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# A Behavioral Model of “Muddling Through” in the Chinese Bureaucracy: The Case of Environmental Protection

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Xueguang Zhou, Hong Lian, Leonard Ortolano and Yinyu Ye

## ABSTRACT

How do we characterize and explain the behavioral patterns of the Chinese bureaucracy amid China's great transformation over the past three decades? The prevailing “tournament competition” model presented in the literature emphasizes the role of incentive design to explain bureaucratic behaviors. We develop an alternative model of “muddling through”—characterized by a reactive response to multiple pressures, constant readjustments and a focus on short-term gains—to explain the behavioral patterns of China's intermediate government agencies. We explain the underlying multiple bureaucratic logics that induce these behavioral patterns and the institutional conditions under which such behavioral patterns prevail. We illustrate the research issues, analytical concepts and theoretical arguments, using a case study of a municipal environmental protection bureau implementing the Five-Year Plan, between 2006 and 2010.

Aligning the interests of local officials with the goals of the central authority in China's transformation is difficult. The literature on the Chinese bureaucracy has given considerable attention to the role of incentive design. In early work on this subject, Walder and Oi showed that incentive mechanisms in the revenue-sharing taxation reform of the mid-1990s and the structure of decentralized authority at the local level led local governments to participate actively in promoting economic development in their jurisdictions.<sup>1</sup> More recently, scholars have argued that the Chinese state's incentive mechanisms for the career advancement of local officials have fostered effective governance and contributed to the leading role of the state in China's economic growth and large-scale institutional change.<sup>2</sup>

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1. Jean Oi, “Fiscal Reform and the Economic Foundations of Local State Corporatism in China,” *World Politics*, Vol. 45 (1992), pp. 99–126; Andrew G. Walder, “Local Governments as Industrial Firms,” *American Journal of Sociology*, Vol. 101 (1995), pp. 263–301. See also Jean Oi, *Rural China Takes Off: Institutional Foundations of Economic Reform* (Berkeley: University of California Press, 1999); Susan H. Whiting, *Power and Wealth in Rural China: The Political Economy of Institutional Change* (New York: Cambridge University Press, 2000).

2. For recent work in this area, see Pierre Landry, *Decentralized Authoritarianism in China* (New York: Cambridge University Press, 2008); Yongshun Cai and Xiulin Sun, “Rural Cadres and Governance in

Zhou Li-an, an economist, proposed a "tournament model" of competition to explain the design of incentives created by the central government to influence the behavior of local government officials in China.<sup>3</sup> The tournament model, first developed in the economics literature,<sup>4</sup> describes an incentive design in which performance is evaluated comparatively among a pool of candidates competing for career advancement or other rewards. The high performers are promoted into the next round of the tournament for further career advancement. Tournament competition as an incentive mechanism has several advantages for a "principal" in ensuring that "agents" perform at a high level to meet the principal's objectives.<sup>5</sup> The most salient advantage is that it introduces competition within an organizational hierarchy based on rules set by the principal, thereby allowing the principal to align the agents' interests with his or her own. Another important feature is that relative performance-based evaluation elicits valuable information about the agents' performance, at relatively low cost in measuring the agents' efforts.

Zhou posits that the Chinese central authority introduced competition among subordinate officials by basing promotions of chief officials in local governments on their relative performance evaluations, thus motivating local officials to act in ways consistent with meeting the goals of the central authority. For example, China's central government has made GDP growth the main yardstick in evaluating the relative performance of local leaders, and this measure has provided incentives for local governments to foster rapid economic growth in their jurisdictions. At first glance, this line of argument seems consistent with widespread practices among Chinese governments, in which higher authorities rank-order their subordinate officials at lower levels of government, based on relative performance. Tournament-like practices have been employed extensively by local governments to introduce competition among subordinates in the pursuit of local governments' goals, such as attracting inflows of foreign investment, enforcing family planning policies and meeting pollution reduction goals. For example,

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China", *The China Journal*, No. 62 (July 2009), pp. 61–77; Frank N. Pieke, "Marketization, Centralization and Globalization of Cadre Training in Contemporary China", *The China Quarterly*, No. 200 (December 2009), pp. 953–71; John P. Burns and Wang Xiaoqi, "Civil Service Reform in China: Impacts on Civil Servants' Behaviour", *The China Quarterly*, No. 201 (March 2010), pp. 58–78.

3. Zhou Li-an, "Jinsheng boyi zhong zhengfu guanyuan de jili yu hezuo" (The Incentive and Cooperation of Government Officials in the Political Tournament), *Jingji yanjiu* (Journal of Economic Research) (2004), pp. 33–40; Zhou Li-an, "Zhongguo difang guanyuan de jinsheng jinbiaosai moshi yanjiu" (Governing China's Local Officials: An Analysis of the Promotion Tournament Model), *Jingji yanjiu* (2007), pp. 36–50; Zhou Li-an, *Zhuanxingzhong de difang zhengfu: guanyuan jili yu zhili* (Local Governments in Transformation: Incentives and Governance) (Shanghai: Gezhi Press, 2008).

4. Edward Lazear and Sherwin Rosen, "Rank-Order Tournaments as Optimum Labor Contract", *Journal of Political Economy*, Vol. 89 (1981), pp. 841–64.

5. Gary J. Miller, "The Political Evolution of Principal-Agent Models", *Annual Review of Political Science*, Vol. 8 (2005), pp. 203–25.

at the beginning of the 11<sup>th</sup> Five-Year Plan in 2006 in the province in which we conducted our empirical research, the provincial government implemented a 1000-point performance evaluation scheme covering a variety of subjects, and used the scheme to rank-order subordinate governments. Zhou's tournament model has stimulated a sizeable literature, mostly in Chinese, on incentives determining local government behaviors and performance evaluation.

While Chinese officials commonly face such performance-based ranking schemes to advance in their careers, behaviors at odds with those predicted by the tournament model have been widely observed. In contrast to the expected highly focused attention to meeting state goals, what is often observed is collusive behavior among local officials and selective implementation of state policies; this collusive behavior has led some scholars to treat local government offices as "strategic groups" within China's governance system.<sup>6</sup> Many empirical studies of the Chinese government portray local bureaucrats responding to state policies and incentives in haphazard ways and adopting improvised strategies that deviate considerably from the intentions of the higher-level policies.<sup>7</sup> In a study of "audit cultures" in teacher evaluations in China, Kipnis observed that performance evaluations "often lead to such non- and antineoliberal outcomes as the production of new social ties and the related nonindividuated forms of personhood among the people audited and the development of new, efficiency-hindering practices, such as deception, formalism, and the shifting of employee attention away from organizational goals to the politics of selecting, measuring, and fulfilling audit criteria".<sup>8</sup>

These contradictory images of the Chinese bureaucracy raise important questions. How do we explain the distinct behavioral patterns of the Chinese bureaucracy, which are both highly sensitive to policies and administrative directives from higher authorities and, at the same time, collusive and deviant in the implementation process? In this study, we propose an alternative model, based on what we term "muddling through" behaviors because of their resemblance to those

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6. Maria Edin, "State Capacity and Local Agent Control in China", *The China Quarterly*, No. 173 (March 2003), pp. 35–52; Kevin J. O'Brien and Lianjiang Li, "Selective Policy Implementation in Rural China", *Comparative Politics*, Vol. 31 (1999), pp. 167–86; Gunter Schubert and Anna L. Ahlers, "County and Township Cadres as a Strategic Group", *The China Journal*, No. 67 (January 2012), pp. 67–86; Ben Hillman, "Factions and Spoils: Examining Political Behavior Within the Local State", *The China Journal*, No. 64 (July 2010), pp. 1–18; Christian Göbel, "Uneven Policy Implementation in Rural China", *The China Journal*, No. 65 (January 2011), pp. 53–76; Andrew Mertha, "Fragmented Authoritarianism 2.0: Political Pluralization in the Chinese Policy Process", *The China Quarterly*, No. 200 (December 2009), pp. 995–1012; Xueguang Zhou, "The Institutional Logic of Collusion among Local Governments in China", *Modern China*, Vol. 36 (2010), pp. 47–78.

7. Ai Yun, "Shangxiaji zhengfu jian kaohejiancha yu yingdui guocheng de zuzhixue fenxi" (Performance Appraisal and Coping Strategies in the Chinese Bureaucracy), *Shehui* (Chinese Journal of Sociology), Vol. 31 (2011), pp. 68–87; Wu Yi, *Xiaocheng xuanxiao* (Noises in a Small Town) (Beijing: Sanlian Publisher, 2007).

8. Andrew Kipnis, "Audit Cultures: Neoliberal Governmentality, Socialist Legacy, or Technologies of Governing?", *American Ethnologist*, Vol. 35 (2008), p. 285.

associated with Lindblom’s classic model of public administrators. We use the proposed model to explain behavioral patterns among Chinese officials at the sub-national level. Drawing on insights from behavioral theories of organizations and on our fieldwork at a municipal environmental protection bureau over a five-year period, the model emphasizes how multiple bureaucratic logics yield behavioral patterns characteristic of muddling through: adopting *ad hoc*, improvised strategies; exhibiting a course of action that focuses on short-run, incremental gains; and making sequential adjustments in strategy as conditions change, which leads to patterns of shifting paths of action over time. The multiple logics that govern the Chinese bureaucracy are used to explain how what appear as contradictory behaviors over short time-periods within local governments have, in fact, stable institutional foundations.

This article has two main parts. First, we propose an alternative version of Lindblom’s model of muddling through—a version that fits the Chinese context—and consider the empirical implications of the proposed model. Second, we illustrate our key theoretical concepts and arguments in a case study of government behavior in the environment protection domain.

#### A BEHAVIORAL MODEL OF “MUDDLING THROUGH” IN THE CHINESE BUREAUCRACY

According to Lindblom, public officials have limited capacities to gather and process information, and they recognize that there are uncertain consequences associated with their choices.<sup>9</sup> As a result, public officials adopt strategies characterized by incrementalism—what Lindblom referred to as “successive limited comparisons”. In this process, which is characterized by serial search (sequential rather than comprehensive search for solutions to problems) and repeated attacks on the same problems, attention is directed to simple incremental evaluations and feasible responses to short-term pressures. Important alternatives may be neglected because of limited attention and search capabilities, and goals are constantly readjusted in response to changing conditions and new information. These behavioral characteristics are in sharp contrast to the image of a rational decision-maker taking consistent, anticipatory and goal-directed actions to meet well-articulated objectives based on complete information.

Lindblom’s portrayal of processes of muddling-through in government provides the basis for our proposed model. Like the public administrators in Lindblom’s model, Chinese bureaucrats also face multiple pressures, high uncertainty about policy consequences, and limited attention and information-processing

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9. Charles E. Lindblom, “The Science of ‘Muddling Through’”, *Public Administration Review*, Vol. 19 (1959), pp. 79–88; see also a re-evaluation 20 years later by Charles E. Lindblom, “Still Muddling, Not Yet Through”, *Public Administration Review*, Vol. 39 (1979), pp. 517–26.

capabilities. These factors impose significant constraints on how local officials can respond to the top-down incentive structures developed by the central government. Local officials at the intermediate level of Chinese government are more preoccupied with the implementation and enforcement of policies imposed by higher levels of government than are the policy-makers in Lindblom's model, however. Their behaviors represent reactive responses to time-varying, multiple and sometimes conflicting pressures imposed from the top, and they rely on incremental changes as strategies for coping with the unintended consequences of their actions. This behavioral strategy is analogous to an acrobat walking on a wire, who makes continuous adjustments or compensatory gestures in different directions in order to maintain balance and to advance toward the end post. The process may be successful but, more often than not, it exhibits a path involving fluctuating, wave-like twists and turns.

We characterize the proposed model as a "behavioral model" (in the tradition of Cyert and March<sup>10</sup>), in that we explain how an organization or its members *actually* behave, and develop theoretical ideas and concepts to explain the mechanisms and processes that generate observed behavioral patterns. We draw key insights from the behavioral theory of the firm—attention allocation, firms as political coalitions—to develop our argument and explanation. As demonstrated below, the behavioral patterns of muddling through are not always efficient or optimal; our proposed model offers explanations as to *why* such suboptimal decisions and behaviors are widespread and persistent in the Chinese bureaucracy.

Haphazard and improvised as they may appear, these behaviors and coping strategies are not random or disjointed. Rather, they are induced and reproduced by the *bureaucratic logics*—stable, patterned interactions induced by institutional arrangements—that govern the behaviors of the Chinese government. These bureaucratic logics and their interactions shape government behaviors in performing organizational tasks such as agenda-setting, attention allocation and resource mobilization. Moreover, these multiple bureaucratic logics are often incongruent, and they generate conflicting pressures upon local officials. Understanding these multiple logics, their interactions and their effects on local governments provides a basis for explaining observed behavioral patterns inside the Chinese bureaucracy. Below, we highlight three common Chinese bureaucratic logics.

*The Logic of Meeting Targets.* The logic of meeting targets refers to the imperative in the Chinese bureaucracy for officials to respond effectively to directives and to meet specific goals set by their supervising agencies. To a large extent, the Chinese bureaucracy has been organized to ensure the effective implementation of top-down policies: the authority structure rests on the principle of upward accountability, with personnel and decisions on career advancement firmly in the

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10. Richard Cyert and James G. March, *A Behavioral Theory of the Firm* (Englewood Cliffs: Prentice-Hall, 1963).

hands of higher authorities. Reviews, inspections and performance evaluations of sub-national leaders and organizations are common and intensive, to ensure effective policy implementation. In a series of recent administrative reforms, the central government has strengthened its bureaucratic grip on local officials through new regulations, civil service procedures and incentives designs; local officials' performance is evaluated according to criteria set by higher authorities.<sup>11</sup> Not surprisingly, for chief officials the most immediate, paramount goal is to carry out the tasks and meet the targets set by the supervising agencies in a satisfactory manner. Those who fail to meet targets are seen as incompetent, and subject to stalled career advancement, or even demotion.<sup>12</sup>

Under these circumstances, we would expect the behavior of local officials to be extremely sensitive to targets and directives imposed by higher authorities. This is in sharp contrast to the traditional Weberian bureaucracy characterized by rules and procedures and the logic of appropriateness, as shown in a large body of organizational research.<sup>13</sup> In the traditional Weberian model, procedural rationality dominates substantive rationality; rules, procedures and the logic of appropriateness are important protective mechanisms for both managers and employees. Although bureaucratic deviations from the logic of appropriateness are also widely observed in other market societies, these key features of the Weberian bureaucracy differ significantly from those in the Chinese bureaucracy,<sup>14</sup> which is mobilized along hierarchical lines to foster the implementation of policies and directives set by higher authorities. The importance of meeting targets is a central, distinct feature of this bureaucracy.

This does not mean, however, that behaviors driven by the logic of meeting targets are necessarily consistent with the intentions of the original policy. As the large and growing literature on government behaviors in China attests, the logic of meeting targets often induces coping behaviors (both legitimate and illicit) such as selective implementation, distortion or fabrication of records which would induce a decoupling of symbolic compliance from substantive compliance, and the pursuit of short-run gains at the expense of long-term benefits. In addition, the pressure to meet targets may cause officials to adopt measures and accounting rules that are inconsistent with other bureaucratic logics.

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11. Pierre Landry, *Decentralized Authoritarianism*; Zhou Li-an, "Jinsheng boyi zhong zhengfu guanyuan de jili yu hezuo"; John P. Burns and Wang Xiaoqi, "Civil Service Reform".

12. Zhou Xueguang, "Nixiang ruanyusuan yueshu" (Inverted Soft Budget Constraint), *Zhongguo shehui kexue* (Social Science in China), Vol. 2 (2005), pp. 132–43.

13. James G. March, *A Primer on Decision Making* (New York: Free Press, 1994); Max Weber, *From Max Weber: Essays in Sociology* (New York: Oxford University Press, 1946); Paul J. DiMaggio and Walter W. Powell, "The Iron Cage Revisited", *American Sociological Review*, Vol. 48 (1983), pp. 147–60; John W. Meyer and Brian Rowan, "Institutionalized Organizations", *American Journal of Sociology*, Vol. 83 (1977), pp. 40–63.

14. Michel Crozier, *The Bureaucratic Phenomenon* (Chicago: University of Chicago Press, 1964); Alvin Gouldner, *Patterns of Industrial Bureaucracy* (Glencoe: Free Press, 1964); James Q. Wilson, *Bureaucracy* (New York: Basic Books, 1989).



*The Logic of Coalition-Building.* Formal organizations have long been characterized as political coalitions.<sup>15</sup> The very design of a public bureaucracy induces not only competition but also cooperative behaviors, because there is often a high degree of interdependence in the task environments of bureaus; that is, to carry out its tasks, a bureau needs to cooperate and coordinate with other bureaus and to reconcile conflicting demands. For example, one of the tasks falling to the Municipal Environmental Protection Bureau (MEPB) in our case study is to reduce the level of pollution released to municipal surface waters, but it cannot do this on its own. Funds for the construction of municipal wastewater treatment plants come from the Urban Construction Bureau, while the Municipal Finance Bureau allocates subsidies for industrial wastewater treatment. To calculate levels of pollution reduction, the MEPB may also need statistics on factors such as GDP and population growth from the local office of the State Statistics Bureau.

In addition, the MEPB needs to work with subordinate County Environmental Protection Bureaus (CEPBs), which are responsible for enforcing environmental regulations in their jurisdictions. However, these bureaus are also under pressure from their own principals, the municipal and county governments, to meet local economic growth goals, which typically means not exerting undue pressure on local firms to cut pollution. As a result, the bureaucratic logic of coalition-building dictates that the MEPB maintain a careful balance in its relationships with these bureaus. Specifically, it must form strategic alliances to respond to crises and to engage in mutually beneficial bargaining, maintain relations with subordinate CEPBs to ensure future cooperation, and be on good terms with county government officials who have the ultimate authority to implement and enforce environmental regulations in their jurisdictions.

*The Logic of Incentive Provision.* Motivating subordinates is a central concern for officials in government offices, just as it is for managers of firms. In the Chinese context, the central government provides the framework for incentives at lower levels, and that framework is then implemented at lower levels in the administrative hierarchy. Higher authorities often rate performance on the basis of explicit criteria to induce behaviors in line with their goals. The logic of incentive provision is that effort be rewarded while accounting for random factors beyond an employee's control.<sup>16</sup> In the government context, performance evaluation therefore needs to account for the specific conditions under which officials exert effort and achieve results. When using the tournament model as an incentive design mechanism, there must be clear criteria against which the

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15. James G. March, "The Business Firm as a Political Coalition", *Journal of Politics*, Vol. 24 (1962), pp. 662–78.

16. Paul Milgrom and John Roberts, *Economics, Organization and Management* (Englewood Cliffs: Prentice Hall, 1992); Robert Gibbons, "Incentives in Organizations", *Journal of Economic Perspectives*, Vol. 12 (1998), pp. 115–32.

performance of subordinate offices can be assessed, and it must be possible to determine the rank order of offices unambiguously. When agencies are located in different jurisdictions with distinctive circumstances, the link between efforts and outcomes often becomes ambiguous, rendering the tournament competition approach problematic for participants.

The role of incentives provided by the tournament competition model must be understood in a broader context, in which there are multiple bureaucratic logics that are often in tension with one another. For example, the logic of meeting targets is typically of singular importance in the Chinese bureaucracy, and the pressure to meet targets may cause a municipal bureau knowingly to allow its subordinate bureaus to distort performance records to satisfy target requirements. In this context, symbolic compliance is decoupled from the process of actually meeting targets. The final results are at odds with the logic of incentive provision, since it is the subordinate bureau's symbolic compliance that may be rewarded, rather than its actual effort and performance. In other instances, the logic of coalition-building may impose constraints on the effective provision of incentives. This does not mean that officials do not care about rewarding behavior based on performance. Their focus on providing incentives, however, is often constrained and compromised by other competing logics, such as the need to maintain coalitions.

### **Muddling Through in the Chinese Bureaucracy: Empirical Implications**

What are the behavioral patterns induced by these multiple, competing bureaucratic logics? Tensions among bureaucratic logics and the coping strategies developed in response have shaped the key behavioral patterns in the Chinese bureaucracy.

First, behaviors in the face of competing bureaucratic logics tend to be reactive rather than proactive, and characterized by strategies improvised in response to multiple directives and targets set at higher administrative levels. This reactive behavior is largely shaped by the prevailing bureaucratic logic of meeting targets, which dictates that local officials act in response to directives from the top. Even for territorial governments enjoying relative autonomy in their jurisdictions, their daily work activities are highly constrained by the administrative fiats and tasks sent from higher authorities. Some tasks are part of a long-term program, such as the designated goals in a Five-Year Plan, and regulated by bureaucratic milestones such as annual reviews. Frequently, however, tasks are imposed by the arbitrary exercise of power by multiple principals, and they arrive at these agencies in an unpredictable manner. As a result, behaviors of local-level bureaucrats are characterized by reactive responses to multiple demands from above or to the unexpected consequences resulting from the implementation of these directives.



Second, constant readjustment is an important strategy for coping with conflicting pressures generated by multiple bureaucratic logics. The key readjustment mechanism here is the *allocation of attention*, and the associated distribution of resources, across different areas and tasks and at different times. The literature on organization has long recognized that officials and managers have limited attention and that attention is a scarce resource. Because of limited attention, an organization may exhibit behaviors at odds with the rational model of decision-making, and exhibit an inconsistent trajectory as shown in the strategy of “putting out fires”.<sup>17</sup> Organizations also develop explicit strategies for attention management. In the Chinese bureaucracy, bureaucratic milestones such as annual reviews and on-site inspections serve as mechanisms for causing local governments to mobilize attention in response to predictable reviews and inspections.

Third, bureaucratic behaviors in the context of Chinese local governments tend to focus on short-term solutions rather than long-term goals. Because an intermediate government office has to respond to multiple tasks and is constrained by multiple bureaucratic logics, it is typically unable to take actions in accordance with its own long-term goals. It is even questionable to claim that an intermediate government bureau *has* independent goals of its own, beyond those prescribed by, or reformulated according to, directives from higher authorities. This does not mean that local officials do not pursue their own interests and agendas; rather, they do so in *ad hoc* ways, using improvised strategies in response to the challenges in their task environments and the unintended consequences of their efforts to implement policies.

In summary, our argument here is that, in response to such multiple pressures, bureaucratic behaviors focus on short-term goals, constant adjustments, improvised coping strategies in response to pressures from the task environment, and tensions in the face of competing bureaucratic logics. We consider these behaviors as being characteristic of *muddling through* in China’s administrative bureaucracy. Instead of a steady course of action as dictated by a single bureaucratic logic or intended by the provision of clear incentives, we expect that bureaucratic behaviors will vary with the interplay of the multiple bureaucratic logics identified above. We now highlight institutional conditions that affect muddling-through behaviors.

Behavioral patterns vary according to how much *autonomy* a bureau has in managing its task environment. As previously mentioned, the reactive response to tasks imposed from above is a key feature of muddling through by Chinese

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17. For other examples, see Graham T. Allison, *Essence of Decision: Explaining the Cuban Missile Crisis* (Boston: Little, Brown, 1971); Shane A. Corwin and Jay F. Coughenour, “Limited Attention and the Allocation of Effort in Securities Trading,” *Journal of Finance*, Vol. 63 (2008), pp. 3031–67; Roy Radner and Michael Rothschild, “On the Location of Effort,” *Journal of Economic Theory*, Vol. 10 (1975), pp. 358–76.

officials. The extent of autonomy is distributed unevenly among different government offices. For domains in which tasks are simpler or more predictable, a bureau can manage its task environment through routines and the division of labor. Under these circumstances, the logic of meeting targets causes less tension with other bureaucratic logics such as coalition-building and incentive provision. To illustrate variations in behavioral patterns across government agencies resulting from variations in autonomy, consider two bureaus: archives and environmental protection. The former has a relatively simple, stable task environment. In contrast, an MEPB, as we will see below, faces tremendous pressures in meeting Five-Year Plan targets as well as other annual targets, and it has to attend to numerous environmental policy enforcement tasks and face frequent performance inspections and evaluations by higher authorities. It is thus not surprising that an MEPB has to respond in ways that are very reactive. Relative autonomy may also be affected by an organization's coping strategies:<sup>18</sup> by cultivating patronage relationships and extra-budgetary resources, a government office may create a larger degree of autonomy and an enhanced ability to exercise discretion. In general, we expect behaviors characteristic of muddling through to be inversely related to the relative autonomy of the government agency in managing its task environment.

By similar reasoning, behavioral patterns of local Chinese agencies are also sensitive to the extent of interdependence among agencies. Different government organizations are located differently in a web of inter-organizational relationships, and the specific tasks assigned to an organization dictate its links with other organizations even where there are no formal connections. In those areas where there is a high degree of interdependence, the bureaucratic logic of political coalitions becomes especially important. A special-purpose organization, as an ideal type, may have only a single task or be under a single principal, and it would act differently from an organization that faces multiple tasks and multiple principals. As noted, an environmental protection agency cannot carry out its tasks without coordinating with other agencies. For organizations in other domains, such as a bureau of archives, interactions with other agencies are relatively few and inconsequential. This may also explain why the tournament model is most widely used in the context of territorial governments, such as municipal and county governments, which tend to be relatively independent of one another in pursuing their goals. However, for a government bureau that is structurally embedded in multiple relationships with other bureaus, incentive design based on tournament competition becomes highly problematic, because the complexity of relationships needed for task completion is beyond the control of the focal

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18. We thank an anonymous reviewer for suggesting this source of bureaucratic autonomy.

office. Therefore, we expect behaviors characteristic of muddling through to be positively associated with the extent of interdependence among organizations in the task environment.

Time is a critical dimension for understanding the processes and rhythms of behaviors characteristic of muddling through. Patterns of attention allocation over time vary with the pressures exerted at different points in the implementation process. Thus, pressures generated by different bureaucratic logics may vary over time. For example, the logic of meeting targets may exert strong pressure at the beginning of a policy-implementation process, but getting things done successfully in the early stages may reduce the pressure over time. Conversely, failure in meeting targets in the early stages of policy implementation may generate increasing pressure at later stages, thereby moving the need to meet targets to center stage and pushing other agenda items aside.

Specifically, organizations are governed by multiple bureaucratic milestones, such as annual budget-setting and annual evaluations. These cyclic events may regulate attention allocation and implementation processes. In a typical organizational setting, multiple tasks and demands are dealt with by distributing attention across different offices using structural arrangements, but in the Chinese bureaucracy there is a tendency to direct resources, attention and personnel temporarily to a particular area or task in response to mobilization efforts from the top, often at the expense of overlooking issues in other areas. In contrast, a slow start may trigger enormous pressures to catch up in later phases, inducing a significant increase in effort. Therefore, we expect behaviors characteristic of muddling through to be sensitive to bureaucratic timetables, which dictate the allocation of attention over time, thereby generating different rhythms within the policy implementation process.

The behavioral model proposed above highlights the key behavioral patterns of the intermediate government agencies, as well as the institutional conditions under which those behaviors are likely to prevail. In contrast to the image of the bureaucratic organizations making decisions according to a traditional, rational decision model, we expect Chinese bureaus at intermediate levels of government to display distinct behaviors characteristic of muddling through, as a response to underlying bureaucratic logics.

#### MUDDLING THROUGH IN ENVIRONMENTAL REGULATION: A CASE STUDY

We use the behaviors of Chinese bureaucrats in an Environmental Protection Bureau (EPB) at the municipal level—an agency facing multiple tasks and multiple bureaucratic logics—to illustrate the analytical concepts and theoretical arguments developed in the proposed model. In particular, we analyze the MEPB's implementation of environmental protection requirements designated in China's

11<sup>th</sup> Five-Year Plan during the 2006–10 period. Focusing on the implementation process during a multi-year period allows us to show how tensions among the multiple bureaucratic logics play out over time, and how those tensions lead to bureaucratic behaviors characteristic of muddling through.

Between 2008 and 2011, we conducted field research using the participant observation approach in a case study MEPB in W Province in northern China. We collected data retrospectively for the two years (2006–07) before we entered the field. As Figure 1 shows, the Ministry of Environmental Protection (MEP) is the highest authority in the functional line for environmental protection. Each MEPB in turn supervises County EPBs (CEPBs) within its jurisdiction. The MEPB in our case study has 12 CEPBs under its administrative authority.<sup>19</sup> In addition to the authority relationship in the environmental protection functional line, each EPB is subject to the authority of the territorial government in its jurisdiction. For example, the MEPB is under the authority of its municipal government, and each CEPB is under the authority of its county government. In addition, the MEPB also needs to cooperate with other municipal bureaus and county governments to implement environmental regulations. Within its functional line, the MEPB has the challenge of providing incentives to motivate its subordinates, the CEPBs, to take actions consistent with MEPB goals.

Performance of EPBs at all levels is evaluated annually by supervising agencies. Typically, the higher-level authorities—for example, the MEP and Provincial Environmental Protection Bureau (PEPB)—send inspection teams to review the records compiled by their subordinate EPBs regarding their claimed enforcement efforts and outcomes (such as the closing of pollution sources) and the levels of pollution before and after these efforts. Inspection teams may also conduct their own on-site inspections to verify these claims. On these bases, the inspectors decide which of the claimed accomplishments are officially accepted, and place an official stamp of certification on the final version of the documentation.

During the time of our participant observation fieldwork, the MEPB's central task was to achieve goals promulgated by the central government for the 11<sup>th</sup> Five-Year Plan. The main targets in pollution reduction were chemical oxygen demand (COD) of wastewater releases, and sulfur dioxide (SO<sub>2</sub>) in air emissions. For the MEPB, the designated targets for its jurisdiction were specific: the reduction of COD by 12 per cent and of SO<sub>2</sub> by 8 per cent during the 2006–11 period. The outcome of each annual inspection was added to the level of cumulative reduction counted in meeting designated targets in the Five-Year Plan. The MEPB decomposed its aggregate goals into specific targets for each CEPB in its jurisdiction.

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19. To protect the anonymity of the research site, we have made technical changes in the presentation of the descriptive information, such as the number of MEPBs and CEPBs, as well as the designated reduction goals in COD and SO<sub>2</sub> for the MEPB.

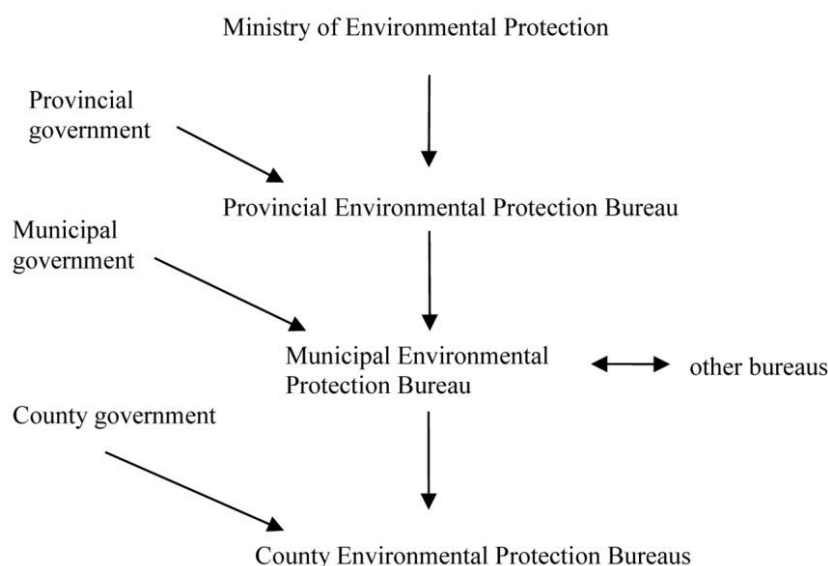


Figure 1. Structural location of the municipal EPB

Figures 2 and 3 show the percentage of *cumulative* accomplishment toward achieving the designated five-year goal (100 per cent) in COD and SO<sub>2</sub> releases, respectively, among all CEPBs over the five-year period.<sup>20</sup> These figures reflect the achievements officially accepted by the PEPB and the MEP. In the figures, county EPBs are arranged based approximately on high to low levels of cumulative achievement. As indicated, over the years, differences in performance evaluation among the CEPBs narrowed, with some CEPBs having particularly large upward shifts in later years.

Taken at face value, the patterns and trends in the two figures give the impression of a steady, well-managed improvement toward fulfilling the designated goals over the policy cycle. However, the figures do not represent the actual accomplishments of the CEPBs. Instead, they reflect the results of a process in which the MEPB redistributed certified credits for accomplishment among the CEPBs, based on the various pressures generated by the three bureaucratic logics described here. For example, Figure 2 shows the CM County EPB making what appears to be a spectacular jump from a position where it had a –20 per cent achievement in 2006 and 0 per cent achievement in 2007 to attainment of the five-year target in only three years. This is not what actually happened, but is the result of adjustments made by the MEPB for county CM in official documents.

20. Note that three CEPBs were given no task quota in the reduction of SO<sub>2</sub>, due to the targets of economic growth set for these jurisdictions. Hence, they are not represented in Figure 3.

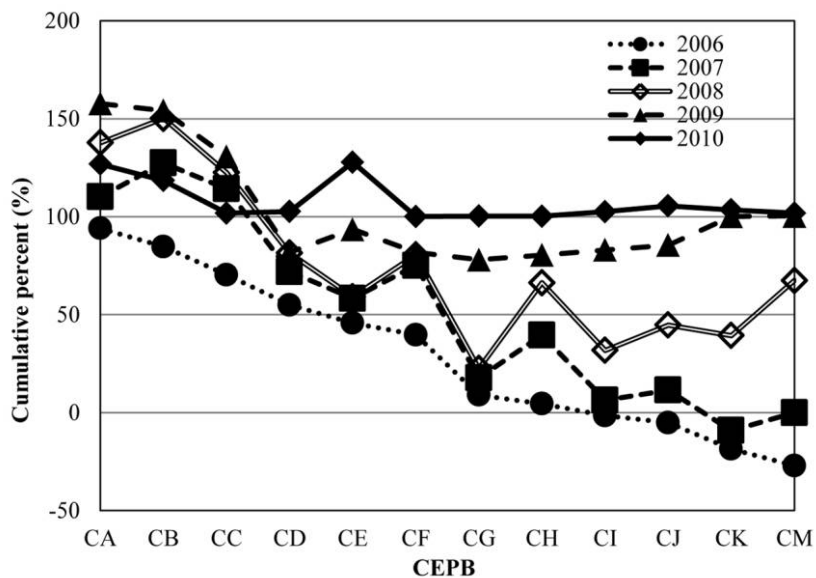


Figure 2. Cumulative percentage of accomplishment in COD among CEPBs, 2006–10

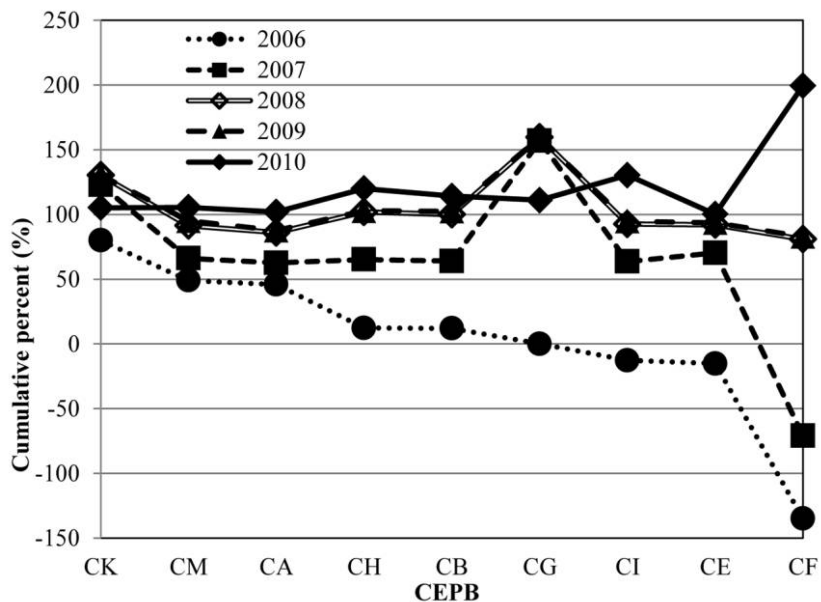


Figure 3. Cumulative percentage of accomplishment in SO<sub>2</sub> among CEPBs, 2006–10



As a result, Figures 2 and 3 show the MEPBs' actual allocation of credits among the CEPBs reflecting their accomplishments, adjusted in response to the interplay of multiple bureaucratic logics. Adjustments in credits for accomplishment were made continually over the five-year period, in response to pressures generated by multiple bureaucratic logics. Indeed, behind the appearance of a steady process of goal attainment in Figures 2 and 3 was a circuitous journey of muddling through toward the goals of the Five-Year Plan.

Our analysis of actual and adjusted CEPB performance results shows that a well-defined rhythm existed over the five-year policy cycle—it would be difficult to make sense of bureaucratic behaviors in a single year without considering the entire five-year cycle. The first year of inspection and evaluation yielded an uneven set of officially accepted outcomes, which shaped the MEPB's behavior in later years. The midterm review, which took place at the end of 2008, reflected the MEPB's response to notable changes in PEPB certification procedures. The MEPB's efforts in the last two years were geared toward ensuring that its own aggregate Five-Year Plan targets were met. Below, we chronicle key processes and events during the 2006–10 period, based on our participant observation fieldwork in the case study MEPB.

### 2006–07: Creating an Uneven Playing Field

The first two years of the five-year policy implementation cycle was a trial-and-error period in the environmental regulatory arena—a long-neglected policy domain that, by 2006, had gained increased attention and was under considerable scrutiny. Detailed targets for SO<sub>2</sub> and COD reductions were provided in the 11<sup>th</sup> Five-Year Plan, but no operating procedures had yet been established for implementing the targets.

Because of the existence of well-defined metrics, performance evaluation in the environmental regulation domain is not as elusive as in some other areas. Since 2005, China's environmental protection regulations have focused on reducing SO<sub>2</sub> and COD releases, with the performance of all EPBs being evaluated on these two indicators. The measures of reduction are concrete and based on well-defined monitoring protocols, and enforcement outcomes can be tracked over time. Given that measurable pollution reduction targets exist, it might appear that the MEPBs and PEPBs would design internal incentives for their agents and that the tournament model of competition would describe agency behavior well, but this is not what happened.

The actual events depart significantly from what the tournament model would predict. Instead of the MEPB (the principal in this context) doing straightforward performance evaluations based on the accomplishment of CEPBs (the agents) in meeting pollution-reduction goals, evaluation by the MEPB reflected complex readjustments. Adjustments were made for three main reasons, none of

which were taken into consideration in the inspection and evaluation process. First, the ability of CEPBs to meet designated policy goals depends on matters beyond environmental regulation, such as population growth and industrialization. Consequently, the numerical COD and SO<sub>2</sub> pollution reduction goals for each CEPB were moving targets, which were adjusted over time. The MEPB felt that the MEP and PEPB would allow it to reallocate CEPB credits for reducing pollution, provided the aggregate reduction over all CEPBs indicated that the MEPB met its own reduction targets. Second, the extent of possible reductions varied, depending on the availability of municipal wastewater treatment projects in a CEPB's jurisdiction and the capacities of industrial waste sources to cut pollution. Third, the certification criteria used by the MEP and PEPB inspection teams varied significantly over time, thereby creating uncertainties about the proportion of the accomplishments claimed by the MEPB and the CEPBs that would be officially accepted.

With the above background in mind, consider the variations in CEPBs' officially accepted performance results for 2006 (see Figures 2 and 3). Some CEPBs achieved more than 50 per cent of their reduction goals in the first year, whereas others had increases (negative reductions, indicating that their pollution levels were worse than in 2005). One might infer that the drastic variations across these CEPBs were evidence of the effectiveness of tournament competition, where all CEPBs were rank-ordered according to their performance evaluations; however, based on conversations with MEPB officials, nothing could be further from the truth. By the end of 2006, the MEP and PEPB had not developed clear guidelines and criteria by which CEPB's claimed accomplishments were to be evaluated, and thus a large proportion of the claims made by local offices were accepted. Due to the lack of well-defined review criteria, these variations in claimed accomplishments did not reflect either efforts or achievements at the county levels. Rather, to a great degree they reflected different extents of distortion efforts by the individual CEPBs. As an MEPB official put it:

They [the MEP and PEPB] conducted reviews and made acceptance decisions in arbitrary, inconsistent ways. [Pollution reductions claimed by] some counties were cut by 15 per cent; others actually got an increase. This is unbelievable! The key problem is that we [the MEPB] have no say in all this.<sup>21</sup>

CEPBs that engaged in careful preparation for the inspection process and those that dared to inflate their achievements were much better off than others, because a large proportion of claimed achievements were accepted by the PEPB and the

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21. LH, "Notes on WNJH 5", p. 1. (The empirical evidence is drawn from our fieldnote sources, as indicated here. The same applies to our references to other fieldnote sources below.)

MEP inspection teams in 2006. The officially accepted CEPB reductions were not generated by the MEPB; rather, they resulted from inspections conducted by the MEP and PEPB. In fact, the MEPB, which had more accurate information about the efforts and outcomes of the CEPBs, had no say in the certification process and the ranking of the CEPBs. Even worse, their shared interests led to collusion between them to gain official acceptance that they had met targets.

The conflicting pressures from multiple bureaucratic logics faced by the MEPB were evident. Instead of being based on efforts or accomplishments, the certification outcomes resulted from a poorly managed evaluation and certification process. For the MEPB officials, the bureaucratic logic of rewarding effort and performance took a back seat to that of meeting targets. Because inflated claims were accepted, real efforts were not properly rewarded. The MEPB's main concern at this stage was to ensure the eventual completion of the designated Five-Year Plan pollution cuts. Therefore, despite their bitter internal complaints about the unfair certification outcomes, the MEPB officials accepted the results without raising questions. At that point, the MEPB's goal was to push the inspection teams to accept as much as possible of the achievements claimed by the CEPBs, turning a blind eye to the inflated statistics filed by some of these.

A series of unexpected events in 2007 shed light on how the MEPB responded to tensions generated by multiple bureaucratic logics: meeting policy targets, maintaining political coalitions with CEPBs and administering incentive provisions linking rewards to the actual efforts and performance of CEPBs.

In 2007, the MEPB and all CEPBs had learned from their experience in the previous year and were fully prepared to claim greater pollution reductions than they had achieved. In the annual review process conducted by the PEPB, the MEPB (in aggregate) easily surpassed its annual targets. However, according to the PEPB evaluation, quite a few CEPBs in the MEPB jurisdiction did not meet their individual annual targets—5 per cent reduction from the previous year for COD, and 7 per cent reduction for SO<sub>2</sub>. Now that the annual aggregate pollution reduction goals were met at the MEPB level, the logic of meeting targets receded in importance, and the MEPB worked on building coalitions with CEPBs. It aimed to do this by reallocating the certified achievement quotas among the CEPBs to level the uneven playing field based on the certifications in 2006. The MEPB planned to lower the 2007 achievement levels of CEPBs that had performed well in 2006, and lift the level for CEPBs that had performed poorly. Instead of following the logic of tournament competition, the MEPB improvised a strategy based on adjustment of claimed reductions, to ensure that a relatively large number of CEPBs met their annual targets for 2007. In short, as the pressure from the logic of meeting the MEPB's aggregate targets eased, pressures generated from other logics increased—especially the logic of building and maintaining political coalitions.

However, before the MEPB could formally adopt and publicize its adjusted performance evaluations, unforeseen events occurred. Toward the end of 2007, shortly after the PEPB's certification of COD and SO<sub>2</sub> reductions, the MEP unexpectedly tightened its inspection procedures and rejected a large proportion of claims made by the PEPB in that year. As a result, the PEPB revised and lowered the performance levels of all MEPBs by making proportional reductions in their previously certified levels. Based on these new certifications, the MEPB's claimed level of achievement was drastically reduced: instead of surpassing its annual targets, the MEPB now fell short of meeting its COD goal. Not surprisingly, the logic of meeting targets moved back to center stage, forcing the MEPB to abandon its earlier attempt to enhance its political coalitions with CEPBs by leveling the playing field among them. Instead, the MEPB adopted the PEPB's strategy of proportional reduction as a basis for lowering the accomplishments of all CEPBs in official certifications. As a result, the general pattern of uneven accomplishment in 2006 was maintained at the end of 2007.

As Figure 3 shows, almost all CEPBs were certified as reaching more than 60 per cent of their five-year target SO<sub>2</sub> reductions by the end of 2007, and two CEPBs (CK and CG) had already more than satisfied their five-year goals. In contrast, most CEPBs were still struggling to make substantial COD reductions by the end of 2007 (Figure 2). Official certification records thus showed a clear rank order of the CEPBs for pollution reduction; however, because the inflated accomplishments of many CEPBs had been accepted, the link between the rank order and actual performance was elusive at best.

Three things can be learned from events in 2007, in which the MEPB responded strikingly to multiple bureaucratic logics and unexpected changes. First, the rank order of subordinate CEPBs created by MEP and PEPB reviews had little to do with actual performance levels, and the acceptance of distorted CEPB claims by the PEPB created an uneven playing field among CEPBs. Second, the logic of political coalitions became salient as soon as the pressure for meeting targets lessened, as was shown by the MEPB's initial attempt in 2007 to readjust the performance evaluations so that a large number of CEPBs met their annual targets, regardless of their actual performance. However, as soon as the PEPB unexpectedly changed its certification results, the threat of failure to meet its aggregate targets caused the MEPB to abandon the attention that it had planned to give to building coalitions. Third, contrary to what the tournament competition model would predict, the logic of incentive provision was not at all evident in bureaucratic responses at all levels of the hierarchy. Collectively, these observations reflect behaviors characteristic of muddling through. Instead of taking anticipatory, consistent actions, as events unfolded the MEPB improvised new strategies and made adjustments to alleviate tensions among the competing bureaucratic logics.

### 2008: The Midterm Evaluation

In 2008, the midterm review of the Five-Year Plan was conducted. The official goal for that year was to surpass 60 per cent of the pollution reduction goals set by the Five-Year Plan, as well as to meet the annual targets—5 per cent and 7 per cent cuts in COD and SO<sub>2</sub> respectively, compared to the previous year. The midterm review was notable for two reasons. First, in response to shortcomings in its own loose certification procedures earlier, in 2008 the MEP issued stringent new rules for the certification process. The tightening of the MEP's acceptance criteria triggered new adjustments by the MEPBs and CEPBs. Second, the provincial and municipal governments included environmental measures in the midterm reviews of their subordinate territorial governments, starting in 2008. Thus, for the first time, measures on pollution reduction were formally included as part of the criteria to evaluate county governments. This meant that the MEPB's evaluation of the CEPBs' performance would have important consequences for county governments within its jurisdiction.

Thus, in preparation for the midterm review, MEPB officials juggled the attention given to the three bureaucratic logics: meeting targets, building coalitions and providing incentives. The immediate, top-priority task was to meet designated targets for the midterm review. At the same time, the bureau needed to maintain its political coalitions with the counties (particularly the county governments), so that future cooperation could be solicited. Because county government performance evaluations depended in part on the MEPB's evaluations of CEPB performance, the MEPB had to ensure that none of the CEPB performance outcomes were notably low. In addition, the MEPB wanted to ensure that some incentives were provided to motivate CEPB performance. Such incentives for CEPBs were needed to balance the uneven certified (but often distorted) performance results of the previous two years. The three bureaucratic logics were in tension with one another. To ensure the effectiveness of incentives rewarding effort, the achievements officially certified had to be modified to account for the manipulated results submitted by CEPBs. Similarly, to maintain political coalitions, adjustments had to be made in the allocation of quotas so that all CEPBs would meet their targets; this would avoid jeopardizing the performance evaluations of county government leaders. However, in adjusting the certified results to ensure that all counties met their targets, compromises had to be made in the incentive design principle of rewarding effort and performance. For the MEPB, dealing with these conflicting logics was not only a delicate balancing act but also an imperative for survival.

By the third year of the policy implementation cycle, the MEPB was on track to meet its aggregate targets for the Five-Year Plan. The goal of satisfying 60 per cent of the targets by the third year had already been met at the MEPB level, so MEPB officials were less preoccupied with the logic of meeting targets than was the case in 2007. In contrast, the occasion of the midterm review could adversely

affect a larger number of stakeholders, particularly county government officials. As a result, the bureaucratic logic of building political coalitions became a central concern.

Officials at the MEPB clearly recognized the serious pollution-reduction challenges facing some CEPBs, and they adopted multifaceted strategies to rescue them. By making a series of adjustments internally, the MEPB was able to balance performance evaluations among the CEPBs, while still meeting the aggregate target levels for the MEPB. Consider, for example, adjustments made for the COD results. With a large wastewater treatment facility being put in operation that year, the MEPB could now claim the accomplishment of a significant amount of COD reduction in its jurisdiction. Instead of allocating the COD reduction according to the actual proportion of wastewater from the various counties being treated, the MEPB allocated a larger volume of the treated wastewater to counties CK and CM, which were lagging badly behind the other counties at the end of 2007. This adjustment boosted the performance results for these counties significantly in 2008. Another county (CC) got a minimum allocation from the new wastewater treatment because it was already doing well at meeting its COD target.<sup>22</sup> As shown in Figure 2, after these adjustments the majority of counties achieved the target of 60 per cent COD reduction from 2005 COD levels, which was the targeted goal in the Five-Year Plan. The three very low-scoring CEPBs (CI, CK, CM) increased their certified performance significantly. To varying degrees, these types of adjustments, which were intended to make all counties look reasonably successful, continued for the remainder of the five-year period. By adopting this strategy, the MEPB managed to avoid being in a position where particular county leaders would be harshly penalized for poor environmental performance.

Our field observations verify that the logic of building coalitions played a major role in the MEPB's certification adjustment procedures. MEPBs were under tremendous pressure from county officials whose career advancement was at stake. As one official in charge of making these adjustments noted:

Our bureau head told me that many county Party secretaries or county administrative heads came to him [for special consideration], explaining that they had special circumstances. For example, someone could be facing an end-of-term evaluation that could affect where he would go next. In the midterm personnel adjustments, someone could be promoted to be the head or vice head of county administration. They would say, "If you don't issue a report card with good performance evaluation, my promotion will be ruined . . ." <sup>23</sup>

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22. LH, "Notes on WNJH 5", p. 7.

23. LH, "Notes on WNJH 7", p. 4.



The irony is that the increased pressures imposed from above (in the form of the provincial government's 2008 procedures of evaluation for the performance of territorial governments) induced additional pressure from below to obtain protection (the pressure on the MEPB exerted by county officials). In recent years, China's higher authorities have adopted the "one-item-veto rule" (*yi piao fou jue* 一票否决) in the environmental protection domain: that is, if a local government does not meet designated environmental protection targets, its performance in all other areas will be offset and the top officials' performance evaluation will be seriously affected. The severe penalty resulting from the failure to meet targets makes the logic of political coalitions more salient. As one MEPB official commented:

I have to balance among the CEPBs before we submit the materials to the statistics bureau. We cannot do what the PEPB did [referring to the uneven CEPB performance results created by imposing strict evaluation criteria]. There are three or four CEPBs [that] are hopeless and cannot meet their quotas, no matter what we do. But the "one-item veto" practice is too harsh; it is hard for us to take that step . . . [Recently, one CEPB behaved very irresponsibly . . .] Our bureau head was furious and wanted to impose a serious penalty. But when he calmed down, he became soft-hearted and asked us to help the CEPB find a way out.<sup>24</sup>

Considerations of incentives to reward efforts also influenced the MEPB's manipulation of county reduction quota allocations and achievement claims, especially after the MEPB had taken care of meeting targets and maintaining its coalitions with the counties. In one conversation between two MEPB officials about making adjustments among the CEPBs, one official inquired about whether they should help two counties that had negative performance evaluations. The other official, who was in charge, was against it:

This is not about offering a helping hand. Now our priority is not only about whom to help, but also to make clear the seriousness of the situation. If we make adjustments [to lessen the pressure], then some CEPBs take a look and say, "Wow, we already had 20 per cent reduction and there is no problem with meeting the target". Then they would not try any more; they would do nothing but wait. We cannot let them think that this is so easy.<sup>25</sup>

As is evident from the discussion above, often the bureaucratic logic of incentive provision gave way to pressures from the logics of meeting targets and building coalitions.

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24. LH, "Notes on WNJH 6", p. 7.

25. LH, "Notes on WNJH 6", p. 7.

### Performance Evaluation in 2009–10: The End Game

By 2009, implementation of the Five-Year Plan entered its fourth year, and the MEPB officials felt that meeting the designated final goals was within reach and the evaluation of CEPBs no longer had serious implications for the county governments within the municipality. Thus, the logic of meeting targets retreated from center stage, and other bureaucratic logics became salient.

For example, once the MEPB had made sure that it could meet the aggregate five-year targets for its jurisdiction, it initiated efforts to ensure that all its subordinate CEPBs met their individual five-year targets. Toward the end of 2009, the MEPB moved on its own and recognized claimed reductions by CEPBs which were rejected by the PEPB; in other words, the MEPB increased some CEPB accomplishments above levels recognized by the PEPB. In addition, the MEPB made adjustments to quotas assigned to each CEPB to ensure that all CEPBs would succeed in meeting their Five-Year Plan targets. As an MEPB officer commented: “We have to figure out ways for them to meet these quotas. If not, they will be in big trouble . . . The ‘one-item veto’ rule cannot be activated lightly. It has huge pressures, and cannot be used in normal circumstances.”<sup>26</sup> For several counties that could not meet Five-Year Plan quotas by their own efforts, the MEPB made further adjustment by reallocating task accomplishments among the CEPBs. In the end, all CEPBs met the official five-year targets.<sup>27</sup>

Once the designated pollution reduction goals were attained and all CEPBs and county government leaders were well protected from the threats of severe penalties from higher authorities, the logic of incentive design became salient. As one official observed, in the context of ranking CEPB performance:

This time [2009], we can conduct evaluations based on real performance. The way we allocate reduction targets among these CEPBs should, on the one hand, reflect the relative contributions among the CEPBs and, on the other, make sure that they have all met their targets. Another principle is to take into consideration the overall performance across the years. Even when you are doing well this year, if your overall cumulative reduction is poor we should not give you a high position in the rank-order.<sup>28</sup>

Even near the end of the policy cycle, however, MEPB officials were keenly sensitive to the tensions among the multiple bureaucratic logics, and they were careful not to make performance differences among the CEPBs too pronounced. As one official in charge put it:

26. LH, “Notes on WNJH 25”, p. 16; LH, “Notes on WNJH 26”, p. 22.

27. LH, “Notes on WNJH 30”.

28. LH, “Notes on WNJH 7”, p. 2.

If we make differences in the environmental scores among the CEPBs too large, they will affect the overall ranking of those counties. We don't want the environmental scores to decide the ranking of county governments . . . So we need both to create a ranking order [based on these scores] among the CEPBs and to avoid creating tensions because of environmental protection issues. We don't want to direct all these tensions to our bureau.<sup>29</sup>

In 2010, at the end of the Five-Year Plan, all quotas for the CEPBs had been satisfied. In that sense, it was an uneventful ending. In April 2011, the head of the MEPB declared that the bureau had exceeded the five-year pollution reduction targets for the municipality: 108 per cent for COD, and 159 per cent for SO<sub>2</sub>. However, he added a somber observation:

[The reason] that some CEPBs did not fail is not because they have done their job, but because we [the MEPB] have made internal balancing adjustments, on the premise that our bureau has achieved good performance overall; and we have taken the contributions of the counties into consideration. We should make clear that these achievements are inflated somewhat . . . The reduction of pollution is a serious indicator in the evaluation of local governments. Failure in this area will lead to the removal of the chief officials from their present positions. In this Five-Year Plan period, we did not let any CEPB fail to meet its goals. This is not to say that all counties have done their job equally well. We have balanced these performances in our municipal jurisdiction. So some counties' achievements are not real.<sup>30</sup>

### Beyond the MEPB: Performance Evaluation at the Provincial Level

Our fieldwork allowed for close observations of the coping strategies adopted by MEPB officials in conducting performance evaluation, the reasoning behind their decisions, and how these coping strategies varied in response to tensions between three bureaucratic logics over time. A question naturally arises: to what extent might the case study findings be applicable to other bureaucratic levels and other sectors? The trajectories and episodes that we observed are specific to the context in which the events unfolded. However, we hypothesize that the general patterns of muddling-through behavior based on responses to competing bureaucratic logics are prevalent in other contexts as well. Although we have not conducted similarly detailed studies in other contexts, we did examine the MEPB's performance evaluation of the CEPBs in its jurisdiction, and found strikingly similar patterns.

29. LH, "Notes on WNJH 25", p. 27.

30. LH, "Notes on WNJH 26", p. 19.

Figures 4 and 5 show the officially accepted performance results for all MEPBs' cumulative reductions in COD and SO<sub>2</sub> in W Province over the period of the Five-Year Plan. For simplicity, we arranged the counties based on general performance, beginning with the best-performing MEPBs. As shown in the figures, variations in performance evaluation among the MEPBs narrowed over the years. By the midterm evaluation of 2008, most MEPBs met the 60 per cent reduction targets set by PEPB for that year, and some MEPBs had noticeably larger shifts upward in later years. These patterns are similar to those observed for the MEPB's evaluation of the CEPBs over the same years (Figures 2 and 3).

Unlike our case study at the MEPB level, we do not have detailed information about the actual behaviors and considerations that went into performance evaluations at the provincial level. We only had glimpses of inter-MEPB relationships during the pollution reduction certification process, based on occasional conversations among MEPB officials at our research site. The evidence suggests that adjustment processes and mechanisms similar to those found in the case study MEPB were at work at the provincial level. For example, in 2007 the PEPB asked the MEPB at our research site to postpone one-third of its COD accomplishment quota until the following year, so as to keep a balance in the reductions attained among MEPBs in the province. Case study MEPB officials understood such strategies well. As one MEPB official commented: “This year [2008], the PEPB imposed very restrictive evaluations of the MEPBs so that it can have flexibility in adjusting MEPBs' performance level after the Ministry of Environmental Protection evaluation”. Accordingly, he instructed that his subordinate officials get ready for bargaining over performance evaluation results. After the PEPB's

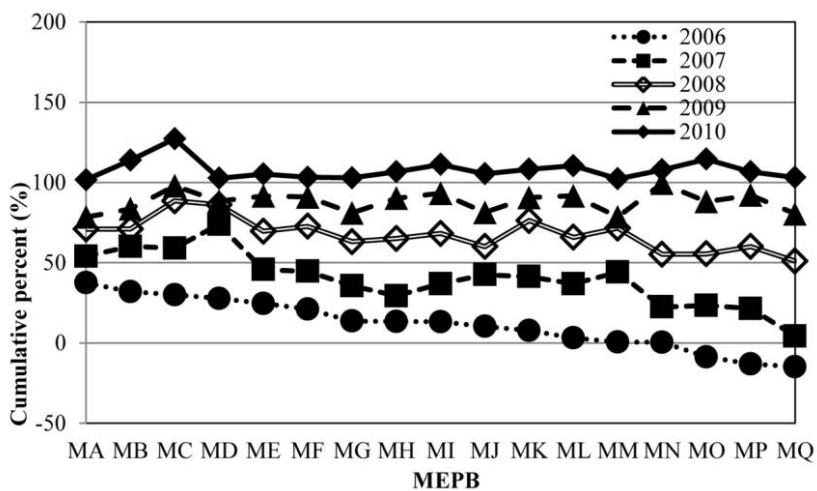


Figure 4. Cumulative percentage of accomplishment in COD among MEPBs, 2006–10

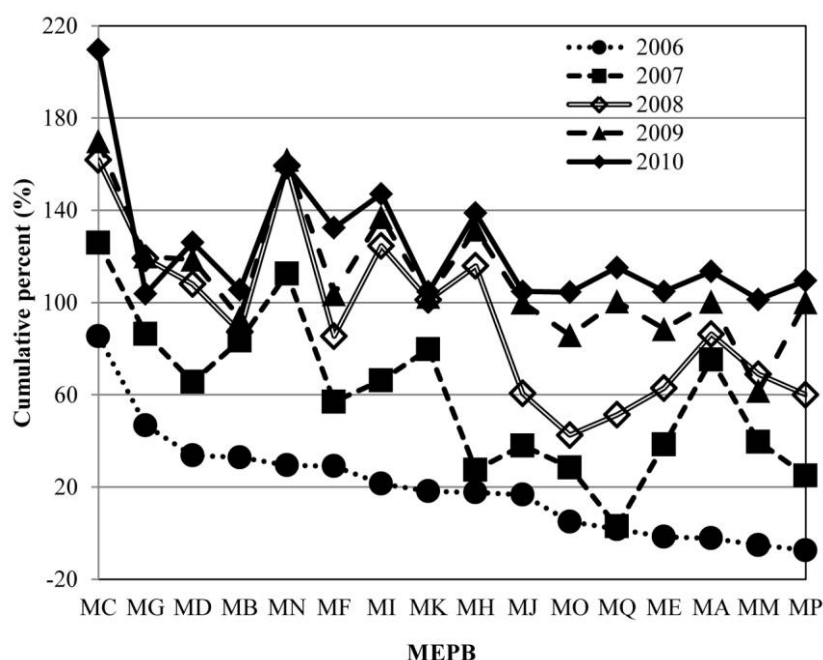


Figure 5. Cumulative percentage of accomplishment in SO<sub>2</sub> among MEPBs, 2006–10

semi-annual review in 2008, an MEPB official observed that the PEPB would adopt the strategy of pushing down those MEPBs with a high performance level and raising up those at lower levels. “This is like the [Chinese] game of ‘breaking hands.’ Once you move over the middle line too much, you will be pushed back to a balanced position.”<sup>31</sup> The outcome of that review process was consistent with this view: the PEPB certified less than one-seventh of the accomplishments claimed by the case study MEPB.

One driving force behind the constant readjustment at the provincial level, like that at the case study MEPB, was the pressure to maintain political coalitions by ensuring that all MEPBs accomplish their designated goals, thus avoiding the application of the one-item veto rule to municipal officials during their performance reviews. The case study MEPB officials understood this rationale, and acted in the same way with CEPBs in their own jurisdiction: “Because of this [one-item veto] rule, you will be in big trouble if you cannot meet the designated goals. A mayor will lose his job if this happens. The chief leaders at the national and provincial governments have repeatedly said this openly: whoever fails to meet the designated goal will take the responsibility.”<sup>32</sup>

31. LH, “Notes on WNJH 36”, p. 2.

32. LH, “Notes on WNJH 36”, p. 2.

In sum, these anecdotes together with the patterns observed in Figures 4 and 5 suggest that similar mechanisms and processes are at work across different levels of the Chinese bureaucracy. This outcome is not surprising, given the extent of isomorphism in organizational structures, authority relationships and task environments in the Chinese bureaucracy, especially in those contexts in which notable tensions exist among bureaucratic logics.

## CONCLUSION

The model of tournament competition prevalent in the Chinese literature on performance evaluation is not consistent with widespread bureaucratic behaviors observed in our fieldwork. In explaining these observed outcomes, we have proposed a model of muddling through that highlights the behavioral patterns of intermediate-level Chinese bureaus in response to competing bureaucratic logics. Intermediate-level government agencies play the double role of enforcing policy mandates given by higher authorities and administering incentives to their subordinates in the policy implementation process. Our core argument is that, in face of pressures generated by competing bureaucratic logics, local bureaucrats adopt improvised strategies, make constant readjustments and focus on short-run gains, rather than exhibiting a course of consistent, anticipatory actions. Our explanations of the alternative mechanisms and processes that induce distinct behavioral patterns in the Chinese bureaucracy are markedly different from those based on the tournament competition model. Our arguments and the empirical implications are illustrated by the case study of a municipal government agency's policy implementation over a Five-Year Plan period.

Implications of the muddling-through model are consistent with our observations at the case study MEPB. In appearance, the organizational design of performance evaluation was set up in tournament fashion: clear goals were designated for each administrative jurisdiction, principals were to evaluate and rank the performance of agents, and agents were expected to compete for high rankings based on evaluations. However, the tournament competition model was not helpful in explaining bureaucratic behaviors which we observed in the organization over a five-year period. For example, the principal (the MEPB) helped its subordinate agents (the CEPBs) to obtain certification of pollution reductions from higher authorities for as many of their claimed accomplishments as possible, even when the MEPB knew that the claims were significantly inflated. The MEPB's approach was based on the logic of meeting pollution reduction targets; this came at the expense of using measurements based on actual performance, a core element of the logic of incentive design. Similarly, the logic of coalition-building, in which the MEPB made extensive adjustments in actual outcomes to ensure that all subordinate CEPBs eventually met their designated goals in official records, also dominated the logic of providing incentives to improve performance. Instead of



recording the real effects of tournament competition among the subordinate offices, the MEPB made adjustments in order to narrow differences in performance among the CEPBs and ensure that they all met their task quotas.

These behaviors yielded a pattern of performance compression inconsistent with expectations of the tournament model or managerial theories of efficiency. Rather, it is consistent with the “audit cultures” that Kipnis observed,<sup>33</sup> in which “social effects” play a larger role. We do not argue that local officials in China care little about providing incentives for their subordinates. Instead, we argue that an emphasis on incentive design is less common than one would anticipate, as other bureaucratic logics compete for attention. We would expect incentive design issues to be pushed aside and become secondary concerns if they competed with the logic of meeting targets and that of maintaining coalitions. As demonstrated in the case study, it was only after pressures to meet targets eased that MEPB officials became concerned about providing the right incentives for their subordinates by linking efforts and rewards.

The proposed model of muddling through and our case study have broader implications for the study of the Chinese bureaucracy. Although our case study is confined to an intermediate-level bureau (an MEPB), we believe that many Chinese agencies, including territorial governments, share the key features of an intermediate government bureau facing multiple principals, and respond to multiple, conflicting pressures. They are under pressure from higher authorities to meet targets; they operate in a task environment interdependent with other bureaus or offices; and they are in charge of incentive provision to their subordinate bureaus and employees. We would expect such governmental organizations to exhibit behavioral patterns similar to those presented in our proposed model. What appears as steady improvement in performance evaluations may turn out to be, as in our case study, outcomes manipulated in a process of muddling through that responds to tensions from the competing goals of meeting targets, maintaining coalitions and rewarding good performance.

To return to the metaphor of an acrobat on a high wire, the logic of meeting targets dictates that a Chinese government bureaucrat focuses on reaching the goal set by higher authorities. In this sense, the bureaucrat, like the acrobat, is rational and goal-directed. However, in the course of reaching the goal, the bureaucrat needs to make constant adjustments in response to pressures from other logics—maintaining political coalitions and providing incentives—that pull or push in different directions. The key to survival in the Chinese bureaucracy involves maintaining a balance between these different pressures while moving toward the goal, and this results in behaviors characteristic of muddling through.

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33. Andrew Kipnis, “Audit Cultures”.

In our view, the adoption of tournament-competition-like practice in China is less an incentive mechanism aimed at evaluation based on relative performance than a command mechanism which higher authorities use to impose their will, with the intention that targets will be met. The tournament-style approach fits well with the style of decentralized authoritarianism characteristic of the Chinese bureaucratic state: organizational goals can be delineated, tasks decomposed, rules specified and deadlines imposed. These can all be developed in a clear, concrete manner and through a top-down process. This command mechanism imposes relatively few burdens on higher authorities to resolve problems with information or monitoring. The tournament approach to evaluation also helps to focus local bureaucrats' attention on the key issues most important to the higher authority, and it communicates an authoritative message in an unambiguous way, but the rank-order of performance is not necessarily linked to incentive mechanisms.

While a tournament-like approach to performance evaluation may seem to work well from the perspective of top-level authorities, our findings suggest that the tournament model does not explain implementation behaviors at intermediate levels of government. In actual bureaucratic processes, the logic of meeting targets and other bureaucratic logics, including the logic of incentive design, which is a core characteristic of tournament competition, interact with one another, leading to behavioral patterns characteristic of muddling through. We hope that the proposed muddling-through model can provide an analytical framework for further study of bureaucratic behaviors in intermediate-level Chinese agencies.

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## Contributors to This Issue

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**Yongshun Cai** teaches in the Division of Social Science at the Hong Kong University of Science and Technology. He is the author of *Collective Resistance in China: Why Popular Protests Succeed or Fail* (Stanford University Press, 2010).

**Jane Golley** is an economist focused on a range of Chinese transition and development issues, based at the Australian Centre on China in the World at the Australian National University. Her current research interests include the economic impact of China's rising gender imbalances; rural–urban demographic transitions and provincial-level economic growth; and “green” TFP growth. She has published a book on Chinese regional development and journal articles and book chapters on Chinese industrial agglomeration and regional policy; Chinese urban household consumption and carbon dioxide emissions; China's real exchange rate; and cross-country comparisons of trade openness, institutions and growth.

**Hong Lian** is assistant professor of Public Administration in the School of Government, Sun Yat-sen University, China. He studies policy implementation, attention allocation and incentive design in environmental regulation enforcement. He received his PhD in sociology from Peking University. His research is supported by a grant from the “985 project” of Sun Yat-sen University, Internal Project of the Center for Chinese Public Administration Research and Fundamental Research Funds for Central Universities.

**Susan K. McCarthy** is Professor of Political Science at Providence College in Rhode Island. Her research focuses on the politics of religion and ethnicity in China, and on China's NGO sector. She is the author of *Communist Multiculturalism: Ethnic Revival in Southwest China* (University of Washington Press, 2009).

**Leonard Ortolano** is UPS Foundation Professor of Civil Engineering at Stanford University. He is a specialist in environmental and water resources planning, with a focus on the implementation of environmental policies and programs in the United States and several other countries, including China. He and his students have engaged in research activities related to a variety of environmental issues in China for over three decades.

**Joshua Rosenzweig** is a PhD candidate in Chinese Studies at the Chinese University of Hong Kong, where his current research looks at the interactions between criminal justice and public opinion in contemporary China.

**Xiaobo Su** is assistant professor in the Department of Geography, University of Oregon (email <xiaobo@uoregon.edu>). His research interests are in China's socio-spatial transformation after 1978.

**Warren Sun** teaches in the Chinese Studies Program at Monash University. He has published major works on 20<sup>th</sup>-century Chinese intellectual history and, over the past two decades, on Chinese Communist Party history covering both the Mao and post-Mao periods. His most significant work on Party history includes (jointly with Frederick Teiwes) *The Tragedy of Lin Biao: Riding the Tiger during the Cultural Revolution, 1966–1971* (Hurst, 1996), *China's Road to Disaster: Mao, Central Politicians and Provincial Leaders in the Emergence of the Great Leap Forward, 1955–1959* (M. E. Sharpe, 1999) and *The End of the Maoist Era: Chinese Politics during the Twilight of the Cultural Revolution, 1972–1976* (M. E. Sharpe, 2007).

**Frederick C. Teiwes** is Emeritus Professor of Chinese Politics at the University of Sydney. He has written widely on Chinese Communist Party history, notably on the Maoist period, most recently *The End of the Maoist Era: Chinese Politics during the Twilight of the Cultural Revolution, 1972–1976* (M. E. Sharpe, 2007), co-authored with Warren Sun. He is now extending his research into the élite politics of the post-Mao period.

**Eddy U** is Associate Professor of Sociology at the University of California, Davis. His research focuses on organizations, knowledge production and subjectivities and identities in socialist China. He is the author of *Disorganizing China: Counter-Bureaucracy and the Decline of Socialism* (Stanford University Press, 2007).

**Yinyu Ye** is the K. T. Li Professor of Engineering at the Department of Management Science and Engineering and Institute of Computational and Mathematical Engineering, Stanford University. His research interests include continuous and discrete optimization, computational game/market equilibrium, dynamic resource allocation, and stochastic and robust decision-making.

**Everett Yuehong Zhang** is an assistant professor in the Department of East Asian Studies at Princeton University. Trained as an anthropologist, he has published on the body, sexuality and medicine in Maoist socialism and post-Mao transformation, and is currently working on the change in grieving and governance between the Tangshan Earthquake in 1976 and the Wenchuan Earthquake in 2008 in China.

**Xueguang Zhou** is the K. T. Li Professor in Economic Development, Professor of Sociology and a senior fellow at Freeman Spogli Institute for International Studies, Stanford University. He conducts research in the area of state building and the Chinese bureaucracy.

**Lin Zhu** is assistant professor in the School of Government at Sun Yat-sen University. Her research interests include cadre management, corruption, and accountability in China.