

Discussion on Adjustment of Central-Local Government Relationship and Regional Government Cooperation

Wenshi Hu

School of Public Economics and Finance, Shanxi University of Finance and Economics, Taiyuan, Shanxi
030006, China

1067149256@qq.com

Keywords: Regional governance, Urban agglomeration, Intergovernmental cooperation

Abstract: With the development of economy and society, a large number of social and public problems in administrative divisions are “spillover” and “Regionalization”, while the corresponding cooperative governance mechanism of local government in the traditional central local relationship is relatively lagging behind, resulting in the rigid administrative divisions and administrative districts falling into a state of governance failure. In order to further improve the efficiency of government work and the quality of public services, this paper constructs a new model of regional government cooperation, reshapes the relationship between the central government and the local government.

1. Introduction

Recent years, the idea of sustainable development has penetrated into all major industries. Formed by China in the past 40 years, under the “baton”, where a unique “development-oriented regionalism” more and more not adapt to the needs of current society: the situation of competition for the development of the local protectionism and market segmentation behavior began to threaten national economic stability, local government strategically choose quantitative observation index of economic development and not easily attaches great importance to the fuzzy and hard to quantify evaluation indicators of public service. Under such circumstances, I cannot help but express concern about the further improvement of local government's governance capacity in public affairs. The increasingly “fragmented” local government is obviously difficult to provide high-quality public services, difficult to carry out reasonable financial allocation, and unable to deal with major regional issues of the country. Based on this, I believe that the future adjustment of central-local relations in China should strengthen the regional cooperation of local governments to solve the development problems and shape the future of sustainable development.

2. Deconstruction of the Traditional Central-Land Relationship

2.1 Regime Stability and Effective Governance - Administrative Subcontracting System

The so-called “administrative subcontracting system” means that the central government “subcontracts” the vast majority of administrative and public affairs to the provincial government, and the provincial government further subcontracts the vast majority of affairs to the prefecture-level cities, so “subcontracting” until the county and township grassroots governments. when the tasks and targets designated by the central government are implemented at the city level, local governments often need to mobilize their own financial resources to complete them. There are often “the central government pays for the dinner, the local government pays for the dinner” or “the higher level orders the meal, the lower level pays for the dinner”, which puts great pressure on local governments to raise funds by themselves. Faced with such a multi-task environment that requires constant attention in addition to the normal work agenda, local governments at the municipal level must have the flexibility and flexibility of financial budget to face the institutional design that the administrative power is not equal to the financial power. Specifically, the extrabudgetary funds,

such as the constantly rising land transfer income, play the role of compensating for the insufficient fiscal revenue of local governments for a long time. That is to say, the central economic construction goal under this system, the city level local government, due to the lack of financial power, is difficult to raise funds by itself, and finally passes on the pressure to every common people.

This model also means that the administrative affairs after layers of contract awarding, superior at lower levels, especially the central for grassroots government supervisory ability is limited, and makes the whole system of administrative procedures and rules of relatively weak.

2.2 Fiscal System and Fiscal Relations - Theory of Economic Competition between Governments

Since the reform and opening up, especially after the goal of market economic system reform was set in 1992, the central government has widely used administrative decentralization and fiscal decentralization to stimulate the enthusiasm and autonomy of local governments.

However, we can find that in the past 40 years, the trend of chasing regional GDP and competing for fiscal revenue among local governments has become increasingly fierce. The top-level design that used to give full play to the autonomy of local economic construction has gradually become an obstacle to substantive progress in inter-governmental cooperation. At the same time, the higher government's acceptance assessment is often judged by results. Under the horn of economic construction, if we take a look at the large areas across the local administrative divisions, we will find that the development of many regions often deviates from their comparative advantages, ignoring the resource endowment and the sustainability of development, resulting in serious imbalances and huge differences in the internal economy and society. At the same time, the mechanism of market allocation of resources and the free flow of market elements are also constantly distorted under such circumstances.

2.3 Personnel System and Personnel Relations - Promotion Tournament Theory

It can be seen that, as the Party's work focus continues to shift to economic construction, the cadre assessment system's reliance on economic development performance directly leads to the promotion competition of local officials around economic development, or the "political tournament" based on economic growth. It stimulate the combination of "official" and "market".

However, this is also an important reason why China's regional development is difficult to jump out of the thinking pattern. When the "one size fits all" political performance appraisal system with GDP and other economic indicators as the core becomes the "baton" for the internal development and promotion of the bureaucratic system, there are many examples that ignore the resource endowment and functional orientation of cities and focus on GDP.

3. Construction of a New Central-Local Relationship: the Assumption of a New Regional Government "Urban Agglomeration" Model

3.1 New Types of Regional Government Cooperation

Through the above relationship of deconstruction of traditional central, we found that the removal of traditional central to some weaknesses inherent in the relationship, with the development of society and economy, administrative division in a variety of social public problems constantly appeared the tendency of "spillover" and "regionalization", that is to say, the rigidity of administrative divisions and administrative region is more and more fall into a state of governance failure, the construction of a new bill to relational schema must be on the agenda. I think that the existing central-local relationship reflects the institutional environment of political centralization and economic decentralization from the beginning to the end, and the governments at the same level and at different levels still form multi-level competition relations in the game of promotion tournament. In this case, strong central government intervention is the only chance to break the relationship.

On the basis of this, I would like to introduced the theory of institutional collective action, this theory focuses on collective action between government and government departments, with rational choice, collective action, organization, transaction costs, such as local public economy as the theoretical basis, aims to explore the important factors affecting the cooperation, reveals how cooperative behavior in the process of dynamic creation and evolution. Regional intergovernmental cooperation is possible only when cooperation produces net benefits, that is, expected benefits of cooperation exceed cooperation risks and costs. I would use this theory to analyze the cost-benefit of stakeholders in various cases, and thinks that regional government cooperation can be divided into three types: sharing type, profit and loss type and comparative benefit type.

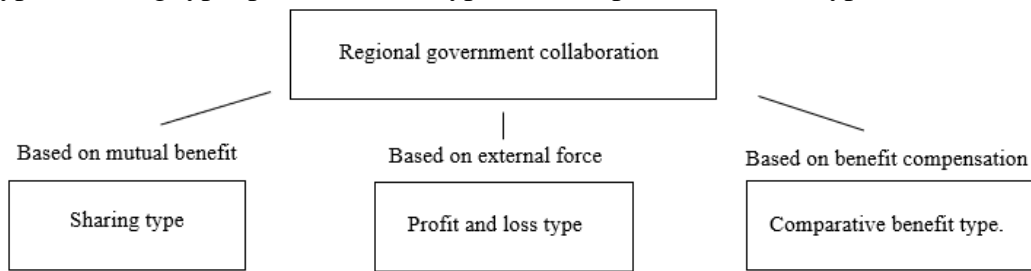


Fig.1 Regional Government Collaboration Types

3.2 New Regional Government Collaboration Model of Urban Agglomeration

To build new central relationship, in this model, let the central government to play a leading role is the most vital thing, forming the corresponding regional management organization, function arrangement and mechanism design, and based on this, set up the tax revenue sharing mechanism, create common fiscal funds, build a lateral transfer payment system to improve financial cooperation with “city” as the unit of administrative cooperation.

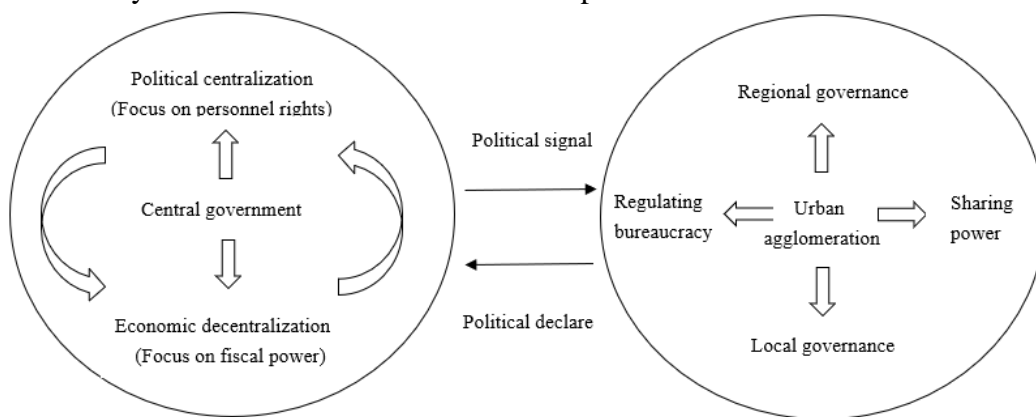


Fig.2 Cooperation Model of New Regional Government Urban Agglomeration

To be specific, in the upward construction of regional governance, we borrow the American scholars' “metropolitan regionalism” point of view and advocate the establishment of various inter-city councils, management areas or planning entities

This includes laws issued by higher governments to regulate urban sprawl and development strategies to strengthen coordination. For example, a joint session of government. The joint meetings of government consist mainly of cities, counties and specific other local units, which in some cases also include private residents and civic groups.

In general, the downward development of collaborative governance is “delegation of power + transfer”. Delegating power mainly means that the central government assigns its functions and tasks to local governments at all levels throughout the country. In general, by introducing management and concept transformation into the existing unified government structure, the corresponding financial and resources controlled by the central government are also transferred to the local government units so that the local government has a greater degree of decision-making power. This is similar to the national policy of neoliberalism, and the focus of our delegation of

power is to pay attention to the decentralization of financial power, so that the local government based on urban agglomeration has financial power matching the authority, so as to improve the work efficiency of administrative organs and the quality of public service. Transfer refers to the permanent transfer of certain functions by one local government to another larger government. In this model, it mainly refers to the transfer of certain functions by local authorities to the joint conference of urban agglomeration.

The administrative system of inward adjustment mainly refers to the construction of “collaborative government”. This concept originated from the institutional reform of The Blair government in Britain. It directly targeted the problem of “fragmentation” in management, broke the traditional organizational boundaries, coordinated with different levels and agencies of the government, and improved the quality of cross-department cooperation to implement more integrated administrative actions or provide public services. In this process, it emphasizes that goals and means between different government departments or organizations are “non-conflicting” and even “mutually reinforcing”.

The object of power sharing outward is mainly the market subject. I think that part of the power of urban agglomeration should be shared with the society, so as to build network governance. Network governance refers to the gradual integration of the private sector and the third sector into the public service delivery system. In the past, state agencies took responsibility independently, but in this model, it can gradually be shared by public and private sectors. The relationship between public and private sectors may even form interdependence under certain circumstances: urban agglomeration governments have authority and power, and hold the resources needed by non-governmental organizations such as private sector. Therefore, non-governmental organizations must rely on the support of urban agglomeration governments to obtain resources and achieve policy goals. Similarly, the support of NGOs is also very important for maintaining the legitimacy of urban agglomerations, so urban agglomerations governments will try to meet their needs in exchange for their political loyalty and support.

4. Conclusion

Under this model, not only the relationship between the central and local governments, but also the relationship between the state and civil society in the governance structure will be substantially changed, which will also help China to achieve a more complete political democracy to a certain extent.

References

- [1] CAO Haijun, HUO Weihua. Paradigm Shift of Urban Governance Theory and its Enlightenment to China. *Chinese Administration*, no.7, pp.94-99, 2013.
- [2] Ye Lin. A Review of Literature on New Regionalism. *Journal of Public Administration*, no.3, pp.174-189, 2010.
- [3] Xie Ya Hong. “Collaborative Government”: The New Stage of the New Public Management Reform. *Chinese Administration*, no.5, pp.58-61, 2004.
- [4] E.S. Savas. Privatization and public-private Partnership. Translated by Zhou Zhiren. Beijing: China Renmin University Press, 2002, pp.254.
- [5] Yang Aiping. From vertical incentive to parallel incentive: Innovation of interest incentive mechanism of local government cooperation. *Academic Research*, no.5, pp.46-53, 2011.