

Task 5

Local Public Administration and Social policy in Germany and China

Comparative report on local public administration and local social policy with a special eye on the welfare mix and provision of service

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1 Introduction

The Comparative Project on "Models of Co-operation between Local Governments and Social Organisations – Migration Challenges and Solutions" (hereafter: LoGoSO-Project) investigates and compares governance models in the field of migration in China and Germany, with special respect to social services provided by Social Organisations in the areas of employment, education, vulnerable groups and social assistance (including rights protection).

The purpose of this comparative report is fourfold: **first** of all, it aims at giving a foundation to the comparative aspect of the whole project **by analysing the research interests and outcomes and their relevance of the comparison** of state-SO co-operation models in the field of migration in two countries as different as Germany and China. **Secondly**, the report formulates some thoughts on the methodology of this comparative research project and tries also to **collect and organize basic (in some aspects surely preliminary) definitions of central concepts** so that these definitions may be used consciously in the future course of this research endeavour (or be adapted where necessary). **Thirdly**, it aims at **summarizing and comparing the findings of the first two reports** of each country team – on local administration and social policy and current trends in migration in Germany and the People's Republic of China. **Finally, these results will be analysed in comparative perspective.**

Accordingly, the remaining part of this report is divided into four sections: in the next section (2) I will lay out the relevance of the research project; section 3 will deal with methodological questions of comparing and defining key issues; section 4 will provide a systematic summary of the main findings of reports 1 to 4; section 5 will summarize the findings.

2 Why compare China and Germany? – On the relevance of the comparative LoGoSO-Project

In general, comparative policy analyses can pursue two objectives: on the one hand, they can have a **policy advancement objective**: collecting, systematizing and processing information for the improvement of a certain policy field in one or all of the countries concerned; on the other hand, by looking at very different cases, such a comparative analysis can also provide **insights on the policy field or certain aspects of it on a more abstract level**, detached from the particular countries investigated.

Accordingly, the LoGoSO-Project can provide new insights for the purpose of policy improvement of the investigated countries and for pursuing theoretical insights on the fields of migration, integration and governance.

2.1 Exchanging policy experiences in order to advance own policy

The research results can provide insights on the fields of migration, integration and particularly of governance mechanisms within these fields which might help to find solutions to current problems of migration and governance in the two countries concerned.

For the Chinese leadership, four policy fields related to this research project are currently core issues in domestic politics and need further advancement: the reform of public administration, the reform of the social security system, solutions for the ongoing migration, and further developing social governance. All in all, seven major public administration reforms have been implemented since the introduction of the reform and opening policy at the end of the 1970s (see 4.5). The country's leadership has also been working on the modernization and adaptation of its social security system. It is working hard to find solutions to the problems of migration from the countryside to the cities and from poor cities well-off cities. This form of migration in China is to be seen against the backdrop of two huge administrative challenges: the reform of the household registration system on the one hand which was introduced in the 1950s, in the early years of the People's Republic, to control migration, and, on the other hand, the current situation that a new generation of migrants, those being born after the 1980s, is not willing to accept their preliminary (household registration) status and its consequences in the cities anymore. As in other policy areas, China's social policy is shifting from a paternalistic view of state responsibilities to a more pluralistic governance perspective, in China called "social governance", which tries to transfer to or share responsibilities with societal actors.

For China, one major way to improve its policy has always been to consult the experience of foreign countries. In the case of public administration and social policy, China has, as in many other policy areas, intensively studied and is being advised by the US-American experience. The German experience in this area can be an interesting supplement, because China and Germany share some basic features which China does not share with the United States. Among other things this refers to the same family of legal systems (continental law systems) and the encompassing and long-term influence of German law on Chinese law. The phenomenon of migration in China and in Germany shows some similarities, too, despite many aspects which are different (see section 4.9): for instance, that, for quite some time, neither China nor Germany would admit that they had a problem of migration – in China the outdated household registration system remained unreformed and in Germany the political class wouldn't want to admit that the country had become an immigration country, in spite of at times high numbers of immigration since the Second World War. Another commonality between the two so very different countries is the relatively tight relationship between state and social organizations. This relation is very different to the state-third sector relationship in the United States where the separation of state and SOs is much stricter and clearer. Last but not least, the fact that Germany's social policy system is insurance based and China is working on modernizing its own social security insurance system is another reason for a potentially very fruitful exchange of ideas between the two countries. The current debate on Obama care versus Trump care shows that a public system of insurance-based social security is a quite new and still unfamiliar concept to the Americans.

Germany, a western democracy, on the other hand, is certainly less interested in learning from Chinese political experiences; however, the country is struggling to find solutions in similar policy areas. One is the enormous task of managing the incoming refugee numbers without losing control of internal security and social stability, including

the question of practical and meaningful integration of the newcomers into German society. Another challenge in this issue area is the changing governance system in which social organizations long had been the privileged partners of the government in social service provision, but are now gradually replaced by private for-profit actors. The analysis of co-operation mechanisms of China can give some insights, how governance mechanisms can be – or should not be – modernized, also in respect to more technical questions, such as the use of internet technology and social media. A third challenge which both countries are facing is the cooperation between central or federal government with the local governments. The political systems are quite different. Among many other points, Germany is a federal state and China is a centralist state. However, both countries try to find solutions for the problem of unclear division of responsibilities between different levels of administration, unfair distribution of tasks, power, state income or other resources. Finally, both countries are more or less forced by global trends in administration to introduce neoliberal instruments into the public administration. Germany can share its experiences in this form of administration with China and also draw a picture of the lively discussion on the usefulness and sustainability of the neoliberal approach in public administration.

However, obviously, the two countries have some striking differences in size, population, history, traditions, political system – to mention only the most obvious ones. This leads to the second reason why a Sino-German comparison can be of particular interest:

2.2 Insights on migration policy, integration policy and governance in general

The comparison of the German and the Chinese cases in the field of migration – which in this project indicates the current inflow of refugees into Germany from war ridden countries like Syria, and for the Chinese case indicates the several decade long constant flow of (Chinese) migrants from under-developed areas to developed areas within mainland China – constitutes a most different case design. Accordingly, similar observations in the two countries' state-SO relations can be considered more significant than in a comparison of more similar countries. Insights on the mechanisms of co-operation can advance theoretical explanations in the fields of migration, integration and governance.

3 Issues of methodology

3.1 The art of comparing apples with pears

The objective of a comparative study in social science should be the explanation of certain political and/or social phenomena (Przeworski 1987: 35). In this study we aim at identifying different models of co-operation between the local state and social organisations. In a further step these models should also help us explain why certain models of co-operation work better than others or do not work at all. In the process of developing these models we hope to identify certain variables which will help us to explain the differences between the various models of co-operation.

As was described in section 2, the selection of the two cases China and Germany in combination with the decision for a policy field (migration) and the limitation to four sub-

policy fields (education, employment, vulnerable groups and social assistance, including legal protection) has many advantages. The great differences between Germany and China with regard to size, population, history, policy traditions, political systems etc. make the two countries a very contrasting pair in which both parties face similar challenges; they are different enough to constitute a most different case design.

However, at the same time, they have certain similarities, i.e. continental law system, long tradition of a corporatist relationship between state and social organizations with a current trend to a more pluralist relationship, globalization pressure to reform public administration in a neo-liberal way, high pressure for local governments to cope with the challenges accompanying migration, and insurance based social security system, that allow us to control a number of independent variables.

To compare different things systematically, a third criterion, a tertium comparationis, is necessary. In this case this criterion of comparison is the mechanism of co-operation of state and social organisation and its different variants (= models).

With the help of this research design we want to answer the following research questions:

- Which models of state-SO co-operation can be identified in the field of migration in China and Germany?
 - What experiences were made with them?
 - Which ones were the most successful, which ones failed?
- Which models of SO participation in policy making in the process of state-SO co-operation in the provision of social services can be identified in China and in Germany?
 - Which ones are the most effective ones?
 - Which ones were not successful?
- How do selected municipalities develop effective and efficient ways to tackle the migration problem in China and Germany?

In order to find a maximum number of possible criteria (independent variables) for comparison and to approach the research object as unbiased as possible, we refrain from applying a (western) theory at this stage of the research which possibly would be only suitable for a democratic system and less suitable to describe and explain a phenomenon in China's authoritarian system.

3.2 Definitions of key concepts

So far, the research project is based on the key concepts "local government", "social organization", "social policy", "migrants"/"refugees", "migration" and "integration". In the first four research reports they have been defined as follows:

3.2.1.1 Definition of local government

In China, the local levels of government are all levels below the central government, namely the provinces, the prefectures, the counties and the villages (Report 1, p. 1).

For Germany, the level of local government of interest for this study is defined as municipality (Kommune), the third administrative level in the federal hierarchy below federal government (Bund) and federal states (Bundesländer). Depending on the scientific discipline's perspective, the municipality is of interest as regards its local administration design, decision-making framework (political science), as a space of neighbourhood and relations or a space for social interaction (sociology); or in their capacity of self-government (community research). "The term municipality includes different local administrative and territorial structures in Germany, such as local communities, districts (Kreise), cities associated to districts (Kreisstädte) and independent cities (kreisfreie Städte)" (Report 2, pp. 2 f.).

3.2.1.2 Definition of social policy/social service

In China, the social service function of various levels of government started to be emphasized under the Hu Jintao administration (government and administration reform of 2003 and following reforms) (Report 1, p. 5 and 11). The new service oriented social policy was also reflected in the reforms of the social organizations, because these policies also underlined service type government and at the same time fostered the development of social organizations, especially in the phase from 2002-2012, to be part of this public service provision (Report 1, pp. 11).

In Germany, social policy constitutes an area of complex interplay of the three administrative levels: While the federal government is responsible for legislation and regulation, the 16 federal states in cooperation with the municipalities are responsible for the two main tasks in social policy, i.e. the implementation of the social policy laws and the provision of social services. From the perspective of the decision-making, financing and implementation of the tasks, there are two main types of social policy implementation: order management and self-governance. Order management includes all "delegated tasks" which are financed and designed by the federal government and the federal state governments, but implemented by the municipalities with only a certain autonomy concerning the way of implementation of these tasks. Self-government and administration can be further divided into obligatory tasks and voluntary tasks. Obligatory tasks are financed by local taxes and the municipal budget, but ordered to be fulfilled from above the municipalities. Voluntary tasks are also financed out of the municipal budgets, but *if* these tasks are implemented and *how* is up to the decision of the municipality itself. In Germany, education (schools and higher education) is usually not regarded as core area of social policy (Report 2, pp. 13 ff.).

The German welfare state and local social policy have four special characteristics: first, the welfare regime is insurance based (with a high emphasis on transfer payments). Second, it strictly differentiates between social security (national level) and social welfare (local level). Third, traditionally the German welfare system did not emphasize social services (which were rather regarded as private tasks within the families). Finally, as far as these services are included in the public welfare system, they are provided in co-operation with social organisations (Report 2, pp. 14 f.)

3.2.1.3 Definition of Social Organisations

In China social organizations have gone through four major reform phases which also affected their legal status and organizational form: (1) the phase of "recovered development" after the cultural revolution until 1989; (2) the phase of "winding development" which saw alternating short periods of growth and contraction of the sector, with the strictest reorganisation of this sector after the Tiananmen Movement and its suppression in 1989; (3) a period of "stable development" during the administration of Hu Jintao, who had put a lot of effort on harmonizing the Chinese society (2002-2012); and, finally, the phase of "development with increased speed" since 2013 [This increased speed refers to domestic organizations in particular, since, at the same time the engagement of foreign NGOs is impeded severely through the recent legislation, note by KL]. Currently, according to the regulations concerning this matter, the term "shehui zuzhi 社会组织" comprises all three officially recognized kinds of organizational forms of social organizations: associations [or membership organizations] (shehui tuanti 社会团体), people's non-governmental non-commercial entities (minban feiqiye danwei 民办非企业单位) [they have recently be renamed "social service institutions" (shehui fuwu jigou 社会服务机构)] (Charity Law 2016) and foundations (jijinhui 基金会) (Report 1, pp. 10 f.).

For Germany, the term social organization signifies a broad spectrum of organizations, initiatives, and non-profit social service providers. For a long time many of these organizations were members of the five big welfare associations. Within the welfare associations, the ones representing Protestantism (Diaconia) and Catholicism (Caritas) were particularly strong and organizations would join one of them according to their own religious orientation. However, currently there is a trend toward new organizations, particularly in the field of migration, which are usually not bound to a church. Many of these younger organizations are not organized in any of the welfare associations, whereas some of the longer-existing organizations choose to join the non-confessional association (Paritätischer Wohlfahrtsverband) which can facilitate access to public funding. In a nutshell, in Germany, the large welfare associations slowly lose influence (Report 2, pp. 15 and 21).

3.2.1.4 Definition of migrants/refugees and migration

For China, migration can be divided into international immigration (guoji yimin 国际移民), meaning the immigration from a foreign country into China and domestic immigration (guonei yimin 国内移民). Within China there are three kinds of migration: domestic immigration (yimin 国内移民), floating population (liudong renkou 流动人口), and peasant/migrant workers (农民工 nongmingong). Usually, immigration (yimin 移民) means that a person has succeeded in permanently changing his/her residence, which is very difficult and therefore seldom under the current system of household registration. Floating population denotes persons who have achieved only temporary housing and no permanent residence in their destination place and who are still trying to settle down at their destination. Since, in China, the benefit of social services is bound to the household registration, the floating population usually cannot access basic social services in the receiving city. Peasant/migrant workers, the third group, constitute that

part of the floating population which moves from the villages into the cities to earn money to improve the financial and social situation of their families (Report 3, p. 1). Other groups are, among others, family members following other family members into the city, or (usually) women moving to the cities in order to marry urban residence holders. At the beginning of the migration flow in China (in the 1980s), the floating population mainly moved from villages to cities, but later a second direction, i.e. from poor cities to rich cities, gained importance (Report 3, p.8). In recent literature a new group of migrant workers has been identified in China, the new generation peasant/migrant worker or new generation floating population (xin sheng dai nongmingong 新生代农民工, xin sheng dai liudong renkou 新生代流动人口) (Report 3, pp. 14 f.). This group was first defined as the group of migrant workers that left their villages in the 1990s (in opposition to the first generation who had left the villages during the 1980s), but nowadays the term is used for migrant workers who were *born* after the 1980s. The most prominent differences between the old and the new generation of migrant/peasant workers show in two areas: firstly, while the members of the old generation mostly had experience in agricultural work and therefore were able to work in the villages upon their return from the cities, the younger migrants have no such experience and therefore are less motivated to return to their place of origin. The second difference between the two generations lies in the basic motivation for going to the cities. While the old generation left their villages for purely economic reasons – to make money for their families and then return home, the new generation has two equally important motivations for leaving for the cities – economic reasons plus the wish to live an urban life style. These are additional reasons for why the younger generation is not likely to return after staying in the city for a while (Report 3, pp. 15 f.)

Germany has seen several forms of immigration in history. This research project focusses on more recent generations of asylum seekers. In Germany, there are the following legal forms of asylum: right of asylum according to the German constitution¹,

¹ Art. 16a German Basic Law: "(1) Persons persecuted on political grounds shall have the right of asylum. (2) Paragraph (1) of this Article may not be invoked by a person who enters the federal territory from a member state of the European Communities or from another third state in which application of the Convention Relating to the Status of Refugees and of the Convention for the Protection of Human Rights and Fundamental Freedoms is assured. The states outside the European Communities to which the criteria of the first sentence of this paragraph apply shall be specified by a law requiring the consent of the Bundesrat. In the cases specified in the first sentence of this paragraph, measures to terminate an applicant's stay may be implemented without regard to any legal challenge that may have been instituted against them. (3) By a law requiring the consent of the Bundesrat, states may be specified in which, on the basis of their laws, enforcement practices and general political conditions, it can be safely concluded that neither political persecution nor inhuman or degrading punishment or treatment exists. It shall be presumed that a foreigner from such a state is not persecuted, unless he presents evidence justifying the conclusion that, contrary to this presumption, he is persecuted on political grounds. (4) In the cases specified by paragraph (3) of this Article and in other cases that are plainly unfounded or considered to be plainly unfounded, the implementation of measures to terminate an applicant's stay may be suspended by a court only if serious doubts exist as to their legality; the scope of review may be limited, and tardy objections may be disregarded. Details shall be determined by a law. (5) Paragraphs (1) to (4) of this Article shall not preclude the conclusion of international agreements of member states of the European Communities with each other or with those third states which, with due regard for the obligations arising from the Convention Relating

recognition as refugee according to the Geneva Convention², the granting of subsidiary protection according to European law³, and the recognition of impediments to deportation (Report 4, pp. 7 f.). All of these groups will be referred to as “refugees” in the subsequent reports, as they entail similar rights. “Asylum seekers” refers to those persons who have applied for asylum but whose applications have not been decided yet. An additional category consists of persons with an “exceptional leave to remain”. They are persons whose asylum applications have been denied (or who have not applied for asylum in the first place) but who cannot be repatriated. Their stay is “tolerated” (“geduldet”) only for short but renewable periods of time. They often remain in Germany for years and may be included in some of the integration measures discussed in the project.

3.2.1.5 Definition of integration

In the literature, different dimensions of integration are differentiated. General sociology distinguishes systemic integration, understood as the integration of society as an entire system, and social integration, understood as the integration of individual actors into a system (Esser 2001: 3-6). Social integration can be further differentiated into structural integration, i.e. membership in the core institutions of the hosting society; cultural integration, i.e. normative and cognitive adaptations to the hosting society; social or interactive integration, i.e. networks with members of the hosting society, and identificational integration (Heckmann 2015: 71-74).

There is a clear difference between the understanding of the problem of integration between the German and the Chinese research teams.

to the Status of Refugees and the Convention for the Protection of Human Rights and Fundamental Freedoms, whose enforcement must be assured in the contracting states, adopt rules conferring jurisdiction to decide on applications for asylum, including the reciprocal recognition of asylum decisions. (https://www.gesetze-im-internet.de/englisch_gg/, accessed on 16 Dec 2017).

² According to Article 1(A)(2) of the 1951 Convention Relating to the Status of Refugees a refugee is defined as "an individual who is outside his or her country of nationality or habitual residence who is unable or unwilling to return due to a well-founded fear of persecution based on his or her race, religion, nationality, political opinion, or membership in a particular social group". (<http://www.ijrcenter.org/refugee-law/>; accessed on 16 Dec 2017).

³ "[P]erson eligible for subsidiary protection' means a third country national or a stateless person who does not qualify as a refugee but in respect of whom substantial grounds have been shown for believing that the person concerned, if returned to his or her country of origin, or in the case of a stateless person, to his or her country of former habitual residence, would face a real risk of suffering serious harm as defined in Article 15 [death penalty or execution; torture or similar treatment; serious and individual threat to life or person], and to whom Article 17(1) and (2) [Exclusion from being eligible for subsidiary protection] do not apply, and is unable, or, owing to such risk, unwilling to avail himself or herself of the protection of that country" (COUNCIL DIRECTIVE 2004/83/EC of 29 April 2004 on minimum standards for the qualification and status of third country nationals or stateless persons as refugees or as persons who otherwise need international protection and the content of the protection granted). (<http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2011:337:0009:0026:en:PDF>; accessed on 16 Dec 2017).

In the Chinese context, the problem of integration is mainly seen from the perspective of integrating migrant/peasant workers into the social service system of the cities. This integration is impeded by the household registration system (Report 3, pp. 8 ff.).

In Germany, the debate on integration is focussed on the need for the integration of foreign asylum seekers or immigrants into the receiving German society for the sake of social peace. However, "no consensus on how to define the term "integration" exists. Most controversial is the cultural aspect of integration: The CDU had spurred this debate in 2000 by putting forward the notion of a German "guiding culture" ("Leitkultur") that migrants should adopt (Klusmeyer and Papademetriou 2009: 231-237). Others refuse such a cultural aspect of integration and argue for a pluralist society. Less controversial are the educational and labour market aspects of integration. Most politicians and elites agree that the participation of migrants and refugees in these systems is desirable" (Report 4, p. 10). For this research project, integration shall focus on structural integration, i.e. the integration into the social service systems education, social assistance, pensions etc. (which in Germany are linked with employment).

In the following section selected aspects of the reports 1-4 are juxtaposed in opposition with each other.

4 Systematic summarising comparison of the results of the desktop research reports on local administration and social policy and on current trends in migration in China and Germany

4.1 Basic Information about the two countries

The basic information about both countries (see Table 1) is useful to understand the scale of their difference, particularly regarding the size and the political systems of the two countries.

Table 1: Basic information about China and Germany

Category	China	Germany
Area	total: 9,596,960 sq km land: 9,326,410 sq km water: 270,550 sq km world country comparison (size): 4	total: 357,022 sq km land: 348,672 sq km water: 8,350 sq km world country comparison (size): 63
Population	1,373,541,278 (2016)	82.2 Mio. (2015)
Median age	total: 37.1 years	total: 46.8 years
Net migration rate	-0.4 migrant(s)/1,000 population (2016 est.)	1.5 migrant(s)/1,000 population (2016 est.)
Urban population	55.6% of total population (2015)	75.3% of total population (2015)
Population below poverty line	6.1%	15.5% (2010 est.)
Unemployment rate	4.2% (2016 est.)	4.3% (2016 est.)
GDP (PPP)	\$21.27 trillion (2016 est.)	\$3.979 trillion (2016 est.)
Exports	\$2.011 trillion (2016 est.) country comparison to the	\$1.283 trillion (2016 est.) country comparison to the

	world: 2	world: 4
Current account balance	\$270.9 billion (2016 est.)	\$301.4 billion (2016 est.)
Government form	communist state	federal parliamentary republic
Legal system	civil law influenced by Soviet and continental European civil law systems;	civil law system

Sources: Reports 1 and 2, CIA World Fact Book

4.2 Local administration – structural set-up

The following table (Table 2) juxtaposes the two countries' administrative levels and the functions of the local administrations.

Table 2: Structural set-up of the local administration in China and Germany

Category	China	Germany
Administrative levels	<ul style="list-style-type: none"> • Central Government • Provinces (34) • Prefectures (333) • Counties (2854) • Villages (40381) 	<ul style="list-style-type: none"> • Federal Government • Federal States (16) • Municipalities (11084) including their districts
Functions of the local governments and relation to upper level governments/administration	<ul style="list-style-type: none"> • Carry out resolutions of the People's Congress of the same administrative level • Carry out resolutions of administration of upper level • Regulate administrative measures • Lead lower level administrative work • Protect state and collective property • Protect property rights of citizens • Protect social order • Guarantee citizen's personal rights • Protect legal rights of economic organizations • Protect rights of minority groups • Carry out self-administration • Change or revoke inappropriate resolutions of lower level departments or lower level governments 	<ul style="list-style-type: none"> • Delegated tasks • Obligatory tasks • Voluntary tasks

Sources: Reports 1 and 2

The most important special characteristic in respect to structural and institutional set-up of the Chinese local public administration is the over-all importance and leadership of the Chinese Communist Party (CCP) on all levels of the administrative and political system. The second highest organ on each level is the People's Congress. The local governments receive supervision, orders and possibly correction of their rule-making from the CCP, People's Congress on same level, and administration from the higher levels (Report 1). With so many different layers of control and powers of direction, responsibility overlap easily becomes an issue of concern (Report 1).

As for Germany's public administration set-up, particularly those tasks belonging to the category of obligatory tasks, i.e. those tasks that are financed by the municipality itself but ordered from above, are a special burden for the local governments. The burden of these tasks has also an impact on how many voluntary tasks a local government can implement (Report 2, p. 16). Actors in the local participatory governance include government representatives, work groups and (elected) advisory councils as well as round tables which include societal groups and sometimes individual citizens (Report 2, pp. 18 f.).

4.3 Local administration – decision-making, responsibilities and capacities

As mentioned before, the permeating role of the CCP has a great impact on decision-making of the local administration in China. In addition, the many administrative levels above the local level can send different signals to the local government. As the overview on reforms in the public administration (see below 4.5) shows, not much attention has been directed to the reform of local governments and their relations to other administrative levels yet.

In Germany, several reform endeavours have targeted the local administration (see section 4.5). In general, the leeway for decision-making of municipalities is shrinking.

4.4 Local administration – finances

In China financial authority is divided between central and local level. While the central level is in principle responsible for national issues like national security and nationwide infrastructure and similar expenses, local level financial administration is responsible for issues in relation to the locality, e.g. social security, infrastructure of the locality, issues related to the locality. In principle the local governments cover their own expenses, but there are transfer payments from upper government levels when the local government's income is not sufficient to cover all expenses. In general, the local governments have to bear most of the expenses for public services in the areas of health, education, and employment (Report 1).

German municipalities have their own revenues (fees and taxes levied by the municipalities themselves) and certain shares of various kinds of federal level or federal state level taxes as well as real taxes plus vertical and horizontal fiscal compensation. Most of the expenses of municipal budgets are used for personnel costs (20%), material costs (21%) and welfare expenses (24%). Municipalities are largely depend on federal

and federal state decision-making concerning their fiscal income and are therefore limited in their activities' autonomy (Report 2, p. 10).

4.5 Local administration – reforms

While German reforms in the area of administration were at least partly targeted directly at the improvement of the municipalities' situation (see Table 3) the Chinese administrative reforms mostly aim at national overall objectives like improving the environment for economic development or the reorganizing the government departments on higher levels. The reforms had (or at least were meant to have) three main effects: streamlining the government organizations and optimizing the structures (jingjian jigou, youhua jigou 精简机构, 优化结构), modifying functions and paying particular attention to the people's livelihood (zhuanbian zhineng, zhongshi minsheng 转变职能, 重视民生), streamlining administration, decentralization (delegation of power to lower departments) and simplifying all procedures involving "examination and approval" (jianzheng fangquan, jianhua shen-pi 简政放权, 简化审批) (Report 1, pp. 8 f.).

Table 3: Public administration reforms in China and Germany

China	Germany
<p>Three Phases and Seven Reforms 三个阶段和七次改革</p> <p>A. Beginning Exploration 1978-1992 (初步探索阶段)</p> <ul style="list-style-type: none"> 1. Reform of 1982: Retirement for officials. 2. Reform of 1988: Transformation of government functions <p>B. Great Progress 1993-2002(重大进展阶段)</p> <ul style="list-style-type: none"> 3. Reform 1993: Separation of Government and Business (1) 4. Reform 1998: Separation of Government and Business (2) <p>C. The phase of the comprehensive deepening 2003 – (全面深化阶段)</p> <ul style="list-style-type: none"> 5. Reform of 2003: New government functions: Market regulation, social management, public service, administration according to the law 6. Reform 2008: Large Department System Reform 7. Reform 2013: Large Department System Reform, Institution Building, Administration According to the Law 	<ul style="list-style-type: none"> 1. Reforms targeting the form and size of municipal territories (number of municipal territories reduced) 2. Reforms of communal constitutions (change of power and capacity distribution) 3. Re-arrangement of local political and administrative structures (objective: output-oriented administrative modernization)

4.6 Local administration – current and future challenges

The greatest challenge in Chinas local administrative reforms is probably connected with the special set-up of local administration in China, described in section 4.5. The local

administration receives orders from many different levels (national, provincial, prefectural, county – depending on where it is positioned in the hierarchy) and also different organs (CCP, governments, administrations, People's Congresses). These lines of order, supervision and correction can be contradictory and impede efficient and effective local state output.

As for Germany, the shrinking leeway of local administration and the changing relationship between state and social organisations against the backdrop of the neo-liberal imperative in administration is the great challenge.

4.7 Migration

As mentioned before (section 2.2), migration refers in Germany to the recent refugee migration and in China to the migration movement from underdeveloped villages and cities to developed cities since the 1980s. Besides the many differences of these trends, the common point is the big challenge these migration trends pose for the local state – integration and social peace need advancement and maintenance, basic social services need to be provided, and decisions on long-term residence and urbanization and their consequences have to be made in both countries.

5 Results of the comparison

The first four desktop research reports show that German and Chinese local administrations, against the backdrop of their particular migration flows, face serious challenges in the areas of political structure, policy-making and policy-implementation. They also hint at the opportunities that could open for (social) governance. In all three areas, social organizations can participate by sharing their particular knowledge of their neighbourhood, issue area or target groups in the reform of political structures, in policy-making and implementation by consultation, deliberation and offering public services. The next steps of the project will shed light on the question of to what extent these mechanisms are already in use, how they have been working so far and how they could be improved.

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