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The Revenue Imperative and the Role of Local Government in China's Transition and Growth

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Abstract This paper attempts to shed light on the ongoing debate about the role of local governments in China's growth and transition by focusing on the revenue imperative facing local authorities. In order to do this, we study how changing institutional arrangements have shaped and reshaped the incentives for local governments and as a result impacted on state-business relations. The fiscal contracting and responsibility system introduced during the 1980s gave local authorities a strong incentive to found, own, and support local state owned enterprises and township and village enterprises in order to generate revenue to meet their increasing responsibilities for fiscal expenditure. The 1994 fiscal reform created a very different institutional environment for local authorities to generate revenue and to realize their interests, resulting in a decline of the significance of local government-owned firms, a rise of the importance of non-state businesses, and a rearrangement of intergovernmental fiscal relations. The local government's role in economic development has transformed, over time, from that of owner/shareholder to that of tax collector. These developments show that the center-local relations are far away from a Chinese-style market-preserving federalism, and that Chinese local authorities are not simply a helping hand as argued in the Chinese-style market-preserving federalism and local state corporatism.

Key Words Center-local Fiscal Relations, Revenue Imperative, Market-preserving Federalism, Local State Corporatism

Fiscal Decentralization and Development

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Abstract The purpose of this study is to examine the relationship between

fiscal decentralization and economic development of a country. Using panel data set of 63 countries, it was found that there is a negative relationship both between fiscal decentralization and GDP growth. Furthermore, the same statistical analysis were conducted to the subsets of countries regrouped according to the economic level of country's economy. There is a negative relationship between fiscal decentralization and growth in semi-developed countries, but none in developed countries. These results show that decentralization is not always a panacea for economic development. This study concludes that the time variable, more precisely the stages of economic development of a country, is the most important factor to be considered when a developing country introduces decentralization reforms.

Key Words Fiscal Decentralization, Development, Developing Country

The Township Governmental Process of Fiscal Transfers after the Abolishment of the Agricultural Tax

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Abstract After abolishing the agricultural tax, the township government expenditures depend heavily on fiscal transfers, however, the fund that are granted according to some specific formula or fiscal policies is argued being insufficient to meet the need of ordinary spending scale of governments at township level. In order to sustain their fiscal autonomy and to bridge this fiscal gap, some township governments have to fully utilize all sorts of methods and channels they have at hand to maximize the fiscal transfers they are able to obtain from higher-level governments. In addition, this fund would be treated as the so-called “extra-budget funds”. To some degree, these fiscal transfers funds that are appropriated for village committees but administered by township government(cun cai xiang guan) have become a mechanism in restricting as well as providing incentive to the village committee. The above findings are based on a field survey at “C” town in Jiangxi Province 2008.

Key Words Agricultural Tax Abolishment, the Process of Fiscal Transfer, Township Government

Fiscal Transfer Payment System and an Equalized Distribution Model in China

..... Hu Deren 81

Abstract Given the regional disparity of government finance and the cost

variant issue in delivering public services, this paper suggests an “equity going first while considering efficiency” rational for the fiscal transfer system. By establishing a mathematic model for an equalized distribution of resources, with consideration of cost variant in public spending across regions as well as a pro-efficiency premise, it examines the ways in which public services could be delivered equally.

Key Words Financial Transfer of Payment Policy, Regional Financial Disparity, Financial Resources Equalization, Model

• **SYMPOSIUM II**

Introduction

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Environmental Regulation and Governance in China

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Abstract Environmental governance can be defined as government agencies, civil society, and transnational organizations who work through formal and informal institutions to manage and conserve environmental and natural resources, control pollution, and resolve environmental conflicts. Acknowledging the insufficiency of the free market in addressing environmental concerns, this paper presents the rationale of government intervention and empirical tests for determining to what extent should government intervene. By introducing three major types of policy instruments—command and control, incentive mechanisms, and voluntary approaches, this paper attempts to answer the question of how should government intervene. This paper then move on to focus on environmental regulatory governance in China, examining commitments made by and the capacity of the Chinese government in protecting environment, as well as the awareness of the general public and their engagements in environmental issues. Last but not least, this paper raises issues concerning the directions and actions on environmental regulatory governance that future research should address.

Key Words Environmental Governance, Policy Instrument, China

Research for Cooperate Participation of Systematic Environmental Governance of Suzhou River in Shanghai

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Abstract In environmental governance, it is important to improve citizen's environmental awareness, and mobilize the communal participation. There is a genuine need to research the substance of the existing mechanism and its stakeholders who participated in the cooperation. This paper provides a descriptive account for the goal, attitudes and impacts of the participated stakeholder during the course of environmental governance of Suzhou River and attempts to draw lessons from it. Furthermore, this paper discusses the key elements of sustainable urban governance model that is on a participatory and multilateral basis.

Key Words Environmental Governance, Participatory Urban Governance, Partnership

• **ARTICLE**

Pragmatism, Idea of Democracy and Reforms in the Progressive Era of US

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Abstract The inner connection between pragmatism and reforms in the progressive era of U S is a thesis which has been widely acknowledged without thorough exploration. This article argues that reforms in the progressive era were not a social movement without theoretical consciousness. Pragmatism, based on its dialectical attitude toward Darwinism, provided the necessary philosophical foundation for the reforms. In addition, pragmatism, Dewey's idea of democracy in particular, modeled the social and political goal of "new democracy" for the reforms, and caused the transition from negative freedom to positive freedom in this way. Because the transition in question was achieved through the political medium of power, not a metaphysical conception of the self, the potential dangers of positive freedom were avoided, and democracy and freedom were reasonably reconciled at the same time.

Key Words Progressive Era, Pragmatism, Idea of Democracy, Freedom, Dewey

• **BOOK REVIEW**

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