

# A Study on the Derivative Effects of Policy Pilot During the Post-pilot Period

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## ABSTRACT

By reviewing the promotion of the mutual support for the aged policy in Hebei Province, the birthplace of China's happy house, the paper pointed out that various difficulties encountered in the policy implementation since its introduction especially entering the post-pilot phase. Based on the analysis of the current problems faced by the mutual support for the aged policy, this article focuses on revealing the long-standing phenomenon of "vigorous growth in the early stages of the pilot program, hasty closure or mere formality in the late stages of the pilot program" in the exploration process of bottom-up governance innovation in China, which exposes the derivative problems of the policy pilot, explores the behavioral patterns of grassroots governments, and further deepens the understanding of policy pilot.

**Keywords:** *Mutual support for the aged, Pilot, Policy.*

## 1. INTRODUCTION

Policy pilot is an important component of China's national governance strategy system and a characteristic mechanism for policy-making in China. Its essence is to apply the research method of experimentation to public decision-making or social practice.[1] The purpose of policy pilot is to promote policy reform and innovation in various fields of society. The decision-making of policy pilot is a complex task, which is influenced by various factors such as actors, government politics and reality, and the possibility of resource pilot. The final results of policy pilot projects vary, with some pilot projects being promoted to policies implemented at the national level, while others end early. Research on policy pilot helps to explore the government's behavioral patterns and understand the establishment and development of Chinese policies.

Scholars studying China's policy pilot have accumulated rich research results from policy texts and practical experience. The taxonomy circle on policy pilot generally believes that there are three main types: first, the pilot can be divided into exploratory pilot, testing pilot and demonstration pilot according to the purpose tendency of the pilot; second, the pilot projects are divided into

comprehensive pilot projects and specialized pilot projects based on their interdisciplinary nature and task complexity; third, it is to divide the pilot into central authorization pilot and local autonomy pilot based on the initiator. [2] The core issue of policy pilot research is the process and operational mechanism of policy pilot. The perspective of policy process and the perspective of central local relationship are the basic perspectives for studying and analyzing the process and operating mechanism of policy pilot. [2] Scholars pay attention to the specific mode of policy pilot and its operation in specific policy contexts, and explore intergovernmental relations under policy pilot.

## 2. LITERATURE REVIEW

Grassroots policy implementation is an important link in China's governance practice, and it is the intersection of the two main lines of "central local relations" and "national public relations" in China's national governance [3]. Chen Zhenming provides a panoramic insight into the implementation of public policy, categorizing it as "with policies above and countermeasures below", and points out in his research that policy implementation is the decisive factor for the success of a policy [4]. On this basis, existing research on grassroots policy implementation can

be divided into two perspectives: "administrative control" and "policy mobilization". The perspective of "administrative control" focuses on the issue of policy implementation distortion caused by top-down control in different levels of government. For example, when the policies of the higher-level government cannot match the actual needs of the grassroots, it can lead to the phenomenon of "selective execution". There are two perspectives in the academic community regarding the research on the process of policy implementation: the "flexibility" theory and the "collusion" theory. Wang Meng's research suggests that the internal driving force behind the phenomenon of collusion is the conflict of interests. The separated execution structure and virtual supervision system provide institutional space for collusion, and the local logic and rural culture nurtured in rural areas provide a certain social soil for collusion. The study also suggests that policy implementation means that policy implementation needs to be achieved through institutional design to achieve "incentive compatibility", and to pay attention to public sentiment and apply local knowledge [5].

### **3. THEORETICAL FRAMEWORK — PRINCIPAL-AGENT THEORY**

The traditional principal-agent theory believes that there are problems such as information asymmetry and different goals between the principal and the agent. The agent often holds more internal information than the principal. According to the principal-agent theory, in the innovation of grassroots government governance, there is a principal-agent relationship between the government and the base layer [6]. The government, as the principal, and the village branch committees, as agents, carry out governance. Due to inconsistent governance goals and certain information gaps between the two parties, there may be unreasonable resource allocation and mismatches between policies and actual needs. In this situation, the support received by the grassroots in the process of governance innovation not only fails to effectively improve grassroots governance innovation, but also reduces the willingness of governance innovation ability after public resources are invested, hindering the development of grassroots governance innovation.

## **4. THE EVOLUTION OF MUTUAL SUPPORT FOR THE AGED POLICY**

China's model of mutual support for the aged starts late, and the relevant policies are not sound, which still need to be enriched and perfected constantly.

### **4.1 Formation of Feixiang Model**

The first mutual support happy house in China was born in Qiantun Village, Feixiang County, Hebei Province. The reason for building a happy house is that three elderly people in the village passed away at home in a short period of time, and no one knew about it. Due to the large number of empty nest elderly people in the village and the absence of their children, it is very dangerous in the event of an emergency. Based on the actual situation in the village, the village committees have decided to build a happy house to concentrate the empty nest elderly who cannot provide care for their children. So in 2008, the village committees raised 140,000 yuan to build the country's first happy house in four idle primary school buildings. According to the regulations of the happy home, single elderly people over 60 years old who are able to take care of themselves and have no infectious diseases can apply for free accommodation by their children with their consent. Five guarantee households and extremely poor households can also apply for free accommodation after being discussed and approved by the village committee. At that time, there were a total of seven nursing homes in Feixiang County, two of which were private nursing homes that could not meet and cover the elderly care needs of different groups in rural areas. Moreover, the nursing homes in the county mainly served rural five guarantee households with no children, relatives, or support. The birth of the mutual support happy house has broken the dilemma of insufficient elderly care resources. The government plays a leading role, and the staffs in the happy house are also held by village officials. Compared to traditional nursing homes, this measure can greatly reduce operating costs, exploring a new path for "elderly care in poor places".

### **4.2 Pilot Stage — Feixiang Model Promotion Stage**

In 2009, the model of Qiantun Village happy house was vigorously promoted as a demonstration

in Feixiang County. In order to implement this model, the local government has successively issued a series of policies, such as a one-time subsidy of 100,000 yuan for each building and 50,000 yuan for the reconstruction and expansion of one. In addition to vigorous promotion in Feixiang County, Hebei Province also supported the development of happy house and has introduced a series of relevant policies. In 2010, the Hebei Provincial Department of Civil Affairs issued the "Opinions of the Hebei Provincial Department of Civil Affairs on Vigorously Promoting the 'Happiness Project' for Rural Social Elderly Care", proposing to carry out the "Happiness Project" activity throughout the province. In 2011, the proportion of village level rural mutual aid happiness centers in the province was 20%.

## **5. CURRENT SITUATION OF HAPPY HOUSE IN N VILLAGE, HEBEI PROVINCE DURING THE POST-PILOT PERIOD**

The N Village happy house was officially put into operation in September 2013. The ownership belongs to the collective of N Po Village. Coincidentally, the local steel group was conducting land acquisition, and N Village seized this opportunity to improve housing and build relocation communities for the villagers. It also expanded the collective economy, planned and built happy house and kindergartens, and outsourced the kindergartens to generate income. The earned rent will be subsidized to the happy house, which is used to solve the elderly care problem in the village. The happy house in N Village is managed by the village branch and two committees, responsible for their own profits and losses. Both income and expenditure are through the village collective economy, and there is no financial support from superiors. The happy house has three floors, with the first and second floors almost fully occupied. Due to the majority of elderly people living on lower floors, only the third floor is idle. The N Village happy house was originally built to address the elderly care issues in this village, so a series of aging friendly renovations were carried out on this building, equipped with air conditioning and heating, and independent bathrooms in single rooms. With the development of the happy house, the number of elderly people living in it has been increasing, and many elderly people from other villages have also come to stay. Elderly residents who check in need to sign an agreement, pay monthly fees, and provide trial stay services. After

a few years of operation, the happy house has gradually gained profits, and the village branch committees intend to continue expanding the happy house.

## **6. THE PROBLEMS FACED BY THE IMPLEMENTATION OF MUTUAL SUPPORT FOR THE AGED POLICY DURING THE POST-PILOT PERIOD**

As the first happiness hospital in China, the Feixiang model, at the beginning of its implementation, adhered to the principle that "poor places can also provide for the elderly", that is, to solve the problem of providing for the elderly with the minimum economic cost. However, as this model was listed as a pilot demonstration, Qiantun Village in Feixiang County, Hebei Province has received more attention from the superior government, and has gradually tilted in resources and policies. That is to say, Qiantun Village in Feixiang County has not gone through long-term exploration and practice under the condition of lack of various resources after the establishment of happy house, which also limits the further promotion of this model to a certain extent. N Village in Hebei Province is an attempt after the promotion of the Feixiang model, established during the post-pilot period. Compared to the Feixiang happy house, it received little policy support and attention, and encountered a series of difficulties and obstacles during its operation.

### **6.1 Ambiguous Positioning**

During the exploration and practice of mutual assistance and elderly care in Feixiang, Hebei, the nature positioning of the happy house is still unclear. The Feixiang model explored in Feixiang, Hebei still belongs to the nature of rural autonomy in the implementation process, relying on village collectives, and the overall positioning is unclear. It is neither a legal subject nor a civil subject, which leads to the "congenital deficiency" of the happy house. This "congenital deficiency" also makes it difficult to obtain clear support from national finance and policies after fading the halo of pilot projects, resulting in an awkward position and insufficient efforts in actual promotion. "The sound is loud, but the actual effect is average." The issue that was not resolved during the pilot phase has also been extended to practices in other regions after implementation.

Due to the land acquisition by the steel group, the N village collective has sufficient funds for land acquisition and rent. Under such economic conditions, the N village collective's demand for financial support from the higher-level government is relatively weak. The main challenge currently faced is the difficulty of obtaining certification, which hinders the further large-scale and professional operation of the happy house. The surface issue is that the happy house is unable to obtain relevant documents due to fire safety and other issues. The fundamental problem is that the positioning of the happy house in N Village is unclear. In such a situation, the happy house in N Village is not clear about which set of certification standards to apply for itself. In addition, without guidance from professionals or higher-level government departments, the happy house has been struggling to overcome the problem of no certificate for a long time.

### **6.2 Insufficient Level of Specialization**

Due to the short exploration time of the Feixiang model in the pilot stage and the failure to overcome its own drawbacks, it has not yet fully matured, resulting in a development trend of barbaric growth and insufficient specialization in the promotion of other regions in the later pilot stage, without the support and leadership of policies and higher-level governments.

During the visit, it is found that the daily activities of the elderly in the happy house are very monotonous. Except for the elderly who played chess in the corridor, most of them sit face-to-face in the hall chatting, or simply stay in their own rooms. Through interviews, communication, and observation, it is found that the mental state of the elderly mostly shows signs of depression, which is closely related to the lack of cultural and entertainment activities in the happy house. At present, it is necessary to sign an accommodation agreement before moving into the happy house, and refuse to accept elderly people who have lost their ability to take care of themselves. This pressure on elderly care ultimately falls on the family. The elderly are still full of concerns and worries about their later years, which limit the improvement of their happiness index in life. In an interview with the director of the happy house, the director said that his greatest hope for the future development of the happy house is that it can accept disabled elderly people. The two phenomena mentioned above are both due to the lack of professional

organization participation in the current development of the happy house, resulting in a lack of specialization.

### **6.3 Lack of Government Attention and Long-term Operational Capability**

In Ping J Village and B Village in Hebei Province, the two villages were originally the same village, but due to land planning, they were divided into two villages. Due to the land acquisition by the steel group and the effective leadership of the village branch and two committees, J Village not only has a relatively prosperous collective economy, but the atmosphere of the entire village is also harmonious and thriving. In B village, although they used to be the same village as J village, the current development situation is completely different. During the visit to B Village, it is found that during working hours, the working location of the village branch and two committees is still tightly closed, and the villagers in B Village are filled with complaints when discussing the village branch and two committees. In J village, there is a happy house that treats its residents well, but in B village, there is none. For the N Village happy house, the leadership and foresight of the village branch and two committees undoubtedly has played a significant role in the development process. However, the land acquisition by the steel group has led to a large amount of rental income for the N Village collective, which is also a necessary condition for the development of the happy house. Therefore, once the steel group relocates, upgrades or transfers industries, it will bring a huge blow to the development of the N Village happy house. In the current lack of government attention and policy support, N Village lacks the ability to operate stably in the long term. Once it goes bankrupt, it is difficult for the elderly to find the next suitable place for elderly care in the short term, and it may even endanger social harmony and stability.

## **7. REASONS FOR THE EMERGENCE OF DIFFICULTIES DURING THE POST-PILOT PERIOD**

At present, the pilot policy of mutual support for the aged has encountered many difficulties, which restrict its mode development. Therefore, it is of great practical significance to analyze the causes of the dilemma.

### **7.1 *Insufficient Investment Motivation from Local Governments***

The survival and development of the pilot depend on certain external resources. During the pilot exploration phase, local governments are motivated by political rationality to actively organize and participate in pilot activities, and motivated by promotion incentives and seeking attention from the central government to obtain more financial resources. In order to stand out from competition with other local governments, each local government will actively invest more resources in the pilot project to obtain more political returns. In the exploration stage of the Feixiang model, the local government has invested more external resources into this pilot project, enabling it to resist the uncertainty and risks of the external environment. With the pouring of local resources, the Feixiang pilot is able to operate for a long time and continuously. When the pilot runs to the comprehensive promotion stage, which is the post pilot stage currently faced by N village as described in this article, the political resource return obtained by the local government investing the same resources in the pilot stage is much lower than that of the pilot invested in the initial stage of the pilot. In the post-pilot period, the internal impetus for the government to implement this model comes from avoiding the accountability of the superior. Compared to the initial stage of the pilot project, the government's own investment motivation is relatively weak. The survival and development of the organization must rely on certain external resources. When the government pays less attention to the resources of the pilot, the post pilot's ability to resist external risks and living space will be constantly compressed. In N Village, due to the current land acquisition by the steel group, a certain amount of rent can be obtained. The village branch and two committees also use these funds to establish kindergartens and obtain rental income. But once the steel group no longer acquires land, N Village will find it difficult to support the daily operation of the happy house by relying solely on the meager profits from kindergarten investment. N Village, which has lost land acquisition funds, will rely entirely on the investment of local government financial funds, just like other pilot projects in the post pilot stage. The amount of local financial resources will have a profound impact on the pilot development. Local governments that lose the endogenous driving force for investment will allocate fewer resources to the development of post pilot projects, which will constrain their progress.

### **7.2 *Asymmetry in Principal-Agent Relationships***

The relationship between the central government and the government is a typical principal-agent relationship. When there is a conflict of interests between the agent and the principal, the agent, as the organizer, often uses its better information status to take actions that are contrary to the wishes of the principal. According to the perspective of the public choice school, public officials are also rational economic entities. The public choice school points out that, government officials are also rational economic individuals who make decisions that maximize their personal interests. When the central government or higher-level government requests the promotion of mutual aid elderly care and the establishment of a certain number of happy houses, local governments will make decisions to meet the higher-level quantitative indicators. In the actual implementation process of higher-level policies, there is a certain "vacuum" zone. Even if there are behaviors in this area that cannot fully meet the standards of superiors, they will not be constrained by the system. In N Village, the happy house has actually been established and operated, meeting the quantitative indicators set by the superiors. However, the subsequent supervision, guidance behavior, and resource investment are all in a "vacuum" zone of the system, which is prone to breeding behaviors that deviate from the policy spirit of the superiors, creating conditions for corruption and rent-seeking. This leads to local governments deviating from the central policy spirit during the pilot implementation process in the post pilot stage, leading to difficulties in the development of the post pilot.

## **8. CONCLUSION**

Policy pilot is a governance mechanism with strong Chinese characteristics. Fundamentally speaking, policy pilot is an adaptive adjustment to the structural contradictions between the central and local governments over the past two thousand years. It connects the central and local governments, ensures the effective operation of government functions, and successfully avoids structural collapse caused by direct conflicts between the central and local governments, achieving effective control of the central and local governments. [7] The pilot has played an important role in promoting policy reform and innovation. It is undeniable that there are some alienation derivative issues that

violate the policy spirit in the implementation process of policy pilot projects. These issues have laid hidden dangers for the operation of the post pilot stage. Therefore, it is of great practical significance for policy pilots to have a more in-depth discussion of the current situation and many problems that will arise in the post pilot phase, and to propose corresponding countermeasures based on these problems.

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