

## **DOES CADRE EXCHANGE HELP OR HINDER CHINA'S GREEN RISE? EVIDENCE FROM SHANXI PROVINCE**

GENIA KOSTKA<sup>1</sup>; SARAH EATON<sup>2</sup>; YUE WANG<sup>3</sup>

*1. OXFORD UNIVERSITY; 2. FRANKFURT SCHOOL OF FINANCE AND MANAGEMENT; 3. BEIJING UNIVERSITY.*

### Abstract:

In the context of China's increasing emphasis on securing sustainable growth, provincial leaders' efforts to diversify away from reliance on coal extraction in Shanxi province and embark on a "green rise" (lvse jueqi) offer critical insights into the opportunities and challenges on the road ahead. This paper brings focus to one question of particular relevance to localities' efforts to green growth, namely: what is the effect of cadre exchange on restructuring initiatives? The periodic rotation of cadres in China, a practice dating to imperial times and revived on a grand scale in the post-1978 era, is intended primarily to mitigate local corruption and factionalism. Yet some observers see institutionalized post-shuffling as encouraging short-termism and inhibiting the formation of viable approaches to developing new sources of green growth. To investigate the impact of rotation on economic restructuring, we selected two traditionally coal-rich localities with highly contrasting experiences of rotation in the local leadership group (lingdao banzi): a high rotation case (Datong municipality) and a low rotation case (Xiaoyi county). On the basis of extensive fieldwork in both localities in July 2010 and September 2011, we conclude that high turnover of party secretaries and mayors can make it difficult to initiate greening growth projects. To secure the foundations of economic transformation, top leadership need to coordinate across bureaus, secure long term funding, ensure departments are pulling on "one string", and initiate new institutional changes to implant new incentives. These are all difficult tasks which require heavy investments of both time and political capital. As rotation rules actively discourage cadres from becoming rooted in localities, we find that existing institutional structures do partially hinder China's green rise.