China’s Perspective in Administrative Reform

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1. Overview of Administrative Reform in China

Reform and opening-up to the outside world is a basic state policy of China. Over the years, China has experienced the process of starting reforms first in the rural areas and then in cities, and expanding the reforms from economic system to all sectors. Administrative reform has been carried out on a gradual basis along with the economic development and the modernization drive. The purpose of this reform is to, through transformation of government functions, rationalize the administrative relationships, streamline organizations, reduce the size of staff, perfect the operational mechanisms of public administration, raise administrative efficiency, improve the quality of public service, and gradually establish a new administrative system matching the socialist market economy to further promote the fast development of economic construction and social causes.

The major tasks in the reform of public administration and government organizations are as follows:

1) Transformation of government functions according to the principle of separating the functions of government and enterprises. The functions of government in economic management are shifted to formulation and implementation of policies on macro regulation and control, care of infrastructure construction, and creation of excellent environment for economic development.

2) Establishment of authoritative macro control departments with unified functions through transformation of government functions so as to strengthen the state’s capacity of macro regulation and control with perfect macro regulation and control systems.

3) Rationalization of relationships, division of responsibilities and powers, clear-cut division of work, coordinated operation, and higher administrative efficiency of government.

4) Reform and perfection of the system of and organizations in charge of the management of social causes, such as the systems for science and technology, education, culture and various social welfare causes.

Since its initiation of the policy of reform and opening to the outside world in 1978, China has carried out six major reforms of its administrative system.

In the reform launched in 1982, the number of the ministries, commissions, immediate subordinates, and working organs of the State Council (Central Government) was cut from 100 to 61 with reduction of staff by 25%. The number of leading positions was cut by 67%, and the lifelong term of office was abolished. The 1988’s reform went along with the start of transformation of government functions and the establishment of the civil service system. The number of the ministries, commissions, immediate subordinates, and working organs of the State Council was cut from 72 to 68 with a reduction of staff by 20%. In 1993, the number of the ministries, commissions, immediate subordinates, and working organs of the State Council was cut to 59. The purpose of this reform was to establish administrative system and government organizations which adapted to socialist market economy. 5 years later, another round of reform further cut the number of central government agencies to 29. In 2003’s reform, the State-owned Assets Supervision & Administration Commission was established to meet the demand of market economy. At the beginning of this year, the central government publicized “The Plan for the Reform of Institutions under the State Council” to achieve the goal of building a service-oriented government and coordinated and balanced power structure of decision-making, implementation and oversight. According to the reform plan, the State Council has restructured the Ministry of Environmental Protection, the Ministry of Human Resources and Social Security, the Ministry of Industry and Informational resources, the Ministry of Transport, and the Ministry of Housing
and Urban-Rural Development. The State Council has now only 27 ministries and agencies. Through the years’ constant efforts, the transformation of governmental functions has been greatly promoted. The basic role of market in resources distribution has been fully played. Organizational structure of the government has been updated. Law-based administration and public service has been improved.

Recently, the Central Government has passed “the Proposal for Deepening the Reform of the Administrative System” which raises the general reform objective of establishing a basically consummate socialist administrative system with Chinese characteristics by 2020, with the focus on the fundamental transformation of government functions which are mainly to create favorable development environment, provide high-quality public services and maintain social equity and justice. Government organs and staffing are fundamentally transferred to be more scientific, standardized and law-based. Administrative operating mechanisms and government managing manner are fundamentally transferred to be more standardized, transparent and efficient.

2. The institutional building of administrative procedures

Administrative procedures are defined as the manners, processes, spot and time limitations that administrative bodies must follow. The basic systems may include the information disclosure system, the function separating system, the public hearing system, the administrative oversight system, etc.

Ever since the People's Republic of China was founded in 1949, most of China's laws and regulations on public administration have included the administrative procedures. Since 1978, legislation on administrative procedures has been developed remarkably with more and more standardization of administrative procedures.

First of all, the Constitution of P. R. China sets up the basic principles and rules for the legislation of administrative procedures. For example, Article 2 of the Constitution reads, “The people administer state affairs and manage economic, cultural and social affairs through various channels and in various ways in accordance with the law.” This lays the principle of democracy in administrative procedures. Article 27 reads, “All state organs and functionaries must rely on the support of the people, keep in close touch with them, hear their opinions and suggestions, accept their supervision and work hard to serve them.” This involves the system of public hearing. Article 41 reads, “Citizens of the People’s Republic of China have the right to criticize and make suggestions to any state organ or functionary. Citizens have the right to make to relevant state organs complaints and charges against, or exposures of, violation of the law or dereliction of duty by any state organ or functionary. Citizens who have suffered losses through infringement of their civil rights by any state organ or functionary have the right to compensation in accordance with the law.” This article establishes the basic principle for administrative litigation and administrative compensation.

In accordance with the basic principles of the Constitution, China has enacted a series of separate laws and regulations concerning administrative procedures, such as "Administrative Proceedings Law of the people’s Republic of China", "Law of the People's Republic of China on Administrative Penalty" "Law of the People's Republic of China on State Compensation", and "Law of the People’s Republic of China on Administrative Reconsideration". They prescribe respectively the procedures for administrative cases, administrative penalties, administrative compensation and administrative reconsideration. “Provisional Regulation on Procedure for Formulation of Administrative Regulations” prescribes the procedures for administrative legislation. "Law of the People’s Republic of China on Administrative License" prescribes the procedures for granting license. “Law of the People’s Republic of China on Administrative Supervision” prescribes the procedures for dealing with administrative misconducts etc.

In addition, “Regulations of the People’s Republic of China on Disclosure of Government Information” went into effect in May 2008, which marked the official foundation of the system of information publicity. It specifically prescribes in detail the range and content, the method and procedure, and the supervision of the disclosure of government information. It is implemented on the requirement of “publicity is the principle and non-publicity is the exception “.

3. Implementing the Law on Administrative License and Reforming the Administrative Examination and Approval System.
The term "administrative license" as mentioned in the Law refers to the acts that the administrative organs permit, upon examination according to law, citizens, legal persons and other organizations to engage in special activities according to their applications. In order to regulate the establishment and implementation of administrative licenses, to protect the legitimate rights and interests of citizens, legal persons and other organizations, to safeguard public interests and social order, to ensure and supervise the effective implementation of administrative management, China made "Law of the People’s Republic of China on Administrative License" in 2003. This law has provided a detailed prescription of administrative licensing procedures as well as the application and acceptance, the examination and decision, the dealing period, the hearing of witness, and the special procedures for certain licenses respectively. These procedures and systems make sure of the correct enforcement of administrative licensing and effectively prevent the abuse of administrative power. The supervisory bodies are mandated to oversee its implementation.

The term "administrative examination and approval " refers to the acts that the administrative organs permit, upon examination according to law, citizens, legal persons and other organizations to engage in special activities, recognize their qualifications, and determine specific civil relationships or specific civil rights. Administrative approval is widely used in the activities of administrative management, an important tool for the government to intervene the economic and social lives. Administrative examination and approval has been playing an important role in China’s public administration as it has in other countries over the world. However, the shortcomings and drawbacks of the original administrative examination and approval system exercised in China is becoming increasingly obvious and standing in the way of the overall economic and social development of the country under a situation when the market economy is fast developing, and China is participating in the economic globalization in a wider scope and in a more in-depth way after her accession to the World Trade Organization (WTO). Such drawbacks includes: a) items required to be examined and approved by the government are too many, which restraint the full play of the role of market mechanism; b) the procedure for examination and approval is too complex and inefficient, which fail to provide good service to citizens and enterprises; c) the government processes too much discretionary powers, which leads to corruption. Therefore, it becomes a necessity to reform the administrative examination and approval system.

The reform of the system of administrative examination and approval is very important in terms of transforming government functions, promoting law-based administration and preventing corruption at its source. The State Council made arrangement in October 2001 for the overall reform of the administrative examination and approval system and established a leading group in charge of this work and its office is located at the Ministry of Supervision. The Ministry of Supervision together with the leading team members seriously enforced the Law on Administrative License and made great efforts in reforming the system of administrative approval under the leadership of the State Council.

Firstly, canceling the items that used to be examined and approved by the government. Four rounds of checks and clear-ups were carried out over the items previously required to be approved by the central government, and 55% of them (about 1600 items) were canceled or adjusted. It is also the case with the local government. This has laid down good foundations for the rational determination of government functions in economic regulation and market control and for a better play of the role of the government in social administration and public service. It also means the removal of the breeding ground for corruption because government officials will not be able to make use of powers for personal gains once powers are lost.

Secondly, Innovating new administrative methods and means . Items that can be settled through market mechanism shall be settled through bidding and auction. For items that should be settled by the enterprises themselves, the government would guide them to establish modern enterprise management system. For items that require unified management, the government would formulate relative standards and specifications. For items that should be administered by trade associations or intermediary agencies, they would then be transferred to them smoothly.

Thirdly, perfecting the operating and managing mechanisms for administrative examination and approval. For those items that still require government examination and approval, transparent operating procedures were established to reduce discretion. According to the principle of "those who give the approval shall hold responsible," take-the-blame system was established. The Ministry of
Supervision has introduced an electronic monitoring system throughout the country to supervise the whole process of administrative examination and approval with IT and network technologies to timely discover and correct irregularities and malpractices in the process of administrative examination and approval.

Ladies and Gentlemen, and Dear Friends,

It is the common task facing all countries in the world today to push forward the innovation of government administrative system to adapt to the new requirements of development. China is now at a crucial stage in its reform and development. Continued reform of administrative procedures and innovation of administrative systems is not only an urgent demand of enhancing administrative capacity of the government, but also an objective demand of establishing an honest and efficient government. We wish to strengthen exchanges and cooperation in this area and share successful experience and effective practices with all of you.

Thank you very much!
China’s Perspective in Administrative Reform

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1. Overview of Administrative Reform in China
The purpose:

- Transfer the government functions
- Rationalize the administrative relationships
- Streamline organizations
- Reduce the size of staff
- Perfect the operational mechanisms of public administration
- Raise administrative efficiency
- Improve the quality of public service, and
- Establish a new administrative system matching the socialist market economy to further promote the fast development of economic construction and social causes.

The major tasks:

- Transforming the government functions with the principle of separating the functions of government and enterprises.
- Establishing authoritative macro control departments.
- Improving the administrative efficiency of government.
- Reforming and perfecting the system of and organizations in charge of the management of social causes, such as science and technology, education, culture and social welfare.
Six major administrative reforms in China

![Graph showing the number of departments under the central government from 1982 to 2008.]

2008’ reform:

According to “The Plan for the Reform of Institutions under the State Council”, the State Council (Central Government) has restructured the following ministries:

- Ministry of Environmental Protection
- Ministry of Human Resources and Social Security
- Ministry of Industry and Informational resources
- Ministry of Transport
- Ministry of Housing and Urban-Rural Development.
New program:

- “the Proposal for Deepening the Reform of the Administrative System” raises the general reform objective of establishing a basically consummate socialist administrative system with Chinese characteristics by 2020:
  - focus on the fundamental transformation of government functions
  - create favorable development environment
  - provide high-quality public services and maintain social equity and justice
  - government organs and staffing are fundamentally transferred to be more scientific, standardized and law-based.
  - administrative operating mechanisms and government managing manner are fundamentally transferred to be more standardized, transparent and efficient.

2. The institutional building of administrative procedures
the Constitution of P. R. China

- the Constitution sets up the basic principles and rules for the legislation of administrative procedures.

- Article 2 lays the principle of democracy in administrative procedures.

- Article 27 involves the system of public hearing.

- Article 41 establishes the basic principle for administrative litigation and administrative compensation.

Administrative laws:

- "Administrative Proceedings Law of the people’s Republic of China" prescribes the procedures for dealing with administrative cases;

- "Law of the People’s Republic of China on Administrative Penalty“ prescribes the procedures for administrative penalties;

- "Law of the People’s Republic of China on State Compensation“ prescribes the procedures for administrative compensation;

- "Law of the People’s Republic of China on Administrative Reconsideration“ prescribes the procedures for administrative reconsideration;
3. Implementing the Law on Administrative License and Reforming the Administrative Examination and Approval System.
Administrative license

- "Administrative license" refers to the approval that the administrative organs grant, upon examination according to law, to citizens, legal persons and other organizations to engage in special activities according to their applications.

- "Law of the People's Republic of China on Administrative License" entered into effect in 2003, which provides a detailed prescription of administrative licensing procedures as well as the application and acceptance, the examination and decision, the dealing period, the hearing of witness, and the special procedures for certain licenses respectively.

Reform of administrative examination and approval system

- "Administrative examination and approval " refers to the approval that the administrative organs grant, upon examination according to law, to citizens, legal persons and other organizations to engage in special activities, recognize their qualifications, and determine specific civil relationships or specific civil rights.

- The reform of the system of administrative examination and approval is very important in terms of transforming government functions, promoting law-based administration and preventing corruption at its source.
The shortcomings and drawbacks of the original administrative examination and approval system:

- items required to be examined and approved by the government are too many, which restraint the full play of the role of market mechanism;
- the procedure for examination and approval is too complicated and inefficient, which fail to provide good service to citizens and enterprises;
- the government possesses too much discretionary powers, which leads to corruption.

The Central Government made arrangement in October 2001 for the overall promotion of the reform of administrative examination and approval system and established a leading group in charge of this work with its office at Ministry of Supervision.
Process:

Firstly, canceling the items.
Δ 4 rounds of checks and clear-ups
Δ 55% (about 1600 items) were canceled or adjusted

Secondly, Innovating new administrative methods and means.
Δ through bidding and auction
Δ establish modern enterprise management system
Δ formulate standards and specifications
Δ transfer to trade associations or intermediary agencies

Thirdly, perfecting the operating and managing mechanisms.
Δ transparency of operating procedures
Δ take-the-blame system
Δ electronic monitoring system