

---

# China

## Introduction

The People's Republic of China (PRC) is the world's largest country by population and occupies a majority of the land mass in the broader world region of East Asia. China has an area of 9.6 million sq km and an estimated population of 1.38 billion people (CIA 2018). At its first subnational tier, China is presently divided into 23 provinces,<sup>1</sup> 5 autonomous regions (Xinjiang, Tibet, Inner Mongolia, Ningxia and Guangxi), 4 municipalities (Beijing, Tianjin, Shanghai and Chongqing), and 2 special administrative regions (Hong Kong and Macau<sup>2</sup>). Below the first subnational tier are multiple different structural systems depending on the type of first tier unit, though most include prefectures/prefecture-level cities, counties or districts, townships, and villages, in descending administrative order. Based on our population criteria, we code three distinct tiers of government: tier 1 (23 provinces, 4 municipalities, 5 autonomous regions, 2 special administrative regions, and 1 special economic zone), tier 2 (15 vice-provincial municipalities, 2 vice-provincial new areas, 1 vice-provincial autonomous prefecture, 7 prefectures, 294 prefecture-level cities, 17 prefectural-level new areas, 29 provincial-controlled counties, and 4 special economic zones), and tier 3 (districts, 1349 counties, 366 county-level cities, and 2 special economic zones).

### *Tier 1*

It was not until 1954 that provinces became the dominant subnational administrative units. Before that, PRC (founded in 1949) was divided into 6 Greater Administrative Areas, which originated from war zones during China's War of Liberation. These areas were at a hierarchically higher level than provinces and municipalities, served as the regional agencies of the central government, functioned comprehensively, and were subject to poor control by the center. However, prior to the adoption of a formal constitution, the authority vested in the Areas was poorly documented and remained largely de facto in nature. In the first Constitution (1954), the Areas were dissolved, and provinces and municipalities became the first layer of subnational administration. After some mergers and removals,<sup>3</sup> China's current first subnational tier was established.

---

<sup>1</sup> The 23<sup>rd</sup> province is Taiwan, recognized by much of the international community as a sovereign state.

<sup>2</sup> The Hong Kong and Macao sections of this profile have been researched in collaboration with Dr. Brian Fong.

<sup>3</sup> For example, Rehe province was removed in 1955, and its territory was divided by Hebei, Liaoning and Inner Mongolia. Hainan used to be a vice-provincial administrative region, and it became a province in 1988. Tianjin was removed from municipalities in 1958, but was moved back in 1967.

---

In the history of the PRC, there have been four Constitutions which mark milestones of the regime. The first Constitution was adopted in 1954 as the regime recovered from civil war and started to focus on economic development and domestic control. The first five-year plan for development was issued in 1953 and the planned economy was formed by the end of 1956. After 1956, the PRC experienced a long period of trial and error in governance modes. From the Great Leap Forward movement (1958-1960) to the Cultural Revolution (1966-1976), Chinese governance was unstable and the country was in chaos. The second Constitution was adopted in 1975, but that constitution centered around ideological claims during the Cultural Revolution and is marked by the suspension of the National Congress, general lack of governance, and absence of a legal order. That document was soon replaced by the third Constitution in 1978, which marks the end of Cultural Revolution and the start of the Reform Era during which the main focus of the country shifted back to economic development. It is in this constitution that regional governments were given more authority, opportunities, and motivation to develop their local economics. The fourth Constitution (1982) is the blueprint of the current form of government. Together with the *Organic Law of the Local People's Congress and Local People's Governments (1979)*, it sets the principles of Chinese administrative governance.

Generally, we follow the Constitutional periods, with a break during the Cultural Revolution, in coding authority of the subnational units until the 1990s, when additional legislation provided further authority for local governments. Beyond the standard provinces and municipalities of the first tier of subnational government, particular timelines are necessary to mark the entry of each autonomous region, which were established from the late 1940s to mid-1960s.<sup>4</sup> The authorities of these regions were generally enshrined in the Constitutions and additionally specified in the *1984 National (Minzu) Autonomy Law* and its subsequent 2001 amendment. Revisions to the Constitution and the *National (Minzu) Autonomy Law* have not changed these five autonomous regions' authorities, as reflected in the coding scheme. Hong Kong and Macao enter the timeframe in 1997 and 1999, respectively.

### Autonomous regions

In the autonomy system, policies are drafted by the central government and its various bodies, while implementation may have distinct applications by hand-picked officials representing distinct ethnic groups (Dodin 2008). The *National (Minzu) Regional Autonomous Law* generally sets out the framework for this system and is applied within regions and localities based on the date of their creation. The five region-level units are legally distinct from other tier 1 units but

---

<sup>4</sup> The Inner Mongolia Autonomous Region, known as Inner Mongolia Autonomous Government before 1949, was established in 1947, Xinjiang Uyghur Autonomous Region in 1955, Ningxia Hui Autonomous Region in 1958, Guangxi Zhuang Autonomous Region in 1958 and Xizang (Tibet) Autonomous Region in 1965.

---

governed by a single overarching law, and so each is coded as an asymmetric tier 1 unit.

Established in 1954, the Inner Mongolia Autonomous Region incorporated the Inner Mongolia Autonomous Government (a Mongol revolutionary government built in 1947 with the support of the Chinese Communist Party), Suiyuan province and later some Mongol-populated banners and counties from Gansu province and Rehe province. The Inner Mongolia Autonomous Region was created to establish regional autonomy following the CCP-supported Mongol movement for autonomy in the late 1940s and simultaneously integrate Mongols with other ethnic groups within the autonomous region (Bulag 2004).

The same logic applied to the founding of the Xinjiang Uyghur Autonomous Region in 1955. From 1911 to 1949, Xinjiang, as a province in the Republic of China, had been ruled by Soviet-influenced warlords and undergone separatist movements and conflicts. The CCP supported the Communist-oriented multi-ethnic (mainly Uyghur and Kazakh) rebels in fighting against the rule of the Kuomintang (the Nationalist Party, KMT), the ruling party during the Republic of China. From 1949 to 1955, the CCP established and consolidated its rule in Xinjiang and tried to integrate the Uyghur people and other revolutionaries into the newly formed Xinjiang government. In 1955, the Xinjiang Uyghur Autonomous Region was established in order to build regional national autonomy to enhance legitimacy in the process of integrating Xinjiang into the new People's Republic (Clarke 2011).

The Xizang (Tibetan) Autonomous Region was established in 1965, six years after the Dalai Lama fled to India amid a conflict between the Communist People's Liberation Army and supporters of the Kashag government (a continuation of the governing Council in Tibet controlled by and answerable to the Dalai Lama since the Qing dynasty) in 1959. The conflict emerged following to the socialist land reform and other policies implemented in China's regions during the Great Leap Forward. After the Dalai Lama's flight from the CCP, the central government in Beijing immediately annulled the local Kashag government and created the preparatory committee for the Xizang (Tibetan) Autonomous Region as the acting government in Tibet (Van Schaik 2011). The establishment of the Xizang (Tibetan) Autonomous Region in 1965 is thus aimed at ensuring legitimacy and solidifying control of the territory under central rule. Autonomy provided that the head of government would be an ethnic Tibetan, though actual power resides by the First Secretary of the Tibetan Chinese Communist Party, who has never been a Tibetan (Dodin 2008: 205).

The Ningxia Hui Autonomous Regions (NHAR) was founded in 1958. The autonomous region had been a province from 1949 to 1954 and later was incorporated in the Gansu province. However, due to the large population of the Hui people living in that region, the CCP thought that Hui, as an ethnic minority with a large population, should have an autonomous region for themselves. Therefore, the once separate Ningxia province left Gansu and became an autonomous region. Different from those established in Xinjiang, Inner Mongolia, and Tibet, the CCP's motive behind this decision was to better protect the autonomy of the Hui people as a

---

model minority within ethnically-Han China (Dillon 2013). This logic similarly applies to the Guangxi Zhuang Autonomous Region (GZAR) in southwest China, which was also created in 1958 and previously known as the Guangxi province.

### Municipalities

All four of the current municipalities – Beijing, Shanghai, Tianjin, and Chongqing – inherited the title from the era of the Republic of China, so endowed because of their size, economic value, and strategic value. Municipalities occupy the same administrative and functional status as the provinces. Aside from geographic and population density considerations, the position of municipal Secretary of Party Committee is usually held by a higher-ranked member of the Political Bureau than the position of standard provincial Secretary of Party Committee.

Beijing has long been the capital city of China since the Yuan dynasty, which guaranteed its relatively high level of economic development and infrastructure construction. During the era of the Republic of China, Beijing was a special city administered directly by the central government rather than by a province. The municipality of Beijing is the capital of PRC. In the 1950s, some contiguous counties of Hebei were incorporated into Beijing, further increasing its size. Shanghai was one of the first treaty ports forced to open for trade in the 1840s, which laid the foundation for its dominance in economic development and modernization within China. Shanghai was first entitled as a municipality in 1927. In 1958, some contiguous counties of Jiangsu were incorporated into Shanghai, making its size ten-fold larger than it was in 1949. Tianjin shares a lot with Shanghai, including its coastal location, long history as a treaty port, and high level of colonization with large numbers of concessions. Tianjin became a municipality in 1930 and was one of the most developed cities in northern China when the PRC was founded. However, because Tianjin is located geographically contiguous to Beijing, Tianjin was removed from the list of municipalities in 1958. Yet, due to its geographical strategic value and economic scale, Tianjin was returned to municipality status in 1967. Chongqing is located in Western China and holds great value in strategic security and development-oriented transportation. Chongqing is located along the Yangtze river and became a treaty port in 1890. Because of its relative geographical isolation, Chongqing was a temporary capital when the big cities in East China were mostly taken over by the Japanese in World War II. Chongqing first became a municipality in 1939, was removed from the list of municipalities in 1954 due to administrative readjustments in Beijing, and was returned to municipality status in 1997 in order to facilitate its role as the frontier city for East-West development projects within China, such as and the Three Gorges dam.

### Special Administrative Regions

Hong Kong and Macao represent two of the world's most autonomous regions, despite being part of an authoritarian system that is otherwise extremely centralized. Between 1842 and 1898, Hong

---

Kong island, Kowloon, and the New Territories were leased to the British government by the Qing Dynasty, while Portugal held sovereignty over Macao until the conclusion of the Sino-Portuguese Joint Declaration in 1987 was made official via the transfer of sovereignty to China. Following the conclusion of the British and Portuguese leases, each became incorporated into the People's Republic of China in 1997 and 1999, respectively. Hong Kong and Macao are notable exceptions to the general framework as the rest of Mainland China, reinforcing the notion of "one country, two systems" advertised by Beijing. The primary pieces of enabling legislation in these regions are the Hong Kong Special Administrative Region (HKSAR) Basic Law and the Macao Special Administrative Region (MSAR) Basic Law.

### *Tier 2*

Within provinces, urbanization rates in contemporary China have forced a massive restructuring of the way in which government services are provided and local entities are administered. Directly below the level of provinces, but with separate authority from all other entities inside provinces, are 15 vice-provincial municipalities averaging 8.8 million residents, 2 vice-provincial new areas averaging 3.8 million residents,<sup>5</sup> and 1 vice-provincial autonomous prefecture with 4.3 million residents. The vice-provincial municipalities are often the capital of the province in which they are located and were created between 1984 and 1994.<sup>6</sup> Though they possess somewhat greater authority than the other sub-provincial/municipality entities, their autonomy is significantly more constrained given the weight of the provincial governments directly above them. The same authority applies to the vice-provincial new areas of Pudong (designated in 1992) and Bihai (designated in 2009), and the vice-provincial autonomous prefecture of Ili Kazakh (designated in 1979).

Similarly, within provinces, urbanization within China's interior also generated a restructuring process through which mostly rural prefectures, the traditional subdivision of provinces, were themselves divided into urban-suburban prefectural-level cities beginning in 1983. Until 1983 all provinces were sub-divided into prefectures, which carried out the lower-level functionality of provincial governments. Beginning in 1983 the prefectures could be reclassified as the vice-provincial municipalities, which was reserved for the largest and most developed capital cities, or prefectural-level cities. The criteria to be converted to a prefectural-level city is a prefecture possessing an urban center with a minimum population of 250,000, gross industrial output of a minimum 200 million RMB, and where service sector output exceeds industrial output. Most prefectural-level cities are subsequently divided into counties, county-level cities, and districts, though twelve have only district subdivisions and five have no subdivisions. Furthermore, 17 new areas for development exist at the prefectural level, which operate in similar ways to the slightly

---

<sup>5</sup> These two vice-provincial new areas are sometimes referenced as "state level new areas."

<sup>6</sup> Prior to 1994 they were designated as vice-provincial cities.

---

more autonomous provincial-level new areas, and 29 cities are directly administered by their provinces rather than via a prefecture or prefectural-level city. Prefectures, prefectural-level cities, prefectural-level new areas, and provincially-controlled cities register as deconcentrated units in our coding scheme.

From 1979 China has gradually created special economic zones (SEZs) with property rights protection, tax breaks and a preferential land policy specifically for foreign investors (Wang, 2009). In the late 1970s, the State Council gave approval for small-scale SEZ experiments in four remote southern cities: Shenzhen, Zhuhai and Shantou in Guangdong province, and Xiamen in Fujian Province. These cities were chosen mainly because of their geographic location along the coast and for their proximity and historic ties to regions with large number of overseas personnel connections – Hong Kong, Macao, and Taiwan – which improved their ability to attract FDI from or through these regions.<sup>7</sup> These zones were used as a ‘test base’ for liberalization of trade, tax and other policies that were then gradually applied to the rest of the economy. In 1988, Hainan, an island province in South China was included in the SEZs; since its authority is vested in the provincial government (Tantri 2012, 235-7) we code the SEZ as an asymmetric tier 1 unit.

### *Tier 3*

At the within-prefecture or -city tier, China is subdivided into a tier of counties, county-level cities, and districts, which are largely distinguished by their level of urbanization and geography rather than a functional distinction.<sup>8</sup> Though each of these subdivisions of prefectures and cities all exceed our population criteria, averaging 300-400,000 in population, they are a relatively unauthoritative level of government and entirely constrained by provincial and municipal management above them. Counties, county-level cities, and districts all register as deconcentrated units in our coding scheme.

In 2010, the county-level cities of Khorgas and Kashgar in Xinjiang Uygur Autonomous Region were entitled as SEZs, mostly because of their geographical location to key components of the Belt and Road Initiative: Khorgas is the Chinese end of Eurasian Land Bridge, bordering Kazakhstan, and Kashgar is the center of the 2<sup>nd</sup> Eurasian Land Bridge, bordering Tajikistan, Afghanistan and Pakistan. While Khorgas and Kashgar are designated as SEZs and receive asymmetric status, they are still administered by a management committee that is part of the Xinjiang Autonomous

---

<sup>7</sup> <https://baijiahao.baidu.com/s?id=1606470226460142496&wfr=spider&for=pc>.

<sup>8</sup> Within this tier, there are also 219 economic and technological development areas (EDAs), 169 high-tech industrial development zones (HIDZs), and 18 free trade zones (FTZs). Each of these either operates as a single-task form of governance, such as the HIDZs sole mandate on innovation promotion, or administrative tasks are explicitly carried out by municipal governments within which they are located. While we acknowledge these subnational entities, they do not constitute distinct subnational government units in our coding scheme.

---

People's Government. This renders them only as authoritative as the other Tier 3 regions.

## Self-Rule

### *Institutional Depth*

In 1949-1954, Greater Administrative Areas were the dominant subnational units. Due to their history as war zones and the capacity weakness of the center,<sup>9</sup> they functioned comprehensively and quite independently but under the direct leadership of CCP officials. The government of each area is the actor of regional law making as well as of regional administration. Local leaders controlled all affairs of armed forces, party and administration.<sup>10</sup> However, these regional governments often operated as supervising agents on behalf of the central government. For example, the Military and Administration Committee for each area was nominated by the center.<sup>11</sup> By 1952-53 the heads of five of the six Areas had all been recalled to Beijing to serve the central government and civilian control over military heads established a clear chain of command to the CCP. While the Areas' functions were suggestive of some localized authority, it is unclear if this simply reflected the status, close relationship to, and trust of Mao that those Areas' leaders held (c.f. Teiwes 2010: 71-72).<sup>β</sup> In this period, absent clear institutionalized authority vested in the Area governments, rather than individual leaders, we reflect deconcentration of government administration by coding institutional depth of the Areas 1.

After provinces and municipalities were established as the standard unit of the first subnational tier, cycles of centralization and decentralization resulted from the sudden changes in the number of bureaucratic departments of the State Council,<sup>12</sup> as well as the management authority over important industries, until 1978. This arbitrary authorization to or recall of autonomy from regional governments reflects the absolute authority of the central government during this period. From 1955 to 1978 provinces and municipalities score 1 on institutional depth.

According to the *Organic Law of the Local People's Congress and Local People's Governments of the PRC (1979)*, Article 7, 'The people's congresses of provinces, autonomous regions, and municipalities directly under the Central Government may, in the light of the specific conditions and actual needs of their respective administrative areas, formulate and promulgate local regulations, which must not contravene the Constitution, the law and administrative rules and regulations; they shall report such local regulations to the Standing Committee of the

---

<sup>9</sup> Guo, 1998.

<sup>10</sup> [http://www.360doc.com/content/11/0830/19/4444382\\_144569318.shtml](http://www.360doc.com/content/11/0830/19/4444382_144569318.shtml).

<sup>11</sup> [http://www.360doc.com/content/11/0830/19/4444382\\_144569318.shtml](http://www.360doc.com/content/11/0830/19/4444382_144569318.shtml).

<sup>12</sup> Sun, 1995.

---

National People's Congress and the State Council for the record.'

These regulations formally institutionalized that the provinces and other subnational entities in China are non-deconcentrated yet subject to central government veto. The central government indicates broad principles and the regional governments make independent policies for implementation. For example, in education the center regulates the general system for the College Entrance Exam, but provinces decide exam questions and the enrollment quotas for local students.<sup>13</sup> In the economy, the central government may switch the tax system from added value to sales and regional governments adjust their policies accordingly; for example, a provincial government may support a township enterprise or city development project in order to maximize local revenue.<sup>14</sup> These distinctions from the pre-1979 system are sufficient to warrant an increase in provincial and municipal scores on institutional depth to 2.

The five autonomous regions went through similar processes on their way to the formal establishment of their respective autonomous region governments. For example, before the Xinjiang Uyghur Autonomous Region (XUAR) was founded, Communist military leaders cooperated with Uyghur and local revolutionary leaders in building up the autonomous region. The government at that time was staffed by CCP military officials and leaders from Uyghur and other ethnic minorities in Xinjiang. The central government and the CCP central leadership held veto authority over appointments and thus policymaking (Dreyer 1986; Clarke 2011). After the promulgation of the first Constitution (1954), the autonomous government of XUAR was established. In 1984, the *National (Minzu) Regional Autonomous Law* further clarifies the jurisdiction of the people's government of autonomous regions, which says "the people's governments of all national autonomous areas shall be administrative organs of the State under the unified leadership of the State Council and shall be subordinate to it."<sup>15</sup> Therefore, the autonomous governments are still subject to central government veto (Bovingdon 2004), and each autonomous region scores 2 on institutional depth from the year in which its autonomous region status is endowed. The only exception to this scoring is during the Cultural Revolution from 1966 to 1976, when scores across China decrease to 1 to reflect a political and governance environment approximate to a state of emergency.

Both Hong Kong and Macao's Basic Laws specify that their Chief Executives<sup>16</sup> have dual accountability to the Chinese central government and the HK Special Administrative Region (HKSAR) and Macao Special Administrative Region (MSAR) governments, respectively. The National People's Council Standing Committee (NPCSC) may "return" laws passed by the HKSAR

---

<sup>13</sup> Qu, 2013.

<sup>14</sup> Yu and Gao, 2012.

<sup>15</sup> Article 15, The Law on National (Minzu) Regional Autonomy, 1984.

<sup>16</sup> HK Special Administrative Region Basic Law Article 43, note 11; Macao Special Administrative Region Basic Law, Article 45, note 12.

---

and MSAR Legislative Councils<sup>17</sup> if it considers that they do not conform with the provisions of the Basic Laws. However, there was no enabling law or policy that provided for any form of central government control or overturn until 2013, essentially nullifying any veto power in Beijing.<sup>β</sup> Thus, Hong Kong and Macao score 3 on institutional depth from 1997/1999 to 2013.

In 2014, a high-level *White Paper on the Practice of the “One Country, Two Systems” Policy in the Hong Kong Special Administrative Region* by the PRC State Council officially stated that the central government “exercises overall jurisdiction over the HKSAR” and holds “power of oversight over the exercise of a high degree of autonomy in the HKSAR.”<sup>18</sup> Since the White Paper was issued, this ‘oversight’ authority has taken the form of direct intervention in the selection of Hong Kong’s Chief Executive and attempts to contravene segments of Macao’s population in organizing cultural events deemed concerning to the Chinese state.<sup>19</sup> As a result, beginning in 2014 both Hong Kong and Macao score 2 on institutional depth to reflect the growing interventionist power of Beijing.<sup>β</sup>

Created in 1979, the SEZs of Shenzhen, Xiamen, Shantou, and Shuhai functioned largely as deconcentrated units, as the power to pass economic decrees was designated to the province in which they were located. Beginning in the 1990s, the SEZs gained more autonomy vis-à-vis the provinces they belonged to. Shenzhen obtained the right to pass its own economic decrees in 1992, Xiamen in 1994, Shantou and Zhuhai in 1996.<sup>20</sup> *The Legislation Law of the PRC (2000)*, specifies that decrees issued within the SEZs prevail over legislation from national laws, administrative regulations, and other local decrees (Article 81). This suggests a high level of government autonomy from both provincial and national governments regarding economic policy. However, SEZ decrees must follow the principles of the Constitution and be reported and archived to the National People’s Congress Standing Committee and the State Council.<sup>21</sup> The authority of SEZs to issue decrees is granted by the NPC,<sup>22</sup> indicating that SEZs are still subject to the central government veto. The four SEZs of Shenzhen, Xiamen, Shantou and Zhuhai are coded as ‘2’ on institutional depth from the years in which each received the authority to set economic decree through 2018.

While they each have similar institutions to those in the first tier of government, all other subnational units below the first tier are hierarchically beholden to the first tier governments within which they are located. However, there is some fiscal autonomy held by some tier 2 units

---

<sup>17</sup> See *ibid.*, note 12, Article 17 of the MSAR Basic Law.

<sup>18</sup> See <http://www.fmcopec.gov.hk/eng/xwdt/gsxw/t1164057.htm>, note 26, section II.

<sup>19</sup> Though later policies arguably have proven more interventionist by comparison, we interpret the issuance of the *White Paper* to be a clear signal of retrenchment of regional veto authority held by the SARs, both symbolically and in decision-making capacity.

<sup>20</sup> [http://www.npc.gov.cn/npc/zt/qt/dfrd30year/2009-04/14/content\\_1497664.htm](http://www.npc.gov.cn/npc/zt/qt/dfrd30year/2009-04/14/content_1497664.htm).

<sup>21</sup> [http://www.npc.gov.cn/npc/zt/qt/dfrd30year/2009-04/14/content\\_1497664.htm](http://www.npc.gov.cn/npc/zt/qt/dfrd30year/2009-04/14/content_1497664.htm).

<sup>22</sup> <http://www.china.org.cn/english/kuaixun/76344.htm>.

---

that parallels those of first tier units (see below), land use and management of local state-owned enterprises is largely determined by tier 2 and tier 3 assemblies (Tao et al. 2010, 2218), and tier 2 and tier 3 local assemblies indirectly elect the representatives to higher tier assemblies and the national congress. Despite a notable absence of constitutional or enabling legislation that references sources of specific authority or powers over policy for tier 2 and tier 3 units, their ability to generate revenue from the profits of state-owned enterprises and attract economic development projects by controlling land leasing procedures suggests they are more than a simple deconcentrated form of administration. All second and third tier units, except the SEZs, score 1 on institutional depth from 1950 to 1978 and 2 after 1979 to reflect the direct exercise of authority over specific aspects of governance, albeit under substantial constraint via the central government's ability to unilaterally replace administrators.<sup>β</sup>

### ***Policy Scope***

Areas, and then provincial and municipal governments, had very weak authoritative competence in nearly all matters of policymaking. After 1956, a planned economy was formed in China and the central government had overall control over all affairs in the country. The Constitution in 1975 did not even refer to regional governments' authority in making local policies. From 1950 to 1954 the policy scope of Greater Administrative Areas is coded 0. From 1955 to 1979 the policy scope of provinces and municipalities is coded 0.

When the *Organic Law of the Local People's Congress and Local People's Governments of the PRC* was adopted in 1979, Article 8 indicated that local governments have the power 'to discuss and decide on major issues in political, economic, educational, scientific, cultural, public health, protection of the environment and natural resources and civil and nationality affairs in their respective administrative areas.' Furthermore, Article 14 stipulates that "The State establishes a sound social security system compatible with the level of economic development." *Regulations on Unemployment Insurance (Amendment 2017)* indicates that 'The unemployment insurance premium shall be paid by the employer and the employee ..., and the sum of the payment ratio of the employer and the employee shall not exceed 2%. The specific payment ratio shall be stipulated by the people's government of the province, autonomous region or municipality.' Thus, local governments can adjust their economic and cultural-educational policies in implementing or responding to decisions made by the central government. Indeed, substantial authority to create and implement innovative economic policies at the subnational level helps local leaders to distinguish themselves when central authorities assess local economic performance as a primary indicator of local leaders' competency and promotion decisions.<sup>23</sup> Regional governments have never controlled their residual powers, police, own institutional set

---

<sup>23</sup> Zheng and Shan, 2009; Zheng, 2007.

---

up or local government, according to the Constitution. Thus, policy scope of the provinces and municipalities after 1979 is coded 2.

From 1949 to the time when the autonomous regions were established, the CCP experimented with different types of autonomous governments. These governments, composing local ethnic minorities and CCP officials, had authority in formulating economic, cultural and educational policies (for example, see Zhang 2014 on Xinjiang). Later, the 1984 *National (Minzu) Regional Autonomy Law* specifically articulated that the autonomous regions have authoritative competencies in forging economic, cultural and educational policies, as well as in organizing public security forces.

For example, Article 15 of the *National (Minzu) Regional Autonomy Law* stipulates that “under the guidance of State plans, the organs of self-government of national autonomous areas shall, in the light of local characteristics and needs, work out the guidelines, policies and plans for economic development and independently arrange for administer local economic development.” Article 24 of the same law provides that “the organs of self-government of national autonomous areas may, in accordance with the military system of the State and practical local need and with the approval of the State Council, organize local public security forces for the maintenance of public order.” In addition, Article 36 of the *National (Minzu) Regional Autonomy Law* writes that “in accordance with the guidelines of the State on education and with the relevant stipulations of the law, the organs of self-government of national autonomous areas shall decide on plans for the development of education in these areas, on the establishment of various kinds of schools at different levels, and on their educational system, forms, curricula, the language used in instruction and enrollment procedures.” However, although the laws permitted local police cadres to be established, all security personnel fell under the “unified national military system” (Bovingdon 2004). Thus, each of the autonomous regions scores 2 on policy scope from the year they were established, and never acquires sufficient authority on policing from the central state to warrant a higher score. Scores during the Cultural Revolution are lowered to 0.

The HKSAR and MSAR Basic Laws confer wide-ranging autonomous powers to both SARs on major categories of government policies including economic policy, cultural-educational policy, welfare policy, institutional-coercive policy, immigration, citizenship and right of domicile.<sup>24</sup> Both regions also control immigration into and out of their respective territories separately from the Chinese mainland.

Since the release of the 2014 *White Paper on the Practice of the “One Country, Two Systems” Policy in the Hong Kong Special Administrative Region*, China has exerted pressure on the Hong Kong elite to enact its policy proposals. For example, China’s Minister of Education has

---

<sup>24</sup> Articles 14, 119, 136, 138, 139, 140, 143, 145 and 147 of the HKSAR Basic Law; Articles 14, 114, 115, 118, 121, 123, 124, 125, 126, 127, 130 of the MSAR Basic Law.

---

pressurized the Hong Kong government to promote national education since 2012.<sup>25</sup> Hong Kong's Education Bureau has also tried to remove topics related to protests and social movement such as the 1967 riots from its Chinese history curriculum.<sup>26</sup> On policing, Hong Kong has also allowed Chinese law enforcement to operate in parts of the Hong Kong High-speed Rail Station. Both Hong Kong and Macau allow Chinese law enforcement to operate in parts of the Hong Kong-Zhuhai-Macau Bridge that are within Hong Kong and Macau jurisdiction.<sup>27</sup> Despite the deterioration of regional autonomy in these areas, Hong Kong still retains autonomy over economic<sup>28</sup> and welfare policy, and has control over immigration. Thus, both Hong Kong and Macao score 4 on policy scope from 1997/9 to 2018.

We interpret SEZ authority over economic decrees to indicate authoritative competence in economic policy-making, but provincial control is retained over cultural-educational and welfare policy within the SEZs borders.<sup>29</sup> Since the SEZs do not receive any distinction in other areas of policy-making, the SEZs of Shenzhen, Xiamen, Shantou and Zhuhai are coded as '1' on policy scope from the years in which each received economic decree authority through 2018.

All other subnational units below the first tier score 0 on policy to reflect an absence of constitutional or enabling legislation references to specific authorities or powers, as well as the influence of the provincial or autonomous region governments directly above them.<sup>β</sup>

### ***Fiscal autonomy***

From 1949 to 1978, the tax system was crude, with no personal income tax, and thus few individual taxpayers. *National Tax Administration Implementation Requirements* (1950) regulates that all legislative power over taxation belongs to the center. Even though regional governments occasionally obtained more authority in tax, it was never institutionalized. The fiscal system at that time was referred to as 'unified revenue collection and unified spending (*tongshou tongzhi*),' a system in which local governments acted as the agents for the central government to collect revenues and execute spending mandates. Local governments did not have their own budgets, and all revenues and expenditures were technically approved by the central government (Liu and Martinez-Vazquez 2014). Fiscal autonomy of Areas is coded 0 from 1950 to 1954.

---

<sup>25</sup> Kwong, 2017

<sup>26</sup> [Mak, 2017](#)

<sup>27</sup> [Jhang, 2018](#)

<sup>28</sup> In 2017, the 19<sup>th</sup> national congress of the Chinese Communist Party (CPC) first provided economic planning provisions for Hong Kong and Macau for further integration in the Pearl River Delta. As these plans have not been implemented by 2018, the scores remain unchanged.

<sup>29</sup> [www.drc.sz.gov.cn/zcfg/gds/201704/t20170426\\_6168237.htm](http://www.drc.sz.gov.cn/zcfg/gds/201704/t20170426_6168237.htm)  
[www.gov.cn/test/2008-04/21/content\\_950040.htm](http://www.gov.cn/test/2008-04/21/content_950040.htm)

---

However, during land reform in the early 1950s, collectivization of land and the subsequent state-owned enterprise system resulted in a high degree of local authority over tax revenue via control of local corporations. Since no private corporations could exist, local authorities were able to generate significant revenue by directly taxing a portion of the profits from state-owned enterprises (Gu and Zhao 2009; Wang and Zhang 2019; Xu 2019). This authority extended to the provincial, city, and county governments, effectively ensuring that standard units in tiers 1-3 held this power (ibid). Despite the tremendous resources this could confer on local authorities, there is no evidence of the ability to affect tax rates or bases by any subnational units during the Maoist period. Provinces and municipalities continue to score 0 from 1955 to 1979.

In 1980, the previous fiscal system was replaced by a new system called the ‘fiscal contracting system (*caizheng chengbao zhi*),’ in which each province was assigned an independent responsibility to collect tax revenues in its domain. Provinces were also entitled to retain a significant portion of the revenues —any residual ‘fiscal profits’— after they fulfilled the pre-determined sharing schemes (Wang and Zhang 2019, 87). This facilitated the role of local governments in promoting economic development. Although the power to set initial revenue generation still belonged to the center, local governments have discretion in tax enforcement and can offer preferential tax policies like tax concessions, tax rebates and enforcement strategy in allowing tax avoidance, which are crucial in tax management to affect the level and distribution of effective tax rates across regions (Wu et al. 2018). For example, provincial governments can offer local tax incentives like ‘a full waiver of the additional 3% local corporate income tax; reduced rates for the property tax, the urban construction tax, and the tax for occupation of arable land’ (Liu and Martinez-Vazquez 2014). From 1980 to 1993 provinces and municipalities score 3 on fiscal authority due to their ability to modify the rate of a major tax.

In an effort to strengthen central control over the fiscal system, tax reform in 1994 led to the ‘tax sharing system,’ which classified taxes into central, local and shared taxes. ‘The legislative power of central tax, the sharing tax, and the local tax must all be centralized in the central government to ensure the unified central government decree and the maintenance of a unified national market and equal competition among enterprises’ (*Decision of the State Council on Implementing the Tax-sharing System of Financial Management System 1994*).<sup>30</sup> Subsequent fiscal decentralization and recentralization in China have only focused on the allocation of tax revenues between the central and provincial governments, not on the bases and rates of taxes (Lardy 1975; Montinola, Qian and Weingast 1995; Ahmad et al 2002). Regional governments became significantly more dependent on central government transfer, with no authority to set tax bases or rates (Gu and Zhao 2009). By 2010, the central government formalized this arrangement with the county governments with the implementation of the “Provinces managing

---

30

[http://yss.mof.gov.cn/zhuantilanmu/zhongguocaizhengtizhi/cztzwj/200806/t20080627\\_54328.html](http://yss.mof.gov.cn/zhuantilanmu/zhongguocaizhengtizhi/cztzwj/200806/t20080627_54328.html).

---

counties” reform (省管县). The reform allows the provinces to directly control taxation and expenses of the counties (Gu and Zhao 2009; Wang and Zhang 2019). From 1994 onward, fiscal autonomy of all subnational units is coded 0.

The fiscal regime in the autonomous regions is similar to that of provinces and municipalities. Taxation is significantly controlled by the central government and only national law governs basic fiscal, tax, customs, financial and foreign trade systems (Legislation Law, Art. 8). Therefore, autonomous regions cannot set the bases and rates of major and minor taxes. The discretion to autonomous regions in tax policies are to grant tax exemptions or reductions for certain items of local financial income which should be encouraged or given preferential consideration in taxation, in addition to items on which tax reduction or exemption requires unified examination and approval by the State. But the decisions of autonomous prefectures and autonomous counties on tax reduction and exemption shall be submitted for approval to the government of the relevant provinces, autonomous regions or municipalities (National (Minzu) Regional Autonomy Law (1984), Art. 35; National (Minzu) Regional Autonomy Law (2001), Art. 34). Therefore, autonomous regions score 0 on fiscal autonomy from the year they are created.

Under the HKSAR Basic Law, Hong Kong has full fiscal independence from Beijing, using “its financial revenues exclusively for its own purposes,” via its own independent taxation system (Art. 106 & 108). The Exchange Fund, the foreign exchange reserves of Hong Kong, is also exclusively controlled by the SAR government (Art. 113). Almost identical fiscal autonomous powers have been conferred to Macao under the MSAR Basic Law (Art. 104, 106 & 109). Therefore, both score 4 on fiscal autonomy from 1997/1999 to 2018.

While the SEZs of Shenzhen, Xiamen, Shantou and Zhuhai have preferential policies regarding taxation of businesses located within their zones, those privileges are pre-approved by the State Council<sup>31</sup> and thus do not constitute fiscal authority regarding adjustment of tax bases and rates. The SEZs receive a score of ‘0’ on fiscal authority.

From 1980 to 1993, the same ‘fiscal contracting’ system which granted authority to modify tax rates without central approval to the provinces and municipalities also applied to the prefecture-level cities (Bahl & Wallich 1992; Gu and Zhao 2009; Wang and Zhang 2019; Xu 2019). As a result, the prefecture-level cities of tier 2 score 0 on fiscal autonomy from 1950 to 1979, 3 from 1980 to 1993, and 0 from 1994 to present. All other tier 2 and tier 3 units score 0 on fiscal autonomy throughout the period.

---

<sup>31</sup> An example of the State Council authorizes transitional preferential tax treatments to high-tech enterprises newly set up in SEZs and in Shanghai Pudong New Area.  
[http://www.gov.cn/zwggk/2007-12/29/content\\_847079.htm](http://www.gov.cn/zwggk/2007-12/29/content_847079.htm).

---

## ***Borrowing autonomy***

Before the Constitutional Amendment in 1993 that established a market economic system,<sup>32</sup> the economic system in China was a planned economy (eg. Constitution 1954, Article 15) in which no government entities had the authority (or incentive) to borrow. Until 1993, all subnational units score 0 on borrowing autonomy.

According to the *Budget Law of the People's Republic of China*<sup>33</sup>(1994), Article 35, except for certain provisions, 'local governments and their subordinate departments may not borrow debts by any means' or 'provide guarantees for any unit or individual's debt in any way.' Thus, borrowing autonomy of Chinese provinces, municipalities, and autonomous regions is still legally coded as 0 from 1994 to 2013, despite that in some provinces the debt of the local government is multiple times its revenue.<sup>34</sup>

The budget law stipulated that only the central government has the right to borrow and especially stressed that "in addition to the regulations by law and the State Council, regional governments shall not issue government bonds" (Zhang 2016). Yet, in 2009, the Chinese government began to allow local governments to issue bonds in a process that was directly controlled by the center. After the outbreak of global economic recession, the central government allowed the Ministry of Finance to issue RMB 200 billion local government bonds on behalf of the provinces, municipalities, and autonomous regions (Lam and Wang 2018). However, at this time provincial and municipal governments had to make plans and apply for quotas from the center.

In 2014, the pilot program turned into a major revision in the *Budget law*, which allowed provincial, municipal and autonomous regions' governments to issue bonds for the first time (Wingender 2018). It stipulated that "partial indispensable funds for construction investment in the budget of a province, autonomous region, or municipality directly under the Central Government as approved by the State Council may be raised in the form of debts such as local government bonds within the limit determined by the State Council." From 2015, the central government authorized all provinces and municipalities the autonomy to issue bonds independently. While the total amount of bonds cannot exceed the annual limit granted by the State Council, a number of the bond schemes such as the Special-Purpose Bonds (专项债券) can be issued without first obtaining central authorization.<sup>35</sup> Thus, borrowing autonomy for

---

<sup>32</sup> [http://www.cssn.cn/fx/fx\\_xfx/201610/t20161014\\_3235562.shtml](http://www.cssn.cn/fx/fx_xfx/201610/t20161014_3235562.shtml).

<sup>33</sup>

[http://www.mof.gov.cn/mofhome/jiandujianchaju/zhengwuxinxi/faguizhidu/201509/t20150908\\_1452983.html](http://www.mof.gov.cn/mofhome/jiandujianchaju/zhengwuxinxi/faguizhidu/201509/t20150908_1452983.html).<http://www.lawinfochina.com/Display.aspx?lib=law&Cgid=233287>.

<sup>34</sup> Fan and Zhang, 2008. Shen, Jin and Zhou 2012.

<sup>35</sup> [http://www.gov.cn/zhengce/content/2014-10/02/content\\_9111.htm](http://www.gov.cn/zhengce/content/2014-10/02/content_9111.htm).

---

provinces and municipalities from 2015 to present is coded 2.

The borrowing autonomy for the five autonomous regions followed similar changes to their provincial and municipal counterparts, resulting in them scoring 0 on borrowing autonomy before 2015 and 2 thereafter.

As fiscally autonomous entities, Hong Kong and Macao are not constrained by the Basic Laws or Beijing with respect to how they borrow through domestic and international financial markets. Therefore, both Hong Kong and Macao score 3 on borrowing autonomy from their creation through the present.

All subnational units below the first tier score 0 on borrowing to reflect an absence of constitutional or enabling legislation references to specific authorities or powers.

## ***Representation***

Before 1954, there were no provisions for any form of election for regional governments. Areas score 0 on representation for both assembly and executive from 1950 to 1954.

In the Constitution (1954), Article 55 states that deputies of the Local People's Congress at the provincial level shall be elected by the people's congress at the next lower level, indicating that provincial and municipal regions in China have indirectly elected assemblies. During the Cultural Revolution (1966-1976) local governments and local people's congresses were replaced by local revolutionary committees (Article 22, Constitution v. 1975), which were not elected (Guan 1991). The *Organic Law of the Local People's Congress and Local People's Governments of the PRC (1979)*, Article 5 returns the power to select people's congress members to the next-lower level congress. The representatives from the lower-level assemblies are rarely directly elected (see below on township and county level experiments in direct elections). This means that the only directly-elected representatives sit at least two tiers below the level of any tier assemblies included in the dataset.<sup>36</sup> Thus, provinces and municipalities score 1 on assembly throughout the period, except during the Cultural Revolution between 1966 and 1976 when they score 0.<sup>β</sup>

Executives at the regional level are appointed by the central government. Though the 1978 Constitution, Article 101 indicates that 'At their respective levels, local people's congresses elect, and have the power to recall, governors and deputy governors, or mayors and deputy mayors, or heads and deputy heads of counties, districts, townships and towns,' Article 89

---

<sup>36</sup> There is substantial debate about the degree to which village level elections reflect a direct representation of local interests (Li and O'Brien 2018), and candidates are often accused of being pre-approved by party committees with a high degree of intervention by Beijing into the local election process.

---

guarantees the State Council the power to ‘examine and decide on the size of administrative organs and, in accordance with the law, to appoint, remove and train administrative officers, appraise their work and reward or punish them.’ Secretaries of the Party Committee at the provincial and municipal level are directly assigned by the central government (Zheng and Shan, 2009; Wang, 2015), and provincial governors are nominated by the central government and approved by local assemblies *ex post* (Luo, 2012).<sup>37</sup> Thus, representation of provincial and municipal executives is coded 1 from 1955 to present, except from 1966 to 1976.<sup>β</sup>

In terms of the autonomous regions, there are similar procedures for indirectly electing regional people’s congresses as in the provincial and municipal congresses. Therefore, autonomous regions score 1 on assembly except from 1966 to 1976, when they score 0.<sup>β</sup> Additionally, chairmen and vice chairmen of the governments of the autonomous regions are elected and appointed by the people’s congresses at the level of autonomous region, provinces and municipalities. In practice, the CCP Central Committee and its Organization Department select candidates for the posts of regional executives based on recommendations from the autonomous regions and the investigation by the Organization Department of the CCP Central Committee. Once the candidates to fill these positions are chosen, the CCP committee at the autonomous region level makes a proposal to the people’s congress at the same level. Then the people’s congress “elects” and appoints the chosen people as chairmen and vice chairmen of the people’s governments of the autonomous regions. Thus, in theory regional executives serve as dual executives, which are co-determined by the central government and regional assembly. Therefore, autonomous regions score 1 on executive except from 1966 to 1976, when they score 0.<sup>β</sup>

According to the HKSAR Basic Law, the Chief Executive of Hong Kong Special Administrative Region is selected by an indirect election process and then appointed by Beijing (Article 45). The indirect election presents the choice of a pre-CCP-approved slate of candidates to representatives from functional constituencies, which represent interests groups such as corporations, professions, and societal sectors (Annex I). As Beijing controls both the slate of candidates and the process of approving the selection, this would at best constitute a dual executive. However, as the composition of who chooses from the slate is itself not rooted in a procedure of direct elections, it is difficult to qualify Hong Kong’s Chief Executive as anything more than a centrally-approved appointee in the executive office. The same process governs executive choice in the MSAR, and so both Hong Kong and Macao score 0 on executive from 1997/1999 to present.

The HKSAR Legislative Council was originally composed of members are elected by three different methods: direct elections from geographical constituencies, elections by

---

<sup>37</sup>Experimentation in the selection of township executives in recent decades suggest that while appointment confirmation by the local assemblies are largely pro forma, there is some element of local discretion over who occupies these positions (Feng 2011).

---

representatives of the same functional constituencies that select the Chief Executive, and selections from the same Election Committee as the Chief Executive's elections (Annex II). While members representing the functional constituencies have always comprised half of the Council's seats, the proportion of assembly members representing geographical constituencies increased from one-third in the 1998-2000 session to half in the 2008-2012 session as the Election Committee members declined from 10 in the 1998-2000 session to none since 2008.<sup>38</sup> The changes to the composition of the Council shift its status from being an indirectly elected assembly from 1997 to 2007 to a directly elected assembly from 2008 onward. Nearly identical structures are present in Macao for its Chief Executive and Legislative Council (MSAR Basic Law Articles 47 and 68). Therefore, both Hong Kong and Macao score 1 on assembly from 1997/1999 to 2007 and 2 on assembly from 2008 to 2018.

Since 1998 there has been some experimentation with the process of selecting deputies of the Local People's Congresses at the township and county levels (He and Thøgerson 2010; Li 2002; Lisheng 2006). However, such process are selectively undertaken and always under restrictions imposed by the 1979 Organic Law, which provides high degrees of influence for the CCP to determine the range of candidates who stand for such offices. All other subnational units in China have the same indirect election of regional assemblies, including the vast majority of townships and counties as well as at the SEZ and prefectural levels. Therefore, all units below the first tier score 1 on assembly and 1 on executive from year of creation, except from 1966 to 1976 when they score 0 and 0.<sup>β</sup>

---

<sup>38</sup> HKSAR Electoral Affairs Commission (<https://www.eac.gov.hk>).

---

## Shared Rule<sup>39</sup>

There is no shared rule for any subnational unit in China below the first tier.

### ***Law making***

The *Electoral Law of the People's Republic of China for the National People's Congress and Local People's Congresses (1953)* regulates that deputies to the National People's Congress are elected from provinces, municipalities, big industrial cities, ethnic minorities, PLA and overseas Chinese based on population: 1:800,000 for provinces, 1:100,000 for municipalities and industrial cities, and some quotas are kept for military, ethnic minorities and overseas Chinese. There is no stipulation for a legislative body based on the principle of regional representation (L1) nor for them to occupy a majority in that legislature (L3) nor for such a body to have extensive law-making authority (L4).

Electoral laws through 1953-2010 share the same principle, that 'Deputies to the National People's Congress and to the People's Congresses of provinces, autonomous regions, municipalities directly under the Central Government, cities divided into districts, and autonomous prefectures shall be elected by the people's congresses at the next lower level. Thus, regional governments designate their representatives in the national legislature (L2). While the National People's Congress stopped functioning and there were no actual regional representatives during the Cultural Revolution, the score from 1966-1976 is 0, otherwise it is 0.5 from 1953 to 2018.

Autonomous regions follow similar representation rules. Their deputies to the National People's Congress are elected from the people's congress at the lower levels within the autonomous regions.<sup>40</sup> Therefore they score 0.5 on law-making (L2) from 1953 to 1965, 0 from 1966 to 1976, and 0.5 from 1977 to present. Therefore, the autonomous regions also do not receive scores for L5 or L6.

Hong Kong and Macao both have representation in China's NPC based on similar principles to the rest of China's regions, with minor overrepresentation relative to their population allocation (Hualing and Choy 2007, 5; Electoral Law Art. 15). Rather than via election by lower level congresses as in the rest of China, Hong Kong and Macao delegates have been selected via an electoral college since 1998 (for Hong Kong) and 2003 (for Macao). Therefore they score 0.5

---

<sup>39</sup> Because provincial units were not the dominant subnational administrative level in 1949-1954, this time period is not counted in the part of Shared Rule.

<sup>40</sup> Article 2 & 59, the Constitution of the PRC (1954); Article 7, the Law on Legislation of the PRC.

---

on law-making (L2) from 1998 (for Hong Kong) and 2003 (Macao) to 2018. Neither government is separately consulted on national laws that might affect either region because most national laws do not apply to them, such as laws governing taxation or internal migration. Both Hong Kong and Macao score 0 on law making from 1997/1999 to 2018.

### ***Executive Control***

There have never been routine meetings, consultative or otherwise, between provincial and municipal governments and the central government. There have been *ad hoc* symposiums on the works of the Xinjiang Uyghur Autonomous Region (2010, 2014) and the Xizang (Tibet) Autonomous Region (1980, 1984, 1994, 2001, 2010, 2015), which are held by the CCP Politburo. Nearly all members of the Politburo Standing Committee, the Politburo and the leaders of relevant autonomous regions attended such top-down meetings, where the CCP Politburo summarized the past working experience and made new plans for the two autonomous regions. The timings of these meetings are correlated with the time and severity of the riots and conflicts that took place in the two autonomous regions. While Beijing controls policy discussions with the regional governments via the CCP, this does not constitute regional input into a system of shared governance. There also exist no routine bilateral meetings between the central government and governments of HKSAR or MSAR,<sup>41</sup> nor any routine multilateral meetings held between the central government, HKSAR, MSAR or any other regions. All regional governments score 0 on executive control throughout the period.

### ***Fiscal control***

All of the policies and reforms on tax revenue allocation are made by the central government.<sup>42</sup>

---

<sup>41</sup> There were frequent consultations between the Hong Kong/ Macau delegates and the China Liaison Office before the handover. These were conducted through a formal mechanism called the Joint Liaison Group (JLG). One example would be the fiscal disputes with Macau's casino income from the Sociedade de Turismo e Diversões de Macau (STDM) prior to the transition (Mendes, 2013, pp. 95-99; Gunn, 1996, p. 14). In Hong Kong, the Sino-British JLG coordinated on the British side's plans to build the new Hong Kong International Airport, on which the Chinese side expressed concerns over the cost of the project (Ho, 2016, p.242). The JLG was also involved in other policy areas such as land administration and land development. The JLG is not coded because it was a mechanism in the colonial era, and thus is not part of the current Chinese political system.

<sup>42</sup> Reforms on shared taxes are always guided by the principle of centralization. See Wang, 2010; Wang & Zhang, 2019, 87-88.

---

For example, the sole clarification on shared taxes between the central and regional governments, the 2018 State Council *Notice on the Fiscal Authority and Expense Responsibility Reform between the Central and Regional Governments*, was drafted by the central government without consultations with the regional governments. The document emphasizes “central leadership” and the “party leadership” as guiding principle. Though regional governments may have the power to lobby, there is no institutional infrastructure for such negotiations. Because both Hong Kong and Macao have “independent finances” and their revenue systems are completely separated from the rest of China, there is no intergovernmental fiscal transfer system or consultation between the central government and either SAR, and they are not consulted over the distribution of tax revenues in the rest of the country. All regional governments score 0 on fiscal control throughout the period.

### ***Borrowing control***

All of the policies and reforms on borrowing are made by the central government. Though regional governments may have the power to lobby, there is no institutional legislature for such negotiations. Because both Hong Kong and Macao have independent reserve and debt management systems from the rest of China, neither are consulted over borrowing constraints that exist in other parts of the country (HKSAR Basic Law Art. 113; MSAR Basic Law Art. 109). All regional governments score 0 on borrowing control throughout the period.

### ***Constitutional Reform***

The 2004 Constitution, Article 64 states that ‘Amendments to the Constitution are to be proposed by the Standing Committee of the National People’s Congress or by more than one-fifth of the deputies to the National People’s Congress and adopted by a majority vote of more than two-thirds of all the deputies to the Congress.’ Deputies to the NPC from the autonomous regions are consulted in making and amending the *National (Minzu) Regional Autonomy Law*, but only under the same designation as the rest of the delegates from other non-autonomous regions and without the ability to raise the decision hurdle or postpone amendments. Thus individual regions do not possess the ability to amend or veto the constitutional amendment process and all score 0 on constitutional reform throughout the period.

The exception is in Hong Kong and Macao. Article 159 of the HKSAR Basic Law and Article 144 of the MSAR Basic Law provide that the NPCSC, the State Council and the HKSAR/MSAR are able to introduce amendments to the respective Basic Laws, but final decisions are rendered by the National People’s Congress. The HKSAR and MSAR governments and Legislative Councils do not have the power to veto proposed amendments. However, amendment bills must be placed on

---

the agenda of the National People’s Congress after the proposed amendments have been considered by the Basic Law Committees of the NPC’s Standing Committee, which are equally composed of SAR and national members. We interpret this as evidence that the governments of Hong Kong and Macao can raise the decision hurdle through their ability to postpone the NPC’s decision on amendments to their Basic Laws, scoring 2 on constitutional reform from 1997/1999.

@version, November 2020 – authors: Sarah Shair-Rosenfield, Weining Ai, Kyle Chan, and Fanying Kong

---

## References

- Ahmad, M. E., Keping, L., Singh, M. R. J., & Richardson, M. T. J. (2002). *Recentralization in China?* (No. 2-168). International Monetary Fund.
- Bahl, R., & Wallich, C. (1992). *Intergovernmental Fiscal Relations in China*. (WPS 863). World Bank.
- Bovingdon, G. (2004). "Autonomy in Xinjiang: Han Nationalist Imperatives and Uyghur discontent." *The China Quarterly*, 61, pp. 25-60.
- Bulag, U. E. (2004). "Inner Mongolia: the dialectics of colonization and ethnicity building" in Rossabi, M. ed. *Governing China's multiethnic frontiers*, pp. 84-116.
- Chen, Boli (2007) "Analyze the System of Nomination of Deputy to the National People's Congress." *Journal of Gansu Institute of Political Science and Law*, No. 92, May 2007, pp. 19-25.
- Chen Ming-Tsung (2017) "Research on Part-Time Representatives of National People's Congress in China." *Yu Da Academic Journal*, Vol.44, pp. 151-172.
- Clarke, M. (2011). *Xinjiang and China's rise in Central Asia-a history*. Routledge.
- Dodin, Thierry. (2008). "Right to Autonomy" in: *Authenticating Tibet: Answers to China's 100 Questions*. Edited by Anne-Marie Blondeau and Katia Buffetrille, 195-196. University of California Press.
- Dreyer, J. T. (1986). "The Xinjiang Uygur Autonomous Region at Thirty: A Report Card." *Asian Survey*, 26(7), pp. 721-744.
- Fan, Bonai and Zhang Jianzhu. (2008). "Researches on Local Government Debt and Countermeasures in China." *Journal of Zhejiang University (Humanities and Social Sciences)* 38 (2), pp. 48-56.
- Feng, Lin. (2011). "Democratic Election of Heads of Local Government in Law and Practice – and its Future" in *Whither China's Democracy: Democratization in China since the Tiananmen Incident*, ed. Joseph Y.S. Cheng. Hong Kong: City University of Hong Kong Press, pp. 65-99.
- Gu, K., & Zhao, Q. (2009). 政府间财政体制变革 (Intergovernmental Fiscal Reforms). *经济研究参考 (Review of Economic Research)* 2, 35–49.
- Guan, Haiting. (1991). "Start and End of the Revolutionary Committee." *Journal of Chinese Communist Party History Studies General*. No. 527, pp. 47-52.
- Gunn, Geoffrey C. (1996) *Encountering Macau*. Boulder: Westview.
- Guo, Weigui. (1998). "Historical Study on Central-Local Relationship in the First 7 Year After the Founding Of PRC." *Party History Research & Teaching General*. No. 139, pp. 21-26.

---

He, Baogang and Stig Thøgersen. (2010). "Giving the People a Voice? Experiments with consultative authoritarian institutions in China." *Journal of Contemporary China* 19: 675-692.

He, Rikai. (2006). "On the Regulation of Constitutional Amendment Rights." *Jiangsu Social Sciences* No. 1 2006, pp. 121-128.

Hualing, Fu and DW Choy. (2007). "Of Iron or Rubber? People's Deputies of Hong Kong to the National People's Congress." Available at SSRN: <https://dx.doi.org/10.2139/ssrn.958845>.

Jhang, C. (2018, September 23). 香港高鐵一地兩檢吵什麼 一次看懂 (What is the "One Place, Two Inspections" Controversy?). *CNA*.

<https://www.cna.com.tw/news/firstnews/201809220083.aspx>

Kwong, H. B. (2017, October 23). 國家教育部長陳寶生指港府有責任推行國教 如有需要教育部可協助 ("Hong Kong Government needs to implement national education, the Ministry of Education can help" says Minister). *HK01*.

<https://www.hk01.com/%E7%A4%BE%E6%9C%83%E6%96%B0%E8%81%9E/127754/%E5%9C%8B%E5%AE%B6%E6%95%99%E8%82%B2%E9%83%A8%E9%95%B7%E9%99%B3%E5%AF%B6%E7%94%9F%E6%8C%87%E6%B8%AF%E5%BA%9C%E6%9C%89%E8%B2%AC%E4%BB%BB%E6%8E%A8%E8%A1%8C%E5%9C%8B%E6%95%99-%E5%A6%82%E6%9C%89%E9%9C%80%E8%A6%81%E6%95%99%E8%82%B2%E9%83%A8%E5%8F%AF%E5%8D%94%E5%8A%A9>

Lam, W. Raphael and Wang, Jingsen. (2018). *China's Local Government Bond Market* (No. 18/219). International Monetary Fund.

Lardy, N. R. (1975). "Centralization and Decentralization in China's Fiscal Management." *The China Quarterly* 61: 25-60.

Li, Lianjian. (2002). "The Politics of Introducing Direct Township Elections in China." *The China Journal* 171: 704-723.

Li, Lianjiang and Kevin O'Brien. (2018). "The Struggle over Village Elections" in *The Paradox of China's Post-Mao Reforms*, eds. Merle Goldman and Roderick MacFarquhar. New York: Cambridge University Press, pp.382-389.

Lisheng, Dong. (2006). "Direct Township Elections in China: latest developments and prospects." *Journal of Contemporary China* 15(48): 503-515.

Liu, Bin. (2013). "A Study on the Greater Administrative Area System in the Early Years of New China." *Journal of Henan Polytechnic University (Social Sciences)* 14 (3), pp. 269-273.

Liu, Yongzheng, and Jorge Martinez-Vazquez. (2014). "Inter-jurisdictional Tax Competition in China." International Center for Public Policy, Working Paper 14-03.

Luo, Zhongshu. (2012). "A Research on the Classification, Selection, Evaluation and Management of Party and Government Cadres." *Journal of Sichuan University (Social Science Edition)* General. No. 178, pp. 125-131.

---

Mak, Y. T. (2017, October 30). 中國官員伸手香港教育 中史憂成洗腦教育 (China Minister intervenes in Hong Kong's Education, the Chinese History subject might become brainwashing). *RFI*.

<https://www.rfi.fr/cn/%E4%B8%AD%E5%9B%BD/20171030-%E4%B8%AD%E5%9B%BD%E5%AE%98%E5%91%98%E4%BC%B8%E6%89%8B%E9%A6%99%E6%B8%AF%E6%95%99%E8%82%B2-%E4%B8%AD%E5%8F%B2%E5%BF%A7%E6%88%90%E6%B4%97%E8%84%91%E6%95%99%E8%82%B2>

Mendes, Carmen Amado. (2013). *Portugal, China and the Macau Negotiations, 1986-1999*. Hong Kong: University of Hong Kong Press.

Montinola, G., Qian, Y., & Weingast, B. R. (1995). "Federalism, Chinese Style: the Political Basis for Economic Success in China." *World Politics* 48(1): 50-81.

O'Brien, Kevin, J. (1988). "China's National People's Congress: Reform and Its Limits." *Legislative Studies Quarterly* 13 (3), pp. 343-374.

Qu, Zhengwei. (2013). "The Current Situation and Problems in the System Innovation of Local Educational Administration – based on the case analysis of 'Local Educational System Innovation Award.'" *Journal of Educational Science of Hunan Normal University* 12 (2): 107-111.

Shen, Chunli, Jin Jing, and Zou Hengfu. (2012). "Fiscal Decentralization in China: History, Impact, Challenges and Next Steps." *Annals of Economics and Finance* 13-1: 1–51.

Sun, Shiyong. (1995). "Several Adjustments and Trends of China's Vertical Administrative Power since the Founding of the People's Republic of China." *The Ideological Front* No 4: 21-27.

Tao, Ran, Fubing Su, Mingxing Liu, and Guangzhong Cao. (2009). "Land Leasing and Local Public Finance in China's Regional Development: Evidence from Prefecture-Level Cities." *Urban Studies* 47(10): 2217-2236.

Teiwes, Frederick C. (2010). "Mao Zedong in Power (1949-1976)" in *Politics in China: An Introduction* (ed. William A. Joseph). New York: Oxford University Press, pp. 63-102.

Van Schaik, S. (2011). *Tibet: A history*. Yale University Press.

Wang, Chunxi. (2015). "Reflections on the Reform and Improvement of the Local Party Leadership System." *Theoretical Investigation* General. No. 182, pp. 107-111.

Wang, F. (2010). 我国省以下财政体制完善的 分权化取向及原则 (The orientation and principles of fiscal decentralization in China). *地方财政研究* (Subnational Fiscal Research), 8, 15–18.

Wang, Y., & Zhang, Y. (2019). 县级财政体制变革与运行：一个文献综述的视角 (County Governments Fiscal System Reform and Implementation: A Literature Review). *地方财政研究* (Subnational Fiscal Research), 6, 86–92.

Wingender, M. P. (2018). *Intergovernmental Fiscal Reform in China*. International Monetary Fund.

- 
- Wu, Bin, Xuefei Xu and Zhenzhong Feng. (2018). "Investment Promotion, Fiscal Competition and Economic Growth Sustainability" *Sustainability* 10 (1), 45.
- Yu, Jianxing and Xiang Gao. (2012). "The Behavioral Logic and Institutional Basis of Local Developmental Government." *Social Sciences in China* No. 5: 95-112.
- Zhang, Shouwen. (2016). "Debt Risk and the Legal Constrains of Borrowing Right." *Journal of Suzhou University (Philosophy and Social Sciences)* 3: 51-58.
- Zhang, Qianqian. (2014). "Ethnic Policy in Xinjiang in the Early Establishment of the People's Republic of China," Hebei Normal University, Master Thesis.
- Zheng, Yonghai. (2002). "The Historical Evolution of China's Local Taxation System and an Exploration of its Legal Principles." *Contemporary China History Studies* 9 (3): 52-60.
- Zheng, Yongnian. (2007). *De Facto Federalism in China: Reforms and Dynamics of Central-local Relations*. Singapore: World Scientific Publishing Co. Pte. Ltd, 2007.
- Zheng, Yongnian and Shan Wei. (2009). "Decentralization and Reform: Chinese Central, Regional Governments and Civil Societies." *East Asia Essays*, No. 76.
- 何佩然。《城傳立新——香港城市規劃發展史（1841-2015）》。香港：中華書局，2016。  
(Ho, Pui Yin. (2016). *A History of Hong Kong City Planning (1841-2015)*. Hong Kong: Chungwah).

Self-rule in China

			Institutional depth	Policy scope	Fiscal autonomy	Borrowing autonomy	Representation		Self-rule
							Assembly	Executive	
Greater Administrative Areas	I	1950-1954	1	0	0	0	0	0	1
Provinces	I	1955-1965	1	0	0	0	1	1	3
	I	1966-1976	1	0	0	0	0	0	1
	I	1977-1978	1	0	0	0	1	1	3
	I	1979	2	2	0	0	1	1	6
	I	1980-1993	2	2	3	0	1	1	9
	I	1994-2014	2	2	0	0	1	1	6
	I	2015-2018	2	2	0	1	1	1	7
Autonomous Regions	I	1954-1965	2	2	0	0	1	1	6
	I	1966-1976	1	0	0	0	0	0	1
	I	1977-2014	2	2	0	0	1	1	6
	I	2015-2018	2	2	0	1	1	1	7
Municipalities	I	1950-1965	1	0	0	0	1	1	3
	I	1966-1976	1	0	0	0	0	0	1
	I	1977-1978	1	0	0	0	1	1	3
	I	1979	2	2	0	0	1	1	6
	I	1980-1993	2	2	3	0	1	1	9
	I	1994-2014	2	2	0	0	1	1	6
	I	2015-2018	2	2	0	1	1	1	7
SARs of Hong Kong and Macao	I	1997-2006	3	4	4	3	1	0	15
	I	2007-2013	3	4	4	3	2	0	16
	I	2014-2018	2	4	4	3	2	0	15
SEZ of Hainan	I	1988-1993	2	2	3	0	1	1	9
	I	1994-2014	2	2	0	0	1	1	6
	I	2015-2018	2	2	0	1	1	1	7
Prefectures, prefectural-level new areas, and provincially-cor	II	1950-1965	1	0	0	0	1	1	3
	II	1966-1976	1	0	0	0	0	0	1
	II	1977-1978	1	0	0	0	1	1	3
	II	1979-2018	2	0	0	0	1	1	4
Prefectural-level cities	II	1950-1965	1	0	0	0	1	1	3
	II	1966-1976	1	0	0	0	0	0	1
	II	1977-1978	1	0	0	0	1	1	3
	II	1979	2	0	0	0	1	1	4
	II	1980-1993	2	0	3	0	1	1	7
SEZs of Shantou, Shenzhen, Xiamen, and Zhuhai	II	1979-1991	2	0	0	0	1	1	4
	II	1992-2018	2	1	0	0	1	1	5
Counties, county-level cities, and districts	III	1950-1965	1	0	0	0	1	1	3
	III	1966-1976	1	0	0	0	0	0	1
	III	1977-1978	1	0	0	0	1	1	3
	III	1979-2018	2	0	0	0	1	1	4
SEZs of Khorgas and Kashgar	III	2010-2018	2	0	0	0	1	1	4

