city" has been solved in one fell swoop through the creation of an atomized city becomes a subject of further study and proof.

Compared with its higher-level plan, LG's Plan has relaxed the constraints on the goals related to innovation and development but strengthened the constraints on the goals related to municipal governance. For example, "the number of high-value invention patents per 10,000 people" in WZ's Plan is relaxed to "the number of invention patents authorized (items)", and "the ratio of the added value of digital economy to GDP" in WZ's Plan is changed to "the ratio of the digital economy to GDP" and "the value added of the core industries of the digital economy as a percentage of GDP" are simplified to "the value added of the core industries of the digital economy as a percentage of GDP"; the rate of "one network access to government services" in WZ's plan is strengthened to "mobile coverage of government services". The appropriate relaxation behavior for economic development target constraints to some extent

reflects a lack of confidence in decision-making expectations, which is mainly caused by the lack of historical data and uncertainty in the basis of decision-making. At the same time, to ensure the orderly achievement of economic development goals, policymakers must simultaneously adjust and strengthen planning for improving the business environment and public services. This is also evident in LG's Plan. The strengthening of municipal governance objectives is consistent with the "cascading" phenomenon as suggested by the pressure-based institutional model of Chinese government operation, and targets that are feasible to cascade in decision-making expectations tend to shift the main responsibility and pressure to the basic level of government and civil servants there.

From the content of the local self-set indicators, among the local revenue-related indicators, besides the common indicator expression "general public budget revenue", LG's Plan also set up two new items—"total fiscal revenue" and "total investment in fixed assets". It reflects that the rest of the revenues other than the general budget revenues are also important for the initial development of the new atomized county-level city, such as the transfer funds from higher levels. As a corollary, the attractiveness of the "town-to-city" reform to enterprises is limited, and LG needs to rely on increased investment in fixed assets to drive more industrial growth if it wants to sustain regional economic growth at this stage.

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