

Regularized Campaigns: Solving Principal-Agent Problems and Sustaining Compliance

Policy Issue

When central or federal governments delegate policy implementation to local actors, compliance gaps often emerge. Most scholars and policymakers focus on inadequate information flows from the local level to the center, but in large states with vast bureaucracies, there are limits to leaders' capacity to process and act on the information they receive. The challenge is not only detecting noncompliance but also having the capacity—and political will—to discipline bureaucrats who defy directives.

A new study by Shen, Wang, and Zhang introduces “regularized campaigns”—an institutional innovation that blends high-intensity campaign enforcement with the stability of formal institutions. Embedding periodic, structured enforcement waves into governance systems, regularized campaigns can:

- Sustain political signaling of central or federal priorities,
- Reduce local discretion and regulatory capture,
- Level enforcement between powerful and less powerful actors, even between inspection waves.

Central Environmental Inspections in China

The research examines China's central environmental inspections (CEIs)—periodic, centrally directed enforcement campaigns, targeting both local governments and regulated firms. CEIs were launched in 2016 to address chronic environmental violations and local protectionism. Unlike one-off crackdowns, CEIs recur in waves, signaling a credible, long-term central commitment to environmental governance.

The study draws on an original dataset that combines environmental monitoring records, firm-level outputs, government penalties, and citizen complaints. Before the launch of CEIs, economically influential firms committed more violations while facing fewer penalties. Specifically, a one standard deviation increase in a firm's local economic share was associated with a 19% increase in violations of environmental standards, reflecting entrenched local discretion rooted in political–business ties.

After CEIs were introduced, the link between firms' economic influence and violations disappeared. CEIs targeted local officials and agencies, as well as firms, making environmental performance a visible metric in officials' career advancement or removal from office.

This reshaped local incentives, reinforced persistent central priorities, and reduced opportunities for selective enforcement. Compliance gaps narrowed substantially, including in years without active inspections, indicating lasting effects.

Policy Implications and Recommendations

Regularized campaigns offer a practical solution to persistent principal-agent problems. In authoritarian systems, these campaigns can substitute for weak accountability institutions; in democratic systems, they can complement existing oversight institutions (similar to high-visibility enforcement in traffic safety).

Policymakers and development practitioners can thus take the following steps to address a range of issues, such as anti-corruption drives, financial regulation, public health enforcement, and workplace safety compliance. These include:

- Institutionalizing enforcement waves: Design periodic, structured campaigns, rather than ad hoc crackdowns, to maintain deterrence and signaling over time.
- Targeting both agents and regulated entities: Include oversight of local implementing agencies to reduce discretion and collusion.
- Linking compliance to career incentives: Make performance in targeted policy areas a visible and consequential factor in local officials' promotion or dismissal prospects.
- Leveraging visibility for public engagement: Publicize inspection results and penalties to strengthen credibility and mobilize citizen support.
- Adapting to local contexts: Calibrate frequency and intensity of enforcement waves based on observed compliance patterns and institutional capacity.

Source:

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