

China's Public Administration Reform: New Approaches

Mr. Xu Songtao
Former Vice-Minister of Personnel
CHINA

China's Public Administration Reform: New Approaches

By Mr. Xu Songtao, Vice-President of
IIAS Former Vice-Minister of Personnel,
China

Since 1980's, rapid development of globalization and technology revolution and the changes taking place in society and economy have driven worldwide public administrative reforms. With the impact of New Public Management, there has been a great drive of administrative reforms resulting in the creation of reforms models with regard to the administrative functions, methodology, operational mechanism and self management. According to Peters, the American scholar, these reforms models are categorized as market model, involvement model, flexible government model and non-regulated government model. Public administrative reforms were placed in government agendas and even taken as important mission of administration together with various kinds of programs. The wave of public administrative reforms did not involve industrialized countries but also developing countries, especially those Asian countries undergoing intensive changes. Like other Asian countries, China takes public administrative reforms as the requirements of domestic changes and international competition as well as an important dynamics to speed up the social and economic modernization.

One. Administrative Reform: An Important Component of China's Political and Economic System Reform

China's reform of its administrative system has been going along with its economic and political reforms process. We view the administrative reforms as an important part of our political system reforms and the conditions of setting up market economic system and accelerating the modernization.

I. Economic Transition Requires Administrative Reform. It has been a long time that China carried out a highly centralized planning economy, where national resources were allocated by administrative means and the government administered all the things of the society and directly controlled all the economic organizations including the enterprises and public institutions. Begun in 1980's, we started the reform and opening up to outside world policy and gradually established a market economic system where public ownership played a backbone role while other economic components developed.

This new establishment required strongly to reform the administrative system, changing

government functions and returning power to SOEs and grass root organizations. The government functions were redefined as ensuring law reinforcement and management such as promoting economic development, enhancing urban management, bettering environment, guaranteeing social stability and providing public services. In brief, the government should focus on delivering macro management, creating a sound market environment to change the administration that used to serve planning economy to be on the track of market economy development.

II. Administrative Reform Is the Needs of Globalization. Reform and Opening Up to the Outside World has broken through the isolation of China from the world for hundreds of years. China's economy will become an indispensable part of the world economy when it joins WTO. The development of multinational corporations' business has shown the weakening borders and globalization of economy requires diversity of administrations. Economic interdependence brings about more risks for administration and the demand of globalization is that domestic administration must be in line with international practice. In a sense, China's administration will go first facing the challenges in the course of entering WTO. China's status in the intensive international competition is subject to its administrative efficiency and effectiveness.

III. Administrative Reform Is the Need of China's Democratic Politics Development and Diversity of Societal Structures. The market economy and the opening-up framework have made economic components, economic interests, social organizations, employment and ways of living diversified. The administration is faced with the complexity and diversity that it has never experienced. People of all walks of life are demanding more participation of politics and administration. Their demands on the objectives and standards of government services are also various. They ask for a more open and transparent administration and a system in which their grievance on mal-management can work better. All these aforementioned are the needs of socialist democratic politics and the direction of public administration reform, too.

IV. Administrative Reform Is the Needs of Improving Administrative Efficiency and Redesigning the Government Image. We have deeply recognized that the long-lasting oversized and overstaffing government organizations and the poor efficient administration could neither meet the needs of reform and development nor the expectation of the people on the government. That is the social pressure on the government administration. The government needs to restructure its organizations, improve administrative efficiency; perfect management practices and improves the relations of the government and the public so as to acquire a high prestige.

All in all, to meet the challenges from the social and economic changes, we have to

deepen the public administration reform and promote system and management innovation. By doing these, we could then meet the needs of set-up of the socialist market economy, globalization and China's entry to WTO, the needs of knowledge based economy and informationized national economy and the modernization.

Two. Government Restructuring in China

The core of administrative reform is government restructuring. Since 1980's, China has restructured its government organizations for four times. These reforms were conducted in the year of 1982, 1988, 1993 and 1998 respectively. The reform of 1998 is the most extensive and dynamic one.

The objective of the reform in 1998 was to organize an administrative system that was running highly efficient, operating in a coordinating manner and guided by a standardized code of conduct.

The reform also aimed at improving the civil service to create a quality and professional team of administration. These efforts would make China's administrative system more suitable to the socialist market economy.

In order to achieve these objectives, five principles were presented. 1. Redefining government functions and separating government from the enterprises. Placing government mandates on macro management over the national economy and provision of public service. 2. Restructuring government organizations by optimizing administrative structure, downsizing civil service and improving administrative efficiency. 3. Rationalizing administrative responsibility and reducing the overlapping in accordance with terms of accountability. 4. Guiding administrative reforms of local government organizations according to the respective local status of economic and social development. 5. Establishing a legal, procedural and standardized framework for administration, in which the organizational establishment and budgeting are inter-disciplined.

At present, the restructuring has been done in central and provincial government organizations and scored remarkable achievements that have made progresses as follows:

1. Government functions have been changed. More than 280 functions that used to be handled by central government departments have been given to enterprises and other intermediate social bodies. An across-board reform of procedure for administrative examination and approval have been made in central and local governments and those programs being handled illegally have been firmly eliminated. In the course, we did

whatever we can to streamline and delegate downward the programs and also put some programs on record only. Oversight is strengthened to ensure those program that must be examined and approved by the government are well processed. In addition, approval procedures and results are required to open to the public on schedule.

2. Administration separated itself from enterprises management. In central government, almost all the ministries and departments that used to control the industry directly have been eliminated including 9 government industry departments. The State Commission of Economy and Trade is taking the responsibility of macro management over the industry. The provincial governments did the same and turned some companies having administrative functions into pure economic entities. Their administrative function has been returned to government organizations. Some economic organizations that was managed in the past by the governments have disconnected its linkage with the government and become 'entities in the market taking full responsibility of their business, profits and losses. They run the business on their own.

3. Downsizing the government organizations by reducing the number of ministries and departments from 40 to 29. Within the ministries and departments, more than 200 composing sections (25 %) are reduced. At the provincial level, the average number of the departments have been reduced from 55 in the past to 40 at present and 20 percent reduction have taken place to the internal sections within the departments.

4. Staff reduction. In the central government organizations, the staffing establishment has been reduced from 32,000 to 16,000 (50%). The average reduction at provincial government is 48%. Starting from 2001, the organizational restructuring and staffing downsizing have been launched in city, county and township governments. 20% administrative staffing will be reduced accounting for 800,000 people. The total reduction will be 1,200,000 people if we count on those who are already redundant against the established staffing.

Three. Personnel and Administrative Reforms in China

One of the important components of public administration reform is to improve the civil service system in the process of structural reform in order to build a highly qualified and professional administrative management workforce.

Administrative reform confronts two major problems-streamline the workforce and divide responsibility. The structure reform that was launched in 1998 and still underway results in reductions of public workforce of an unprecedented magnitude. The central and provincial governments see a 50% of workforce downsizing, the city and county

governments 20%, which mean about one million government workers have been separated from government. We took this great pressure as a propelling force, transforming the structural reform into an ideal opportunity for deepening personnel system reform. In accordance with the overall requirements of structural reform, we moved to adjust and optimize the structure of civil service and grassroots workforce in order to improve the civil service system; We strengthen career and on the job training, retained the capable and fully utilizing their expertise, in order to raise the administrative efficiency and to build a lean, clean, of high quality and professional civil service that can satisfy the needs of the people.

In the restructuring process, particularly with regard to determine the department, determine their functions and determine their staffing quotas, following has been stressed: compliance with the job requirements, participation of broad masses, comprehensive evaluation, and decision by the leadership. By compliance with the job requirements, it means to assign position to the appropriate persons in compliance with the requirements of the position and optimizing the staff structure in order to achieve the ability of the staff be fully tapped. By participation of the broad masses, it means to increase the transparency and enable the general civil servants to participate in and monitor the reorganizing process. By comprehensive evaluation, it means that, in assigning person to positions of director general or division director, to publicize the positions and qualifications, recommend candidates by certain method before the candidates are determined by management departments of the civil servant through comprehensive evaluation. Decision by the leadership means that the responsible civil servant management department leadership makes collective decision on the appointment from the candidates in accordance with their personnel responsibilities and in strict compliance with provision of appointment procedures and regulations.

By doing so, the structure of the civil service has been further optimized, the management civil service system has been better improvement, and the quality of the civil service has been enhanced. Take the civil service of the State Council as an example after the restructuring, the civil service is better educated. The percentage of the civil servants that have university degree has risen from 70% to 78% with an increase of 8 percent. The civil service is younger. The percentage of the civil servants under age of 40 has raised from 54% before the restructuring to 60% at present with an increase of 6 percent. The working manner and efficiency have seen improvement by a large margin.

In order to ensure a smooth streamlining process, the government conducted the restructuring in accordance with the principle of separation with payment, reorientation training, strengthening enterprises and optimizing the structure. Separation with

payment means that those that separated from the government through this restructuring will maintain their previous salary grade and benefits. Re-orientation means that those separated will receive formal and professional training in fields where market has great demands, so that they can prepare for new job opportunity. Strengthening enterprise means to conduct specific training to the selected people from those separated in the restructuring before re-deploy them to specific sectors of public service such as financing, industrial and commercial enterprises, taxation and quality control departments. Optimize the structure means to improve the structure of age, knowledge and specialty of the administrative departments, enterprises, and grass roots administrative organs through the restructuring process in order to achieve optimizing the components and raise the overall quality . The government encourage the separated staff to seek employment on their own, to lead or set up enterprises or non profit institution, or work in sectors of other ownership and grant them some financial compensation. The government also encourage those who approach retiring age to go home. These people will maintain their salary and benefits and would only retire formerly when they reach the statutory retirement age. By implementing those policies, the government take fully into account of the interests of the separated people and thus ensure the smooth execution of the restructuring.

At present, China's public administrative reform is progressing further in term of depth and magnitude on the basis of completing the restructuring and personnel system reform. Some highlights include: 1. Make public administration open by focusing on providing service to the public. All government agencies that handle affairs matter to the interests of the people, so long as the affairs do not involve state secrets, must make the process open within the agencies, to certain degree or to the general public in accordance with needs of the serviced. Subjecting the government and civil servants into the outside scrutiny in their discharging their responsibilities can help to avoid subjectivism, secrecy, arbitrariness, abusive of power, and corruptive behavior , will provide necessary check to government and its officials, and safe guard the public interests. 2. Promote community services. Government agencies such as industry and commerce, taxation, personnel management, labor, health care and residence administration that provide services to the general public have their field offices based in community so that people can have convenient access to government agencies, make fewer trips to and spend less time on going to government offices. 3. Build e-government. Government construct net platform where public can have access to all the information that can go public. Public services wherever possible will be delivered via internet. Since 1999 when the government launched "Government Internet Program", there has been steady progress in e-government. For instance, the Ministry of Personnel started to provide services such as civil service exams, personnel mobility, issuance of residence permits and employment of Chinese nationals that return from

overseas studies via internet. All these administrative reform measures have contributed to transform the government functions into services and thus make government become truly organ in providing social regulations and services.

Four. Reflections on the Administrative Reforms in China

In retrospect, public administrative reform in China has experienced some ups and downs over the past twenty years. It is an ever deepening process until to date. In this process, we learnt experiences from the market economy countries and some Asian countries, draw on modern public administration theories, and developed theories that typical of our own conditions. In a nutshell, it can be summarized as public administration reform must proceed from the national conditions with a particular focus on streamlining government workforce and delegation of power, properly settle the division of responsibilities among government agencies of various levels and various government agencies of the same level. Bold in reform on the one hand and giving adequate attention to stability in a gradual manner so as to establish a clean and efficient small government suitable to the requirements of market economy.

I. Division of Administrative Functions and Delegate Power. Division of administrative functions and delegating power is a core of public administrative reforms. It is a very important vehicle by which democratic politics can be achieved. It is also a organizational foundation for a fast economic development. The fundamental goal of public administration reform is to mobilize and enhance the vitality, effectiveness and activism of the various sectors. Ambiguous division of power, duplicating functions and over-concentration of power bound to smother the vitality and activism. Effectiveness and efficiency are hard to come by. In our long standing efforts to public administrative reform, we have found it is of great importance to properly settle the three relationships for a public administrative system suitable to the requirements of socialist market economy.

1. Properly settle the relationship between the central and local government.

Historically, China used to be a highly centralized country. For a long period of time after the founding of new China, China adopted a planned economy with over centralization of power. Since opening up, we have placed consistent attention to properly handle the relations between the central and local, centralization and decentralization. On the one hand, the central government must ensure its decrees applied across the whole country and maintain its authority, on the other hand, it must fully motivate the activism of the local government, and delegate the administrative power which belongs to the local government such as personnel, finance, material, approval of project power to the local government. By so doing the balance can be achieved that the macro policy decision of great significance be centralized and the

administration of general social affairs be handled by the local government.

2. Properly settle the relations between the government and enterprises. There had been a predominant drawback in China's administrative management system. And that is there was no division between government and enterprises. Government directly interfered with the production and management activities of state enterprises, the basic function of market in distributing resources is difficult to tap. With this in mind, the government were resolute in transforming the government functions and separating the government from enterprises. The government delegated the power of production and management to enterprises and transferred the functions that the society can self regulate and manage to intermediate social bodies. To achieve these goals, the government drastically abolished the departments that managed production and commerce industries, strengthened the functions of the departments responsible for overall economic management and coordination, and social management, thus shifting the government functions toward macro regulation, social management and providing service to public.

3. Properly settle the relations among various government departments. In view of the great number of government departments, duplicative functions, passing the buck among government departments, while abolishing and merging some departments, the central government, in accordance with principle of unifying the accountability with responsibilities, also re-adjusted the functions among departments, relocating more than 100 functions among various departments, bear in mind that same and similar functions be handled by one department. This has solved basically the problems of function duplications, unclear accountabilities and responsibilities, administering one thing by multi-department, various regulations over one thing.

II. Proceeding from the National Condition. Successful reform measures are always rooted in its social, political and economic cultures. There is commonality and individuality. On one hand, the superstructure must be adaptable to the economic basis, on the other, superstructure reacts on the economic basis. Therefore, public administration reform must progress along with the economic, social, and science and technological development. Public administrative reform either lacking behind or leading of these developments are not conducive to economic and social development. The government of China, proceeding from the practical condition of establishing and improving the socialist market economy, kept the administrative reform abreast of economic and social development, and made administrative reform better serve the economic and social development and viable method for economic development, and social stability. China conducted its administrative reform in accordance with the principle of separation government from the enterprises, changing the role of

government in managing economy, making possible for the enterprises go to the market, where enterprises become competitors, government's task is overall planning, gasping policy, providing information, organization and coordination, providing services, oversight and monitor and strengthening macro regulations.

III. Downsizing to Achieve Small Government. Establish a market mechanism and tap its potential, give full display of civil vitality, downsize the government and its workforce. These are the common phenomenon in public administrative reforms in various countries. These are the goal that China pursued in public administrative reform. In China, with the socialist market economy taking shape, gradual improvement of market system and functions, the independent management of the enterprises, there are inevitable demands to government to get rid of the enterprises management functions performed under the planned economy, and delegate the social functions to intermediate social bodies. The government's functions of direct management over enterprises shrank. As result, there are demands to streamline the government downsize the workforce so that a lean, more efficient small government. Practice proved these observations completely correct. For example, after the restructuring, the workforce of the State Council reduced by half, the efficiency has raised. Under the socialist market economy, some government departments no longer played positive role. Rather, they interfere with the operation of market, and posed negative effects. Therefore these departments had to be get away with in order to improve the efficiency of market economy operation.

IV. Taking Both Reform and Stability into Consideration, Advance Step by Step. Administrative reform is an arduous task requiring a long and gradual process. It must be implemented step by step. At present, China is in economic transition. The market development and improvement, the mindset change of the people, transfer of government functions all take some time. In view of the fact that administrative reform often lags behind the economic reform, Administrative system needs to be reformed constantly in order to adapt itself to the economic reform. Therefore it takes long and gradual process. Chinas' administrative reform has always adhere to the principle of combination of setting the overall goal with stage by stage implementation plan. In conducting the structure reform as well as the establishment of civil service system, China adopted step by step and gradual approach. Take civil service system as example, it has gone through process of theoretical research, drafting regulations, conducting pilot trial, overall implementation and improvement. The undertaking started in 1984 and the reform continues to be deepened. With regards to structure reform, the present stage has been achieved through constant reform and adjustment in relation to organization structure, division of functions, and working procedure. And it is precisely due to these factors, although administrative reform of the past 20 years put tens of

millions of Chinese people's interest at stake, and left several million people separated from their jobs, we have been able to maintain social and political stability, and ensured an orderly administrative reform.

The End