Bureaucratic Discretion and Behavioral Logics of Intermediate Agencies

[PROPOSAL]

Shiyang XIAO, Xufeng ZHU

Abstract: By borrowing ideas from information economics, the structure of most government organizations can be simplified as a three-tier principal/intermediate agency/agent model. In such a three-tier model, the intermediate agencies are usually entitled with large discretionary power to decide whether or not to and how to implement a top-down central policy. However, till now, not enough attention has been paid to the role of such intermediate agencies in the top-down policy implementation process. In our research, we consider the decisions made by intermediate agencies as a continuation of policymaking process, and we will show how these decisions are influenced by multiple factors. By examine the central social regulatory policies issued from 2003-2007, we will show and explain the variation in the behaviors of provincial governments when they decide whether or not to carry out a central policy. We argue that these provincial governments face dual behavioral logics: pleasing principal & protecting agents. However, the utilization of the above behavioral logics will both be influenced by the internal and environmental characteristics of these intermediate agencies. We empirically prove that for provinces whose fiscal revenue rely heavy on central governments, the logic of protecting agents will become less important. We also show that provinces which enjoy greater policy expertise will become more reluctant to please principal, and will become more willing to protect agents. In addition, we emphasize the importance of the "incentive strategy" chosen by central government. We find out that when the central government chooses the strategy of "political mobilization", the provincial variation of internal/environmental characteristics becomes no more important, and "meeting target" seems to become the only thing to do for all the provincial governments.

INTRODUCTION

Public bureaus are hierarchies which organize their activities by a set of authority relationships (Huang 2002). Take the bureaucratic system in China as an example: policies are formulated at the top of the political hierarchy, which consists of Politburo and State Council. These central policies are handed to intermediate agencies like provincial governments, which act as both "policymakers" who decide the specific policies applicable in local context, and as "supervisors" to guarantee the final implementation of these policies at the "bottom" level (i.e. municipal/county governments) (Tirole 1986).

Due to the information asymmetry between the principal (central government) and the intermediate agencies (provincial governments), these intermediate governments are usually entitled with large discretion to decide whether or not and how to implement a central policy (Tirole, 1986 1994; Huang, 2002; Keiser and Soss, 1998). Such bureaucratic discretion gives these intermediate agencies great control power to make specific operating instructions of a certain central policy, and ask the local governments at the "bottom" for execution (Keiser and Soss, 1998). Yet the question arises: considering the bureaucratic discretion of these intermediate agencies, what are their behavioral logics? More importantly, how to explain the behavioral variation in the use of discretion among different intermediate agencies?

Although there have been only a few researches paying attention to the role of intermediate agencies in governmental hierarchy (Tirole, 1986 1994; Kerser and Soss, 1998; Zhou and etc., 2013), some scholars have already reasonably pointed out that these intermediate agencies face multiple behavioral logics when they make decisions (Zhou and etc., 2013). This is probably due to the special position of these intermediate agencies. On the one hand, intermediate agencies (the provincial governments in our research) work as subordinates of the principal (the central government in our research); on the other hand, these agencies act as the superior and are responsible for the activities of local agents.

In our research, we show dual behavioral logics of these intermediate agencies:

pleasing principal & protecting agents. We will empirically show that the intermediate agencies will be more likely to carry out a central policy if such a policy is important to the principal (the logic of pleasing principal). However, when the policy made by principal exert potentially harmful impact on the agents at the "bottom", these intermediate agencies will show reluctance to carry out this policy (the logic of protecting agents).

What's more, we also prove that the behavioral logics of intermediate agencies above will be influenced by the internal and environmental characteristics of these agencies. A number of scholars have formed theories to explain the variation in bureaucratic behaviors by focusing on the impact of "organizational environment" (Ringquist 1993; Shipan and Volden 2006; Zhou 2009). Another tradition argues that the administrative choices will also be shaped by the internal characteristics of agencies (Kerser and Soss, 1998). We will show that both the central-provincial relationship (which acts as "organizational environment") and the policy expertise of agencies (which acts as "internal characteristics") will exert influence on the choice of behavioral logics of these intermediate organizations.

In addition, we will also demonstrate the great importance of the "incentive strategy" chosen by the principal (the central government in our research). We argue that whenever the principal tries to launch a central policy, she can choose from two possible strategies: the first is "normal condition", and the second is "political mobilization". In the second strategy, the principal puts in large resources in a short time, and forces the subordinates to carry out the policy. In this circumstance, the commitment (punishment) of the principal is credible, and there is little discretion left for the subordinates to decide what to do. "Meeting goals" becomes the only thing to do for these intermediate agencies.

My arguments about the behavioral logics of intermediate agencies are general, but I test them in a specific context, one that is particularly appropriate for such tests. I examine the implementation of central social regulatory policies from 2003-2007 on provincial levels, exploring whether or not and how fast a province decides to carry out

a central policy by releasing a corresponding document on provincial level. By using pooled event history analysis, I will quantitatively examine the dual behavioral logics of these provincial governments, and show how the internal and environmental characteristics influence the above behavioral logics.

INTERMEDIATE AGENCIES AND BUREAUCRATIC DISCRETION

By borrowing ideas from information economics, organizations can be regarded as a network of principal/agent relationships (Tirole 1986; Huang 2002; Zhou 2010). When it comes to massive bureaucracies with multi-level structure and complex authority relations, a two-tier principal/agent model may be too simple, and a three-tier principal/supervisor/agent model may better fit (Tirole 1986). In reality, government agencies in the intermediate tier not only serve as "supervisors". Sometimes they also act as "policymakers", who decide the specific local regulations based on central policies, during the top-down policy implementation process (Kerser and Soss, 1998). In this sense, the above three-tier model can be slightly modified as "principal/intermediate agency/agent" model. Due to information asymmetry, sometimes the principal may delegate much discretionary power to intermediate agencies, who enjoy the superiority of information relative to that of their principal. These intermediate agencies then have discretion to make decisions on their own. The agent is the productive unit, which makes an effort to achieve the goals set by the principal and sometimes by the intermediate agencies.

The above three-tier model can effectively demonstrate the core structure of most government organizations. Take Chinese bureaucracy as an example. The Chinese bureaucratic agency is ultimately controlled by the authoritarian Chinese Communist Party, and the State Council acts as the "principal" and generates central policies embodying the ideas from the Politburo (Huang 2002). However, these central policies are usually made in a general and fuzzy way. So the provincial governments are usually entitled with much discretion to decide whether or not to and how to carry out these central policies in the local context. These policies will be finally implemented by the agents at the "bottom" level.

In large organizations, intermediate agencies are usually entitled with huge bureaucratic discretion in deciding whether or not to and how to execute the requirements from principal (Keiser and Soss 1998, Huang 2002, Zhou 2010, Zhou and Lian 2013). For instance, the fifty states in America have the power to decide how the general legislation from federal government be used in specific situations (Kerwin 1994). The similar story also occurs in China. As Zhou (2010) pointed out, due to "organizational diseconomics of scale", there is an indispensable mechanism of flexibility in Chinese policy implementation process. Intermediate governments are responsible to develop specific targets and plans for a central policy. They are also responsible to evaluate the final implementation of central policy on local level. That means, provincial governments (or municipal governments sometimes) can decide how to implement a certain central policy, and they may even choose whether or not to actually implement a central policy.

CENTRAL NORMATIVE DOCUMENTS & PROVINCIAL IMPLEMENTATION POLICIES

In order to better understand the activities of intermediate agencies under bureaucratic discretion, we try to choose a proper context in which we can clearly observe the behavioral logics of these agencies. As we've mentioned before, in China, the provinces act as "intermediate agencies" in governmental system. One of the major activities of these "intermediate agencies" in China is to carry out the policies made from central government (Zhou 2010). In some circumstances, these intermediate agencies may enjoy great discretionary power during the top-down policy implementation process.

In China, when we say "public policy", we actually refer to a series of policies with different legal effects. If we only focus on public policies developed by central and local governments (including divisions with administrative functions under them), we can at least find five different kinds of policies: administrative regulations, local regulations, state council departmental rules, local government rules, and normative documents. The details of these policies can be found below:

Type:	Issued by:	Legal Effect:
Administrative Regulation	Issued by an Order of the State Council signed by the Premier of the State Council.	Lower than the legal effect of laws.
Local Regulation	Issued by the local people's congress, or by its standing committee.	Lower than the legal effect of administrative regulations.
State Council Departmental Rules	Issued by an order signed by the head of a department.	Lower than the legal effect of administrative regulations.
Local Government Rules	Issued by an order signed by the governor of a province or autonomous region or the mayor of a city or autonomous prefecture.	Lower than the legal effect of local regulations at the same level and at a higher level.
Normative Documents	Issued by governmental agencies with administrative functions at all levels.	Not clear. Usually considered to have lower legal effect than that of the above four types.

According to Legislation Law of the People's Republic of China (2015 Amendment), the administrative regulations, issued by an order of the State Council, should have higher effect than that of local regulations and rules. Local Regulations, issued by an order signed by the governor of a local government, should have higher effect than that of local government rules at the same and at a lower level.

However, Legislation Law does not mention the "normative documents", which constitute the majority of public policies issued by governmental agencies at all levels. This means, the implementation of such normative documents has not been effectively guaranteed by the Legislation Law. This is also true for normative documents issued by the State Council. The lack of legal basis for these normative documents leave much

discretional power for the provincial government when they need to decide whether to and how to carry out a central policy. In reality, the provincial governments may even choose not to carry out a central policy, or choose to issue local policies totally different from the decisions made by central government.

Considering the huge number of central normative documents issued every year, and considering the large discretionary power that the provincial governments enjoy when they face a central normative document, it will be interesting to examine and explain the behavioral variation of these provincial governments. In our research, we will try to find out whether or not and how fast these provincial governments carry out a central normative documents, and will try to find out what factors influence the behaviors of these intermediate agencies.

A quick method to judge whether or not a provincial government has carried out a central document is to see whether or not the agency has launched an implementation policy on provincial level according to the central document. Usually, central normative documents appear to be general and fuzzy, so it will be necessary for the provincial governments to launch more specific implementation policies which will be applicable to local condition. Such provincial implementation policies can be normative documents, or they can be local government rules. In our research, we make no distinction between them when we say "provincial implementation policies".

CENTRAL REGULATORY POLICIES IN SOCIAL REGULATION

In our research, we focus on the central normative documents in social regulation. When we say "central normative documents in social regulation", we mean the central normative documents which are launched in order to "protect public interests such as health, safety, the environment, and social cohesion" (OECD 1997).

Our study has a special interest in central social regulatory policies for several reasons. First of all, most Chinese social regulatory agencies are under the "localized management" system (*shudi guanli*), or at least remaining decentralized at the provincial level (*shengyixia chuizhi guanli*) (Mertha 2005). This means, the provincial

governments take the main responsibility for guaranteeing the implementation of these social regulatory policies. In Table 1, I demonstrate the major areas of Chinese social regulatory policies and the management system in which they are situated.

Our interest in Chinese social regulatory policies is also due to the increasing public attention and importance in such areas. In the past, the major goals for Chinese governments were mainly related to economic development (Su Walker and Xue 2013). However, fast economic development leads to many social problems, including environment pollution, serious accidents in workplace, fake & shoddy products, and land overdevelopment, etc. Such social problems call for more regulatory policies from central governments which may effectively balance economic development with other social goals. An important truth is, such central social regulatory policies may not be welcomed by local governments, for these policies interrupt with local economic development and may harm the interests of local companies. In this case, it will be quite interesting to see how these local governments (including provincial governments) react to these central social regulatory policies.

Table 1:

Area	Management System
Quality Technology Supervision	Before 2011: centralized to provincial level (soft centralization); After 2011: localized management
Food & Drugs Supervision	Before 2008: centralized to provincial level (soft centralization); After 2008: localized management
Industry and Commerce	Before 2011: centralized to provincial level (soft centralization); After 2011: localized management
Environment Protection	Mainly under Localized Management

Safety Inspection	Mainly under Localized Management
Health	Mainly under Localized Management
Land and Resources	Mainly under Localized Management

DUAL BEHAVIORAL LOGICS OF INTERMEDIATE AGENCIES

In the three-tier "principal/intermediate agency/agent" model, the intermediate agencies play double roles. On the one hand, intermediate agencies work as the subordinates of principal. Such authority relationship is largely built on principal power to influence the personnel & budgetary allocation (Mertha 2005) and to impose rewards or sanctions on these intermediate agencies (Weick 1976). However, on the other hand, these intermediate agencies also act as the superior relative to the agents, and are responsible for the activities of local agencies. In really, these intermediate agencies are usually authorized with great power to control the behaviors and to evaluate the performance of local agents (Zhou 2010).

The double roles of intermediate agencies may lead to dual behavioral logics of them. First of all, the authority relationship between principal and intermediate agencies leads to intermediate agencies' willingness to meet the goals and targets set by principal, especially the goals that are considered important by principal (Zhou 2013). Let us look back at the Chinese bureaucracy as an example. The nomenklatura-style personnel system motivates provincial officials to act in ways consistent with central goals, for such efforts may increase their possibility of career advancement (Zhou 2007). What's more, after the tax-sharing reform in 1994, the central government obtains superior financial power over local governments, and many provinces depend on central financial transfer to meet local expenditure demands. This also leads to provincial obedience to central government.

However, we should also consider the close link between intermediate agencies and their subordinates (agents). Studies have demonstrated that the intermediate agencies have a tendency to build informal network and to collude with local agents in

response to policies from higher authorities (Tirole 1986; Nee 1998; Zhou 2010; Zhou 2013). Tirole (1986) argued that such intermediate agency/agent coalition may be caused by the "reciprocity" between them. For example, the intermediate agencies protect the agents from the sanctions of principal; In return, agents may show their affection and respect to these intermediate agencies, or actively cooperate with these agencies in order to ease their burden. Another explanation of collusion between intermediate agencies and agents comes from Nee (1998), who persuasively pointed out that informal norms and networks are produced in order to capture the sub-group gains of cooperation. This implies the possible incentives for the intermediate agency/agent coalition. By protecting local agents, the total benefits of the intermediate agencies & agents may reach the maximum.

The dual behavioral logics of intermediate agencies that have been discussed above lead to the following two hypotheses:

Hypothesis 1 (the logic of pleasing principal): If a central normative document is related to a policy issue which is considered important by central government, this central normative document will be more likely to be carried out by provincial government.

Hypothesis 2 (the logic of protecting agent): If a central normative document may cause loss to local government, this central normative document will be less likely to be carried out by provincial government.

THE INTERNAL AND ENVIRONMENTAL CHARACTERISTICS OF INTERMEDIATE AGENCIES

In the last part, we discuss the dual behavioral logics of intermediate agencies. However, we should note that these two logics may be influenced by both the internal and environmental characteristics of these agencies. According to Kerser and Soss (1998), "two traditions of theory suggest different reasons why the use of discretion may vary systematically across the fifty states" in America. The first tradition emphasizes the impact of the internal characteristics of these public agencies. The

second tradition pay much attention to the environmental factors. In our research, we will continue using these two traditions of theories, and will examine how the internal and environmental characteristics will influence the use of the above dual behavioral logics (pleasing principal & protecting agent) of intermediate agencies.

Policy expertise, as an important kind of internal factors of public agencies, have been frequently discussed in policy process theories. By examining "a large data set of proposed and adopted regulations issued by state governments", Boushey & McGrath (2015) find out that the relative lack of policy expertise of state legislature branch has led to increased bureaucratic participation in the policy process. MacDonald & Franko Jr. discover the relationship between bureaucratic capacity and the discretion delegated by lawmakers to bureaucratic agencies. The above researches suggest that agencies with greater policy expertise will gain bigger control power from the superior in the policy process. So in our research, we hypothesize that intermediate agencies with greater policy expertise will be less likely to carry out a central policy. What's more, they will be less likely to please principal, and will be more likely to protect local agents.

Hypothesis 3: Provinces with greater policy expertise will be less likely to carry out a central normative document.

Hypothesis 4: Provinces with greater policy expertise will be more likely to protect agents.

Hypothesis 5: Provinces with greater policy expertise will be less likely to please principal.

Now let's have a look at the environmental factors of intermediate agencies. Till now, a number of studies have explained bureaucratic behaviors from a perspective of organization-environment interactions (Ringquist 1993; Keiser and Soss 1998; Shipan and Volden 2006; Zhou 2009), as "what an organization does reflects its strategies of coping with its environment" (Zhou 2010). For example, by checking the diffusion of antismoking policies in U.S., Shipan and Volden (2006) demonstrated how local policy adoptions influence the actions of state-level governments. This implies the importance

of state-local relationship on the behaviors of state agencies. Another group of researchers focus on the influence of central-local relationship on the behaviors of local governments (including provincial governments here) (Oi 1992; Li 1998; Zhou 2007; Zhou 2009; Zhou and Lian 2013).

In our research, we will mainly focus on the relationship between central government and provincial agencies. We examine how the fiscal reliance of provincial agencies on central government will influence the behavioral logics of these intermediate agencies. Intuitively, provinces whose financial income rely heavily on central government will be more willing to please their superior, and will be more reluctant to protect their subordinate. Thus, these provincial governments will be more likely to do so. Here comes the following three hypothese:

Hypothesis 6: *Provinces whose financial revenue rely heavily on central government will be more likely to carry out a central normative document.*

Hypothesis 7: *Provinces whose financial revenue rely heavily on central government will be more likely to please principal.*

Hypothesis 8: *Provinces whose financial revenue rely heavily on central government will be less likely to protect agent.*

Incentive Strategies of Central Government

Considering the Principal-Agent Relationship between central government and provincial government, we should also consider the incentive strategy chosen by central government when she decides to launch a policy. By examine the phenomenon of "false positives" in Colombia, Acemoglu, etc (2016) find out that the incentive mechanism chosen by higher-rank officials will have a great impact on the behaviors of their subordinates. When it comes to the context of Chinese central-provincial relationship, sometimes, the central government would choose the strategy of "political mobilization" after launching a policy. Such strategy of "political mobilization" usually cost much attention and a large number of resources of the central government in a short time. Usually such political mobilization will be accompanied by central supervision and

nationwide mobilization meeting. When central government chooses such strategy of "political mobilization", provincial government will have little discretion to make their own decision. In this way, the provincial variation of internal/environmental characteristics may become no more important, and "meeting target" will become the only goal for all the provincial governments.

Hypothesis 9: When central government chooses the strategy of "political mobilization", provinces will be more likely to carry out the central normative document.

Hypothesis 10: When central government chooses the strategy of "political mobilization", the financial reliance of a province on central government will no longer influence the behaviors of the provincial governments.

Hypothesis 11: When central government chooses the strategy of "political mobilization", the policy expertise of a province will no longer influence the behaviors of the provincial governments.

METHODOLOGY

Data

To examine the behavioral logics of provincial government in China when they need to choose whether or not to carry out a central policy, we constructed a sample of 42 normative documents launched by Chinese central government from 2003-2007. All these documents are focusing on the social regulatory area, which can be divided into six sub-areas: quality technology supervision, food & drugs supervision, industry and commerce, environment protection, safety inspection, health, land and resources. We mainly rely on the PKULAW database to construct this sample of central social regulatory policies (all are normative documents).

We now discuss the measurement of whether or not and how fast a province carries out a central policy. As we've pointed before, a quick method to judge whether or not a provincial government has carried out a central document is to see whether or not the agency has launched an implementation policy on provincial level according to the

central document. In our research, we set an observation period of five years: from the year when the central document was launched, to five years later. We examine whether or not during this five years, a province launched an implementation policy according to the central document.

we use two ways to search these provincial implementation policies. The first method is quite simple. Relying on the PKULAW database, we search all the provincial policies in five years which contain the title of a certain central document. If a provincial policy contains the title of a central document and shares the same topic with the central document, then we judge that this provincial policy is an implementation policy according to central document. The second method is a little more complicated. We choose two key words from the title of a certain central document. We then search all the provincial policies whose titles contain the above two key words in five years. If a provincial policy contains the same two key words of the certain central document, and share the same topic with the central policy, then we judge that this provincial policy is an implementation policy according to the central document.

Measurement of Independent Variables

a. policy importance to central government

In Hypothesis 1 (the logic of pleasing principal), we suggest that If a central normative document is related to a policy issue which is considered important by central government, this central normative document will be more likely to be carried out by provincial government. So we need to find a method to judge whether a policy is important to central government. In our research, we use the following way to judge policy importance. Similar to the last part, we first choose two key words in the title of each one of the 42 central documents (we call these 42 documents as "base policies"). We then search in the PKULAW to see how many central normative documents, excepting the certain base policy, simultaneously contain the above two key words in the same sentence every year. We argue that policies satisfying the above requirement should be those sharing the same policy issue with the base policy. We then use the ratio of central normative documents which satisfy the above requirement every year to

measure the importance of the certain base policy. The underlying logic is quite simple: if a certain policy issue is important to central government, the central government will tend to launch more policies relating to this policy issue every year.

In this way, the "policy importance to central government" should be a continuous variable ranging from 0 to 1.

b. policies causing loss to local government

In Hypothesis 2 (the logic of protecting agent), we suggest if a central normative document may cause loss to local government, this central normative document will be less likely to be carried out by provincial government. In order to examine this hypothesis, we need first to judge whether a central policy will cause loss to local government or not. As we've mentioned, in our research, we focus on social regulatory polices. In reality, such regulatory policies can be divided into two categories. The first category of such policies set regulation to behaviors of the market and community. However, the second category of such policies aim to regulate the behaviors of local governments. For example, in 2008, the central government launched a document named as "*Notice about Changing the Management Structure of Sub-Provincial Food & Drugs Regulatory Agencies*". Such document tried to change the daily operation of local food & drugs regulatory agencies, and thus would possibly cause loss to local benefits.

In our research, we make all the central policies whose aim are to regulate local agencies to be policies which may cause loss to local benefits. Totally, we find 10 out of 42 central policies to be those which may exert loss to local agencies.

c. policy expertise of provincial government

In our research, we use two ways to measure the policy expertise of provincial government. The first method is to use the wage competiveness of civil servants in a certain province to be a proxy of "policy expertise" of provincial agencies. Boushey (2015) once used the gap between executive and legislative compensation to measure the difference of their policy expertise. This can be a good method considering the

difficulty to directly measure the expertise of a certain organization, as people with stronger ability naturally tend to choose occupation with higher salary. The calculation of "the wage competiveness of civil servants in a certain province" is shown below:

$$Wage\ Competiveness_{it} = \frac{Provincial\ average\ wage\ of\ civil\ servants_{it}}{National\ average\ wage\ of\ civil\ servants_t}$$

The second way is to use the fiscal revenue per capita as the proxy of provincial policy expertise. This underlying logic is simple: Provinces with stronger fiscal performance will be more likely to do better in making and launching policies.

d. provincial fiscal dependence on central government

This calculation of this independent variable is shown below:

$$Fiscal\ Dependence_{it}$$
$$= \frac{Provincial\ General\ Budget\ Expenditure_{it} - Provincial\ General\ Budget\ Revenue_{it}}{Provincial\ General\ Budget\ Revenue_{it}}$$

e. central incentive strategy of "political mobilization"

Now we discuss how to judge central incentive strategy of "political mobilization". As we've mentioned before, under the state of "political mobilization", the central government usually put in large attention and resources to supervise the policy implementation of local government. On the one hand, the central government commits to monitor and check the local performance. On the other hand, the central government hold national mobilization conference, and urges the local government to carry out the central policy as soon as possible.

So we create two variables to measure the state of "mobilization". The first variable is named as "monitor". Monitor=1 when the central government clearly mentioned in the document that she would monitor and check the local implementation of this central document; otherwise monitor=0. The second variable is named as "conference". Conference=1 when a national conference relating to a central policy was held in the same year of this central policy. What's more, this national conference should satisfy the following two requirements:

1) This conference was held by the State Council or by the General Office of State Council.

2) This conference had nationwide prefecture-level sub-conferences held at the same time as the main conference.

Using Pooled Event History Analysis

The period of observation started with the year when central government launch a certain policy, and ended five years later. That mans, we only observe five years for every central policy. The dependent variable recorded whether each province carried out a central policy within a specific year. Once a province adopted a given policy it was removed from all subsequent years under observation, because it was no longer at risk for carrying out the central policy. We organized a panel dataset, with observations pooled by policy, province, and year. I used pooled event history analysis to model the behaviors of these provincial agencies when they are faced with central normative documents. Because the dependent variable was dichotomous, I employed a logit time series model (Zhu & Zhang, 2016). I clustered standard errors by state-policy to account for dependency and correlated errors in the model.

DESCRIPTIVE ANALYSIS

The basic information about the independent variables in our research is shown below:

Name	Definition	Mean	Std.Dev	Min.	Max.
institution	Whether launched by State Council (=0) or by General Office of State Council (=1).	0.7510	0.4324	0	1
conference	Whether or not there was a national conference.	0.2447	0.4299	0	1
monitor	Whether or not mentioned in the document to monitor local implementation.	0.2092	0.4068	0	1
income_ratio	Wage competitive	1.0421	0.3760	0.6211	2.2380

revenue_person	Financial revenue per capita	0.1625	0.1946	0.0299	1.1017
local_loss	Whether or not would cause local loss.	0.2457	0.4306	0	1
central_salience	Importance of the policy for central government	0.0315	0.0297	0	0.1624
fiscal_reliance	Fiscal reliance on central govenrment	0.5003	0.2080	0.0491	0.6509

We now have a look at the survival function of the sample. The survival function is the probability that a patient, device, or other object of interest will survive beyond a specified time. In our research, we say a policy-province observation is "dead" when a province finally carries out a central policy. The survival function is shown below:
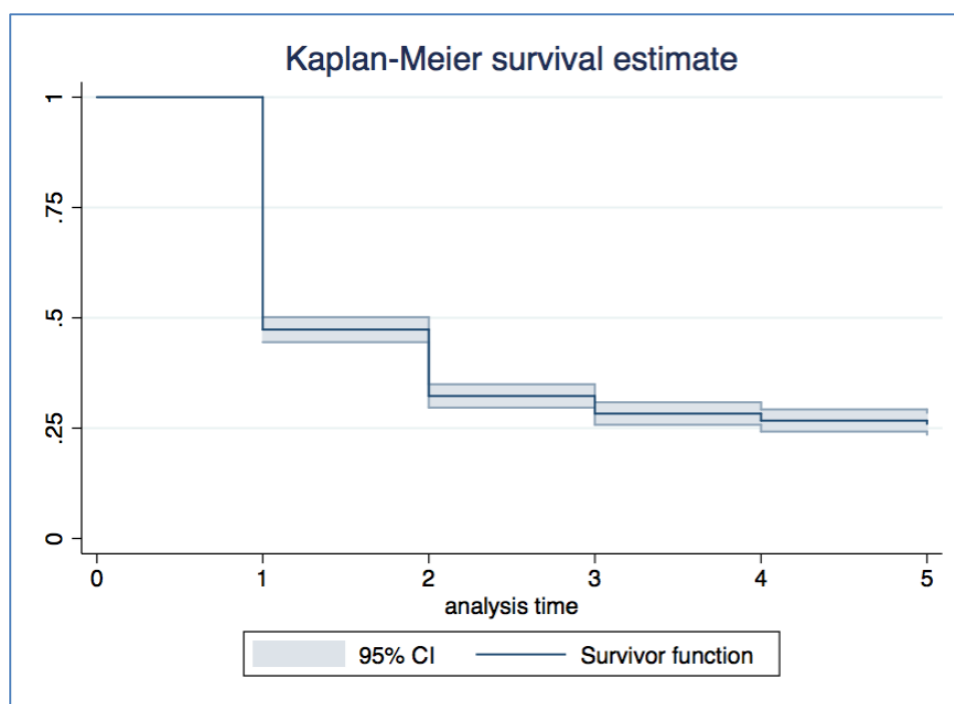
By observing this graph, we can find out that on average more than 50% observations will die on the first year after the launch of a central normative document. This means, on average more than half of the provinces will choose to carry out a central normative document on the first year. On the second year, there are only around 26% of provinces left which have not carried out the central policy. However, as time passes by, less and less provinces would choose to carry out this central policy. On the fifth year after the launch of a certain central policy, there are still around 25% of provinces choose not to carry out the central policy.

RESULTS

In our research, we use the method of pooled event history analysis(Pooled EHA) to examine the behavioral logics of provincial agencies, when they are faced with a central policy. We first use wage competence (variable named as "income_ratio) as the proxy of provincial policy expertise. The results are shown below:

Variables	Model1 (Haz.Ratio)	Model2 (Haz.Ratio)	Model3 (Haz.Ratio)
Central Incentive Strategies			
monitor	1.532***	1.471***	1.542***
	(0.235)	(0.176)	(0.196)
conference	1.929***	1.574***	1.678***
	(0.292)	(0.197)	(0.247)
The Logic of Pleasing Principal			
central_salience	21.84*	836.6***	1,172***
	(39.77)	(1,346)	(1,998)
The Logic of Protecting Agents			
local_loss	0.702**	0.720***	0.475**
	(0.0982)	(0.0827)	(0.150)
Environment Characteristic of Provincial Agencies			
fiscal_reliance	0.479**	0.566**	0.572**
	(0.160)	(0.156)	(0.160)
Internal Characteristic of Provincial Agencies			
Income_ratio	0.677**	0.759*	0.750**
	(0.123)	(0.110)	(0.110)
Control Variables			
institution	0.260***	0.383***	0.361***
	(0.0356)	(0.0422)	(0.0417)
duration(fixed_effect)	NO	YES	YES
policy_type(fixed effect)	NO	NO	YES
constant	1.935*	2.510***	3.746***
	(0.660)	(0.692)	(1.158)
Prob>chi2	0.0000	0.0000	0.0000
,N	2,820	2,820	2,820

Now we use financial revenue per capita as the proxy of provincial policy expertise. The result is shown below:

Variables	Model4 (Haz.Ratio)	Model5 (Haz.Ratio)	Model6 (Haz.Ratio)
Central Incentive Strategies			
monitor	1.447**	1.399***	1.450***
	(0.218)	(0.166)	(0.186)
conference	1.847***	1.526***	1.636***
	(0.274)	(0.190)	(0.238)
The Logic of Pleasing Principal			
central_salience	36.36**	1,540***	1,935***
	(65.06)	(2,463)	(3,264)
The Logic of Protecting Agents			
local_loss	0.737**	0.746**	0.454***
	(0.104)	(0.0866)	(0.139)
Environment Characteristic of Provincial Agencies			
fiscal_reliance	0.144***	0.189***	0.198***
	(0.0585)	(0.0620)	(0.0663)
Internal Characteristic of Provincial Agencies			
revenue_person	0.0626***	0.0924***	0.0967***
	(0.0333)	(0.0401)	(0.0433)
Control Variables			
institution	0.253***	0.377***	0.356***
	(0.0350)	(0.0419)	(0.0408)
duration(fixed_effect)	NO	YES	YES
policy_type(fixed effect)	NO	NO	YES
constant	3.643***	4.673***	6.501***
	(1.119)	(1.129)	(1.775)
Prob>chi2	0.0000	0.0000	0.0000
,N	2,820	2,820	2,820

We now add the interaction variables into the models (income_ratio as the proxy of provincial policy expertise):

Variables	Model7 (Haz.Ratio)	Model8 (Haz.Ratio)	Model9 (Haz.Ratio)
Central Incentive Strategies			
monitor	1.542***	1.536***	1.542***
	(0.196)	(0.196)	(0.196)
conference	1.678***	1.685***	1.676***
	(0.247)	(0.250)	(0.247)
The Logic of Pleasing Principal			
central_salience	1,172***	1,288***	1,185***
	(1,998)	(2,217)	(2,035)
The Logic of Protecting Agents			
local_loss	0.475**	0.469**	0.474**
	(0.150)	(0.149)	(0.149)
Environment Characteristic of Provincial Agencies			
fiscal_reliance	0.572**	0.560**	0.560**
	(0.160)	(0.156)	(0.158)
Internal Characteristic of Provincial Agencies			
Income_ratio	0.750**	0.741**	0.745**
	(0.110)	(0.108)	(0.110)
Interaction Variables			
income_ratio*central_salience		0.00134*	
		(0.00527)	
income_ratio*local_loss		0.731	
		(0.231)	
fiscal_reliance*central_salience			10,002
			(76,352)
fiscal_reliance*local_loss			2.619*
			(1.515)
Control Variables			
institution	0.361***	0.358***	0.360***
	(0.0417)	(0.0415)	(0.0418)
duration(fixed_effect)	YES	YES	YES
policy_type(fixed effect)	YES	YES	YES
constant	2.648***	2.646***	2.642***
	(0.427)	(0.430)	(0.428)
Prob>chi2	0.0000	0.0000	0.0000
,N	2,820	2,820	2,820

Now let the revenue_person as the proxy of provincial policy expertise:

Variables	Model10 (Haz.Ratio)	Model11 (Haz.Ratio)	Model12 (Haz.Ratio)
Central Incentive Strategies			
monitor	1.450***	1.447***	1.450***
	(0.186)	(0.186)	(0.186)
conference	1.636***	1.603***	1.637***
	(0.238)	(0.236)	(0.238)
The Logic of Pleasing Principal			
central_salience	1,935***	2,059***	1,864***
	(3,264)	(3,521)	(3,171)
The Logic of Protecting Agents			
local_loss	0.454***	0.429***	0.454***
	(0.139)	(0.134)	(0.138)
Environment Characteristic of Provincial Agencies			
fiscal_reliance	0.198***	0.196***	0.201***
	(0.0663)	(0.0652)	(0.0672)
Internal Characteristic of Provincial Agencies			
revenue_person	0.0967***	0.0931***	0.0996***
	(0.0433)	(0.0412)	(0.0439)
Interaction Variables			
central_salience*revenue_person		0.000152	
		(0.00129)	
local_loss*revenue_person		0.185**	
		(0.154)	
central_salience*fiscal_reliance			440.1
			(3,197)
local_loss*fiscal_reliance			2.688*
			(1.575)
Control Variables			
institution	0.356***	0.357***	0.355***
	(0.0408)	(0.0412)	(0.0409)
duration(fixed_effect)	YES	YES	YES
policy_type(fixed effect)	YES	YES	YES
constant	2.458***	2.429***	2.458***
	(0.396)	(0.393)	(0.396)
Prob>chi2	0.0000	0.0000	0.0000
,N	2,820	2,820	2,820

In addition, we examine how the central incentive strategy influence the behavioral logics of provincial agencies.

Variables	Model13 (Haz.Ratio)	Model14 (Haz.Ratio)
monitor	1.758***	1.704***
	(0.237)	(0.233)
conference	2.018***	1.973***
	(0.332)	(0.322)
central_salience	211.1***	359.6***
	(368.0)	(615.0)
local_loss	0.483**	0.447***
	(0.154)	(0.138)
fiscal_reliance	0.556**	0.202***
	(0.155)	(0.0680)
Income_ratio	0.691**	
	(0.104)	
revenue_person		0.0870***
		(0.0382)
conference*monitor	0.493**	0.563**
	(0.140)	(0.161)
conference*income_ratio	0.665	
	(0.229)	
monitor*income_ratio	1.194	
	(0.419)	
conf.*moni.*income_ratio	3.749*	
	(2.550)	
conference*revenue_person		1.455
		(1.105)
monitor*revenue_person		0.868
		(0.712)
conf.*moni.*revenue_person		82.06***
		(133.9)
institution	0.380***	0.376***
	(0.0445)	(0.0447)
duration(fixed_effect)	YES	YES
policy_type(fixed effect)	YES	YES
constant	2.743***	2.550***
	(0.445)	(0.414)
Prob>chi2	0.0000	0.0000
,N	2,820	2,820

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