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Visibility Projects, the First Political Service

> All development in this country has to happen in a form that benefits some leader.
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> <div align="center">A Chinese local government official, 2018</div>

Jade City, in a beautiful mountainous area in southwest China, built a third wastewater treatment plant in 2012. This was not your usual wastewater treatment plant – some boring and messy industrial site covered by crisscrossed pipelines and large water tanks – it is beautiful. Covering 11 acres of land in this small city of 600,000 people, the new plant is the largest in this part of China, an area covered by rivers but lagging behind in economic development. This new plant has a state-of-the-art facility building, neatly arranged pipelines connecting rectangular sedimentation tanks, and six huge water pools. At the end of the facility, a lovely little pond collects the effluent before releasing it into the local waterways. Goldfish swim around the waterlilies in the pond, and a bird watches with great interest. Pebbled stone paths zigzag around the plant, dotted with trees and flowers, providing a lovely walk for anyone so inclined.

Proudly showing me around, the plant manager said, "We look just like a park."[1] This plant will treat 150,000 tons of wastewater per day and raise the city's wastewater treatment rate from 61 percent to 93 percent, a number on par with some of the most developed cities in the world, such as London and Hamburg. It should greatly improve the water quality of the two rivers running through the city. Jade City's government also did not need to pay the full amount of this project, which

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[1] Interview 201548.

cost 100 million RMB. Using a public–private partnership, Jade City signed a build–operate–transfer (BOT) contract with a private firm, which financed the construction and will operate this wastewater plant for the next thirty years. Jade City just needed to pay wastewater treatment fees to the firm during this period.

An impressive public facility that received considerable media attention, this wastewater plant was a response to the Chinese central government's call for sustainable development. The CCP elevated sustainability to be a political priority and encouraged local governments to use the marketization of public sectors to finance projects in areas of public transportation, waste treatment, wastewater treatment, water supply, internet, dams and ports, irrigation, health, education, elderly care, and more. "Sustainable development" (*kechixu fazhan)* has been on the CCP's agenda since 2003, with slogans such as "green development" (*lvse fazhan*) (2003), "ecological civilization" (*shengtai wenming)* (2007), and "beautiful China" (*meili zhongguo)* (2012). Of these, "ecological civilization," which stresses that environmental preservation should be as important as economic growth, was incorporated into the Constitution of the CCP in 2013, and later into the Constitution of the People's Republic of China in 2018. Jade City's wastewater treatment plant was a direct response to these environmental agendas.

Jade City's wastewater treatment plant also responds to another set of central initiatives that continued to call for the private sector's "decisive role" in building public projects and providing public services. In the hope of relieving the financial burden of debt-laden local governments, China's central government issued at least one policy directive every other year from 2013 calling for the private sector to enter various public sectors,[2] and for the local governments to develop pro-market policies in these sectors. When choosing a firm to build and operate this wastewater treatment plant, Jade City's leaders deliberately chose a private firm "because the central policies suggested so … that we are a market economy. It's good to have a private firm to build and operate public services. Private firms are more advanced [than state-owned enterprises, SOEs] in both technology and management, and they are more efficient and save us [the local government] money."[3]

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[2] The first one of these initiatives was "Zhonggong zhongyang guanyu quanmian shenhua gaige ruogan zhongda wenti de jueding," 2013-11-15, www.gov.cn/jrzg/2013-11/15/content_2528179.htm.

[3] Interview 37292015.

Touting the double success in environmental protection and public–private partnership, the city government stated in an internal government document to the upper-level provincial government:

> under the leadership of the city's Party committee, our city showed uncompromised resolution in following the Party center's instruction to preserve green water and verdant mountains.[4] … an exemplary model of public–private partnership, and equipped with cutting-edge technology, this plant will raise the city's wastewater treatment rate to 93 percent, above other cities in the province. This plant reflects the city's history of emphasizing sustainable development, and our goal of reaching harmony between economic development and nature.[5]

However, when taking a closer look at Jade City's new plant, unnerving facts emerge. This wastewater treatment plant is neither necessary nor doing its job. To begin with, there is simply not enough wastewater to be treated. Like most Chinese cities, Jade City has a severe lack of sewerage network to collect and transfer wastewater, and the scattered and disconnected sewer pipes in place are outdated and narrow, often blocked (I was told that a mysterious couch blocked a section once), corroded, and constantly leaking. The other two wastewater plants in the city, built within the past fifteen years, were only operating at 21 percent and 70 percent respectively of their full capacity before the third plant was built, and the city government had to negotiate with the other two plants to divert some of the wastewater to the new plant. Once the new plant was in place, the other two plants' operating level dropped even further to 10 percent and 50 percent respectively of their full capacity, and the new plant was only operating at 41 percent of its capacity at the end of 2017.

There is also little prospect of population growth to increase wastewater supply in the future. Jade City is a small city, and its population growth has stagnated at an annual rate of 0.31 percent since 2010, making the city's total wastewater treatment capacity more than three times its actual needs. Even if the city's population and per capita water consumption grow at a rate equal to that of Beijing, it would still take over forty years to reach the plants' full capacity, exceeding their lifespan of thirty years. In other words, this new plant will be operating at only partial capacity for its whole lifespan. If the only income source were

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[4] The slogan "green water and verdant mountains" (*lv shui qing shan*) comes from the Chinese president Xi Jinping.

[5] Author's data collection of local government documents.

wastewater treatment fees, as stated in the BOT contract, the plant would be always running at a loss.

Asking the firm why it built at overcapacity, the manager said, "the [city] leader wanted something grand. The size must match [his] resolution in environmental preservation." But how does the firm expect to make ends meet? The Jade City government promised two things. They planned to develop a new residential area near the wastewater plant, which would eventually increase the amount of wastewater that required treatment. They also agreed to provide subsidies to meet the gap between received wastewater treatment fees and the operating costs. The plant manager said, "It will be hard for the first few years, but as long as the government is giving us subsidies as promised, it should get better afterwards." What if the government reneges?

Well, but this is the way you do business with governments in China. You can't worry about it. If you want everything written in the contract, then you would never win the bid [for public projects]. The norm is you do things for them [the government] first, and they would not mistreat you afterwards. It [government reneging] is a risk but it's out of our control. We simply can't worry about it unless we want no business opportunity at all.

The government also turned a blind eye to cost-saving measures pursued by this plant and the other two wastewater plants in the city. It turns out the new plant, like the other two, had been secretly releasing untreated wastewater into the river nearby, and the firm never built the sludge treatment facilities to treat the most toxic components of the wastewater. Instead, they dumped sludge on nearby farmland at night, killing the crops. Angry residents and farmers led protests in front of the wastewater treatment plant demanding the plant be shut down and insisting on government supervision. The city government promised the crowd they would work on it, and issued a fine to the wastewater plant, but never enforced it. Meanwhile, the government identified the protest leaders and arranged for the firm to pay them off. When the unappeased residents tried to contact local media to expose these matters, the city government warned the journalists to stay away.

This new plant operated smoothly for another four years, until the city leader who approved this plant was promoted. A new city leader came in and asked the firm to build another wastewater plant with a treatment capacity of 350,000 tons per day, two and a half times the current plant's capacity, having wrongly concluded that clearly three plants were still not enough to make the rivers clean. The plant manager angrily reflected on this demand:

Why don't they [the leaders] just shut down those polluting factories instead? We were just beginning to make ends meet and now we will operate at a loss again, dumping in more new investment … Every new leader means a new set of conditions and another round of negotiations. What do they expect us to do? That's why all three plants in the city are garbage![6]

A year later, not willing to build a fourth plant, the private firm sold its plant to an SOE and left Jade City, when there was still twenty-five years left on the contract. The city's wastewater treatment plants are all publicly-owned again.

But why build a third plant at all? And then a fourth, without the capacity to collect and transfer wastewater to them? Why not instead, as suggested by so many industry experts, first build up the sewer pipes essential to effective wastewater treatment, and then fully utilize the other two semi-idling wastewater plants? And equally important, if Jade City genuinely wanted to encourage private investment in wastewater treatment, why would unrealistic demands be made of the private firm, with the risk that future public–private partnership opportunities with other private firms would be lost?

These questions are not only pertinent to Jade City's wastewater treatment, but also to many other emerging projects and infrastructure plans all over China. In eighteen months of fieldwork in fifteen Chinese cities, I observed misbegotten projects spanning localities rich and poor, and sectors big and small. They include public transportation system upgrades, waste treatment facility upgrades, river cleaning projects, hog farms, bamboo farms, data centers for internet companies, and more. Like Jade City's wastewater plant, the final selected projects are often ill-conceived, short-lived, or replaced quickly. So why are they built?

VISIBILITY PROJECTS

I call these projects *visibility projects*. Visibility projects are public projects that prioritize appearance and scale over practicality, cost-effectiveness, and sustainability. Their primary purpose is to enhance the project initiator's political visibility and reputation in the system rather than to promote local development or to seek rents. They are launched for credit claiming rather than blame avoidance. The target audience of visibility projects is those who control the careers of the project initiators.

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[6] Interview 20170534.

Visibility projects aim to make visible upgrades to infrastructure and the general physical environment as quickly as possible.

In the context of China, visibility projects are launched to signal both government officials' competence and loyalty to the CCP. The target audience of visibility projects is the higher-up officials in the Party-state echelon rather than the public. Visibility projects are the origin of firms' first political role in this book. Contributions from firms to government officials' careers often go to visibility projects.

As a phenomenon, visibility projects themselves are nothing new. Chinese local officials have been using them for career advancement since at least the 1990s. Scholars had previously documented some visibility projects, but discussed them within the conventional framework of government officials seeking promotion through promoting economic growth. For example, earlier scholarship documented the popular local government projects of excessively fancy government buildings, malls, and hotels, but called them "development projects" (O'Brien and Li 1999) or "political achievement projects" (Cai 2004; Guo 2009), viewing them mainly as responses to formal and quantitative policy targets of gross domestic product (GDP) growth and investment attraction. While these explanations certainly have their merits, as these projects also bring in GDP growth and investments, they do not fully explain why some local projects are preferred over other projects that could bring in similar levels of economic benefits or rents.

Consider the decision of building a bridge over a bay versus an undersea tunnel in Qingdao city.[7] Qingdao is a city hugging Jiaozhou Bay, with districts scattered along the bay's shorelines. In 2000, Qingdao had a new mayor, Shicheng Du, who later became the city's Party secretary. Du proposed a vision for the city called "Big Qingdao," which included a plan to connect the two major districts situated on opposite sides of the bay inlet. There were two possible solutions: a bridge over the bay or an undersea tunnel.

Du preferred a bridge, but almost everyone else preferred an undersea tunnel. The bridge would be cheaper to build, but it would not be as feasible or sustainable as a tunnel. To begin with, constructing the bridge at the bay inlet, which is the shortest distance, was not possible.

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[7] "Rezhong 'Xingxiang Gongcheng' zi hui qiantu," in "Gongcheng jianshe lingyu fubai dianxing anli pouxi," China Fangzheng Publisher (the CPC Central Commission for Discipline Inspection), 2010-03; "Du Shicheng zhengji gongcheng de mingyun," Oriental Outlook (*Xinhua News*), 2008-04-03, http://news.sohu.com/20080403/n256084720 .shtml.

Jiaozhou Bay is the third busiest commercial port in China, and if a bridge were to be built at the inlet, it would restrict the size of cargo ships that could pass through. As a result, the bridge had to be built further into the bay. However, this meant that the bridge would be significantly longer, which led to other problems. Engineers cautioned that building a longer bridge over the bay, which became the world's longest bay bridge upon completion, would increase its susceptibility to the typical weather hazards in this northern city, including wind, snow, and ice. Consequently, the annual maintenance costs of the bridge would be significantly higher than those for an undersea tunnel, and the number of days in a year when the bridge could be used would be limited. By contrast, a tunnel would not be affected by adverse weather conditions and could be utilized year round. Additionally, a tunnel could be constructed at the bay inlet, reducing the distance covered and resulting in lower maintenance costs, despite the per-kilometer construction cost being higher than that of a bridge.

Du insisted on building the bridge, but decided that both the bridge and an undersea tunnel would be built. This would result in duplicate projects and unnecessary expense, and it was not primarily driven by corruption. In fact, Du encountered considerable difficulties in finding companies willing to undertake the construction of the bridge, causing the construction start date to be postponed by over a year. In contrast, the undersea tunnel had no issues attracting companies to participate in the bidding process, which would be a source of bribery. According to the published records of a later corruption case against Du, his sources of bribery were primarily from real estate developers and the oil industry in the city, not the bridge.[8] So why was he so persistent in building the bridge?

The CCP essentially concluded that this bridge was Du's visibility project without using the term. In the records of Du's corruption case, the Party accused him of wasteful spending, stating that this bridge

did not serve any real purpose, and it was not used a lot by the public. It [the bridge] is evidence that Du was not thinking about local demands, but only wanted to showcase his competence in urban planning. Du went against expert opinions on this bridge … because it [the bridge] can attract more attention for him and can better display his achievement.[9]

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[8] Ibid. and "Yuan Qingdao shiwei shuji Du Shicheng bei mianzhi neimu," Dongnan Kuai Bao, 2006-12-27, *The Law Year Book of China*, 2009: 919.

[9] Ibid.

Visibility projects such as this bridge have a primary focus on appearance and scale, rather than economic development, rents, or good governance. They often result in wasteful spending on nonessential functions without consideration of cost-effectiveness. But how can we tell whether a project is a visibility project? After all, most public projects address a mix of incentives of government officials, including good governance, rent-seeking, and career advancement. Visibility projects primarily serve the purpose of career advancement, but they can also generate developmental effects and rent-seeking opportunities.

Four defining features can help us identify visibility projects: They are extra efforts beyond requirements; they are borne out of ambiguous, rather than well-defined, policy directives; they cater to top-down demands rather than bottom-up demands, and therefore often draw resources away from local needs; and they are often quickly launched and short-lived because maintenance is not a key factor in the decision. I will now explain these features in the context of China.

First Feature of Visibility Projects: Extra Efforts beyond Requirement

Visibility projects are efforts that go beyond the job description. To use a metaphor that draws on Chapter 1, ambitious Chinese local officials who seek promotion are like high school students who apply to a top university (seeking promotion). Having a high SAT score (meeting required goals) might not be sufficient to get admitted. Students also put their awards, community service, or volunteer experience on applications for better chances of admission. Visibility project are like these extra efforts. Visibility projects are not the efforts of an ambitious government official to meet what is required of everyone in the government evaluation system; rather, they are extra efforts intended to showcase competence, claim credit, and differentiate oneself from others.

For conceptual clarity, this key feature can be better understood by comparing visibility projects with Potemkin village projects and performative governance. All of them serve the purpose of signaling, but they serve fundamentally opposite incentives: Visibility projects are extra efforts to show competence, while Potemkin projects and performative governance are efforts to conceal incompetence. This difference in incentives leads to different contents and costs of visibility projects compared with the other two.

The original Potemkin village refers to a myth suggesting that Potemkin, lover of the Russian empress Catherine II, set up mobile fake

villages along the Dnieper River to hide his failure to establish resettlement villages for Russians in the 1780s. This term was subsequently applied to describe analogous behavior, such as the Soviet Union's government showcasing a model worker's affluent home to foreign delegations or the Romanian government presenting demonstration farms to foreign delegations to hide the actual desolate situation in the country (David-Fox 2011). In the same vein, performative governance, detailed by Ding (2022), refers to actions such as the Chinese government dispatching investigative teams to polluting factories, ostensibly to signal government accountability to the public when lacking the actual capacity to enforce environmental regulations. These projects and behaviors are essentially to conceal incompetence and to avoid blame when under scrutiny. They would not occur if no one were paying attention. To conceal incompetence, the actors only need to leverage the minimum input possible to attain the maximum output of preserving their reputation.

Visibility projects, on the contrary, are invented to attract attention and to show off competence. This means that they often include highly visible and marketable components that entail significantly higher costs than necessary, at the expense of cheaper alternatives. The aforementioned case of bridge versus tunnel is a good illustration of this. Visibility projects are not results of low capacity; they are the results of an ineffective evaluation system that creates incentives for the competent to stand out. They are, therefore, extra efforts above and beyond the basic requirements in order to claim credit and attract attention. Consequently, visibility projects often involve unnecessarily high costs.

Second Feature of Visibility Projects: Engagement with Ambiguous Policy Directives

Visibility projects are often launched to engage with ambiguous policy directives. By ambiguous, I mean that either the policy goals, the means to achieve them, or both, are unspecified or poorly defined. Xi Jinping's call to "preserve green water and verdant mountains" mentioned earlier in this chapter is a great example. This call is a broad and ambiguous goal relating to environmental preservation. Without specific guidance on how to achieve it, government officials have numerous potential approaches to choose from, such as deindustrialization, shutting down mines, reducing agriculture, cleaning water bodies, restricting wastewater emissions, planting trees, and establishing natural preservation areas. Ambiguous policy directives often represent policy agendas that the

national government has yet to establish a clear direction for, or has not accumulated sufficient information and experience to define a policy goal and provide specific policy recommendations. Therefore, both the policy goals and the means to reach them as yet lack clear evaluation standards.

Ambiguous policy directives thus allow for creativity, which is a valued opportunity to differentiate oneself from others in the competition for attention. Moreover, because there are no specific measures to be evaluated on and to compete over for ambiguous policy directives, government officials turn to *verifiable* efforts to pursue these policy goals, and *visible* efforts such as physical infrastructure or an event are the easiest to verify. Therefore, ambiguity gives rise to visibility projects.

This observation that ambitious Chinese government officials choose to engage with ambiguous policy directives goes against the findings in the literature of principal–agent theory and public management. Scholars notice that when choosing between multiple tasks from the principal, agents only engage with measurable and well-defined tasks and ignore the unmeasurable tasks, because the principal cannot monitor the enforcement of these tasks (Holmstrom 1979). Public management scholars call this phenomenon "goal displacement." When the evaluation of agents includes quantitative and standardized measures for specific organizational goals, such as evaluating school teachers based on their students' standardized test grades or assessing hospital managers according to patient wait times, agents tend to divert effort toward these well-specified goals. Consequently, efforts are directed away from broader, more complex goals such as fostering critical thinking in education or enhancing the quality of medical services (Gormley and Weimer 1999; Grizzle 2002; Hood 2006).

This is inconsistent with what I observe in China, and the inconsistency likely stems from a scope condition within this literature: The agents must believe that the formal evaluation system is effective in identifying competence and does not fail to recognize it. In other words, the agents must believe that their efforts within the formal evaluation system, whether through hard work, gaming behavior, or even fraud, will result in corresponding rewards from the principal. The Chinese evaluation system does not effectively function in this sense, for reasons I will elaborate later in this chapter. Local government officials do not believe that the CCP's evaluation system can identify the most competent or avoid overlooking the truly competent, and as a result, ambitious local officials in China actively engage with ambiguous and unspecified policy directives

to open up new opportunities for attention from the Party-state, while the not so ambitious local officials continue to focus on well-defined and measurable policy directives.

With the limited financial resources every local government faces, we may even observe a phenomenon contrary to what is described in the literature: resources are diverted away from measurable but invisible goals toward visible but unmeasurable or unmeasured goals. For example, to engage with the ambiguous and broad policy directive of water quality improvement in China, government officials created a distorted wastewater treatment system across Chinese localities: a surplus of wastewater treatment plants but a shortage of underground sewer pipes to collect wastewater for these plants (Jin and Xu 2022). And even among the sewer pipes that are built, the focus was clearly on construction and not management or maintenance, rendering many of these sewer pipes unsustainable (Wang et al. 2021).

The rationale here is simple: Local government officials engage with this ambiguous policy directive with visibility projects in wastewater treatment. Wastewater treatment plants are above the ground and highly visible, but the volume of water treated in the plant is difficult to measure and can be easily gamed. Sewer pipes, on the other hand, are easy to measure in terms of length and coverage, but they are underground and invisible.

Engaging with ambiguous policy directives not only allows for creativity, but also further contributes to the high costs often associated with visibility projects. Given that the purpose of visibility projects is to signal competence and attract attention, typically the costs associated with such projects heavily prioritize presentation and scale. The more visible, the larger in scale, and the more impressive the presentation, the more likely that a visibility project will be noticed. Ambiguous policy directives thus become even more attractive because clear standards for policy goals or implementation are not yet established, meaning there is a lack of benchmarks for acceptable or reasonable costs. It is therefore easier to justify unorthodox or wasteful methods to pursue an ambiguous policy directive.

Here it would be helpful to distinguish visibility projects from rent-seeking projects.[10] Ambiguity is an attractive feature for both the officials who seek attention for career advancement and those who seek rents. It is easier to justify wasteful spending as miscalculation in the process of

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[10] Also called "boondoggle" projects (Keefer and Knack 2007).

"experimenting" with different approaches to reach an ambiguous policy goal. However, the secretive nature of corruption dictates that projects launched for rents should be as invisible as possible to escape scrutiny. Back to the wastewater treatment system example: The invisible, underground sewer pipes are obviously a better choice if one's primary incentive is corruption, because it is more difficult to audit construction costs of underground pipes than that of a very visible wastewater treatment plant above ground. Therefore, while both visibility projects and rent-seeking projects engage with ambiguous policy directives, they differ fundamentally in the focus of the efforts.

Visibility projects, therefore, favor ambiguous policy directives. Ambiguity allows for creativity, attracts attention, and is more forgiving of the unreasonable costs often associated with visibility projects.

Third Feature of Visibility Projects: Prioritize Principal's Preferences over Bottom-Up Demands

Visibility projects cater to the preferences of the principal to attract the principal's attention for career advancement. When the principal's preferences are inconsistent with bottom-up and local demands, or require resources be directed away from meeting local demands, projects catering to these preferences are often visibility projects.

In the context of the Chinese government, this would mean that visibility projects rise to respond to the Party-state's preferences, not bottom-up and local demands from the public. This is associated with two features of authoritarian rule. First, upward accountability, a defining feature of authoritarianism, dictates that if the priorities of the Party-state are incongruent with local public demand, the Party-state's demands will be given priority. After all, local government officials are primarily agents of the Party-state, not the public. Secondly, authoritarian government officials are not allowed to have individual political agendas, as this can be viewed as a challenge to the Party-state. Responding to the Party-state's policy directives signals loyalty and can signal competence if one succeeds. Responding to local demands that are not the priorities of the Party-state, on the other hand, can at best signal competence if one succeeds, but it does not signal loyalty when the Party-state does not prioritize these local demands.

It can even be risky for local officials to launch projects that respond to bottom-up demands without knowing the Party-state's stance on the issue. An extreme example of this is the free universal healthcare reform

in Shenmu county, Shaanxi, in 2009.[11] The then Party secretary of Shenmu county, Baoxiong Guo, decided to invest 150 million RMB into the public healthcare system, providing all Shenmu residents with free healthcare. This daring local reform drew national attention and started a debate on why other local governments would not do the same, particularly considering that Shenmu county is not even that rich. The Party-state eventually called off this bottom-up program, and Guo was demoted in 2010.[12]

Therefore, it is politically safer to engage with the Party-state's preferences. It not only reduces the risk of being blamed for potential failures, but it also reduces the greatest risk for Chinese government officials: to be perceived as too autonomous, too confident, and overstepping the Party line by independently determining which policy areas are important.

Visibility projects, thus, rise only in response to the Party-state's preferences. The preferences of the Party-state are exemplified in two ways. In the formal cadre evaluation system that dictates the career prospects and bonuses of every Chinese government official, high priority policy goals carry the most weight in evaluating a government official's performance.[13] Alternatively, the Party-state reveals its preferences through national policy directives, speeches of the Party leaders, reports and suggestions by China's nominal legislature, and occasionally, government subsidies and grants.

Visibility projects respond to the preferences of the Party-state, often at the costs of launching projects not suitable to the local situation or even in conflict with local interests. Whether these projects cater to the local situation is at best a secondary consideration. This is because the preferences of the Party-state in China are often inconsistent with local demand, or at least do not align with the demand of every locality. The inconsistency is partly due to the intrinsic difficulty for an authoritarian state to obtain information from the public, and partly due to the large size of China and its heterogeneous localities.

An example of the Party-state priority conflicting with local demands is the case of crops versus trees. In 1999, the Chinese national

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[11] "Shaanxi shenmu quanmin mianfei yiliao," *Yangzi Wanbao*, 2010-06-04, www.china daily.com.cn/dfpd/2010-06/04/content_9933116.htm.

[12] "Shaanxi shenmu yuan shuji zicheng bei bian," 2010-09-19, *Xibu wang*, www.chi nanews.com.cn/gn/2010/09-19/2542547.shtml.

[13] See Leng and Zuo (2021) for a list of policy goals based on their weights in the cadre evaluation system.

government launched its "Grain for Green" program in response to soil erosion, dust storms, and other environmental risks associated with the rapidly disappearing woods and forests in China.[14] Under this program, local governments can encourage local farmers to voluntarily retire their farmland and plant trees on the land instead. Local governments typically offer financial compensation equal to five to eight years' worth of income from the original farmland (Xu and Cao 2002), and the farmers are responsible for sustaining the planted trees. This central plan is consistent with demands in some localities that suffered from grave environmental degradation, such as Inner Mongolia, Gansu, and Qinghai provinces, which have experienced severe desertification. But this plan also came into direct conflict with local demands in many other places.

In Tangshan, for instance, a coastal area of Hebei province, ambitious local officials worried that they were falling behind in responding to the "Grain for Green" program because farmers in that area were not interested. Even though the national program is not mandatory, local officials still decided to force local villagers to retire their arable land, the sole income source for many farmers. When villagers refused to cooperate, local government officials had all the spring wheat seedlings cut down during the thirty-minute lunch break local farmers took on a spring day. Infuriated, but without any harvest and income in sight, local farmers finally signed the contract to retire their farmland.[15] An interviewee told me of a similar story in Jiangxi province, where local leaders ordered resistant farmers to cut down their bamboo, a major cash crop, and replace it with trees to respond to the same program.[16]

Scenarios such as this one are illustrations of how visibility projects that cater to the Party-state's preferences can activate conflicts with the public if these preferences go against local demands. Often, such conflict is minor, such as with a common visibility project to build new ring roads in a city that creates impressive urban planning effects but cuts across existing streets and removes pedestrian areas. And some visibility projects, despite being wasteful, can even be entertaining to the public, such as replicating the ancient Austrian village of Hallstatt in Huizhou, Guangdong, or building the world's largest (and probably the only) museum in the vivid shape and color of a giant turtle in Baiyangdian, Hebei.

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[14] A revised version of the "Grain for Green" program was issued in 2016: "Tuigeng huanlin tiaoli," 2016-02-06, www.gov.cn/gongbao/content/2016/content_5139491.htm.

[15] "Maimiao bei hui, shubaimu gengdi bei qiangzhi zhongshu," *China Media Group*, 2021-04-19, https://china.huanqiu.com/article/42nK5VSx7s6.

[16] Interview 201906.

This leads to another scenario where the Party-state's preferences would not be in conflict with, but would direct resources away from, local development. Examples include the Chinese state's strategic plan of "Made in China 2025," which is crucial to China's plan of breaking free from the middle-income trap and reducing foreign dependence. While this central plan makes sense for the country as a whole, most technology sectors are unlikely to flourish at random locations in China. Take the robotics industry, part of this strategic plan, for example. The robotics industry requires a highly educated workforce, supporting infrastructure, and cost-efficient logistics. Few localities in China meet the requirements to sustain a robotics sector. As a result, the sector had been concentrated in China's most advanced manufacturing centers in the eastern coastal region.

But local officials whose jurisdiction is not suitable for the robotics industry do not just ignore this policy directive. They see this strategic plan as a great opportunity to showcase their competence and loyalty. They do so not by investing in research, manufacturing, or logistics, but by building an "AI tourism town" with robots chatting with tourists or a tourist park with robot models.[17] These projects are clearly visibility projects, and they come at the costs of investing in other areas more suitable for the locality.

It is important to note that visibility projects do not always come into conflict with bottom-up demands, and the local leaders would prefer that visibility projects do not lead to public grievances. But in general, because visibility, rather than practicality, is the main driver of visibility projects, developmental outcomes are not guaranteed. This does not mean that all visibility projects do not carry any social merit. It is just that their role in local development is secondary to their role in getting attention from the upper-level officials.

Again, here it would be useful to compare visibility projects to other wasteful projects such as "white elephants" (Robinson and Torvik 2005) and "pork barrel" projects (Shepsle and Weingast 1981) for conceptual clarity. All of these projects are economically inefficient, and are launched to serve political purposes. The difference lies in what these different projects offer to their target audience. White elephants and pork barrel

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[17] "Tiegemen jiancheng guonei shouge huanbao gangdiao jiqiren zhuti gongyuan," *Xinhua News*, 2012-03-26, www.chinadaily.com.cn/dfpd/shehui/2012-03/26/content_14910485_4.htm. And, "Zhihui funeng Yunnan tese xiaozhen jianshe," Yunan government, 2021-07-11, www.cac.gov.cn/2021-07/11/c_1627588859003660.htm.

projects are launched for electoral or legislative coalition-building purposes; therefore, they are designed to benefit their target audience. A typical white elephant project, for example, is a footwear factory in a locality without the comparative advantage in shoe manufacturing, but the factory nonetheless being launched by local politicians to create jobs for voters (Robinson and Torvik 2005). Pork barrel projects often entail diverting limited budgets not to populations or places most in need, but to localities where they can secure political advantages, such as votes. "A bridge to nowhere" is a classic example, intended to enhance a politician's electoral margins in a remote area, despite the bridge's higher utility in a more densely populated region. Therefore, the target audiences for white elephants and pork barrels are also the populations that will benefit from these inefficient projects, often in suboptimal locations.

Visibility projects, on the other hand, do not have the purpose of providing direct benefits to their target audience – the upper-level officials. Rather, the target audience is often separated from the population affected by visibility projects. Visibility projects aim to signal to the principal, but they are not intended to bring personal benefits to the principal. They are often located far away from where the principal lives and works, and affects a different population. Because of this, the benefits or the costs to the populations directly affected by visibility projects are not the primary concern when launching these projects. And unlike white elephants and pork barrel projects, visibility projects do not have to be launched in a specific location; they can be launched anywhere.

Fourth Feature of Visibility Projects: Not Focusing on Sustainability

Because the primary purpose of visibility projects is not practicality or to benefit a locality, they often ignore sustainability. In other words, future investments to maintain or to sustain these projects are usually not the primary consideration in the design and launching of a visibility project. As a result, visibility projects tend to be short-lived.

The lack of focus on sustainability is best shown in the case of "poplar versus shrubs." Starting in 1978, the Chinese national government continued to call for de-desertification in northern China. This policy directive led to the Three North Shelterbelt Project in northwest China, the world's largest tree-planting project. Chinese citizens and hundreds of local governments participated in this project, and without central guidance on the specifics, many local governments chose to plant poplar trees,

and only poplar trees, instead of native shrubs. The rationale was one of visibility: Poplar trees are one of the fastest growing trees in the world. Especially when propagated by cuttings, they can form a forest in months. Planting only poplar trees, instead of mixing them with native but less impressive short shrubs, could result in a visually appealing forest within the shortest time possible, which would quickly show great efforts in de-desertification.

But poplars are not the best trees for afforestation in deserts. In fact, this is an "ecological mismatch."[18] Poplars require much more water to survive than native plants. As a result, planting poplars in deserts further aggravates desertification by depleting groundwater and killing grass that holds the soil together. Moreover, planting only poplars, meaning adopting a monoculture, can easily lead to disease and pest hazards. These lack of considerations for sustainability led to predictable ramifications: Only 15 percent of the planted trees in this entire project survived by 2014. In Ningxia province, a pest wiped out 1 billion poplar trees in 2000 alone.[19] In Hebei province, reports revealed that another direct cause for the premature death of the forest was the absence of management, maintenance, and, most importantly, irrigation, by local governments after trees were planted.[20]

In the context of China, the lack of sustainability in visibility projects is due to two reasons. First, local officials are subject to limited terms in office. Leaders are constantly rotated so that the Party-state can prevent "local lords" from rising. A Party policy dictates that all local leaders above county level are subject to transfer to a different locality after ten years in their post.[21] In reality, their term is even shorter, with the average tenure for Party secretaries and mayors in Chinese cities being less than three and a half years, and the average tenure for provincial

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[18] *The Economist* published two detailed reports on the ecological mismatch problem in this afforestation effort in China: "Great Green Wall," *The Economist*, 2014-08-23, www.economist.com/international/2014/08/23/great-green-wall; and "China's desert-taming "green Great Wall" is not as great as it sounds," 2019-05-18, *The Economist*, www.economist.com/china/2019/05/18/chinas-desert-taming-green-great-wall-is-not-as-great-as-it-sounds.

[19] Ibid.

[20] "Sanbei fanghu lin zhangbei duan linmu dapi siwang, xianru wuren guanli jingdi," *Chinese Central Television*, 2013-10-09, http://politics.people.com.cn/BIG5/n/2013/1009/c70731-23132789.html; and "Weihe zhong shu bu jian shu?," *Xinhua News*, 2020-06-29, www.xinhuanet.com/politics/2020-06/29/c_1126172206.htm.

[21] "Dangzheng lingdao ganbu jiaoliu gongzuo guiding" ("Provisions on Exchange of Leading Party and Government Cadres"), *Gongchandangyuan wang*, 2006-08-06, https://news.12371.cn/2015/03/12/ARTI1426126426386172.shtml.

governors being less than five.²² This mechanism of maintaining stable authoritarian rule unavoidably creates short-sighted officials. Even if we assume that China's central governmental leaders are indeed "stationary bandits" (Olson 1993) who care about long-term development, the state has by choice created a class of potential "roving bandits" on whom it must depend to make and implement their long-term policies at the local level. Short-sighted local officials seek quick political returns, resulting in visibility projects that are planned and launched within a short period of time, which greatly increases the risk of inadequate planning.

Secondly, each new generation of local government officials needs its own visibility projects. Officials cannot claim credit for visibility projects launched by their predecessors. Therefore, there is no incentive to maintain previous visibility projects, and instead new leaders have the incentive to create their own new visibility projects. As a result, compared with regular development projects, visibility projects are more likely to be abandoned, demolished, or rebuilt once the responsible government officials leave their positions.

Here it would be useful to distinguish visibility projects from development projects. Albert Hirschman (1967: 1) describes what makes a project developmental: "The development project is a special kind of investment. The term connotes purposefulness, some minimum size, a specific location, the introduction of something qualitatively new, and the expectation that a sequence of further development moves will be set in motion." Visibility projects fundamentally differ from development projects in that they do not bear the expectation for a sequence of further development moves or the expectation for sustainability. Visibility projects might very well be introducing something qualitatively new, but they are not designed with sustainability in mind. Because the purpose of visibility projects is not primarily development, even though they could still have developmental effects, these effects are not guaranteed to be sustainable. The purpose of visibility projects is to signal competence to improve one's chance of promotion during one's limited tenure at a certain location. Therefore, visibility projects are often quickly launched and short-lived.

To summarize, visibility projects are launched to attract attention and signal competence through extra efforts on visual presentation and scale. Four features together help us identify a visibility project: when a project

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²² Author's data. This is consistent with other statistics such as in Malesky and London (2014) and Choi (2012).

represents extra efforts that go beyond the principal's requirements; when a project engages with ambiguous directives from the principal; when a project caters to the principal's preferences even when those preferences are inconsistent with bottom-up needs and local situation; and when the budget and design of the project does not stress sustainability.

Visibility projects are therefore not economically efficient. They might be launched in a less than ideal location and their costs heavily focus on presentation and scale, often at the costs of developmental potential or sustainability. But again, this does not mean that all visibility projects do not carry any societal merit; they still can, but that is not their primary focus. In the end, most public projects satisfy multiple incentives of the local officials, including good governance, rent-seeking, and career advancement. But projects differ on the primary purpose of their launch, and this primary purpose dictates the nature of the project.

Visibility Projects: Trends in China

Like fashion, visibility projects have trends. After all, the preferences of the principal can change, and new, ambiguous directives can appear. Visibility projects have also evolved to better justify their wasteful nature. In the past two decades, visibility projects in China have become "smarter" and more varied. As the old-style visibility projects such as grand government buildings, bridges, and airports with little usership became alarmingly wasteful in the 2000s, they raised criticism from society and drew central government's attention. In 2004, central government openly criticized and halted some ludicrous and unnecessary construction projects and punished over four hundred local leaders for misuse of public funds on these projects.[23]

This did not stop local officials from launching visibility projects, but it led to two important evolutions. First, local officials learned to choose visibility projects that were strictly in line with the central government's preferences since those projects were less likely to be criticized and better signaled loyalty. What this means is that visibility projects now exhibit a sector-based pattern rather than resulting in the random construction of large infrastructure. With recent calls for sustainable development and environmental protection, local officials are increasingly turning their eyes to sectors that can show visible efforts in sustainability. Examples

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[23] "Zhengji gongcheng ruhe shouchang?," *Xinhua News*, 2014-10-15, http://politics.peo ple.com.cn/n/2014/1015/c1001-25840389.html.

include a panda-shaped solar farm and planting 6 million flowers in a city within a year. Such projects are usually large in scale and size with the purpose of being seen, but they do not necessarily bring in sustainable development. Secondly, local officials are starting to seek other funding sources to cover visibility projects to avoid being blamed for wasteful public spending. These two evolutions explain how firms became essential to visibility projects, creating the first political role this book describes: becoming donors to authoritarian officials' political careers.

Visibility Projects: A Part of Selectoral Campaigns in Closed Authoritarian Countries

Visibility projects belong to a group of strategies developed by ambitious authoritarian officials to self-promote in a political environment without elections and individual political campaigns. I call these strategies *selectoral campaigns*.

The absence of elections in closed authoritarian regimes does not necessarily mean the absence of political campaigns. While not accountable to electorates, government officials in closed authoritarian regimes have different constituencies: *selectors* – upper-level political elites who have control of personnel in the state and select and promote lower-level officials.[24] Selectoral campaigns can be seen as upside-down versions of electoral campaigns in democracies, with a flipped purpose of winning the approval from selectors rather than voters, and with a narrower set of campaigning strategies available.

Selectoral campaigns are a group of strategies used by authoritarian officials to promote themselves in front of their selectors. Some campaign strategies have been previously documented by scholars without using the term. For example, a few researchers on China noted how junior officials sing "nauseating" praises of senior officials in newspapers to signal loyalty (Shih 2008), and that ambitious rising officials are more likely to appear on television shows to talk about their achievements to signal competence to upper-level officials (Zhu and Wang 2013). While these scholars did not categorize such behavior as campaigning for one's political career, these behaviors are essentially an

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[24] I use the word "selector" to distinguish this concept from the popular concept of "selectorate." "Selectorates" refers to political and economic elites in a country who choose leaders, often electoral winners, in a polity (Smith et al. 2004; Bueno de Mesquita et al. 2005). The concept of "selectorate" was first raised in Paterson (1967). Gallagher and Hanson (2015) provide a thorough review of the development of that concept.

upside-down version of electoral media campaigns, albeit targeting selectors rather than electorates.

Similarly, many local policy experiments can be viewed through the lens of selectoral campaigns as well, even though they are traditionally viewed as an outcome of decentralization or pseudo-federalism (Montinola, Qian, and Weingast 1995; Yang 1996; Cai and Treisman 2006). A few scholars observe the connection between policy experimentation and career incentives, where local officials use policy experimentation and innovation to signal incentive alignment with the upper-level officials (Heilmann 2008; Teets and Hurst 2014; Teets 2015; Teets and Hasmath 2020). Paying close attention to the policy innovations in this scholarship, many of them were responding to central directives that had unclear goals and measures and were not yet incorporated into the cadre evaluation system. The lack of goals or measures creates space for local officials to showcase creativity and competence, allowing them to gain reputation beyond the formal cadre evaluation system. For example, the central policy directive of streamlining administrative procedures induced six rounds of experiments from the 1980s until 2010, but none of them were successful (Guo 2017). Most of them focused on policy inputs that were visible, such as producing many policy documents and building new government buildings to concentrate the licensing and permitting services in one place. But there was much less effort to decentralize and restructure administrative power and to reduce interbureaucracy dependence – key to the reform but hard to measure and evaluate. Other works find that once the chance of promotion disappears as a local official approaches mandatory retirement, the official becomes much less likely to innovate (Zhu and Zhang 2016). Evidently, officials connect policy experimentation with their career prospects beyond the pursuit of good policy.

To high-level officials, selectoral campaigns are also useful. The invention of these campaigns caters to the common remedies for ineffective performance evaluation systems and moral hazard induced by information asymmetry between the principal and the agent. Scholars have observed that when facing ineffective performance evaluation, the principal can collect extra, albeit imperfect, information and write it into the contract to monitor agents and incentivize them to engage in unmeasurable tasks (Holmstrom 1979; Holmstrom and Milgrom 1991; Baker 1992). Others observe that the principal could add subjective evaluation for the agents to complement incentive distortions caused by imperfect objective measures, and these subjective evaluations are often based on loose perspectives such as enthusiasm and effort (Baker, Gibbons, and

Murphy 1994; Prendergast 1999). For the higher-up officials in the Chinese Party-state, selectoral campaigns serve as an extra signal of their subordinates' competence, and hence they too welcome these campaigns to some degree.

Nonetheless, selectoral campaign strategies are highly limited in closed authoritarianism, both because of the absence of elections and the paramount requirement of political loyalty. Common campaigning strategies in electoral systems such as individual platform advertising, negative campaigning, and candidate debates are rare if not nonexistent, as they place emphasis on individuals, which could risk looking overly ambitious and threatening to authoritarian rulers. More often, ambitious authoritarian politicians choose campaigning strategies that put less emphasis on personal charisma but more emphasis on their alignment with the Party-state. In this narrow space of campaigning strategies, Chinese local officials invent visibility projects, a popular type of selectoral campaigning strategy.

But why would Chinese local officials need selectoral campaigns and visibility projects, when there is a highly institutionalized process for selecting and promoting officials? The answer lies in a fundamental institution of China's bureaucratic control, the cadre evaluation system.

AUTHORITARIAN ORIGIN OF VISIBILITY PROJECTS AND SELECTORAL CAMPAIGNS: CHINA'S CADRE EVALUATION SYSTEM

China, an authoritarian country without elections, resorts to a top-down cadre evaluation system to evaluate its large body of government officials and select and promote the most capable. China's cadre evaluation system is a mix of the Soviet Union's *nomenklatura* system (Manion 1985; Edin 2003) and the imperial bureaucratic system in which officials enter the system through exams and rise through the ranks over time. This hierarchical structure of bureaucratic control has three components: the target responsibility system, top-down evaluation by one's superiors, and bottom-up evaluation by one's colleagues and subordinates. Together, these evaluations are intended to select loyal and competent Party-state officials to run the country. Under the current Chinese system, government officials at all levels above the village are subject to cadre evaluation for career prospects and income.

Of the three parts of cadre evaluation, the target responsibility system is the newest component, introduced in the mid 1980s. It is intended to

institutionalize selection by meritocracy within the Party-state. The system is composed of a set of concrete and quantitative annual targets on a variety of policy areas including economic growth, investment, social stability, social welfare, and, recently, newly added environmental protection targets. It also includes veto targets – targets in policy areas in which the officials must meet the minimum to prevent demotion or punishment. Two long-standing veto targets were family planning (formerly the one-child policy) and social stability. For the former, prior to 2015, local leaders were required to contain population growth rate under a certain number, and social stability includes a ceiling on the number of protests occurring per year. The exact parameters of this ceiling is unknown outside the government. The target responsibility system not only provides quantitative goals to measure and compare performance among local officials, but it is also intended to align local officials' incentives with the preferences from the top.

This system is not unique to China, as quantitative performance evaluation systems are widely used in government bureaucracies, firms, schools, and hospitals around the world. But it has two distinct features in the Chinese state's application. First, the object of evaluation is individual government officials rather than a whole bureaucratic organization, and performance is tied to individual career prospects and bonuses, rather than organizational funding. Second, the Chinese version emphasizes competition among government officials, and promotion decisions are made in a "tournament style." Local leaders who want to move up the career ladder not only need to meet targets, but also need to outcompete others in delivering targets (Zhou 2007). This tournament style of official selection and promotion is much like how some companies incentivize their salespeople with progressive bonuses, pushing them to overachieve targets set by the selectors.

The second component of the cadre evaluation system is top-down evaluations, where one is evaluated by the Party committee one level up. This process is a black box not just to scholars, but to the local officials themselves. In formal documents, standards for top-down evaluations include abstract phrases such as "loyalty to the Party," "political attitudes," and "a spirit to take on responsibility."[25] These standards are vague and highly subjective. In my interviews, no local government officials could specify exactly what the upper-level officials are looking for in

[25] "Dangzheng lingdao ganbu kaohe gongzuo tiaoli," *Xinhua News*, 2019-04-21, www.gov.cn/zhengce/2019-04/21/content_5384955.htm.

the top-down evaluations. Such opaque standards successfully keep the local officials on their toes.

The third and last evaluation component, bottom-up evaluation by one's colleagues and subordinates, is also a subjective process that outside observers know very little about. The formal guidance on bottom-up evaluation simply says, "the leadership must be accepted by the masses" and "adopt democratic centralism" in decision-making.[26] In my interviews with government officials, this evaluation criterion is considered the weakest, without much impact on one's career, because even though the bottom-up evaluation is supposed to be anonymous, there is no formal procedure to guarantee anonymity, making the evaluation almost always positive because no one wants to offend one's leaders and colleagues. This process is also often manipulated, and we have gotten peeks into how bottom-up evaluations operate. In a 2009 documentary *The Transition Period*,[27] a banquet scene recorded how over a toast, the Party secretary and a few top leaders in the county decided that the county mayor would get a bottom-up evaluation of 95 out of 100 points from his subordinates. The fact that these local leaders did not mind doing it in front of a camera reflects how common and accepted such a practice is.

In any case, the combination of the target responsibility system and top-down evaluation are still considered effective in aligning the incentives of officials and should provide a balance between selecting both the competent and the loyal. However, the reality is far from this picture.

The Not-So-Mighty Cadre Evaluation System

The cadre evaluation system instills dual insecurities among China's government officials. The first insecurity arises from problems within the target responsibility system, which is not trusted to identify and promote the most competent of officials. The second insecurity arises from the top-down evaluation system, where loyalty and "political reliability" is key, but few understand what counts as loyalty and reliability. As a result, Chinese government officials are highly anxious about whether they can exhibit either competence or loyalty.

The problem with selecting the most competent starts with the target responsibility system, which in theory adheres to the principle of meritocracy. In reality, it is widely considered to be rife with gaming behavior

[26] Ibid.
[27] *The Transition Period* (*Shu Ji*) by Hao Zhou, 2009.

and fraud. Lower level officials tend to avoid or distort policy tasks in the performance evaluation system and solely focus on the measurable and quantifiable policy goals (O'Brien and Li 1999; Wedeman 2001; Guo 2009). Well-measured policy tasks and those carrying more weight in the target responsibility system, such as economic growth, investment, and (at least prior to 2015) the one-child policy are therefore more strictly followed, and poorly measured goals such as social welfare, burial policies, and environment policies are constantly ignored or distorted (O'Brien and Li 1999; Saich 2008; Gao 2009; Liang and Langbein 2015). Data fabrication in evaluation results is also severe. While there is no way to assess the true prevalence of faking evaluation results across Chinese local governments, a few scholars have shown evidence of it from interviews, archival research, and creative data analysis (Cai 2000; Tsai 2008; Gao 2015; Wallace 2016). On rare occasions, we get a sense of the severity from government approved news reports. For example, in 2016, the national government publicly denounced all cities and counties in Liaoning province for inflating several years of economic and fiscal data by more than 50 percent.[28]

Therefore, be it reality or constructed reality, with a belief that other officials are not entirely honest with their evaluation results, Chinese officials do not believe doing well on one's formal evaluation alone promises a bright political future. In all the fifteen cities where I conducted interviews, government officials commonly held a cynical view about China's cadre evaluation system. One official from the Organization Department (the personnel management department controlling officials' promotion) commented: "It [performance evaluation] is for show. When was the last time you saw someone demoted simply because s/he didn't get a high score in an evaluation?"[29] Another official from a different province mentioned, "The whole point of the evaluation system is it provides a bottom line, that you don't make mistakes on those listed policy targets, that's really it.…promotion is not entirely based on it. It [promotion] is a complicated process, [there are] so many things to consider."[30] Such a cynical view is further strengthened by a widely held belief that cadre evaluation results are faked everywhere. When I asked the first official if he really thought the evaluation results were made up, he answered,

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[28] "Liaoning sheng shengzhang Chen Qiufa: women dingzhe yali jiya shuifen," *People's Daily*, 2017-01-17, http://politics.people.com.cn/n1/2017/0117/c1001-29030885.html.

[29] Interview 20150708.

[30] Interview 20160204.

"Think about who filled in the performance evaluation forms? Yourself. Everyone made stuff up."[31] This view is resonated by another official in charge of the making of evaluation criteria in a different province, "Of course it [the evaluation system] is serious, but there is a lot of art in making your numbers pretty. It is art."[32]

With such cynical views on the system, Chinese local officials with political ambition turn to focus on top-down evaluation, which, according to all my interviews with government officials, is the deciding factor in one's promotion. One official said, "It all comes down to whether your 'bosses' like you. Your boss controls your future."[33] This view among government officials is supported by a small group of scholars who challenge the dominant view that performance in the target responsibility system is decisive to one's political future in China. Some find performance to have only limited roles in officials' promotion and only for those at the bottom level of the government (Landry 2008; Landry, Lü, and Duan 2018). Some find that political networks and factions play the most important role in one's promotion (Shih 2009; Shih, Adolph, and Liu 2012; Keller 2016). Still others find that merit must be complemented by political networks for political advancement (Jia, Kudamatsu, and Seim 2015), each playing different roles depending on the official's career stage and educational background (Ma, Tang, and Yan 2015). A recent study finds that even the evaluation criteria in the target responsibility system is affected by political networks, where the well-connected get easier targets, compromising the meritocracy principle of the target responsibility system (Leng and Zuo 2021).

But it is not easy to perform well in the top-down evaluation. Designed to be opaque, the system depends on the higher-up officials' experience and judgment to select the loyal. But what counts as loyalty? How does one show loyalty? What are the higher-up officials looking for? This ambiguity is further complicated by how the CCP manages its cadres to guarantee regime stability: Party-state leaders are reposted frequently to prevent local lords from emerging. This leaves ambitious local leaders with limited time to familiarize themselves with upper-level officials and even less time to establish solid networks for promotion before the connected individuals within an official's political network are transferred.

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[31] Interview 20150708.
[32] Interview 20150708.
[33] Interview 20181104.

The system of reposting also increases the difficulty of effective network building, as the higher-up officials with different preferences come and go. Everywhere I talked to local officials, there was paramount insecurity and anxiety about the top-down evaluation, and no one was sure how to please their superiors. A government official described the anxiety he observed among his fellow officials: "They are so desperate to find out what they can do [for promotion], so insecure about their future, that they run around like their rear ends are on fire."[34] Another interviewee, an official in the Party committee of the city (the power center at the city level) described the anxiety common to his "middle-aged male colleagues": "They want to get promoted, but how? They did well in performance evaluation but then everyone did well in performance evaluation. This matter [promotion] seems so random, unless one has particularly strong backing from the above, otherwise no one knows if he can get promoted. Why do you think Buddhism and fortune telling is so popular among Chinese officials?"[35]

Therefore, the ambitious Chinese officials who care about promotion – and there is no shortage of the ambitious – suffer from double insecurity. On the one hand, they worry that their competence is unnoticed in the target responsibility system that is ineffective in distinguishing the most competent. On the other hand, they are insecure about making the right impression on their career-controlling selectors, knowing neither how long a new group of selectors will be in place, nor exactly what they are looking for. Visibility projects and selectoral campaigns are borne out of this uncertainty and insecurity among ambitious officials.

VISIBILITY PROJECTS, AN UNEVEN PLAYING FIELD FOR FIRMS

Visibility projects can have a strong impact on firms and the landscape of sectors. When a sector is selected to launch visibility projects, local officials often ask firms to contribute to these projects to avoid blame for wasteful spending.[36] Contributions can be direct investments in, or changing business operations for, visibility projects. Firms, private

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[34] Interview 20190326.

[35] Interview 20181109.

[36] Following the 2008 financial crisis, the central government became less tolerant of local government debt (Liu, Oi, and Zhang 2022), likely increasing the need for local governments to rely on company contributions for extra-budgetary spending.

(including foreign) and state-owned, would be elicited, sometimes with persuasion, and other times with coercion. In general, firms do not find visibility projects attractive, and this is not just because visibility projects pursue scale and scope beyond what makes sense from a business perspective.

Visibility projects, in the eyes of businesspeople, are not the best approach to build connections with state officials. Compared with bribery and other forms of interest exchange, as described in Chapter 1, firms do not have nearly as much control over their contributions to visibility projects, including the type, scale, overall costs, and sometimes even the beneficiaries of visibility projects. This lack of control means firms cannot guarantee they will recoup the costs of visibility projects, particularly when these projects do not have practicality as the primary concern. However, if the firm does contribute and can distinguish its contributions from other firms, and therefore can claim credit in front of the local leaders, then there is a chance that it will be rewarded by the local leaders with renewal of contracts, access to loans, government subsidies, and an easier business environment in general. Moreover, if a firm refuses to contribute to visibility projects, it needs to be able to survive potential political retribution for the business and even the business owners. And it is easy for the government to punish businesses. One city official said confidently, "We have at least two ways to get to an entrepreneur: their tax records and their registered capital.[37] I can tell you now, not a single entrepreneur in this city meets these requirements."[38]

Understanding their dependence on the local governments who control key resources, firms of all ownership types usually agree to contribute to city leaders' visibility projects at first. But different firms have different capacity to afford visibility projects, based on their budget constraints. Firms with hard budget constraints will lose out to firms with soft budget constraints in the long run, because they cannot afford visibility projects as easily. In China, this means that private firms have less capacity to contribute to visibility projects than state-owned firms. After all, private firms have hard budget constraints, are profit driven, and have much more restricted access to credit and loans (Tsai 2002; Huang

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[37] Registered capital is a requirement for companies in China. Shareholders of a company must declare an amount of capital that they will inject into the company, and they are required by law to inject 20 percent of this amount into a company when it is first founded. Registered capital serves as a reference point for the authorities to assess the scale of the company's operations.

[38] Interview 20171141843.

2003; Firth et al. 2009; Poncet, Steingress, and Vandenbussche 2010). When a visibility project goes so far, or when new leaders come in and start a new wave of visibility projects, it becomes unsustainable for private firms to continue sponsoring the leaders' visibility projects, which boast excessive scale and looks but do not necessarily bring returns. The eventual refusal of private firms to "carry the sedan chair" for the local government is a major reason for the subsequent collapse of marketization in many sectors. Under constant demand for contributions to visibility projects, private firms either leave or are forced out and replaced by SOEs that could continue to sponsor visibility projects, creating sectors dominated by SOEs.

I show this mechanism in Chapter 4 and Chapter 5, with the urban bus sector in China. This sector became popular for the launch of visibility projects from the 2000s, and these projects gradually created a state-dominated sector across Chinese cities without any central coordination, defeating the Chinese central government's continuing call for private investment in this sector. I show the trend and correlation between visibility projects and the exit of private firms with an original dataset in Chapter 4, and illustrate the causal mechanism with process tracing and comparative case studies in Chapter 5.