Beijing Unveils Plan for Super Ministries

By Willy Lam

While Western-style political reforms remain illusory, the Chinese Communist Party (CCP) leadership has pledged that it will improve governmental efficiency, boost central authority and eradicate corruption and other ills associated with maladministration. Major structural reforms within the State Council (or central government) are being worked out even as Premier Wen Jiabao is putting together his second cabinet. Foremost among the changes is the so-called "big ministries system" (dabuwei tizhi) meaning that a number of central-level ministries, commissions and departments will be merged to facilitate the formulation and execution of policy. Other measures are being taken to ensure that edicts passed by party and state authorities will be carried out without fail by local-level administrations, which are prone to water down Beijing's instructions and act without proper authority.

The State Council currently has 28 ministries and commissions, in addition to four dozen subsidiary offices and agencies that have ministerial or vice-ministerial status. Substantial streamlining will be achieved through the creation of a number of "super-ministries." This structural reform is the Hu Jintao-Wen Jiabao administration's response to widespread criticism that the party-and-government apparatus has been ineffective in pushing through difficult measures ranging from cooling down the overheated sectors of the economy to curbing corruption and administrative malaise. The concept of "big ministries" has come about after Hu, Wen and other leaders have studied bureaucratic systems in countries ranging from Singapore to the United States. At least three super-ministries are expected to be created when the new cabinet is endorsed by the First Plenary Session of the 11th National People's Congress (China's legislature), due to open on March 5 (Ming Pao, December 24; China Economic Weekly, December 11). They are:

Ministry of Transportation (MOT). Said to be based on the U.S. Department of Transportation, the proposed MOT will incorporate current State Council units including the Ministries of Transport and Railways, the General Administration of Civil Aviation, and the State Post Bureau.

Ministry of Energy (MOE). This mega-department will incorporate energy-related units within the National Development and Reform Commission (NDRC), in addition to State Council units and state-controlled corporations in sectors including oil and gas, coal, electricity and nuclear energy.

Ministry of the Environment and Construction (MOEC). This eagerly anticipated mega-ministry will incorporate the State Environmental Protection Agency (SEPA), and the Ministries of Construction, Water Resources, as well as Land and Natural Resources. MOEC will also formulate the nation's strategies on issues ranging from global warming to the pace of urbanization.

Since news about this bureaucratic surgery leaked out in November, the response from experts and officials has largely been positive. First, streamlining the government is essential to the long-standing goal of "small government, big society" that the CCP leadership has been pursuing since the late 1980s. The Hu-Wen team is under pressure to cut ballooning administrative expenditure, which shot up from 5.49 billion yuan—4.71% of total government outlay—in 1978 to 651.34 billion yuan—or 19.19% of total spending—in 2005.

Much more important than making savings and pruning sinecures is that a strategic merger of related ministries and departments will boost efficiency. It is hardly a secret that the Wen cabinet has for the past few years been criticized for being "too soft" in mobilizing central- and regional-level bureaucracies to tackle problems ranging from environmental despoliation to inflation. As Xinhua News Agency commentator Xiao Hua put it: "Restructuring and streamlining will minimize negative phenomena such as overlapping functions, multiple directives from different units, poor coordination and bureaucratic infighting" (Xinhua News Agency, December 19). Chang Xiuze, a senior researcher at the National Development and Reform Commission's (NDRC) Institute of Macro-economics, added: "Putting various government functions and powers under one department will boost Beijing's ability to provide services to the community and to enforce macro-level control and adjustments [if things go wrong]" (Fortnightly Chat Journal, November 30).

Take the problematic fields of energy and the environment. One reason why Beijing has lagged behind oil-importing countries such as Japan in developing a strategic oil reserve is that energy policy is being devised by a host of party and government departments. There have also been widespread complaints by corporate and individual consumers that the nation's three oil monopolies have indiscriminately raised prices despite their having piled up profits of hundreds of billions of yuan in 2007. The official media has run dozens of stories on the high pay and perks of oil company executives, which are more than ten times those of other state-owned companies (Nanfang Daily, December 19; Legal Daily, November 26). Moreover, the new MOE may be better placed to coordinate the exploitation of wind, solar and other alternative energies, yet another area where China has a lot of catching up to do.

Given the sad state of China's environment, there is an even greater need for a more potent anti-pollution unit. SEPA has been deemed ineffective because of its limited powers and frame of reference. The proposed MOEC, which will have jurisdiction over land use as well as waterways, would have more muscle in cracking down on abuses including excessive industrialization and urbanization. Other candidates for mergers within the State Council include the Ministry of Finance and the State Administration of Taxation, as well as units dealing with agriculture and forestry.

Big, however, does not make it aesthetically pleasing—or the least bit efficacious. The State Council already boasts arguably the biggest single department in post-1949 administrative history—the mammoth NDRC—which is often dubbed a mini-State Council. Working closely with the premier's office as well as the State Council Secretariat, the NDRC vets and fine-tunes major policy initiatives and decisions affecting financial and monetary issues, seminal infrastructure projects, industrial and agriculture development, foreign economic relations, energy and the environment, and so forth. Despite the fact that the NDRC is headed by Wen protégé Ma Kai, the super-ministry has hardly acquitted itself as the cabinet's chief enforcer and troubleshooter. A big reason is that individual NDRC departments, which are often headed by veteran bureaucrats with ministerial ranking, are often engaged in debilitating turf war with the other ministries.

It is still too early to predict that the MOE, for example, will be more effective than the NDRC's energy department in pushing through policies in this red-hot sector. It is even doubtful whether the MOE will have full authority over the three oil monopolies—including Petrochina, whose market capitalization was double that of ExxonMobil when it first went on the Shanghai bourse in November—each of which is headed by a CEO with full ministerial status. Since the early 2000s, the three behemoths—like about 160 other state-controlled corporations including the power companies, the four major commercial banks and the airlines—report to the powerful State-owned Assets Supervision and Administration Commission (SASAC). The extraordinary level of prerogatives enjoyed by the oil and power monopolies is evident from the fact that they are outside the purview of the just-passed Anti-Monopoly Law (People's Daily, September 25).

How about the proposed super-ministries' ability to enforce edicts and regulations at the regional level? Take the case of the large number of provincial and municipal leaderships that have connived at wanton pollution within their jurisdictions. There is no guarantee that a provincial chief that has a record of flouting environmental legislation will necessarily be more conscientious or law-abiding simply because SEPA has morphed into a bigger MOEC. As the outspoken vice-director of SEPA, Pan Yue, put it, his agency is pitted against "strong vested interests" that are very often in cahoots with local cadres (People's Daily, November 8).

While it may take years to nurture a rule-of-law culture even among senior officials, Beijing has resorted to the time-honored "personnel card" to ensure compliance. This means that officials who have repeatedly run afoul of central fiats will be fired, demoted or transferred to less important provinces and cities. Beijing's hope is apparently that beefing up the ministries—as well as central authorities' ability to punish recalcitrant cadres—will help crack the problems of administrative malaise and stagnation. For example, the State Council issued a directive late last year, which said that local-level officials who had failed to meet environmental targets— such as reducing the discharge of effluents and other pollutants in their areas by 2% a year—may not be eligible for promotion (Ming Pao, November 15).

Even before the watershed 17th CCP Congress, the Hu-Wen leadership started the experiment of having central-level organs appoint provincial or municipal cadres handling disciplinary and personnel portfolios. Within each ruling provincial or municipal party committee, there is a senior cadre—who may in some cases be the vice-party secretary—in charge of disciplinary—including anti-corruption—

matters. Until the recent changes, the provincial party secretary had a big say in the appointment of his disciplinary chief. From early 2007 onwards, however, the Central Commission for Disciplinary Commission (CCDI), China's highest anti-corruption agency that is headed by a member of the Politburo Standing Committee, has begun naming senior disciplinary cadres in a number of localities. Alternately, these cadres are being rotated frequently among different regions to ensure administrative neutrality (People's Daily, August 2). Political sources in Beijing said the CCP Organization Department was considering the direct appointment of regional cadres in charge of personnel matters. In theory, these measures should at least make it easier for Beijing to penalize local officials who have either defied central edicts or been found guilty of corruption and dereliction of duty.

From a broader perspective, incremental reforms such as the "big ministries system" is crucial to the CCP leadership's claim that the party-and-state apparatus is capable of delivering economic growth, administrative efficiency, and clean governance in the absence of "Western-style" institutions such as multi-party politics or universal suffrage. In the rest of their second—and last—five-year term, the Hu-Wen team will also experiment with the partial empowerment of the eight so-called "democratic parties," which are CCP-affiliated organizations of professionals and businessmen that have vowed to give advice and new ideas to Beijing while observing Communist party leadership. The legacy of the Hu-Wen era, not to mention the viability of the "China model," will hinge in no small measure on whether such distinctively Chinese, "within-the-system" reforms can satisfy a populace that has exhibited growing impatience over the constraints and distortions of one-party authoritarian rule.

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