Institutional Reform and the *Bianzhi* System in China*

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ABSTRACT The article addresses the important issue of the *bianzhi* system and the role this system plays in governing China at the central and the local level. In making a critical distinction between nomenklatura and *bianzhi*, loosely translated as "establishment of posts," the article provides a new perspective on key issues and concepts in the Chinese administrative reform process. The ultimate aim of the process is to create a leaner and more efficient public sector by shedding non-essential functions and by downsizing the bureaucracy. Two cases are used as illustrations of the issues and problems involved. The first is a discussion of central-level reform with a special emphasis on the reorganization of the Ministry of Personnel in 1998. The second is an analysis of local reform with a focus on the experiment of "small government, big society" in Hainan province. Both cases illustrate the difficulties in sustaining administrative reform. Discarded public administrative functions tend to re-emerge, displaced bureaucrats will seek to return to their former position and the Party is reluctant to allow the creation of better public administration at the expense of Party control.

In March 1998 the Chinese government launched an ambitious reform of the institutional structure of China's administrative system. The whole reform was scheduled to be implemented in three years starting at the central level in 1998 and then the provincial level in 1999, ending at the local level at the end of 2000. In contrast to previous attempts at institutional reforms in China this plan proceeds from a qualitative basis and focuses on defining the core functions of the state and its governing organs in order to shed non-essential functions. The objective is to create a leaner and more efficient state, and to redefine goals in terms of what should be taken care of by the state and what should be taken care of by society. Functions that are not necessary parts of the state structure should be discarded and given back to society. The ultimate aim is to create a leaner public sector without abandoning basic state and Party control.

A key concept of the 1998 institutional reform programme is the so-called *san ding* (three fixes).[1] The concept has three aspects. The first is to fix the functions of the public sector (*ding zhineng*), and involves determining the necessary functions of the state and its organs at different levels. The general objectives are to change the functions of government and separate the government from the enterprises (*zheng-qi fenkai*). Thus government departments are to shift their attention to macroeconomic

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1. See Zhu Rongji, "Zai guowuyuan di yici quanti huiyishang de jianghua" (jiexuan) (24 March 1998) ("Speech to the First Full Session of the State Council") (excerpt), in Guowuyuan bangongting mishuju and Zhongyang jigou bianzhi weiyuanhui bangongshi zongheju (eds.), *Zhongyang zhengfu zuzhi jigou 1998* (*Central Government Institutions and Organs 1998*) (Beijing: Gaige chubanshe, 1998), pp. 5–6.

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regulation and control and leave direct management to the enterprises themselves. This part of the reform programme is also based on the premise that many functions appropriated by the state should be given back to society and handled by the market or new social intermediary organizations (*shehui tuanti*).

The second aspect of the institutional reform is to fix the administrative organs (*ding jigou*) with a view to cutting down on the number of state and Party organs at central and local levels. This will be based on determining which functions the state should take care of and which should be handed over to society. The latter functions will have their institutional representation in the state administrative system reduced or abolished.

The third aspect entails the fixing of personnel (*ding renyuan*). This involves a process of determining the type and the number of posts (*ding bianzhi*) needed to take care of the functions and administrative organs deemed necessary to be upheld. The general goal is to cut administrative personnel by about 50 per cent and to create a more efficient and competent public sector.[2] The intention is also to save on state administrative budget expenditures, which have ballooned from 5.5 billion *yuan* in 1979 to 276.8 billion *yuan* in 2000.[3] This article argues that reducing personnel constitutes a major problem in implementing the institutional reform programme. To grasp this problem it is necessary to take a closer look at the *bianzhi* system, which has only been briefly addressed in previous discussions of institutional reform in China.

This article discusses these issues in the following way. First the concept of *bianzhi* is addressed and it is argued that the *bianzhi* system and the nomenklatura system cover different realities. Secondly, the 1988 and 1993 institutional reforms are sketched to provide a necessary background for recent reform efforts. Thirdly, the 1998 reform is analysed with a focus on central-level reform and special emphasis on the reorganization of the Ministry of Personnel. Finally, local reform is addressed with the Hainan experiment of "small government, big society" as a case, before some concluding remarks.

It should be emphasized that this paper focuses on the institutional reform and key processes and concepts involved in the process at national as well as local level. Thus issues pertaining to decision-making processes and policy outcomes are not addressed in any detail.[4]

2. For the full explanation of the new draft for institutional reform, see Luo Gan, "Guanyu guowuyuan jigou gaige fang'an de shuoming" ("Explanation of the draft for institutional reform of the State Council"), in *ibid.* pp. 8–17.

3. See *Zhongguo tongji nianjian 2001* (*China's Statistical Yearbook 2001*), p. 251.

4. There is a vast literature on bureaucratic structures and policy-making in China. See for example Kenneth Lieberthal and Michel Oksenberg, *Policy Making in China: Leaders, Structures, and Processes* (Princeton: Princeton University Press, 1988); Kenneth Lieberthal and David M. Lampton, *Bureaucracy, Politics and Decision Making in Post-Mao China* (Berkeley & Los Angeles: University of California Press, 1992); A. Doak Barnett, *The Making of Foreign Policy in China* (Boulder, CO: Westview Press, 1984); David M. Bachman, *Bureaucracy, Economy, and Leadership in China: The Institutional Origins of the Great Leap Forward* (New York: Cambridge University Press, 1991). For more general work on the Chinese bureaucratic system see, for example, A. Doak Barnett, *Cadres, Bureaucracy, and Political Power in Communist China* (New York: Columbia University Press, 1967); Harry Harding, *Organizing China: The Problem of Bureaucracy, 1949–1976* (Stanford: Stanford University Press 1981).

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The Bianzhi System

A direct translation of the term *bianzhi* would be "the establishment" and it usually refers to the number of established posts in a unit, office or organization.[5] By controlling the *bianzhi*, the state exercises control over the state administrative apparatus, from the highest state office to the local primary school.

Most studies on state–Party relations and personnel matters equate the number of people included in the *bianzhi* system with the number of so-called cadres, the leading personnel in state and Party organs.[6] Some even claim that the *bianzhi* system is the Chinese equivalent of the nomenklatura system known from the Soviet political system.[7] However, the *bianzhi* system appears to encompass millions of state-salaried employees, whereas the nomenklatura only include cadres in leadership positions from the central Party and government leaders to the local township leader.

Nomenklatura is a Soviet/Russian term which means "a list of positions, arranged in order of seniority, including a description of the duties of each office."[8] In the Soviet Union the Central Committee and the various party committees and party fractions had such lists, and it is generally believed that the Chinese Communist Party (CCP) developed a similar system modelled after the Soviet example. It is a system of control and describes the positions and offices over which the Party committee has authority.[9] The Chinese concept for nomenklatura is *zhiwu*

5. In his classic study on the workings of the Chinese bureaucratic system, A. Doak Barnett only mentions the concept once and translates it into "tables of organization." See his *Cadres, Bureaucracy, and Political Power*, p. 42.

6. See, for example, Hong Yung Lee, *From Revolutionary Cadres to Party Technocrats in Socialist China* (Berkeley: University of California Press, 1991), pp. 206–209; and Shiping Zheng, *Party vs. State in Post-1949 China: The Institutional Dilemma* (Cambridge: Cambridge University Press, 1997), pp. 209–215.

7. See Franz Schurmann, *Ideology and Organization in Communist China* (Berkeley: University of California Press, 1968), p. 186. Recent versions of confusing *bianzhi* and nomenklatura are Ting Wai, "Reform of the nomenklatura in 1998: a preliminary appraisal," in Chong Chor Lau and Geng Xiao (eds.), *China Review 1999* (Hong Kong: The Chinese University Press), pp. 47–80 and David Shambaugh, "The Chinese state in the post-Mao era," in David Shambaugh (ed.), *The Modern Chinese State* (Cambridge: Cambridge University Press, 2000), pp. 161–187.

8. See Bohdan Harasymiw, "Nomenklatura: the Soviet Communist Party's leadership recruitment system," *Canadian Journal of Political Science*, Vol. 2, No. 4 (December 1969), p. 494. Originally the term stems from Latin and refers to a system of names used to indicate the taxonomic position of an individual organism. See Li Jinshan, "The NPC system and its evolution: from nomenklatura to selectorate," *Issues & Studies*, Vol. 34, No. 3 (March 1998), pp. 1–22.

9. On the nomenklatura system in China, see, for example, John P. Burns (ed.), *The Chinese Communist Party's Nomenklatura System* (New York: M.E. Sharpe, 1989), and "Strengthening CCP control of leadership selection: the 1990 nomenklatura," *The China Quarterly*, No. 138 (June 1994), pp. 458–491; Melanie Manion, "The cadre management system, post-Mao: the appointment, promotion, transfer and removal of Party and state leaders," *The China Quarterly*, No. 102 (June 1985), pp. 203–233; and Thiagarajan Manoharan, "Party units and decentralised development," in Kjeld Erik Brødsgaard and Tage Vosbein (eds.), *The Chinese Reforms: Progress and Issues* (Copenhagen Papers in East and Southeast Asian Studies, No. 5, Copenhagen: Museum Tusculanum Press, 1990), pp. 113–136.

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Table 1: **Distribution of Staff and Workers (*bianzhi*) in State Units by Sector, 1978–1999 (millions)**

Year	*Social services*	*Health care, social welfare*	*Education, research, culture*	*Government, Party, etc.*	*Total*
1978	1.07	1.83	7.65	4.17	14.72
1980	1.30	2.17	8.61	4.76	16.84
1985	1.81	2.72	10.54	6.91	21.98
1986	1.93	2.83	11.08	7.42	23.26
1987	2.03	2.96	11.65	7.78	24.42
1988	2.14	3.06	12.01	8.17	25.38
1989	2.21	3.14	12.32	8.59	26.24
1990	2.36	3.23	12.60	9.03	27.22
1991	2.51	3.40	13.02	9.46	28.39
1992	2.69	3.56	13.36	9.69	29.30
1993	2.93	3.56	13.33	10.14	29.96
1994	3.08	3.68	13.97	10.07	30.80
1995	3.15	3.79	14.32	10.19	31.45
1996	3.29	3.90	14.88	10.68	32.75
1997	3.45	4.02	15.29	10.74	33.50
1998	3.22	4.10	15.63	10.79	33.74
1999	3.19	4.15	15.86	10.84	34.04
2000	3.14	4.19	15.94	10.86	34.13

Source:
Zhongguo tongji nianjian 2001 (*China's Statistical Yearbook 2001*), p. 119.

mingcheng biao (job title list). *Bianzhi* refers to the authorized number of personnel (the number of established posts) in a Party or government administrative organ (*jiguan*), a service organization (*shiye danwei*) or a working unit (*qiye*).[10] The *bianzhi* covers all employed in a given unit, whereas the nomenklatura only lists the most important positions.[11] For example, Peking University has several thousand people on the *bianzhi* of

10. The Chinese state comprises three main institutional components: administrative organs (*xingzheng jiguan*), service organizations (*shiye danwei*) and economic enterprises (*qiye*). Service organizations are different from administrative organs in that they do not have administrative powers over other bodies. They are distinguished from economic enterprises in that they are not oriented to profit accumulation. Therefore the translation of *shiye danwei* is sometimes rendered as non-profit organizations. Service organizations include hospitals, schools, kindergartens, universities and other institutions in health care, sports, social welfare, culture and research. See Lam Tao-Chiu and James L. Perry, "Service organizations in China: reform and its limits," in Peter Nan-Shong Lee and Carlos Wing-Hung Lo (eds.), *Remaking China's Public Management* (Westport, CN: Quorum Books, 2001), pp. 19–40.

11. Actually there are two nomenklatura lists, since there is also a secondary list, the "List of cadre positions to be reported to the centre," which extends the Party's control into many of the organizations mentioned in the first list and also covers economic enterprises and service organizations. See "Zhongyang zuzhibu guanyu xiuding 'zhonggong zhongyang guanlide ganbu zhiwu mingchengbiao' de tongzhi" ("Notice of the CCP Organization Department on revision of the 'Job title list for cadres managed centrally by the Chinese Communist Party' "), 10 May 1990, in Renshibu zhengce fagui (ed.), *Renshi gongzuo wenjian xuanbian* (*Selection of Documents Concerning Personnel Work*) (Beijing: Zhongguo renshi chubanshe, 1991), Vol. 13, pp. 35–53.

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the educational system, but only the president and Party secretary of the university will be listed in the Central Committee's nomenklatura.

The number of people encompassed by the *bianzhi* system increased from 14.7 million in 1978 to 25.4 million in 1988 and to the present peak of 34.13 million (see Table 1). About two-thirds of these people work in various state units such as the *shiye danwei* and about one-third in government and Party agencies. In addition there are more than 3 million in the military and in the People's Armed Police forces (PAP). The number corresponds to the number of people in China on the state payroll or the people said to "eat imperial grain" (*chi huangliang*). State-run industrial enterprises also have a *bianzhi* system, but this will not be dealt with in the present context. The article will mainly deal with the core group, the officials in state and Party organs.[12] These form the core of the governing system in China and they occupy the public sector from the local to the central level.[13] Therefore refom within this sector is of particular importance. In 1978 there were 3.7 million bureaucrats staffing the governing structure in China. In 2000 the number had increased to 9.72 million (see Table 2).[14]

As a share of total population, the number of people eating imperial grain has increased from a ratio of 1:50 in 1978 to about 1:38 in 2000. The Chinese often claim that this is a high ratio, indicating that the country has become highly bureaucratized. In the Ming and Qing dynasties the ratios were only 1:2,999 and 1:911 respectively.

At the provincial level the *bianzhi* varies considerably. This is primarily related to the fact that some provinces have larger populations than others. However the size of the provincial bureaucracy relative to population also varies considerably. Hence Beijing has a ratio of 1:11, that is one out of eleven persons living in the capital eats imperial grain (see Table 3). This appears to be related to Beijing's special status as the administrative centre of the country. Other big cities and important educational centres such as Tianjin and Shanghai also have a proportionately larger number of people on the public payroll.

Provinces such as Jilin, Heilongjiang, Shanxi and Inner Mongolia have

12. These officials are in the *Zhongguo tongji nianjian* listed as officials in government agencies, Party agencies and social organizations (*guojia jiguan, zhengdang jiguan he shehui tuanti*). See *Zhongguo tongji nianjian 2001*, p. 111.

13. This core group is often labelled civil servants (*gongwuyuan*), since they are encompassed by the civil service regulations of 1993. Works on the Chinese civil service system include John P. Burns, "Chinese civil service reform: the 13th Party Congress proposals," *The China Quarterly*, No. 120 (December 1989), pp. 739–770; Jean-Pierre Cabestan, "The reform of the civil service," *China News Analysis*, No. 1437 (15 June 1991), pp. 1–8; King K. Tsao, "Civil service reform," in *China Review 1993* (Hong Kong: The Chinese University Press, 1993), pp. 5.1–5.23; King W. Chou, "The politics of performance appraisal," in Miriam K. Mills and Stuart S. Nagel (eds.), *Public Administration in China* (Westport, CN: Greenwood Press, 1993), pp. 105–122; Tao-chiu Lam and Hon S. Chan, "The civil service system: policy formulation and implementation," in Lo Chin Kin, Suzanne Pepper and Tsui Kai Yuen (eds.), *China Review 1995* (Hong Kong: The Chinese University Press, 1995) pp. 2.1–2.43; Kjeld Erik Brødsgaard, "China's civil service reform: changing the Bianzhi," *EAI Background Brief No. 81* (14 February 2001).

14. This number also covers the 500,000 or so cadres who work in various Party organizations. The core group of the *bianzhi* establishment will have cadre status and therefore also be managed according to the Party's regulations on cadres.

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Table 2: **Estimated Number of Civil Servants, 1978–2000 (millions)**

Year	*Employeees in state, Party and mass organizations*	*No. of civil servants*
1978	4.17	3.73
1980	4.76	4.26
1985	6.91	6.18
1986	7.42	6.62
1987	7.78	6.96
1988	8.17	7.34
1989	8.59	8.69
1990	9.03	8.08
1991	9.46	8.47
1992	9.69	8.61
1993	10.14	9.08
1994	10.07	9.01
1995	10.19	9.12
1996	10.68	9.56
1997	10.74	9.63
1998	10.79	9.66
1999	10.84	9.70
2000	10.86	9.72

Note:
Calculated on the basis of the total number of employees in state, Party and mass organizations minus an estimated number of about 8–13% logistic workers and temporary personnel.
Sources:
Zhongguo tongji nianjian 2001, p. 119. For this method of calculating the number of civil servants, see Zhu Guanglei, *Dangdai Zhongguo shehui gejieceng fenxi* (*Analysis of Social Strata in Contemporary China*) (Tianjian: Tianjin renmin chubanshe, 1998), p. 141.

high proportions of government employees, whereas Jiangsu and Zhejiang are below average. The former provinces belong to the so-called rustbelt, where heavy industry is traditionally dominant, while the latter have a stronger focus on light industry and a booming private sector. It thus seems that provinces which traditionally had less emphasis on heavy industrial growth have a comparatively smaller proportion of its people eating imperial grain.

Chaobian

Available statistics often underestimate the size of the Chinese bureaucracy. This stems from *chaobian* or the widespread tendency to exceed the allocated staff quota at all levels.[15] *Chaobian* is a very important phenomenon which remains unresearched in Western literature on China's administrative system and practices.

15. A discussion of the phenomenon of *chaobian* can be found in Wu Jie (ed.), *Zhongguo zhengfu yu jigou gaige* (*China's Government and Institutional Reform*) (Beijing: Guojia xingzheng xueyuan chubanshe, 1998). See also Ren Jie and Liang Ling, *Gongheguo jigou gaige yu bianqian* (*The Vicissitudes of Administrative Reform in the PRC*) (Beijing: Wenhua chubanshe, 1999).

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Table 3: **Provincial Level *Bianzhi* in China (2000)**

Province	*Population (millions)*	*Bianzhi (thousands)*	*Ratio to population*	*Index (National = 100)*
National	**1,295.33**	**34,040**	**1:38**	**100**
Beijing	13.82	1,219	1:11	370
Tianjin	10.01	460	1:22	185
Hebei	67.44	1,851	1:36	103
Shanxi	32.97	1,093	1:30	123
Inner Mongolia	23.76	823	1:29	128
Liaoning	42.38	1,444	1:30	128
Jilin	27.28	938	1:29	132
Heilongjiang	36.89	1,250	1:30	123
Shanghai	16.74	791	1:21	206
Jiangsu	74.38	1,733	1:43	88
Zhejiang	46.77	1,129	1:41	95
Anhui	59.86	1,200	1:50	71
Fujian	34.71	904	1:38	103
Jiangxi	41.40	997	1:42	86
Shandong	90.79	2,316	1:39	95
Henan	92.56	1,934	1:48	74
Hubei	80.28	1,644	1:37	103
Hunan	64.40	1,606	1:40	90
Guangdong	86.42	2,159	1:40	109
Guangxi	44.89	1,142	1:39	90
Hainan	7.87	231	1:34	109
Chongqing	30.90	655	1:47	79
Sichuan	83.29	1,807	1:46	79
Guizhou	35.25	739	1:48	73
Yunnan	42.88	1,057	1:41	90
Tibet	2.62	100	1:26	142
Shaanxi	36.05	1,124	1:32	116
Gansu	25.62	662	1:39	95
Qinghai	5.18	165	1:31	119
Ningxia	5.62	192	1:29	128
Xinjiang	19.25	753	1:26	142

Source:
Zhongguo tongji nianjian 2001, pp. 92 and 118–19.

Chaobian has two main forms. One takes place when administrative levels establish more organs than stipulated by the central *bianzhi*. At the provincial level there is an average of 70 administrative organs, which is 15 more than normally allowed by the centre.[16] At the district, city and

16. Such organs formed in addition to the official *bianzhi* are called *bianwai jigou* (organs outside the *bianzhi*) in some Chinese sources. See for example See Wang Jinnian, *Zhongguo da jingjian* (*China's Big Downsizing*) (Jinan: Jinan chubanshe, 1998).

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county levels this kind of institutional *chaobian* is also a widespread phenomenon.[17]

Another form of *chaobian* stems from the tendency to employ more personnel than the fixed quota allows for. Associated with this is a bloating of leadership positions. In some provinces cadres from department level and above constitute almost one-half of the total administrative staff. In some townships the Party secretary and the township head and their deputies constitute more than 30 people.[18]

During the 1980s the formal bureaucratic set-up was increasingly supplemented by informal leadership groups or non-permanent organs (*fei changshe jigou*). According to a survey made in the wake of the 14th Party Congress, the State Council in 1993 had 85 non-permanent organs. Some of them had existed for so long that they had in fact become permanent entities. Since 1993 there have been persistent efforts to cut the number of non-permanent organs at the central level, but to date there are still 26 left.[19] At lower levels this problem is also very serious, and in some counties there are more than 100 "temporary leading small groups" (*linshi lingdao xiaozu*). These groups are formed whenever there is a new task which needs attention. Such tasks may include family planning, distribution of housing – and even the "suppression of wild dogs" in the countryside.[20] One source claims that they are emerging in an "endless stream" (*ceng chu bu qiong*) and are as "numerous as the hairs of an ox" (*duo ru niu mao*).[21]

One example of *chaobian* at the local level is in Lingshui county in Hainan province. This county of 310,000 people in the mid-1990s had more than 10,000 people eating imperial grain. The *chaobian* was especially pronounced in the educational sector, where more than 5,000 people were employed to teach about 50,000 students. Many of the extra people were not hired through regular channels, but by local leaders who simply wrote on a piece of paper (*pi tiao*) instructing the local finance department to pay a salary. In fact, more than a thousand people were hired by this kind of *pi tiao*.[22] Many used connections to tamper with their personal files (*dang'an*) and some were even given false cadre status.[23] The whole affair was uncovered when the county could no longer afford

17. See Wu Jie, *China's Government and Institutional Reform*, p. 232.
18. *Ibid.* p. 233.
19. It is often said there are 52 non-permanent government organs at the central level, but 26 of these have existed for so long that it would be more correct to call them permanent organs. See Xie Qingkui, *Zhongguo zhengfu jigou gaige lun* (*On Reform of China's Government Organs*), in Wang Puqu and Jiang Ronghai (eds.), *Zhengzhi yu xingzheng guanli luncong, diyi ji* (*Essays on Political and Administrative Management, Vol. 1*) (Tianjin: Tianjin renmin chubanshe, 1999), p. 105.
20. Wang Jinnian, *China's Big Downsizing*, p. 29.
21. The same source reports that institutional *chaobian* is often aggravated by creating internal organs. One unnamed district, for example, only has 26 permanent organs, which is four less than the average for this level of the administrative setup. However, in addition the district has established 236 internal organs. See Wu Jie, *China's Government and Institutional Reform*, p. 232.
22. See *Hainan ribao* (*Hainan Daily*), 7 July 1998.
23. *Hainan ribao*, 8 July 1998.

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the salaries and went bankrupt.[24] It took the provincial authorities almost a year to clear up the mess.[25]

The number of extra people who in fact are on the public payroll is difficult to estimate, but according to some sources there are localities where the *chaobian* is as high as 50 per cent of the formal *bianzhi*. Thus the number of *chaobian* administrative personnel could easily reach several million.

Several reasons can be offered for the widespread phenomenon of *chaobian*. First, it is often rooted in nepotism or corruption. In the Lingshui case, leading cadres had clearly circumvented laws and regulations to take care, financially, of relatives and good friends. Secondly, new projects and work tasks at the central level often create a need for lower levels to respond by establishing units, offices or groups of people and personnel who can deal with the local consequences of higher-level initiatives. Once the projects are over, these new non-regular units are not necessarily abolished. Some of them may become permanent and form part of the local administrative structure. Thirdly, bureaucracies seem to have an inherent desire to expand their current resource base. Such expansion will increase the power and authority of the leaders within the organization vis-à-vis higher level organs and leaders in other organizations. In this way *chaobian* can be said to be a Chinese expression of Parkinson's law.

Institutional Reform

State councillor and secretary general of the State Council Luo Gan has called the current restructuring process a "revolution." In fact, Chinese administrative history since 1949 has seen at least seven such revolutions.[26] This article discusses the four which took place in the post-Mao period.[27] As the following discussion shows, there is a cycle of reduction–expansion of organs and institutions at play. During the first attempt at institutional reform in the post-Mao era the main focus was on numerical reductions of administrative agencies rather than on the qualitative change of government functions as found in the 1988, 1993 and 1998 attempts.

During Hua Guofeng's interregnum and the first few years of the reform period (1976–81), when large numbers of cadres were rehabilitated, the bureaucracy expanded considerably. Some of the powers that

24. *Hainan ribao*, 6 July. See also *Hainan ribao*, 9, 12 and 14 July 1998.

25. See Zhonggong Hainan sheng wei zuzhibu ketizu (The Taskforce of the Hainan Provincial Party Committee's Organization Department), "Shi xian jigou gaige de yici chenggong shijian" ("A successful experience of city and county institutional reform"), *Hainan ribao*, 12 May 1999.

26. See Liu Zhifeng (ed.), *Di qici geming: 1998 Zhongguo zhengfu jigou gaige beiwanglu* (*The Seventh Revolution: A Memorandum of the 1988 Reform of the Organs of the Chinese Government*) (Beijing: Jingji ribao chubanshe, 1998).

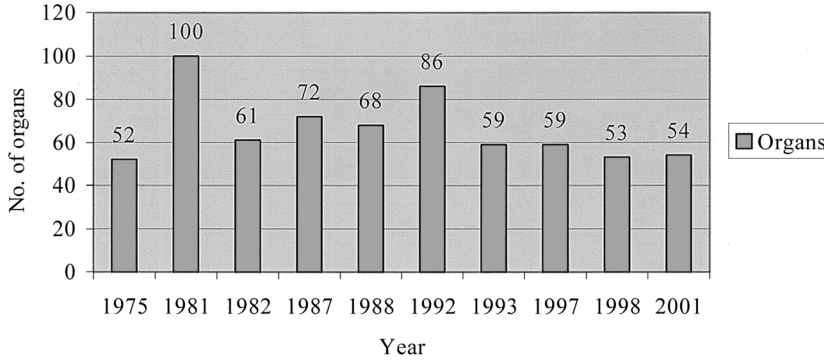
27. See also Liu Jen-kai, "Die Reorganisation von Ministerien und Kommissionen im Verlauf der Stukturreformen des Staatrats VR China" ("The reorganization of ministries and commissions during structural reforms of the State Council of the People's Republic of China"), *China aktuell* (Juli 2001), pp. 762–780.

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had been decentralized during the Cultural Revolution were recentralized and a number of new ministries, commissions and bureaus were established, such as the State Economic Commission, the State Commission for Science and Technology, the Ministry of Civil Affairs, and the State Statistical Bureau. As a result, by 1981 the central government had 100 ministerial level working departments (*gongzuo bumen*), of which 65 were responsible for economic management.[28] There were 52 ministries and commissions, five offices and 43 directly affiliated organs (*zhishu jigou*). In terms of personnel these central-level organs comprised 51,000 people.[29]

In 1982 a thorough administrative streamlining took place at all levels of the bureaucracy. This can be seen as the first administrative "revolution" in the post-Mao period.[30] The number of central-level government organs was reduced from 100 to 61 (Figure 1). Provinces and autonomous regions cut their working departments from 50–60 to about 30–40. At lower levels city governments had their administrative organs reduced from 50–60 to 45 and county governments from 40 to 25. In

Figure 1: **Changes in the Number of Central Government Organs (*Jigou*), 1975–2001**



Sources:

Su Shangrao (ed.), *Zhonghua renmin gongheguo zhongyang zhengfu jigou, 1949–1990* (*The Central Government Organs of the People's Republic of China, 1949–1990*) (Beijing: Jingji kexue chubanshe, 1993); Wu Jie (ed.), *Zhongguo zhengfu yu jigou gaige* (*China's Goverment and Institutional Reform*) (Beijing: Guojia xingzheng xueyuan chubanshe, 1998); *China Directory 2001* (Kawasaki: Radiopress, Inc., 2000).

28. For a complete listing of the various government organs in the 1949–90 period, see Su Shangrao (ed.), *Zhonghua renmin gongheguo zhongyang zhengfu jigou, 1949–1990* (*The Central Government Organs of the People's Republic of China, 1949–1990*) (Beijing: Jingji kexue chubanshe, 1993). See also Guojia jigou bianzhi weiyuanhui bangongshi (ed.), *Zhongguo zhengfu jigou 1991 nian* (*China's Government Organs, 1991*) (Beijing: Zhongguo renshi chubanshe, 1991).

29. *Ibid.* p. 300.

30. For a discussion of administrative reforms in China in the era of Deng Xiaoping, see also Jean Pierre Cabestan, *L'administration Chinoise après Mao: Les Réformes de l'ère Deng Xiaoping et Leurs Limites* (Paris: Éditions du Centre National de la Recherche Scientifique, 1992).

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terms of staff (*bianzhi*) the central government was trimmed from 51,000 to 30,000. The *bianzhi* in provinces, autonomous regions and cities directly under the central government were reduced from 180,000 to 120,000 people and staff reductions of about 20 per cent were effected at the city and county level. Moreover, as part of the restructuring programme the average age of leaders at ministerial (*bu*) and bureau (*ju*) level was reduced from 64 to 60 and from 58 to 54 respectively.[31]

However, by 1983, the process was reversed and new organs began to emerge at the central level, such as the Ministry of State Security and the State Council Special Economic Zone Office. In 1985–86 more new organs appeared, such as the State Council Economic Restructuring Office. By the end of 1986 there were 72 central government organs.[32] So even though the leadership's rhetoric was downsizing administrative organs and the *bianzhi*, in reality opposite forces were at play resulting in a renewed bloating of administrative structures.

In late December 1987 Li Peng announced a second round of administrative streamlining and trimming, which took place in 1988. This time ministries and commissions would be reduced from 45 to 41, directly affiliated organs from 22 to 18 and there would be eight offices, a total reduction of state bureaucracies from 72 to 68 (see Figure 1). In terms of staff the *bianzhi* at the central government level was cut from 52,800 to 44,800.[33] Three ministries, the Ministry of Coal Industry, the Ministry of Petroleum Industry and the Ministry of Electronic Industry, were merged into the Ministry of Energy. A Ministry of Materials was established and the State Planning Commission was expanded by taking over the State Economic Commission and its *bianzhi*. Underlying the 1988 administrative reform were political pressures to separate government from enterprises (*zheng-qi fenkai*) and Party from government (*dang-zheng fenkai*). Zhao Ziyang's plans, announced at the 13th Party Congress in October 1987, to create a professional civil service not controlled by the Party thus became associated with this round of administrative restructuring. This is probably also the reason why the reform was aborted in the wake of the Tiananmen débâcle which saw the purge of Zhao Ziyang, political recentralization and a rejection of Zhao's reform plans.

As in the earlier periods, it was difficult to keep up with the momentum of administrative reform and in 1993 the leadership felt it necessary to introduce a new round of scaling down of administrative organs. The new momentum was caused by Deng's *nanxun* (southern inspection tour) and the 14th Party Congress in 1992, which once again stressed economic reform and the importance of the market in resource allocation and distribution. This time the goal was to cut the administrative central-level organs to 59 and the number of allocated staff from 45,000

31. Liu Zhifeng, *The Seventh Revolution*, p. 302.
32. *Ibid.* p. 303.
33. Xie Qingkui, *On Reform*, p. 126.

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Table 4: **Size of Administrative *Bianzhi* by Province after 1993–1995 Institutional Reform**

Province	*Before reform*	*After reform*	*Reduction (%)*	*Population (millions)*	*% of population*
Beijing	82,048	56,640	31.0	12.51	0.45
Tianjin	69,008	50,155	27.3	9.42	0.53
Shanghai	38,522	37,000	3.9	14.15	0.26
Hainan	44,518	27,985	37.1	7.24	0.38
Hebei	313,747	226,633	27.8	64.37	0.35
Shanxi	229,970	134,250	41.6	30.77	0.43
Inner Mongolia	182,995	119,915	34.5	28.84	0.42
Liaoning	231,050	146,855	36.4	40.92	0.36
Jilin	113,234	92,410	18.4	25.92	0.35
Heilongjiang	216,043	146,240	32.3	37.01	0.39
Jiangsu	263,602	192,605	26.9	70.66	0.27
Zhejiang	208,275	144,755	30.5	43.19	0.33
Anhui	228,538	150,855	33.9	60.13	0.25
Fujian	151,563	101,070	33.3	32.37	0.31
Jiangxi	207,853	135,390	43.9	40.63	0.33
Shandong	419,274	213,850	44.7	87.05	0.24
Hunan	330,740	202,380	38.8	63.92	0.31
Hubei	254,962	161,250	36.8	57.72	0.28
Henan	382,285	232,800	39.1	91.00	0.26
Guangdong	314,142	226,900	27.8	69.68	0.33
Guangxi	212,713	132,673	37.5	45.43	0.29
Sichuan	545,235	382,779	29.8	113.25	0.33
Guizhou	169,965	119,085	29.9	35.08	0.33
Yunnan	251,381	177,040	29.6	39.90	0.44
Tibet	N.A.	N.A.	N.A.	2.40	N.A.
Shaanxi	245,379	138,500	43.6	35.14	0.39
Gansu	117,636	91,798	22.0	24.38	0.38
Qinghai	N.A.	N.A.	N.A.	4.81	N.A.
Ningxia	N.A.	N.A.	N.A.	5.13	N.A.
Xinjiang	N.A.	N.A.	N.A.	16.61	N.A.

Sources:
Calculated from statistics in Wu Jie (ed.), *Zhongguo zhengfu yu jigou gaige*, Vol. 2 (*China's Government and Institutional Reform*) (Beijing: Guojia xingzheng xueyuan chubanshe, 1998), pp. 1146–1238 and *Zhongguo tongji nianjian 1996*, p. 70.

to 34,000 – a reduction of about 24 per cent.[34] The 1993 round of administrative reform also created a new organ, the State Economic and Trade Commission (SETC), which was put under Vice-Premier Zhu Rongji's control. The SETC was to become Zhu Rongji's power base and a stepping stone for his successful bid to take over the post of prime minister after Li Peng.

34. *Ibid.*

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Table 5: **Size of Provincial Level *Bianzhi* by Province after 1993 Institutional Reform**

Province	*Bianzhi before reform*	*Bianzhi after reform*	*Reduction (%)*	*Number of departments*
Beijing	N.A.	N.A.	N.A.	58
Tianjin	N.A.	N.A.	N.A.	57
Hebei	8,246	6,760	18.0	46
Shanxi	7,849	5,900	25.8	47
Inner Mongolia	7,347	5,500	25.1	45
Liaoning	8,200	6,160	24.9	46
Jilin	6,909	5,360	22.4	46
Heilongjiang	9,461	6,300	33.4	48
Shanghai	N.A.	N.A.	N.A.	53
Jiangsu	9,722	7,300	24.9	47
Zhejiang	7,435	6,160	17.1	45
Anhui	8,032	6,160	23.3	48
Fujian	7,597	5,650	25.6	45
Jiangxi	6,983	5,650	19.1	43
Shandong	9,918	7,500	24.4	50
Henan	9,470	7,400	21.9	47
Hubei	7,728	6,400	17.2	45
Hunan	9,896	6,560	33.7	47
Guangdong	9,589	7,500	21.8	46
Guangxi	7,840	5,900	24.7	47
Hainan	4,557	3,850	15.5	32
Sichuan	10,045	8,330	17.1	50
Guizhou	6,263	5,300	15.4	45
Yunnan	7,336	5,960	18.8	44
Tibet	N.A.	N.A.	N.A.	38
Shaanxi	N.A.	6,000	N.A.	47
Gansu	7,402	5,460	26.0	45
Qinghai	4,827	3,660	24.2	34
Ningxia	4,412	3,400	22.9	38
Xinjiang	7,527	5,800	22.9	48

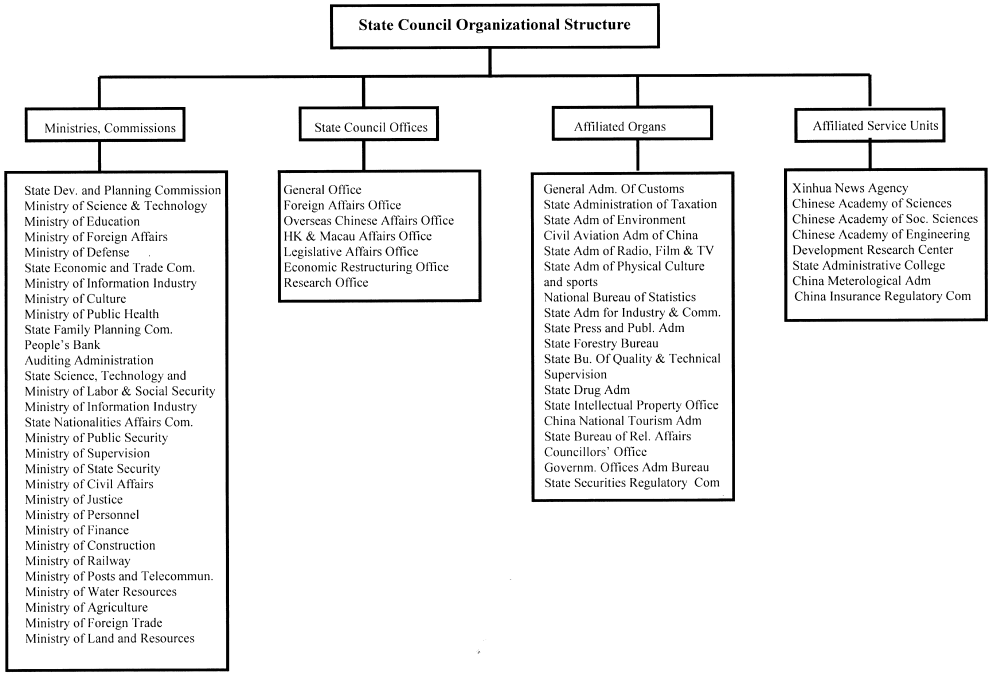
Source:
Calculated from statistics in Wu Jie, *China's Government and Institutional Reform*, pp. 1146–1238.

The 1993 round of institutional restructuring had a significant influence on the number of provincial administrative personnel. Most provinces had their staff *bianzhi* cut by a third. In Shandong's case reductions amounted to almost half of the administrative staff. Only Shanghai experienced minor cutbacks in its staff allocations (see Table 4). In terms of provincial-level government staff downsizing was less drastic with percentage cutbacks between 33.7 and 15.4 per cent (see Table 5). The number of government departments at this level was reduced to between 58 and 32, with Beijing having the most and Hainan the least.

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Figure 2: **Organizational Structure of the State Council, 2001**



Sources:

Guowuyuan bangongting mishuju and Zhongyang bianzhi weiyuanhui bangongshi zongheju (eds.), *Zhongyang zhengfu zuzhi jigou 1998* (*Central Government's Institutions and Organs 1998*) (Beijing: Gaige chubanshe, 1998), pp. 23–26; *China Directory 2001* (Kawasaki: Radiopress, Inc., 2000), pp. 45–47.

Zhu Rongji's 1998 Reform

As mentioned earlier, the 1998 institutional reform envisaged a three-stage process starting with reform of the central administrative apparatus and ending with local reform in the year 2000.

Central level reform has been carried through in a relatively smooth fashion. It involved reducing the 41 ministerial-level working departments of the State Council to 29 and downsizing central-level staff of the State Council from 32,000 to 16,000. A number of ministries such as the Ministry of Coal Industry, Ministry of Machine-Building Industry, Ministry of Metallurgic Industry, Ministry of Power, Ministry of Chemical Industry, Ministry of Internal Trade – the old branch ministries associated with the Soviet administrative model – have been organized into bureaus placed under the management of the SETC.[35] This has strengthened the SETC, which has turned into the most powerful co-ordinating organ for economic policy-making in China. Along with the SETC's development into some kind of entity equivalent to the Japanese Ministry of Trade and Industry is a weakening of the State Planning Commission, which has changed its name to the State Development and Planning Commission. Other ministries such as the Ministry of Electrical Industry, the Ministry of Post and Communications, and the Ministry of Radio, Film and Television have been merged, with their functions and *bianzhi* being transferred to a new Ministry of Information Industry.[36] In 1999 a China Securities Regulatory Committee was added so that there are now 54 ministries, commissions, offices and organs of the State Council (Figure 2).

At the provincial level institutional reform has been stalled for most of 1999. However, new progress has recently been reported. By the end of May 2000 all 31 provinces had their restructuring plans approved by the centre. Thirteen provinces including Beijing and Hebei had already implemented their plans, whereas 14 including Shanxi and Guangxi were only about half-way through the process. Four provinces including Tibet had not yet started to implement the approved plan.[37] Recent reports show that the "fixing of organs" at the provincial level has resulted in an average reduction of provincial-level government organs from 55 to 40 or 20 per cent.[38] The fixing of personnel has resulted in a reduction of provincial-level bureaucrats by an average of 47 per cent. In the case of Beijing the number of Party organs has been reduced from 20 to 14 and the number of Party administrative personnel by 20 per cent. Government organs have been cut from 67 to 45 (33 per cent), and the number of administrative personnel by 50 per cent.[39] In Henan the number of

35. On the 1998 institutional reforms, see also Sebastian Heilmann, "Die neue Chinesische Regierung: Abschied vom sozialistischen Leviathan?" *China aktuell* (March 1998), pp. 277–287 and Zhiyong Lan, "The 1998 administrative reform in China: issues, challenges and prospects," *Asian Journal of Public Administration*, Vol. 21, No. 1 (June 1999), pp. 29–54.

36. See "Guowuyuan jigou gaige fang'an" (10 March 1998) ("The State Council's draft for institutional reform"), in Guowuyuan bangongting mishuju and Zhongyang jigou bianzhi weiyuanhui bangongshi zongheju, *Central Government Institutions*, pp. 1–22.

37. *Renmin ribao* (*People's Daily*), 18 August 2000.

38. *Renmin ribao*, 4 October 2000.

39. *Renmin ribao*, 20 February 2001.

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provincial government organs has been reduced from 53 to 40 and the *bianzhi* by 50 per cent. In Guangxi the provincial organs have been shrunk from 59 to 40.[40] Overall, provincial-level staff has been reduced by 47 per cent to 74,000 people.

Now attention has shifted to the local level (county and city), where concrete plans are in the process of being worked out. At a recently held national conference on administrative reform at city, county and township level attended by, among others, Zhu Rongji, Hu Jintao and Zeng Qinghong, it was emphasized that at the local level the goal is a 20 per cent reduction of administrative personnel rather than the 50 per cent that is the norm at national and provincial levels.[41] Party officials will also only be downsized by 20 per cent at central as well as at local levels. As about 98 per cent of all cadres work at the sub-provincial level the total reduction will probably only amount to 1.5–2.0 million rather than the 5 million originally envisaged. Such an approach seems to make sense since too rigorous a cutback at the local level would create great difficulties in reallocating (*fenliu*) redundant personnel. Personnel at higher level have the opportunity to reallocate to lower levels, whereas those at local levels are naturally deprived of this opportunity thereby creating greater pressures on the authorities from laid-off personnel.

Central-Level Case: The Ministry of Personnel

According to the Commission for Central Institutional *Bianzhi* (*Zhongyang jigou bianzhi weiyuanhui*), the various ministries have not been equally affected by *bianzhi* cutbacks. They have all had to undergo a process of self-evaluation, where they have had to redefine their core functions. Functions that are deemed unnecessary will be shed. This has resulted in strong inter-agency fights since no bureaucratic agency wants to see itself reduced in size. As Table 6 indicates, although all ministries have been affected, some have fared better than others. The Ministry of Railways has lost 50 per cent of its *bianzhi*, with almost this also lost by the Ministry of Construction, the Ministry of Agriculture, the Ministry of Transportation, the Ministry of Justice and the General Office of the State Council, whereas commissions such as the Commission for Family Planning, the State Development and Planning Commission, and the State Economic and Trade Commission have suffered fewer cutbacks. Recently, the SETC experienced a substantial increase in its number of established posts, when a number of bureaus were abolished and their administrative functions integrated into the existing structures of the SETC.[42] As a result of this upgrading the SETC now has a *bianzhi* of 750,

40. Xin Xiangyang, "Zhongguo zhengfu jigou gaige: sannian jingcheng yu wei zoushi" ("Institutional reform of China's government: the progress of the past three years and the future direction"), in *2001: Zhongguo shehui xingshi fenxi yu yuce* (*2001: Analysis and Forecast of China's Social Situation*), pp. 107–120, at p. 114.

41. *Renmin ribao*, 3 February 2001.

42. These were the former branch ministries integrated into bureaus of the SETC in 1998. See *Renmin ribao*, 20 February 2001.

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Table 6: **The *Bianzhi* of Central Government Organs, 1993 and 1998**

	After 1993 reform	*After 1998 reform*
General Office of the State Council	435	217
Ministry of Foreign Affairs	2,000	N.A.
Ministry of Defence	N.A.	N.A.
State Devl. & Planning Commission[1]	919	590
State Economic and Trade Commission	650	450
Ministry of Education[2]	748	470
Ministry of Science and Technology[3]	397	230
Commission Science, Science, Technology and Industry for National Defence	N.A.	N.A.
Commision for Nationality Affairs	230	150
Ministry of Public Security	N.A.	N.A.
Ministry of State Security	N.A.	N.A.
Ministry of Supervision	N.A.	N.A.
Ministry of Civil Affairs	400	215
Ministry of Justice	417	220
Ministry of Finance	950	610
Ministry of Personnel[4]	455	258
Ministry of Labour and Social Security[5]	420	245
Ministry of Land and Natural Resources[6]	440	300
Ministry of Construction	510	275
Ministry of Railways	800	400
Ministry of Transportation	585	300
Ministry of Information Industry[7]	450	320
Ministry of Water Resources	365	220
Ministry of Agriculture	925	483
Ministry of Foreign Trade and Econ. Co-op.	800	457
Ministry of Culture	520	275
Ministry of Health	404	225
Commission for State Family Planning	150	120
People's Bank of China	910	500
Auditing Administration	475	450

Notes:

1. Previously called the State Planning Commission.
2. Previously the State Education Commission.
3. Previously the State Science and Technology Commission.
4. Previously part of Ministry of Labour and Personnel.
5. Previously partly part of Ministry of Labour and Personnel.
6. Newly formed.
7. Newly formed.

Sources:

Guowuyuan bangongting mishuju, *Zhongyang zhengfu zuzhi jigou* (*Central Government Institutions and Organs*) (Beijing: Zhongguo fazhan chubanshe, 1995); Guowuyuan bangongting mishuju and Zhongyang jigou bianzhi weiyuanhui bangongshi zongheju, *Zhongyang zhengfu zuzhi jigou 1998* (*Central Government Institutions and Organs 1998*) (Beijing: Gaige chubanshe, 1998).

compared to the 450 positions it was given during the 1998 process of *ding bianzhi*.

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The Ministry of Personnel belongs to the group of ministries that have lost influence. It has kept a number of functions such as overall co-ordination of the management of specialists, technical personnel and civil servants. It will also still supervise the hiring and firing of leading personnel of big state-owned enterprises and such work in connection with leading administrative personnel. Some functions have been strengthened, such as managing the daily work of trade unions and managing leading personnel in state-owned enterprises. Most importantly, the ministry has been given responsibility for managing a new system of inspectors (*jicha tepaiyuan*) in big state-owned enterprises and industrial conglomerates.[43]

However, it has lost a number of functions such as handling employment matters and the examination and awarding of academic titles. These functions, plus the organization and writing of various training and teaching materials, have been transferred to subordinated service organizations and to intermediate organizations.

The ministry has also had to transfer its administration of social insurance of enterprises and service organizations to the Ministry of Labour and Social Security. Similarly, the task of managing foreign exchange students has been handed over to the Ministry of Education. Finally, and most importantly, the ministry has lost its authority to manage leading personnel at the important *ju* level in ministries and commissions and directly subordinated service organization, probably the most important layer in the Chinese bureaucratic system.[44] This authority has been transferred to the Central Organization Department (OD) of the CCP as part of the ongoing process of restrengthening the role of the Party in personnel management.

The Ministry of Personnel has not been closed down along with the old Soviet branch ministries. But compared to 1993, when the last round of administrative reform was conducted, it has seen its *bianzhi* reduced by 43.3 per cent. It has been given responsibility for a new system of special inspectors of key state-owned enterprises and enterprise groups, but in general it has lost its policy-making status and is now more involved in "guiding and co-ordinating" and in "preparing and researching regulations and guidelines."[45] Responsibility for managing leading government officials has now been given back to the party's OD. It is a move which represents a major setback for the state's ability to manage its own civil servants.

The key policy-making organ in the institutional reform process is the Central Commission for Institutional *Bianzhi*. The commission is headed

43. The system of of inspectors in big state-owned enterprises was established in 1998 with the aim of supervising financial work in these enterprises and providing assistance in strengthening management functions. See Wu Bangguo, "Jianli jicha tepaiyuan zhidu, chengli zhongyang daxing qiye gongwei" ("Establish system of special inspectors and set up working committees of big central enterprises"), in Zhonggong zhongyang wenxian yanjiu shi (ed.), *Shiwu da yilai* (*Since the 15th Party Congress*), Vol. 1, pp. 458–468.

44. On the importance of bureau-level cadres, see also Yasheng Huang, *Inflation and Investment Controls in China* (Cambridge: Cambridge University Press, 1996).

45. For the new functions of the Ministry of Personnel, see "Liao Wang" zhoukan bianjibu (ed.), *Guowuyuan jigou gaige gailan* (*General Survey of the Institutional Reform of the State Council*) (Beijing: Xinhua renmin chubanshe, 1998), pp. 85–92.

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by Prime Minister Zhu Rongji and includes Party heavy-weights such as Vice-President Hu Jintao and Zeng Qinghong, head of the central OD, as well as the head of the Ministry of Personnel, Zhang Xuezhong. As determining the *bianzhi* of various institutions has financial implications, Ministry of Finance Xiang Huaicheng is also a member of this important body. The Commission has authority to determine the functions and *bianzhi* of all government units and Party organs at central and provincial levels.[46] With such a high-powered administrative reform agency around, the Ministry of Personnel will have no major authority.

Provincial-Level Case: Hainan

Hainan offers an interesting case of how the three last rounds of institutional reform have played out at the provincial level. When the Chinese decided to establish Hainan as a new province and special economic zone, a preparation group headed by former Party secretary of Guangzhou Xu Shijie was formed. The preparation group asked a team of scholars from CASS under the direction of CASS Vice-President Liu Guoguang to work out a report with analysis and suggestions.[47] The research team's report contained a chapter on political aspects which for the first time put forward the notion "small government, big society" (*xiao zhengfu, da shehui*) as the overarching concept for the new political-administrative system that was to be established on Hainan. The concept in fact entailed a local application of the *san ding* principle at the time being discussed at the national level.[48]

In determining the necessary functions of the new administrative system in Hainan the report suggested that there were 17 basic functions that the state needed to take care of, and 17 provincial-level departments (*ting*) were to be created to take care of these functions. These were to be organized according to four basic systems: political guarantee system (*zhengzhi baozhang xitong*), social service system (*shehui fuwu xitong*), development and organization system (*jingji fazhan zuzhi xitong*), and

46. See "Zhonggong zhongyang guowuyuan guanyu chengli zhongyang jigou bianzhi weiyuanhui de tongzhi" ("Notice of the Central Committee and the State Council on the establishment of a central committee for institutional *bianzhi*"), in *Zhongguo difang zhengfu gaige* (*China Local Government Institutional Reform*) (Beijing: Xinhua chubanshe, 1995), pp. 51–53.

47. For the report see Liu Guoguang (ed.), *Hainan jing fazhan zhanlüe* (*The Strategy of Hainan's Economic Development*) (Beijing: Jingji guanli chubanshe, 1988).

48. The chapter was written by Liao Xun, a young researcher at CASS. The chapter also appears in Liao Xun's main work on political system reform entitled *Xiao zhengfu da shehui: Hainan xin tizhi de lilun yu shijian* (*Small Government, Big Society: The Theory and Practice of Hainan's New System*) (Hunan: San huan chubanshe, 1991). Liao Xun's concept of "small government, big society" has been discussed in a civil society context. See Kjeld Erik Brødsgaard, "State and society in Hainan: Liao Xun's ideas on 'small government, big society'," in Kjeld Erik Brødsgaard and Strand (eds.), *Reconstructing Twentieth Century China: State Control, Civil Society, and National Identity* (Oxford: Clarendon Press, 1998), pp. 188–215. However, the concept was probably originally conceived as a way of conceptualizing administrative reform on Hainan and only later acquired its civil society connotations. For another discussion on Hainan and its experiments with "small government, big society," see Feng Chongyi, "Reluctant withdrawal of government and restrained development of society," *China Perspectives*, No. 35 (May–June 2001).

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economic supervision and co-ordination system (*jingji jiandu xietiao xitong*). In addition a Provincial Bank and a Statistical Office were to be established. Other functions were to be "handed over to society" and handled by various intermediary organizations. Thus the plan was to redefine the role and size of the local public sector so that it would operate according to indirect planning ("socialist market economy") and the principle of "small government, big society."

As a consequence of this determination of core administrative functions the process of *ding jigou* resulted in a lean administrative set-up with only 24 working departments, only half the average provincial government in China, although somewhat larger than the 19 administrative organs originally envisaged (see Figure 3). In addition six provincial-level Party departments were established: organizational department, propaganda department, united front department, office for structural reform, committee for law and politics, and the provincial Party committee's general office. The administrative set-up was formed according to four systems as suggested by Liu Guoguang's team, but there were some changes in names and portfolio. Rather than a social service system, a system of administrative affairs (*xingzheng shiwu guanli xitong*) was established dealing with labour affairs, external affairs, overseas Chinese and minority work, as well as with education, culture and health issues. Instead of a system of economic supervision and co-ordination a system of economic leverage (*jingji ganggan xitong*) was established comprising three departments dealing with finance, tax and economic supervision.[49]

With its 24 administrative departments the new Hainan Provincial Government was even smaller than the previous government of Hainan Administrative District (prefectural level) under Guangdong province. The new province did not establish a prefectural level between the provincial government and the county-level government thereby abolishing a whole layer in the provincial administrative set-up. The new province's central level *bianzhi* was fixed at 3,500, reflecting a reduction of 200 people compared to the *bianzhi* of the former Hainan Administrative District.[50]

However, soon the new provincial government began to grow in terms of organs and personnel establishment (*bianzhi*). As mentioned above this also happened on a national scale. However, in the Hainan case there were additional factors at play. One was the *duikou* (counterpart) problem. As Hainan moved further ahead in reform than the centre it often no longer possessed administrative organs that could connect with or "speak to" central organs. This created problems when funds and resources were

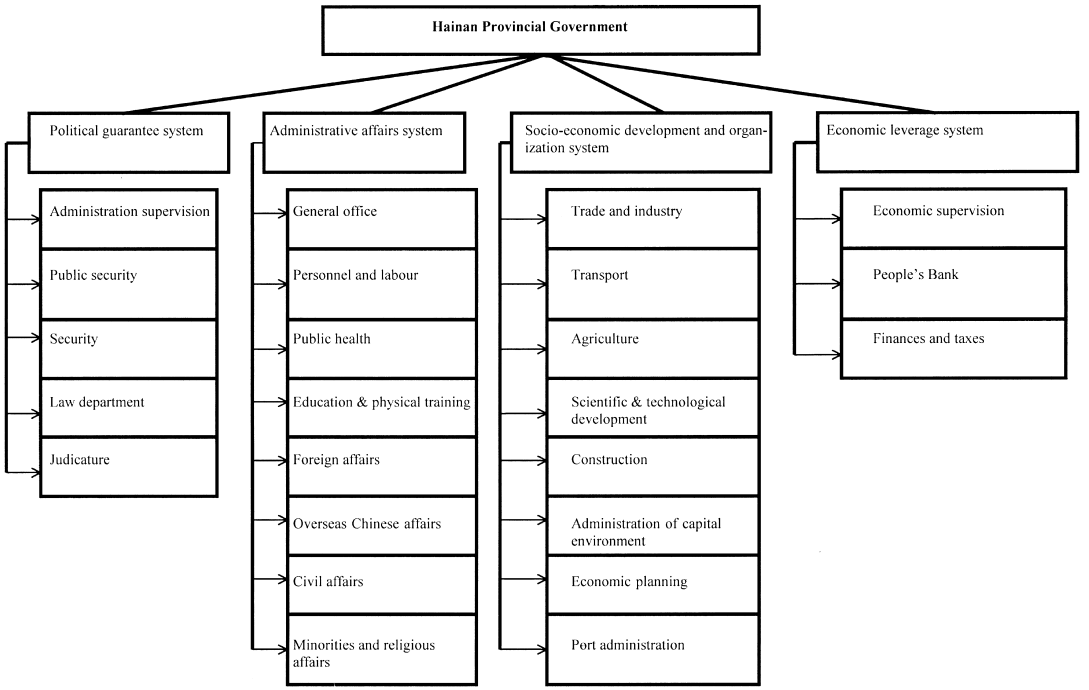
49. The use of *xitong* in describing the key functional areas of government administration in Hainan is interesting. This is actually the first and only time the concept has been used as an organizational principle in setting up a province's administration. Usually, *xitong* is defined as national "groupings of bureaucracies that together deal with a broad task the leaders want performed." See Ken Lieberthal, *Governing China* (New York: W.W. Norton & Company, 1995), p. 194. Barnett notes that *xitong* can also be used to refer to the bureaucracy under one ministry or commission, e.g. the "*xitong* of the state science and technology commission." See A. Doak Barnett, *Cadres, Bureaucracy, and Political Power*, pp. 6–9.

50. Liao Xun, "Zhengzhi tizhi gaige – 1988 nian Hainan sheng de zhengzhi tizhi gaige" ("Political system reform – the 1988 political system reform in Hainan province"), in *Hainan tequ jingji nianjian 1989* (Shenzhen: Xinhua chubanshe, 1989), pp. 133–140.

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Figure 3: **Government Administrative Structure of Hainan Province, 1988**



Source:

Ru Xin (ed.), *"Xiao zhengfu da shehui" de lilun yu shijian: Hainan zhengzhi tizhi yu shehui tizhi gaige yanjiu* (*Theory and Practice of "Small Government, Big Society": Research on the Reform of Hainan's Political and Social System*) (Beijing: Shehui kexue wenjian chubanshe, 1998), p. 74.

transferred from central sources or when Hainan had to deal with other provinces.[51] For example, Hainan had merged industrial and foreign trade work into one administrative organ: the trade and industry department (*maoyi gongye ting*). However, bureaucrats complained that since these functions were still separated in other provinces as well as at the national level, Hainan had problems when dealing with the rest of China in these areas. Eventually the *ting* was redivided into a trade *ting* and an industrial *ting*.[52]

Another factor was that counties and cities within the province itself had not undergone administrative reform and therefore functioned according to the old system. In short, there was a counterpart problem within the province itself. Thus, a functional and organizational mismatch had emerged between the different administrative levels, and the provincial level was sandwiched between the local level and the central level in Beijing.

A third factor was that the centre began to backtrack on its reform commitment as a result of the Tiananmen débâcle. With Zhao Ziyang's downfall there was less central support for institutional change even at a testing place like Hainan, and, as a result, the experiments of "big society, small government" suffered.

During this period a number of vice-department level organs (*fu ting*) were created, such as a grain bureau, a forest bureau, a tourist bureau, and an administrative management bureau for industry and trade.[53] Another indication of a "fattening" of the bureaucratic set-up was that the administrative departments that had been turned into economic entities and companies began to assume some of their old administrative functions. In addition some departments began to set up additional internal bureaus (*ju*).

By late 1992 the bureaucratic structure consisted of 60 provincial organs, among them 25 *ting* with 11 internal *ju*. There were also six directly subordinated bureau (*zhishu ju*) and 18 economic entities that had reassumed administrative responsibilities and now functioned as special administration departments (*zhuanye guanli bumen*). The Party set-up had expanded to seven departments with four internal *ju* and three associated organs (*paichu jigou*). In total there was a staff of 6,056 of which 3,681 belonged to the Party and government *bianzhi*, the rest to institutional or enterprise *bianzhi*.[54]

51. The problem is discussed by Xu Shijie, former Party secretary of Hainan province, in an interview carried in *Qiushi*. See Liu Wei, "Hainan sheng: 'xiao zhengfu, da shehui' de gouxiang he shishi" ("Hainan province: the concept of 'little government, big society' and its implementation"), *Qiushi*, No. 6 (1989), pp. 9–12.

52. Ru Xin (ed.), "*Xiao zhengfu da shehui" de lilun yu shijian: Hainan zhengzhi tizhi yu shehui tizhi gaige yanjiu* (*Theory and Practice of "Small Government, Big Society": Research on the Reform of Hainan's Political and Social System*) (Beijing: Shehui kexue wenxian chubanshe, 1998), p. 56. This volume is the third of three major studies on Hainan's political, social and economic affairs conducted by research teams from CASS, all headed by deputy directors of the academy. The others are the above-mentioned report by Liu Guoguang's group and Wang Ruolin (ed.), *Hainan jianli shehuizhuyi shichang jingji tizhi de shijian* (*The Practice of Establishing a Socialist Market Economic System in Hainan*) (Beijing: Shehui kexue wenxian chubanshe, 1997).

53. Ru Xin, *Theory and Practice*, p. 78.

54. *Ibid.* p. 57.

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The 1993 national administrative reform also had repercussions in Hainan. Again government functions underwent a process of "fixing" and the concept of "small government, big society" was revived. Some organs were merged, some lost their independence and were incorporated into other departments, and some were again "given back to society." After the reform there were 39 Party and government organs at the provincial level. Seven were Party organs and the rest consisted of 23 *ting*, 3 offices, and 6 *ju* (including 4 *zhishu ju*) (see Figure 4).[55] Formally the provincial-level *bianzhi* was reduced from 4,557 to 3,850 or by 15.5 per cent.

Originally, administrative reform did not reach down to the local level. But in 1993 some experiments with administrative reform began in Danzhou city, and from 1995 these reforms were extended to other cities and even further down to town and township level (*xiangzhen ji*). In Haikou and Sanya, city-level Party and government organs were cut by three to 42, reducing the *bianzhi* to 2,000. In 17 other cities and counties the administrative organs were reduced from 59 to 25. This involved cutting the *bianzhi* from 991 to 550. At the town and township level administrative personnel was reduced from 18,643 to 10,135 or by 45.6 per cent. The result was that administrative personnel at provincial, city, county, and town and township level by 1995 had been reduced to only 27,985 from 44,518, a reduction of 37.14 per cent.[56] But these gains were, as indicated above, offset by considerable *chaobian*.

Hainan was still being showcased as a model of "small government, big society," but compared to other provinces the administrative system was actually relatively fat. Calculated as a percentage of total population, bureaucrats constituted 0.38 per cent of the population in Hainan, whereas in Anhui, for example, the proportion was only 0.25, in Jiangsu 0.27 and in Shandong 0.24. Only Yunnan, Shaanxi, Tianjin, Beijing, Shanxi, Heilongjiang and Inner Mongolia had higher percentages (see Table 4).

Following the 1998 announcement of institutional reform, Hainan again received considerable attention because the Hainan slogan of "small government, big society" was used as the overarching theme of the reform attempts. This interest was stimulated by the above-mentioned 1998 CASS study on Hainan's political and social system reform, which explicitly pointed to Hainan as a model for administrative reform.[57]

During the present round of institutional reform the number of provincial government departments in Hainan has been reduced by six from 38 to 32 (Figure 4). Three departments have been abolished and the other three merged with other departments. This leaves Hainan with fewer

55. See Wang Ruolin, *The Practice of Establishing a Socialist Market Economic System*, pp. 52–53.

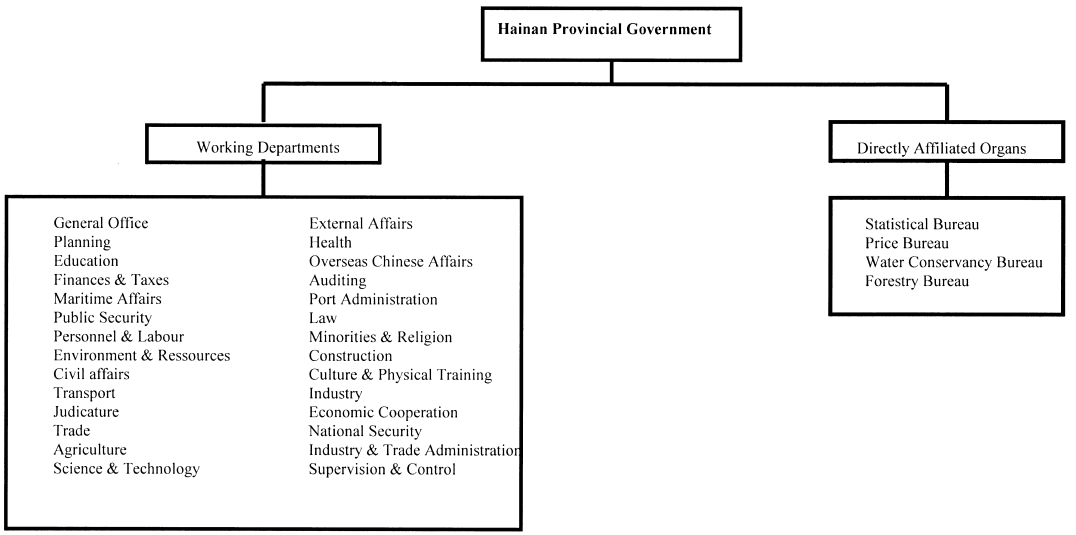
56. Hainan nianjian bianji weiyuanhui (ed.), *Hainan nianjian 1996* (*Hainan Yearbook 1996*), Vol. 1: *Hainan qingkuang* (*A Survey of Hainan*) (Haikou: Hainan nianjian chubanshe, 1996) p. 28.

57. See Ru Xin, *Theory and Practice*. The study was based on fieldwork conducted in December 1997. Its publication in March 1998 coincided with the meeting of the Ninth NPC and the announcement of a new round of institutional reform. Curiously, this CASS report does not credit Liao Xun for having originally coined the concept of "small government, big society."

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Figure 4: **Government Administrative Structure of Hainan Province, 1995**



Source:
Hainan nianjian 1997, Vol. II, pp. 16–18.

government organs than any other province in China. No information is yet available on the size of the *bianzhi* cuts at the provincial level. There is also no reliable information on staff cutbacks at the local level in Hainan. However, as the Lingshui example seems to indicate, any reductions may easily have been offset by the widespread practice of *chaobian*.

Conclusion

The *bianzhi* system is at the heart of the Chinese bureaucratic structure. It is a system which fixes the number of organs and personnel in all state-financed units and organizations, ideally based on a determination of which functions should be part of the public sector and the responsibility of the government. The core of the more than 34 million people encompassed by the *bianzhi* system are the 9.72 million officials who staff the governing Party and state structure at all levels. Understanding the *bianzhi* system and the way it operates helps to promote a better understanding of how the Chinese political and administrative system works as well as the issues and problems involved in implementing further institutional reform.

This core group of administrative officials is scheduled to be downsized by 50 per cent. However, the realization of the goal has not surprisingly met with widespread resistance. While redefining government functions and merging some departments can be done, it is much more difficult to follow up on these initiatives by actually laying off people. Many departments try to avoid dismissal by all kinds of procrastination such as redefining job functions, granting temporary leave or creating subsidiary organizations to which redundant personnel are channelled. Some research organizations which have not filled up their *bianzhi* in the past even report the unfilled posts as cutbacks.

The Party has also dragged its feet and only about 20 per cent of its administrative staff has been cut. Moreover, the Party has recentralized control by taking back the nomenklatura authority of the important bureau level which it had relinquished to the Ministry of Personnel in 1988. This measure took place in 1998 in connection with the redefinition of central government functions and clearly has contributed to the weakening of the role of the Ministry of Personnel in cadre management.

The Hainan case illustrates the difficulties in sustaining administrative reform even in a province which is being showcased as a symbol of political reform. It is also clear that what appears to be part of a process towards a kind of civil society in the sense that powers and functions are given back to society, in fact is often a reflection of pure administrative measures. The bureaucrats and Party people decide which functions are to be shed and which should be retained. It is all too often a process of bargaining rather than real analysis of what is needed to create a well-functioning public sector. Moreover, the Party will often intervene in the process, so that what from the outset might be an attempt to create more rational rules often ends up strengthening the role of the Party.

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The Chinese government seems committed to carry through the reforms. At the March 2001 Fourth Session of the National People's Congress Premier Zhu Rongji underlined that further efforts to transform the functions of government and keep the *bianzhi* under control would be taken and that obstruction by entrenched bureaucrats or local powerholders would not be tolerated. But based on the experiences and history of the administrative reform in China during the last 20 years, it would be safe to assume that it will be difficult to keep up the momentum of the institutional reform programme. Discarded public administrative functions tend to re-emerge, displaced bureaucrats will seek to return to their former positions, and the Party is not willing to allow the creation of a leaner and more efficient public sector at the expense of Party control. In short, administrative reform in China continues to fight an uphill battle.

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