

Subject/Title	Evidence of Provincial Bargaining Power in Reform China: An Analysis of Provincial Investment Behavior 1980~2003
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Abstract	<p>In this paper, we revise the problematic definition of local preferences employed by previous studies and integrate explanatory variables from both hypotheses of central control and local bargaining leverage into an analysis of China's provincial investment in fixed assets between 1980 and 2003. Our major findings are: (1) The 1994 Tax Sharing System (fengshuizhi) reform did not succeed in establishing a transparent and more rule-based revenue-sharing system; the center relied more heavily on ad hoc earmarked transfers to allocate funds. (2) Central leaders' personnel management power over provincial leaders curtailed provincial investment size between 1980~1992. (3) Provinces with higher membership share at the central committee tended to receive higher investment resources from the center. (4) The impact of curtailing effect on the size of provincial investment has always been overshadowed by that of the enlarging effect throughout the period under study.</p>
Keyword(s)	central-local relations ; reciprocal accountability ; local bargaining power ; investment in fixed assets ; rotation of local officials