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Formation and Mechanism of Inter-city Cooperation in China

Analysis of Three Sub-provincial Cases in Shandong

By

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Abstract

In the past decades, there has been an increasing trend towards inter-city cooperation. The cooperative approach to provide public service and products between local governments has been deemed as an efficient policy option to deal with the challenges from globalisation, regionalisation, and the externalities resulting from urban entrepreneurialism. Specific to China, the city governments, which in this thesis, mainly refers to the prefecture-level and county-level governments, have also made lots of attempts to cooperate over their local economic development and public affairs. Nevertheless, in terms of cooperation the results of these initiations tend to vary to a great extent.

Aside from the potential economic benefits, sociological institutionalism argues that a broad range of institutions, which include the formal rules, procedures, norms, moral templates, symbol systems and cognitive scripts provide “frames of meaning” and have structural influences on human action. Following this explanation, this thesis reviews regional pollution governance in the Xiaoqing River area, tourism cooperation initiatives at Weishan Lake and transport integration between Jinan and Laiwu. The findings demonstrate that China’s idiosyncratic institutional background has a significant impact on the shaping and the effectiveness of inter-city cooperation. Although the selfishness of city officials is not favourable to collective action or to forming cooperation in this thesis, there is an affirmative correlation between the legal frameworks, stimulating policies, leading groups, the provincial and city leaders’ values and concept related to cooperation, and the achievement of cooperation. The persistent and sticky “hierarchically administrative norm”, most especially, to a greater extent determines the model and as well as the effectiveness of inter-city cooperation.

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Abbreviations

COD	Chemical Oxygen Demand
CoE	Council of Europe
CPC	Communist Party of China
CPPCC	Chinese People's Political Consultative Conference
IMC	Inter-municipal Cooperation
Jilai Coordinated Region	Jinan Laiwu Coordinated Region
LGA	Local Government Association
NDRC	National Development and Reform Commission
NPC	National People's Congress
SDGA	Shandong Geographical Association
SDNU	Shandong Normal University
SDPCD	Shandong Provincial Construction Department
SDPDRC	Shandong Provincial Development and Reform Committee
SDPEPB	Shandong Provincial Environmental Protection Bureau
SDPFD	Shandong Provincial Financial Department

SDPTB	Shandong Provincial Tourism Bureau
SDSTA	Shandong Science and Technology Association
TRAO	Trademark Review and Adjudication Office
UNDP	United Nations Development Programme

Chapter 1: Introduction

China's reform and opening-up have resulted in immense changes in Chinese society. One essential aspect of the reform is that the gravity of the political economy "tilted decisively toward cities" for urban growth (Landry 2003, 31). This urban priority policy has determined that China's phenomenal economic growth has gone hand in hand with a transformative process of urbanization. However, rapid economic growth has not only brought about a brand-new outlook for the cities, it has also created a number of profound changes with respect to the logic of development and model of governance. One typical example is that urban entrepreneurialism combined with rapid urbanisation has become increasingly strategic. China's urban entrepreneurialism urges urban governments to compete with each other in terms of economic development (Chien and Wu 2011). And cities are normally concerned about their place-specific socioeconomic assets rather than the regional interest. Naturally, this change has led to a lot of negative externalities, such as regional environmental degradation, less than stellar competition caused by local protection, market segmentation, duplicated construction and so forth (Luo et al. 2010). What's more, there is also a growing overflow and regionalisation of social public issues across the boundaries of cities. In order to address these newly generated challenges, many scholars and practitioners have deemed that inter-city governmental cooperation is imperative for China (eg. Luo and Shen 2006; Chan and Shi 2012).

Horizontal governmental collaboration or spontaneous inter-city governmental cooperation in the context of China does not happen easily. Cities in China have long been understood to "combine administration of rigidly defined

administrative divisions along vertical and horizontal administrative lines” (Jin 2007, 49). The government hierarchy and administration within administrative divisions mean that Chinese cities manage their urban affairs strictly within their administrative boundaries and they have no right meddling in the internal affairs of other places. This administrative model indicates that there is a huge obstacle standing in the way of effective inter-city interaction. For instance, the “harbour war” among Zhangjiagang, Wuxi and Changzhou illustrates that cities are inclined to operate alone other than cooperation.

Whilst Zhangjiagang is a county-level city subordinated to Suzhou, looking at the geographical position and the economic relations of the city, it is much closer to Wuxi and Changzhou. Due to their geographic proximity, it is cost-effective for Wuxi and Changzhou to have incoming and outgoing goods transported through Zhangjiagang harbour. However, because Zhangjiagang is administratively subordinated to Suzhou, Wuxi and Changzhou have no intention of collaborating with Suzhou and investing in the harbour in Zhangjiagang. Therefore, the consequences are that Wuxi uses its subordinated city, Jiangyin as its shipping port. Jiangyin is an upstream city and only 17 kms to Zhangjiagang. This duplicated construction clearly is more costly in terms of Wuxi’s finance and transportation. Changzhou has chosen to construct the Desheng Harbour as its exit to the Yangtze River, regardless of its very short riverbank area.

The non-cooperation on harbour utility and repeated construction show that non-cooperation or administrating “solo” is usually an easier and frequently-used option for local governments. And this judgement can also be proved by the lack of coordination of the city functions in information sharing, infrastructure construction, health care, environmental protection, emergency treatment and other public policies areas.

Nevertheless, associated government work does exist. Successful cases demonstrate that in some circumstances local governments can alter their self-fettered attitudes and form alliances. In the Yangtze River Delta area, the establishment of the Jiangyin and Jingjiang Industry Park (JYJJP) in 2003 became a typical inter-city cooperative case which succeeded in combining JY's adequate land resources and cheaper production costs with JJ's competitive advantage with respect to financial funding, human capital and management technology. Within the Nanjing City-region, collaborative initiatives building lateral links across boundaries of neighbouring cities have effectively promoted regional integration. Around the Pearl River Delta area, regional cooperation in the field of transportation, logistics, tourism, fishery, real estate development and safety production and so on, has greatly intensified since the 1980s. Therefore, horizontal cooperation between local governments is not impossible to achieve.

Actually, there have been abundant cases, either successful or unsuccessful in inter-city cooperation in modern Chinese society. The basic point is that, in the cases of establishing the same standards, jointly constructing projects, sharing resources, jointly acting, coordinating policies and so forth, it can be said that cooperation is more profitable through either creating more economic benefits or saving on expenses. While facing the above two opposite situations, it is puzzling to us when cooperation is beneficial, *why some cities can successfully and effectively form cooperative relations while other cities cannot*. Or in other words, *it is rationally difficult to understand why some cities choose to act against their interest*. Therefore, it seems that notwithstanding the economic benefits, some other factors also impact cities' behaviour choice while they deal with cross-boundary issues.

The argument in brief

The specific aim of this dissertation is to formulate a new way of understanding how cities or local governments form an effective cooperative relationship in the idiosyncratic political context of China. To this order, it concentrates on the degree of cooperation, which is measured by the width and depth of the joint efforts. Specifically speaking, the achievement of the inter-city cooperation is not marked by the signing of inter-city agreements or any other forms of superficial interaction. As a matter of fact, this thesis measures the effectiveness of inter-city cooperation through a comparison of cities' interactivity and the attainable goals they could aspire to and ultimately fulfil. Here it defines the attainable goals from the proposed plans given that the cities are aware of the necessity for cooperation and the cooperative plans have most likely been made. In other words, if the plan is fully or mostly implemented, then it can be reckoned to be successful. If the plan is selectively conducted, while the cases can be deemed as partially successful in terms of cooperation. It is scored as having failed, if the plan is abandoned or if there's resistance and reluctance in terms of formulating a cooperative plan.

Moreover, the theoretical framework of sociological institutionalism is employed to unveil and distil the variables that will offer possible explanations. Glancing through the previous research, inter-city cooperation has for many decades been considered as one of local governments' collective actions on the basis of benefits calculations. This standpoint originates from the economic-man paradigm, according to which, benefits and various kinds of interests are the main determinants that affect the willingness of cities to cooperate and thus the effectiveness of their joint work. To some extent, benefits and interest are the prerequisites for cooperation and if they are lacking, a cooperative relationship will not be able to be truly built between cities. Nevertheless in many cases these factors are not so convincing. The hard evidence is that, in a

number of cases, the benefits and interest are pronounced and cities are still reluctant in terms of cooperation, or their strong desire to cooperate fails or ends up with limited communication, or cooperation in name only. In fact, if taking the benefits and interest as input and the final achievement of cooperation as output, what the economic-man paradigm builds up is a quasi-correlation between them, while the real causal mechanism to explain the cooperative effectiveness is still in a “black box”.

To reveal this black box, we need to consider, aside from the beneficial calculation, which other factors are transformed in human behaviour and how the individual behaviour is aggregated to a complicated pattern of cooperation. Borrowing from sociological institutionalism, this thesis argues that cooperation is still a pattern of human behaviour, which certainly requires technology, economic interest and other material issues, but is more reliant on the regulations, norms and cultural values. Therefore, the very logic of this research is the formation of inter-city cooperation and its effectiveness reflect the important roles of the institutions relevant to the situation. Institutions are assumed to play a systematic and significant role, be they regulative, normative or cognitive.

In terms of this logic, the research is conducted in a positivist way. In a positivist framework, a theory would consist of “a set of propositions representing the knowledge” (Ksheri 2010, 6). Accordingly, this thesis follows the same way to elaborate on the explanatory model with a set of influential variables and related hypotheses. The final explanatory model in this research would combine the standard model of sociological institutionalism, the existing literature and a precise interpretation on the idiosyncratically political context of China. For this objective, three main sources are employed to distil the variables and develop the hypotheses.

The first one is the conventional theory of sociological institutionalism. According to this theory, the institution is endowed with a new connotation. The stable, valued and recurring patterns of behaviour not only refers to formal structure (rules and laws), it includes the informal constraints (norms, identities and conventions) and cultural factors as well. Specifically, the institutional and contextual issues that affect the cooperative effectiveness could be classified in three categories: 1) regulative, 2) normative and 3) cognitive factors (Scott 2001). while the regulative factors involve the legal framework, the institutional setup and organisational power structure; the normative factors refer to the socially shared norms, values and expectations of appropriate behaviour; the cognitive factors include the identities, scripts or conceptual frameworks to bridge the differences in values or interests. In each category, institutionalists have proposed many explanatory variables related to cooperative effectiveness, some of which are already vindicated by the past empirical research and their predictive powers are expected to be constant across different political systems. Hence, these variables, for example, the laws, regulations, regional planning and policies are accepted as one of the main sources for the explanation.

Indeed, a wide range of factors in the past literature could be used for reference to construct a comprehensive model about China's inter-city cooperation. Unfortunately, previous explanations that are rooted in some other countries' experience may not be directly applied to the political context of China. In a general sense, scholars often use "decentralized authoritarianism" (Landry 2008), "fragmented authoritarianism" (Lieberthal 1992), "state socialism" (Cheek and Saich 1997), communist nation, "development state" (Knight 2014), "command economy" (Boltho and Weber 2015) and other terms to describe China's distinct institutional setting. Hence China's peculiar institutional factors might mould unique models of inter-city cooperation. With respect to inter-local

governmental relations or China's governmental administration, the political context of China is mainly featured by an hierarchic administration.

The hierarchical administration which refers to China's governmental management model, reflects the vertical division of governmental authority and management functions. In this model, the higher-level governments control, command and coordinate the lower-level governments through assigning tasks in the pyramid administrative organisations (eg. Shen 2007; Zhu 2012; Chen 2015; Li 2011; Liu and Li 2007; Sun 2004; Li and Li 2002). Limited to the hierarchic structure, the Chinese cities have not acquired a high-level of discretion. For the same reason, a free quasi-market framework for some cities' successful cooperation can hardly be formed in China (Luo et al. 2010). More importantly, the hierarchic administration also creates the hierarchic administrative norms and culture. The lack of a decentralised and autonomous tradition in the long history of the country leads cities or local governments to be less independent, less conscious and less spontaneous in terms of cooperation.

To interpret the hierarchic administration in the regulative and normative and cognitive essence, the past empirical literature is relied upon as well as this researcher's own experience interacting with the organisations and individuals, especially through the interviews with many local officials. Here, the central argument is that for cities, what really matters for the cooperation might be the way they read the necessity of cooperation and the appropriateness of behavior. In other words, the pattern or the effectiveness of cooperation to a great extent, might be based on a deeply embedded and even moralized hierarchical administrative norm.

Research subjects: prefecture-level and county-level cities

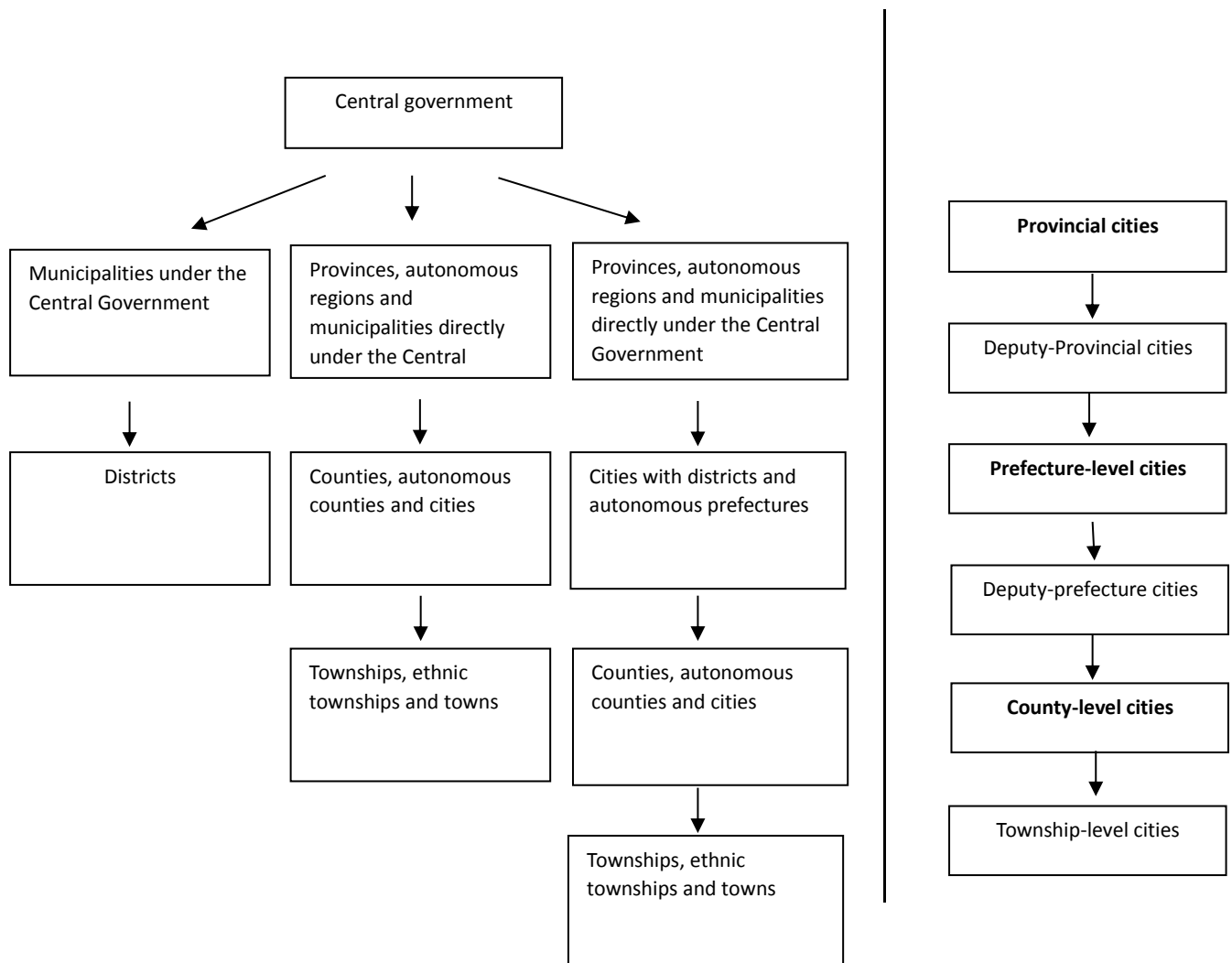
In view of its big scale, large population and long history, more city layers exist in mainland China than in most other countries in the world. Hence, it is necessary to draw a brief sketch of cities in China and to delimit the research subjects before further in-depth analysis.

China is a unitary country with a huge land mass and regional diversity, so China's local administration is quite complex. In mainland China, officially, there is a two-level system, a three-level system, and a four-level system for city governments.

Figure 1: China's city governments and the hierarchy

China's city governmental system

China's city hierarchy



Source: Made by the author

The two-level system includes the “centrally administered municipalities” and “districts”. The three-level system normally consists of “provinces, autonomous regions and centrally administered municipalities”, “counties, autonomous counties and cities” and “townships, ethnic townships and towns”. The four-level system contains “provinces, autonomous regions and centrally administered municipalities”, “cities with districts and autonomous prefectures”, “counties, autonomous counties and cities” and “townships, ethnic townships and towns”. Among all these levels, the three levels of cities are mostly frequently mentioned.

a) Provincial cities (centrally administered municipalities or municipalities directly subordinate to the central government)

The cities at the provincial level are called centrally administered municipalities or municipalities directly subordinate to the central government (直辖市). Currently, there are four such cities (Beijing, Shanghai, Tianjin and Chongqing) in China. They are under the direct supervision of the central government and equivalent to the provinces in administrative rank. They are different from the municipalities in the western sense, which are smaller in scale and have a great degree of autonomy. Also, unlike the Chinese provinces that incorporate broad rural regions, the centrally administered municipalities are mainly urban areas, with only some suburban agricultural land. The centrally administered municipalities have played key roles in promoting China’s social transformation as special parts of China’s administrative units (Chung and Lam 2009).

b) Prefecture-level cities

At the prefecture-level system, during the Mao period, these were just intermediate levels of local government between the province and the county

level. Prior to 1978, the prefecture-level units had a variety of types which were different from contemporary society. There are province administered cities (省辖市), prefecture administrative offices (地区行署), special prefectures (专区), administrative prefectures (行政区), autonomous regions (自治区), ad hoc administrative commissions (临时行政委员会), offices (办事处) and so forth. Among them, the prefectures dominated the prefecture-level system during the Mao period. Until 1978, among the 307 prefecture-level units, there were 173 prefectures (Chung and Lam 2009).

From 1982, former Premier Zhao Ziyang proposed that large and medium-sized cities should be the foundation of the national economic networks. Many top leaders in Beijing regarded cities as growth poles that served as prosperity centres radiating to their peripheries. Therefore, the prefecture-level cities were empowered by the state to administer the peripheries including the county-level districts, the surrounding suburban counties and the nearby county-level cities. As the prefecture-level cities enjoyed more powers and competence than the prefectures, a great number of prefectures converted to prefecture-level cities. To be noticed, the prefecture-level cities do not constitute a legal layer of China's sub-national administration. They are more administrative than legal in terms of their mandate with respect to regulating counties and other equivalent urban units.

c) The county-level cities and counties

The counties were set up for rural governance. Ever since the Third Plenary Session of the 11th Central Committee of the Communist Party of China (CPC), the focus of the party transferred from “class struggle” to “economic construction” (Pillsbury 1997, 12) and the market was introduced to the traditional planned economy. In the rural areas, the family-contract responsibility system was innovated and it was applied widely. The

commercialisation and marketisation of agricultural products aroused the peasants' enthusiasm. Production capacity in the rural areas developed rapidly. Unsurprisingly, the increased efficiency of agricultural production produced a substantial surplus in resources and labour, which triggered township enterprises to surge. In these circumstances, the urban population growth began to accelerate and the counties' economies began to prosper. The urban reform, the encouragement of the private economy, especially the inflow of foreign direct investment after the 1990s, created massive employment opportunities, which further fostered urban population growth and urbanisation in the county areas (Liang 2013).

As a county becomes urbanised, it calls for an administrative response, which is to establish a county-level city. Therefore, some counties are upgraded to cities. Nowadays, although some counties are still being called "county", they are more urbanised than before. These counties and the county-level cities both enjoy independent planning and the concomitant financial functions. Apart from the difference in demographic and economic scales, this level of cities all have rural areas and urban areas as well as industrial sectors, such as industry, commerce, transportation, service, and the functional sectors which can establish planning, fiscal policy, taxes, price control and business administration. They are the mini-systems of the national economy with complete functions, multiple industrial sectors and self-contained social service supply. In this sense, they are considered by many scholars as China's true local authority, a fundamental link in the national governance system and the most basic economic units (Yan 2009). Therefore, they constitute one of the key layers for studying China's local governments and local politics.

Aside from the above three mostly referred layers, the sub-provincial cities, sub-prefecture cities and town-level cities need to be mentioned as well. Although they are not formal administrative layers, these three levels of cities

plus the provincial cities, prefecture-level cities and county-level cities constitute a complete city hierarchical map.

The sub-provincial cities are also referred to as deputy-provincial cities. The political and administrative mandate for these cities is not provided for by the Constitution but by the central government's pertinent decisions and regulations. The genesis of the deputy-provincial cities can be traced back to the post-Mao reform era. The decentralisation and marketisation measures in post-communist period have brought significant challenges to the society. China's sub-national governments were performing an increasingly vital role in the designing and shaping of the developmental processes to substitute for the shortage of bourgeois entrepreneurs and private business groups. Since the early 1980s, new local units and special designations have been created in large numbers. In 1981, Beijing proposed 15 key economic cities (经济重点城市) as an initial effort to create local engines of growth in different regions (Lv 1982). Later, from 1983 to 1989, the State Council permitted 14 prefecture-level cities as separately planned cities (计划单列市) which serves as the prototypes of the deputy-provincial cities (Zhu and Pu 1992). There is a level of privilege for the sub-provincial cities which means, regarding the national economy and social development planning, these cities are entitled special positions in the national plan (Zhang 2007).

The sub-prefecture city is not a formal administrative level either. Like the sub-provincial cities which are given legal force by the central government, their emergence is because of some provinces' self-upgrade for similar reasons. While the sub-prefecture cities are still county level cities in China's formal administrative system, they do enjoy some differences from the general county-level cities, for instance, the local cadres' administrative rank is one level higher than the cadres at the general county-level cities.

The last level is the recently established town-level city. After the 1980s, the eastern coastal areas have witnessed a rapid economic development because of the strong township enterprises. The towns that are economically strong, still administer their local affairs on the basis of the township model. It means that even though their industrial capacity is strong, their service supplying capacity is relatively poor. If the towns are not authorised with suitable social administrative power, it is not only possible that their public service supply might not meet the requirement of the local people, their industrial development environment might also be influenced. In order to address this problem, several provinces including Anhui, Shandong, Jiangsu, Jilin and Zhejiang have all launched pilot projects for the expansion of power for strong towns and upgraded economically strong towns to town-level cities.

On this account, it can be concluded that China's local administration is hierarchical arranged and the city system has six hierarchical divisions at most. Considering all of China's administrative tiers above, the prefecture-level cities and county-level cities and counties play a bigger roles, comparatively to the others.

Wu et al. (2006) have provided a table of the power distribution over the local development and planning among the central, province, prefecture-level cities and the county-level cities (see Table 1). The table data shows that most local planning and management services are provided by the prefecture-level cities and county-level cities. Xu and Gao (2010) claim they are the main local authorities in China's hierarchical administration. Sometimes this thesis also refer to local governments as these two levels of cities. The central and the provincial-level governments are mainly responsible for policy making, standard setting and for the inspection of the policy implementation. The local governmental cooperation at the provincial level mainly refers to the strategic cooperation over the policy issues in regional development as well as major

trans-boundary projects and public affairs, so it cannot represent the daily public affairs under general conditions. Cooperation at the sub-provincial level seems to have a more practical meaning. Therefore, this thesis will mainly focus on the prefecture-level cities and the county-level cities as the research subjects.

Table 1: Power distribution among China's four tiers of government

Administrative function		National	Provincial	Prefecture-level	County-level
Financial management	Tax base/rate definition; Setting of beneficiary charges	○			
	Tax collection	●		●	●
	Grants	●	●		
	Budget setting	○		●	●
	Budget approval		●	●	●
Economic development	Policy and planning	○	○	●	●
	Development zone	○	○	●	●
	Enterprises	○	●	●	●
Protection	Policing	●		●	●
	Fire/emergency response	●		●	●
Social services	Primary/secondary/tertiary healthcare		○	●	●
	Ambulance services			●	●
	Primary education		○		●
	Secondary education		○	●	●

	Tertiary education	●	●	●	
Social security	Old-age pensions; unemployment/health/work injury insurance		○	●	●
Social welfare	Institutional care		○	●	●
	Orphanages		○	●	●
	Veteran's assistance	●		●	●
Social relief	Employment retraining	○	○	●	●
	Basic welfare	○	○	●	●
	Welfare housing			●	●
Recreation	Cultural facilities; parks and outdoor recreation; major public facilities		○	●	●
Land, building and planning	Land registration		○	●	●
	Land-use planning	●	●	●	●
	Land-leasing		○	●	
	Land-use allocation; development plans; development control; plan implementation and enforcement; construction project management		○	●	●
Transportation infrastructure	Inter-city roads and bridges	●	●	●	●
	Intra-city roads and bridges		○	●	●
	Parking and street lighting			●	●
	Public transit services		○	●	●

Power and gas infrastructure	Traffic management			●	●
	Airports	●		●	
	Ports and harbours	●	●	●	●
	Power generation	●		●	●
	Power distribution	●	●	●	●
	Gas supply		○	●	●
Communication infrastructure	Postal service	●			
	Telephone and telecoms	●		●	●
	Radio and television	●	●	●	
Environmental infrastructure	Water treatment and distribution		○	●	●)
	Wastewater collection and treatment; drainage and flood control; irrigation		○	●	●
	Solid waste collection		○		●
	Solid waste disposal		○	●	●
	Street cleaning		○		●
Environment management	Environment planning		○	●	●
	Pollution monitoring		○	●	●
	Enforcement		○	●	●

Notes: ○ Policy, standards and inspection; ● Provision of services.

Source: Folong Wu, Jiang Xu and Anthony Gar-On Yeh, *Urban development in post-reform China: state, market, and space* (Landon: Routledge, 2006).

Conceptualisation and measurement of inter-city cooperation

As stated in the beginning of this chapter, Chinese cities are confronting enormous externality challenges. In addition, after the implementation of the tax-sharing system in 1994, the revenue share in the prefecture-level cities and the county-level cities did not match the assignment of expenditure responsibilities. To improve the capacity of these two tier governments to provide public service, it is rational for cities to carry out inter-city cooperation. Actually inter-city cooperation has captured tremendous interest not only in China but also throughout the world. The term city-to-city cooperation was firstly brought up in the United Nations Development Programme in 2000 (Bontenbal and van Lindert 2009). It reflects the growing intention in the increase in the number of inter-city partnerships globally. At the same time, domestic inter-city connections and interaction have also intensified and have become increasingly prominent. They are deemed as an effective response to the problems or conflicts between cities in a region and a cost-effective measure to provide public service.

Tracing the origins, in 1960, Anderson first put forward the concept of the inter-governmental relationship as “an important body of activities or interactions occurring between governmental units of all types and levels within the United States federal system” (Anderson 1960, 3). After the 1980s, the research paradigm drifts from constitutionalist norms to concrete operations, and then greatly enlarges to inter-governmental relations (Wright 1978; O’Toole and Robert, 2000; Ostrom et al. 1988). Soon afterwards, studies about pure inter-

local governmental or inter-municipal cooperation begin to prosper. Although there is increasing academic attention on inter-city relationship studies, just as Douglass points out, there is a lack of an adequate theoretical framework for inter-city cooperation (Douglass 2002).

Above all, the concept of inter-city cooperation is still ambiguous. According to Manasan and Mercado (1998), inter-city cooperation refers to the arrangements wherein geographically adjacent city government units enter into an agreement to jointly plan and implement development projects, programmes and initiatives. John E. Stoner and Cathetine F. Siffin (1964, 3) deem that inter-city cooperation includes “all activities which any city government or its officials carry on voluntarily with another city government, or which one city agrees to administer both for itself and one or more cities”.

Apart from these two definitions, different and similar views about the basic feature of inter-local governmental cooperation abound. The definitions of the cooperative form, the contents and who are the participating actors are divergent among the different scholars. Among them, one significantly different characteristic is whether the cooperation among the local governments is based on a spontaneous motive. Some scholars hold that inter-local governmental cooperation is inherently for a decentralised territorial administrative system (eg. CoE 2010). The more autonomous municipalities are, the more they need to cooperate and the more they can cooperate. Whereas in a centralised State, where municipalities have few competencies and limited resources, there is little need for common action. However, for most of the political or public administration scholars in China, cooperation is usually extended to include the hierarchical manner. For instance, Luo Xiaolong and Shen Jianfa (2009, 53) argue there are three types of cooperation efforts with different modes of mobilisation, “hierarchical partnership”, “spontaneous partnership” and “hybrid partnership”. Spontaneous partnership is initiated by the cities themselves.

Hierarchical partnership refers to a partnership initiated by higher-level governments. And situated between spontaneous partnership and hierarchical partnership, hybrid partnership has characteristics of both of the two types of partnership, as it is initiated by local governments on their own while governments at higher levels have interests in the formation of partnership. The latter two are the most common models obviously.

For the purpose of this thesis, inter-local government cooperation is not limited to a spontaneous approach, because there would be few cases matching this study. This thesis adopts a very broad view of inter-city cooperation and denotes the concept as city governments working across administrative boundaries to achieve common goals. The four main characteristics based on the definition include the following: (a) the lead actors (local governments), (b) local governments aware of the necessity of cooperation, (c) an overarching objective, and (d) the nature of the activities carried out (sharing, exchanges, inter-support and joint action).

The measuring of the effectiveness of inter-city cooperation should include any form of common governance for the regional issues among the adjacent cities, either spontaneously or in a commanded or hierarchical method. As mentioned earlier, this study measures the effectiveness of inter-city cooperation through a comparison of the cities' degree of interactivity and the aims defined in the initial plan. If the goals in the plan are fully or mostly implemented, we can say that the inter-city cooperation is "successful". The cooperation is "partially implemented" if the goals written in the plan are selectively conducted. And finally, the most negative situation here is the failure of cooperation, which means that the plan has been abandoned, not implemented, or there is no such plan in the first place. By choosing to measure the effectiveness of inter-city cooperation, the study offers an indication of the building of planned goals,

which means the achievement of the joint work marks the various degrees of cooperation.

Furthermore, to be noticed, there are a few terms which are confusing and need to be distinguished from inter-city cooperation. In this thesis, inter-city cooperation merely refers to pure governmental cooperation. “City-to-city cooperation” is also known as twin cities, town twinning in the EU, or Sister Cities which started in the States. It normally refers to the cooperative relationship between cities beyond nations (Singh 2008). It aims to build an international citizen diplomacy network for stronger interactive ties at the municipal level. “Decentralized cooperation” involves all possible project-implementing entities such as decentralised public authorities, rural and village groups, cooperatives, trade unions, teaching and research institutions and non-governmental development organisations (Bailey et al. 1995, 334). Furthermore, at the inter-urban scale, “partnership”, “coalition” and “network” can also be applied to inter-city cooperation, nevertheless, these concepts normally focus on an intra-city scale and are comprised of many different kinds of participants, the same as “decentralized cooperation”.

Research design

The formation and effectiveness of inter-city cooperation is examined empirically through the use of “analytic narratives.” This method is similar to the technique of process-tracing, which is often employed by case study researchers in the social sciences to elaborate on the precise mechanisms and sequences of events connecting possible causes to observed outcomes (George and Bennett 2004). The rationale of this method is to present detailed data first and then to serve the greater tasks of testing and building theory (Bates et al

1998). In this particular instance, each narrative examines the proceedings for each event which is comprised of a set of testable variables. In this way, the analysis can uncover the precise time nodes where the key variables come into play as well as the mechanisms at play in the success or failure of inter-city cooperation ((Levi 2003).

The study also employs comparative studies to evaluate the proposed hypotheses and models. Then it can outline causal statements and identify a small number of variables as central to understanding the case. To be more specific, similar to J.S. Mill's (1843) "system of logic", we examine a handful of cases that have similarities and differences as well. The outcome of interest (the dependent variable) is differentiated. By keeping the similarity of cases, we control for many alternative explanations. If certain factors differ between the cases, and if the outcome is different, then the different factors are our probable causes for the outcome. As an alternative, to address the problems with the model, which means there might be multiple causal factors or the causal complexity might be difficult if not impossible to determine, this thesis returns to case narratives with intensive within-case analysis on the three intentionally selected cases, so the functioning mechanisms analysed at a higher level of detail can give us a much clearer understanding about the inter-play of the relationships related to the variables. In this way, although this method is not statistical, the structured comparison can still contribute to defining the causal inference between a combination of explanatory variables and the dependent variable, and help to discern the patterns and mechanism of a combination of factors on the outcome.

An important step in this research is collecting data through fieldwork in which some possible missed diagnostic pieces might be supplemented. It means I employ the method of interviews to approach potential research participants to gain necessary information. Prior to the commencement of this research, I

obtained ethical approval to guarantee my research conforms to the highest ethical standards required by The University of Auckland Human Participants Ethics Committee. In this way, the research participants are treated with respect and their privacy, safety, and personal, social and cultural sensitivities are protected.

To gain access to the interviewees, I contacted my personal network of academics in China. The domestic academics play a crucial role as door-openers to the field as they can provide recommendations to their own networks and contacts. Then I utilised the snowball method to approach my respondents by recommendation. The semi-structured interview is the most important method for collecting information for my research. The in-depth within-case analysis requires data collection from the interviews to uncover information on local formal and informal governmental structures and some subjective considerations of policy making and implementation. Prior to conducting my semi-structural interviews, I listed some questions to lead my interviews. I started out with general questions about their work experience. My follow up questions focused on whether or not, or to which extent local officials realise the mutual benefits if they work with adjacent neighbours; what they are concerned about when making decisions; their willingness to participate in joint projects, and the method of cooperation they would prefer to choose. As in O'Brien's (2006, 30) discourse, I also stay open to unforeseen ideas and mull over the interviews to integrate what is discovered into the research design. According to a well-known consensus which echoed O'Brien's argument, political elites do not like to "be led around by the nose" (Heimer and Stig 2006, 35) which they find very insulting and confining. I agree with this idea and let the conversation flow where my informants want, as long as they do not drift too far afield.

Beside interviews, documentary sources are essential to most social science studies (Thogersen 2006, 203). China is a highly literary, in other words “text-obsessed” society. Therefore, from the outset, my qualitative research will employ as many written materials as I can possibly find. The first set of documents includes official documents including laws, regulations, political guidelines, official policy papers, reports and statistics. Chinese local officials live and work with a steady flow of these documents as a range of written communication, and these materials are highly instructive with regard to the state and locales’ policies, plans and modes of thought. Therefore prior reading of the available materials helps me acquaint myself with the practice and ideas of political insiders. Also, as most officials are impatient, and reluctant to explain policy details in the interviews, preliminary reading helped me save some time to hit the mark and deepen our conversation during the interview.

The second set of materials includes research findings by Chinese researchers and local cadres. This second hand academic information could offer up to date research development and clues about field site selection. Local cadres from some branches of administration have published thousands of volumes as their written work to support their promotion. For example, Ma Bin (2009), working for the provincial government of Zhejiang has published one book “Intergovernmental Relations: Power Allocation and Local Governance” based on his academic and work experience. It provides researchers with valuable insights into inter-local relations from an insider’s perspective.

In this way, a series of specific key moments are grasped and summarised. After characterising the key steps in the process, a good analysis of the changes in the sequence are able to be developed.

Case selection

In practice, it is rare that all possible cases which are appropriate to the research can be observed, furthermore the limited time and cost also constrains the number of the cases that can be surveyed. Referring to this research, identifying all the cases that have potential cooperative demands and that have already achieved cooperative agreements is probably an impossible task. Therefore, this study narrows the issue areas down to the transportation, environmental protection and tourism sectors, as these three public areas are closely aligned with the purposes of this investigation and reflect it appropriately. Since the validity of causal inferences from the qualitative research strongly depends on the case selection criteria (Plümper and Neumayer 2010), some of the criteria for selecting cases are as follows.

Firstly, to obtain as broad a picture as possible of inter-municipal cooperation and to create favourable conditions for the theoretical generalisation, a sample of cases without reference to their position on the dependent variable is necessary (Geddes 1990). KKV (1994) also believes that scholars should choose cases reflecting the range of the variation on the variable. So, in this case, cooperative cases rated on different levels need be selected, which means successful, promising and failing cases are all included in this research.

Secondly, Plümper found the best selection of algorithms allows for reliable inferences if the explanatory variable of interest exerts a strong influence on the dependent variable relative to random noise and confounding factors (Plümper and Neumayer 2010). In this study, the three cases were chosen because they have stronger institutional interferences over other factors. The three kinds of institutional factors, especially the normative institutions have a profound impact on the decision-making of city leaders in relation to cooperation.

Thirdly, the confounding variables, or the variables this thesis is not focusing on, should be eliminated. The existing literature shows that economic motivation

and other factors, such as, geographical conditions, attainable goals and the difference in power status are all considered as potentially having an impact on the cities' preferences (Chen and Xian 2012). Because this research mainly applies to the impact of institutional factors on the effectiveness of inter-city cooperation, the impact of other influential factors are minimised.

Take the attainable goals for instance, some may question that in certain issue areas, it's either not easy, or its unnecessary to achieve cooperation. Although the three cases belong to different issue areas in this study, the issue properties of them have little influence on the variation on the dependent variable. In terms of each issue area, they all contain a lot of successful and failed instances at the same time. It's not more difficult and it's not unnecessary for cooperation to be formed around a certain issue area, such as in the tourism industry. According to previous experience, in the Nanjing Metropolitan Area, in the southwest area of China and also elsewhere, tourism cooperation has been reached very successfully. They can do forums together, joint marketing, study tours, learning, training, building up shared information platforms, and most importantly eliminating market barriers and developing complementary tourism resources. So, tourism cooperation is doable. Also, tourism cooperation is necessary, take the latest opportunity for example, as I have mentioned later in this thesis, if Weishan Lake wants an award ---5 A national tourist attractions, the two cities must cooperate. There is no way for the two cities to get this title separately.

It is also not necessarily easier for some issue areas to form cooperation as well. Cases about transportation and pollution in this thesis have been more successful. Even so, it is not an inevitable result for each instance. In terms of pollution governance, it is much less satisfactory for governing chemical plants in the boundary areas of cities in Shandong. And dead-end roads are also very common in cross-boundary areas. This demonstrates that for transportation integration and pollution governance, cities are not always able to join efforts

and form effective cooperation. For cases selected in this thesis, it's not more difficult or easier to form cooperation on certain issues. What it means is that for these three cases, they are equally able to cooperate to achieve certain goals. The issue type in this thesis is not an influencing factor. While it is believed that the institutional setting is the key to understand the success or failure of cooperation here, this is not necessarily so for other factors.

Finally, the three cases in this study all have significant realistic value. From a macro perspective, inter-city cooperation in the Yangtze River Delta region and the Pearl River Delta region have received much governmental and scholarly attention in recent years. Meanwhile, as one of the three economic pillars in China, the rim-Bohai area, including Shandong, is rarely studied. Therefore, this thesis attempts to fill the gap by exploring inter-city relations in Shandong, which is also one of China's most urbanised areas (Zhang 2006).

What's more, the three cases are all important from a micro perspective as well. In the first case, Xiaoqing River's pollution has been a critical problem since the 1980s. The deteriorating water quality has not only caused catastrophic effects for humans, animals and water life, the contaminated water has also damaged the economy along the river bank. The effects include a lack of industrial water and agricultural water for the enterprises and farmers on both sides of the river, insufficient navigation ability, and a reduction to the output of agricultural products and aquatic products. Because of the externality of water pollution governance, the cities along the Xiaoqing River must collaborate and implement water pollution treatments in a united manner. As for the second case, the tourism cooperation between Tengzhou and Weishan is also requisite. As this thesis discusses later, the wide range of tourism resources in Tengzhou and Weishan are highly homogeneous. Their similar market strategy, market positioning and comprehensive development levels does not get the best out of tourism in the region. Therefore, cross-border cooperation, including the

building of a joint tourism brand, matching products, expanding markets and opening tourism routes is advocated by many scholars and practitioners as a rational option. With respect to the third one, the case of transportation between Jinan and Laiwu is also of great necessity. Jinan and Laiwu have both hit bottlenecks due to external pressures and their own internal conditions. So, integration between the two cities has become imperative if they want to face the challenges and overcome the development barriers. In the meanwhile, transportation integration is a fundamental initiative to further promote a wider range of cooperation, so it is highly rational for them to achieve transportation integration first.

Thesis Plan

After this introductory chapter, Chapter 2 begins with a detailed elaboration of the theoretical explanations behind two main theoretical streams, and then discusses the sociological institutionalism theories. The theoretical basis follows a broad definition of institutions. So it can help avoid missing some key variables. Based on carefully selected theory, past empirical findings and fieldwork, Chapter 2 will distill the key variables and put forward the hypotheses. The hypotheses assume that legal provisions, regional policies, leading groups and participants' attitudes all have a direct impact on the effectiveness of inter-city cooperation. These independent variables sit in a continuum moving "from the conscious to unconscious" (Hoffman 1997, 36) and all embody China's hierarchical characteristics in administration.

Chapters 3, 4 and 5 review three inter-city cooperation cases which reflect a range of variations in relation to the variable. In the first case, Weishan and Tengzhou's relationship in tourism industrial development is scored as having

failed. This is because the institutions that favour cooperation is absent. The laws and unitary plans in this case lack coercive power. Although they have provincial leaders' support and the coordinated leading groups have been established, the support and leading group is not strong enough. Deeply embedded hierarchical administrative norm plus local leaders' selfishness adds more difficulty to cooperation.

The second case is scored as partially successful. In the case of the traffic integration between Jinan and Laiwu, the provincial support touches off the cooperation by making the Development Plan for the Economic Circle of the Capital City Group. Then the separated plans are made and concrete work has been conducted. However, the provincial support is limited. The follow-up preferential policies are rare. And the leading group is self-established by the two cities. Local leaders' selfishness, especially Jinan's distraction further contributes to the hardly satisfactory results.

This is in the contrast with the pollution governance in the Xiaoqing River area which can be scored as successful. To be more specific, a favourable institutional setting has been created after 1995. The provincial government put in a lot of effort to the generation of a legal framework, the stimulating policies, high profile leading group, and local governments also are aware of the importance of pollution control, so the pollution governance has been successful. In the process, the local governments clearly show preference for the superior government's mediation and reveal a hierarchical administrative creed.

The concluding chapter recaps the findings about the role of the institutional factors. Based on a narrative analysis of the different results of cooperation and the findings, it argues that the legislation, the regional policies, the leading groups and the attitude of participating governments' leaders impact the formation and effectiveness of inter-city cooperation. And also the formulating mechanisms for inter-city cooperation where each of the institutional factors

takes a part is built. Among all of the institutional factors, while the hierarchical administrative norm is not visible, the three cases verify that it fundamentally penetrates the functioning mechanism of cooperation. Therefore, a top-down organized cooperation is more effective. After that, some theoretical reflections on sociological institutionalism have been presented in accordance with the empirical findings. Finally, some measures or suggestions are proposed to help form effective and efficient inter-city cooperation within the political climate of China.

Chapter 2: Theoretical Framework and Hypotheses

As mentioned in Chapter 1, the ever expanding urbanisation, negative externalities and reckless competition in China require more cooperative efforts at the sub-national level, especially for cities. Inter-city cooperation is imperative in many circumstances. As a matter of fact, in many other countries inter-local government cooperation, as an efficient regional governance approach and an effective remedy to metropolitan ills, has a long history. When looking in detail at the previous practice, it is found that inter-municipal cooperation is a phenomenon almost as old as the municipality itself. In Europe (Hulst and Andre 2007; Otgaar 2012) and America (Frug 1987) inter-city cooperative practice can be recognised as very dynamic. However, China's idiosyncratic context determines that it is incorrect to imagine a cooperative mechanism akin to other countries. Thus it is necessary to probe the distinct features and approaches of inter-city cooperation in terms of China's political environment.

This chapter is planned as follows: firstly, there is a review of the theoretical literature on inter-local governmental cooperation. While consulting and comparing the two main theoretical logic frameworks and the sub-theories, sociological institutionalism is argued as more prominent for guiding this research and explaining the formation of inter-city cooperation. This is because the logic of appropriateness in the institutional approach gives consideration to both the endogenous factors and the exogenous environment so the variables can be included as much as possible. On the other hand, the research subject of this thesis is a political phenomenon that is strongly associated with China's macro social structure and political framework. Examining the effectiveness of inter-city cooperation may contribute to defining the limits of the theory and to

what extent it can be generalised. The second section of this chapter filters all possible explanatory variables and elaborates on those which are institution-related and may influence cooperation in the context of China. Based on the fundamental work in this chapter, the case narratives will be developed in later chapters to demonstrate the causal steps, test the hypotheses, and establish a model of the formation process for inter-city cooperation.

A retrospective overview: Theorizing the motivation behind inter-local governmental cooperation

Facing the booming practice of inter-municipal cooperation from the 1950s and the development of inter-local governmental relationship studies, in terms of the basic question “what stimulates inter-city cooperation or what factors exert influences on cities’ decision making”, different schools of thought have provided different interpreting paths. First of all, it can be assumed that the “logic of individual behaviour” and “individual collective action” can be applied to “organisations” to some degree, including public authorities (Kwon and Feiock 2010, 877). So, the basic logic for cooperation or coalition among individuals is equally applicable to the coalitional behaviour among city governments to some extent. Combing through all of the related studies in the inter-local governmental cooperation area and the sub-theories it is found that there are two essentially different paradigms that exist to interpret the motivations of inter-local governmental cooperation: the rational man-oriented paradigm (oriented by endogenous factors) and the institution-oriented paradigm of cooperation (oriented by exogenous factors).

The rational man-oriented paradigm

Derived from John Stuart Mill (1844) and Adam Smith (1991), the concept of “homo economicus”, or “economic man” was put forward to describe humans as consistently rational and narrowly self-interested agents who usually pursue their subjectively-defined ends optimally. Collective action, the basic action of human behaviour, is based on the furtherance of the common interests of groups and individuals. After decades of evolvement and inter-disciplinary communication, the rational economic behaviour model extends to local governmental units and the collective action among them.

The primary theory that attaches to the rational man-oriented paradigm is the public choice theory. Identical to economists who study behaviour in the private marketplace, that is, assuming that people are mainly motivated by self-interest, the public choice school supports local governments as the market units displaying rational economic behaviour. It means that although the local authorities who are acting in the political marketplace have some concern for others, their main motive is self-interest (Shaw 2002). According to Tiebout (1956), residences vote with their feet and choose to settle in places where local government can provide better public goods. A few decades later, Paul Peterson (1981) presents an influential extension of Tiebout’s theory to explain constraints on local public policy-making. In relaxing Tiebout’s assumptions, Peterson argues that residents in their locational choices are rational and consider the relative costs and benefits associated with public services. Therefore, a favourable cost–benefit ratio for services enhances the attractiveness of a community to existing and future residents. In other words, these governments form a natural and varied “market” of public goods and services from which the residents of a region may choose the optimal overall package of services and costs (mainly taxes) to suit their lifestyle and needs. Taking this a step further, and based on the residents’ “economic man” nature,

with a similar rationale, elected officials recognise this factor in the individual locational choice, and then develop policies in their city's economic interest and "compete" in this local public economy by providing residents with the packages they demand for more taxes.

As a matter of fact, regarding the inter-local governmental relations, the public choice economists have mostly focused on analysing government failure in the provision of public service before inter-local cooperation. This means cities seek to maintain or develop a strong economy and compete with other jurisdictions for economic benefits, yet the delivery of regional wide public goods and services, at times, has negative externalities that spill over local government boundaries and cannot be internalised in the public marketplaces. So, to a lot of local governments coordination of public service delivery is needed, and local governments prefer voluntarily negotiated, ad hoc arrangements (Keating 1995). These include service agreements between autonomous local governments, functional transfers from one county government to another and the creation of numerous limited-purpose, multi-unit coordinated organizations (Mitchell 1992). Anyhow, the public choice model based on inter-local governmental cooperation for good regional governance is identified as rationally oriented behaviour, in which avoiding negative externalities is the main motivation for the inter-local governmental cooperation.

The prevalent discussion of new regionalism also bases inter-local governmental cooperation upon economic man assumptions. Facing the fragmentation governance problem caused by suburbanization, the traditional or oldest regionalism in the 1950s and 1960s stresses structural reform in the metropolitan areas and favours approaches of mergers, annexations and consolidations for local governments to rationalise the governmental scale (Benton-Short 2013). nevertheless, structural reform turned out to be reluctant, costly, and vulnerable to ideological attack because of the lack of political

legitimacy and operation in an authoritarian manner (Lefevre 1998; Xu 2008). A new regionalism arose in the late 1980s and early 1990s because of the failure of the old regionalism's structural reform in metropolitan areas.

It is generally known that the new regionalists distinguish governance from government, and from the regional perspective place hope for the development of metropolitan governance on voluntary cooperation among local governments. They insist that the entrepreneurial local governments are rationally-oriented and thus seem to easily end up with inter-city competition. However, individual cities are also be able to recognise the problem of excessive competition. Although they may not able to change the situation entirely, there emerges a spontaneous initiative to develop some coordination mechanisms and turn the urban competitiveness to regional collaboration (Xu 2008). The new regionalists argue that governance through voluntary cooperation can help them achieve their goals, for example, "containing urban sprawl by invoking growth boundaries and land preservation trust", "reducing economic disparities through tax sharing", and "combining city and suburban resources to better compete in global economy" (Savitch and Vogel 2000, 207).

Apart from these two theories, there also exist a number of other research studies that highlight the pursuance of benefit in inter-local governmental cooperation. For instance, Luo (2004) and Jomphong (2014) expand the co-opetition theory suggested by Bleeke and Ernst (1995), Bleeke and Ernst (1991), Brandenburger and Nalebuff (2011) from firms to governments. They argue that actors make collaborative choices for better competing capacities in the global market. Alliances are considered as an expedient way to crack new markets, to gain skills, technology, or products, and to share fixed costs and resources (Bleeke and Ernst 1991, 127). Anyhow, it places emphasis on value creation in the context of co-opetition, the goal of which is to create a bigger business pie, while competing to divide it up (Walley 2007). Exchange theory, developed by

Levine and White (1962), also address the benefit-oriented logic in cooperation. They hold that the scarcity of resources motivated a pattern of voluntary exchange relations between the individual agency in the inter-organisational network. In Levine and White's words, organisational exchange or cooperation is a kind of "voluntary activity between two organisations which has consequences, actual or anticipated, for the realisation of the respective goals or objectives" (Levine and White 1962, 588).

Moreover, a deeper meaning of cooperation is also studied that correlated with the rational man-oriented paradigm. For instance, Himmelman (1996) insists that the value of collaboration is its capacity to transform power relationships in society so as to achieve social justice for communities that have been disadvantaged and discriminated against in the prevailing political environment. Hence not only could cooperation benefit participants economically, some could also gain more power. Emerson (1962) also claims that because A is dependent on the resources controlled by B, so A wishes to cooperate with B to achieve the desired goals. However, the underlying reasons of A's attempt to cooperate is that A intends to control B's resources or influence B's activities.

In sum, these theories espouse the utilitarian philosophy or logic of consequence as the main impetus for organisations' interaction and cooperation. The incentives are derived from human's inside tendency of pursuing the maximum of own-interests, and are not exogenously directed by the external environment. They contend that organisations deal with their competitors either for more resources, or for the growth of the competing capacity, or because of their desire for more powers. Whilst this theoretical framework surely has its own interpretive force in explaining the impetus of inter-city cooperation, it cannot answer the question of when and how the competition can transfer to cooperation, and in cases in which cooperation is coming out better than competition, why competition is still surpassing cooperation as the

governments' priority choice. Faced with this situation, alternative theories and explanations need to be considered.

The second paradigm: the institution-oriented paradigm

Apart from the rational man-oriented paradigm, the other paradigm is institution-oriented. The "new Institutionalism" is a term that now appears with growing frequency in political science. In reaction to the behavioural perspectives that were influential during the 1960s and 1970s, new institutionalism was developed to elucidate the role that institutions play in the determination of social and political outcomes (Hall and Taylor 1996). Although there is no unified body of thought, one common point for all of the schools and approaches is that new institutionalism has significantly advanced our understanding regarding the relationship between institutions and behaviour. The institutionalism perspective is manifested and is contained in many theories analysing the inter-governmental relationship. This section outlines some theories elucidating or interpreting the inter-local relations with a focus on the institutional factors, and then compares the two paradigms in order to construe a more valid approach to explaining cooperation.

Firstly, "transaction cost analysis" generally supports an institution-oriented paradigm in inter-local governmental relationship analysis. The main characteristic of this theory assumes that organisational and cultural background are important factors shaping inter-local relations. Coase's (1937) work marked the beginning of the recognition of the role of transaction costs in the theory of the firm, and Williamson's reinvigoration of the transaction cost approach has made the material approachable for political science. For Williamson (1989, 552), the transaction costs can be defined as the "comparative costs of planning, adapting, and monitoring task completion under alternative governance structures". He contends that the cost of striking a deal is variable depending on

the institutions in place. Some institutions cost more than others, and the actors facing high transaction costs have a low propensity to make a deal. Political scientists and economists have utilised this approach to describe a variety of political phenomena. In the area of inter-local cooperation, inter-local collaborative settings can be conceptualised as institutions created to help reduce the transaction costs associated with collaborative policy making and implementation operating at the collective choice level (Krugger and McGuire 2005, 21). In earlier work, city-charter level institutions are most notable research objects affecting both the decision to collaborate and the depth of collaboration. The different institutions include city manager versus other forms of government, at-large versus single-member (ward) district representation, and partisan versus non-partisan elections. For example, it is argued that the non-elected city managers are more likely to participate in cooperation and resist rent-seeking behaviour, while elected officials are not likely to cooperate as they concentrate more on their constituency interests instead of wider regional interests (Matkin and Frederickson 2009).

Game theoretical models have also been used to predict the outcomes of local behaviour. Steinacker (2004) introduces four game models which could be applicable to studying regional cooperation in a decentralised system of governance. Under the iterated prisoner's dilemma, Steinacker insists that the possibility of cooperation depends predominantly on the discount rate the players adopt toward the future and the cost of imposing sanctions on those who violate the agreement.

What's more, the "Institutional Collective Action framework" extends theories of collective action from individuals to institutionally defined actors, including local governments units. Recently this framework has been used frequently in the area of metropolitan governance or cooperation among local governments, especially in providing services or sharing resources. Some scholars, such as

Olberding (2002) report there is a lack of social capital and cooperative norms in the fragmented areas and there is a negative relationship between the number of various types of local governments in metropolitan areas and the formation of regional organisations. However, Fieock (2004) deems that the cooperative norms are not absent from a decentralised system of governance since local interaction and inter-local agreements could foster social capital, which then encourages the exchange of commitment and reinforces the norms of reciprocity.

Besides, the cultural mode claims the importance of culture in inter-local government cooperation. Visser (2002) mentions that culture drives all the other institutional factors, apart from the benefits calculations. He argues that “the political culture defines which issues are to be framed as candidates for inter-local action, which problem-solving approaches and policy options in addressing the issues are politically acceptable for use in inter-local activity, which community resources are politically available for addressing inter-local needs, and which local interests are permitted to be affected by the selection of alternative policy approaches and in what ways” (Visser 2002, 50).

In short, these theories all assert that institutions shape the parameters of choice of local governments from a certain perspective. Aside from the benefits calculations, they respect the roles of external institutional factors. Although all of these theories interpret collective action from a certain angle, such as, city-charter level institutions, the cost of sanctions, social capital and culture, they could provide another line of thought in explaining the driving force of the collective action. Thus, if institutions are included comprehensively, the institution-oriented approach should be able to supplement the explanatory framework and eliminate the “black hole” in interpreting the inter-city cooperation with the economic man-oriented paradigm to a large extent.

Sociological institutionalism as the guiding theory

The above two paradigms represent the two logic of collective behaviour by their very nature: the logic of consequentiality and the logic of appropriateness. The first logic drives behaviour towards the desired and anticipated outcomes and focuses on the end rather than the means. Applying this logic one might expect a greater take-up of collaborative activity in order that the benefits of the desired outcomes may be realised. In other words, if the motivation to generate potential resources is considered as the dominant factor for cooperation, it should be found that if the opportunity to acquire resources through cooperation exists, cooperation is built. However, in reality this may not be the case. There is a great deal of variation in the use of cooperation as an administrative tool. Just as Collins (2006, 3) questions, “if the benefits are so pronounced and interest is so high, why aren’t all local governments taking advantage of such an option?” The answer might be as Feiock (2010, 876) explains, “the potential for efficiency gains is not sufficient to form cooperation”. In practice, the slow proceeding of the establishment of the Jing-Jin-Jin City Region and a bunch of other frustrated cases elsewhere in China indicate that the outcome-oriented paradigm is not fully applicable. The variations in the cooperative behaviour among cities implies that the driving force of cooperation is more complex than a focus on the generation of potential resources. Thus some other explanation is needed for the breakdown in rationality.

As discussed, the institution-oriented paradigm can eliminate the black hole in interpreting the inter-city cooperation with the economic man-oriented paradigm. It elucidates the roles that institutions play in the determination of social and political outcomes. Combing the exogenous and endogenous factors, the institutional approach makes the explanatory framework complete. To be more accurate, this research holds that the theoretical framework of sociological institutionalism can provide a potent explaining force for the formation of city

cooperation as this school of institutionalism defines institutions much more broadly. Specifically, sociological institutionalism claims that institutions do not just include formal rules, procedures or norms, it also include the symbol systems, cognitive scripts, and moral templates that provide the “frames of meaning” guiding human action. Such a definition breaks down the conceptual divide between “institutions” and “culture” (Hall and Taylor 1996, 947). Besides, sociological institutionalism contends that the institutions not only affect the strategic calculations of individuals, as rational choice institutionalism stands for, but also their basic preferences and identity. Therefore, the school of sociological institutionalism does not deny that public actors are rational and goal-oriented, which means they use the best of their powers to pursue their interests and achieve their goals. At the same time, it also assumes that the existing institutions determine actors’ roles and which resources they have at their disposal, shape the way actors define their interests and then form the actors’ preferences. Thus it explains the failure of the rational man-oriented paradigm and also tolerates the obscurity of the environments. Therein, the institutions influence behaviour in two ways. First, “institutions demarcate the boundaries of social behaviour through the definition of roles, obligations and prohibitions”. They “define which course of behaviour is appropriate, permitted or forbidden in certain circumstances” (Hulst and Andre 2007, 12). Second, institutions influence the perceptions, preferences and strategies of actors and give meaning to human action. In other words, “actors define and justify their interests in the light of value systems and the role that is assigned to them” (Hendriks 1996, 38).

All in all, it can be argued that the logic of appropriateness which is institution-oriented may win out over the logic of consequentiality. With regard to inter-city cooperation, we assume that the existing institutions may determine actors’ roles and which resources they have at their disposal, shape the way that actors

define their interests, form the actors' preferences and then urban actors follow the rules of the game, as embedded in the existing institutions. Just as Scott (1991), Meyer and Rowan (1977) and Clegg (1990) assert, some "myths" drawn from a range of sources combine to form "institutional templates" to which organisations adapt and have a crucial impact on their decision process. For this purpose, this thesis invokes the sociological institutionalism to seek the causality between the institutional factors and the consequences of inter-city cooperation specifically. That is to say, it controls for the economic and other non-institutional factors, and then attempt to establish an institutional model about the forming mechanisms of cooperation.

The possible variables explaining inter-city cooperation

Defining which institutions stimulate the formation of inter-city cooperation in China is a difficult task, but this information can be collected through three main sources: theoretical explanations of sociological institutionalism, the past empirical findings and fieldwork. In accordance with the screening of independent variables concerning inter-local governmental relations in existing literature and the sociological institutionalism, the next few paragraphs will summarise some of the possible key variables. Then the finalized variables are defined after combining the institutional analysis of China.

Firstly, inter-city cooperation has been a frequently-used practice in many nations. It is deemed as a pragmatic solution to overcome the low delivery efficiency of local public service due to the small municipal size. Consulting the previous studies, abundant literature can help in discerning a range of conditions that can actually improve or lower the likelihood of successful collaboration. In order to obtain as many variables as possible, this thesis searches for materials

which relate to inter-municipal cooperation (IMC), collaboration, coordination, coalition, network, alliance and partnership, as they are often used interchangeably.

Mattessich et al. (2001) specify a list of 20 factors that are necessary for successful collaboration. Of these, mutual understanding and respect, open and frequent communication, shared vision, concrete and attainable goals, flexibility and adaptability, and a favourable political and social climate are of particular importance. The Institute of Local Government Studies, University of Birmingham (2015) has put forward a summary of drivers for collaboration incorporating the rational man-oriented paradigm. One Toolkit has been made together by The Council of Europe (CoE), the United Nations Development Programme (UNDP) and the Local Government Initiative (LGI) of the Open Society (2010). It presents a set of conditions for municipalities to cooperate, such as, the national IMC policy, an appropriate legal framework, incentives (financial, function and target support), local government association and a municipal IMC culture. Sullivan and Skelcher's (2002) classification is well organised. They classify the driving factors into three clear categories: individual factors, organisational factors, and structural factors. Other scholars, including Bardach (1998), Gray (2002), Prefontaine (2000) have also developed a set of principles underpinning successful cooperation.

Even though the above studies have provided abundant explanatory variables which are influential on inter-local governmental cooperation, there is a great amount of overlapping of some terms. As this thesis is directed by sociological institutionalism, according to which the institutions fall into three broad categories, regulative institutions, normative institutions and cognitive institutions (See Table 2). The three types of institutions function in different manners and on different principles. Thus, this section synthesises and streamlines the variables to a few categories according to the sorting technique

of the theory (see table 3). The regulative institutions are legally enforced elements, such as, laws, rules, explicit regulatory guidelines and procedures. The normative institutions refer to the norms and values that could create expectations and obligations. The cognitive institutions emphasise the templates for action and the scripts for particular types of actors. There are also some other factors which do not belong to any of these categories, such as, economic interest, geographic environment, nature or power features of the stake holders and practical goals. Therefore, these factors are classified into non-institutional elements in this research.

Table 2: The basic principles of the regulative, normative and cognitive institutions

	Regulative institutions	Normative institutions	Cognitive institutions
Legitimacy	Legal systems	Moral and ethical systems	Cultural systems
Main contents	Policies and rules	Work roles, habits and norms	Values, beliefs and assumptions
Behavioural change drivers	Legal obligation	Moral obligation	Change values are internalized
Behavioural change sustainers	Fear, coercion, inducement and reward	Duty and responsibility	Social identity and personal desire
Behavioural reasoning	Have to	Ought to	Want to

Source: Palthe, Jennifer. “Regulative, Normative, and Cognitive Elements of Organizations: Implications for Managing Change”. *Management and organizational studies* 1.2 (2014): 59.

Table 3: The key variables, in categories as follows:

Variable types	Variables
Regulative institutional variables	Legal framework
	Local government association
	Regional planning and supporting policies
	Local autonomy
	Administrative structure
Normative institutional variables	Cooperative culture
	Local officials' selfishness or self-centredness
Cognitive institutional variables	Leadership
	Shared vision
Non-institutional variables	Power difference
	Greater benefits
	Environment/ Contiguous positions
	Attainable goals

Source: Made by the author.

Regulative institutions

a) The legal framework

A decisive pre-condition for helping inter-city cooperation to flourish is a legal framework, as it, to a large part, determines the possibilities for cooperation and

the patterns of interaction that develop. Specifically, legislation has several functions, which include demonstrating the “support of the Government and Parliament”, giving “models of legal procedures and forms”; enhancing the “confidence of partners in the solidity of the inter-city cooperative institution to be created”; reducing the “risk of litigation” and making the “resolution of disputes easier” (CoE et al. 2010, 29).

Two inter-city cooperative law models have been distinguished in Europe: the public law model and the private law model (CoE et al. 2010). Under the public law model, such as in France, Spain and Portugal, the responsibilities exercised by municipalities are clearly exclusive. The transfer of a responsibility to another municipality or to a cooperative body automatically removes this responsibility from the transferring municipality. The private law model, such as, in Norway or Sweden, is based on the freedom of local authorities to pragmatically opt for the areas and forms of cooperation regarding the modalities and entities envisaged by this law, such as, contracts, associations and commercial enterprises. While in countries with no specific legislative framework for inter-city cooperation, cities have no choice but to establish it under private law.

b) Local government association (LGA)

The role of the LGA in supporting inter-city cooperation can be crucial. The cooperative participants are inclined to support the intervention of the associations as they seek to assume the role of the coordinator of a regional association (Smith 2007).

The past European experience suggests the following roles for LGAs in promoting inter-city cooperation (CoE 2010). In the first place, the LGAs can be active partners with the Government and Parliament in preparing inter-city cooperation policy, legislation and financial framework. They could develop an advocacy strategy and lobby relevant Parliamentary committees and Ministries

in order to raise cooperation for the political agenda. Secondly, LGAs may gather cooperative information, develop an inter-city cooperation website and database, and disseminate useful information for municipalities. Additionally, LGAs can also support municipalities by running training sessions; organising networking between cooperative practitioners; encouraging the more progressive municipalities to become leading examples and promote the idea of cooperation with other municipalities; advocating through seminars and conferences; accrediting inter-city cooperation experts able to assist municipalities; providing advice on legal, financial, administrative and technical questions; influencing the media and attracting their attention to the importance of inter-city cooperation and to successful cooperative experiences.

c) Regional planning and supporting policies

In the regional study area, strategic planning, as well as other spatial planning and regional programmes, has an important role in region building, because it provides a strategic discourse for regional development (Wu 2015). By reviewing the existing relevant literature, there are two distinct arguments on the role of strategic planning in the development of institutional regions. Some scholars have taken optimistic and positive attitudes towards the role of strategic planning in region building. They argue that strategic planning is an initiator for region building, because it provides a strategic discourse/vision for regional development and associated urban networks that are created to facilitate regional integration. City-region planning in Germany's Berlin-Brandenburg city-region and strategic planning in north-eastern regions of Slovakia provide evidence for the above argument (Arndt et al. 2000; Smith 2007). Around the strategic discourse provided by the strategic planning or city-region planning, various actors can sink their differences and actively engage in coalition building and inter-city cooperation in an effort to enhance their competitiveness in the era of globalisation. Strategic planning processes are

therefore conceived as interventions in the search for the appropriate scalar fixes to regional economic development (MacLeod and Mark 1999).

Other scholars argue that strategic planning has played a limited role in region building. Although strategic planning has provided new regions with discourses or new identities, it is difficult to turn these regions of imagination into realities. This is due to the fact that the coexistence of geo-economic and other geometries of power destabilises the cross-jurisdiction region, as each governance scalar, ranging from supranational to local scales, attempts to define its own regional identity to secure its interests (Sum 2002). As argued by Popescu (2008), the competing territorial logic did not disappear with the emergence of cross-border regions, and was still a vital force underlying cross-border re-territorialisation or region building. According to a more recent study by Lambregts et al. (2008), the policy-oriented regions are more brittle, and it is hard to establish effective regional governance. Based on the empirical study on the Randstad region, Lambregts and his colleagues summarised the three barriers to building a coherent competitive region: inter-governmental competition, the abstract and contested rationale behind the regional project, and the absence of political leaders. Therefore, the road to building a true new region is stony and regional planning works better if there are some complementary measures.

What's more, there is a need to utilize some incentive measures to stimulate inter-city cooperation. Without the incentives, it is unlikely that many cooperative projects will develop. Financial support, functional support and target support may be some of the favorable stimulus to inter-city cooperation.

Financial support is one of the main incentive measures. It mainly comes from the government, but also from regions or international donors. Such support can be quite decisive. Municipalities with few resources - whatever their size - do not have sufficient capacity to implement serious public service programmes.

Through inter-city cooperation they can save costs in providing public service. However, cooperation is not easy to achieve without external support, especially financial incentive. For instance, if the superior government could provide funding (e.g. special grants) conditional upon projects being submitted jointly by two or more municipalities, there's more impetus for local governments to achieve cooperation. Financial support from international organizations could also be favorable. Take EU for example, obtaining EU funds to a large degree encourages the inter-city cooperation for the union countries. In Poland, joint success in winning EU funding motivated the partner municipalities to undertake further efforts to raise funding for municipality-based investments under the agreement (CoE 2010).

The second incentive is the functional incentive, which means the superior governments may offer to transfer a new competence to municipalities but, due to its complexity, may establish a condition of size, thus encouraging inter-city cooperation arrangements, particularly between smaller municipalities (CoE 2010). Another specific incentive may be holding a "big event", as it normally requires cooperation of several municipalities to make maximum use of resources in the region. The 2000 Olympic Games in Athens is a well-documented cooperative example of the use of such an incentive (CoE 2010). Among all these incentive measures, financial support is the most commonly used and effective one.

d) The autonomy of local government

Direct inter-municipal cooperation studies have arisen in the world since the end of last century, and the changing role of local governments and national administrative structures is assumed to have created a condition to allow inter-local governmental cooperation. Professionals and practitioners believe that the more autonomous municipalities are, the more they need to cooperate, the more they can cooperate. Heeg (2003) and Otgaar et al. (2007) discuss the changed

role of the local state in relation to different political scales. Heeg argues that up to the 1980s in the Fordist-Keynesian period, local states were regarded as sub-units of the nation state and local policy was primarily redistributive in character. While the post-Fordist city since the 1980s increasingly starts engaging in the direct promotion, regulation and financing of economic processes which signifies an empowerment of the local state. He argues that the most important aspect is the context within which the restructuring of urban politics takes place. Otgaar also highlights the observed process of ongoing policy de-concentration in municipal cooperation in Europe. Therefore, as the local government has gained more administrative power and responsibility for local growth, it has played a more important role in the domains of its economic and political functions, policy formation and implementation. Local autonomy has been conceived as a precondition for their cooperation strategies aiming at increasing the economic competitiveness as well as at enhancing administrative competences.

e) The national administrative structure

Hulst and van Montfort (2007) also give an insight into the main characteristics of the national administrative system and the position of local government in it. This includes the federal or unitary character of the state, the number of administrative levels, the distribution of responsibilities between the different tiers of government, the scope and autonomy of local government and the number and size of the municipalities. These characteristics to a great extent determine the point of departure for inter-municipal cooperation, as they shape the preferences and interests of local government and set the conditions that determine the necessity, or possible advantages of cooperation.

The normative institutions

a) Collaborative culture

In the case of inter-organisational cooperation, a “collaborative culture” needs to emerge which values shared understanding, identifies common goals, and nurtures new ways of managing and working for joint action (Sullivan and Chris 2002; Macmillan and Himmelman 1996).

Just as McGann and Gary (1986) argued, the role of culture is central to forming cooperation within or across organisations. Newman (1996) suggests that there are two key organisational cultures which will support collaboration. They can be named as “adaptive” culture and “responsive” culture. Organisations with these cultures tend to have strong strategic partnerships, effective mechanisms for linking with various agencies, and staff at all levels who can work well across boundaries. Cropper (1996) suggests that in practice creating “principled conduct” based on the agreement of agencies may help to build trust since the beliefs and values of various agencies can be shared in this process. This leads to a better shared understanding between agencies as well as the promotion of a sense of belonging to a collaborative programme.

b) Local officials’ selfishness or self-centredness

Anthony Downs (1964) first proposes officials’ selfishness in his famous book “Inside Bureaucracy”. He develops a set of hypotheses which are useful for understanding officials’ psychology and behaviour. Using the method of logical deduction, Downs cites the protectionism of animal behaviour to explain officials’ limits and bias and argues officials’ subjective factors that may influence their decision and increase their bias. The key factor is that officials seek to maximise self-interests such as, power, income, and prestige. Therefore, he thinks that every social actor, including individuals and groups all try to be dominant in their field, and in the field of bureaucracy officials develop selfishness in pursuit of their personal interests in a specific bureau. Selfishness causes difficulties when cooperating with other governments or departments in other administrative regions. The reason is that absolute authority only works

within a certain closed organisation or field where officials can perform actual control over their existing subordinates.

Cognitive institutions

a) Leaders' support

Sullivan and Skelcher (2002) have emphasised that effective collaboration needs a leader who is trusted by all the partners and who has sufficient personal competencies to persuade and bring potential individuals and agencies together to remedy common and complex issues. The leaders, or as they have called, collaborative champions must facilitate coordination among partners, resolve conflict that may happen along way, and motivate and maintain the action and involvement of partners. In the field of inter-city cooperation, the leaders not only include the superiors and the central governments, but also covers the cities at a bigger scale or with stronger capacity, and other types of organisations.

b) Shared vision

Mattessich et al. (2006) define the shared vision or same vision as participants clearly agreeing on the cooperative mission, objectives and strategy. They argued that the cooperative participants should share an understanding and respect for each other and their respective organisations, including how they operate, their cultural norms and values, limitations and expectations. The shared vision could be a precondition at the outset of cooperation and the partners may also develop the shared vision as their joint work proceeds. When some or all participating local leaders perceive that collaboration among government agencies is a waste of time and money or results in loss of organisational identity, it is foreseeable that they will resist it. In this regard, the feeling of anxiety or uncertainty about the engagement in cooperation,

competitive spirit, parochial interest, personal resistance to change, inadequate orientation and negative staff attitudes can result in adversarial relationships that preclude collaboration (Flynn and Gloria 1987).

Non-institutional factors

First of all, the economic man-oriented theories hold that to obtain more economic benefits, more resources and more power are the most significant driving forces of behaviour. Surely, reducing the duplication of local service delivery, dealing with the scarcity of resources, addressing wicked issues or cross-cutting issues, coping with resource dependency issues are essential driving factors that influence cities' choices.

Moreover, participating organisations are very likely to show a certain extent of disparity in power, resources and skills. There is also every chance that participating organisations with fewer resources and skills will feel that a larger collaborating partner would dominate or even swallow them up. Personnel in participating organisations with greater resources and skills may also act—perhaps inadvertently—in ways perceived by their counterparts in smaller agencies as intimidating (Majumdar 2002). Hence, a significant power disparity in participating organisations could thus stand in the way of their choosing a collective course of action.

What's more, the geographic problem cannot be neglected either when it comes to the cities' inter-cooperation. The industrial cluster theory, the exterior scale economy, the growth pole theory and theory of industrial location (Marshall, 1961; Landes, 1969; Wang, 2017; Johnson, 1981) all express the importance of geographic properties of enterprises or organisations in development. They claim that there is an increasing specialisation among the enterprises and different localities to improve the production efficiency. At the same time, these enterprises and localities are inter-linked because of their production chain or

common goals. There is a need to share information, regional public infrastructure and reduce production costs, logistics costs and information exchange costs, so they tend to form clusters to save costs. These organisations are gathered together for cooperation and better achievements, and it is clear that the closer they are, the easier for them to cooperate.

And finally, a collaborative group's goals and the process undertaken to reach those goals should be perceived as cost-effective and not in conflict with the ongoing community endeavours.

Insights from analyzing the idiosyncratic context of China

The variable analysis above can provide great reference value for this research, but it mostly focuses on democratic and decentralized societies and thus some of the variables lack strong persuasiveness in authoritarian regimes, like China.

It has been argued that since the economic reforms and opening up in 1978, China's cities and regions have undergone dramatic economic and political restructuring. After the decentralisation in the 1980s, China is deemed to be the "most decentralized country" in the world according to several cross-national indicators (Landry 2008, 3). In terms of the share of total government expenditure, which indicates the level to which government intervenes and impacts the economy, the sub-national percentage of the fiscal expenditure in China tops most of the democratic, federal and other authoritarian countries. It has been said that local governments have become more entrepreneurial and can make decisions based on local interests (Xu and Yeh 2005; Wu 2007). In this sense, China is fiscally decentralised compared to other countries. Some scholars call it, "fiscal federalism" (Jin et al. 1999, 1719), and Chinese local governments have achieved control over an impressive array of policy areas.

However, this does not represent a whole picture of China's decentralization. It is well-known that the main features of the current Chinese regime's decentralisation equate to encouraging economic development through empowering local officials and controlling them politically at the same time (Landry 2008). Moreover, from the perspective of public administration, the institutional arrangements with strict hierarchical characteristics further demonstrate that local governments might not gain as much autonomy as expected. For cities, their administrative behavior sometime obeys a hierarchical manner, instead of a self-determining pattern appearing in a decentralized system.

China is still a hierarchically top-down administrative system. The functional departments of local governments are geared to the administrative division of the central government in order to follow up policies (Yu 2014). This hierarchically top-down administration possesses some similar characteristics with German sociologist Max Weber's bureaucratic system, which he conceived as being the most efficient and rational way to organise human activity (Weber 1946). It is widely believed that China's government administration is hierarchically structured similar to Weber's bureaucracy. Political scientists, for example, John Stuart Mill say that imperial China was essentially a bureaucracy to separate it from representative democracy (Mill 1981). Zhou Xueguang (1995, 442) argues that "China's state socialist bureaucracy is hierarchically ordered, managed through administrative decrees, and staffed by full-time career bureaucrats appointed by their superior authority". Bureaucrats make or implement policies according to documents handed down from the superior governments. These features basically fit Weber's notions of modern bureaucracy.

Nevertheless, some political scholars have distinguished China's administrative system, or China's bureaucracy from Max Weber's professional bureaucracy.

Essentially, bureaucratic behaviours differ sharply across ideological contexts. The functional difference between bureaucracies in the capitalist polities and the state socialists is that the latter is using the bureaucracies as the organisational weapon for the communist party (Selznick 2014) rather than an organisational form for rational administration. In state socialist societies, “bureaucracy serves both as the administrative apparatus implementing state policies and as political instruments in exerting state control over society” (Zhou 1995, 442).

In administrative practice, China’s bureaucracy emphasizes more on the top-down control. Whyte (1973, 151) mentions that China “challenge the Weberian emphasis on the autonomy of bureaucratic organizations”. It is generally assumed that organizations need a certain autonomy if they are to operate well. Outside interference are seen as diverting the organization from the most rational and efficient pursuit of its goals. China’s administrative system fundamentally reject this notion of the need for organizational autonomy, and epithets such as “departmentalism” and “localism” are used for organizations which try to assert such autonomy. This implied that China’s bureaucracy overwhelmingly relies on hierarchical control. Governmental administration still follows the model in planned economic times, in which a pyramid of administrative layers implement responsibilities in a descending sequence, and the lower layers need to be open to continuous direction from higher layers. Therefore, hierarchical administration can be concluded as one of the main characteristics of China’s bureaucracy.

Consistent with the hierarchical control of governmental administration, there are four mechanisms by which the central or provincial governments exert their authority on their subordinate governments: fiscal systems; administrative systems; appointments and promotion; and communication mechanisms within the governmental system.

Firstly, fiscal decentralisation or fiscal federalism, discussed earlier, mainly concentrates on the fiscal division between the central and the provincial governments, while the fiscal capacity in the prefecture-level and county-level cities is less studied. The tax sharing reform in 1994 has led to the concentration of revenue at central government (Chung and Lam 2009) and a clear delineation of the revenue spheres of the central and the provincial levels. There are no unified regulations about the revenue division between the provinces and their subordinates (Wong 1997; Shih and Zhang 2007). Although the provinces follow no fixed formula in providing tax distribution to the prefecture and county level governments, the common feature is that, under the context of the tax revenue decrease, the provinces take advantage of their superior hierarchical positions to shape the fiscal arrangement at the sub-provincial levels (Wong 1997). Because the counties have also to be exploited by the prefectures, the county level governments are affected more severely and the fiscal crisis in the counties has become a serious problem nationwide (Yang 2006).

Secondly, China's administrative morphology also easily leads to hierarchical control. China is a unitary regime, with four levels of local governments hierarchically arranged according to their administrative status. An old and continuous governance morphology, "Administrative Division Administration" (行政区行政, *xingzhengqu xingzheng*) is identified and confirmed by many scholars in the field of public administration (Shu and Liu 1994, 82). This concept means that the national state or the local governments at the sub-national levels administer the social public affairs based on the rigid constraints of the administrative divisions (Chen 2004; Yang and Chen 2004). Its alternative names, such as "internal-oriented administration" or "close administration" may provide a clearer description over its artificial-cutting administrative model in the national and local governance (Jin 2007, 53). This determines that the governments' public management power operates vertically

in a top-down, one way manner. The hierarchical control results in the “subordinates obeying the superior” and “local following the central” political principals and a closed pyramid governance structure (Xu 2007, 111).

Thirdly, China is an authoritarian, unitary state with no true local elections for local top administrative leaders. This is because China’s cadre management system follows the principle of “the party administrating cadres”. Ever since 1984, China's party organisation at the higher-level administers the main cadres at the immediate next-level (下管一级). The appointment of the local top administrative leaders depends on the higher level party committees. At the county level, Party secretaries, deputy secretaries and mayors basically all fall under the management control of the prefecture party organisation department. The local top leaders do not have to be responsible to local citizens. Thus higher level leaders’ administrative preferences and decision capacity can have a great influence on local governments’ function and development direction (Ma 2009).

In the fourth aspect, the communication system within the hierarchical bureaucracy embodies the top-down approach and the bottom-up approach. As for the former, the provincial government normally conveys information to the prefecture-level and the county-level governments through the following methods: conferences, documents, notices, the party newspaper and informal communication. For the later the bottom-up approach mainly includes information submission systems within the hierarchical structure, direct reports from the local leaders to the superior leaders and media dissemination. The vertical communication system reflects that in China there is a lack of horizontal communication among local governments (Ma 2009). Even for the inter-local government cooperative field, the superior government always plays the leading role.

To put it simply, Chinese cities lack local autonomy and independent spirit. An extension of this concept is that Chinese cities are inclined to obey and rely on

their superior governments in governing local affairs. Thus there is an absence of a cooperative culture and tradition for cities. With all of the three sources considered, this thesis narrows the explanatory variables to seven which are mostly pertinent in relation to the context of China. This thesis assumes that the legal framework, the supporting policies, the local officials' shared vision, the provincial leaders' support, and the leading group's nature or grade, play substantial roles in the formation of inter-city cooperation (see the explanatory variables in Table 4 below). The following section provides some logical hypotheses based on data collection.

Table 4: The variables and the hypotheses

Categories	Independent variables	Hypotheses
Regulative institutions	Legal framework	The existence of legislation over inter-local governmental relationship is favourable to the formation of inter-city government cooperation. The absence of legislation is unfavorable to the inter-city cooperation.
	Leading group	The leading groups are very beneficial to the formation of inter-city cooperation. The higher the grade of the leading group is, the easier cities will form cooperation.
	The regional plans and incentive policies	The regional plans and incentive policies are advantageous to form inter-city cooperation. The lack of such plans and policies is disadvantageous to form cooperation.
Normative institutions	Hierarchical administrative norm	The hierarchical administrative norm might decide the model and effectiveness of inter-city cooperation. Top-down model of cooperation is more effective.

	Local officials' selfishness	The local officials are self-centered, which is non-favourable to the formation of inter-local government cooperation.
Cognitive institutions	Provincial top leaders' support	The provincial top leaders' support might be conducive to inter-city cooperation. The stronger the support is, the easier the cities can form cooperation.
	Local officials' change of value on cooperation	When the local officials' acknowledge the appropriateness of cooperation, the cooperation should be undertaken more smoothly.

Source: Made by the author

The explanatory variables and the formation of the hypotheses

Based on the three sources, this section locks down seven variables which conforms to China's hierarchical character and cultural tradition, and then answers the following sub-questions: (1) how could the regulative institutions, which include legal framework, regional planning, incentive policies, and "leading groups" impact the formation and the effectiveness of inter-city cooperation? (2) how could the norms and the subjective attitudes of provincial and local leaders exert their influence on the formation and implementation of inter-city cooperation? The seven hypotheses are formulated through amply consulting the three sources and the help of data collection and field work in China.

The regulative institutions

a) Legal framework

According to past experience, a decisive pre-condition for helping inter-city cooperation to flourish is a legal framework that facilitates cooperative arrangements. However, there is no special legislation regarding the management of the inter-local government relations in China.

As discussed in the last section, China's administrative morphology is "administrative division administration", which means that local governments perform within their jurisdictions. This is actually based on the constitution of the People's Republic of China (PRC) whereby "all levels of local governments must ensure the conduct of the constitution, the laws and the regulations within their corresponding jurisdictions; local governments should approve and issue decisions, investigate and make plans about local economic construction, cultural construction and public service and facilities according to the limits and authorization as prescribed by law" (The Constitution of People's Republic of China 2004, Item 99, Chapter 5). The constitution and the organisational law have not mentioned the inter-government cooperative issues, so the insufficiency of the legislation may result in local governments shifting responsibilities to avoid participating in cooperation (Wang 2005).

Furthermore, China's transformation has the tendency of restricting the governments' power (Lam 2015). The new Prime Minister Li Keqiang has quoted Rousseau and Montesquieu's principle of law that "everything which is not allowed is forbidden" in several circumstances to restrict the functions of government. He mentions that "government departments must not do anything unless it is mandated by the law" (China Daily 18-03-2013a). Although the original intention of Premier Li's statement is simplifying the administrative measures, changing the nature of the government's function, energising the market and stimulating social creativity, the fieldwork has proved that local governments also apply Li's requirement to inter-local government interaction.

It means that public authorities' actions must be limited to the powers explicitly granted to them by law. In this sense, local governments think that they are not encouraged to spontaneously initiate cooperative relations with its adjacent neighbours since there is no such law stipulating inter-local government relations and thus no authorisation to deal with trans-boundary issues. There is only one "Anti-Unfair Competition Law" and if trans-boundary issues happen, the generally accepted or default approach is that local governments beseech the common superior government to intervene.

Nevertheless, in China, provincial governments and big cities have their own rights to make local by-laws and regulations. Although there is no law specifically focusing on regulating inter-local government relations, some local laws or regulations responding to certain administrative crisis may provide regulations for building systematic inter-local government cooperation, such as environmental protection regulations. The corollary of the regulation, which is successful and effective cooperation indicates that the legal framework might account for successful inter-city cooperation.

Therefore, a pertinent hypothesis regarding the legal framework suggests that the existence of legislation over inter-local governmental relationship is favourable to the formation of inter-local government cooperation.

b) Regional plans and support policies

In China, regional planning is an overall arrangement about the development and construction goals in certain regions, and it provides an important basis for urban development direction and productivity layout (Wu 2015). Regional planning is an excellent way to study state intervention in space formation because in China it is increasingly becoming an important political tool for the central and provincial states to facilitate regional integration (Wu 2006). In the former Soviet Union's planned economy and some eastern capitalist countries with authoritarian characteristics (such as, in Japan and in Singapore), regional

planning normally adopts a top-down manner equipped with a thorough draft-drawing system and supporting system, and so it is in China (Zhang et al. 2004, 15). The strong mandatory nature means with its strong authority, regional planning acts as a powerful tool to exercise superior intervention and regulate local development.

China's regional strategies have been formed under strong state socialism (Wu 2006). During the first Five-Year Plan period (1953–57), when regional planning was imported from the USSR, there was an attempt to apply a unified approach in selecting sites for 694 important industrial projects. Later, the approach was frequently used in the second and third Five-Year Plans. During the Great Leap Forward (1958–62), regional planning in municipal areas was recommended by experts from Poland and the USSR. The aim was to achieve the expansion of large cities by linking their development plans with their suburbs. City-regions influenced by this ultra-leftist ideology included Hangzhou, Shanghai and Beijing. Regional governance and planning under state socialism can be viewed as a political strategy that either serves consolidated power at the centre or fulfils the planning targets of its accumulation regime, rather than achieving administrative efficiency or economic rationality.

The transition towards a more market-oriented economy has created new conditions for regional development. Nevertheless, the objective of China's transition was not to propose the retreat of the state, as with the "shock therapy" model applied in Central and Eastern Europe. Indeed, the success of China's gradual reform has been attributed to preserving state institutions while injecting market incentives (Wu and Yeh, 2007). In conjunction with the introduction of a series of reform packages, a deep transformation is taking place towards a regime of accumulation that highlights cities as strategic sites for regulation. With this regime transformation as a backdrop, the 1980s saw a

renewed interest in establishing economic regions in order to explore the advantages of central cities and their networks with surrounding jurisdictions. More than 100 economic regions were established, including the Shanghai Economic Region. However, the regional plans in the 1980s offered no concrete measures to link the planned spatiality with the resource allocation of national economic planning, the enforcement of development control, or any tangible socioeconomic policies. By the mid-1990s, the economic regions established in the 1980s had been widely discredited. Many of them were dismantled.

With the abolition of many economic regions, a new mosaic of regional development and territorial competition began to crystallise in China. The acceleration of globalisation in conjunction with the market reform, has resulted in a significant expansion of city-based accumulation strategies, the rise of urban entrepreneurialism and the intensification of intercity competition (Yeh 2004). Political fragmentation is further exacerbated by the growing local discretion that has increasingly weakened the governing capacity of provinces and the central state. This has given rise to an urgent need to adopt state strategic intervention at the regional level. Regional planning has thus become a key political strategy for reasserting the functional importance of provinces and the central state in local and regional economic governance. A series of efforts have been made to reassert state power in regional development since the 1990s. In 1992, the State Planning Committee began to give more attention to trans-provincial development plans, attempting to rely on central resource allocation to achieve spatial coordination. The provinces also started to enact plans for regional integration.

All in all, the resultant growth in local discretion and social complexity undermines the governing capacity of the state. “Shandong’s situation is the national situation in miniature” (Shandong TV Network 2011). Rather than retreating from urban and regional development, the state and provincial

governments formulated plans to promote a re-articulation of functions and reassert a more sophisticated structure in local economic governance (Wu and Yeh 2007).

Based on the previous plans, the regional planning could improve regional integration and inter-cooperation through three approaches. The first would be inputting macro-regional perspectives to local elites, helping officials think outside of the box of their small jurisdictions. The regional planning normally puts the planning region ahead of various cities and departments as its advantages are to look from a wider picture and in the long run. The second approach from the regional plan is releasing several preferential policies in various areas (financial, land, tax and human resources and so forth) to accelerate regional cooperation. The third method is clearer and more straightforward. In this case, regional planning will specifically direct or organize projects which need certain cooperation. Although not all of the above actions apply to every case, and the former two are more common than the third specified in the regional plan, the regional plan indeed played an important role in the formation of the inter-local governmental cooperation.

The initiation of regional plans is usually accompanied by inter-city cooperation within the regions. In this regard, this thesis hypothesises that the regional plans are helpful to the formation of inter-city cooperation.

Apart from the regional plans, other incentive policies are also worthy of attention. This thesis concentrates on two key incentive policies: financial incentive policies and performance evaluation policies.

As discussed earlier, without the stimulating policies, it is unlikely that many inter-local cooperative projects will develop. Fiscal policy is the most direct motivation. Under China's current tax sharing system, the distribution of administrative power and the hierarchical structure, there is a disequilibrium between the government's routine power and financial power. Actually, there

are few countries around the world which have completely matched local financial power to their local administrative power. A fiscal transfer from the superior government to the lower level governments is a common method that is applied extensively. The earlier argument demonstrates that China's tax sharing system has aggravated this disequilibrium. While the lower governments have more administrative responsibilities and more restricted fiscal capacity, the higher level governments are just the opposite. The administrative morphology also suggests that the lower level governments have less bargaining opportunities, and they have to depend on the higher level governments' fiscal distribution. For some local governments, the fiscal transfer from the higher level government has become an indispensable fiscal source.

Inter-local government cooperation may also produce more costs, which may include the cost of searching for local governments with cooperative intentions, the cost of selecting the best partners, the cost of information collection, the cost of negotiations, the cost of signing the agreements, the cost of the implementation and the inspection of the cooperative projects. In accordance with China's current fiscal situation, the local governments have to minimise their costs and maximise their output. Limited fiscal budget determines that in the case of regional cooperation, the local governments are reluctant to participate in the cooperation where disputes about expenditure sharing exist (Wang 2005). Nevertheless, if the superior government can provide the special funds to support the regional projects, the local governments are normally willing to strive for and accept the extra support to improve their infrastructure construction.

Furthermore, the evaluation measures over the regional projects may also be able to overcome the excessive competition and contribute to the formation of cooperation. During China's planned economic period, the superior governments assigned planned tasks to the subordinated governments and

carried out target management based on the mandatory plans. The subordinated governments' implementation results over the planned target were the main criteria for evaluating the local governments' performance. Along with the deepening of the market-oriented reform, the planned targets were mostly replaced by the indicators of the market performance, such as the growth rate, the employment rate, the fiscal revenue, the exportation and the foreign investment utilities. These indicators for a particular place are often compared to other places, and a change of economic rank is regarded as the most direct reflection of local performance. The evaluation body is mainly the superior government. The evaluation results are closely related to whether the main local leaders will be promoted, or not (Yang and He 2004).

The unilateral focus on the economic growth has brought adverse developmental implications. To overcome the imbalance among economic growth, environmental and social equality, ever since 2003, the fourth generation leadership led by Hu Jintao and Wen Jiabao decided to redefine the concept of development to maintain the balance in the economy and society. In 2003, the “theory of scientific development” (科学发展观) was formulated with an emphasis on the comprehensive, coordinated and sustainable development approach. And then at the Fourth Plenary Session of the 16th Central Committee of the CCP in 2004, the notion of the “harmonious society” (和谐社会) was put forward to highlight the importance of social equality. Therefore, government at all levels began to pay more attention to the education, health care, social security, environment protection, energy saving and emission reduction, safety production and other public service and social management functions. The single economic development indicator of local performance thus shifted to indicators of social comprehensive development. Some provincial governments even conducted a “One-vote negation system” to strengthen the local

governments' responsibility for the administrative functions, referring to social stability and to people's livelihoods (Wang 2005, 33).

Nevertheless, the performance evaluation mechanism under the pressure-type system is still organised in the top-down manner, and the strong externality and the regional public service requires regional governance or inter-local government cooperation in providing the public goods (Wang 2005). Therefore, the evaluation system in dealing with the comprehensive social public service indicators may impel the local governments to work together for the benefit of the regional goals. In particular, if the evaluation system clearly mentions the assigned tasks within a regional framework, regional cooperation is very likely to happen.

In short, the provincial evaluation over the prefecture and county-level governments' performance is an important tool to ensure that the provincial policies are carried out without fail. The evaluation subject, the evaluation indicators and the promotion system to a great extent impact the local governments' behaviour sets. Hence, a scientific design of the evaluation system may impose a positive influence on the local governments' joint work with others.

In short, it's very likely that supporting policies are also conducive to the formation of inter-local government cooperation.

c) Leading groups

As can be seen observed from the second section of this chapter, regional coordinated committees or IGA are substantial for regulating inter-local government relations (Hulst and Andre 2007). As for China, the regional coordinated committee usually takes the form of "small leading groups". The groups play a key role in formulating of inter-city cooperation in China.

It's argued that there are a number of non-institutionalised organisations in China's political system, and the "group" is one of those (Zhou 2010). As a special existence in China's party-government organisational system, group is a mysterious and effective organisational form maintaining China's hierarchical governance. "Small groups" of various kinds have been used from the central government down to the county level since the founding of the PRC (Miller 2008). Normally, the group is distinguished from the regular administrative organisations like ministers, bureaus, departments, divisions and other kinds, as it displays obvious structural, functional and attribute differences. In other words, the regular administrative units are set up formally to maintain proper functioning, while the political management activities are sometimes complex, fickle and unpredictable, so some sort of feasible, coordinated and temporary institutes (mainly groups) which are not listed in the governmental sequence are required to complement the rigid conventional system (Cheng and Li 2001).

Wu Xiaolin (2009) defines "group" as a sort of political organisational form which is neither a routinised political organisation nor a "group" in normal context. According to his definition, "groups" are usually established to solve some abrupt or major issues. By the establishment of the groups, the superior leader or department could centralize political resources, initiate a series of political activities, coordinate multiple subordinate departments or lead cross-sector or trans-boundary participants. In this sense, the groups in China are similar to the IGAs in previous discussion.

Take a step further, the leading groups embody four main characteristics in their functioning process. The first is that the group presents a high-density political leadership structure because, by and large, the constituents of the groups are normally the top leaders of each department. Regarding their functioning process, the group politics show a dynamic process of power usage based on the power concentration and power output. Normally, the group office is the power

hub. Where the group office sits, the department's top leader in general acts as the head, and the department takes charge of the routine work and charge of the coordination tasks as well. Secondly, the group politics depend on the task-oriented, and temporary political units, so their life cycle is limited. Next, the groups feature political strategic leading at a macro level. The role of the groups lies in leading, but not management, so the groups make the strategies and initiate the reform but do not make specific plans to maintain the operation. Finally, the joint groups of the party and the government are designed to preserve the leadership of the party. This is because the heads of the groups are always the top leaders of the party, while the leaders of the administrative departments at the same level normally hold lower positions in the group. Then the leadership of the party is consolidated by the party leader's dominating role in group governance. Therefore, group politics actually carry a big weight in maintaining China's authoritarian hierarchical governance.

In practice, the Communist Party and the State Council have long used "leading group" or "small groups" to deal with a broad range of issues. In the early 1950s, for example, the Party Central Committee formed a five-person group at first and then a 10-person small group to guide the 1955 campaign to suppress counter revolutionaries (Zeng 2014). The most infamous "small group" was perhaps the Central Committee Cultural Revolution Small Group, established in May 1966 under the direction of first Chen Boda and later Mao's wife, Jiang Qing. In the throes of the Cultural Revolution in 1966–67, this small group even displaced the Politburo Standing Committee itself and paralysed the regular administrative organs. In the Post-Mao era, the national political governance and administration order gradually got back on track, and divisional management also moved back to legalisation and standardisation. In the meanwhile, however, the work procedures in the formal sector very often divide administrative process into several different segments. Therefore, a systematic

problem usually needs multiple departments, and more than one professional enforcement unit to coordinate their behaviour and work together. Furthermore, sometimes a number of sudden events and accidental problems also go beyond the existing arrangements of the functional departments, hence they need to be handled by corresponding temporary organisations. Groups scattered at different scales then could effectively improve the efficiency of the policies and the strength of the enforcement.

China's new generation of leadership values the tradition of group governance and has established five new leading groups since they come into power. For instance, the Leading Group for Financial and Economic Affairs, the Central Leading Group for Comprehensively Deepening Reforms, the Central Leading Group on the Network Security and Information, the Leading Group for Deepening Reform on National Defence, and the Drafting Group for the suggestions on the 13th Five Year Plan have been established consecutively by the Political Bureau of the CPC Central Committee since Dec. 2013, and Xi Jinping himself acts as the head of all these groups to show the CPC's key emphasis in work. Therefore, "group governance" still constitutes a significant feature of China's authoritarian party governance system. Besides the groups in the party system, the government system also contains similar groups for the administration processes. Likewise, the groups in the government system can also be classified as central level groups and local level groups. At the local level, some are the offshoots of the central level groups, so they are responsible for the tasks distributed from the top. While others are locally based and set up according to their own needs (Zhou 2009, 50-51). Some of the later ones contain some regional coordinated organisations directed against some potential cooperation issues.

As can be seen, leading groups help to maintain China's authoritarian hierarchical governance, and so for the region governance. In the regional

governance area, because the local governments and the sectors lie at the same level and enjoy the same administrative authority, there is no authority for one government or sector over another. Hence when the temporary work occurs beyond the routine work of the regular functional department, as a “special plate”, a group will be established accordingly to solve the problem effectively and efficiently without adding another layer. The regional coordinated groups or leading groups could eliminate the distrust issues through institutionalised information communication and negotiation. Besides, they could also centralize various resources, initiate a series of specific projects, mediate in the dispute among different subordinate units and assure project to go on smoothly.

We can take the Jing-Jin-Ji regional cooperation as an example to examine how groups work. The State Council established a Jing-Jin-Ji Synergic development leading group in 2014 and the member of the Standing Committee of the Political Bureau and Vice Premier of the State Council, Zhang Gaoli, served as the head. Correspondingly, Beijing, Hebei and Tianjin all established their own synergic development leading group within their jurisdictions to enforce the coordination, supervision, public opinion guide and other work (China News 12-08-2014). Besides, functional departments also need to set up corresponding groups to take charge of specific work. For instance, in 2014 the State Administration of Taxation announced “the tax work leading group for Jing-Jin-Ji coordinated development” (China 29-07-2014) was established. Such a group was established to organise, guide and coordinate the tax policy in the Jing-Jin-Ji area, arrange the collection and management measures, provide tax services, improve information sharing, conduct dispute processing and other major issues.

In this dissertation, it is assumed that the existence of the leading groups are very beneficial to the formation of inter-local governmental cooperation. The higher the grade is, the easier cities will form cooperation.

The normative and cognitive institutions

a) The provincial government's support

As Chong (1991) and Olson (1971) argues, a strong leader can play a coordinating role which is often required to overcome collective-action problems. Therefore, cooperation with a strong leader is usually more effective. Wang (2005) asserts that because the systematicness of inter-local government cooperation in China is relatively low, and there is no institutionalised decisive mechanism, it can be predicted that China's inter-local government cooperation is mostly promoted by the top leaders.

In China, the local governments' administrative function depends on the authorisation of state power or the central government, as the local governments are all embranchments of the central government. The constitution stipulates that the local people's governments at various levels throughout the country are administrative organs under the unified leadership of the State Council and are subordinate to it. Because of the existence of China's multi-layer local governments, the local governments' functions are deployed in a hierarchical manner. The higher level governments confer local governments certain functions through the making and remedying of laws and regulations, and the issuing of public policies. Normally, after the provincial policy, local governments' policy suggestions are subsequently issued.

Luo Xiaolong and Shen Jianfa (2008) investigate the formation of the Suzhou–Wuxi–Changzhou city-region and Jiangyin Economic Development Zone in Jingjiang and address the role of the administrative power of higher-level governments in formulating a working relationship among their subordinate cities. Wang Dianli (2013) finds that in Shandong, where the cooperation happens within the provincial boundary, inter-city cooperation usually take the top-down manner. The initiation of inter-city cooperation normally stems from the provincial government's policy intention, unit arrangement and promotion.

Therefore, Shandong Provincial government is the biggest driving force for cities in the intention of cooperation and building cooperative mechanism.

Based on the currently prevalent “city-region” oriented development strategy, the provincial government’s intervention or leadership normally reflects on the proposal of regional plans. It is clear that the regional plan is an instrument document of the provincial government to guide regional development and enhance regional competitiveness under the circumstance of intensifying urban competition. The regional plans’ objective generally embodies the provincial government’s intention such as making use of the dominant role of the region for regional economic development; alleviating problems of serious urban competition and to enhance urban and regional competitiveness; improving the relationship between cities and achieving a win-win situation, and enhancing regional competitiveness in response to challenges of economic globalisation and China’s WTO accession (Jiangsu Construction Commission and Jiangsu Urban and Rural Planning Institute 2002).

Other forms include leading groups, coordinated meetings and so forth. Apart from the leading groups, which were discussed in detail in the last section, the coordinated meeting organized by the superior government is another tool to help form cooperation. In general, after the issue of the regional plans or policies, the leading groups or the higher level governments hold a joint meeting on the spot to deal with various matters concerned with inter-local government cooperation. The meetings or forums can contribute to the generation of some general ideas for cooperation, such as jointly developing a project and coordinating the plans for development of two cities, and developing an institutionalised information exchange from the irregular and informal approach and moving it to a regular and formal approach.

Therefore, support from the provincial government is favourable to the formation and the implementation of inter-local government cooperation.

b) Local governments' subjective factors: their administrative norms, habits and concepts in cooperation

Richard Scott (1992, 117-118), a sociological institutionalist, explains that "organizations are open systems strongly influenced by their environments.....many of the most fateful forces are not the result of rational pressures for more effective performance but of social and cultural pressures to conform to conventional beliefs". Selznick (1996) insists organisations are highly sensitive to the cultural environments within which they live. In other words, the new sociological institutionalism highlights the role of the belief systems in shaping and determining the organisational form and action (Meyer and Rowan 1977). This rationale of institutionalism in sociology also applies to political organizations. In the cases of inter-city cooperation, we can claim that some administrative habits and conventional beliefs determine actors' behaviour standards, and then it further forms the feasibility and rationality of joint cooperation in the decision-makers' mind. Therefore, in China, where officials can interfere in economic affairs more than democratic states in some other countries, it is worthwhile to explore how local officials' ideas or conception systems in relation to inter-governmental relationships have been developed.

Apart from the hierarchical administrative norms embedded in the hierarchical governmental system, which is elaborated on earlier, cadre's selfishness characterised by "local protectionism", "egocentric development policies" and a "hostile attitude to their periphery" have worsened the competitive inter-local governmental relationship and caused regional fragmentation (Ran and Dong 2003, 39). The deep-rooted "selfishness" is primarily influenced by China's ancient Confucian doctrine and current political incentive mechanisms, and it dominates officials' behaviour in dealing with inter-governmental relations.

Selfishness is an ordinary phenomenon in bureaucracies all over the world. Yet in China, local officials' selfishness is strengthened by China's cultural heritage

and the current cadre's promotion system. Firstly, China has by no means been a "ruled by law" society for a long time, rather it is a "ruled by rite" society. Chinese society is consolidated into a thorough "patrimonial state" (Weber 2010). And the bureaucracy originally derived from patrimonialism is the dominant character from the top to the bottom. In other words, the emperor is the father or the owner of the state, and so the governor acts like the father or the owner of a certain place. "Take up one tenure of office, benefit one local" (为官一任, 造福一方) becomes the cultural norms when they enter political stratum (Li and Ye 2006, 81). Even though Chinese people do not believe that they are the subjects of the emperor anymore, the mayors still consider themselves to be parent-like officials (父母官). This statement or this title literally describes the essential relationship between the governor and the citizens. The officials still believe that they are the owners of the locals and they shoulder some kind of non-public responsibility, which is not like the one between the elected and the electors. At the same time, they treat their jurisdictions as their own private lands and never allow others to intervene (Ran and Dong 2003).

In China's long historical practice, selfishness has always existed ever since Qin established a unified empire. The extreme cases, such as, the royal separatism in Xi Han dynasty; the military governor's splittism in the late Tang Dynasty; or the warlordism during the republican era, indicate from time to time that the local selfishness may even challenge China's unification (Wan 1987, 65). Currently, in China, the vested interest groups have reinforced this doctrine and the hierarchical administrative norm through "lock-in", "positive feedback", and "imprinting" (Sydow et al. 2009, 690). Selfishness conceived from patrimonialism and the hierarchical administrative habit have been consolidated through more than two thousand years' of repeated exercises and the inheritance from China's post-socialist society.

Secondly, the cadres' promotion system which is embedded in China's political institutions is the other reason for the selfish attitude of those who hold certain positions. Since the beginning of the 1980s, China has been emphasising the development and the performance of local economy to serve as the selection and promotion standards for the cadres. Therefore, the already fierce and excessive competition in the economic field has spread to officialdom, although the promotion standard altered a little later. Local officials who have the same administrative ranks, no matter which, are all players of a "political tournament" (Zhou 2008; Zhou 2009; Liu 2008). If they want to get promoted, they have to win in the current round of competition. If they failed to surpass any other competitors, they lose their promotion prospects as the quota of vacancies is limited. Therefore, the local officials are faced with a "zero sum game". Someone's promotion signifies the others' loss of opportunities. Win-win cooperation in officialdom is not easy to achieve similar to the economic world. Hence this institutional arrangement also encourages officials' selfishness. As we mentioned in chapter one, the awkward position of Zhangjiagang is a valid example of the local officials' "selfishness".

Nevertheless, this kind of promotion system, China's hierarchical administrative structure and the embedded hierarchical administrative norm indicates that the superior support ought to play a crucial role in the formation and the effectiveness of inter-city cooperation. Although city cadres are selfish and not inclined to be involved in the cooperative arrangements which normally requires compromise, China's bureaucracy determines that if there is top support, inter-city cooperation might be established to carry out the superior intention. So, the provincial leaders' cognition about cooperation should be a key link.

Similarly, if the officials realized the appropriateness and necessity of cooperation they might turn to the option of cooperation. For instance, the cities

involved in the Xiaoqing River's pollution governance have all realised the importance of a clean environment. From their past governance experience they understand that it is only through cooperation that they will be able to solve their regional pollution. They are aware that the pollution governance action needs coordination under a wider framework. Nevertheless, they do not have power over each other and their administrative norms have impelled them to introduce the provincial intervention. Even superior intervention is needed, we can still claim that when the local officials change their negative views over cooperation, fewer obstacles will be in the way of cooperation.

It can be concluded that the officials' selfishness is not conducive to cooperation with others. Even so, they follow the hierarchical administrative norms, so if there is superior support, cooperation is very likely to happen. In the meanwhile, if the local officials change their negative view and attitude toward cooperation, cooperation should be easier to be formed.

Summary

To briefly sort through the theories on the motivations for inter-local governmental cooperation, this thesis summarizes that the rational man-oriented paradigm and institution-oriented paradigm are the two mainstream paradigms that are applied to analyse the urban actors' motivations. The rational man-oriented paradigm asserts that the local government units act like an "economic man" and pursue their subjectively-defined ends optimally. Therefore their collective action is based on the calculations or furtherance of the common interests of the groups and the individuals. On the other hand, the institution-oriented paradigm, especially sociological institutionalism, considers a more complex environment, which includes the formal structure (rules and laws) and

the informal constraints (norms, identities and conventions). The logic of consequentiality in the rational man-oriented paradigm cannot explain the various results of cooperation. Therefore, the institution-oriented paradigm which addresses a more complex interpreting structure is deemed as a more proper theoretical framework.

In the case of China, Lieberthal and Oksenberg (1988) claim that China's inter-agency or inter-local governmental relations under the circumstance of fragmented authoritarianism are driven by competition. In spite of this, some cases indicate that cooperation can be achieved. Based on an investigation of the theory and the screening for variables, firstly, this thesis assumes the legal framework may exert some influence on inter-local government cooperation. Secondly, the regional planning inherited from state socialism may also have an impact on inter-local government cooperation through the intervention from the central and the provincial government. Normally, regional planning exerts an influence on inter-local governmental relations by inputting regional perspectives into local decision-makers, releasing several preferential policies in various areas (financial, land, tax and human resources and so forth) and creating a platform for certain cities to join in mutually beneficial cooperation. Certain incentive policies may also be able to drive inter-local government cooperation by supplying a package of reward and punishment rules. In addition, the "leading group" also plays an important role in forming China's inter-local government cooperation. If cross-boundary issues occur beyond the routine work of the regular functional departments, a group will be established to solve the problem effectively and efficiently without adding another layer.

What's more, the provincial leaders and the local officials' subjective factors should not be neglected. Local officials' selfishness is not conducive to initiate the intention of cooperation with others because of the local protection behaviours, egocentric development policy and hostile attitude to their

periphery. However, the hierarchical administrative norm and the provincial leaders may facilitate the establishment and implementation of cooperation. At the same time, local officials' cultural cognition might also contribute to the construction process of inter-city cooperation. It means if they recognise the necessity of forming regional cooperation, cooperation should be easier.

Chapter 3: Weishan Lake Tourism Cooperation

China is entering into a low carbon and consuming-oriented era, and developing tourism industry began to attract high attention from Chinese Leaders. In November 2009, Prime Minister, Wen Jiabao, chaired an executive meeting of the State Council and principally approved “The Suggestions about Speeding up Tourism Development” (Xinhua Online 25-11-2009b). The “Suggestions” put forward that the basic objective of developing tourism was cultivating it into China’s national strategic pillar industry. For the first time, the tourism industry was positioned by the State Council as a national strategic pillar industry. At the same time, China also encouraged expanding domestic demand; a low carbon economy; bidding for and hosting international events; paid leave; transportation construction and other initiatives, which further impelled Chinese tourism development to step into a rapid development period. As a modern service industry, tourism development could satisfy more people’s needs. Nowadays, the tourism industry has become a new highlight for investment, a popular consumption choice and a national economic growth engine after the real estate and investment era.

Under this background local governments began to exploit local tourism resources to promote local economic development. Consequently, in some places, the tourism resources have been exploited too extensively, and low level duplicated construction and imitation has caused excessive and vicious competition among some scenic spots in the region. Mostly, the duplicated scenic spots are of a small scale, lack additional investment and matching service function. The high operating costs and competition has weakened the competitive capacity of the regional tourism industry (Yan 2005). The tourism development at Weishan Lake is a good example of disordered tourism

competition. It also embodies a hostile inter-local governmental relationship which needs coordination.

This chapter briefly points out the reasons for, or the rationality of tourism integration in the Weishan Lake area. After descriptions of the necessity for regional tourism coordination and inter-city cooperation, the second section outlines the tourism development status quo of Weishan Lake, which is at present fragmented and disordered. The next section explains the main factors which cause the competing tourism market and the non-cooperative inter-city relations.

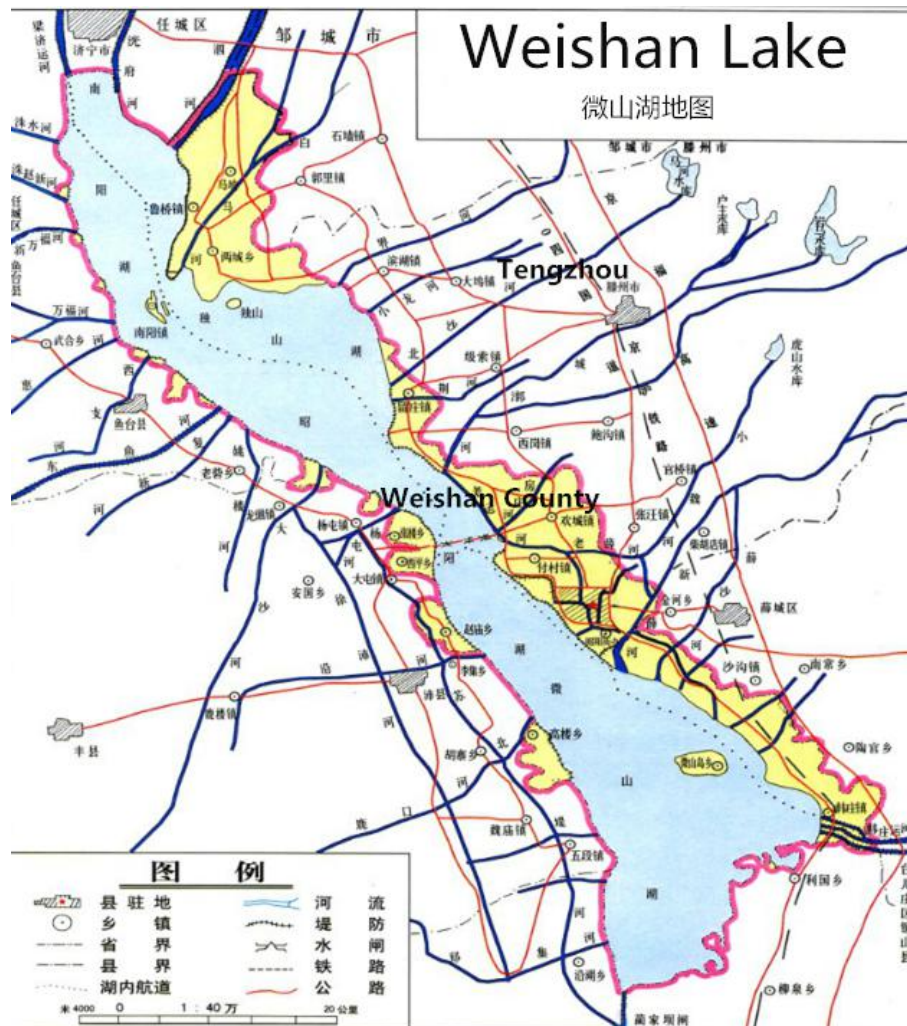
The Homogeneity of Tourism Resources in Weishan Lake

The Weishan Lake is mainly located in the prefecture-level city Jining and consists of four lakes including: Weishan, Shaoyang, Dushan and Nanyang¹. Weishan Lake is a long and narrow lake, stretching 230 kilometres from north to south and, at the widest, reaching 27.6 kilometres from east to west. It covers 2100 square kilometres, which makes it the biggest freshwater lake in the northern part of China. In 1953, in order to facilitate managing the spacious lake, the State Council approved the establishment of Weishan County under the jurisdiction of Jining City. In spite of the newly established Weishan, several other cities are also geographically adjacent to the lake, such like Tengzhou subordinated to Zaozhuang, Yutai, Peixian, Xuzhu and the Rengcheng District subordinated to Jining. Multiple cities have become involved in the tourism

¹ The lake's official name is Nansi Lake, which means the four south lakes. Because Weishan Lake is much bigger than the other three, Nansi Lake is also called Weishan Lake customarily. This thesis calls the lake Weishan Lake on account of it being better able to show the focus of the competition.

resources development associated with Weishan Lake, and the competition between Weishan and Tengzhou is the most compelling.

Map 1: Weishan Lake



Source: “Weishan Year book: 2004-2005” .

Weishan Lake has five main categories of tourism resources. The first is its natural tourism resources. Because the lake contains more than 2 billion cubic meters of qualified freshwater, and 78 kinds of fish, 74 varieties of birds and 87 species of aquatic plants, it has been called the “Hometown of Chinese

Sheldrake”, the “Hometown of Ophicephalus Argus”, and the “City of Lotus”. During the summer time, the 10000 mu¹ of lotus flowers in bloom is a very spectacular sight.

Its historic and cultural tourism resources are also well known all around the mainland of China. For example, the name of Weishan is derived from Weizi, who was an older brother of King Shangzhou during the late period of the Shang Dynasty. After Weizi died, he was buried on Weishan Island. Another representative figure is the famous minister Zhangliang. Zhang assisted Liu Bang to establish the Han Dynasty and he was known to “devise strategies within a command tent, and win the battles a thousand miles away” (运筹帷幄之中, 决胜千里之外). After the establishment of the new Han Empire, he retired spontaneously to avoid the Emperor “burning the bridge after crossing it”. He spent the rest of his life in Ancient Liu State as Marquis Liu. Although the ancient state had already sunk under the lake, his tomb was rebuilt and, a cultural park, temple and a collection of stelae were also constructed to form a new attractive scenery spot in this area. Apart from these two representative persons, there are also other attractions, including a Fuxi Temple, a Fanzhongzi Temple, the tombs of the classic love story characters - Liang Shanbo and Zhu Yingtai, the graves from the Han Dynasty, and portrait stone inscriptions.

In addition to Weishan Lake’s abundant historic heritage, in modern China, Weishan Lake was an important revolutionary front for partisan troops such as the railway partisan, Weihu’s guerrilla squad and the Great Canal guerrilla squad during the anti-Japanese War period (1937-1945). They once convoyed important leaders of Chinese Communist Party Liu Shaoqi and Chen Yi safely across the lake. Thus the memorial park has become a revered red tourism attraction, especially after the TV series broadcasts about their braveness in resisting Japanese aggression in the 1940s.

1 Mu is a unit of measurement used in China. 1 mu is equal to 666.66666667 square meter.

The ecological tourism resource is Weishan Lake's another distinctive feature. In the 1980s, the concept of wetland eco-tourism was introduced to China and has become increasingly popular. Weishan Lake has the Great Canal flowing through it and several islands are dotted throughout its spacious water surface. Its intact structure makes it the most unique macrophytic lake in Asia. Its ecosystem of wetlands, farmland and woodland creates great prospects for eco-tourism exploitation.

What's more, the folk custom tourism resources are quite entertaining as well. The fishermen have lived by fishing for generations. They live on the boats and eat on the boats, so their daily life largely depends on the lake. The fishermen are organised into groups to help each other. The fishermen's wedding ceremonies are held on the boat normally, with their traditional operatic art, Suona Horn, played during the wedding. Some of their handicrafts such as tiger-head shoes, and tiger-head loops, are made to dress their infants so that they can grow stronger. Because of their very distinctive life taboos, several sets of folk custom tourism products attract more and more travellers from the cities.

In facing the enormous potential for tourism development, the cities around the lake began to utilize the lake's great economic value and position to develop tourism as their key developmental orientation. Nevertheless, the tourism resources among the different cities that border the lake have strong homogeneity. Without communication and coordination, the exploitation of tourism resources brings blind competition, a reckless initiation of tourism projects and a great waste of investment. The most representative example of this is the tourism competition between Tengzhou and Weishan.

Table 5: Comparing the tourism resources of Weishan and Tengzhou

Tourism resources	Weishan	Tengzhou

Natural tourism resources	Locus Park, Great Canal, Reed Marshes, Weishan Lake, Dushan Island	Red locus, Dushan Lake, Mount Lianqing, Hot Spring Resort, Mount Long, Mount Lingquan
Historical and cultural tourism resources	Nanyang Ancient Town, Huji Money Shop, Weizi Cultural Park, Fuxi Tomb, Zhongzi Temple, Muyi Tomb, the Mosque, Ye Zhiyuan Gallary	Mozi Memorial, Luban Memorial, Han Portrait Stones Museum, Ancient City of Teng, Wang Xuezhong Gallary, Mo Inkstone Museum, Hongshankou Resort, Weishan Lake Ancient Town
Red tourism resources	Railway Guerrilla Memorial, Anti-Japanese Heroes Monument	Southern Shandong Anti-Japanese Uprising Memorial
Ecological tourism resource	Weishan Lake National Wetland Park, Lushan Forest	Binhu Wetland Park, Mount Shan Forest, Jinghe Ecological Cultural Corridor
Folk custom tourism resources	Folklore Museum, Paper-cutting Museum, Water Front Street, Fishing Village, Han Village, Xia Town, Huan County, Nnayang Temple Fair	Lianqingshan Rural tour, Pear Village, Dazong Village, the Southern Shandong Flower World

Source: Weishan Tourism Bureau (<http://www.wsh.gov.cn/list.aspx?page=3&cid=7>) and Tengzhou Government Online (http://ly.tengzhou.gov.cn/lyjd/index_4.htm).

As can be seen from the above table, a wide range of tourism resources in Tengzhou and Weishan are highly homogeneous. The two cities both have abundant natural, historical, ecological and folk custom tourism resources because of their geographical proximity. Their similar market strategy, market positioning and comprehensive development levels has led to an inferior regional tourism competitive capacity (Beijing Turenscape 2008). It's

noteworthy that as the tourism resources in China are generally owned by the country and managed by related local governmental departments, the integration of the tourism resources essentially involves the coordination of the local governments.

As a matter of fact, scholars have been advocating tourism integration between Weishan and Tengzhou since tourism cooperation seems to be able to bring more benefits. Some scholars claim that cross-border cooperation can promote tourist destinations as a whole and create travel corridors with complementary resources. Hence it can attract more tourist arrivals to such connected and diverse destinations (Grundy-Warr and Martin 2001). Some argue that the joint building of a tourism brand, matching products, expanding markets and opening tourism routes can allow each city to take their advantages and also increase their strength as a group (Shen 2016). Hence, to integrate the tourism resources and achieve cooperation over the tourism development between Tengzhou and Weishan has become a ponderable attempt.

This chapter focuses on a detailed analysis of Weishan and Tengzhou's competing initiatives including the construction of the wetland parks and ancient towns, their marketing policies and trademark lawsuits. Then it reveals the reasons for the regional tourism competition and the factors that cause the failure of Weishan and Tengzhou's cooperative trials.

The tourism development status in the Weishan Lake area

The rise of Tengzhou's tourism

Tengzhou, a county level city subordinated to Zaozhuang, is contiguous to the northeast corner of Weishan Lake (or Dushan Lake, one of the four lakes composing Weishan Lake). As a traffic hub, Tengzhou has the Jinghu Railway,

the Jingfu Expressway, the 104 National Highway, the New Jinghu High Speed Rail and the Grand Canal passing through, so it has been called “city of thoroughfare” (九省通衢). Because it also had rich coal resources, Tengzhou was listed by the Ministry of Coal Industry and the State Development Planning Commission as a national key coal development base. Therefore, it has convenient transportation, resource superiority plus its cheap labour advantage, as Tengzhou is the “most populous county-level city” in Shandong (Tengzhou Government 07-08-2014), Tengzhou’s economy is far ahead of other cities in South West Shandong. Tengzhou, Longkou (subordinated to Yantai) and Jimo (subordinated to Qingdao) are referred to as the “three troikas” that lead Shandong’s county economy (Zaozhuang News 05-11-2014).

However, in the late 20th century, after about a hundred years of exploitation, Tengzhou’s coal resource showed signs of depletion. Considering its comparatively higher consumption capacity, the city government began taking tourism development into account in order to accomplish an economic structural transformation.

With 30 kilometres of lake-shoreline, Tengzhou has more than 100,000 mu’s of red lotus. The broad-distributing red lotus was noticed by the city government above all. In 2001, Tengzhou made the “Overall Plan of Weishan Lake Wetland Red Lotus Tourism Area” (Beijing Turenscape 2008) to exploit Weishan Lake, and confirmed the wetland red lotus as the dominant resource for Tengzhou’s tourism industry.

Besides the red lotus, Tengzhou was also very reformative in exploiting Weishan Lake’s other tourism resources. From 2002, the Tengzhou Party Committee and government had been inviting experts in the field of wetland conservation to Tengzhou for investigation (Beijing Turenscape 2008). The experts all suggested building a wetland natural ecological conservation area to manage and protect the wetland. From this moment forth, the policy makers in

Tengzhou were much clearer about the wetland's ecological value and economic value, and determined to devote great effort to wetland tourism. For this reason, Tengzhou's government gave a high priority to the exploitation of the wetland and ecological tourism.

In 2005, the Tengzhou government began to make the "The Master Plan of Tengzhou City (2006-2020)" which set the goal of "Building Tengzhou into a garden type, ecological and modern tourism city covering the Southwest Shandong province". In August 2006, Shandong's first wetland park, The Binhu Wetland Park, opened to the public as a constituent part of the Tengzhou Weishan Lake Wetland Red Lotus Tourism Area. Since then, the Tengzhou government has strengthened the exploitation and protection of the wetland, especially when the national South-to-North water transfer project came into operation. Based on persistent investment and proper planning, the park was awarded AAAA national scenic areas in 2008 by the National Tourism Bureau. In the same year, it was recognized as an "Environmental Educational Base" by the Shandong Provincial Environment Protection Bureau. After years of operation, Tengzhou had developed the lowland fields near the small town of Binhu into the biggest, and most original natural lake wetland in eastern China (Beijing Turenscape 2008).

Tengzhou's wetland park achieved a big success in the first few years. The local government staff believes that "Weishan Lake Wetland become well known to the tourists largely because of Tengzhou's innovative spirit and hard efforts in the construction of the park and marketing" (Interview 12).

From 2004, Tengzhou began to hold festivals to boost Weishan Lake, the Binhu Wetland and the red lotus. For the first Wetland Red Lotus Festival, the astronaut hero Yang Liwei was invited to the festival as Tengzhou is his hometown. Since the second festival ceremony in 2005, Tengzhou began to invite well-known singers, TV stars and hosts to perform in the opening

ceremony. This promotion has proven to be very effective to attract tourists and the shows totally steal the thunder of Weishan. The arrival of the stars brought great influential force, which meant more and more people began to know about Tengzhou, the wetland and their red lotus. The Wealth Forum, the Urban Economic Society of China and Xinhua Online called it one of the 30 most influential festivals after the reform and opening up (Tengzhou Government 07-08-2014).

Weishan's stagnation in tourism development

However, there is a different scenario for Weishan County. While Weishan also has rich coal resources, compared to Tengzhou, Weishan has continued to be heavily dependent on its coal (China Weishan Lake Blog, 02-04-2009). In the 1980s, the tourism industry in Weishan Lake was still at a very preliminary stage, and the Weishan government had no clear knowledge about the elements of tourism. Nanyang Ancient Town, Weishan Island, and the lotus marsh remain their primary products. They believed that developing tourism was to construct tourism attractions and build the roads, so they put forward the development thought of “build the tomb, repair the road” (Dazhong 17-01-2014). In 1987, the Shandong government approved the lake as a scenic spot, and then the county embarked on the development of Weishan Island where the tombs of Weizi, Muye and Zhang Liang are located. Nevertheless, at this time, the scenic spots in Weishan county were low-level tourism products, and the fundamental infrastructure there was too poor to serve the tourists.

The preliminary development of tourism in Weishan started in the early 1990s. In 1992, the County Tourism Bureau was established to conduct scenic spot planning, tourism marketing and product management. The local government also released a series of local regulations on strengthening tourism management, including “Interim Provisions on Strengthening the Tourism Industrial

Management” (1994), “Notice of Strengthening Tourism Management”(1999), and “Regulations on Strengthening the Tourism Industrial Management”(2000). Since the new millennium, China’s economy and the country’s renewal of thinking has changed local governors’ perception of tourism and brought unprecedented opportunities to Weishan’s tourism development. In 2000, “The Development Plan for Weishan Tourism” was issued. The local government also issued the “Decision about Quickening the Tourism Development” in 2002 and allocated one percent of its county financial fund as the guiding fund for tourism development. Tourism administrative stations were set up and new tourism exploitation companies were authorized to develop and repair the scenic spots. In 2003, the Shenzhen Hongda Wood Industry Co., Ltd and Qufu Shengping Construction Ltd. participated in Weishan’s tourism development and construction. Apart from repairing the historical resorts, the two companies also got permits to build a new lotus park. After years of exploitation, the number of landscape spots in Weishan County have continuously increased, which include Weishan Island, the Railway Guerrilla Memorial, Weizi Tomb, Zhangliang Tomb, Lotus Marsh, Fuxi Temple, Zhongzi Temple and other attractions (Zhang 2007, 17).

Nevertheless, at this time, Weishan’s tourism exploitation was relatively backward. It was far behind its surrounding cities even those which developed tourism later than Weishan. The Weishan Lake, Ai Lake, Dushan Island, the Weishan Island were managed as key scenic spots by separate management stations. The un-coordinated management, low speed of development and low quality of construction problems impeded the tourism development in Weishan County. In 2005, to solve the management dilemma, the County Party Committee and the county government carried out a reformation of the tourism management system for Weishan Island. The administrative stations were abolished, and were replaced by a new united resort management committee

which worked together with the Town Party Committee and government (Zhang 2007). Moreover, some cadres who had a keen interest in tourism devoted a great deal of effort in studying the county's tourism development status and concluded that their theory about tourism development was extremely outdated (Dazhong 17-01-2014).

The year 2007 was a watershed year for Weishan County's tourism development. Inspired by the achievements of other cities' tourism industry and stimulated by the traditional coal industry's decline, the Weishan Party Committee put forward the target of "developing the tourism to strengthen the county". They developed the knowledge about tourism by freeing themselves from the old ideas of "small tourism", and replacing it with "big tourism, big market, big industry and big pattern". The county government set up a Construction Headquarters for some key tourism projects, aiming to build the county into an "Economically strong county, tourism known county and waterfront new city" (Dazhong 17-01-2014). It symbolised the county's decision to cultivate the tourism industry into the county's pillar industry. Straight after that, the Tourism Bureau entrusted the Shandong Tourism Planning and Design Institute to develop "The Overall Plan for Weishan County's Tourism Development", which combined all of Weishan's important scenic spots. The plan divided the Weishan Lake into "two main areas" (Dazhong 24-08-2008) (see Map 2). The southern part centred on Weishan Island (including the Railway Guerrilla Memorial, the Weizi Tomb, and the Zhangliang Tomb), radiating to the wetlands and the fishing village. Great importance was attached to the wetland in this area. The objective of developing this area was set to be red tourism and leisure tourism, while the northern area focused on the "canal-ancient town". In 2008, Weishan issued "Several Suggestions about Quickening the Tourism Development", mentioning that the government would invest 0.1 billion RMB as the tourism development fund,

and even provide ten thousand RMB as an award to those travel agencies that received certain numbers of tourists (Zaozhuang News Aug-22-2011). Since then the tourism in Weishan County has entered a stage of large investment, big scale construction and high development.

Map 2: Weishan County's main scenic spots



Source: The Overall Plan of Weishan County's Tourism Development

Having witnessed Tengzhou's successful experience, and embracing a more spacious water area, the wetlands park became the investment priority for the Weishan county government. In 2008, the county government delegated Shanghai-EDAW to design the "The Landscape Design for Weishan Lake Wetland Park". The conceptual planning area for the wetlands was 100000 mu, with 10500 mu's construction area, 6000 mu's land area and 4500 mu's water

area. The first-stage project was predicted to start in 2010, with the initial budget of about 260 million RMB. And “the overall budget was estimated to be 2 billion RMB” (Jining News 10-08-2009).

Weishan County also realised the significance of the tourism brand, so they sought to recapture the “Weishan Lake” brand with a variety of advertisements. For example, they kept holding their “Weishan Lake Lotus Festival”, the “Charming Weishan Lake – International Photography Competition”, and organising the “Introduction and Promotion Shows” with the theme of “Weishan Lake Travel” in its main tourist market destinations. They also had a number of billboards on the buses and in the parking lots which started to get Weishan County’s name out in Jinan, the capital city of Shandong. The above efforts intensified the competition with Tengzhou.

Faced with the increasingly fierce competition and threat from Weishan County, Tengzhou was not happy and complained that Weishan County’s actions are imitations of Tengzhou. As a vice mayor in Tengzhou puts it, “they should not follow every step that we take; they developed their wetlands park after ours; they also held festivals when they saw ours was a big success, although they have abundant other tourism resources that are very promising” (Interview 13). In the meantime, the Shandong Province also noticed the competition between the two cities and attempted to coordinate them (Zaozhuang News 22-08-2011).

2008 -2014: Cooperation? Or more competition?

In 2008, an expert from Shandong Provincial Tourism Development Research Centre stated that it’s a worrying phenomenon that multiple local governments are competing over the regional tourism resources. He argued that Weishan County and Tengzhou should build the concept of “Big Weishan Lake”, and jointly push forward the tourism development in the Weishan Lake region

(Zaozhuang News 22-08-2011). In the same year, the then vice provincial governor, Cai Limin, and the director of the Tourism Bureau, Yu Chong, arrived in Tengzhou to investigate Weishan Lake tourism and suggested making a unified tourism plan for the whole of Weishan Lake. They stated that the two cities should have “unified travelling routes, tour guide services, construction of scenic spots, ticket sales and transportation” (Tourism Intersection 25-01-2008). Based on this investigation tour, the Shandong Provincial Tourism Bureau (SDPTB) convened a conference involving Weishan County and Tengzhou City to discuss their common tourism planning issues. The SDPTB even delegated the Shandong Tourism Planning and Design Institute to work out “The Overall Scheme for Weishan Lake Tourism Development”.

As a matter of fact, there was indeed some feasibility for the two cities to cooperate. For instance, in the north part of Weishan Lake, Tengzhou’s Wetland Red Lotus Scenic Spot can extend to Weishan County’s Dushan Island and Nanyang Ancient Town. The relative closeness, the unique attributes of the three, the regional heterogeneity plus Tengzhou’s fine infrastructure can create a two-day tourism route. This tourism route can perfectly combine Tengzhou’s leisure travel with Weishan County’s cultural scenery spots.

In spite of this, two cities were indifferent to SDPTB’s coordination. Both of the cities had embarked on vigorous construction and promotion activities.

On Tengzhou’s side, apart from continuing the construction of fundamental infrastructure, it had further stepped up its publicity effort. In terms of its wetland red lotus festival, Tengzhou kept on inviting celebrities to show up on the stage to attract more attention. They also cooperated with Chinese Central Television to broadcast Tengzhou’s name nationwide. The big variety shows included “The Chinese Sentiment” (中华情), “Happy Chinese Tour” (欢乐中国行) and “Liulaogen Big Stage” (刘老根大舞台) (Bulletin of Shandong Service Industry 2012) managed to expand its market and increase its reputation rapidly.

In addition to the variety show at the festivals, the city leaders also brought officers from the tourism attractions and the principals of the travel agencies to these tourist market destinations every year to hold tourism introduction and promotion shows. Journalists from China's central, provincial and local media were invited for a tour of Tengzhou so they could produce reports on its tourism products and the development of the service industry (Bulletin of Shandong Service Industry 2012). Also, as Tengzhou is located along the Jinghu high speed railway, Beijing and Shanghai are recognised as its important traveller-generating regions. Therefore, they delivered massive advertising to sites such as the railway stations, the capital's international airport, Beijing's public transportation, and trains K107 and K108 (from Xuzhou to Beijing, operated by Shanghai Railway Administration), as well as bill boards beside Jinghu highway. In addition, they also cooperated with two tourism agencies in Beijing to open direct and convenient travelling routes from Beijing to Tengzhou. The intensive advertising and tourism promotion activities largely lifted Tengzhou's profile.

Tengzhou's ambition for competition was also reflected in its construction of the Weishan Lake Ancient Town. In 2012, the Tengzhou government initiated the "tourism complex project" to complement the wetland's sightseeing function. Tengzhou government reached an agreement with Huitong Group to develop the Weishan Lake Ancient Town. Located in the east of the Wetland Red Lotus Scenery spot, the ancient town was positioned as an important cultural tourism project to integrate with the wetland tourism. "With the planning area of approximate 3000 mu and overall investment of 10 billion RMB, the ancient town will carry on the functions of cultural tourism, leisure travel, health maintenance, trading and exhibition" (Tengzhou Government 07-08-2014). One local official said, "the integration of the natural wetland and the ancient town, based on the wetland's resource advantage and the ancient town's

strong affordability, will bring huge economic gains” (Interview 11). The first-stage of this project was opened in August 2013, and was expected to receive comprehensive tourism income of over 1.5 billion RMB per year (Zhang 2012).

However, the construction of the Weishan Lake Ancient Town in Tengzhou aims at competing with Weishan and seizing Weishan’s tourism market. Nevertheless, with 2200 years of history, Weishan County’s Nanyang Ancient Town was Shandong’s well-known cultural heritage. And as early as 2009, the Nanyang Ancient Town Tourism Management Committee had started the renewal project. The overall investment had achieved six billion RMB by 2013 (Xie 2012). Although the repair work was barely satisfactory, the ancient history was still very valuable. Tengzhou’s exploitation of the ancient town signified that it was unwilling to cooperate with Weishan County and preferred to create a dependent tourism route to attract the tourists to Tengzhou itself.

Confronted with with the rival’s competing measures, Weishan had placed great emphasis on the Weishan Lake National Wetland Park. To start, they held a Weishan Lake Wetland Forum to invite the experts to diagnose Weishan’s tourism development problems. After that, they conducted the “converting the cropland to wetlands, conceding the fishery to a lake, and returning the pond to a lake” project to restore the wetlands (Dazhong 17-01-2014). More specifically, they had planted a lot of reeds, papyrus, gorgon fruit and other wetland crops. The constructed wetlands reached 60000 mu in total and a large area of the wetlands including the Dashahe Constructed Wetland, the Xiaoshahe Constructed Wetland, the Weishan Island Constructed Wetland, the Nanyang Island Constructed Wetland, the Shaoyang Lake Constructed Wetland and the Chengguo River Constructed Wetland were recovered.

On basis of the wetland restoration project, Weishan County gave great importance to the wetland ecological tourism. The county started the Weishan Lake National Wetland Park project in 2008 and it came into operation in 2010.

Since its inception, the park became very popular. In 2012, it was approved by the State Forest Administration to be at the national level, and it became the only wetlands park named after “Weishan Lake” (Interview 14). Meanwhile Tengzhou’s wetlands became the Binhu Wetland Park, a small part of the Weishan Lake Wetland Red Lotus Scenery Area. In May 2013, the so called biggest meadow-type lake wetlands in Asia, Weishan National Wetland Park, completely opened to the public as a big public welfare project. With nine scenery spots, the park has many comprehensive functions, including “wetland conservation”, “popular science education”, “water purification”, “sightseeing” and “leisure”. Due to the vast scale of the lake and its comprehensive functions, Weishan National Wetland Park is more attractive than Tengzhou. In the first year, Weishan National Wetland Park contributed to an increase in the county’s annual tourist numbers by 4.36 million, which is 17.1% more than in 2012 (Dazhong 24-08-2008).

In October 2013, China Central Television held a “Beautiful China, Wetland Tour” award, and the Weishan Lake National Wetland Park of Weishan County was recognised as one of China’s ten most glamorous wetlands out of more than 400 national wetland parks in China. Ever since then, the development of the Weishan Lake Wetland Park has become an obligatory responsibility for the Weishan people. Based on the honour they received, they have put in even more capital to refine and advertise it.

Based on the success of the Weishan Lake Wetland Park, the Weishan county government put forward the goal of “creating a national 5A-level scenic area” to further enlarge its reputation and fully promote its tourism. (Shandong Tourism Administration Online 10-15-2014). They quickened the construction of supporting infrastructure in public transportation, wharfs, and some historic landscapes. They also accelerated the building of tourism shopping centres in the scenic region and in the city area. Some grand hotels and chain hotels are

approved for construction. As part of Weishan's tourism industrial chain, the county not only vigorously developed its hotels, catering industry and travel agencies, it also promoted lotus leaf tea and other local special products.

What's more, by comparing its tourism policy with Tengzhou, Weishan County realised that they had lost their advanced status in the brand propaganda from the beginning. They noticed that tourists swarmed into Tengzhou, and many of them even thought that Weishan Lake was in Tengzhou. One hostess asked a question on the big national variety show "Happy Chinese Tour", saying "where is the Weishan Lake?" The audience cheered together "Tengzhou". That significantly hurt the feelings of the people of Weishan (Interview 14) so Weishan County began to put great effort into marketing their wetland too. For instance, in 2008, Weishan held a big lotus festival to broaden its influence and compete against Tengzhou (Zaozhuang News, Aug-22-2011). Weishan also strengthened their cooperation with cities which share the same railway and provide potential clients for it, to launch tourism products during the Chinese New Year. Tourism routes were designed to match up with these cities. In the meantime, Weishan had also been sparing no effort with media publicity so as to enhance Weishan county's visibility. They posted Weishan Lake tourism advertisements on China's most authoritative TV station CCTV-1 and its key programme "Morning News". Large tourism signs were put up along the G3 Highway (Beijing-Taipei) to attract tourists. In Jinan, Shandong's capital city and also an important tourist generation region, big bus body advertisements and wall advertising were installed (Jining Online, 2013). In addition, in Jinan, a big screen repeatedly aired the Weishan county's tourism resources in Quancheng Square.

As can be seen, the two cities had embarked on vigorous competition having to do with tourism advertisement, marketing, the construction of the wetland park, the exploitation of the ancient town and so forth. The coordination of the

SDPTB did not succeed and the “The Overall Scheme for Weishan Lake Tourism Development” developed by SDPTB was abandoned. Tengzhou and Weishan would rather compete with each other than cooperate to save the development cost. What’s worse, the competition was not limited to this, the competition of the greatest concern was the lawsuit over the trademark.

The lawsuit over the trademark

In 2010, Tengzhou Weishan Lake Wetland Corporation, which was a large government-owned tourism enterprise, submitted an arbitration application to the Trademark Review and Adjudication Office (TRAO). They claimed that Tengzhou had been using the “Wetland Red Lotus” (湿地红荷) trademark for the TV and print media since 2001. They had been holding the “China • Tengzhou Weishan Lake Wetland Red Lotus Festival” since 2004, so after seven festivals, by 2010, the trademark and the brand had been broadcast widely and was well known to the public. They indicated that Man Guangyu, the then director of the Tourism Department in Weishan must have acknowledged the brand’s awareness by the public, but he still registered the trademark “Red Lotus·Wetland” (红荷·湿地). The “Red Lotus·Wetland” used exactly the same Chinese characters, only with a change of the marshalling sequence. So Tengzhou believed that his application for the brand of “Red Lotus·Wetland” was malicious competition. Therefore, Tengzhou required the cancellation of Man’s trademark as it was a copy of Tengzhou’s existing registered trademark (CNIPR 29-01-2014).

The then director of the Weishan Tourism Bureau, Man Guangyu argued that, Weishan county had been holding their annual lotus festival (although not matching Tengzhou’s festival in scale or popularity) since 1987, and they had held seventeen festivals up to 2010. Man also claimed that the “Red Lotus·Wetland” was very well-known to the people of Weishan. In 2004,

Weishan applied to the Trademark Office of the State Administration for Industry and Commerce for the registration of the “Red Lotus·Wetland” trademark. The trademark office approved that the trademark can apply to passenger transport, automobile transportation, yacht transportation, ship leasing, and parking service. Besides, Weishan claimed that Weishan Lake belonged to Weishan County, so Tengzhou should not register the trademark which was strongly related to Weishan county’s tourism resources and culture. Thus Man asked to keep his trademark.

Although the TRAO and the Beijing First Intermediate People's Court ruled that the Weishan Tourism Bureau could keep using the “Red Lotus·Wetland” trademark, there was no sign of a truce in the battle between the two cities. The trademark copying for Wetland Lotus was minor in the trademark battles. Since the words “Weishan Lake”, “Wetland” and “Lotus” constituted the key words of the brand, both Tengzhou and Weishan wanted to increase their popularity by virtue of these key words. For example, TZLWC once submitted 17 applications for the trademark registration in one day, while Weishan forestalled TZLWC and registered nine of them and they were one step ahead. Weishan was complacent since they had a head start (Zhang Aug-22-2011). Therefore, it shows that both of the cities wanted to play the Weishan Lake card to improve their prestige. Underneath the quiet lake there was restless competition.

2015 to the present: Create an AAAAA Level National Tourist Attraction together?

Although they were facing fierce competition, there was another chance for them to cooperate. According to the experience elsewhere (such as Yimeng scenic area) and their own conditions, they could integrate their tourism

resources and jointly apply for the “AAAAA (5A) Level National Tourist Attraction” together to attract more tourists¹.

As mentioned earlier, the Weishan County Party Committee and the county government decided to further improve Weishan Lake tourist spots’ grade and manifest a strong, comprehensive capacity in tourism, so they launched the “5A Level National Tourist Attraction” creation programme in 2009. As well as the infrastructure construction, holding festivals and marketing, they also held a high-grade mobilisation meeting, introduced the “Improvement Plan for Weishan Lake, Striving for 5A Scenery Area” and even established a construction headquarters for the creation of the “5A Level National Tourist Attraction” programme. The vice mayor in charge of tourism acted as the head, and eight members from related departments were transferred to the headquarters to implement the plan (Shandong Tourism Affairs Online 04-11-2014).

In 2011, while he was inspecting the wetland, Tengzhou’s mayor, Wang Gang, also proposed the object of creating the 5A National Tourist Attraction . He stated that Tengzhou should speed up the updating and rebuilding of the Weishan Lake Wetland Red Lotus Scenic Area, which would improve Tengzhou’s publicity, strengthen the tourism industry and then benefit Tengzhou’s social economic development. All related departments should unify their thinking and enhance their cooperation to treat the Wetland Red Lotus Scenic Area as Tengzhou’s flagship product in the tourism industry to attract more tourists to Tengzhou (Tengzhou Daily Mar-15-2011).

¹ Evaluated by the National Tourism Scenic Spot Quality Grade Evaluation Committee, China’s scenic areas can be divided into 5 levels from AAAAA、AAAA、AAA、AA、A. AAAAA is a normative and standardised quality rating system and the highest level of honour for tourism’s scenic spots in China. China AAAAA Scenic Areas represent world class tourism quality, and they are normally more human-friendly and more detailed-oriented than AAAA Scenic Areas. To become a 5A-scenic area, 12 inspection items such as transportation, tourism safety and capability need to be passed.

However, it was impossible for both of the cities to earn that title given their distance of only 30 kilometres, albeit that both cities had given it a high priority. Besides this, the homogenisation of the tourism products in such a short distance had caused the irrational distribution of resources. Some of the traditional advantaged resources were neglected, while some of their investment might cause fiscal profligacy. For Weishan, the duplicated construction of a wetland park may result in a great waste of resources when they could save the investment for its equally important other tourism resources, such as, the Nanyang Ancient Town and the ancient tombs on Weishan Island. Weishan could also utilise Tengzhou's established infrastructure instead of investing itself. On Tengzhou's side, the construction of the Weishan Lake Ancient Town may not be able to reach the expected achievements as its artificial character was not as appealing as the Nanyang Ancient Town. The outdoor infrastructure in the Weishan Lake Wetland Red Lotus Scenery Area could form a complementary relationship with Weishan County Wetland Park as the latter had already constructed a lot of recreation facilities.

Facing this situation, the two cities, especially Tengzhou had realised that the competition would not bring a win-win result. Therefore, in 2015, when the Weishan County's study tour group arrived in Tengzhou, Tengzhou suggested creating the national 5A-level scenic area together. Weishan did not disagree with the proposal so, SDPTB established a "Leading Coordinating Group on Creating 5A Level National Tourist Attraction in Weishan Lake Tourism Region" to bring the two cities in line for the same objective. The head of the leading group was the Deputy Director of the SDPTB, Zhang Mingchi, and the Deputy Heads included Jiang Weidong (the Division Chief of SDPTB Planning and Development Division), Yang Fengdong (Chief of Jining Tourism Bureau) and Wang Mingpeng (the Director of Zaozhuang Tourism and Service Industry Development Committee) (Interview 11).

However, the behaviour of the two cities was not as positive as expected. First of all, the Leading Coordinating Group was organised by the SDPTB, and the head was the Deputy Director. According to an official working in Tengzhou's tourism department, "the coordinated body is not a leading group with a high profile, which usually has a vice provincial governor as the group leader. The head is just the Deputy Director of SDPTB, thus it cannot mobilise greater resources to integrate the interests of the two sides, and the future may not be optimistic" (Interview 12). For the second aspect, the two cities were not sincere in their attempt at cooperation. Another official in Tengzhou complained that "Weishan leaders are actually very uncooperative; Weishan county has lots of tourism resources waiting to be exploited, such as, Weishan island and the Nanyang traditional town. However, they envy Tengzhou's big success in the wetland, and then must strive for it" (Interview 11). Meanwhile Weishan had its own considerations, they argued that "Tengzhou is borrowing Weishan Lake's brand in the development of the tourism; Weishan Lake consists of Weishan, Shaoyang, Dushan and Nanyang four lakes, which all belong to Weishan County. Tengzhou is only located in one small corner of Dushan lake, so it is not suitable for Tengzhou to call it the Weishan Lake red lotus wetland"; "we would not want to cooperate with Tengzhou if it still uses the brand of Weishan Lake" (Interview 14). Faced with this situation, the two cities were not able to achieve any agreement about the joint creation programme. The SDPTB had no restraining force to bring the two cities together. The result was that, in 2016, "Tengzhou City alone was recruited by the SDPTB to compete for the 5A Scenery Area" (Tengzhou Government 08-08-2016).

As can be seen, Tengzhou's exploitation of the Weishan Wetland was much earlier and more successful due to its relatively advanced economy. While Weishan had a late-starting advantage, it was developing fast. In terms of their competition, both Tengzhou and Weishan had confirmed the Weishan Wetland

and Ancient town as their key tourism projects, and they both placed great importance on the marketing of the two tourism resources. This shows that there was a high level of homogeneity between the two cities' tourism resources and excessive competition between the two cities. The trademark law suit signified a climax to Tengzhou and Weishan's hostile competition. So, Tengzhou and Weishan's tourism interaction needs to be coordinated. In terms of the two cities cooperative attempt, even though the first attempt at cooperation reached a unified plan, the plan was not taken seriously by the two sides. And the second attempt was worse since it did not achieved any agreement or put forward any common goals at all. So, ultimately the conclusion is that the tourism cooperation between Tengzhou and Weishan did not succeed.

Analysing the reasons for the failed cooperation

It can be seen from above, that even though there were two chances for the two cities to cooperate, neither was successful. After taking a close look at their interaction the tourism development process, a few factors might be related to the failure of the cooperation. There is no law constraining their competition or encouraging their cooperation; because of the limit of high-level attention, the leading group has a relatively low profile; it can also be determined that the plan it developed has little bonding force; the two cities have no strong intention to work together, so they went ahead and initiated their tourism development plans separately. The next few pages explain specifically why and how these factors have caused a failure for the two cities to engage in cooperation.

Laws in association with inter-city tourism cooperation

In China, there is no special law standardising the inter-local governmental cooperation in general, or for tourism. As to the trans-boundary tourism resources, there is a “Tourism Law of PRC” issued by the NPC Standing Committee on April 25, 2013. In the provincial level, there is also a “Tourism regulations of Shandong Province”, the latest version was revised by the Standing Committee of Shandong People’s Congress and it was released on 30 July, 2010.

The “Tourism Law” stipulates the principle that local governments administer and inspect the tourism business within their jurisdictions, and superior governments have the authority to coordinate the tourism issues involving multiple local governments. In the meantime, the law also prescribes that in certain circumstances local governments have the responsibility to cooperate:

“the State Council is in charge of establishing and refining the tourism comprehensive coordination mechanism, and then comprehensively coordinating the tourism development”, “local governments at the county level and above should enhance the organisation and leadership of the tourism business, define certain departments or institutes to overall arrange the tourism development, inspection and management in their own administrative area” (The NPC Standing Committee, Chapter 1, Item 7).

“the State Council, provinces, autonomous regions, municipalities and prefectural-level and county level governments which have abundant tourism resources can compile tourism development plans in accordance with the requirements of the plans for national economic and social development”; “while for the trans-administrative boundary tourism resources and those suitable for common exploitation, the superior government should organize the tourism planning or the local governments can consult with each other and make unified tourism development plans” (The NPC Standing Committee, Chapter 1, Item 17). “local governments above the county level should set up

sharing system on the investigation information about the tourism illegal behaviour”; and “local governments should inspect the joint investigation involving trans-departments and trans-administrative regions” (The NPC Standing Committee, Chapter 1, Item 89).

With respect to the regulations, however, there is no specific prescription related to horizontal inter-local governmental cooperation. It only provides for the following:

“the provincial tourism administration department forms the overall plan of tourism development, and reports to the provincial government for approval and implementation after seeking advice from the National Tourism Administration; the prefectural-level cities and the county-level cities compile the overall plans of tourism development within their own jurisdictions, and report to the local governments at the corresponding levels for permission and implementation after seeking advice from the superior Tourism Administration”; “the tourism plans across different administrative regions should be made by their common superior tourism administration department, and be reported to their common superior governments for approval and implementation after seeking advice from related local governments” (The NPC Standing Committee, Chapter 1, Item 25).

“the administration departments above the county level should organize related departments to survey, evaluate and verify the tourism resources within their respect administrative regions, establish tourism resources data base and carry out dynamic management; referring to the trans-boundary tourism resources, the survey should be organized by their common superior tourism administration department” (The NPC Standing Committee, Chapter 1, Item 29).

As can be seen from the law and the regulations, the tourism resource administration is conducted by the tourism bureaus following the rule of

“localized management”. Although cities enjoy high autonomy in the tourism industry, they appear not to have any intention to cooperate given the laws provide few regulations or guidance. In terms of the trans-boundary tourism resources, the tourism law in the national level stipulates that the local governments can consult with each other and make unified tourism development plans. In other words, the law provides that the local governments have rights to negotiate with each other horizontally. While this item is only suggested, it is not compulsory. Thus, this single institution doesn’t seem to be able to provide a strong driving force for cooperation. Since the tourism law and the local regulations both stipulate that their common superior tourism administration can coordinate the trans-boundary tourism resources and make tourism development plans, Tengzhou and Weishan do not seem to have any obligation to cooperate spontaneously and both show weak cooperative intention.

Uncoordinated planning and absence of support policies

Referring to the local governments, development plans and policies provide a practical handle for government officials to promote economic growth and thus demonstrate the achievements of the officials (Wu 2015). Therefore, to some degree, local social economic development is under the pilotage of the plans. Well-founded policies of tourism planning in a regional framework will encourage development and offer more social and economic benefits to the population in the regions concerned (Nuryanti 2001).

The tourism law and regulations both provide that the local administration departments above the county level are entitled to make their own tourism development plans and policies, and in the case of the trans-boundary integration of tourism resources, the plans should be compiled by their common superior department. Tengzhou and Weishan are subordinated to two different

prefecture-level cities, Zaozhuang and Jining respectively, so there is no brotherhood relationship between them and no immediate common leadership above them. In this case, the responsibility for making plans should reside in the province, but the reality is a different picture.

In terms of the provincial policies and plans, few mention how the two cities should cooperate. Specifically, in 2006, the provincial government issued the “Several Suggestions about Promoting the Tourism Industry for Better and Faster Development”, which only outlines some preferential policies to create a better external environment for Shandong’s tourism (Shandong Tourism Affairs Online 2009). In 2009, another policy document entitled “Suggestions about Further Promoting the Tourism Industry for Better and Faster Development” was issued by the provincial government. The “Suggestions” stressed the goals and the importance of developing the tourism industry, and sketched three main tourism lines and four tourism regions in Shandong. Hence this suggestion provides a strategic direction for Shandong tourism’s layout. In Shandong’s 11th Five Year (2006-2010) Plan for Tourism Development, six tourism regions were put forward, one of which is the Canal-Weishan Lake Tourism Region (Shandong Government Online 2006). In the 12th Five Year (2011-2015) Plan on Tourism Development, the document clearly mentioned that Zaozhuang and Jining should cooperate to build a Weishan Lake Comprehensive Tourism Region (Shandong Government Online 2012). Nevertheless, the plan was made by the SDPTB, which is at the same rank as Jining and Zaozhuang cities. When there are no specific implementation plans or incentive policies after the plan and no intervention intention from the prefecture-level cities, it is largely reduced in its efficiency. In other words, the provincial plans remain words on paper, and are not translated into action.

Under these circumstances, the two cities had both made separate plans for their tourism development. In terms of Tengzhou, from 2001, the city has put great

emphasis on the development of wetland tourism. After 2002, the Planning Committee of Shandong Province approved Tengzhou's application to build the scenic park. Tengzhou's official exploitation of wetland tourism started immediately. In 2005, Tengzhou continued its wetland tourism policy. Zaozhuang and Tengzhou's 11th Five Year Plan for the National Economy and Social Development both positioned the "Tengzhou Weishan Lake Wetland Red Lotus Tourism Area" as one of their construction priorities for ecological, entertainment and vacation tourism. The city government also made the "Overall Plan for Tengzhou City", which defined the city as "an important industrial city in south Shandong, an historic and cultural tourism city and a commercial and trade centre" (Tengzhou Government 2008a). Then in 2007, the city released the "Overall Plan of Weishan Lake Wetland Red Lotus Tourism Area", and the "Overall plan of Tengzhou Binhu National Wetland Park". All of the plans emphasised the orientation of developing leisure vacations and addressed the leading position of the wetland red lotus in Tengzhou. In 2008, the Tengzhou government also employed a design company "Beijing Turenscape" to make the "Overall Plan of Tengzhou Weishan Lake Wetland Park". Based on the policy support and the tourist market, the plan developed a detailed scientific landscape design, which divided the park into several functional zones to attract more travellers (Tengzhou Government 2008b).

In Weishan County, the regulations and plans for tourism management have been released since the 2000s at the time the county government realised the importance of tourism to the county's economy. "The Resolution on Quickening the Tourism Development" was issued in 2002, and the county decided to allocate only one percent of the county's finance to steer the tourism industry. In 2007, Weishan County developed the "The Overall Plan of Tourism Development in Weishan Lake". The county government began to realise the great potential of ecological tourism, and decided to build Weishan into a

county with a strong tourism industry. In the following two years, the government continuously issued “Suggestions about Quickening the Tourism Development” to attract investments. More tourism companies were established during this period. In 2008, they delegated a landscape design company in Shanghai-EDAW to design the “The Landscape Design for Weishan Lake Wetland Park” which officially incorporated the wetland into the county’s tourism industrial layout.

Nevertheless, as we mentioned earlier Weishan’s tourism resources have some similarities with those of Tengzhou, such as the farmland area, the mountain forest, the wetland and the lotus viewing. Facing the isolated planning and the duplicated landscape construction, in 2008, the provincial government and the Tourism Bureau began to intervene. The then vice provincial governor, Cai Limin, and the director of the Tourism Bureau, Yu Chong, arrived in Tengzhou to investigate the Weishan Lake tourism and suggested making a unified tourism plan for the whole of Weishan Lake. They stated that the two cities should have “unified travelling routes, tour guide services, construction of scenic spots, ticket sales and transportation” (Tourism Intersection 25-01-2008). In practice, the SDPTB delegated the Shandong Tourism Planning and Design Institute to work out “The Overall Scheme for Weishan Lake Tourism Development”, however, due to its low rank, neither party has complied a secondary plan with its guidance (Chinese Tourism News 02-05-2013). Essentially, it shows that the provincial leaders did not put as much effort to Weishan Lake as into the other places. This might be the root of the uncoordinated situation.

For this reason the supporting policies are also non-existent with respect to tourism cooperation. As a matter of fact, Shandong’s tourism development follows the principle of “government lead, society participate, market operate and sustainable development” (Shandong Government Online 2014). The

county-level governments and above are empowered to manage the local tourism resources. In accordance with the financial arrangements, the Shandong Tourism Regulation stipulates that the county-level government and above should set up a special tourism development fund to make plans, conduct tourism marketing, exploit and protect the tourism resources and develop the non-profit tourism projects. So in regard to the for-profit projects, the province encourages the local state to separate the managerial authority to individuals or organisations. Therefore, the financial budget and expenditure for tourism development is the responsibility of the local governments. As we discussed earlier, cooperation normally produces more costs. The lack of financial incentives and other incentive policies associated with the failure of the coordinated plans, renders the cooperation less effective.

The low grade of the Leading group

As discussed in Chapter 2, in the context of China, the work procedures in governments normally divides the whole administrative process into several different segments, no matter if they are different governments or different departments within one government. Therefore, a systematic problem usually requires multiple departments or more than one local government to coordinate their behaviour and work together. Leading groups are very often set up to help to maintain China's authoritarian governance in this type of situation. In the regional governance area, the trans-boundary issues go beyond the jurisdiction of each local government, so leading groups that serve as coordinating organizations, initiated by superior governments, are needed.

As can be seen, the tourism competition between Tengzhou and Weishan had raised a certain degree of attention from the provincial government. For instance, in 2008 the then vice provincial governor, Cai Limin, and the director of the Tourism Bureau, Yu Chong, visited Tengzhou and clearly expressed their

concerns about the competition and suggested the two cities work together for the benefit of the whole Weishan Lake area.

Because the provincial leaders noticed the consequences of regional separation on tourism, in 2008, the province also established a coordinating group to integrate the differences between them and make a regional plan covering the tourism scenery spots of the two cities. However, the group did not work out very well. Seven years later, since Tengzhou expressed the intention to create the AAAAA National Tourist Attraction together with Weishan, the idea attracted the support from the province again. In 2015, a “Leading and Coordinating Group for Weishan Lake Tourist Area Creating the National AAAAA Tourist Attraction” was established. A vice director from the SDPTB holds the post of the group leader. The members include the vice mayors from the two prefecture-level cities, Zaozhuang and Jining, and the vice mayors from Tengzhou and Weishan. Occasional communication and meetings are the main work mechanism of the provincial coordinating group. Still, the coordinating function is very unsatisfactory. As one participant responded, “during the meetings, the leaders of Weishan county directly and rudely expressed their jurisdiction over the Weishan Lake, and showed no intention of further consultation or compromise” (Interview 8).

Considering its attributes and the structural arrangement, the coordinating group was not looked upon favourably. Firstly, except for the coordinating group at the provincial level, the two cities also established corresponding leadership groups to coordinate the creation of a 5A Tourism Region programme. However, each of the sub-leadership groups is only in charge of the coordinated work within each city. Secondly, the top leader of the group was a principal in the SDPTB, and was not a provincial-level leader. The vice director of the SDPTB actually had the same rank as the prefecture-level governors. So the leading group had no right to mobilise Jining and Zaozhuang, nor Weishan and

Tengzhou. What's more, the nature of the group was not powerful itself. As one official said, "it is just a coordinating group, not exactly a leading group, so there would be no actual power". Therefore, the relatively low grade of the leading group cannot bring the two cities together.

The lack of provincial top leaders' attention and the local leaders' selfishness

As discussed previously, the tourism law and the local regulation both stipulate that the superior government can shoulder greater responsibility for coordinating the trans-boundary tourism resources as well as for making tourism development plans. Since Tengzhou City and Weishan County are subordinated to different prefecture-level cities, so their common superior government settles on Shandong provincial government. Nevertheless, the leaders at the provincial level didn't pay high attention to the Weishan Lake; they only delegated the coordinating work to the SDPTB, which enjoys the same administrative power as the prefecture-level cities. The SDPTB's role is relatively weak in terms of coordinating the two cities' tourism cooperation. So while the prefecture-level cities feel no obligation for the coordination, neither do the two county-level cities.

Nevertheless, both cities may have realised the necessity to cooperate to some extent. Weishan's visiting Tengzhou and Tengzhou's proposal for creating the 5A tourism programme together illustrate their awareness of this rational choice to certain extent. Tengzhou's lake shoreline is much shorter than Weishan, so its tourism has limited spatial capacity. Considering this, Tengzhou is open to cooperation. In fact, Tengzhou submitted a scheme to the Shandong Provincial government that they could build a road around the lake, so the traffic connection between the two cities could create a tourism route taking 3-4 days. That shows Tengzhou's sincerity to cooperate. But still, Weishan leaders and the Weishan government believe that Weishan Lake exclusively belongs to

Weishan County. The leaders are unhappy that Tengzhou has borrowed or stolen its tourism resources. An official in Weishan's Tourism Bureau said, "Tengzhou's success only relies on the Weishan Lake brand; if they call it Tengzhou Wetland Red Lotus, no one would show up" and "Weishan belongs to Weishan County, while Tengzhou is only located next to one of Weishan Lake's four lakes, Dushan Lake, so it's inappropriate for Tengzhou to call it the Weishan Lake Lotus Festival" (Interview 14). So, Weishan firmly believes that Weishan Lake is in its possession, so other cities should not use the name of Weishan Lake. On the basis of this attitude, Weishan does not want to receive Tengzhou's olive branch, and is reluctant to cooperate.

According to Tengzhou, they also allege that Weishan's vigorous exploitation of the wetland is intentionally competitive. As a vice mayor proudly put it, "we pioneer the wetland construction on a national wide basis, and even the State Forestry Bureau admit that we bring an upsurge of national wetland exploitation" (Interview 11). He claimed that "we openly state that Tengzhou has never claimed Weishan Lake belongs to Tengzhou, but considering the spacious water area and that Tengzhou is adjacent to the lake, we also have the right to use it, at least it is better than leaving it in idle". Moreover, Tengzhou argues that their wetland and festival is more famous than Weishan's, so Weishan's accusation is simply "sour grapes", the official complained. (Interview 11) Therefore, the two cities both initiated their own tourism development projects based on the brand of Weishan Lake.

To put it simply, the local governments seem to have embedded introverted tendencies, instead of embracing mutual negotiation and forming cooperation spontaneously. Although both of the two cities have showed their intention to cooperate, there is no such concept of "big tourism" or "whole regional interest" for the top leaders of the two cities. They still believe that they both have exclusive rights to exploit the tourism resources within their jurisdictions,

especially Weishan. From the interview and each cities' competing initiatives, it is not difficult to conclude that deeply it's the two cities' selfishness that has impeded the cooperation. The hierarchical administrative tradition also determines that the local leaders depend on the intervention from the superior government. When there is a lack of provincial attention, these normative institutions are not avail for the cooperative conceptual framework. And it will not be easy for cooperation to become an alternative option to the separated exploitation of the tourism resources.

Conclusion and remarks

Looking at the whole process of Weishan Lake's tourism competition, there is an understanding that the local governments have much discretion over their tourism development. Shandong insists on the tourism development strategy of "government as the guide, market/enterprises as actors" (Shandong Tourism Administration Online 03-09-2008), so local governments still have a big say in the planning and development direction for tourism exploitation. However, specific to the trans-boundary tourism resources which are suitable for joint development, cooperation is not easy to achieve due to the lack of the necessary stimulating institutions (see Figure 2).

Under the framework of sociological institutionalism, it is the values, norms and obligations that originate in the institutional context that constrain or support the behaviour of the individuals. The regulative, normative, and cognitive social systems act together in mutually reinforcing ways to contribute to the institutional context. In this case, the institutional setting favouring cooperation is absent. Specifically speaking, there is no law regulating inter-local governmental cooperation either in general or in the specific tourism area. The

lack of legal factors leaves the local governments largely autonomous in this area, so they can decide whether or not, and when, to cooperate.

Figure 2: The rationale for Weishan and Tengzhou's competition in the tourism industry



Source: Made by the author

Secondly, the provincial policies represented by plans also have few provisions for Weishan and Tengzhou's joint development in the Weishan Lake area, except for the 12th Five Year Plan in tourism. But the plan has no further implementation scheme for fulfilment. So the provincial plans are only some generalised guiding documents, with no enforcement potency. Besides this, the coordinated group's plans were initiated by SDPTB which barely has any binding powers. In contrast, the local governments have made their own tourism development plans focused within their own jurisdictions. And the plans are unavoidably inconsistent with the regional interest.

Thirdly, in 2008 the provincial leaders recognised tourism duplication and the negative consequences of the competition in the Weishan Lake area. Nevertheless, the task was only thrown to the SDPTB to take charge of the coordinating task. The coordinated leading group has a relatively low profile and thus the organisation and the plan it made have no binding power. In 2015, while it can be seen that the second attempt to cooperate was initiated by Tengzhou's government and obtained the support from the SDPTB, actually it has not even drawn the attention of the top provincial leaders. So it is relatively easy to forecast the outcome of the cooperation between the two cities.

Finally, the local governments' attitude is also crucial to the interacting relationships. In this case, although both of the cities have realised the bad consequence of competition and the necessity to cooperation. But deeply Weishan still holds the principle that Weishan Lake belongs to Weishan County, and is reluctant to share the profits. While Tengzhou' conceit deludes it into believing it's superior to Weishan. This reflects that the selfishness of local officials is not in favour of cooperation. It can be predicted that the tourism cooperation between Tengzhou and Weishan will be very difficult. Obviously, the competition will reduce the regional competitive power of the Weishan Lake area compared to other regions. Deep down, we assume that most of the unfavourable factors might emanate from the local leaders' selfishness, hierarchical administrative norm and from the lack of support from the provincial top leaders.

As noted, it is affirmative that the failure of tourism cooperation between Weishan and Tengzhou indicates that the lack of regulative institutions, along with the negative normative factors is not conducive to inter-city cooperation. However, how institutions matter in the formation and effectiveness of cooperation is not clarified in this case, and thus it should be further examined.

Chapter 4: Traffic Integration in the Jinan-Laiwu Coordinated Region

Jinan, as the capital city of Shandong province, has been in a somewhat awkward position. On the one hand, compared to other capital cities in China, Jinan is of relatively small scale, with a small population and weak economic strength. Within the province, Jinan's economic capability normally cannot hold a candle to Qingdao, and is sometimes even overtaken by Yantai (Economic Observer Online Sep-23-2013). The State Council approved "The Development Plan of the Yellow River Delta High Efficiency Eco-economic Zone" in 2009 and "The Development Plan for the Shandong Peninsula Blue Economic Zone" in 2011 as the national regional development strategies. It means Jinan is becoming more marginalised by the two economic regions. Therefore, in January 2013, the strategies of building the "Economic Circle of Capital City group" and "Jinan-Laiwu (Jilai) Coordinated Region" were written to the provincial government work report. Later, in August, the Shandong provincial government officially promulgated "The Development Plan for the Economic Circle of Capital City Group" in order to break through the deadlock. According to the plan, the Jilai Coordinated Region is regarded as important to the two cities' economic revival and a good model for the regional integration initiatives in Shandong.

This chapter first describes the background to the formation of the coordinated region. The next section focuses on the traffic integration between Jinan and Laiwu, with more detailed argumentation. Lastly, the institutional factors and how they impact the traffic integration between the two cities are analysed.

The background to the "Jilai Coordinated Region"

Jinan

Jinan, as an old city which has two thousand years of history, has dreamed of being a big city all along. As early as 1904, Jinan autonomously opened itself to the western world as a commercial port, and the province made a series of preferential policies to encourage its development of commerce and trade. Then there is a large inflow of foreign capital into Jinan city, making it into the biggest commercial and trade centre in the inner area of Shandong province. Nevertheless, in recent decades, as the capital city of China's third most prosperous province, Jinan's economic capacity and its political status has declined. Some claim Jinan is one of the "ten declining capital cities" (Economic Observer Online 23-09-2013).

Mostly, the economic backwardness of Jinan is reflected in three aspects. First of all, Jinan's economic capacity is declining. After the reform and opening up in the 1980s, the exported-oriented economy in the last three decades has driven China's economy to prosper, and the coastal areas have benefitted the most because of their more convenient traffic, location and opener minds. Thus, as an inland city, Jinan's economic position gradually declined, albeit as the capital city of Shandong province. Among the 17 prefecture-level cities of Shandong province, Jinan's total import and export value only ranked seventh, and it only accounts for 15% of Qingdao's trade. In 2011, Jinan's GDP ranked the third in Shandong with only about 220 billion RMB, less than Qingdao and even 50 billion less than Yantai. Some key economic indexes, such as the ratio of revenue to GDP, the tax ratio to GDP, and the proportion of high-tech industries have all been lower than the provincial average rates. In the meantime, Jinan only ranked 11th out of China's 15 sub-provincial cities in terms of the GDP (Qi Lu Evening News 2012).

Secondly, Jinan's development is confined by its limited space with the Yellow River in the North and the mountain area in the South. In 2009, seven sub-provincial cities out of 15 have a city size of over 10,000 square kilometres, whereas Jinan only has 8,177 square kilometres. One official working in a district government of Jinan mentions that "Jinan's economic stagnation is majorly because Jinan has never undertaken a large scale expansion of new areas, nor fostered new industries based on the urban encroachment. The small capital city in a big province is not suitable for the future development, and is not able to represent the provincial image fairly" (Interview 15). An expert on urban image planning, Kan Zhichang, claims that, from the perspective of Jinan, if the aims of the city is to develop into a regional central city which has a strong development capacity, it must have enough space to support a larger scale of regional function, and be provided with a more favourable external environment to take off (Jinan Daily 24-02-2011a).

Finally, Jinan is facing fierce competition from other cities and the threat of being marginalised. As mentioned above, the Development Plan of the Yellow River Delta High Efficiency Eco-economic Zone was approved by the State Council in 2009 as part of the national strategy for regional coordinated development. In January 2011, the Development Plan for Shandong Peninsula Blue Economic Zone also managed to be approved by the State Council as part of the national development strategy to accelerate ocean development and regional coordination. All of sudden, Jinan seemed to sink into an embarrassing situation between two neighbouring rising regions. From the perspective of the economic development layout, Jinan has the competitors Qingdao in the east, Xuzhou in the south, Zhengzhou in the west and Shijiazhuang in the north. All of these places are developing in a tremendous speed to strive to be the dragon head of the region. Thus facing the threats from the surroundings, Jinan needed a fast catch up to break the encirclement and interception.

Therefore, how to revitalise Jinan's economy and balance the provincial economic layout became a big worrying issue for the political leaders in the province and for the local leaders in Jinan. An expert at Jinan University put forward that spatial expansion might "bring Jinan into a broader regional scope and then be able to attract more production factors" (Jinan Daily 24-02-2011a). To goal to expand Jinan's development space is becoming a general and well-recognized topic.

Laiwu

Because of its abundant iron ore resources, Laiwu has been an important national iron-making centre. In 1970, considering the need to prepare for the war and prepare against famine, Shandong province set up the Laiwu Steel plant in the hill-hugging place. After the reform and opening up, Laiwu gradually built up a strong industrial base, and it became an important steel and energy production base in Shandong, led by the iron and steel industry, and supported by the metallurgy, energy, machinery, textile and building materials industries. In line with its strong economic capacity and to improve the administrative level of the Laiwu government and the Laiwu Steel Plant, in 1992, the Shandong provincial government upgraded the county-level city, which was subordinated to Taian city, to a prefecture-level city.

Nevertheless, Laiwu is becoming less able to live up to its name as a prefecture-level city. In the first place, Laiwu has an industrial structure dominated by the steel industry, so the fortunes of the Laiwu Steel Plant actually determine the prosperity, or decline, of the steel city. Some even say, that if the plant catches a cold, the whole city would sneeze (EEO 05-09-2014). Secondly, Laiwu's economy is investment and export-oriented. For instance, during the 10th five year planning period, Laiwu's annual investment contributing rate to the economic growth exceeded 55 percent. Especially in 2009, the contribution rate

of investment to the economic growth even achieved 79.1 percent (Laiwu News 15-01-2014). However, the imbalance of investment and consumption in economic growth cannot maintain a sustainable economic development. Moreover, as time goes on, the investment efficiency shows a downward trend. In 2006, Laiwu's fixed asset investment increased 3.43 times compared to the year 2000 while in the corresponding period, the GDP only increased 2.51 times (Laiwu Service Platform 13-08-2014). Hence, in terms of investment efficiency, there is a downward trend.

To make it worse, in 2008 the worldwide economic crisis also imperilled China's economy, and the national steel industry was forced into a loss. Because Laiwu had no other pillar industry, then the city's economy deteriorated as well. In the first half of 2009, the Laiwu Steel Plant lost almost 600 million RMB, and throughout the full year of 2012, the loss was nearly 2000 billion RMB (Phoenix Net 28-07-2009). In view of the situation and based on the background of the economic crisis, the state began to adjust to China's industrial policy, which was stepping up efforts to eliminate the outdated industrial capacity, speed up the transformation and upgrade of the steel sector. Thus, in terms of Shandong's steel industrial consolidation, in 2011 the Laiwu Steel equity was absorbed into the Shandong Iron and Steel Group and ceased to be a legal entity. Consequentially, based on the demise of the Laiwu Steel Plant, Laiwu's economy has declined.

On this basis, Laiwu and Jinan both faced development prospects that were less than optimistic. Cooperation seems to be a rational choice for both of the two cities. Therefore, the two cities and the province made every effort to develop their regional economy. In January 2013, the provincial governor, Jiang Daming, reported to the first plenary of the twelfth Provincial People's Congress that the province would unveil their Development Plan for the Economic Circle of Capital City Group and the implementation suggestions of the Jilai Coordinated

Region. The working report meant that the Jilai coordinated region became Shandong's important work objective. In August 2013, the provincial government officially issued the Development Plan for the Economic Circle of the Capital City Group and the Jilai Coordinated Region was written as a single chapter, indicating its important status.

The problems of transportation

Ever since the coordinated region was determined by the Province, a consensus among the provincial and local leaders has been refining the transportation between the two cities. Except for the existing transportation infrastructure in the two cities, Jinan and Laiwu still have several obstacles to overcome in order to achieve traffic integration.

The first obstacle is that the two cities have significantly different dominant traffic models and unequal traffic status. On the one hand, Jinan is the node city connecting the Jing-Jin-Ji Economic Belt and the Yangtze River Economic Belt, so Jinan is the national comprehensive transportation hub with varieties of transportation forms. On the other hand, as the smallest prefecture-level city in Shandong, Laiwu is located in the hinterland of the mountainous area in the middle of Shandong. The traffic infrastructure there is relatively weak and its main transportation mode is only via highway.

Specifically speaking, in terms of highway transportation, as the capital city of Shandong Province, Jinan is the centre of the Provincial highway network and railway network. The expressways in the north-south direction include the G2 Beijing-Shanghai (Jinghu) Expressway¹, the G3 Beijing-Taipei (Jingtai)

¹ The abbreviation of China's nation expressway and highway (or national truck way) is "G- -", "G" is the first letter of the Pinyin (Phonetic Alphabet) of Chinese character Guo ("国") which means nation or state. China's expressways usually consist of a letter "G" and one-

Expressway, the G35 Beijing-Guangzhou (Jingguang) Expressway. In the east-west direction, Jinan has the G20 Qingdao-Yinchuan (Qingyin) Expressway, the G22 Qingdao-Lanzhou (Qinglan) Expressway and the S1 Jinan-Liaocheng (Jiliao) Expressway. Besides, Jinan also has the G2001 Expressway around the city, and the highways G104, G105, G220, G308 and the G309 running through. In Laiwu, there is the G2 Jinghu Expressway, the G22 Qinglan Expressway, the S26 Taian-Laiwu Expressway, the S29 Binzhou-Laiwu Expressway and provincial highways including the following: the S234, S243, S241, S317, S329, S330 as well as the S332 (SDNU and SDGA 2016).

In terms of the railway network, Jinan is the intersection of the Beijing-Shanghai High-speed Railway and the Qingdao-Jinan railway. These two major railways are listed among the “four vertical and four horizontal” systems of China’s national railway network. So Jinan is one of the five main junction stations along the Beijing-Shanghai High-speed Railway. Currently Jinan has the Jinan Station, the Jinan West Railway Station, the Jinan East Railway Station, the Zhangqiu Station and four passenger stations. However, within the boundary of Laiwu, there is only the Linzi-Taian Railway (Xintai Line) and the Ciyao-Laiwu Railway (Cilai Line) that passes Laiwu. From July 2015 at the time the Linzi-Taian Railway stopped its passenger transport function, Laiwu has no passenger station left (SDNU and SDGA 2016).

Jinan also has the second largest civil airport in Shandong, the Jinan Yaoqiang International Airport. Since its completion in 1992, the airport has developed itself into an important entry portal for China with 120 air routes and an average

digit, two-digit and four-digit numbers. Among them, the radiating ones around Beijing contain a one-digit number, ascending from the north. The expressways in the north-south direction are named with odd numbers in an ascending order from the east to the west. While the east-west highways are in even numbers ascending from the north to the south. The four-digit number expressways indicates the city ring expressway or connection lines. By comparison, the Highways comprise the capital letter G and three-digit numbers. The radially arranged highways start with “1”, the north-south highways start with “2”, while the east-west ones start with “3”. The highways which begin with S are the provincial highways.

of 1100 flights per week connecting five international cities and more than 40 domestic cities. Laiwu only has a general aviation aerodrome, mainly for some professional flights below 1000 metres, so it is only functioning as a heliport (SDNU and SDGA 2016).

As noted, there is an excessive imbalance between Jinan and Laiwu's traffic foundations. The imbalanced transport conditions have caused little interflow and connection between the two cities. There are many obstacles for the traffic integration between Jinan and Laiwu and their economic cooperation. For instance, the highways connecting Jinan and Laiwu principally include the Jilai Expressway, the S317, the S241, the S234 and so forth (see Map 3). However, since the S317 and the S241 are lower grade highways, the highway conditions cannot meet the travel requirements of the citizens between Jinan and Laiwu and the requirements for cargo transportation. Besides, there is no other form of traffic connection, for example, railways and inter-city rail transit, so there are restrictions in terms of the different kinds of passengers and freight transportation (SDNU and SDGA 2016).

The second obstacle is that the transport corridor between Jinan and Laiwu is not consistent with the economic corridor. It means firstly that the transport routes have not created favourable conditions for economic development and secondly the transport network distribution is unscientific and unreasonable. In accordance with the advanced integrated regions in China, the convenient transport lines always contribute to well-developed industrial economic belts, such as, the "Guang-Fo Economic Belt" based on Guangzhou and Foshan's convenient transport lines, and the "Su-Xi-Chang + Shanghai industrial Economic Belt" on the basis of the traffic integration at the Yangtze River Delta. Looking at the areas along the main transport lines linking Jinan and Laiwu, there are extensive mountain areas and rural areas. The economic and industrial development is almost non-existent. Although the natural conditions in the

middle of the two cities are not quite suitable for industrial development, the Xueye ecologic tourism in the north of Laiwu and the tourism resources in the south of Jinan actually have great potential. The two cities also have realised the benefits of cooperation in this field. Nevertheless, there is only one highway, the S317 that connects these two places and the lower grade, and twisted and stretched layout of this road makes tourism cooperation in this area very challenging (SDNU and SDGA 2016).

Map 3: The Highways Connecting Jinan and Laiwu



Source: “The General Road adjustment Scheme in Shandong Province (2015-2030)” made by The Department of Transportation, Shandong Province.

What's more, the main inter-city transport axis misses the industrial heart, so the transport layout is not reasonable. To be specific, the Jilai Expressway avoids the Jinan High-tech Development Zone and the important scenic areas in Jinan's southern mountain area. Although the Jilai Expressway's Laiwu section passes through the Xueye Tourist Holiday Resort and the Kouzhen Industrial Park, Jinan is the core of the Economic Circle of Capital City Group and the Jilai Coordinated Region. If the traffic between the two cities cannot provide convenient access to Jinan's industrial areas, the effectiveness of inter-city integration will be seriously reduced (SDNU and SDGA 2016).

In addition, although there are currently a few transport lines connecting Jinan and Laiwu, they can only achieve a few point-to-point communication along the somewhat limited lines. A sophisticated transport network covering most counties, towns and villages has not yet been formed. Hence, most of the people in the two cities are still not very satisfied with the traffic situation.

Additionally, the expressway toll fees also affect the traffic integration of the two cities. The beginning of the Jilai Expressway is the "Ganggou Toll Station" and the terminal is the "Laiwu North Toll Station". The toll fee of the expressway for a sedan is 25 RMB. Because Jinan's inter-city bus station is located in the north, in order to avoid the traffic congestion in the city centre, the buses always take the Jinan North Toll Station and the city ring expressway, and then enter the Jilai Expressway. In this case, the expressway toll fee is 40 RMB for a sedan. The toll fees for the expressways are not inexpensive. Taking the provincial highway the S234 (from Zhangqiu county which is affiliated with Jinan, to Laiwu), for another example, the toll fee for motor vehicles with a load carrying capacity under 1 ton is 10 RMB, and 20 RMB for 5-10 ton motor vehicles. Quite a number of vehicles actually take the general highways instead of the expressways to save money on the tolls. This seriously reduces the transport efficiency and impacts the free flow of people and vehicles as well.

In a nutshell, due to the great benefits of the inter-city integration and the transport drawbacks as explained above, building traffic integration is the premise of the inter-city integration, or it can be said that traffic integration and economic integration need to run harmoniously and simultaneously in conjunction with one another.

At the same time, Chapter 2 shows that public transportation is managed by together the province, the prefecture-level cities and the county-level cities. To further clarify the task allocations in planning management and investment attraction, the Shandong transportation sector is in charge of planning and inspection for the implementation of the provincial expressways. Prefecture-level cities can present the project proposals, and multiple cities can present proposals together around the trans-boundary projects. After the approval from the province, the prefecture-level cities can act as the executive subjects and take charge of the competitive bidding of the investors. Hence the prefecture-level cities can propose certain projects and are responsible for project propulsion (Shandong Government Online 03-02-2016). Therefore, Jinan and Laiwu, as two prefecture-level cities have great discretion over the traffic construction, and after the launch of coordinated region the traffic integration becomes the imperative task of the two cities. To be more specific, Jinan and Laiwu are the responsible bodies for a great number of transportation projects, such as the Jilai Expressway, the inter-city rail, the S242, the S317, the S234, the city buses, and the county, rural highways. Ever since the release of the Development Plan for the Economic Circle of Capital City Group, the two cities and the province have done a lot of work side by side. Some of the achievements are very impressive, while some have met with a lot of resistance. It is very interesting and worthwhile to examine the whole process of traffic construction in the two cities and probe which factors in practice influence the proceedings for traffic integration.

The formation of the Development Plan for the Economic Circle of Capital City Group and Traffic-integration between Jinan and Laiwu

The Development Plan for the Economic Circle of Capital City Group and the proposal of the Jilai Coordinated Region

As can be seen, the coordinated region is firstly proposed and then the initiation of the transportation integration between the two cities starts. Thus the traffic integration is closely associated with the establishment of the coordinated region.

The Jilai Coordinated Region stems from the conception of the “Jinan Metropolitan Area”. Back in 2004, Shandong began to study and plan the Jinan Metropolitan Area, as Jinan is the capital city of Shandong and a big city with thousands of years of history. Compared to the rapid development in the coastal areas, the provincial government and Jinan city felt an indispensable responsibility for the city to rise again (Jinan Daily 25-05-2012). After three years of surveying, drafting and reviewing, the “Plan for the Jinan Metropolitan Area” was officially introduced in 2007 January. The plan focuses on the establishment of the agglomeration of seven cities. At this time, the national and provincial context was promoting urbanisation and accelerating the intensive development of the cities and towns. In general, the metropolitan area was focusing on the city group development to facilitate the regional development in the middle of Shandong, and to balance with the peninsula city metropolitan areas and the Lunan urban belt. The development orientation of the metropolitan area was positing Jinan as the core, whereas the other six cities were relying on their own efforts to prosper (Shandong Provincial Construction Department (SDPCD) 2007). There is no mention of the relations among the cities. Less than one year after the plan was introduced, during the two sessions

(The National People's Congress (NPC) and the Chinese Political Consultative Conference (CPPCC)) and the Ninth Party Congress in 2007, the concept of the “Economic Circle of the Capital City Group” evolved to emphasise the importance of the economic linkage among the seven cities.

Besides Jinan, the six cities also proactively expressed the intention of cooperation. Laiwu showed great enthusiasm to blend in with Jinan (Jinan Daily 26-07-2011b). The most representative case was the signing of the “Framework Agreement of Exchange and Cooperation” between Jinan and Laiwu (Dazhong daily 2007). The two cities agreed to strengthen their cooperation in terms of tourism, real estate, logistics, and exhibition areas and began to actively promote communication and collaboration among other fields. Twenty days later, Laiwu quickly organised more than 110 principles from the five systems (the party, the government, the military, the people’s congress and the People's Political Consultative Conference), government departments and districts affiliated with Laiwu to undertake investigations in Jinan and negotiate access with Jinan.

The top leaders of Laiwu all showed strong support to fit in with Jinan in person. For instance, before the plan was released, Yu Jiancheng, the Secretary of Laiwu’s Party Committee from 2006 to 2011, mentioned that “Laiwu and Jinan are close geographically, similar in culture and nature. The eco-social association, inter-communication and reciprocity has a very long history. So no matter the daily trip or the economic exchange, Jinan is always the most important destination for Laiwu” (China City 16-07-2011). Yu identified Laiwu as Jinan’s best “supporting role” and even made several specific plans to guide the related departments to cooperate with Jinan. The making of the provincial regional plans sometimes considers the cities’ aspirations (Zhang 2010) so to some extent, Laiwu’s strong desire contributes to the final determination of the Jilai Coordinated Region.

The provincial top leaders showed great enthusiasm for the Economic Circle of the Capital City Group. Shandong province initiated the Development Plan for the Economic Circle of Capital City Group (referred to as the “big plan” in the rest of this chapter) after giving more consideration to the regional balance within the province. Facing the other two rising regions in Shandong, the provincial government and the provincial party committee urgently needed to echo the “yellow” and the “blue” strategy to achieve harmonious development in Shandong (Shandong Government 2013). Therefore, in January 2013, the then provincial governor, Jiang Daming announced that the government would release the Development Plan for the Economic Circle of Capital City Group and the suggestions for Jilai Coordinated Region (Jinan Daily 25-05-2012). This was the first time the provincial government raised the concept of a “Jilai Coordinated Region”.

Hereafter, the provincial governor, Guo Shuqing, further led the planning of the Economic Circle of the Capital City Group and the Jilai Coordinated Region. According to his ambition, the Capital City Group should be constructed to reform and open up a pioneer region, a demonstration region for the transformation and upgrading of Shandong, and an important strategic urban cluster economic circle on a national scale.

In March 2013, Guo Shuqing the Chairman of China Securities Regulatory Commission was transferred to Shandong as the deputy provincial governor. In June 2013, Guo Shuqing took up the post of Shandong Provincial governor. As a determined reformer, he has a comprehensive knowledge structure. As a knowledge leader, he is particularly good at economics. Therefore, on the one hand, he concentrated on financial reform, and on the other hand, he worked on Shandong’s overall economic development layout (Economic Observer Online Sep-23-2013). Before the release of the Development Plan for the Economic Circle of Capital City Group, Shandon only had one peninsula city

agglomeration centred in Qingdao. Guo stressed that in terms of Shaondong's enormous economic space of more than 700 kilometres from the east to the west, it was far from enough to drive Shandong's economy depending on the peninsula city agglomerations alone. While the Economic Circle of the Capital City Group covered one-third of Shandong's economic aggregate, and links the west and the east, the regional development around Jinan was of strategic importance for Shandong's overall economic development. From Guo Shuqing's point of view, big Jinan was considered as one of the three pillars for revitalising Shandong's economy.

In the meantime, Guo defined Jinan as the core of the Economic Circle of the Capital City Group. A researcher who participated in the plan for the Economic Circle of the Capital City Group mentioned that "Guo intended to build Jinan into a regional economic cultural centre, a science-technology manpower centre, a finance and trade centre, a tourism and exhibition centre and a economic accumulation centre in central province" (Interview 17). However, to create the "hard core" and the "big Jinan", the top priority would be addressing Jinan's weakness, such as its small scale, relatively small population, weak capacity and lack of strong radiation and impetus ability. Therefore, the Jilai Coordinated Region was initiated to expand the urban size of Jinan. In respect of Jinan's economy, the coordinated region could largely meet Jinan's needs for a new market and development space, and then break through the bottleneck in the natural resources and its geographic limitation. As for Laiwu, it was the smallest prefecture-level city in Shandong. Its territory in the north was connected to Jinan, and their industries are interrelated. Therefore, it was most convenient and direct for Laiwu to carry on Jinan's radiation, such as the industry transfer and infrastructure construction. The coordinated region could also boost Laiwu's education, transportation, and services to develop synchronously with Jinan (Yang 2014).

With strong support from the provincial top leaders, Shandong province organised related departments and experts in research institutes to form a research panel to conduct deep and extensive fieldwork. The then research panel was divided into 20 sub-panels to take charge of the fieldwork for different topics and different cities. The sub-panels produced reports and suggestions after their fieldwork, and then the research panel collected the reports and drew up the first draft for the provincial government (Zhejiang Online Oct-19, 2010). After a number rounds of argumentation from the officials in related departments, local governments and research institutes, the provincial government finally produced the development plan and released it to the public.

In August 2013, the provincial government officially issued the big plan and Jilai Coordinated Region was written as a single chapter, indicating the start of the regional integration between the two cities. According to the plan, the coordinated region aimed to expand Jinan's strategic development space, improve its stimulating and radiating functions, and help Laiwu to optimise its industrial structure and build up its capacity. The initiation of the coordinated region would be able to contribute to the development of the integration of the two cities, making a breakthrough in developing ideas, systems and mechanisms. It would then play an exemplary role in the construction of the economic circle of the capital city group and provide experience for the other provincial regional integration attempts. To be specific, the goals in the chapter was to achieve the five aspects of integration including traffic, communication¹, household registration², public service³ and resources distribution⁴. The traffic integration

¹ The integration of the communication between the two cities would first interconnect and upgrade the telephone communication network, so the area code will be the same and the long-distance fees and roaming charges will be cancelled. It also means Jinan and Laiwu will share the local radio and TV channels. Besides, it will also speed up the coverage of the fibre trunk network and the third generation mobile communication network, which will help the wireless broadband coverage through the cities.

² Integrating the household registration means the citizens in the two cities will have rights to transfer their residence and apply for the ID card in either place. The residence permit in one

requires Jinan and Laiwu to cooperate in regard to inter-city public transportation, aviation port construction and logistics parks. This research specifically studies how the inter-city public transportation is carried out and then examine the factors influencing the effectiveness of the cooperation.

The Development of the Traffic-integration between Jinan and Laiwu

After the promulgation of the big plan, a lot of work had been done, and the progress in the transportation field can be identified as positive. “Three unifications” (三个统一) were generally mentioned aiming to advance the Economic Circle of the Capital City Group and were partially completed. Firstly, the Jilai Coordinated Region Construction Leading Group and the Leading Group Office were required to be formed in order to realise the unified leadership. Secondly, the big plan also required the unified compilation of an overall plan for the coordinated region, according to which the Jilai Coordinated Region Construction Leadership Group can collaborate with social economic development and important specialised planning. Simultaneously, the unified plan can also work to coordinate resource exploration, resource distribution, ecological environment, major infrastructure and sharing public service

city will also be valid in the other city. And the residents will be allowed to apply for local permanent residence which will enable them to enjoy the same legitimate rights as local people.

³ The integration of the public service plans to use universal employment service system, such as a unified standard of work recruitment, vocational qualification authentication and trans-regional training. And it also explores ways to establish the sharing system for social surety information and settlement mechanisms. Joint running of hospitals and schools are also called upon to have the citizens in the two cities enjoy the same treatment.

⁴ With regard to the resource allocation integration, apart from the integration of the bank payment and settlement system, a talent exchange system and technology support, it also claims to facilitate Jinan Steel to transfer to Laiwu, consolidate Jinan and Laiwu’s automobile parts manufacturing enterprises, and support the two cities to cooperate on the new emerging industries. The plan also asserts to support Laiwu’s advantage on typical agricultural industry to combine Jinan’s advantage on capital, technology and talents, and then to create the national level agricultural industrial demonstration base.

facilities. Finally, the third unification is about the strategic layout according to which the two cities can integrate their industrial development, land utilisation and urban and rural construction. The first two requirements provide the organizational and policy preconditions for the traffic integration between Jinan and Laiwu and the results are satisfying.

Most importantly, the chapter on the Jilai Coordinated Region in the big plan had specifically declared the objectives of achieving better traffic integration. The objectives were opening the inter-city public transportation lines, ensuring the bus card in the two cities to be able to be used universally, initiating the inter-city rail transit programme as soon as possible, accelerating the broadening of the national highways and the provincial highways, lowering the expressway toll fees between Jinan and Laiwu, cancelling the toll fees for the provincial highways, and supporting Jinan's aviation port construction. The objectives were taken seriously. Most of them were achieved by the end of 2016.

In the case of the organizational conditions of inter-city integration and traffic cooperation, a leading group was established. In October 2013, approved by the provincial government and the provincial Party Committee, Jinan and Laiwu formed the Jilai Coordinated Region Construction Leading Group. The Secretary of the Jinan Party Committee Wang Min, took the post as the group leader. Jinan's Mayor Yang Luyu, and the Secretary of Laiwu Party Committee Wang Liang, acted as the deputy leaders. It can be noted that there were not any top provincial leaders in the leading group. Even worse, the group soon fell apart because of China's anti-corruption movement. The group leader, Wang Min, fell in December 2014 because of his "law-breaking" and "violation of discipline" (People's Daily Online 19-12-2014). In April 2016, Jinan's mayor Yang Luyu was investigated for "seriously violating the discipline" (Phoenix Net 06-04-2016). The Leadership Group has been paralysed until now and the principals of the leading group have never been supplemented (Interview 16).

On 21 December 2013, the Leading Group Office was established. The Director of the office is the Deputy Mayor of Jinan, Su Shuwei, and the Deputy Director of the office is Wang Guanghua, Laiwu's Deputy Mayor. The associated office had 21 staff dispatched from the two cities to work separately for three small teams, the Comprehensive Team, the Planning and Construction Team and the Social Affairs Team. Thereby, the two cities began to work cooperatively, so this symbolised the breakdown of the administrative boundary. The main tasks of the office were conducting the daily work in the construction of the coordinated region, implementing the decisions of the leading group, researching, making annual work plans, convening meetings and exchanging information between the two cities (Lawu News, Dec-24-2013).

Up until 2016, the Leadership Group Office had convened four meetings. Nevertheless, the meetings were merely summing up the progress, reporting the focuses of the annual key work and listening to the presentations from the related functional departments. Just as one official mentioned, "by far (2016) the only work of the office is having some institutions make several plans as requested by the big plan" (Interview 16). The plans included "The 13th Five-Year Planning Outline for the Coordinated Development of Economy and Society in the Jilai Coordinated Region", the "Developing and Planning Research for the Traffic Integration in Jilai Coordinated Region", the "Developing and Planning Research for the Tourism Integration in Jilai Coordinated Region", the "Developing and Planning Research for the Industrial Integration in the Jilai Coordinated Region", and the "Developing and Planning Research for the Environmental Protection Integration in the Jilai Coordinated Region".

Both Jinan and Laiwu focused on and placed a lot of emphasis on issues related to the coordination of the region and the traffic integration. As early as 2013 at the time the big plan was put into effect, Jinan and Laiwu had both been very

cooperative in several fields. For example, one journalist recalled that when the strategic decision was settled on, the delegates from Laiwu reflected that “developing the Jilai Coordinated Region will be a significant opportunity for Laiwu, which will accelerate Laiwu’s self-development by taking advantage of Jinan’s position as the capital city for its own benefit; Laiwu hoped that the provincial party committee and the provincial government would issue the implementation suggestions for the development plan and the coordinated region as soon as possible; then Laiwu will exert itself to the utmost to provide support and good service” (China Daily 26-01-2013b). Jinan’s attitude was also very active to a certain degree. After the first plenum of the twelfth Provincial Congress, when the Economic Circle of the Capital City Group and Jilai Coordinated Region were firstly proposed, the Jinan Development and Reform Commission had organised related officials to visit Laiwu to investigate the possible important issues ahead of time. They communicated with the local officials in Laiwu’s Development and Reform Commission to acquaint themselves with Laiwu’s basic economic situation, and put forward some preliminary ideas about how to conduct industrial cooperation, tourism resource integration, traffic and communication development and other ideas (Jinan DRC, Apr-11-2013). Nonetheless, even though the people from Jinan visited Laiwu it was possible that the visit might just be a practice of making an appearance, and their true attitude was not completely certain. Jinan positioned itself as the core of the whole economic circle, so besides Laiwu it also had an interest to build the transportation and economic connections with its other surrounding cities. “Jinan’s 13th Five-Year Special Plan on Transportation” showed that Jinan also had an expanding intention to the west and the north.

Still and all, in March 2014, Jinan made the “Suggestions about the Implementation of the Development Plan for the Economic Circle of Capital City Group in Promoting Transportation Development” (SDDRC 05-05-2014).

The suggestions claim to do the overhaul repair to S242 from Shuangshan Road to Wenzu, and upgrade the section from Wenzu to the Laiwu boundary from a Grade 2 to a Grade 1 highway. Furthermore, the connecting lines from Jinan's East Erhuan Road and South Erhuan Road to the City Ring Expressway were also put into the suggestions. Currently, the overhaul repair work had been finished, and the rest was under way. After the construction of the above mentioned highways, especially the connecting lines, the traffic time and inter-city traffic distance will be largely reduced (Leading Group Office of Jilai Coordinated Region 2016).

For Laiwu, the decision makers there had long since realised the significance of the traffic integration. Since 2014, Laiwu had begun the "Laiwu Urban Development Plan". In the plan, Laiwu proposed to upgrade the three lines linked to Jinan and mitigate the toll fees. The three lines included the Jilai Expressway, the S317 and the S234. In terms of the S317, the highway connecting Lawu's 4A tourism scenic area would help to attract more tourists from Jinan once it was finished. Laiwu made the first move to upgrade the section closer to it. The S234 connected Laiwu and Zhangqiu (one of Jinan's districts). The Jilai Expressway was very crowded at the Jinan end, so the S234 will ease Jinan's traffic pressure and provide another line to Jinan. Currently part of the S234 had finished the upgrade and the task was also written to the "Developing and Planning Research on the Traffic Integration in Jilai Coordinated Region".

In spite of the information mentioned above, the inter-city rail transit was another major traffic project in the Jilai Coordinated Region. Actually, in 2011, Shandong's rail transit planning had been approved by the National Development and Reform Commission (NDRC). In this version of the plan, the Jilai inter-city rail transit was longer and passed through Xiying and Taian. One of the officials in Laiwu mentioned that "the situation is when the rail transit

plan was made, the Jilai Coordinated Region had not been released; after the big plan, the traffic accessibility had to be considered; the route in the first version of the plan takes longer even than the highway, so it's not appropriate; although the plan has been approved by the NDRC, if SDPDRC make the change, the plan can be adjusted". Therefore, "considering the new regional policy, SDPDRC should change the railway map" (Interview 19), where JiLai inter-city rail transit will travel via Zhangqiu to Laiwu in only 25 minutes. In response to the strong demand of Laiwu, in April 2014, the NDRC approved "The Intercity Rail Transit Network Planning in Urban Agglomerations in Shandong Peninsula, Bohai Rim (Adjustment)" which included the adjusted Jilai inter-city rail transit. In July, "a pre-feasibility study had been initiated and it's anticipated that the transit work might start in early 2017 and be open to the public in 2020" (Interview 19).

In 2015, the achievements in the Jilai Coordinated Region were not as fruitful as in 2014, which might be because of the vacancies of the leading groups. In 2016, the main achievements mostly reflect the plans made by the Jilai Coordinated Region Leadership Group Office.

To be noticed, the provincial government had made great effort. For example, in January 2014, Jinan and Laiwu inter-city quick passenger buses had been put into operation. The buses were two-way, and they were running every 25 minutes from 6:30 in the morning until 18:30 in the afternoon. The bus ticket for the whole journey was also reduced from 38 RMB per person to 20 RMB. And in May, the bus cards became universal on the buses in the two cities. This obviously made it more convenient for the people living in the two cities. In July 2014, the G2 Beijing-Shanghai Expressway between Jinan and Laiwu enhanced its speed-limit standards. The highest speed had been increased to 110 km/h from 100 km/h; and the highest speed through the mountain tunnel increased from 80 km/h to 90 km/h. In February 2014, the SDPDT released the

“Notification on the Approval of Highway Projects Proposals in 2014”, and it approved starting the preconstruction activities on provincial highway S327 (Shandong Regional Strategy Online 19-06-2014). After that in May, the S327 overhaul maintenance began and this section has become one of the important parts of Laiwu’s Tourist Avenue.

Considering the province and the effort on the part of the two cities, we can draw a conclusion that many achievements were reached. According to the big plan and the objectives that were made to promote the traffic integration, the provincial government firstly had contributed greatly to the traffic development between the two cities. For instance, new public lines were opened. There were universal bus cards in the two cities. The tolls fees for the Jilai Expressway and the Jinan City Ring Expressway (fee charging conducted mainly by the provincial government and the Shandong Expressway Corporate) were abolished. The Laiwu departure lounge for the Jinan Yaoqiang International Airport was constructed. The two cities also got a great amount of work done. The provincial expressways including the S234, the S241, the S237, the S317, the S327 were upgraded respectively, which would largely ease the traffic pressure between the two cities. However, it cannot be said that the tasks have been fully fulfilled. Even though the Jilai Coordinated Region Construction Leading Group and the Leading Group Office were established, they did not play their due roles. The two cities carried out most of their traffic projects separately with little if any leadership or direction. In regard to the low grade of the leading group, the plan was very likely to lack a collaborative capacity. In spite of the projects the two cities launched, certain aspects still needed to be advanced. The S234 has a large part that still has to be upgraded. Most important, the highways connecting the small towns and villages between the cities still need to be improved. Therefore, the outcome of the traffic integration

in Jilai Coordinated Region is mixed. Although the achievements are impressive, there are still quite a few challenges ahead.

Analysing the influencing factors over Jinan and Laiwu's traffic integration

As previously noted, the Jilai Coordinated Region is Shandong's imperative choice. Due to Jinan and Laiwu's declining economy, limited development space, plus their geographical proximity and similar culture, the formation of the coordinated region becomes a logical result. To deepen the regional integration, the traffic integration must be given priority. The speed, density and accessibility of the transportation all decisively have an influence on the development of the regional integration. Nevertheless, Rome wasn't built in a day. During the formation and development of the traffic integration between the two cities, some factors gave impetus to the advance of the traffic integration, while some were not so beneficial. Therefore, the focus of this chapter is on Jinan and Laiwu's traffic integration and to probe the functioning mechanisms in terms of all of the external factors observed.

The legal framework

A legal framework, such as the joint provisions acts, could grant cities the power to cooperate with others and to establish joint authorities, or demarcate the boundaries of administrative behaviour (Hulst and Andre 2007). Quite the opposite, China's institutional supply in relation to the regional cooperative field is not sufficient. In China, there is no national legislation in the area of regional economic integration or inter-local governmental cooperation (Peng 2009). "Government departments must not do anything unless it is mandated

by the law” (China Daily 18-03-2015). The lack of a legal foundation does not provides legal procedure for the cities to follow.

In regard to the public transportation development and management, Chapter 2 has clearly indicated that the responsible bodies include the province, the prefecture-level cities and the county-level cities together. The county cities and those above have the right to manage the rural passenger transport, the urban passenger transport, the transportation hub construction and other public transportation services.

What’s more, the Shandong Expressway Regulation provides that

“the provincial administrative department for transportation, other related departments and the prefecture-level cities together should work out the planning of the provincial expressways” (Shandon People’s Congress 2000).

To stimulate the province and the prefecture-level cities’ initiative, the Shandong government further clarifies the task allocations in planning management and investment attraction.

“Shandong Transportation sector is in charge of the planning and inspection of the implementation of the provincial expressways. Prefecture-level cities can make the project proposals, and multiple cities can make proposals together around the trans-boundary projects. After the approval from the province, the prefecture-level cities can act as the executive subjects to take charge of the competitive bidding of investors. Although the province authorizes related departments to sign the investment contracts with the investors, the prefecture-level cities are responsible for project propulsion” (Shandong China 03-02-2016).

Therefore, the province, and the prefecture-level cities take charge of the planning and implementation of the provincial expressways. The higher level governments have the right to coordinate the subordinates’ transportation

development. In terms of the trans-boundary transport projects, the related prefecture-level cities can negotiate and make plans together. So even though the cities actually have autonomy to cooperation, there is no clear law or regulation addressing the inter-local governmental transport cooperation, its formation, implementation, inspection and other aspects.

With respect to the prefecture-level cities, Jinan and Laiwu, the two cities are the main responsible bodies for managing a range of public transportation services and the traffic integration between the two cities which is progressing under the framework of the Jilai Coordinated Region. It is clear that the two cities has made a great achievement to the transport integration. Nevertheless, the current legal provision does not seem to be the most important contributing factor. There are a few other conditions stimulating the formation of Jinan and Laiwu's transportation integration other than the legal factors.

The plans and policies

The initiation of the coordinated region and the traffic integration is largely subject to the plans made by Shandong Province. Actually, in the recently decade, planning has acted as a vital factor in Shandong's social economic development. Shandong claims that it will use high-standard plans at a "high starting point" to guide the future development (Jinan Daily 25-05-2012). The examples include the intensified promulgation of the Overall Plan of City Agglomerations in Shandong Peninsula (2007), the Development Plan of the Yellow River Delta High Efficiency Eco-economic Zone (2009), the Development Plan for Shandong Peninsula Blue Economic Zone (2011) the Development Plan for the Western Economic Uplift Belt' (2013) and others. This represents that after decades of decentralisation, China has begun to reassert the central and provincial functions by purposely designing regional strategic plans to regulate the local economic governance (Xu and Yeh 2009).

As for the Jilai Coordinated Region and the traffic integration, the making of The Development Plan for the Economic Circle of the Capital City Group reflects the balancing strategy of the province as well as the aspirations for revitalising Jinan. Next, a series of local plans and departmental plans based on the big plan have been issued to keep the momentum going. A lot of progress has also been achieved based on the content of the plan, such as the establishment of the coordinated organisation and a great deal of concrete work. So the plan seems to have been playing an important role.

In respect of the favourable policies, the big plan has stipulated that favourable policies will be arranged to support the construction of the coordinated region. And the province indeed introduced a scheme to provide fiscal support for the cities conforming to the regional development strategies. In the first place, the province had set up a special fund to stimulate and support the regional projects. The special fund was mainly composed of the central fiscal subsidy, the provincial fiscal fund and the provincial infrastructure funds, raised and managed by the Shandong Provincial Development and Reform Committee (SDPDRC) and the Shandong Provincial Financial Department (SDPDF). In 2013, one billion RMB was arranged as a constructive special fund for the economic circle. The fund was set to focus on the compilations of the urban and rural development plans, the talent introduction, the vocational education, the tourism plans, the rural tourism demonstration region, the infrastructure construction related to the special economic hub and others (Shandong Regional Strategy Online 25-07-2013). The special fund was distributed in three ways: the specialised fund (切块资金), investment on major projects (以重大事项形式安排的专项资金) and the fund for the applied projects (以项目申报形式安排的专项资金). With respect to the specialised fund, the SDPDRD and the SDPDFD made the distribution plan and the budget indexes for the cities, and then the cities distributed the fund to specific projects. With regard to the

investment on major projects, the SDPDRC and the SDPFD directly compiled the project budget and made investment plans based on the arrangements of the Provincial Party Committee and the provincial government. As for the fund for the applied projects, the cities had to make applications and receive the funds after passing the evaluation of the SDPDRC and the SDPFD. However, the fund was set for the whole economic circle, and the financial support that was allocated to the transportation area was very limited as the transportation was encouraged to be marketised and PPP financed. For instance, the inter-city rail between Jinan and Laiwu was mainly the responsibility of the two cities. The financial incentive from a higher level government only constitutes a small portion.

Secondly, as for the highway constructions, the province promised to subsidise the cities 4.50 million RMB per km, and the rest has to be undertaken by the cities. Since the increased costs for highway construction recently have already exceeded the local governments' fiscal capacity, the subsidy of 4.50 million is barely enough. So the fiscal demand apparently exceeds the fund supply. So, in this instance, the favourable policies cannot be concluded as very helpful in this case.

The coordinated organisations---leading group

The Jilai Coordinated Region Leading Group and the Leading Group Office function as the coordinating organisations. Nevertheless, what is noteworthy is that the standard or the grade of the group and the office is not as high as expected. Since the leader of the group is the top leader from the party and the government at the city level, there is no intervention from the provincial level. Just as one of the researchers in one of the think-tanks in Jinan argued, because of the lack of provincial top leaders in the coordinating organisations, in China's current political context, there will be many difficulties in

implementing such a huge plan (Feng et al. 2013). Moreover, the top leader of the leading group Wang Min, lost his position as the Secretary of the Jinan Party Committee in 2014 due to corruption, and since then the leading group had lost its leader. In April 2016, Jinan's mayor Yang Luyu was investigated for "seriously violating the discipline". The function of the leading group has become weaker. Although there is a leading group office, the office has only organised four meetings since 2013. The meetings are merely about comprehensive summaries of the work that has been finished and what is going to be done. So, since the leading group cannot play the coordinating role, the two cities can only work on their own to promote their transport projects to meet the goals set forth in the big plan. In 2015, the leading group office released "The 13th Five-Year Planning Outline for Coordinated Development of Economy and Society in Jilai Coordinated Region" and the "Developing and Planning Research on the Traffic Integration in Jilai Coordinated Region". Considering the low grade of the leading group, the implementation force of the plans might be "unpromising" (Interview, 15).

The provincial and city leaders' attitudes

Professor Wang Dianli of Shandong University said that the concept of inter-city cooperation between Jinan and Laiwu is promoted by the administrative power in a top-down manner and the provincial government plays an important role in the process of the formation of the coordinated region (Wang 2009; 2013). He categorised the coordinated region as a provincial government induced inter-city cooperation, and this model of inter-city cooperation is actually more common and frequent when all of the participating cities are all subordinated to one single province. Indeed, attention from the top leaders is of great importance. As shown earlier, the initiation of the big plan and the coordinated region cannot be separated from the push of the provincial governor,

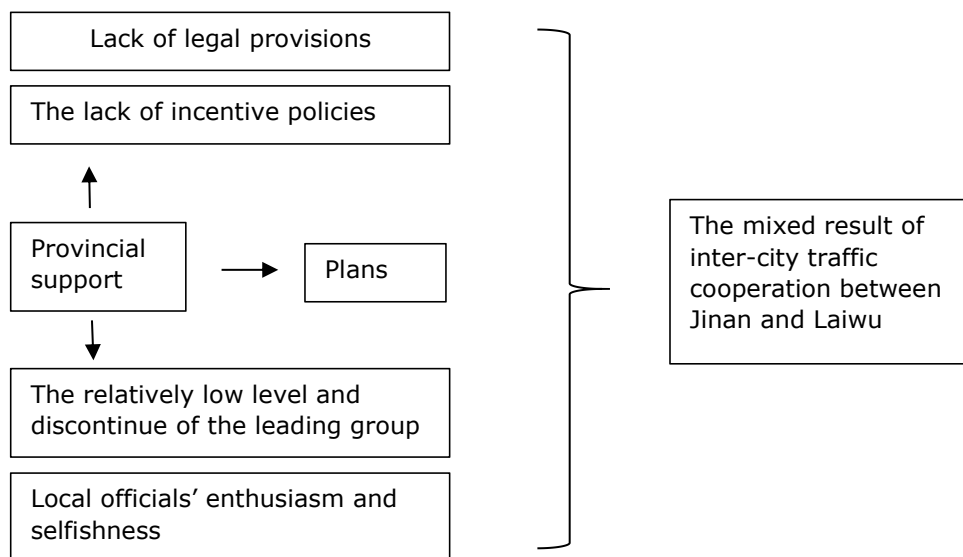
Jiang Daming and Guo Shuqing. Nevertheless, as we mentioned in the last paragraphs, there is neither a top provincial leader in the Jilai Coordinated Region Leading Group nor some valid incentive policies. It shows that in terms of the coordinated region, the provincial leader show less support than we might expect.

As for Jinan and Laiwu, both of the cities' leaders have expressed their enthusiasm for cooperation. Laiwu has long shown its willingness to serve a supporting role for Jinan. The successive Secretaries of the Laiwu Party Committee all expressed their strong cooperative desire in public more than one time (Laiwu Daily Sep-19-2013). The current Secretary of the Laiwu Party Committee Liu Shihe, mentioned that the coordinated region provides an historic opportunity for Laiwu and the transportation construction must be given priority to promote the inter-city integration (Dazhong Daily, Jan-27-2013). Jinan's attitude is positive too to some extent. After the government report by the then provincial governor, Jiang Daming, in January 2013, the Secretary of the Jinan Party Committee, Wang Min, immediately organised a very high profile study tour to Laiwu in May, and the two cities both expressed an intention to cooperate (Laiwu News May-06-2013). However, "Jinan's 13th Five-year Special Plan on Transportation" and the construction of the Yellow River Bridge in the north of Jinan prove that Jinan is less enthusiastic than Laiwu about building a close and exclusive relationship between the two cities. It illustrates that Jinan selfishness and self-centeredness position it in the core position of the capital city group. As a capital city, Jinan considers its partners include yet are not limited to Laiwu, and Jinan wishes all of its surrounding cities to be balanced in terms of their economic capability. Therefore, this might influence the progress of the transport integration between the two cities, especially when the top leaders of the province have paid less attention to the coordinated region than we might have expected that they would.

Conclusion and remarks

In short, the traffic integration between Jinan and Laiwu was driven by the establishment of the Jilai Coordinated Region, since it has been considered to be the premier project before the inter-city integration. While the traffic infrastructure construction between the two cities has made great progress, there are still some projects that are lagging behind the schedule.

Figure 3: The conditions affecting Jinan and Laiwu's traffic integration



Source: Made by the author.

It can be noted that Jinan and Laiwu's inter-city transportation cooperation has been influenced by regulative, normative and/or cultural cognitive institutions

throughout the entire process of the two cities' interaction. The regulative institutions demarcate the boundaries of social behaviour through the definition of roles, obligations and prohibitions. So if there is a lack of regulative institutions, the participants of cooperation might not have regulations to follow and then the cooperation might not be so effective.

When the big plan was issued, plenty of progress has been made. Yet apart from the big plan, because there is no special law clearly regulating the general inter-city cooperation or cooperation in terms of the transportation areas, there is no potent incentive policy to lessen the burden on the two cities. The leading group is not up to the grade expected, so the proceeding of transportation cooperation is neither organised nor efficient.

The normative institutions socially provide individuals with values, beliefs and scripts for appropriate behaviour in various social settings that are deemed to be appropriate by a collective body (Schank and Abelson, 1977). The cognitive-cultural institutions also support individuals through internalised frames or schemas for naming, categorising and understanding tangible and intangible concepts in the world where an individual considers that he or she belongs.

As this case demonstrates, the provincial top leaders and the leaders from Jinan and Laiwu all recognise the importance of developing the coordinated region for a variety of reasons. Their attitude of support has combined together to propel the establishment of the coordinated region and the development of inter-city transportation. It is the strategy proposed by the province which touches off the beginning of the coordination, and it is the local officials' behaviour and the creed of hierarchical administration carries the progress of the transportation construction forward. Therefore, it could be claimed that, the normative and cognitive factors in this case have played a big role in promoting transport cooperation between the two cities.

On the other hand, the support from the top provincial leaders could be stronger. Although at first the high attention from the province triggered the initiation of the cooperation, later when the province delegated the coordination task to the leading group, the cooperation slowed down. Jinan is also somewhat distant from the coordinated region. It reveals the city's selfishness and self-centeredness. Therefore, the result can only be partially implemented in terms of the integration of the inter-city traffic. In essence, the city officials' selfishness and self-centeredness is not conducive to cooperation, while their hierarchical administrative norm and the provincial support could conquer the negative norm and form effective cooperation. If the provincial support disappears or reduces, cooperation becomes less effective.

Chapter 5: Pollution Control in Xiaoqing River

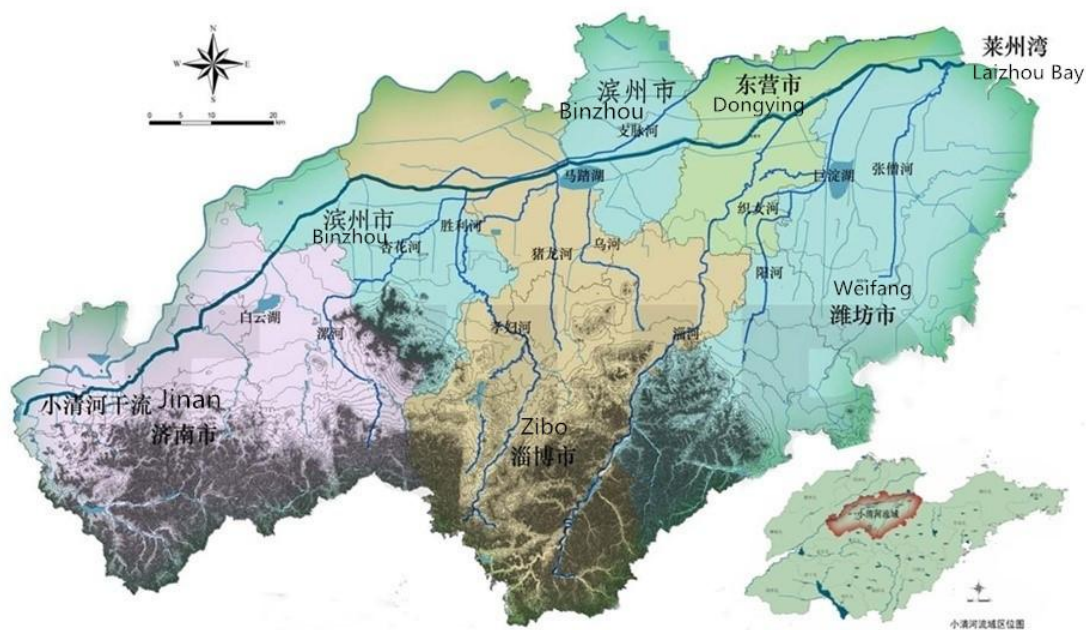
Water pollution control is very often a research highlight in the regional governance area. This is due to the fact that the distribution of the water resources normally covers several administrative divisions. The single local government's effort is by no means able to manage the water environment in the entire drainage area. Therefore, joint efforts in the drainage area or inter-local government cooperation are indispensable. This chapter will firstly explain the necessity for inter-city cooperation in the Xiaoqing River drainage area, and then reveal the rationale for inter-city cooperation through unfolding the whole process of the pollution governance by the province and the participating cities. In accordance with the given hypotheses in Chapter 2, the narrative analysis in this chapter specifically focuses on the working mechanism of the legal framework, the provincial policies, the incentive systems, the leading groups and the provincial and the local governments' subjective factors. We then probes how those institutional factors influence local governments' interaction in Xiaoqing River's pollution governance.

Why is it rational for the cities in the Xiaoqing River area to cooperate over water pollution control?

The Xiaoqing River, was canalised in the Early Song Dynasty (1130-1137). It flows through the middle of Shandong and empties into the Bohai Sea. The river course passes through five prefecture-level cities (including Jinan, Binzhou, Zibo, Dongying, and Weifang), and 18 county-level cities (including county-level cities, counties and districts) successively from west to east (refer

to Map 4). At the time the Xiaoqing River was first dug 900 years ago, its single purpose was to ship sea salt inland. During the Guangxu period (1871-1908) in the Qing Dynasty, the Qing government worked to deepen and broaden the river course, so its scale has been enlarged continually and the shipping also peaked at that period. With 10,336 square kilometres of drainage area and 237 kilometres of length, the Xiaoqing River now functions as a comprehensive channel for flood control, irrigation, shipping and other activities. The Xiaoqing River has thus been called a golden waterway by the local people (Chang 2007).

Map 4: The Xiaoqing River and the cities it flows through



Source: The Plan Making Group, “The Planning Scheme of Comprehensive Governing Xiaoqing River’s Ecological Environment”, 2012, page 3.

However, ever since the 1980s, the water quality of the river has seriously been in decline. “Wash the rice and dishes in the 60s, carry water into irrigation in the

70s, have fish and shrimp vanishing in the 80s, sell the stinky water to nowhere in the 90s” vividly described the dying process of the river (Phoenix Net 08-05-2014). Taking the key index - the Chemical Oxygen Demand (COD) over water pollution in 1987 for example, compared to the third class of “Environmental quality standard for surface water (GB3838-88)” (National Environmental Protection Agency 1988), the COD in Jinan Yakou Monitoring Section was 100.7 mg/L, amounting to 16 times the national standard. The COD in the middle reach, Huimin Xizha Monitoring Section, was 37.45 mg/L, 5 times the national standard. While the COD in the estuary, Shouguang Yangkou Monitoring Section, was 20.90 mg/L, 2 times above the national standard. Apart from the COD, the volatile phenol, chromium-6, mercury, arsenic and cadmium were all significantly above the limits so it was absolutely considered to be excessive compared with the national standard (Shandong Science and Technology Association (SDSTA) 1991, 5-7).

The serious river pollution had led to the pollution of the underground water and drinking water resources. According to the 1987 survey of shallow ground water and the monitoring data in Boxing, Shouguang and Zouping, the ground water turbidity, escherichia coli, chloride, sulphates, volatile phenol and COD all severely exceeded the national standard, thus it was heavily contaminated and undrinkable (SDSTA 1991). The incidence rates of cancer, liver disease, skin disease and foetal malformation were very high along the river, which seriously endangered people’s health.

The water pollution also caused serious damage to the soil and crops. For instance, Zouping had 350,000 mu’s of farming land irrigated by the untreated sewage, and the perennial irrigation had resulted in soil hardening, basification, and depressed agricultural production. The agricultural products were polluted to different degrees (SDSTA 1991).

In addition, the aquatic products had suffered a great loss. Before the pollution,

Boxing's yield of fish, shrimps and crabs had been an average of 650,000 kilograms per year, and the geese and ducks were flourishing, yet after the water was polluted, the fish, shrimps and crabs had all disappeared, and the pampas grass and lotus root were reported as totally lost. This had led to more than five million RMB's economic loss (SDSTA 1991, 5). Take Laizhou Bay for another example, because a large amount of sludge had been deposited from the main stream of the Xiaoqing River, in some places the black smelly mud was as deep as one meter, so, when the rainy season come, the mud and the pollutants from the riverbed were flushed to Laizhou Bay which caused sudden heavy pollution. In 1987, the sudden pollution caused by the upstream rainfall generated a large amount of damage to the fisheries and the prawn breeding base in Laizhou Bay. The dead fish and shrimps reached 350000 kilograms and the shellfish loss was about 50 million kilograms (SDSTA 1991, 5).

Therefore, water pollution control for the drainage area became imperative as it was not only an inevitable requirement for sustainable development, it also had a catastrophic effect on humans, animals and water life for all of the cities in the drainage area.

Technically, although the pollution control required a participating process involving multiple actors, such as, administrative units, enterprises and citizens, the quasi-public nature of the water environment determines that governments had to play the leading role. And because the river runs past several different administrative jurisdictions, from the perspective of regional governance, the control of pollutant discharge, the monitoring of the environmental index, and the environmental enforcement along the river required coordination and cooperation among every local government in the watershed, and their subordinated environmental functional departments.

Nonetheless, before the 1990s, pollution management in Xiaoqing River was very disorganized and in terms of regional management and a unified authority,

there wasn't one. There was no unified governance plan either, so the overall coordination was lacking if not absent. The Xiaoqing River flows through five prefecture-level cities and eighteen county-level cities, all of which tended to utilise the Xiaoqing River as industrial water. So, the industrial development after the 1980s worsened the situation. In accordance with the survey report by the Shandong Science and Technology Association (1991, 5), the local development was on the basis of "Develop first and pollution governance later", which thus aggravated the Xiaoqing River's pollution. Industrial development in the upper reaches (near Jinan and Zibo) was very fast, while the water resources were limited, so they took the clean water for their own use. Meanwhile, the industrial effluents and the sanitary sewage were increasing, so they treated the Xiaoqing River as their sewage ditches to dump the wastewater. The local people downstream said "no drop of clean water left for the downstream and no drop of wastewater stayed in the upstream"(SDSTA 1991, 5). As for the downstream localities, although they had fewer pollution sources and were very determined to conduct pollution control, without the cooperation from the upstream local governments, there would be a waste of work. Furthermore, during the irrigation period, because of the lack of water, the local people downstream were compelled to use the untreated wastewater for irrigation, which resulted in secondary contamination.

Taking all these reasons into consideration, the water pollution in the Xiaoqing River area had to be controlled, and the cities upstream and downstream had to cooperate with each other for joint action. Based on this knowledge, the regional pollution governance in Xiaoqing River area proceeded.

The pollution control in Xiaoqing River Drainage area

Pollution governance for the Xiaoqing River has gone through the following four stages, “investigation and planning”, “total quantity control and comprehensive remediation”, “back to cleanliness” and “comprehensive ecological environmental governance” (Shandong Government 2004). The water quality has gradually improved after decades of endeavour from the provincial government and the related local governments as well.

Stage one: Investigation and planning (1980-1987)

Before the 1970s the Xiaoqing River was crystal clear with lush water plants, fish and shrimps. Yet after the 1970s, with the development of industry and agriculture and the increase of the emissions, the water quality of Xiaoqing River began to deteriorate. Sewage disposal had turned Xiaoqing River into a river filled with sewage, which provided a formidable ecological environment for the river dwellers, resulting in huge social-economic damage and endangering the health of the local people.

In the early 1980s, the Shandong government realised the serious pollution problems of the Xiaoqing River and thus began to organise environmental personnel to carry out some fundamental research investigations. The investigations included “Research on Xiaoqing River’s Pollution Status in Jinan Section and its Self-purification Capacity”, “Water pollution Evaluation on Xiaoqing River Drainage Area”, “Investigation over the Drinking Water Pollution Conditions and its prevention Countermeasures in Xiaoqing River’s Major Pollution Areas” and others. Based on the large scale investigations, the provincial government ascertained that Xiaoqing River’s pollution status which afforded solid scientific grounds for its synthetic water pollution treatment later.

On the basis of the investigation and reports above, the Provincial Environmental Protection Bureau (SDPEPB) compiled the “Implemented Plan for Water Pollution Control in the Xiaoqing River Drainage Area” in 1987. The

implementation plan proposed that Xiaoqing River water pollution control should make unified plans on the basis of the whole drainage system, and combine point sources of treatment and centralised management. There would also need to be a simultaneously dredging of the channel so the river would be supplemented with clean water sources. And it also suggested that the pollution control plan should be included in the national economic and social development plan in the corresponding period, so the pollution control could get more attention. Since then, the province began to increase its investment in pollution governance, eliminate the pollutant discharges and strengthen the environmental supervision and management to achieve harmonious development of the economy, urban-rural development and environmental protection (SDPEPA and SDDRC 2004). Nevertheless, at this point, the plan was made by the SDPEPB and since no regional authority or coordinating organisation was involved, the implementation was not satisfactory.

Stage two: Total quantity control and comprehensive remediation (1988-1998)

Because the Shandong Provincial Party Committee, the provincial government and the Provincial People's Congress had paid high attention to Xiaoqing River's pollution, in 1988 the provincial government established the "Xiaoqing River Environmental Protection Committee" to help coordinate the regional pollution governance work. In the same year, the provincial People's Congress approved the "Implementation Plan on Xiaoqing River's Pollution Remediation" and developed the "Decisions about Strengthening the Pollution Remediation Work in the Xiaoqing River Area" to commence the water pollution control.

According to the decision, the province had allocated 14,060,000 RMB in total from 1988 to 1992, to build the drinking water projects to solve the water shortage problem in 306 villages along the banks of Xiaoqing River. In the

meantime, the provincial government also accelerated the pollution remediation project by asking 31 major pollution sources to undertake time-limited pollution treatment and starting the construction of urban sewage plants in Jinan and Zibo. Although a lot of work had already been carried out on pollution control, by the end of 1994 the pollution prevention and control objectives had not been met. Among the 31 key pollution sources, the required tasks had only been completed for 13 of the sources. In terms of the quantity of wastewater effluent, about $4 \times 10^8 \text{m}^3 \cdot \text{a}^{-1}$ of the wastewater effluent was discharged into Xiaoqing River, which is more than two-thirds of Xiaoqing River's annual stream flow ($6 \times 10^8 \text{m}^3 \cdot \text{a}^{-1}$) discharging into the sea (Tian et al. 1996). This indicates that the pollution control necessitated the cooperation from the local governments since the provincial government was not able to fulfill the task alone.

There are others who blamed the authority of the "Xiaoqing River Environmental Protection Committee" for not being strong enough to lead the coordination work among the local governments (SDSTA1991). The "Xiaoqing River Environmental Management Committee" was established in 1988 as the trans-boundary pollution governance institute at the county level city, Huimin, which is subordinated to Binzhou. Its low administrative rank determined that it lacked any firm binding effect on the cities. In 1994, the committee was transferred to the Provincial Environmental Protection Bureau. Now the committee still exists in the Provincial Environmental Protection Bureau, but it only nominally remains under the Management Office for Drainage Ecological Environmental Protection. Actually, the committee cannot coordinate the local government, as its administrative rank is no higher than the county level cities. As the time goes on, the committee's role was weakened gradually. At this point, it is not included in the pollution governance plans anymore.

In 1994, at the second Session of the Provincial People's Congress, the delegates from Jinan and Weifang both complained about the uncoordinated

pollution governance status and introduced a bill about coordinating all the cities under the leadership of the province. The People's Congress handed the bill over to the Urban and Rural Construction and Environmental Protection Committee for deliberation. Soon the committee made three recommendations (Leading Group for Comprehensive Planning and Governance in Xiaoqing River and Nansi Lake Areas 1999): (1) the provincial government should continue the implementation of the "Decisions about Strengthening the Pollution Remediation Work in the Xiaoqing River Area" and prepare the local legislation work over Xiaoqing River's pollution governance; (2) the provincial government should make an overall plan over the Xiaoqing River area's pollution comprehensive governance; (3) the province should adjust and replenish the coordinated organisation; the major provincial leaders should take the lead and the principals in the provincial departments and the leaders in local governments should all participate.

So, faced with the unsatisfactory achievements for Xiaoqing River's remediation, the local governments and provincial government assigned a high value to the pollution problems. Based on the cities' suggestions, the province established the "Leading Group for Comprehensive Planning and Governance in Xiaoqing River and Nansi Lake Areas" to initiate the comprehensive remediation plans (Fu 1994). The vice provincial governor, Zhang Ruifeng, acted as the group leader and the office was set in the Provincial Planning Committee. After the establishment of the leading group, Zhang personally led the group members, who were the principals of the thirteen provincial departments and related local cities to do the investigations along the river, work on the sites and commence the planning (SDPEPB Sep-29-2002). In this sense, under the leadership of the vice governor, the leading group managed to mobilise all of the participants to make the plan.

In 1995, an important plan was passed by the Standing Committee of the

Provincial People's Congress. The plan was referred to as "The Overall Planning Scheme of Pollution Comprehensive Treatment in the Xiaoqing River Drainage Area" (referred to as the "planning scheme" later in this thesis). it involved thirteen provincial bureaus including the Provincial Planning Commission, the Water Conservancy Bureau, the Bureau of Aquatic Products, the Tourism Bureau, the Environmental Protection Bureau and others that participated in the compilation work.

According to the overall planning scheme, six tasks were presented. They included completely eradicating the new polluting sources; cleaning up 100 key polluted projects; reducing the COD emissions; building urban sewage treatment plants; improving the ecological environment for agriculture and forest; utilising comprehensive measures, such as cleaning the deposited silt; dredging the river channel and adding supplemented clear water sources to ensure the upstream Xiaoqing River's water quality would reach grade 5 according to the national standard and the downstream to grade 4 (Shandong Government 2004). The plan symbolised that the pollution governance had entered into a crucial period. Zhang also convened several mobilisation conferences and coordination conferences to issue the instructions. The provincial governor, Li Chunting, also gave speeches in the mobilisation conferences to stress the urgency of the remediation for Xiaoqing River.

After the release of the provincial planning scheme, the provincial People's Congress also approved an important law, the "Water Pollution Control Regulations in the Xiaoqing River Drainage Area" which provided the legal guarantee and cornerstone for the plan and for the future pollution governance work. For instance, in terms of the work mechanism involved with the planning, the law stipulates that the prefecture-level city should make their own plans consulting the provincial plan, and report to the province for approval. By such an analogy, the counties also follow up with their own pollution treatment plans.

In the same manner, the contents of the plans are also defined based on the hierarchical principle. The total amount of water pollutant discharge is determined by the provincial government based on the water pollution treatment goals and the requirement of the periodical water quality standards. Then the provincial tasks are devolved to the prefecture-level cities. Next, the prefecture-level cities assign the tasks to the county-level cities and related departments, and eventually the county-level cities and the related departments distribute the tasks to the pollutant dumping units.

Apart from the obligations of the local governments in task implementation, they also have the right to detect and inspect their upstream cities about their pollutant discharge status. If they find that the discharges of the pollutants exceeds the total discharge control volume, the environmental protection agencies or the city governments can report to the superior government regarding the dereliction of duty. In addition, the Provincial Environmental Protection Bureau sets up monitoring apparatus recording the total quantity of pollutant discharge at the boundaries between two prefecture-level cities. In this regard, it empowered the cities to charge their upstream cities certain discharging fees if they discharged more pollutants than the total quantity control index. Monitoring apparatus was installed in the county-level cities as well, and the monitoring of the county-level cities can be done in the same manner.

In this sense, the supervision, reward and punishment in terms of the trans-county pollution dispute can be carried out by either the superior governments or the cities and counties themselves. The intervention on the part of the superior government played a vital role to keep the cities participating on the prescribed path. The regulation also provides that the cities have a certain autonomy in dealing with their upstream neighbours.

Additionally, the plan also stipulated that the water pollution remediation

objectives should be included in the office-term goal duty system to assess the achievements of the three levels of governments, the related departments and the leaders. The provincial government should launch special inspections of local governments' remediation situations in the Xiaoqing River area, and commend those that achieve remarkable successes, and affix the administrative responsibilities of the related leaders if they did not perform their duties according to the law (Standing Committee of Shandong Provincial People's Congress 1995). In the meantime, the local governments were asked to conduct self-inspections as well and report the pollution remediation achievements to the People's Congress at the same level. This would show that the supervision and inspection system to the regional pollution control in Xiaoqing River area was established. In this way, cities sufficiently dedicated themselves to the regional pollution management program.

In short, since the "Water Pollution Control Regulations in Xiaoqing River Drainage Area" in 1995, the regional pollution governance for Xiaoqing River area has some degree of legal protection. Ever since then, the plans have all been made as the law regulates. The leading groups, the planning mechanisms, the task allocations, the supervision and so forth are all packaged in the regional pollution governance plans to coordinate city governments' effort to fight pollution.

A great deal more progress had also been made by the province through a series of comprehensive work. The provincial government boosted the centralised control of urban sewage, so sewage treatment plants in Jinan, Zibo, Qingzhou and Shouguang were built up successively (Shandong Government 2004). The planning scheme also demanded that some pollution control brakes at the administrative boundaries and at the estuaries where the tributaries flowed into the mainstream were in place. In order to urge all enterprises to cautiously carry out pollution prevention 12 pollution control brakes at the tributaries were built.

The construction of several water conservancy projects had also been started. This was because the river had deposited deep silt in its mainstream, and at some places it had a depth of more than two meters. In the flood season, opening the gates always scoured the downstream with a vast channel of sludge, which brought a grave secondary pollution. Thus, the provincial government invested 1.91 billion RMB on the mainstream to dredge and excavate the waste.

For the city governments, a number of measures was undertaken to mitigate the water pollution treatment, such as, point sources pollution control, dredging, sediment discharge and so forth, hence, the ecological environment along the river banks improved a lot and the pollution remediation effect was then largely strengthened. According to the “Government Report on the Implementation of the ‘The Overall Planning Scheme of Pollution Comprehensive Treatment in the Xiaoqing River Drainage Area’” (Zhang et al. 2003), by the end of 1997, Xiaoqing River’s major pollutant discharge had reached the standards set forth by the province¹, and Xiaoqing River’s flood drainage capacity also doubled. Thus, Xiaoqing River’s pollution governance was gradually transferred from concentration control to total quantity control, and from the governance of point sources to a comprehensive remediation. In brief, the regional pollution governance is satisfactory compared to the six tasks included in the planning scheme, except for the failure of the “adding supplemented clear water sources” since the Yellow River always has break-flow problems from time to time. The government report announced the decision to alter the supplemented water from the Yellow River to Dongping Lake or Nansi Lake after the conduction of the

¹ Shandong provincial government strengthened its supervision and management on Xiaoqing River’s water pollution, and improved the environment enforcement to strictly carry out pollution sources governance, thus the province formulated “1995-1997 Standard Discharging Scheme for Water Pollution Treatment” and gave demands of governing the waste water within limited time to 123 major polluting enterprises in Xiaoqing River drainage area.

eastern route of the National South–North Water Transfer Project¹.

It can be observed from the earlier discussion that the provincial government alone cannot solve the regional pollution problem effectively. The regional pollution remediation necessitates the engagement of the city and county governments. Nevertheless, even though the local governments play a fundamental role in the regional pollution remediation, their participation was more dependent on the provincial government's coordination. As can be seen from the governance process, the leading group above all accounted for the substantial leap in the effort to control the Xiaoqing River's pollution problem. It was the leading group that initiated the planning which is of a high and binding effect. And also, the provincial top leader in the leading group exerted a lot of pressure on the participating departments and the local governments. Clearly, the work mechanisms over the planning and pollution governance strengthened by the law, the "The Overall Planning Scheme of Pollution Comprehensive Treatment in Xiaoqing River Drainage Area" had no doubt played a more important role than the former plans made by the SDPEPD and the "Xiaoqing River Environmental Protection Committee". After the plan, several policies and measures were introduced to meet the requirements of the plan. At this stage, the achievements can be noted as the results of the cities and the province' high value on the scheme, the high-grade leading group, the law, the plan and the incentive policies.

¹ The South-North Water Transfer Project, also translated as the South-to-North Water Diversion Project (Nánshuǐ Běidiào Gōngchéng) is a multi-decade infrastructure mega-project in the People's Republic of China. Ultimately it aims to channel 44.8 billion cubic meters of fresh water annually from the Yangtze River in southern China to the more arid and industrialised north through three canal systems: the eastern route, the central route and the western route. In the eastern route, water from the Yangtze River will be drawn into the canal in Jiangsu, where a giant 400 m³/s (12.6 billion m³/year if operated continuously) pumping station was built in the 1980s. The water will then be pumped by stations along the Grand Canal, Hongze Lake, Luoma Lake, Nansi Lake and Dongping Lake, and through a tunnel under the Yellow River and down an aqueduct to reservoirs near Tianjin.

Stage three: Back to the cleanliness (1999-2012)

In terms of the last stage, Xiaoqing River's water pollution governance had made major progress and its water quality improved gradually. By the end of 2000, all of the enterprises in the drainage area had completed the task of "one control and reaching two standards"¹ that had been formulated by the State Council. The COD discharge had reduced by 390000 tons compared to 1997.

Nevertheless, although the water pollution was not as heavy as usual after years of effective control, it was still far from meeting the water quality standards according to the requirements of the "water functional zone" it was located in². In 2002, the COD discharge was 231,818.5 tons per year, and the discharge of ammonia-nitrogen was 19,450.1 tons per year, which hugely exceeded Xiaoqing River's environmental capacity with 14,856.971 tons of COD discharge per year, and 458.027 tons of ammonia-nitrogen discharge per year. Furthermore, along with the implementation of the Eastern Route of South-to-North Water Diversion Project, the province brought up new demands for Xiaoqing River's

¹ "One control and reaching two standards" is an environmental protection goal which is presented in the "Several Decisions of the State Council over the Environmental Protection" in 1996. "One control" referred to the total quantity control over the pollutant. It required that by 2000, all the provinces, autonomous regions and municipalities must have the discharge of the major pollutant (12 major industrial pollutants such as sulphur dioxide, industrial dust, chemical oxygen consumption, mercury, cadmium and so on) in their jurisdictions controlled under the total discharge quantity index regulated by the state. "Reaching two standards" means the industrial polluting sources must reach the pollutant discharge standards in the national level or in the level; the air and the surface water must reach the national environmental quality standards.

² The division of water functional zones, as the foundation of the water protection planning refers to partitioning the functions of the water body scientifically and reasonably, and then making different goals over improving the water quality. In China, the water functional zones can be divided to two levels: the first level includes protection zones, conservative zones, development and utilising zones and buffering zones; the second level which is further partitioned the development and utilising zone includes drinking water sources zones, industrial water zones, agricultural water zones, fisheries water zones, landscape and recreational water zones, buffering water zones and pollutant discharge control zones. Xiaoqing River's division of water function zones can be referred to "The Partitioning Planning of the water environmental functional zones for Shandong surface water" issued by Shandong provincial government in 2000.

water pollution governance work.

Thus on June 9, 2003, the provincial government office issued “The Provincial Government Office’s Suggestions on Further Strengthening the Water Pollution Governance in the Xiaoqing River Drainage Area”. The Suggestion worked to solve Xiaoqing River’s water pollution problems in three more stages¹, establish a set of water quality evaluation indices which stripped out the upstream factors, and formulate the annual water quality improvement minimum targets in major river cross-sections during the 10th Five-year (2001-2005) Plan. Finally, it was presented that by the end of 2010 the mainstream of Xiaoqing River should achieve the goals of regaining basic cleanness, fish reappearing, and restoring the preliminary ecological functions.

In July 2004, the province established the “Leading Group for Small River Basin Pollution Comprehensive Treatment” (SDPEPB May-19-2004). According to the requirement of the “Suggestions”, the Provincial Environmental Protection Bureau and the Provincial Development and Reform Commission along with other related departments and the five cities drafted “The Comprehensive Treatment Plan over the Pollution in the Xiaoqing River Area” and soon, in September, the plan was approved by the provincial government. The plan outlined the tasks for the five cities and related departments for the next three stages. It also built up a responsibility system which included the water quality in each cross-section, total quantity index, project construction index and investment index. The indexes are included in

¹ From the first stage till 2005, the drainage water quality achieved its primary effect, which means the COD concentration in mainstream sections should be below 150 mg/L, the ammonia nitrogen concentration should be below 10 mg/L; in the second stage till 2008, the drainage water environment should improve obviously. The mainstream sections should make their COD concentration below 100 mg/L, and their ammonia nitrogen concentration below 5 mg/L; while in the third stage (till 2012), the water environment problems should be basically solved. The mainstream sections should keep the COD concentration under 40 mg/L, the ammonia nitrogen concentration under 2 mg/L. In this way, the mainstream of Xiaoqing River can return back to cleanness.

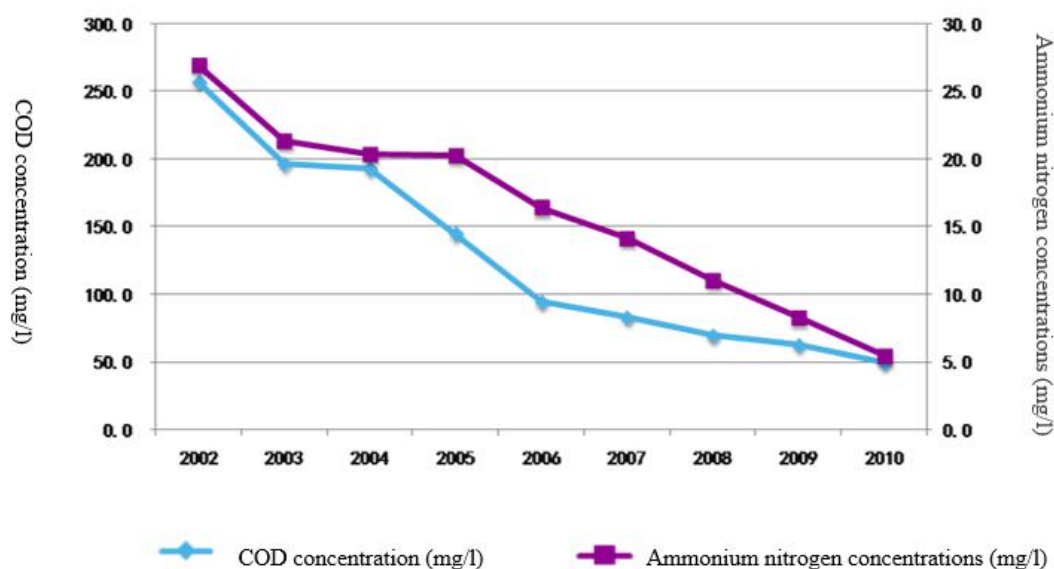
the leaders' goal duty system for environment protection, and the targets are allocated from the province to the prefecture-level cities and county-level cities in a descending order (SDPEPB and SDPDRC 2004b).

Furthermore, to promote the effective implementation of the plan, in 2007, Shandong issued "The Evaluation and Reward Measures over Shandong's Pollutant Reduction and Environmental Improvement" (SDPEPB 14-12-2007). Based on the cross-section inspection, up to eight million RMB would be awarded to the cities which performed the best in the completion of the water quality improvement goals. Since 2010, Shandong began to practise the "Interim Measures on Upstream and Downstream Ecological Compensation over Xiaoqing River Drainage Area". The ecological compensation system between the upstream and the downstream was launched. In accordance with the compensation system, if the city failed to meet the annual water quality improvement goals, it should pay compensation to its downstream city. The most downstream city will receive compensation directly from the provincial financial department if the city meets the objectives, and if not, the city should pay compensation to the province. The provincial government even gives a further reward to the cities which already receive net compensation for their performance in the water pollution control. Just as an official mentioned, "the local cities actually very much depend on the provincial reward since the cities have very limited environment remediation funds" (Interview 2).

At this stage, apart from the routine conduct of pollution governance, another notable practice is the water transfer project from Dongping Lake. The Director of the Dongping Lake Administration Office wrote, "because there is no water replenishment during the non-flood season, the pollution treatment in Xiaoqing River cannot improve the water quality effectively; transferring water from surrounding areas into Xiaoqing River can settle the water replenishment problems and provide a critical step to realising Xiaoqing River's governing

goal and recover its cleanness” (Ge et al. 2012). Especially in 2009, the National Games in Jinan brought an urgent request to the province and to Jinan to improve Jinan’s city environment. So, the water transferring project was placed on the agenda. In 2009, the Bureau of South-to-North Water Transfer established a leading group to coordinate the transferring work since it is a trans-boundary and trans-drainage project. Led by the leading group, from 2009-2011, the water transfer had been carried out four times which obviously improved Xiaoqing River’s water quality. According to the “Shandong Province Environmental Bulletin in 2010”, clear water from Dongping Lake flowed into Xiaoqing River and washed the pollutants to the downstream and then out to sea. The pollutant concentration in the mainstream of the Xiaoqing River dramatically decreased. The water quality improved from Worse V to Grade III (Shandong Bureau of South-to-North Water Transfer 13-04-2011).

Figure 4: The concentration of the main pollutants in Xiaoqing River from 2002 to 2010



Source: “The Planning Scheme of Comprehensive Governing Xiaoqing River’s Ecological Environment” 2012

Summing up this phase of pollution control, based on the plan, the fiscal incentives, the evaluation system and the water transferring programme, the local government has devoted great effort to Xiaoqing River's pollution control. By 2010, the average COD and ammonia-nitrogen concentration was 49.9mg/ and 5.5mg/L, which declined 81% and 80%, respectively, compared with 2002 (see the Figure 4). Fish have reappeared in Xiaoqing River's main stream and major branches and its watershed ecology witnessed a significant turnaround.

By examining the main functional factors at this stage, the fiscal stimulus from the provinces played a crucial role in the water cleanness. As discussed earlier, the local governments faced the dilemma of development and pollution governance, and this means that if the local governments invested more of their fiscal budget on environmental protection, the budget share for investment would definitely have been cut. Therefore, to some extent, the fiscal support from the province eased the fiscal pressure on the local pollution governance, and the local governments were stimulated to put forth great effort into pollution control. At the same time, the leaders' goal duty system established an evaluation standard for the local leaders' performance over environmental protection, which also stimulates the local officials' work engagement in relation to Xiaoqing River's pollution governance.

Besides, the water transfer project from Dongping Lake not only contributed to Xiaoqing River's water cleanness, it also constituted an interesting case to examine the inter-city relationship. And not surprisingly, the water-transferring reflected a hierarchical coordinated manner, which means the province plays a significant role in the water transfer from Dongping Lake to Xiaoqing River in Jinan section, as we proved. The role of the province even exceeds the regulation in the water transfer process. To be specific, "The Management Regulation on Water Drawing Permit and Water Resource Fee Levy" stipulates

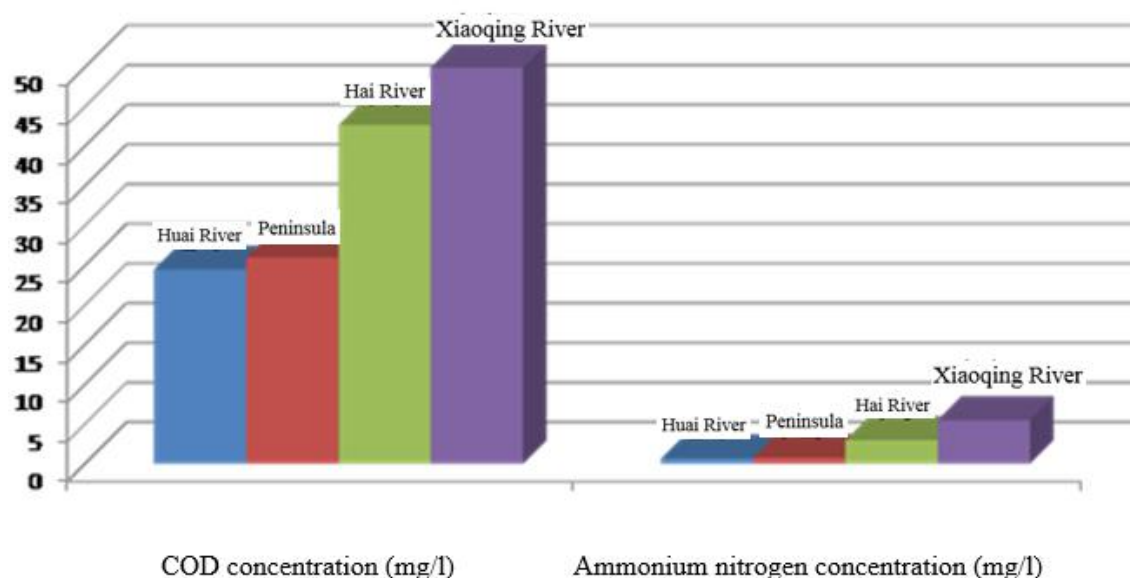
that any unit or individual who wants to draw water (except the 4th Article) should apply for the Water Drawing Permit. The four water transfers in this case, however, were all coordinated by the provincial government through citing Article 4.5 “emergency drawing for coping with agricultural drought and ecological environment maintenance”. No formal water drawing permit has been obtained. As the Director of Dongping Lake Administration Office of Yellow River Affairs Bureau complained euphemistically, “because the involved administrative units belong to different local government and drainage authorities, the emergent water transferring reflects a non-standard transferring procedure”; “if the water transferring becomes normalised, the water drawing administrative units (The Construction Authority for governing Jinan Xiaoqing River, Jinan Xiaoqing River Administration) have to apply for the Water Drawing Permit as soon as possible” (Interview, 3). However, if the cities negotiated with each other spontaneously, the whole process would be long and arduous. While in the water transfer from Dongping to Jinan, the provincial government’s intervention made the whole process rapid and effective. The Jinan government knew the governments’ working pattern very well, so they asked the provincial government to step in to coordinate the trans-boundary project.

Stage four: Ecological environmental governance comprehensively (2012-)

Although the polluting tendency had been suppressed, Xiaoqing River was still the most polluted river within the province (see the Figure 5).

To consolidate Xiaoqing River’s water pollution governance accomplishments, and to make a great effort to improve the overall development of the “Shandong Ecological Province”, in 2012 the Shandong Party Committee and the Provincial Government started a new round of the Ecological Environmental Comprehensive Governance Project in the Xiaoqing River Drainage Area.

Figure 5: The water quality comparison among Shandong's four main river basins in 2010



Source: “The Planning Scheme of Comprehensive Governing Xiaoqing River’s Ecological Environment” 2012

The province established the “Leading Group for Comprehensive Governing Xiaoqing River’s Ecological Environment” and approved “The Planning Scheme of Comprehensive Governing Xiaoqing River’s Ecological Environment” which stated to comprehensively update its ecological, flood control functions. While the plan started to emphasise the ecological environmental improvements, it also provided the goals of building the riverside areas into a major growth pole between the “Blue” and “Yellow” zones¹ and

¹ The Development Planning of the Yellow River Delta High Efficiency Eco-economic Zone was approved by the State Council in 2009 as part of the national development strategy. And in January 2011, the Development Plan for Shandong Peninsula Blue Economic Zone also managed to be approved by the State Council as part of the national development strategy. The two regional development strategies, abbreviated to the “Yellow” and “Blue” regions were reckoned by the provincial government as Shandong two growth poles.

within the city group around the provincial capital city (Shandong Government 2013). The province has put forward new requirements for Xiaoqing River's comprehensive governance. After the plan was disseminated, as demanded by the vice provincial governor Sun Wei, and headed by the Director of the SDPEPD Zhang Bo, and the Deputy Director Ge Weiyan, the Leading Group Office of Ecological Environmental Comprehensive Protection in the Xiaoqing River Area organised on-site supervision several times to steer the local governments' pollution governance work (SDPEPB Nov-02-2012).

In 2013, the Provincial Government released the "Interim Evaluation Regulations on the Implementation of "The Planning Scheme for Comprehensive Governing of Xiaoqing River's Ecological Environment" " and "The Management Measures over the Provincial Special Funds on Comprehensive Pollution Governance in Xiaoqing River's Drainage Area". The regulations mainly referred to two aspects, the project completion rate and the water quality compliance rate. The evaluation results were taken as important evidence of the local leaders and the cadres' work performance. The regulations and the management measures both stipulated that the Leading Group of Comprehensive Governing of Xiaoqing River's Ecological Environment conducts evaluations in each city every year in March, on their performance in the pollution governance projects. In addition, the Financial Bureau and the Environmental Protection Bureau determine the budget allocation according to the evaluation results. If the local government was deemed to have failed the evaluation, the SDPEPD would suspend the EIA approval over the newly built water polluting projects; and if the remediation was unfulfilled or the inadequate work had created major social consequences, the supervision department would investigate the related principals' legal responsibility. After the release of the provincial documents, the prefecture-level city immediately issued the implementation schemes over their subordinated local governments,

and the county-level cities organised coordinated conferences over the related departments to urge the construction of the environmental projects. After the release of the regulations, the leading group organised evaluation tours every year to evaluate the local performance over Xiaoqing River's pollution control. By 2015, Xiaoqing River's pollution control work has been progressing steadily. As noted, ecological environmental comprehensive governance in the Xiaoqing River area is still carried out with a hierarchical approach, as before.

At this stage, what is noteworthy is that there seems to be a new trend for inter-city coordination over the environment governance. The evidence is the case of the environment enforcement in the trans-boundary areas in Shandong. Since the inter-local governmental relationship has been studied more and more by academics it has raised the attention of the provincial leaders. So, in 2014 Shandong began to initiate the "Joint Working Mechanism for Environmental Enforcement in the Trans-boundary Areas". The campaign asserted that cities within a certain region should sign off the "Joint Working Contract", deepen the mutual communication and cooperation over the environmental enforcement in trans-boundary areas and then solve the pollution and enforcement disputations under the joint working mechanism.

Soon after, in June, the five cities along the Xiaoqing River signed off "The Joint Working Protocol for Environmental Enforcement in the Trans-boundary Areas". The protocol stipulates that if the downstream cities, or its environmental protection agencies, found pollution accidents from the upstream cities, the downstream cities should tell the upstream cities the first time they found the problems. And they should immediately urge the upstream governments to develop interception measures, trace the source, and start the interception arrangements in their jurisdictions. (Lu Zhong News Jun-28-2014). The Joint Working Mechanism indicates great progress over the inter-local governmental relationship has been achieved. The direct communication

between the horizontal same level governments demonstrates that inter-city cooperation might change the traditional hierarchical model, and become more spontaneous in the future.

However, the effectiveness of spontaneous inter-city cooperation is sceptical. This is because the accepted and useful manner is the hierarchical model, wherein the local governments report to the superior for coordination. They expect the superior government to exert pressure on the upstream government with its higher administrative authority. It is a matter of fact that, in China this model could coordinate the upstream government more effectively. From the fieldwork in Shandong the hierarchical manner has been proven to be the only effective one.

In the Xiaoqing River drainage area, the county-level cities S and C are subordinated to the same prefecture-level city W. When disputes happen, the city S usually tends to go to W for coordination. At the same time, the county-level cities S and G are affiliated to different prefecture-level cities. Referring to the pollution treatment in G and S, the city government S has tried to communicate with its upstream city government G, or its Environmental Protection Agency several times. Calls were made and written letters were sent to G. However, no matter how many phone calls or formal letters, neither has worked. Hence, city S reported to its superior city W, claiming that in order to solve the upstream pollution problems and stop the bad influence and low assessment result for S, W should apply to the provincial government to upgrade the monitoring station to the provincial level. The surveillance by the province would surely pressure city G on its pollution control, and then it could eliminate the possible influence on downstream cities (Interview 1). So, it is obvious that although the cities are well aware of the importance of the pollution governance and they work for the same goals, they are still unwilling to obey other cities' suggestions and seek a negotiated settlement on their own.

In other words, they would rather tend towards their superior government for settlement. This shows that the cities are more inclined to accept the hierarchical model for inter-city cooperation.

To sum up, it can be asserted that the regional pollution governance is successful. In the second stage, as to the six tasks presented in “The Overall Planning Scheme of Pollution Comprehensive Treatment in the Xiaoqing River Drainage Area”, they are fairly completed except for “adding supplemented clear water sources to Xiaoqing River” as the Yellow River always has break-flow problems from time to time. This cannot be seen as a failure because it is not the responsibility of the local governments. Referring to the third stage, at the time the “The Comprehensive Treatment Plan over the Pollution in Xiaoqing River Area” is issued, it can also be claimed that the pollution governance is successful since fish have reappeared in Xiaoqing River’s main stream and major branches and its watershed ecological environment has improved significantly. More importantly, the regional pollution governance should be seen as a cooperative project as cities are not working independently. They are organized, shared the same goals and the nature of their activities is inter-supportive. The environmental improvement for Xiaoqing River shows that cities and counties have all done their utmost in this regional project. This is largely attributed to the hierarchical model that the cities and the counties adopted.

Analysing the causal factors of the successful pollution governance in Xiaoqing River

Xiaoqing River’s water pollution governance adopted a hierarchical cooperative model echoing the hierarchically administered regime. This section extracts the

institutional characteristics in the pollution treatment process and reveals how local governments reacted to their adjacent neighbours and their superior governments.

The legal framework (national and local laws) for pollution control

The legal framework to a great extent determines the possibilities for cooperation and can also help to explain the patterns of interaction. There is actually no special law authorising the inter-local governmental cooperation or giving standardised instruction in China. Nonetheless, specific to the water pollution governance, the legislation concerning inter-local government relations includes the national-level law on environmental protection——“The Water Pollution Control Act of PRC”, and the local laws on environmental protection——“The Water Pollution Prevention and Control Regulations of Shandong Province” and “The Water Pollution Control Regulations in the Xiaoqing River Drainage Area”. They all formulate the hierarchical distribution of powers between the provincial government and the local governments, and the possible methods of inter-local governmental interaction as necessary. Specifically, the “Water Pollution Control Act of PRC” first prescribes that the responsibilities for environmental protection rest on the county-level governments and above:

“the country-level governments and above make policies and take measures to prevent and control water pollution in their administrative jurisdictions” (NPC Standing Committee Item 4, Chapter 1). “The environmental protection departments at the county-level and above should supervise and manage the water pollution prevention and control work” (NPC Standing Committee Item 8, Chapter 1). “The country practices the goal duty system and evaluation system on water environmental protection. The accomplishment status on water environmental protection composes an important standard to evaluating the

performance of the local governments and the local officials in charge (NPC Standing Committee Item 5, Chapter 1). ”

This item states that the county-level governments and above have great autonomy in the environment protection area. Furthermore, in terms of the horizontal inter-local governmental relations, the act specifies the following:

“when the water pollution disputes happen, the disputes can be settled by the related local governments themselves through negotiation, or be solved by the superior government which they all subordinated” (NPC Standing Committee Item 28, Chapter 3). “The local governments may negotiate and issue the schemes about the delimitation of the trans- boundary drinking water sources protection area, and report to the provincial level government for permission. However, when the negotiation fails, the provincial environmental protection bureaus make the schemes by working with the bureaus of water administration, land and resources, health, and construction, and asking agreement from other related bureaus, and report to the provincial government for permission” (Item 56, Chapter 5).

Because the local laws are made complying to the higher level laws, so “The Water Pollution Prevention and Control Regulations of Shandong Province” and “The Water Pollution Control Regulations in the Xiaoqing River Drainage Area” state the same principles with the “The Water Pollution Control Act of PRC”, except elaborating more specifically about the prefecture level cities and the county level cities’ responsibilities for the pollution control in Xiaoqing River Drainage area. With regard to the inter-city relations, “The Water Pollution Control Regulations in the Xiaoqing River Drainage Area” further stipulates that the environmental protection agencies can detect and inspect their upstream cities regarding their pollutant discharge status. If they find the discharge of pollutants exceeds the total discharge control volume, the environmental protection agencies or the city governments can reach out to or

report to the superior government on this dereliction of duty. More importantly, the “The Water Pollution Control Regulations in the Xiaoqing River Drainage Area” provides a hierarchical model of planning for the local governments in dealing with regional pollution problems. The establishment of the leading group, and procedures such as the plan making mechanisms, the task allocation system, and the evaluation system all ruled that the local governments participate in pollution governance in a vertically oriented manner.

The local regulatory institutions define the roles, obligations, commandments and prohibitions for local governments. Or, put in another way, the regulations actually coerce the local governments into participating in Xiaoqing River’s regional pollution governance in a hierarchical approach. In turn, according to the law, as it relates to the trans-boundary issues, the local governments do have the right to negotiate with the contiguous cities. Unfortunately, as can be observed from the interacting experience of city S and G, the effectiveness of the spontaneous inter-city cooperation most often if not always seems to be less than satisfactory and the cities are more apt to turn to the superior government for collaboration. Apparently, the law and regulation have no coercive requirement for the local governments to form cooperation spontaneously.

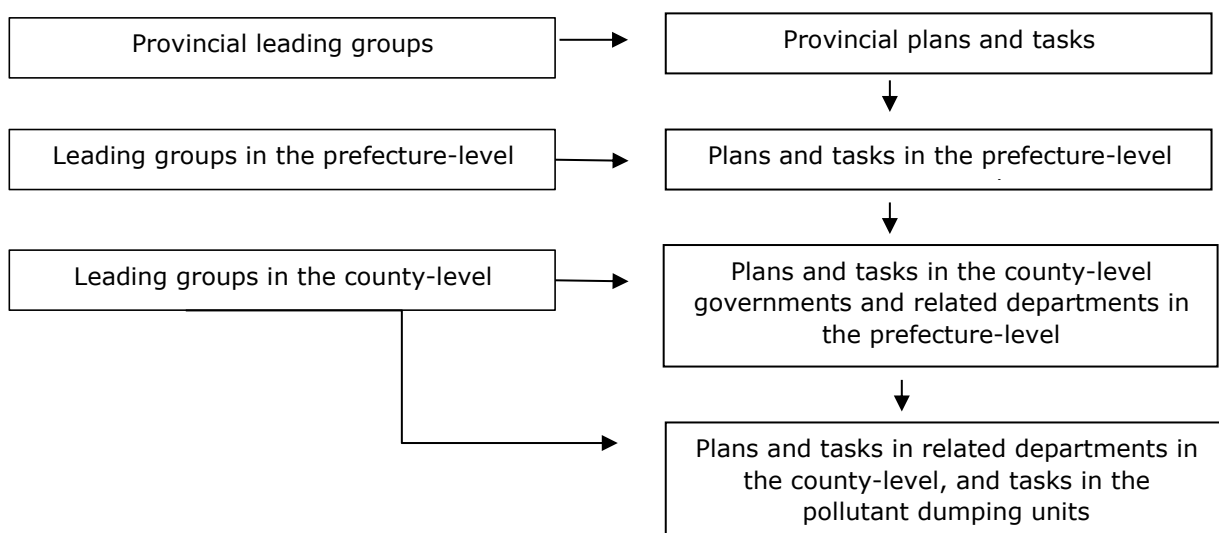
The pollution governance plans and other regional policies

Ever since the province began to initiate pollution control in the Xiaoqing River Drainage area, plans and other forms of provincial regulatory documents have been devised one by one, intensively, to guide local governments’ performance. As many scholars have stated, China is a policy-oriented country, where policies instead of laws lead the domestic reform and transformation (Turner 2015). In terms of Xiaoqing River’s pollution governance, the policies represented by the plans played an important role in coordinating the local governments’ actions.

Firstly, the plans made by the leading group played a key role in carrying out

the pollution control. It is not hard to come to a conclusion from the Xiaoqing River's pollution governance process that the plans function as quasi-agreements of a high binding force in the regional governance. They have a purpose of bolstering both the effectiveness and efficiency of local governments' joint governance behaviour. Although the plans are made in a hierarchical order, and most of the agreements are achieved spontaneously, to some degree, the plans are more restrictive and effective than the agreements. The results turn out to be all that could be desired.

Figure 6: The implementing process of the plans



Source: Made by the author.

Considering the working mechanisms of the plan, the creation of the plan followed the hierarchical rules (See the Figure 6). As noted, referring to plan making, the provincial plans are normally initiated by the high level leading groups. The leading groups firstly launched the all-front investigation tours and then arranged with the related planning departments and experts to make the plans. After the provincial plans were made, then the prefecture-level city made

their own plans consulting the provincial plan and reporting to the province for approval, and then so are the county-level plans made. Furthermore, these plans not only addressed the organisational principle of the division of responsibilities among the local governments, they also provided specific goals and instructions for the local governments to count on. After 1995, every time after the promulgation of the plans, there is a greater effort by the cities and a good improvement in Xiaoqing River's water quality.

Save for the legal framework and plans, the incentive mechanism also functions as an important factor for inter-city cooperation. The incentive mechanism is divided into two aspects: the financial motivation and the evaluation motivation. During the process of comprehensive governance for Xiaoqing River's ecological environment, the provincial government also issued several financial policies to support the local governments' pollution governance. The "evaluation and reward measures" in 2007, the "upstream and downstream ecological compensation system" in 2010 and the "The Management Measures over the Provincial Special Funds" in 2013 all provided great financial support to stimulate the local governments to achieve the tasks according to the plan. Because the local governments do not have a fiscal budget that is sufficient for environmental protection, the provincial financial incentives can be said to be somewhat of a necessity for cities and counties to carry out the pollution control.

Additionally, the inspection and evaluation mechanism assists the fiscal policies in stimulating the actions of the local governments. The Provincial Environmental Protection Bureau normally organises the leading groups to inspect the emission compliance at each cross-section along with the project completion status every year, for each city (SDPEPB May-23-2014). The Provincial Financial Bureau and the Provincial Environmental Protection Bureau then determine the budget allocations according to the evaluation results. The city Environmental Protection Agencies and Financial Agencies then apply

for the projects to be built from the Provincial Environmental Protection Bureau and Provincial Financial Bureau based on their special budget allocation. If the local government passes the evaluation, it will have the priority to obtain the provincial subsidy; otherwise, the Provincial Environmental Protection Bureau will stop approving the newly started projects which discharge water contaminants. Therefore, in this sense, since the 1990s, the financial measures and the performance evaluation measures are intertwined with the plans to further consolidate efforts on the part of the province and the local governments in terms of Xiaoqing River's pollution control work.

Furthermore, the inspection and evaluation mechanisms also function singularly to regulate the local officials' environment protection behaviours. This is because the office-term goal duty system for local officials has covered the environment protection index. So, the evaluation results were considered as an important reference to local government leaders' performance evaluation. The regulations and the law both provide commendation for the local officials who achieve remarkable successes, and blame the related leaders for failing to take the responsibilities they should have taken if they did not perform their duties according to the law. This regulation was only on the paper until recently. However, a recent policy embodied that Shandong has started to reform Local cadres' performance from GDP-oriented standards to a comprehensive appraisal that includes several social indexes. In 2015, the "Eco-environmental Damage Responsibility Investigation Measures over Party and Government Leading Officials" was put to a trial use. It is reported that in the past two years, the Provincial Environmental Protection Bureau has called in a number of local officials, who did not do so well in pollution governance, for a talk (Dazhong Jun-01-2016). Being "called in for a talk" is seen as very humiliating, so it is anticipated that it will urge the local officials to put more effort into environmental protection.

Regional coordinated organisations: leading groups

The Xiaoqing River flows through multiple cities. The cities at the same administrative level have no ownership relations between each other and the local governments shoulder the same responsibilities in dealing with the trans-boundary pollution. Therefore, the existence of the coordinated institutions will play an important role in guaranteeing that the local governments take concerted actions.

Concerning the organisations coordinating the regional water pollution governance, “The Water Pollution Control Regulations in the Xiaoqing River Drainage Area”, as a legal basis provides that “the Xiaoqing River Environmental Management Committee” is in charge of the coordination work over Xiaoqing River’s water pollution governance (Standing Committee of Shandong Provincial People’s Congress 1991). The Environmental Protection departments at the city-levels carry out the tasks of supervising and managing the water pollution governance within their jurisdictions. After the careful observation of Xiaoqing River’s regional pollution history, it is found that the management committee is not strong enough to lead the coordination work among the local governments. As the trans-boundary pollution governance institute, the “Xiaoqing River Environmental Management Committee” was established in 1988 at the county level city, Huimin, which is subordinated to Binzhou. In 1994, the committee was transferred to the Provincial Environmental Protection Bureau. Now the committee still exists in the Provincial Environmental Protection Bureau, however, nominally as it only remains under the Management Office for Drainage Ecological Environmental Protection. Actually, the committee cannot coordinate the local government, since its administrative rank is not higher than the county-level cities. In practice, the committee’s role has gradually been weakened.

The virtual organisation coordinating the local governments is the leading group. At the time the pollution governance planning is about to be issued, the provincial government normally organises a “leading group” to do the preliminary research and coordination work. It is referred to as a construction headquarters sometimes. It usually comprises a vice governor, principals of related departments and deputy mayors of the five participating cities. The high rank leaders normally bring high authority over their subordinates to the leading groups. And this feature is the major difference from the “the Xiaoqing River Environmental Management Committee”. After the plans are issued, the leading group holds the responsibilities of coordinating and inspecting the local cities (SDPEPB Nov-02-2012). The five prefecture-level cities also establish the corresponding leading groups with the same structure to carry out the administrative tasks distributed from the higher level leading group, coordinate the task allocation and supervise the performance of the counties and the functional departments. The county-level cities then organise their own leading groups, consisting of some related departments, to conduct the tasks allocated from the above.

The leading group has proven to be very potent and effective. For example, after 1988, although the Xiaoqing River Environmental Management Committee had been established, the pollution control work was barely satisfactory. So when the delegation from Jinan and Weifang attended the provincial peoples’ congress in March 1994, they complained the pollution problem had hardly been solved, and demanded the province should strengthen the united leadership. In June 1994, the province established the Leading Group for Comprehensive Planning and Governing in the Xiaoqing River Drainage Area. The then vice governor, Zhang Ruifeng, acted as the group leader. The pollution remediation effort was then largely strengthened as discussed earlier. As can be seen in the next two stages, before the comprehensive plans are made, the leading groups are

established to conduct the investigation and compilation work for the plan. After the plans are made, the leading groups work as a coordinated organisation to coordinate and inspect the local cities.

In addition to the instructive visit of the leading group, dispatching meetings and work conferences are the other forms of coordinative approach (Interview 2). As the pollution control in the Xiaoqing River drainage area involves five prefecture-level cities and 18 county-level cities, the meetings consist of two levels. In the provincial and prefecture-city level, the meetings are organised normally to inspect how the pollution governance plans are conducted after several days of field research. The local Environmental Protection Bureaus' guiding tours and reports will show the inspectors, which are comprised of the higher level directors of the related departments and the other prefecture-level city governors, the progress of their work. The principals of the prefecture-level city then arrange the treatment measures for the next phase based on the implementing status of the projects. In the county level cities, the meetings are organised by the prefecture-level city governments and joined by related departments. Firstly, the directors of the county Environmental Protection Departments give reports in the meeting, explain the work progress over the pollution treatment and expound on the problems they must resolve. The governor, who is normally the deputy city mayor, will give speeches and schedule tasks for the next stage. In this way, the coordination of regional pollution governance is organised in an orderly fashion.

The provincial and the local governments' subjective factors

The three types of institutions above are typical regulative institutions which function mainly through arbitration and mediation. There are also two other kinds of institutions which also influence behaviour. These two kinds of institutions are summed up as the institutions influencing human's subjective

attitudes.

The previous discussion implies that the provincial leaders play the leading role in Xiaoqing River's pollution control. The evidence is actually reflected in the promulgation of the plans, the policies, the building of the leading groups, the top leaders' speeches, the investigation and inspection tours, the conferences and so forth. The various activities of the top leaders stimulate the cities in the implementation of the pollution governance in two aspects. The first aspect is that strong support from provincial leaders always results in the subsequent plans, the auxiliary policies and the establishment of the leading groups. These forms of institutions can strongly facilitate the regional pollution governance, as mentioned above. Secondly, the top leaders' speeches, the investigations and inspection tours and the conferences reflecting the leaders' personal influences can also raise the cities' spirits for their governance work in pollution. Just as Jinan and Zibo's reports, the concern from the provincial governor, vice governors and the top leaders of the provincial departments can inspire the local governments, and it greatly contributes to the improvement in the pollution governance work (Zhang et al. 2003). The presence of the provincial leaders at the construction sites symbolises that the top leaders are taking environmental protection seriously. And then it puts heavy pressure on the cities' administrative work.

As discussed earlier, if disputes occur, "The Water Pollution Control Act of PRC" and "The Water Pollution Control Regulations in the Xiaoqing River Drainage Area" provide that the local governments can choose to negotiate with their neighbours, or approach the superior government. As a matter of fact, the accepted and useful manner is for the local governments to report to the superior for coordination. They expect the superior government to exert pressure on the upstream government with its higher administrative authority and this controls the upstream government more effectively. From the fieldwork

in the county-level cities S, G and C, this manner has been proven to be the only effective one. Although this case clearly shows the local leaders' selfishness and absolute power consciousness, their hierarchical administrative norm could make them participate in one mega project effectively. The water transferring project from Dongping Lake is another example of the cities' reliance on the province. As discussed earlier, the province's intervention is the key reason for the success of the project. According to "The Management Regulation on Water Drawing Permit and Water Resource Fee Levy" (2006), Jinan should apply for a Water Drawing Permit to initiate the water transferring project. In that case, it would be more time-consuming or maybe frustrating. The four water transfers in this case, however, are all coordinated by the provincial government through citing Article 4.5 "emergency drawing for coping with agricultural drought and ecological environment maintenance". No formal water drawing permits were required. Although Dongping City is unhappy about the non-compliance of the legal procedure, they cannot say no, and more importantly, the water-transfer is quite efficient.

Therefore, a conclusion may be drawn that inter-city cooperation is quite effective if the high level government makes the interventions, and local governments tend to approach the superior government for coordination on the disputes. When the procedure becomes complicated, for instance the county-level cities are subordinating to the different prefecture-level cities, the local government has the intention of spontaneous cooperation with its neighbours of the equal rank, still the effect is not so satisfactory. This may be attributed to the lack of a specific cooperation law to define the cooperative mechanism. But more importantly, it's because the local governments have this kind of administrative norm to seek help from their superiors since there is no obligation for its same-ranked neighbours to coordinate. And there is also a lack of some kind of institutional arrangement to help form city officials' cognitive

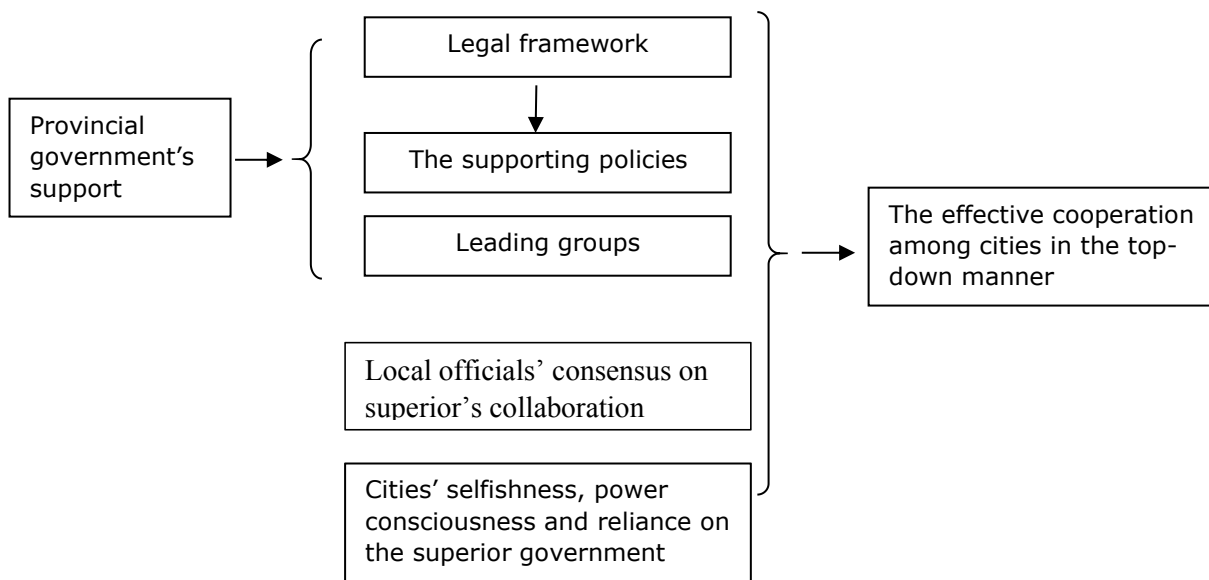
script for spontaneous cooperation. After all, the local governments' general condition is to choose the higher level government as their intercessor. On the other hand, the interference from the higher level government is usually fast and effective. The top-down or hierarchical manner of coordinating local affairs is apt to be accepted and fulfilled by all layers of governments.

Conclusion and remarks

This case, as a successful example, shows how a combination of institutions can intertwine to ensure the cities cooperate in water pollution governance. In this case, the local governments tend to accept a “top-down” or hierarchical pattern for joint efforts. For Xiaoqing River's pollution control, although the organisational approach is a hierarchical model, the participating cities all put forth great efforts towards achieving the same goals and the cities played a crucial role in the formulating of this model. It is not the province alone that initiates the hierarchical model of cooperation, the local governments proposed the hierarchical model.

To sum up the roles of the institutional factors that affect the proceeding of the joint effort, Barnett and Carroll (1995) argue that the regulative elements are the fundamental ones to drive individual's behaviour through coercive means. Selznick (1996) emphasises the role of social obligation, norms and other informal structures, rather than formal structures. Powell and DiMaggio (2012) focus on the roles of conceptual beliefs, mental models, and the interpretations of shared meanings. Regarding the case of the Xiaoqing River, the regional pollution governance is facilitated by these three types of institutions together.

Figure 7: The institutional factors and the cities' interaction patterns



Source: Made by the author.

At first, the pollution remediation was considered by the Provincial Party Committee and the provincial government as a significant issue. The continuous stream of regulations, decisions, suggestions, plans, implementation schemes, fiscal policies and the leading groups all show that the provincial governments have attached a high value to Xiaoqing River's contamination problems. The provincial leaders have also shown the local governments their personal support through on-site investigations, speeches at the conferences, and evaluation tours. It is because Xiaoqing River has attracted great attention from the top leaders that the pollution governance began to take off.

From this primary condition, the legal framework, especially the "Water Pollution Control Regulations in the Xiaoqing River Drainage Area" has also

facilitated the smooth development of the regional pollution control. The law works through confirming Xiaoqing River's planning mechanisms, task allocation, dispute solving mechanisms, inspection mechanisms and reward and punishment mechanisms. These systematic mechanisms, assisted by a series of matched policies and the leading groups, means Xiaoqing River's pollution remediation has rules to follow. Therefore, the laws, the policies and the leading groups as the regulative institutional elements are also important contributing factors.

As regards the attitudes of the local officials, they have recognised the urgency of Xiaoqing River's pollution control, however it is mainly their selfishness and power-consciousness that goes against spontaneous cooperation, so it is instrumental to have the superior government as a commander of the cities' cooperation. In short, the hierarchically administrative tradition and habit favours a top-down administrative order, so this normative factor plus the provincial leaders' cognisance of the importance of environmental protection have the greatest confirmative effect on the pollution governance. By comparing this case with the earlier two, it's found that the local officials' cognitive support is conducive to cooperation only when it is consistent with the superior leaders' willingness.

Chapter 6: Conclusion

No matter whether it is in the field of governance or market, the basis of cooperation is normally the economic incentives and the calculations of outcomes that urge the counterparts to act. Nevertheless, for sociological institutionalists, the economic issues alone cannot provide the entire range of reasons for cooperation. They insist that institutional factors also play an essential role in shaping the pattern of cooperation and regulating the behaviour of the counterparts. For them, the benefits and other material factors may enhance or moderate the degree of cooperation, yet it may never fully serve as the substitute for the roles of institutions. Therefore, what really determines the effectiveness of cooperation are those “institutional” factors, be they regulative, normative or cognitive. Nevertheless, can we claim that institutions affect the effectiveness of inter-city cooperation in the idiosyncratic context of China? Or how do they come into play? These are the starting points of this research as well as the most significant questions to be figured out.

In the preceding three chapters, there is a review of the processes of inter-city cooperation in three different cases. Firstly, benefits exist and urge them to form a cooperative relationship. To a large degree, cooperation can create more benefits or less costs for them than separated administration within a closed territorial division. Secondly, these cities have substantial discretion over the administrative affairs within their boundaries. With regard to the trans-boundary disputes, the cities are allowed to make joint plans, negotiate for settlement or seek coordination from the superior government. Legally it's not forbidden for cities to form cooperation in these three areas. For the third aspect, the non-institutional factors are controlled before the comparative study of the institutions. The cities studied in thesis are all geographically contiguous. Their

administrative ranks are at the same level basically. In addition, reasonable goals of cooperation can be reached in all of the selected cases. Even though those cases are happening in different functional departments, the different properties of the case samples have little impact on the differentiation of the DV. As discussed in the first chapter, in terms of each issue area, they all contain a lot of successful and failed instances at the same time. So, it's not harder or not necessary for certain issue areas to form cooperation, such as, tourism industry. It is also not necessarily easier for some issue areas to form cooperation either. Cases in other parts of China show that the cooperative result in each instance of this study is not an inevitable or fixed one. They are equally able to cooperate to achieve certain goals given favorably institutional conditions. It is believed that institutional setting is the key to understand the success or failure of cooperation here, while other factors are less important.

However, the analytic narratives in the past three chapters denote that the consequences of their interaction are varied. Specifically, one case has established a successful and effective cooperation; one has formed a cooperation although the results are not fully implemented; while the third one has totally failed to establish cooperation. This variation is exactly what we hope to elaborate on with our refined explanatory model under the framework of the sociological institutionalism.

Findings

This section first sums up the causal inferences between the causal variables and the dependent variables through a structured comparison of the three cases (see Table 6). It then draws a conclusion about the occurring mechanisms of inter-city cooperation in China's sub-provincial context.

Table 6: Comparing the variables in three cases

Variable types	Variables	Tengzhou and Weishan's tourism cooperation	Jinan and Laiwu's transportation cooperation	The pollution governance in Xiaoqing River
Regulative institutional variables	Legal framework	Lack of legislation on cooperation	Lack of legislation on cooperation	Specialized legislation on cooperation
	Local government association/ Leading group	Low grade of the leading group	Self-formed leading group	High profile leading group
	Regional plan and supporting policies	A low-grade plan and lack of supporting policies	An overall plan and lack of supporting policies	Overall plans and supporting policies
	Local autonomy	Local discretion and supervision and mediation from the superior	Local discretion and supervision and mediation from the superior	Local discretion and supervision and mediation from the superior
	The national administrative structure	Cities under a unitary state	Cities under a unitary state	Cities under a unitary state
Normative institutional	Cooperative culture	Lack of cooperative culture/ hierarchical administrative norm	Lack of cooperative culture/ hierarchical administrative norm	Lack of cooperative culture/ hierarchical administrative norm

variables	Selfishness	Strong selfishness	Laiwu's hunkering down and Jinan's self-centeredness	Strong Selfishness
Cognitive institutional variables	Leadership	Attention from the Provincial leaders	Attention from the Provincial leaders	High-level attention from the Provincial leaders
	Shared vision	Both recognized the necessity of cooperation	The two cities' high enthusiasm	Successfully built shared vision on pollution governance led by the province
Non-institutional variables	Power difference	Both are county-level cities	Both are prefecture-level cities	Same-ranked cities either on the prefecture-level or on the county-level
	Greater benefits/ less costs	Yes	Yes	Yes
	Environment/ Contiguous positions	Geographically adjacent	Geographically adjacent	Geographically adjacent cities or counties
	Attainable goals	Yes	Yes	Yes
Dependent variable		Fail	Partially successful	Successful

Source: Made by the author.

In the second chapter, we hypothesize that the legal framework, the leading group, the regional plan and supporting policies, the local autonomy, the cooperative culture, selfishness, the shared vision, leadership, power difference, greater benefits, environment/ contiguous positions and attainable goals all have an impact on the effectiveness of inter-city cooperation (Dependent Variable). Nevertheless, the aim of this thesis is to analyze the sociological institutionalism and the institutional factors associated with the context in China. Therefore, firstly, the non-institutional factors are controlled. “Power difference”, “greater benefits/ less costs”, “contiguous positions” and “attainable goals” are the same among the three cases. The greater benefits and attainable goals are the logical start of all of the cooperation. For the three cases, the degree to which they would benefit and the probability that they can attain the goal is quite big. Additionally, the cities in each case are geographically contiguous. There is also balanced power as they are at the same rank in China’s governmental system. Hence, it is not feasible to expect that these factors will be influential in terms of the varied results of the three cases.

In the meanwhile, the “grand environment” is identical in China. In formulating the happening process of the inter-city cooperation, cities in the context of China are also fraught with similar institutional problems, such as, the prevalence of a hierarchic administrative norm, the city officials’ selfishness and their awareness of the necessity of cooperation. Leaving aside these factors, the different institutional arrangements are analyzed first. And then these three normative and cognitive factors are further elaborated.

Specifically speaking, with respect to the role of legislation over inter-local government relationship, it was assumed that it was favourable to the formation of inter-local government cooperation. As can be noted, there is no special law regulating China’s inter-city cooperation except for some suggestions on

spontaneous coordination. The suggestions do not have any binding power. Even so, in some fields, the specialised laws actually mention a few terms in dealing with the trans-boundary administrative issues and inter-local government relations. In terms of Xiaoqing River's regional pollution control, the "Water Pollution Control Regulations in the Xiaoqing River Drainage Area" has very clear instructions over the inter-government relations which might facilitate the formation and effective implementation of regional cooperation.

Before the issue of the regulation, the "Water Pollution Control Act of PRC" only provided some simple principles for resolving the trans-boundary waters pollution disputes. So, in the first stage of pollution governance, there were no standards for the participating cities' organisational patterns and their responsibilities. As imagined, the pollution governance effect was less than satisfactory.

For the next three stages, the "Water Pollution Control Regulations in Xiaoqing River Drainage Area" was released and this stipulated the plan making mechanisms, the task allocation approach and the supervision, reward and punishment measures along with the hierarchical layers of governments. Following the statutory principles, the province and the cities all devoted great endeavour to the pollution remediation and Xiaoqing River's water quality improved gradually. In this sense, the regulation actually ensures and consolidates the participants' joint effort in Xiaoqing River's pollution governance.

As for the competition for tourism between Weishan and Tengzhou, the specialised laws have no detailed regulation over the cities' mutual cooperation when they encountered the trans-boundary tourism resource development disputes, unlike in the case of the Xiaoqing River's case. They only casually mention the superior government's coordination and the cities or the counties' right of negotiation and sharing rights. But the administrative principle in this

field is “localised management”, and the cities and the counties have a tendency to undertake independent exploitation. In facing this legal precondition and when there is a lack of regulative influence, it is a challenge for the cities or the counties to make efforts to cooperate.

And with regard to Jinan and Laiwu’s case, there is also a lack of specialised law regulating cities’ transportation cooperation. As prefecture-level cities, Jinan and Laiwu are the responsible bodies in the construction of the provincial expressways, the trans-boundary expressways and in the management of other public transportation affairs. Nevertheless, there are no specific regulations about the cooperative mechanisms in terms of formation, implementation, reward, inspection and other aspects. The lack of legal provisions determines that transportation cooperation must be less efficient compared to Xiaoqing River’s pollution control, no matter how much the other external institutions favour cooperation. And Jinan and Laiwu’s interaction corroborates that their cooperation in transportation construction was indeed less satisfactory than in the case of Xiaoqing River.

Therefore, in summarising the three cases, the conclusion is that *legislation over inter-city cooperation in a specific field is favourable to the formation of inter-local government cooperation.*

Secondly, it was assumed that the plans and the policies of superior governments are also indispensable for stimulating inter-local government cooperation. Indeed, Xiaoqing River’s case demonstrates that the plans and other forms of incentive policies, run through each stage of the pollution governance process. The leading groups made the overall plans and then the prefecture-level cities and the county-level plans devolved the tasks from the overall plans from the province down to the county-level cities. The implementation schemes of the plans were also made and devolved in the same manner. In this situation, the cities participated in the regional pollution

governance in a contained manner. Besides, the financial policies and the performance evaluation policies both functioned closely in assisting the plans to be successfully implemented.

Jilai's coordinated region and the two cities' traffic integration also reflected the promotion of the "Development Plan for Economic Circle of Capital City Group". This high standard plan received great attention from the local governments. As can be seen, the coordinated organisation is established shortly after. Most objectives are practiced according to the plan. Although the supplemented incentive policies were barely satisfactory, a lot of concrete work has still been achieved.

On the other hand, with regard to Tengzhou and Teishan's tourism exploitation, the two cities initiated several tourism development plans and incentive policies separately, based on their own development orientation. The provincial government barely made any high-rank plan mentioning the two cities tourism cooperation, although the tourism resources in the Weishan Lake area were highly homogeneous. To be noted, the Provincial Tourism Bureau indeed made "The Overall Scheme of Weishan Lake Tourism Development", but the administrative rank of the bureau, plus the provincial leaders' indifference, prefecture-level cities' ignorance and the city leaders' hostility determined that overall scheme would have little binding effect.

To sum up, *the plans and the policies are helpful to the formation of the inter-city cooperation. But the plans and incentive policies might be linked to the degree of attention from superior leaders.*

For the third aspect, the leading groups and their property were also hypothesised earlier to have an affirmative impact on the formation of inter-local governmental cooperation. As mentioned in Chapter 2, LGA is usually recognised as an important tool in the formation of the inter-local government cooperation in western countries. As China has no special law specifically

encouraging inter-local government cooperation and low autonomy for local governments, the association is usually absent. However, in China, the leading group which exists as a coordinated association plays a crucial rule in the formation of inter-city cooperation.

To be more specific, it is not hard to notice the role of the leading group in Xiaoqing River's regional pollution governance. The leading group functioned as a core in the regional pollution governance, as it did the preliminary research, the drafting of the plan, the inspection of the plan's implementation and so on. There was always a top leader from the provincial government acting as the group leader, and the participants of the groups included chairpersons in related provincial departments, the cities and the counties as well. Thus it had all participants' ideas mixed together. And then the leading groups were installed in the prefecture-level cities and the county-level cities just like the plan making. This arrangement provided the conduction institutions for the plans and ensured the plans were successfully put into practice.

Weishan and Tengzhou's tourism coordination constitutes a meaningful test for the role of the leading group. Take the latest establishment of the leading and coordinated group for example, the nature of the group signified that "coordinating" was the main purpose. It lacked a constraining force like the leading group in Xiaoqing River. In addition, the top leader of the group was a vice director from the Provincial Tourism Bureau. Hence there was also a lack of personal pressure from a provincial authority. Both considered, the failure of the tourism coordination had been expected.

The case of Jinan and Laiwu's transportation cooperation is also very interesting. As can be seen, according to the big plan, a leading group for a coordinated regional construction was required to be established as soon as possible. Indeed, the leading group was forged soon after. And they even established a standing office as their co-working place. Nevertheless, the

leading group was still not like Xiaoqing River's pollution governance. The leader of the group was the party secretary of Jinan City, not a vice provincial governor. So it was determined that there would be no superior power in coordination with the two cities' transportation development policies and the transportation integration between the two cities would largely depend on Jinan's intention. It showed that Jinan dispersed its transportation expansion to its north and west directions. The stagnancy of S234 and the highway constructions connecting small towns and villages was undeniably influenced by Jinan's bigger ambition. Also, Wang Min's stepping down and the corollary stasis in the two cities' cooperation explains how the absence of leadership in the leading groups further impacts on the efficiency of inter-city cooperation.

Based on these three cases, the conclusion can be drawn that *leading group directly influences the efficiency of inter-city cooperation. When the leading group is strong and firm, the cooperation runs very smoothly, otherwise, the cooperation is hard to sustain.*

Finally, it was assumed that the normative and cognitive institutions are also some of the determinants to effectiveness of inter-city cooperation. The cognitive map is actors' first and direct image of the physical world. So the support from the provincial leaders, and an open and positive vision to cooperation from the cities should be favourable to the formation of the inter-local government cooperation. China is an authoritarian and hierarchically administered state, so the superior leaders or government have a very big say in local administrative affairs. In practice, the provincial leaders had long been concerned about Xiaoqing River's pollution and its danger to the local residents and economy. From the 1980s, the provincial leaders had begun to give speeches, convene conferences, do investigations and conduct inspection tours. These activities symbolised the high value the top provincial leaders' gave to this issue. It triggered the next initiations to promote the cities and counties to

make efforts in Xiaoqing River's pollution governance in the organized way. Jinan and Zibo officials' reports both verified that the local governments were more inspired when the provincial leaders paid high attention to certain public issues.

Moreover, the Jilai Coordinated Region also reflects the stimulation from the provincial leaders. Jinan's position as the capital city, its weakness and Shandong's regional strategies determined that the provincial leaders have to revitalise Jinan. That's why Jiang Daming and Guo Shuqing both spoke at the two sessions to address the importance of the Ji-Lai Coordinated Region. And the route change for inter-city rail transit after the speeches and the plan also provided powerful evidence for the provincial leaders' role. Nevertheless, the provincial governors actually valued the capital city group more than the coordinated region. So there were no provincial leaders leading the leading group or valid incentive policies, which made the transportation integration between the two cities and the development of the coordinated region less satisfactory.

In comparison, the provincial leaders attached the least attention to Weishan and Tengzhou's tourism competition although Weishan Lake is Shandong's magnificent cultural symbol and key tourism attraction. Only one vice provincial governor, Cai Liming, paid attention to this area's vicious competition. However, the coordination work was then delegated to the SDPTB. The low grade of the leading group, the lack of high-level plan and stimulating policy illustrated that the provincial leaders had paid less attention in this area. The lack of direct intervention from the provincial leaders determined that the cooperation between Tengzhou and Weishan must be non-effective.

As for the city leaders' cognitive factor, actually they all have realised the necessity of cooperation to some extent. Firstly, in the case of Xiaoqing River, the cities have stressed the necessity of pollution governance and the provincial

government's leadership. In 1994, at the second Session of the Provincial People's Congress, the delegates from Jinan and Weifang both complained about the uncoordinated pollution governance status and proposed organized pollution governance under the leadership of the province. After the session, the province initiated several measures to change the way of pollution governance. The change of the pollution governance model and the comparison of the pollution governing results imply that the cities' awareness of cooperative effort seems conducive to more effective cooperation. While in the second and the third case, the cities are also aware that it's rational for them to cooperate. Take the Jilai Coordinated Region for instance, the two cities, especially Laiwu strongly support the development of coordinated region or the idea of cooperation. However, the subsequent cooling attitude of the province result in the stagnation of cooperation and Jinan's distraction to its north area. It seems that Laiwu's willingness is of no big influence. Thirdly, although the two cities is open to cooperation, but the lack of superior support makes coordination to be a difficult task. In this case, continuous noncooperation or even an escalated competition is an inevitable result.

For the reasons above, it can be confirmed that *the provincial governor's high value can effectively drive the formation of the inter-city cooperation. The city leaders' cooperative intentions could make the formation of cooperation easier and the effectiveness of cooperation higher, but it only works under strong superior support. When there is a lack of superior attention, the cooperation could not be effective even though cities embrace the idea of cooperation.*

So far, it can be claimed that the causal relations between the "legal framework", "leading group", the "regional plan and supporting policies", the "superior leader's support", the "local officials' awareness of cooperation" and the effectiveness of inter-city cooperation do exist. The basic assumptions of sociological institutionalism over the impact of regulative and cognitive factors

is applicable in the area of inter-city cooperation in China. In the meanwhile, sociological institutionalists also emphasize decision makers face normative pressures to conform to conventional beliefs. They tend to make policy choices that are more “natural, plausible, appropriate and legitimate” than others (Miller and Banaszak-Hall 2005). With respect to the inter-city cooperation in China, although city leaders have been selfish and self-centered, they have been adjusting their behavior to measure up to a fateful norm --- hierarchical administrative principle. City leaders consider decisions that conform to this administrative norm are more appropriate.

As discussed in Chapter 2, for a very long time, China has been dominated by patrimonialism where the emperor rules on the basis of his own authority through traditional bureaucratic officials. The national leader enjoys absolute personal power for everything within his reigning area. The authority is passed down from the top to the bottom through a series of executive positions each of which is accountable to the one above it. The top-down structure at the same time attaches the same kind of legitimacy basis to the local officials. The biggest historic inheritance is that the top leaders of local governments tend to hold the belief that they are the local magistrate, or the absolute power-holder. In this sense, they develop self-centredness, selfishness and a hostile attitude to their periphery. If they aren't able to conquer this kind of selfishness, create cooperative awareness and establish a bigger regional perspective, cooperation is hard to achieve.

Take Xiaoqing River for instance, after years of provincial promotion and along with the deteriorated environment, the cities realised their responsibility for pollution governance and formed the aim to achieve water clearness. In terms of trans-boundary governance, the county city S had been dealing with the trans-boundary pollution problems in a hierarchical method. When it encountered over-pollution from the upstream government, it always tended to go to its

superior government for coordination. Although it had also tried direct horizontal negotiation with its neighbours, as the pollution monitoring results might affect the local officials' performance, the attitude of its neighbour showed that they had no interest in spontaneous negotiation at all. It demonstrates that the cities are behaving on the basis of the norm template of "self-management", "no negotiated obligation" and "obeying the superior". They only care their performance within their own jurisdiction as it concerns the evaluation and promotion. Other places are not their business. However, all cities could change their behavior trajectories basing on the provincial leader's intervention and organization. It illustrates that the local officials' selfishness is not apt for cooperation. While the local leaders hold the hierarchical administrative norm. This normative factor underpins city leaders' top-down manner of working and desire for superior interference. City leaders prefer external coordination instead of spontaneous negotiation. And when there is superior command, support or even tendency, city leaders normally conform to this internal principle and are more easily to adopt required behavior. So the hierarchical administrative norm could help city leaders conquer the selfishness and unite to work toward the same goals.

The case in Weishan and Tengzhou also verified the role of the hierarchical administrative norm. In their interacting process, when there is no attention from the provincial leaders, they choose to overly protect their local interest, and the regional prospect was not their focus. However, there are two attempts of coordination initiated by the province. Cities are organized to do some collaborative trials. Unfortunately, the attention and support from the provincial top leaders is not enough. The city leaders tell us in the interviews that cooperation fails mostly because of the low grade of the leading group and the lack of provincial support. It illustrates that city leaders normally seek behavioral legitimacy from their underpinning hierarchical administrative norm.

As for Jinan and Laiwu's case, the immediate implementation of traffic integration explains that cooperation is more effective when it's highly valued by the provincial government. However, the subsequent evidence shows the provincial leaders paid less attention to the coordinated region, and it has caused the stagnation of traffic cooperation. It can be observed for the interviews that cities are more prone to hierarchical cooperative model and cooperation is more effective in the hierarchical framework.

To sum up, *because of their selfishness, the local elites aren't pro-active and cooperative with their neighbours as they like to excise absolute power over their administrative division.* Normally they feel no obligation to engage in spontaneous negotiation. If the local officials' do not restrain their selfishness and reach cooperative consensus, cooperation is hard to achieve. However, for the local officials in today's China, they still conform to the hierarchical administrative norm in dealing with trans-boundary issues. Behavior choices that are in accordance with this traditional norm is deemed as more legitimate and appropriate. *Therefore, the hierarchical administrative norm of local officials fundamentally determines the most effective method of cooperation. Cities are more inclined to hierarchical cooperation. Thus, superior intervention is an essential condition for inter-city cooperation since cities have to abide by the hierarchical manner of administration.*

In sum, we can easily draw a conclusion that the combination of the differentiated variables from the table (see Table 7) are the causing factors of the different degrees of cooperation. It means that the “*Legal framework*” + “*Leading group*” + “*Regional plan and supporting policies*” + “*Leadership*” + “*local officials' awareness of cooperation*” + “*selfishness*” + “*hierarchical administrative norm*” *interplay with each other and result in the varied results of cooperation, whatever it's successful, partially successful or failed.* Returning to the discussion of the core proposition introduced in Chapter 2, the

comparative results provide a general confirmation of sociological institutionalism.

Table 7: The causal relations between the IVs and the DV

Categories	Independent variables	The causal relations
Regulative institutions	Legal framework	The legislation over inter-city cooperation in a specific field is favourable to the formation of inter-local government cooperation.
	Leading group	The leading group directly influences the efficiency of inter-city cooperation. When the leading group is strong and firm, the cooperation runs very smoothly, otherwise, the cooperation is hard to sustain.
	The regional plans and incentive policies	The plans and the policies are helpful to the formation of the inter-city cooperation.
Normative institutions	Local officials' selfishness	Because of their selfishness, the local leaders aren't cooperative with their neighbours.
	Hierarchical administrative norm	Because of the hierarchical administrative norm, cities are more inclined to hierarchical cooperation. The hierarchical model of cooperation is the most effective method of cooperation.
Cognitive institutions	Provincial top leaders' support	The provincial leaders' high value can effectively drive the formation of the

		inter-city cooperation.
	Local officials' change of value on cooperation	The city leaders' cooperative intentions could make the formation of cooperation easier, but it only works under strong superior support.

Source: Made by the author.

The mechanism

As noted from the analysis above, the cooperative mechanisms of cities can be concluded as follows (see Figure 8). The provincial leaders' high attention is the trigger for the inter-city cooperation. The provincial support can produce several institutional changes in favour of cooperation, such as, the legislation, the plans, the incentive policies and the leading groups. The legal provisions can consolidate the interacting models among the cities through regulating how the cities should participate in the cooperative mechanism. Moreover, the plans, the incentive policies and the leading groups can also be set up based on the two earlier preconditions to boost the proceeding of cooperation. Furthermore, when cities' are also aware of the necessity to cooperation, it can be carried out easily and effectively.

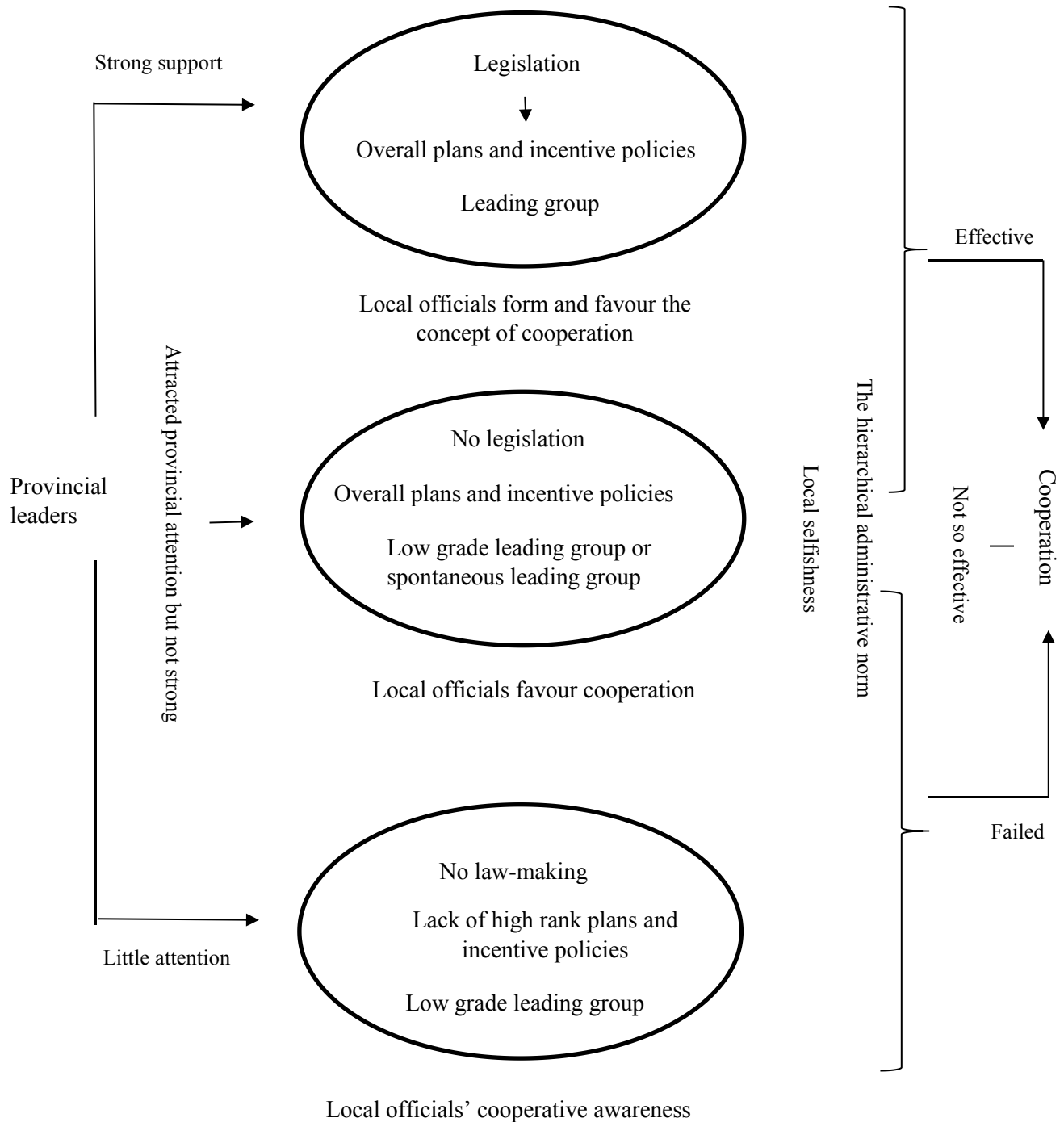
When the provincial leaders have attached certain attention to inter-city public problems, they will launch a series of measures as well. However, law-making is not always conducted since the institutional change related to this aspect is usually difficult. Instead, a unitary plan is generally made as it is a more frequently-used tool to symbolise the attention from the high level. The policies may be issues depending on to what extent the province wants to solve the problem. For this situation, even though the leading group maybe established, it is unlikely to have the top provincial leader as the group leader. The leading

group might be delegated to a provincial department to lead or encouraged to be formed in a spontaneous way. The challenging situation of cities might be conducive to formulating the city officials' awareness of cooperation. Under these circumstances, the provincial leader's emphasis and some corollary institutional change might contribute to cooperation, but the result changes according to the moving attitude of the provincial leaders.

Thirdly, in cases with little attention from the provincial leaders, the cooperative ending is usually negative. As seen in Tengzhou and Weishan's case, the lack of provincial support and the subsequent institutional factors, the attempt for cooperation between the two cities seems to be very feeble. In particular, the local officials' self-centred behaviour template makes the cooperation even more difficult. In the end, the cooperation between Tengzhou and Laiwu is destined to fail.

To be noted, the selfishness of the local officials has always existed. This factor determines that local officials in China are more often if not always resistant to cooperation. Even if they acknowledge cooperation as an effective alternative approach in managing trans-boundary issues, a spontaneous manner of cooperation is always not preferable for them. The decisive factor is actually local officials' hierarchical administrative norm. When trans-boundary disputes happen, local officials' inertial response would be turning to the superior government for coordination. If cooperation could be guided by the superior leaders, the cooperation can march on more smoothly. Therefore, different norms are co-existed sometimes. In this study, the hierarchical administrative norm for local officials always surpasses their selfishness, and the superior leaders' attitude is of great importance.

Figure 8: The cooperative mechanism in the context of China



Source: Made by the author.

Theoretical implications

From a theoretical perspective, the discussion in this research is intertwined with the standard theories related to sociological institutionalism. Be they regulative, normative or cognitive, all of these factors go to the very heart of institutions and significantly affect the pattern of human behaviour and finally the achievement of the cooperation. As little ink has been spilled over the significant level of their effect on inter-city cooperation in China, this study extends the theories to a broader scale and introduces some new discoveries to the theories.

It's obvious that a constellation of institutions have an influence on human behavior. In the meanwhile, what we have discovered in the empirical studies also brings some new understanding. It is mainly reflected in the relationship among the various component institutions. On the one hand, some institutions display a sequential and even a causal relationship. For instance, the provincial support in this study has triggered several other variables, which include laws, plans, policies and leading groups and it also consolidated local official's cognitive change. On the other hand, some of the component institutions might have a conflicting relationship, such as, the local officials' selfishness and their hierarchical administrative norm. Overall, of all of the component institutions, there might be a dominant institution that surpasses or shadows the others. From the three cases in this research, we can claim that the normative institutions, the hierarchical administrative norm in particular, play the strongest role by determining human's preferences.

Specifically speaking, in the first place, the institutional environment is always complicated. We cannot assume a single institution could facilitate, sustain or

change certain policy behavior. In this research, the three types of institutions interplay during the cooperative process, rather than function independently to promote the achievement of cooperation. The case narratives in Chapter 3 to 5 show that one of the more isolated kinds of institutional factors are hard to develop successful and effective cooperation. In the case of the Jilai Coordinated Region, there is a high-grade big plan. However, the other supporting institutions are absent. The lack of thorough development of traffic integration between the two cities and the slow-down construction since 2015 illustrates that certain policy behavior usually derives from the influence of a constellation of institutions. If the majority of external institutions are contrary to certain policy behavior, the opposite of this policy behavior might happen. Nevertheless, we have observed from the case of Xiaoqing River that different kinds of institutions are reinforcing each other to impel the establishment of cooperation. One particular institution might trigger the chain effect. The emergence of one institutional factor might cause other institutions to appear or grow in succession. Under certain circumstances, multiple institutions may enhance each other to ensure the realisation of certain behavior.

Secondly, it's not true that all institutions are pointing to the same direction. Conflicting institutions co-exist. Sometimes different types of institutions are not mutually compatible. Other times different institutional factors that belong to one same institutional type might contradict each other. We can see from the three cases, that almost all cities have realised the necessity of cooperation to some extent, but their selfishness make them act separately and reject cooperation. At the same time, the local officials obey the hierarchical administrative norm in terms of daily administration. We can observe from the three cases that when the provincial government pays enough attention and acts as a coordinator, normally the local governments could abandon their introverted administrative custom and become more positive in dealing with

their adjacent neighbours. Thus, following the hierarchical administrative principles, the horizontal inter-city interactions reflect a strong top-down manner. The water transfer project also reveals that sometimes the regulative institutions have to give way to superior command. The hierarchical administrative norm is the core influencing factor in dealing with inter-city relations. Therefore, it can be concluded that institutions are not always consistent with each other. Sometimes, institutions within the same category might be opposite. Sometimes, different types of institutions could be contrary.

Finally, the analytic narratives in this study show that there is a dominant institution among all the institutions. The normative institutions or the normative dimension of institutional impact has been the most significant one. Basically, individuals who have been socialised into particular institutional roles tend to internalise the norms associated with these roles, and in this way institutions are said to affect behaviour. And the coercive power and cognitive influence are effective only because they are legitimized by the normative framework which supports or constrains the exercise of them

As it relates to this study, the hierarchical administrative norm is the most prominent one in the formulating of inter-city cooperation. In the three cases, the legal provisions all have mentioned the cities' binary choice between the spontaneous negotiation for dispute and the mediation by the superior. However, most of the counterparts would like to turn to their superior for intermediation. This indicates that the regulative institutions are effective only because they are consistent with the actors' own concept of appropriateness and legitimacy. In the field of inter-city cooperation, the hierarchical administrative habit and self-centred behaviour norm has long been embedded in the mind of Chinese officials from all layers as their taken-for-granted behaviour creed. It means that cities' daily administration should strictly follow the rules of administration within administrative divisions. While referring to the trans-boundary issues,

cities feel obligated to have the superior government involved. Superior leaders' attitude or support is city leaders' wind vane. The cadres believe that obeying this organisational norm is their obligation, and they consider they should be following these norms. If some cities act against this norm or collectively shared expectations, they might risk unaffordable loss, and the peer group might not be able to legitimize and appropriate them.

Namely, the happening mechanism of inter-city cooperation reflects a "mirror effect", in which the prospects for inter-city cooperation are shaped by the replication of the embedded administrative norm and habit. The officials' consciousness superimposes itself upon the inter-city cooperation in the physical world. In terms of this study, the hierarchical control of administrative affairs and the officials practice since the feudal age is still believed and fulfilled by the officials in contemporary China. In this respect, the normative institutions can be called "persistent" and "sticky". The inertia and path dependency of the normative institutions determines that the change of policy paradigm or administrative type is difficult.

Nevertheless, policy change is frequently happening from past experience. As this study believes that policy making, continuation and change is a product of social obligation. It's argued by sociological institutionalists that actors embrace certain practices because the latter are widely valued within a broader cultural environment. Then it seems that if there is no change in social norms, policy behavior, or cooperative decisions in this thesis might never happen.

In this study, however, effective cooperation might emerge even though the normative elements of institutions do not change. This is because for officials in China, the hierarchical administrative norm has been their main moral obligation or duty. While this normative expectation imposes constraint on local officials' behavior, it also serves to empower their action or enable change. The core variable is the superior leaders' attitude. This partially explains the

successive happening of the reforms in China. Back to this study, it is becoming very trendy to formulate cooperation because of the changes in the social environment and the knowledge. Some provincial leaders and local officials have begun to accept the concept of cooperation as their choice for trans-boundary public issues. The initiation of the “Joint Working Mechanism for Environmental Enforcement in the Trans-boundary Areas” in 2014 indicates that Shandong has realised “cooperation” as an effective and efficient choice in governing the trans-boundary environment issues. The hierarchical administrative norm determines that if the superior leaders support cooperation, then inter-city cooperation might become a natural outcome. Meanwhile in term of the tourism, the cooperative idea or formulating cooperation between Tengzhou and Weishan has not quite been accepted by the provincial top leaders yet, the cooperative effectiveness in this case is destined to be unsatisfactory. Even so, in the foreseeable future, if the external environment changes and the provincial top leaders are aware of the necessity of cooperation in this area, inter-city cooperation between the two cities should develop more successfully than nowadays.

Take a step further, although it is hard for normative institutions to change, it is not impossible. Just as institutions are “created, maintained, changed, and decline” (Hatch and Zilber 2012, 95), so are normative institutions. In this research, it’s clear that the hierarchical administrative norm has been sustained for a very long history in China. However, there is also a possibility for this institutional factor to change. It’s argued that the deinstitutionalization and reconstructive processes are to be fuelled by both exogenous and endogenous forces. The reconstruction of institutions, including normative institutions, might result from the changes of two novel elements, newly invented or imported from outside the field and changed from the inside. Therefore, on the one hand, the external environmental change might cause intra-organizational

dissatisfaction with the current modes of operation. Thus, it lowers the degree of embeddedness of the normative institution. On the other hand, individual's cognitive change is also influential. Some scholars have recognized the importance of understanding individuals as key actors in institutional processes (Zucker 1977). Policy or action change cannot simply be pared down to the relationships between independent and dependent variables, instead it should be viewed as interactions between context and action. So, certain practice might become a commonly expected rule after cognitive change and numerous times of repetition. In this sense, understanding more precisely how institutional forces influence and are shaped by individual cognition and behavior may be key to the further development of institutional theory.

The second theoretical contribution of this research is not so involved with the inter-city cooperation or sociological institutionalism, instead it is involved with the interpretation of the general political institution or context of current China, including the decentralisation (at the sub-provincial level), the inter-governmental relations involving regional governance, city regions, or metropolitan governance.

With respect to the decentralisation studies, while most literature places the emphasis on the central-province relations, the sub-provincial inter-governmental relations are less studied. Nevertheless, the provinces are the highest-level local governments which manage all of the social and economic matters within the provincial territories, acting for the central government. The prefecture and county-level cities on the other hand, manage the most direct government service. They remain at the junction points between the state and the society, so they are more closely linked to the society compared to the other levels of governments. Therefore, the sub-provincial inter-governmental relations shouldn't be ignored.

The prefecture and the county-level cities are in charge of most of the public affairs. It can be deduced that at the sub-provincial level, the administrative power is decentralised in China. Meanwhile, the provinces still have a big say in the establishment of horizontal inter-local governmental cooperation. Although this thesis focuses on the inter-city relations, the findings imply that the province dominates in the sub-provincial inter-governmental relations. Namely, while the administrative power is very decentralised at the sub-provincial level, the province still has omnipotent control over local affairs, and this may be largely due to the power vacuum in the area of inter-local governmental cooperation. Anyhow, the decentralised administration and provincial intervention elucidates that hierarchical control from the province to lower level governments exists. The superior government has been dubbed a “hegemonic regime” to its subordinate governments (Liu and Chris 2016, 257).

Some scholars claim that China’s local governments have endured a transformation process of decentralisation, globalisation and marketisation (eg. Shen 2005; Wu 1997; and Zhang 2002). While some scholars point out that China’s urban transformation might not as thorough as expected, especially in the aspects of decentralisation and marketisation (eg. Logan 2011; Ma 2002; Sit, 1988). It is argued that the Chinese society and economy is inherently political, so the political perspectives are at the foreground to understanding the complex urban transformation and the solution for inter-urban relations. The three cases in this thesis elucidate that in terms of trans-boundary issues, the superior governments still play key roles in the formation of the inter-local governmental cooperation. It’s hard for the cities to form cooperation spontaneously, since most of the time they tend to have their superior government as a coordinator, even while they realise the benefits of cooperation and are entitled to build cooperation themselves. At the same time, the provinces indeed have control over the formation or failure of the cooperation. When there are careful

concerns from the province and the corollary favourable policies and coordinated organizations, cooperation is always effective. Hence, if we take into account the varieties of trans-boundary administration, for instance, regional governance, city region building or metropolitan governance, the political institutional environment that involves the key role of local governments and the significance of the hegemonic control of the province in local and inter-local administration has to be considered.

Implications for the practice

Given the growing pressure from the market and society, the striking externalities of local policy making, the increasing scale of production of public services, we can draw a conclusion that there is a growing need for inter-city governmental cooperation. Besides the theoretical contributions, this thesis can also trigger some thinking over how to build better and more efficient inter-city cooperation in practice. Central to this question, in essence, is that which confers the “legitimacy” or “social appropriateness” of inter-city cooperation. Therefore, we ought to seek all possible sources of “establishing legitimacy”. Except for the environmental factors, this study argues that the process of legitimisation is a long-term cognitive process of “institutionalisation” through which a norm becomes embedded and a taken-for-granted rule (Colyvas and Powell 2006). And this process is rather internal than external. This thesis asserts that the internalisation process may include two aspects.

Firstly, based on the changing environment of the issue, the main approach of institutionalization could be through “education” or “consultation” to the decision makers. From the descriptive analysis in the preceding chapters, it can be concluded that the personal support of top provincial leaders is the trigger for

regional cooperation. The cognitive change of provincial top leaders may lead to a set of institutional creations, such as, specialised laws, overall plans and policies and the leading groups of a higher grade. In this sense, a wise leader with a creative spirit is the precondition for a higher-level of cooperation. The sources constructing these leader groups' creative concepts for cooperation could be multi-layered. The most common approach is through consultation with the professionals. Just as Edelman et al. (1991) claim, the concerns of professionals and the professional associations can result in institutionalised conventions and patterns of behaviour for decision-makers. The growing professionalisation of many spheres of endeavour may very well create the cultural authority to press certain standards on their members and communities. Moreover, the professional communities may also be able to create or press certain standards on the local officials. Back to this research, it thus needs more attention on the part of the academics, think tanks in the universities, and the policy research centres at various levels of governments. It should also encourage a more interactive process of discussion among the professionals in a given network, such as, the shared problems, how to interpret them, and how to solve them. Out of such interchanges that take place in a variety of forums or occasions, the professionals are said to be developing shared cognitive maps. Through education or consultation, the shared cognitive maps can be implanted into the minds of officials to form the sense of appropriate institutional practices. And then from this convinced institutional practice, cooperation can be widely deployed.

Based on the first step, a series of concrete measures (regulative institutions) can be taken. Some of the sociological institutionalists emphasise the way in which a modern state is expanding its regulatory scope to impose many practices on societal organisations by public fiat. In the context of China, it has also been found that the one strategy in China to stimulate inter-city cooperation

is by establishing a special legal framework with detailed standards and procedures for the establishment and governance of cooperation. The Chinese central government now states that “everything which is not allowed is forbidden”. Without a special law stipulating inter-local governmental cooperation, the local governments could be very reluctant to act. Therefore, the legal framework, to a large extent, determines the initiation of cooperation and the patterns of interaction. For instance, the legal framework could be special laws stipulating the formal rules to establish and shape cooperation, for instance, under which conditions the local governments may join together. This is not limited to prefecture-level and county-level cities here because provincial level governments and towns should also be included. The laws should also state which kinds of actors are permitted to participate in cooperation schemes, whether it’s possible to transfer more powers to local governments or the regional agents, how to organise and coordinate the distribution of the responsibilities, and how to set up the reward and inspection measures to guarantee the success of cooperation. A further step could be designing a democratic control mechanism beyond the regional coordinated agents. An experimental law might be more appropriate before issuing an official law. After the law is promulgated, it is anticipated that local governments would enjoy more autonomy, that inter-local governmental interaction could be more dynamic in China, and cooperation would be more efficient.

Another measure to promote cooperation is the use of a package of policies, for example, plans, financial incentives, evaluation policies. Firstly, the plans could function like the agreements providing some instructions and goals for the cities in cooperate. China is claimed to be a policy country, rather than a country ruled by law. The plans, as important policy tools, indicate China’s development direction. The financial motive is an effective motivating factor as well. In some cases, it takes the form of compensation for the operational costs involved in

tasks to be carried out by the joint authority, and in some other cases, it could take the form of a grant to an individual participating government when they join in on a cooperative project, or other activities, spontaneously or following a demand from the superior government. Apart from a direct grant, the financial incentives could also take some other forms, such as, tax preferences and easing the monetary policies. Furthermore, the unified plans and evaluation policies should also be emphasised as they can set standards for awards, rewards, discipline and penalties. The regulative impact on the local officials can then impose some enabling influences, and restraining influences on the local actors.

Besides, leading groups have proven themselves to be substantial for regulating inter-local government relations. Even with the establishment of the legal framework and the promulgation of a series of policies, a leading group is still necessary as a coordinating organization. This is because, the inter-city cooperation involves the participation of multiple cities. The multiple participation always requires one organization with the role of coordinator. Then it can shoulder the responsibility of providing communications channels, alternative schemes, arbitration and so forth. As for the grade of the leading group, the top leaders from the superior government might not be as substantial as usual given that the legal framework provides specific procedures for cooperation. Even so, considering the cities' administrative inertia, and the persistent and sticky hierarchical administrative norm, the provincial top leaders' participation is required at least in the short term. As time goes by and the environment changes, one institutional element could be practiced and maintained to be the behavioral norm. In this case, the cooperative method of dealing with trans-boundary disputes may be embedded in the value and responsibility system and perceived by the local officials to be their behaviour template. Above all, in China, the decisive power or the creation and maintaining of the regulative institutions may be more controlled by the hands

of the top provincial leaders. The cognitive change of the provincial top leaders is the top priority. As for its impact on normative adjustment and the time it takes, it is unanswered in this research and still requires an empirical test from extended practice.

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Appendix A: Some Notes on the Interviews

In this research, a number of local officials and scholars were interviewed over a breadth issues associated with inter-city cooperation. The purpose of these conversations was to acquire information on the legal framework, operating environment and the actual progress of the cooperation as well as gaining a general sense of the cooperative norms, cognition and interests of local governments and officials. To conduct these interviews, Chinese domestic scholars who research on the relevant fields were contacted first as their advice would help to adjust the research design during the preparatory stage. Simultaneously, they were asked if they might be able to provide introductions and recommendations to local officials. Semi-structured interviews with scholars and local officials who were willing to act as a respondent were then conducted. A list of questions was prepared which still allowed the interviewees a great deal of leeway in how to reply. Afterwards, an analysis of discourses was done from the audio-recorded and transcribed interviews.

In terms of the interview, the most significant rule is that, although our research might not be beneficial to the resolution of the respondents' problems, we guarantee at a minimum that the interview and the following research results would not harm their professional promotion or rules of their position. Generally, there was a reliance on scholars' personal connections to approach local officials. For officials that did not agree to participate in the interview, we just asked for their official documents to take a quick look. For those who participated, no identifying details, such as names, contacts and home addresses, would be revealed in any written reports or publications that result from this research. No research assistants from the country or the local area of the research were used to ensure that only the interviewer and the participant are

aware of the identity of the respondent. Furthermore, the participants in this project were not asked for business and/or politically sensitive information and were not required to give details about themselves or their political opinions, as questions only addressed the professional aspects of their work.

The second general rule is to avoid any potential bias. Specific to this research, the interviewees were normally the local officials in the two sides of the cooperation. To some extent, they speak on the behalf of the government they work for, which probably leads them to misunderstand or be biased towards the other government and its staff. In this regard, the triangulation method was employed to visit both sides of the case sites to double check the authenticity related to their answers. At the same time, the interviews with scholars were relied upon to reduce the small-town and one-side prejudices and yield an impartial conclusion as they have a relatively wider view and less involvement in the cooperation.

Appendix B: Record of Interviews Conducted

Interview	Date	Place
1	2015-05-01	Shouguang
2	2015-05-01	Shouguang
3	2015-07-14	Shouguang
4	2015-05-22	Binzhou
5	2015-05-22	Binzhou
6	2015-05-23	Binzhou
7	2015-05-23	Binzhou
8	2015-06-09	Zaozhuang
9	2015-06-10	Zaozhuang
10	2015-06-10	Zaozhuang
11	2015-06-11	Tengzhou
12	2015-06-11	Tengzhou
13	2015-06-30	Weishan
14	2015-06-30	Weishan
15	2016-09-05	Jinan

16	2016-09-07	Jinan
17	2016-09-07	Jinan
18	2016-09-11	Laiwu
19	2016-09-11	Laiwu

*Names of interviewees withheld for confidentiality reasons