

A Comparative Study of Local and City Governance Systems in Pakistan and China

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Abstract

This research paper attempts to analyze local self-government institutions and processes established in China and Pakistan. An overall assessment of the established systems in both nation-states shows the relative success of China.

Firstly, historical developments before the establishment of both countries caused a systematic difference in the development of local governments, which made it relatively easier for China to establish grassroots systems across the country. For Pakistan, the colonial legacy continues to this day, due to which the country has been unable to make meaningful strides in the sector of local governance.

Secondly, China is a socialist state and consists of a hierarchical structure where every level is responsible to the next higher level. Although the local government system is efficient and effective in service delivery, it lacks participatory democracy. Conversely, Pakistan is a federal state with parliamentary democracy. Due to politico-bureaucratic nexus, broad-based representative local governments could not be established.

Thirdly, China's success attributes to a centralized system and goal alignment between various tiers of the government in the country. In Pakistan, however, there are multiple stakeholders with vested interests in the country that go beyond economic development. Pakistan's politics has been marred by a power struggle between democratic political forces and the military establishment.

Fourthly, the CCP maintains a favourable opinion among the masses in China. All measures that advance that image are taken by the central authorities, even at the expense of local governments. In Pakistan's case, the attitude towards elected and provincial governments is hostile. Setting up an autonomous elected local government system can posit significant dangers to the vested interests of powers at the upper echelons of the political governments.

Lastly, the 18th Amendment has provided provinces complete control in establishing local governments in their areas. Learning from China, Pakistan needs a robust local government system that suits its context, is financially viable, transparent, devoid of bureaucratic, political rifts, and efficient service delivery mechanisms. However, one should be aware that China and Pakistan's governance structures are poles apart, and one can only draw lessons from China's local government system.

Introduction:

Democratically elected local government systems are an essential institution required for grassroots economic development in a country. Many nation-states worldwide have a robust system of local bodies that have spurred substantial prosperity across regions at very granular levels. Besides direct advantages, local governments also provide other benefits. Some of those serve as a training ground for future leadership in the country, providing political stability and reaching directly to the people to understand their concerns. Moreover, it also serves as a source of local socio-economic and political demands articulation.

Despite some significant strides in political history, Pakistan is one such country where elected local government administrative systems are virtually non-existent at the present moment. Provincial governments have had to rely heavily on bureaucracy to carry out development in the country, which has caused imbalance and inconsistency due to a lack of political accountability of officeholders.

On the other hand, China, a country that established independence around the same time as Pakistan, has successfully transferred significant finances and powers to the lower tiers of its governance structures, reaping the rewards through economic growth and prosperity. Additionally, China has implemented a much more effective administrative system within the same period that both nations gained independence and has successfully done so with a geographic area that is twelve times bigger and significantly more ethnically complex than Pakistan.

This paper attempts to explore the factors which contributed to the failure of the local government system of Pakistan on the one hand and the success of China in flourishing it on the other hand. The paper does not claim that the Chinese governance system is not without its challenges. However, attempts made to provide local autonomy in China, for Pakistan, it will be worthwhile to learn the lessons of progress from China regarding devolution of power to the lowest level of administration and avoid any pitfalls that the Chinese system incurred along the way is currently facing.

Statement of the Problem

While all political power is under the control of the central government in China, the constitution provides leeway to allow autonomous operations conducted by local governments at the lowest tier of the government. Similarly, there are also constitutional mandates in Pakistan that enforce provinces to develop working and effective local government systems. Given that there are no legal hurdles in establishing local governments, this research aims to understand the following set of questions; what is the scale and complexity of the governance system in China? Similarly, historically, what are the successful and unsuccessful attempts made in the history of Pakistan that has led to the current situation of the local bodies system

in the country. Moreover, what are the salient features inherent to the governance system of China that has made it an interest for all involved stakeholders to make the local bodies system work?

Additionally, are there any pitfalls associated with developing a vast network of governance in China? Moreover, if so, what must Pakistan do to avoid them? Lastly, what are the significant problems that beset the current administrative system of Pakistan, and what can Pakistan learn from China to solve these pressing issues.

Significance and Scope of the Study

While numerous studies have studied the Chinese governance model in detail, papers providing its comparative analysis to Pakistan's system are extremely limited in number, despite both being neighbouring countries. However, very few studies compare and contrast the two systems to understand the relative progress and actionable scenarios and items needed for Pakistan to show the local governance progress in the country. We will be broadly using Boex and Yilmaz's approach developed for comparative analysis of local government systems across five dimensions: (a) the effectiveness of the subnational governance structure and assignment of functions to the local level; (b) dynamic and responsive local political systems and leadership; (c) local control over administration and service delivery; (d) local fiscal autonomy and local financial management and (e) local participation and accountability mechanisms. Furthermore, city governance is one of the levels of Chinese local government systems; we will be referring to it as local government.

Review of the Literature

Previous literature on this subject has emphasized the importance of centralizing the workings of the government to achieve unitary goal assignment at all tiers of the government. The research paper titled "The Chinese Government System and Development Model: Lesson for Pakistan" suggests for developing a consensus among all existing tiers of government on improving local government and economy. However, it does not consider the historical developments in both countries that have impeded or promoted local governance.

Similarly, Dajing Zha, in his study titled "Globalization and Local Governments in East Asia," has assessed the collective impact of a shift from central government to democratic and market-oriented practices in South and Southeast Asia. It argues a regional shift in this part of the world towards embracing grass-root autonomy for economic development. Nevertheless, this paper fails to consider the local aspects that have impeded particular nation-states towards this development, an example being the tussle between military and democratic governments in Pakistan.

Moreover, some studies have presented facts differentiating devolution of power from enhancing democracy. According to research "Multi-level Governance and Local Government Reform in Pakistan," the author argues that "the responsibilities of each layer of government did not follow a clear hierarchy and significant power was retained by the central government." . However, this paper has not analyzed the comparative study of China's local government model and economic growth with other democratic countries.

In a paper titled "Local Governments Reforms in China: A Rational Actor Perspective," Caulfield discusses that the local government sector in China is embodied with primary functional responsibilities ranging from economic development to the delivery of social welfare to its masses. It oversees 70 per cent of the total expenditure of the government. However, presently, as part of China's liberalization policy, the central government seeks to reform the local government in the new millennium. It includes the privatization of local enterprises in the 1990s and an analytical lens for the local bureaucracy. It is without a doubt that China has a heavily centralized administration; even then, there is a considerable shift towards a local government from the uniform approach under which there is high encouragement of differentiation between regions and localities. It is essential to witness the reforms conducted at the local level to improve the economic output of China within a strict political super-structure .

Methodology

In this paper, a mixed method approach applying both quantitative and qualitative is being used . A qualitative approach has been applied to understand events, ordinances, and outcomes that have led to local governments' different levels of development. Qualitative data will be gathered through conducting semi-structured interviews with personnel who have first-hand knowledge of the subject. Analytical and exploratory techniques will be used during the research. At the same time, quantitative data shall be collected from other studies, analysis of laws, actual numerical and statistical data compiled by relevant authorities. Although the research will consider people's opinions, findings and recommendations will be based on empirical data.

Organization of the Paper

This research paper comprises three sections. At first, an attempt is made to provide a simplified understanding of the complex governance system in China and a historical narration of why Pakistan failed to strengthen its local governments at the same level. The second section provides a detailed analysis of the successes and challenges of local government systems in China, followed by the current issues of Pakistan's underdevelopment of local governments, with suggested ways of improving these systems while learning from the Chinese governance model.

Evolution of Local Government Systems in Pakistan and China

The implementation of local government systems in China is at a more advanced stage in comparison to Pakistan. As with Pakistan, the development of governance systems in China was not without its own set of challenges. Article 95 and 105 of China's constitution clearly defines the establishment of local governments .

Administrative System's in China Before the Creation of the People's Republic

In its 2100 years of rich history since unification under the Qin dynasty, China has seen numerous administrative changes to regulate its massive territory under a single dominion.

Before the creation of the PRC in 1949, a three-tier subnational administrative system prevailed in the country. The top-level was named gaocheng zhengqu, or 'highest political regions', followed by tongxian zhengqu or 'intermediate level areas that ruled counties', and the lowest level being 'county.' This system served as the basis on which China built its complex local governance system after gaining formal independence and recognition .

The Development of Local Governance in China Post Creation of PRC

Local Governance from 1949-1978

In 1950, the GAR was the first level of local government. GAR consisted of provinces, autonomous regions, and municipal administrative offices . Under Mao, China was a rural economy, and there was a realization for urbanization and industrialization.

Changes in Administrative Hierarchy Since 1978-1990

During reforms from 1978-1990, provinces were given more power and flexibility to promote economic development and urbanization. The number of provinces, prefecture-level municipalities, and county-level municipalities was increased. The central government also devolved the power of personnel appointment to some extent to provinces. The provincial governments were also allowed to start large-scale investment projects without the concurrence of the central government. Although the decentralization of power triggered growth, the quality of development was compromised and undermined the horizontal accountability of the local governments.

Recentralization and Curbing the Focus on Urbanization 1990s-2012

To curb the tendency of urbanization, the central government restricted the conversion of counties into urban areas and placed counties under the control of provinces instead of prefectures. The central government also restricted finance and investment and introduced a new mechanism to monitor faithful implementation of

central policy.

Recentralization and Deeping Urbanization 2012-Present

During this era, the central government focused on converting the rural population into urban residents in a planned manner focusing upon regional inequalities, integrated development of industrialization, and establishing new forms of monitoring and sanctioning.

According to the Constitution of the PRC, the country's administrative units are currently organized around a three-tier system. The provinces, autonomous regions, and municipalities are directly under the Central Government. However, two more levels have been adopted in actual implementation: the prefecture, under provinces, and the village, under townships.

Table 1: Administrative hierarchy of local governments in China and corresponding level of CPC

Level	Name	Types	Composition of Local Government	The corresponding level of CPC
1	Province level	Provinces (22) Autonomous regions (5) Municipalities (4) Special administrative regions (2)	Governors, Vice Governors, Mayors, Vice Mayors, Secretaries-General, Directors of Departments (or bureaus), and Commissions, elected by the people's congresses of the provinces and municipalities.	CPC Provincial Committee Secretary
2	Prefecture level	Prefectures (17) Autonomous prefectures (30) Prefecture-level cities (283) Leagues (3)	Mayors, Vice Mayors, Secretaries-General, and Directors of bureaus and Commissions, elected by the people's congresses of the cities.	CPC Prefectures Committee Secretary
3	County-level	Counties (1464) Autonomous counties (117) County-level cities (374) Districts (852) Banners (49) Autonomous banners (3)	County Governors, Vice Governors, Mayors, Vice Mayors, District heads, and Deputy's heads and directors of bureaus or sections, elected by the people's congresses of the counties, cities, and districts.	CPC County Committee Secretary

		Forestry areas (1) Special districts (2)		
4	Township level	Townships (16130) Ethnic townships (1126) Towns (19892) Subdistricts (5829) Sumu (277) Ethnic sumu (1)	Head and several deputy heads, elected by the people's congresses in the townships, ethnic townships, and towns.	CPC Township Committee Secretary
5	Village level (informal)	Neighbourhood committees Village committees or Village groups Administrative villages Natural villages	Direct Elections	CPC Village Branch Secretary

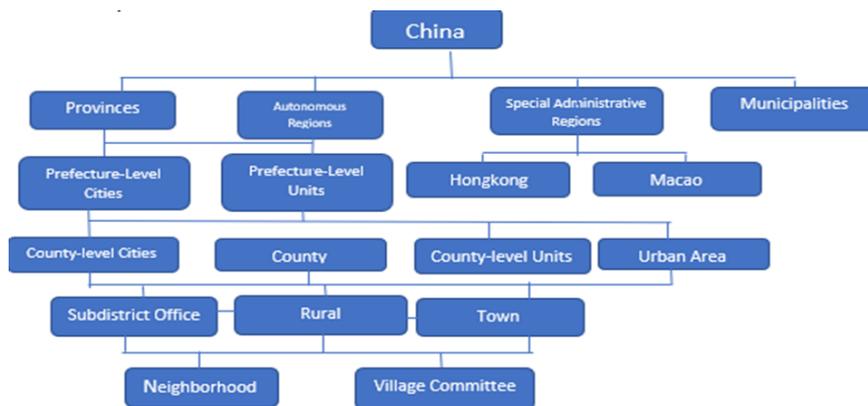


Figure 1 Administrative hierarchy of local governments in China

Historical Overview of Local Governance in Subcontinent

As was the case in China before gaining nationhood in 1949, Pakistan's local governance model predates when the country gained independence in 1947. The local government institutions existed in the subcontinent in the form of village Panchayats . The Mughals in the subcontinent developed an urban administrative system and “incorporated the village into the administration as a revenue unit and for the political purpose only.”

Local Government Systems under the British Raj

Interestingly, under the British era, while the primary purpose of purporting the establishment of local governance was to facilitate the rule of East India Company. The Rippon Resolution was instrumental at its time because it was "chiefly designed as an instrument of political and popular education" . Similarly, the Government of India Act 1919 was also a significant development for providing autonomy to local communities.

Post Independence Development (1947-1959)

Thus, Pakistan inherited a colonial model of local government at the time of its independence. In the first decade, coalescing the new state was the primary motivation, therefore instead of promulgating grass-root leadership via local governance and elections, deputy commissioners and executive officers wielded more control over local bodies with the tacit support of the Federal Government.

First Martial Law and the Introduction of Basic Democracies System 1959

The first military coup, administered by General Ayub Khan, aimed to quash an already ailing democratic system. The Basic Democracies System was established for giving legitimacy to an unconstitutional setup. Ayub Khan "dissolved the higher tier of elected governments and revived local governments as the only representative tier of the government" .

Given the inherent contradictions of maximizing military control in the country, this system was bound to be unsuccessful, especially since local governments were designed to be entirely answerable to the bureaucracy, legitimizing a colonial legacy of local bodies. This effort, therefore, proved to be detrimental to the development of local bodies in the country.

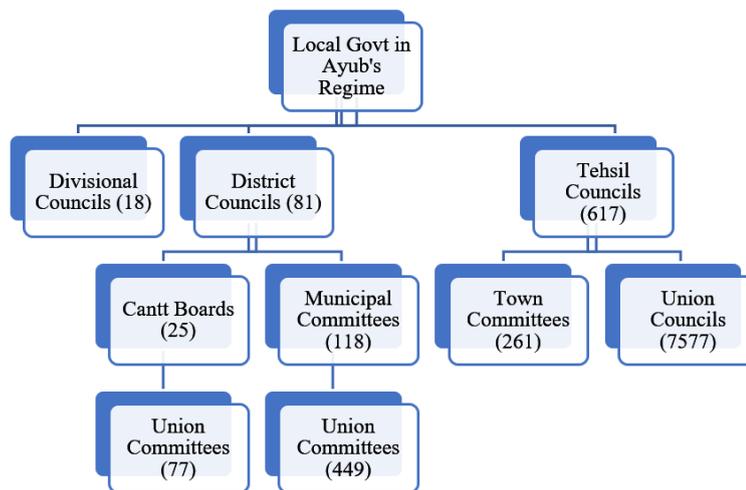


Figure 2 Structure of Basic Democracy

Zia-Ul-Haq and the Establishment of Local Government Ordinance 1979

Following a brief return to democracy under the government of Zulfikar Ali Bhutto, President Zia Ul Haq enforced another martial law, which followed more developments in establishing local bodies at the grassroots level. It is worth mentioning that most of the development of local governance came under military rules in Pakistan; however, it could not be reached to any meaningful results due to the underlying intent of providing legitimacy to military control in the country. It is also one of the reasons why distrust of local governments was developed for political parties. Moreover, non-party local bodies' elections conducted under both the military regimes left a significant impact in promoting politics of patronage in the country.

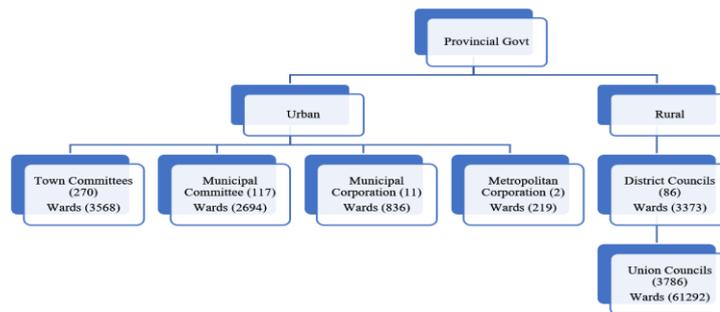


Figure 3 Structure Zia's local governments

Local Government Systems Under General Musharraf Regime

- The Local Government Ordinance of 2001 was perhaps the most detailed law on local bodies passed in the country's history. Some of the features include:
- Ending the urban-rural divide by introducing three-tier local government levels of Union Council, Tehsil Council, and District Council. Moreover, the Nazims and Naib Nazims were commissioned to be directly elected by people for service in the respective Councils.
- It was mandated that local governments would not be subservient to provincial governments. Instead, they were linked directly to The President's office by establishing new institutions such as the National Reconstruction Bureau.
- The colonial legacy of subordination to bureaucracy, which was the highlight of previous local government development initiatives, was removed. Instead, the DCO office was now legally mandated to report to District Nazims.
- For the first time, administrative, financial, and development powers were transferred via the introduction of the Provincial Financial Commission to institutionalize resource allocation between local and provincial governments.



Figure 4 Structure of Musharraf's local government

Expiration of LGO Constitutional Protection and the 18th Amendment

Despite the improvements by military regimes, the LGO 2001 also could not sustain itself, primarily because the local governments were supported through a Presidential Order until 2009. The 18th Amendment through Article 140-A gave provinces the autonomy to tailor their local government systems according to each province's needs and nuances. Subsequently, by 2013, all four provinces of the country had passed the Local Government Acts. However, actual power resided with provincial governments and assemblies since local governments had to defer to provincial governments for almost everything, making it easy to provide political patronage and preferential treatment by controlling the development funds .

Development of Local Governments Under Prime Minister Imran Khan

The present regime has actively tried to strengthen local governments in provinces controlled by PTI, especially in Punjab. While other provinces are yet to introduce new LGAs, PLGA 2019 has been introduced to replace the old system under section 312 of the PLGA 2019. Some salient features are:

- Reintroduction of urban-rural distinction. 11 Metropolitan corporations, 16 Municipal Corporations, 133 Municipal Committees, 64 Town Committees, 2467 Neighbourhood Councils in urban areas, and 136 Tehsil Council for rural areas.
- With cabinet members present for assistance, local government heads and councillors to reserved seats will be elected directly as a joint candidate.
- The election of general councillors will be elected through proportional representation rather than first past the poll system, envisioning a multi-candidate constituency for each local government.
- Establishing Panchayat and Neighborhood councils for rural and urban areas, which do not possess any power but can be used by the local government for any development activity, if necessary, under section 25 of PLGA 2019.

Punjab local government act 2019 envisages the village as a basic unit that departs

from previous acts. However, the Act does not include the tier of the district in its ambit.

Unfortunately, this law again constitutes local governments directly reporting to the provincial government in Punjab, which, as indicated by precedence in the past, is bound to fail due to contradictory interests as "history of devolution in Pakistan does not provide much ground for optimism".

Moreover, this subordination has been further cemented by establishing an Inspectorate of Local Governments at the provincial level. The prospects of developing robust systems of local governance in Punjab and Pakistan, therefore, remain slim.

Intricacies of Chinese Local Governance and comparison with Pakistan

Structure of Local Governments

China is a unitary state, and it has a vertical system of hierarchies to govern the masses. Conversely, Pakistan is a federation and does not have a hierarchical system of governance; instead, the local governments are independent and body corporate .

The local government's system under PLGA 2019 follows an asymmetric structure based upon the size of the population of the local governments and its urban/rural classification. Section 8-14 of PLGA 2019 describes the procedure for delimitation of areas into urban and rural by the cabinet. At the same time, local governments in China are based upon its size, population, the status of developed areas, and operating in the paradigm of a socialist republic. Article 89(15) of the constitution of the PRC provides that the state council in China has the power to alter the geographical boundaries of various levels of hierarchy . It can also be observed that the governance structures in China have accounted for exceptions to cater to the intricacies that are naturally associated with governing a vast landmass. For instance, ethnic communities are provisioned with separate administrative units. To develop a worthwhile local governance system, Pakistan must also factor in its complexities to ensure that development and local government participation are at the grassroots.

Centre Local Relations

Article 140-A of the constitution of Pakistan states that the local governments are the third tier of government and independent of the political atmosphere in the country. Nevertheless, Section 6 of PLGA stipulates that local governments shall work within the framework of provincial governments. Whereas in China, the local governments and CPC are intertwined. Local governments are the executive organ of the government. If there is any conflict on any issue, the will of CPC prevails.

Furthermore, as per Article 44(8) of Organic Law of the Local People's Congresses and Local Peoples Government of the PRC, the corresponding organ of CPC at each level can alter or annul any decision made by local governments in contravention of CPC mandate .

Section 298-300 of PLGA 2019 describes the constitution of the Local Government Board (LGB), which deals with service matters of local government staff. Through this section provincial government has retained the power of posting and transfers, thus concentrating administrative powers. In China, in a top-down manner, the central government appoints principal officials in provinces, and provinces appoint county personnel .

Local Political Space and Responsive Political System and Leadership

According to Section 18 of PLGA 2019, the political head of local governments is elected directly, whereas, in China, the head is selected indirectly by the corresponding level of CPC. China is a unitary state; the procedure of election is indirect at the upper tiers. According to Article 3 of Election Law on NPC and LPC, voters directly elect deputies to people's congress at townships, towns, districts, and counties. These further elect deputies to municipal people's congress and people's congress of the province and people's congress of province elect NPC. The various levels of people's congress elect local government heads at the corresponding level.

Local Control over Administration

According to Article 30 of the Organic law of the Local People's Congress and Local Peoples Governments of the PRC, the local People's Congress at various levels of hierarchy may establish multiple committees for carrying out different functions of local people's congress. Similarly, in every local government, there are numerous agencies such as administration of market regulation, culture, and tourism, audit bureau, bureau of justice, a commission of commerce, education commission, etc., to run the affairs of local governments under specific rules and regulations . Section 68-75 of PLGA 2019 also notes the formation of various committees by councils.

Accountability of Local Governments

Article 91 of the Constitution of the PRC and Article 64 of the Local People's Congress and Local Peoples Governments of the People's Republic of China describe the formation of auditing bodies of local government revenue and expenditure. Similarly, PLGA 2019, section 191-201 stipulates the provision of audit of accounts of local governments. Section 207 of PLGA 2019 provides for the Inspectorate of local government for yearly inspections.

Local Fiscal Autonomy

Section 122-173 of PLGA 2019 explains local governments' financial powers, including the ability to tax, expenditure, dealing with local government properties, and power to borrow. However, in Pakistan, the fiscal structures are centralized, and the local government collects 0.1% of the total tax . The Budget law of PRC deals with the budget-making and approval of local government budgets by the corresponding level of CPC . In addition, China has more fiscal decentralization, and every local government has its bureau of finance.

Effective Assignment of Functions

Article 59 and 61 of the Organic law of the local people's congresses and local people's governments of the people's republic of China enunciates various functions to be performed by local governments (Table 2). PLGA 2019 stipulates in schedule third, fourth and fifth multiple responsibilities and functions (Table 3).

Table 2: Expenditure Assignments of Local government in China

Functions	Central	Provincial	Prefecture	County	Township
National Defense	*				
Foreign Affairs	*				
Geological Prospecting Expenses	*				
Public Debt	*				
Education	*	*	*	*	*
Health Care	*	*	*	*	*
Social Welfare	*	*	*	*	*
Agriculture	*	*	*	*	*
Government Administration	*	*	*	*	*
Capital Construction	*	*	*	*	*
Research and Development	*	*	*	*	*
Culture Development	*	*	*	*	*
Policy Subsidies	*	*	*	*	*
Armed Police Troops	*	*	*	*	*
Urban Maintenance and Construction		*	*	*	*
Environmental Protection		*	*	*	*
Water Supply			*	*	*
Community Services				*	*

Table :3 Functions of Local Government in Punjab

Functions	Federal	Provincial	Local Governments in Punjab					
			Metropolitan Corporation	Municipal Corporation	Municipal Committee	Town Committee	Tehsil Council	Village / Neighbourhood
Communications & Works	***	***	***	***	***	***	***	***
Defence	***							
Education and Professional Training	***	***	***	***	***	***	***	***
Environment / Climate Change	***	***	***	***	***	***	***	
Finance and Economic Affairs	***	***						
Foreign Affairs	***							
Health Services	***	***	***	***	***	***	***	***
Information & Broadcasting	***							
Interior	***							
Local Government		***	***	***	***	***	***	***
Planning & Development	***	***	***	***	***	***	***	***
Policing		***						
Population Welfare/Control		***	***	***	***	***	***	***
Crime Control & Municipal Offences		***	***	***	***	***	***	***
Railways	***							
Religious Affairs	***	***						
Revenue & Taxes	***	***	***	***	***	***	***	***
Water Resources	***							

Participatory and Responsive Local Service Delivery Mechanism

In Pakistan, the local governments are more participatory; PLGA 2019 section

5(b), 202 212(2,4), 213, 21, and 252(2) provide for the participation of the general public in various affairs of local government. In China, the local governments have a dual subordination both sectorally to central government ministries and territorially to people's congress. However, public opinion matters in many cases in China, but local governments find innovative solutions to implement central government agendas. Nevertheless, the Organic Law of the Residents Committees of the PRC stipulates forming residents' assemblies, resident committees, and residents' groups in urban areas. The purpose of these committees is community building. These assist people's local government in discharging various duties such as social services, social security services for laid-off workers, public health, environment, culture, etc.

Efficacy Of Local Government System Of Peoples Republic Of China

The first section establishes that the local government system of China is at a far advanced stage compared to Pakistan. However, one similar aspect, prevalent in both countries, is that the highest tier of power wants to retain its political position. Despite stark differences in the level of development of local bodies, this trend of centralizing the power causes inefficiencies that, if addressed, could provide an even better model of grassroots development. At the same time, however, the Chinese system has achieved numerous development successes, despite the complexity of governance systems.

Historical Emphasis on Local Governance Education

As previously discussed, the local elite and colonial administrators in the subcontinent did not emphasize the role of political education in improving leadership and governance at the grass-root level. Failure of Rippon's resolution that wanted to inculcate political education at the lowest level was primarily because of a reluctance from the highest tier.

In China, the case was different and may even explain rapid governance development. Before the formation of the Sung dynasty, local government schools were left devastated due to constant war and instability. Despite threats, the founding emperor ordered the restoration of schools and Confucian temples across the territory with the help of locals and benevolent people who provided the funding.

Currently, primary education is the ambit of lower tiers of local government, and higher education is the ambit of the provincial and central government. In China, the literacy rate is 96.8 % compared with Pakistan, which is 59%. It can be one possible explanation why local governance thrived significantly better in China when compared to Pakistan.

Central Local Relationships

There are two types of centre-local relationships in China, political and economic. In political terms, China is not a decentralized state, and popular representation is lacking. There is no division of power between the centre and local governments. The real power is concentrated in the centre. The local governments are just implementing arms of the central government. However, there is a division of powers regarding economic relationships, and the central government provides a general financial framework. The local governments have the liberty to perform the economic activity within that framework. Conversely, in Pakistan, a federal state, the political relationships between local and provincial levels are based on popular representation. However, in reality, the political and bureaucratic elite do not want to share power with local leaders; that is why local governments in Pakistan have a chequered history. Pakistan has exceptionally high levels of tax centralization and taxation powers, with the provincial tier is extremely weak. The 18th Amendment did nothing to change the assignment of taxation powers between the three tiers of government. Weak provincial fiscal bases make provinces reluctant to devolve finances to the local tier.

Media Criticism and Central Local Government Relations

Another critical factor in implementing relatively better local government systems in China is the little media criticism. However, there are a few cases where the government takes exception, one of which is the local government systems. In his study, Chen states that "criticism of local government bureaus and officials can help the central government ensure local compliance and create favourable public opinion" .

Favorable Opinion of Central Government over Local Governments

The strategy of limited critique in China is an essential factor in China's willingness to promote relatively democratic norms at the local level through autonomy despite being an authoritarian regime. As long as the masses have a favourable opinion of the central government at the behest of local governments, the local autonomy system will continue to flourish since it ensures that a challenge from the local autonomous bodies against the centre will be easily thwarted. Zhong provides evidence through empirical research that popular political trust in central government far exceeds those in local municipal governments.

In Pakistan's context, this may be one of the reasons why local governments are lagging. The primary aim of the military and bureaucratic elite to formulate the local governments was to erode the powers of political parties in the country's provinces .

The Cadre System and Goal Alignment between Central and Local Government

Another important factor contributing to the success of the local governments in China is the cadre system. Despite the complexities associated with the regime's territory, goals have been aligned and implemented top-down. In other words, because of the one-party design rather than revolutionary and political campaigns, local governments' success was measured by the CCP through economic growth in each region . Thus, local governments performed "as competitive units that race each other in a battle for development" .

Moreover, economic growth was a non-controversial plan for all government tiers in China and easily measurable, so everyone was aligned on a single goal that led to the massive development seen in China today.

China's Fiscal Federalism and Impact upon Economic Growth

China has attained 10 % growth by GDP per year over the last thirty years . It is a nationalized economy, unlike Pakistan, which is largely private sector-led. China's first decentralization with the planned framework in 1957 was about delegating nearly all SOEs to local government. The share of industrial output shrank from 40 per cent to 14 per cent. For SOEs management, the economy was transformed from a command-led economy to a market-led economy. The significant reforms were decentralization of decision-making authority over expenditure assignments, economy regulation under the central government's guidelines, such as licensing, defining the role and scope of non-state firms, designing development plans, resolving business disputes, and attracting foreign investment . The significant economic reforms were establishing special economic zones, attracting overseas investment, reforming agriculture communes, promoting town and village enterprises . However, this fiscal decentralization led to the insolvency of the central government. Subsequently, in 1994, the central government introduced a tax sharing system according to which the central, provincial ratio of significant taxes is 75:25.

Table 4: Fiscal Decentralization Indicators: China vs. Other Countries

Indicator	China	Developing Transition	Transition Economies	OECD Countries
Subnational share of government revenue	48	16.6	18.4	19
Subnational share of government expenditure	74	19.6	22.3	32

Table 4 shows the revenue and expenditure levels of China's local government. The ability of local governments in Pakistan to raise revenue on their own is severely limited. With an already low tax to GDP ratio of 12.5%, existing governments already have high debts that they face difficulty paying off. For local governments

to reap valuable benefits, it will be essential to provide them with the ability to generate resources independently.

Local Government's Fiscal Insolvency

However, experience from China suggests that pursuing a policy of fiscal decentralization comes with its own set of considerations.

Firstly, while administering local governments is difficult, it is an added layer of government expenditure that may cause more issues than solutions in some cases. For example, in many less developed regions of China, local governments run on insufficient budgets, causing massive costs to the national exchequer (Figure 5). However, the central government argues that the inefficiency of local governments is the problem since a government job at the local level is considered very lucrative, and governments keep on hiring people from their respective regions to provide direct job incentives.

Thus, going forward, Pakistan should also consider monetizing local governments since the country is already running on a massive deficit. An added layer could lead to more financial inefficiency if not managed correctly.

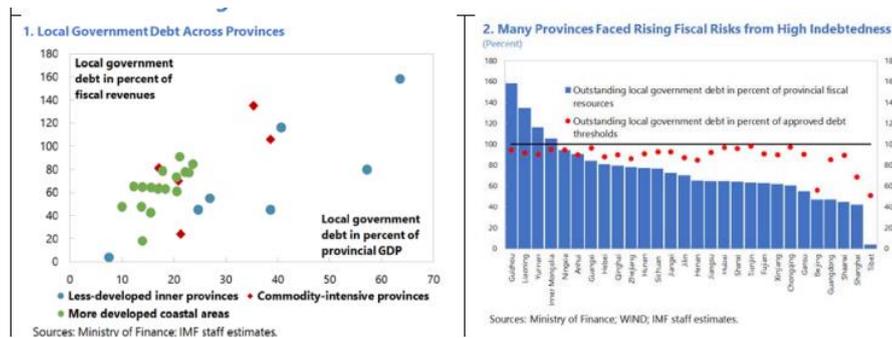


Figure 5: Local Government Debt Across Provinces in China

China's Local Government Debt and Municipal Bonds

To empower local governments towards the cause of economic growth and development in their regions, the central government in China has actively pursued fiscal decentralization policy. While this policy has improved the financial resources at the disposal of local governments, it has led to a rapid rise of local government debts in the country due to "increasing financial pressure and a widening gap between revenue and expenditure" .

Due to this, local governments also face additional "unrestrained debt financing, low fiscal transparency, and high fiscal risk" . Moreover, another indicator of this problem is the rapid issuance of municipal bonds to finance local government debt, which has also increased rapidly since pursuing financial deregulation. Although, China's General Lending Provisions and Guarantee Law restrict local governments

from directly taking loans from banks for financing. However, local governments bypass these laws easily by "subordinating public institutions such as public schools or hospitals to issue a large amount of debt" . Thus, under the pressure of meeting stringent growth and development targets set by the upper tiers of the government, the autonomous bodies at the local level are willing even to bypass explicit laws that forbid them to do so. Table 5 and figure 6 show the liabilities of local governments in debt terms.

Table 5 The liabilities of local governments in debt terms

Type of entity incurring debt	Debt for which local government bears repayment responsibility	Contingent government debt	
		Debt for which the local government is liable as a guarantor	Debt for which government may undertake a certain responsibility for assistance
Financing vehicle companies	4075.55	883.25	2011.64
Government departments and organs	3091.34	968.42	0
Institutions with subsidized expenses	1776.19	103.17	515.71
State-owned financing or holding companies	1156.25	575.41	1403.93
Institutions responsible for their revenues and expenditures	346.29	37.79	218.46
Other units	316.26	83.14	0
Public service institutions	124.03	14.39	189.64
Total	10885.91	2665.57	4339.38

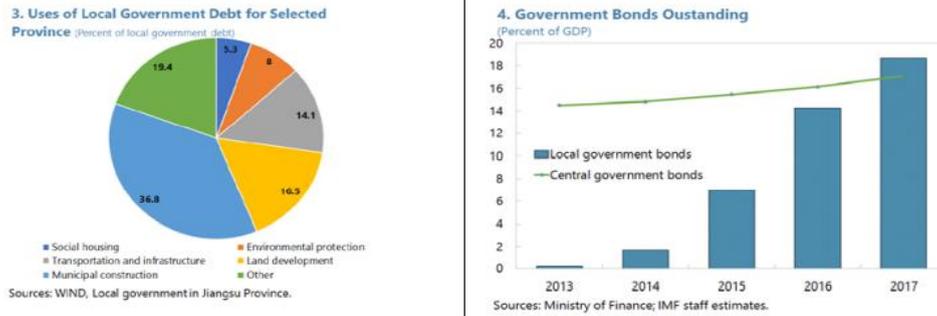


Figure 6: Bond Market in China

Expenditure Assignments

China is a highly decentralized country regarding expenditure assignments controlled by the central government. In the absence of clear guidelines by the central government, the responsibility to incur expenditure is left to the discretion of each level of government. Therefore, the bottom level of government takes much responsibility and less share of government. In China, the expenditure by local government on health, education, and social safety nets is increasing, and the standard of social services is also relatively high (Figure 7).

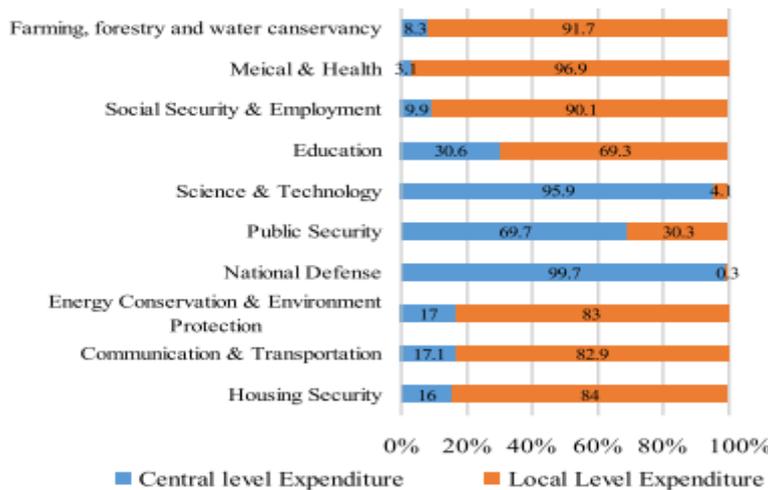


Figure 7: Central and Local Expenditure of China

However, in Pakistan, the outgoing government prioritized mega projects in power and mass transit, thus shrinking fiscal space for transfer to local government. Resultantly the expenditure assignments of local government have suffered badly.

Vertical and Horizontal Accountability Mechanism

Article 109 of the constitution of China notes the establishment of audit offices at every level of local governments. The high degree of expenditure decentralization in China warrants accountability to the central government. The evaluation criteria for local officials are quantifiable and depend upon how much they contribute to

the growth. Recently, President Xi Jinping has tried some 414000 officials on corruption charges . However, horizontal accountability is missing in the Chinese local government system. There is no system to judge whether budgets are spent according to the needs of people or not. In Pakistan, the Local government Act 2019, chapter XXVI, envisages an inspectorate of local governments whose mandate is inspection and monitoring of local governments . Nevertheless, in the absence of a local government system, its efficacy cannot be judged.

Fault lines in Local Government System of China

The local governments in China are fiscally stressed, especially in rural localities where access to public government facilities is severely restricted . The rural areas of China are finding significant disparity in health services allocations, and the urban regions are better at health care. China's health care reforms are finding it challenging to allocate resources in the presence of high debt . Local governments in China have invested heavily in infrastructure and state-owned enterprises, thus compromising spending on social security .

The Gaps In Pakistan's Local Government Systems; Learning From China

China is a unitary state and not a federation. Pakistan is a federation where provinces and political elites have a critical constitutional role, including local government. Local governments established under military rule have not been able to sustain themselves because these reforms have attempted to weaken the provincial tier and bypass the provincial party elite by instituting non-party systems of government. In a nutshell, local governments under military governments are a version of the colonial model of dyarchy. China has not faced this problem because all power flows from the centre because of its unitary constitution, and this can be seen as a delegated model under central control. Pakistan's federal model requires provincial ownership, without which a local government system cannot legally sustain itself. The ownership is further weakened because civilian democracy in Pakistan has been a stop-start affair. We have a party system that is not secure enough to devolve power politically and financially.

Local Governments according to Context of the Country

Having gone through the evolution of local governments in China, it is clear that these have been continuously working throughout the years. China has adapted local governments according to its economic and administrative needs. Conversely, Pakistan has seen local governments only in the period of martial law and that too to act as a conduit between local government constituencies and non-representative centres . Decentralization is a complex process and works within a particular socio-economic environment. The local government system only works when fitted to the context. Pakistan, like China, should have continued with the local government

system and tailor it according to its needs.

Furthermore, rather than rolling out the local government system throughout the country, an incremental approach may have been adopted by piloting it in selected districts. Due to a weak institutional setup, the radical approach of rolling out the local government system in the whole country is a burden on financial resources . In Pakistan, all stakeholders should negotiate for a local government system that does not wither away with the change of government.

Lack of Clearly Defined Roles and Responsibilities

In Pakistan, while the government tries to maintain an independent structure within the local administration, haphazard appointments and experimental government posts have caused severe confusion of roles and responsibilities within the local governments. Due to "limited knowledge and access to information about the structure and workings of the government, especially among people with low levels of formal education," is a cause of concern for local people looking to get their work done from the government.

Additionally, "vertical programs" running in the education and health sector trump provinces and districts, leading to a lack of accountability in the overall governance system . Being the responsibility of the local government, this should be restructured to ensure the provision of the services.

In comparison, China's local government has a clearly defined mandate with roles, responsibilities, and finances primarily assigned to respective heads and departments. There is clear accountability regarding the economic development goals associated with that particular locality. While chalking out various local government laws, Pakistan should focus on clear roles and responsibilities.

Lack of Financial Avenues for Local Resource Mobilization

From China's example, it can be seen that, despite its repercussions, local governments can independently function by generating their revenue either by selling land or issuing local bonds. However, the ability of local governments in Pakistan to raise revenue on their own is severely limited. With an already low tax to GDP ratio of 10.5%, existing governments already have high debts that they face difficulty paying off . To reap good benefits from local governments, it will be essential to provide them with the ability to generate resources independently. In China, local officials are given incentives for attracting investment and creating employment opportunities. From the study of China's governance model, it can be adduced that there is room for improved taxation policy. Secondly, the question of expenditure assignment must be addressed fully to improve the revenue base. The government must recognize the fiscal decentralization programs which suit the local needs.

Risks of Developing Independent, Financially Self-Sustaining Local Bodies

However, the debate to allow local governments to issue bonds for improving financial resources is contestable. On the one hand, it will significantly enhance the availability of resources for development in the region without much dependency on the higher tiers of the government.

On the other, however, with an already alarming debt situation in the country, it would be unwise to roll out an uncoordinated local body bond issuance scheme since it will raise the debt even further, leading to defaults that the country may not sustain .

Even in a far more coordinated region like China, tracking local government bond issuance has become challenging to see which local bodies are on the brink of financial collapse. With its weaker administrative and monitoring mechanisms and low financial knowledge of the masses, the issuance of local bonds for resource mobilization can quickly spiral out of hand.

Incremental Approach in Fiscal and Expenditure Assignments

For an already indebted country like Pakistan, one of the significant lessons from China is that while developing local bodies can spur economic growth; it comes with a downside of extra incurrence of debt, with which Pakistan is already seriously plagued. Furthermore, the existing tiers of government at the provincial and federal levels are already under severe deficits for which external financing is required from international bodies like the IMF.

In the case of Pakistan, therefore, the question that needs to be addressed is this; is the country financially ready for fully independent local governments? The right thing to go forward would be to channel the existing setups in place, such as bringing the panchayat system into formal spheres of the government, and slowly impart more responsibility as more people become politically educated at the lowest tiers the government. Moreover, imparting political knowledge and rigorous fiscal reporting mechanisms are crucial to ensuring successful local governance .

State Capacity Challenges in Pakistan's Local Governments

In Pakistan, there are severe capacity deficits of local governments along various dimensions that hinder local government performance. These relate to human resource capabilities, lack of adoption of automated systems, weak legal and enforcement capacity, weak project management, and excessive political interference. In addition, people are not satisfied with the education, health, supply of drinking water, and waste disposal services of local governments.

Conversely, local governments in China are well equipped with efficient human resources, robust enforcement mechanisms, and goal alignment amongst various

tiers of government . A case in point is China's local governments against covid, which is exemplary . In addition, the local governments in China have done an outstanding job in poverty alleviation and school education. Pakistan should concentrate on the capacity building of local governments across various dimensions .

Local Governments Versus Provinces

Given the central tendency, the various regimes in Pakistan have focused on a highly centralized system of decentralization . The current PLGA 2019 tends to centralize powers through Section 6.3, which authorizes provincial governments to direct local government affairs. Section 27 allows local government to take away any function of local governments and assign it to any other office. Similarly, section 32 authorizes local governments to appoint joint authority for local government functions. Through Punjab local government board, the provincial government retains sufficient powers in managing the human resource.

In Pakistan, there are two types of LGs, elected LGs and bureaucratic LGs controlled by federal public servants (the provincial arm of LG). The latter is the heart of government in Pakistan and extremely well entrenched and are reluctant to surrender powers and authority to local elected tiers and would much rather work under the provincial and local levels. There is no tension between an elected and administrative elite in China because it is not a democracy.

Strong Accountability Mechanism

Although LGA 2019, under section 48,194,200,204,206,215,216,222,287-289 provides for horizontal and vertical mechanisms for local government. Nevertheless, in practice, the service delivery at the local level has been adversely affected due to rampant corruption . In China, there is a cake-layered, top-down model of accountability. There is a supervisory organ of a local government at and above the county level. It is responsible to people's government on the one hand and the next higher supervisory level on the other hand. According to the Administrative Supervision Law of PRC, after proper inquiry, the supervisory organ can recommend to people's government dismissal, demotion, or any other sanction according to law. Pakistan can even develop a more robust system of accountability, being a democratic country. Local governments official can be made answerable to three forums, i-e, voters of their constituencies, higher authorities like China, and institutions designed for accountability.

Local Governments a Tool of Surveillance

In China, the local governments also act as surveillance tools, and all suspicious activities are kept under check. Pakistan, a security state, can utilize local governments to the grassroots level for identification, engagement, and grievance redressal for the aggrieved and suspicious people.

Conclusion

The importance of local governments in ensuring economic growth in a country cannot be overemphasized. It is a way of ensuring that people at the lowest cadre of a financial system get political representation by offering them a chance to elect their representatives. Being directly responsible for serving the people ensures that the elected representative is well aware of the community's needs and gives it his all to ensure that these are met effectively.

This paper highlights how the establishment of local government went astray in Pakistan and how, given China's example of rapid growth, Pakistan could have achieved similar levels of prosperity provided that it had an empowered, effective, and efficient local government system in place. However, it is not to suggest that its issues do not besiege the Chinese governance model. Instead, this study attempts to guide government officials and policymakers to understand how the development of empowered grassroots leadership was hampered and what interests were in play. Furthermore, how China's model can serve to guide Pakistan in its quest of establishing an accountable, financially robust, and beneficial tier of the government that directly addresses and provides for the needs of an ordinary man in their locality.

Recommendations

- Pakistan should conduct local government elections on a priority basis. Like China, Pakistan should mould its local government system instead of dissolving it. There should be a broad-based consensus amongst all stakeholders regarding the design of the local government system. Unless political interest groups and military establishments are on the same page regarding local governments, there will be no sustainable local governance model.
- In China, it could be seen that all tiers of the government are aligned with the agenda of economic growth, modelling all their plans and reporting mechanisms accordingly. Therefore, given this scenario, it would be ideal for stakeholders in the upper echelons to be on the same page regarding economic growth in Pakistan. A Charter of Economy should be signed amongst all the major forces to bring them on board regarding economic development. An example of this level of cooperation is the implementation of the China-Pakistan Economic Corridor. Regardless of political affiliation, everyone favours its implementation and its positive benefits to the country.
- In China, the state council is the supreme organ of the state to oversee local governments. There should be a federal entity on the pattern of NRB to manage the devolution process. There is a dire need for central coordination amongst four provinces without compromising the spirit of the 18th Amendment.

- There is a need for reforms in Provincial Finance Commission. Currently, local governments are meeting their current expenditures only. China is highly decentralized in terms of revenue and expenditure. However, in Pakistan, we can incrementally enhance the fiscal space available to local governments in consonance with their capacity. Government can direct discretionary funds being provided to a member of provincial assemblies to local governments for development. In addition, local government should be given authority to generate more funds, such as a tax on agriculture, irrigation, and property.
- The empowerment of local governments with more fiscal space should be accompanied by horizontal and vertical accountability. In the presence of a robust accountability mechanism in China, the position of officers and even mayors are tied with quantifiable KPIs. Although PLGA 2019 provides for Inspectorate of local governments yet, there is a need for a robust mechanism to be put in place. It can be done through third-party validation, citizen audit of local governments, and building KPIs.
- The local governments in China are pretty adept at handling duties assigned to them. Due to system's deep roots, the capacity regarding expenditure and revenue assignments is quite good. Local governments should build capacity in managing human resources, taxation, budgeting, project management, and expenditure management. It is vital to increase the capacity of municipal governments as this tier serves as an incubator for future political leaders.
- In China, the local governments provide different public services such as approval of building plans, information on job recruitment, handling of covid, etc., through E-governance. In Pakistan, through promoting e-governance in the local government, innovative technology in a local area can be introduced to accelerate the quality of life. The tool of e-governance can enhance the sense of ownership among the residents of the local area, which ultimately contributes towards a better and service delivery oriented local government system.
- Local governments in China follow a hierarchical structure that operates within solid bureaucratic controls, and each tier is accountable to the next tier. Furthermore, each level of local government has to follow the unified leadership of the state council. Therefore, there are fewer issues of coordination. In Pakistan, the local governments are a body corporate, and there are no linkages amongst these. In PLGA 2019, District Council may be restored, and the chairpersons of Village Councils falling within the jurisdiction of District Council be ex-officio members of the respective District Council. It will improve the vertical linkage between the lowest and highest tier of local government within a district.
- Since China is a communist state and local government and CCP are

intertwined, there is no rift in setting up development priorities. However, in Pakistan, the provincial and local politicians often differ on the development profile of districts. To harmonize goals and for the sake of integrated development, a provision for constituting a joint development committee in each district comprising concerned MNAs, MPAs, Senators, heads of local governments, and district administration in the district may be provided. This committee may finalize the ADP of the entire district. The schemes finalized by this committee may be placed before the respective council for endorsement and further implementation.

- The local governments in China are effectively performing the assignments entrusted, e.g., health, education, and social safety schemes. The Pakistan local government should focus expenditure assignments and invest more in the health and education sector on the Chinese model. Furthermore, the local governments in China have outsourced health functions. The legal framework relating to District Education Authorities and District Health Authorities may be dealt with in more detail. Its relation with the local government needs to be defined in the law.

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