



Reforms moving with the times

The State Council has unveiled a series of changes designed to reflect recent changes in society and maximise administrative efficiency. Report by **Hu Yongqi, Lan Lan, and Fu Jing** in Beijing

As China's new leadership prepares to take charge, the nation has embraced the opportunity to deepen administrative reform by transferring power from the government to market forces and public opinion, via a restructuring plan announced by the State Council on Sunday.



Staff members take photographs at the entrance of the Ministry of Railways, which will be dissolved.

The move is the latest step in an ongoing, long-term transition. In 1981, the central government comprised 100 ministries and departments that employed 51,000 officials. Since 1982, there have been six major rounds of government restructuring and staff reductions, occurring roughly once every five years. As a result, only four government departments have not seen their names change in the past three decades, while the average State Council department has gone 13.6 years between major reshuffles, said He Yanling, a professor at the School of Government at Sun Yat-sen University in Guangzhou.

"There are now fewer departments involved in economic management and there is greater focus on social management. The focus of the departments has also shifted from control to regulation," she said. After the reforms, the 27 departments of the State Council will be reduced by two to 25.

By streamlining the way it functions, the government is on track to further transform its role by allowing the market to play a bigger role in economic activity, said Chi Fulin, an economist and director of the China Institute for Reform and Development in Haikou, the capital of Hainan province.

For many years, the government-dominated economic growth model saw strong GDP as a top priority and invested heavily to achieve that result, resulting in an imbalance between investment and consumption and other issues such as overcapacity, resource waste and environmental pollution, he said.

To change the situation, a clear boundary has to be set between the market and the government, monopolies have to be broken, and the process of administrative approval needs to be simplified, he added.

Meanwhile, the central government needs to strengthen its function as a watchdog, to implement and enforce strict regulations to supervise the market, especially in areas such as food safety and employment, said Jia Xijin, a professor at the School of Public Policy and Management at Tsinghua University.

That view was echoed by He in

20 years ago, when most people simply wanted warm housing and sufficient food, said He.

"The focus of institutional restructuring should gradually shift to building a harmonious relationship between the State and society, from rationalizing the relationship between the government and market," she said.

Departments providing social services accounted for 35 percent of State Council departments in 2007, while it was less than 30 percent in 1982, she said.

China still has much to learn about social management. "It seems to be more important than just financially helping some poor families. The government has to be able to use the funds collected through taxation to benefit the entire population," according to Jia at Tsinghua University.

The reform of government still has a long way to go. "Putting power in the cage of regulations" will require the government to become more open and transparent, said Chi.

Also, the ambiguous boundaries between the powers of the decision-makers, the administration and monitoring unit could be a breeding ground for corruption, he said.

While the government has set a target of completing the new administrative system by 2020, it has to push the process forward gradually in the coming years, Chi added.

The fresh round of administrative reform will upgrade China's role as a magnet for global investment and a destination for exports, according to the founder of a leading European consultancy on political strategy and policy development.

Greater streamlining of government institutions would help increase the global presence of Chinese businesses, said Peter Guilford, executive chairman of the g+ consultancy, which operates from offices in London, Brussels, Paris and Berlin.

"We are quite convinced that the reforms are a move in the direction of releasing the sustainable potential of this huge economy," Guilford said, adding that a more efficient and clear administrative central government structure would further improve investor confidence and provide reassurance. To that end, he said, his company will establish branches in Beijing and Shanghai in the near future.

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Zhang Yuchen in Beijing and Liu Jia in Brussels contributed to this story.

The fundamental point of government restructuring is to reduce management overlap ... When a specific department has to accept the consequences of its decisions, responsibilities cannot be shirked if problems occur."

HE YANLING
PROFESSOR AT THE SCHOOL OF GOVERNMENT AT SUN YAT-SEN UNIVERSITY

specific environmental and ecological challenges.

These reductions and mergers inevitably led to a reduction in staff. The reforms of 1982 saw 39 ministries and departments cut, resulting in 21,000 officials leaving the central government payroll.

In 1998, the State Council was further streamlined, and approximately half its employees were moved to other departments and State-owned enterprises, resulting in lower administrative involvement in economic matters.

While the earlier reforms were driven by domestic market forces and the need for China to become more integrated with the global economy, the country can still learn the lessons

regulated by the ministries of health and agriculture.

The 2004 document divided the supervision of food safety into four areas jointly managed by the departments of agriculture, quality supervision and inspection, industry and commerce, and health.

The production of primary agricultural products was supervised by the agriculture department, the quality and daily hygiene supervision of food processing was overseen by the quality supervision and inspection department, and supervision of food circulation and distribution was the responsibility of the department of industry and commerce.

Yan said that many food safety experts disagreed with the 2004 changes. In the past decade, "problems such as overlapping responsibility or blind spots have arisen under the system", he pointed out.

Also, the supervisory responsibilities for some emerging food businesses are difficult to define clearly, he added.

A conflict of standards has also happened occasionally, said Chen Junshi, an academician at the Chinese Academy of Engineering and a food safety expert.

For example, the plant daylily is categorized as a dry vegetable. The sulfur dioxide residue produced during the drying process is within limits set by the Ministry of Agriculture.

of history, especially the experiences of Japan in the 1980s, said Bai Zhili, associate professor at the School of Government at Peking University.

At the time, Japan's economic and market control was highly bureaucratic and government involvement pushed forward the nation's economic takeoff, he said.

However, when the economy stopped growing in the 1990s, Japan's central government was forced to relinquish some of its power to local governments and privatize state-owned enterprises to stimulate the market. The reforms successfully prevented further economic deterioration, he said.

In addition to the market, there is also society. As social networking platforms such as micro blogs become more popular in China, the government will need to update the administrative model and pay greater attention to public opinion as a means of sustaining social stability and harmony, said Chi Fulin.

Public expectations for better living standards now revolve around high-quality housing, a higher standard of education and cleaner air, a much more demanding set of priorities from

the administrative function, other factors such as the quality of personnel, particularly in the technical support teams, should be taken into consideration.

Chen Xiaohong indicated that a national food safety standards center would be soon established. "Only by the use of clearly defined standards can law enforcement workers do their job correctly and efficiently," he said.

The center will be responsible for setting and overseeing food safety standards, which will be unique and mandatory, he noted.

According to Yan Weixing, the new center will be based on the existing China Food Safety Risk Assessment Center. "Optimizing the existing units will help to avoid a waste of time and funds," he explained.

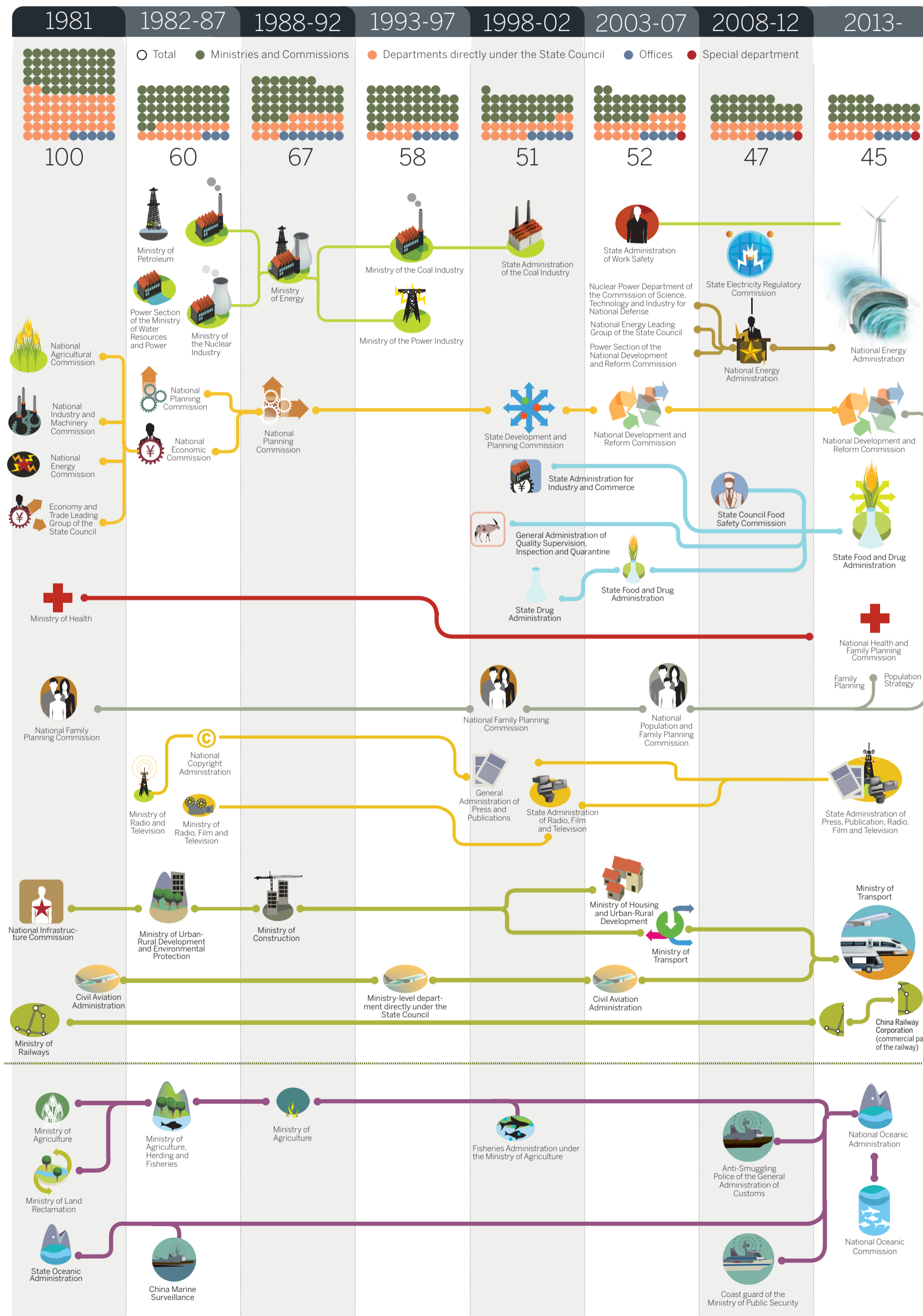
The scale of the job is huge and complex, so staff numbers at the center will be boosted to 400 from the current 200, he added.

At present, China has more than 5,000 standards on food quality and hygiene, formulated by a number of different departments, according to the Ministry of Health.

However, the standards for farm produce are even more complex, said Yan. "The question of which department, health or agriculture, will be in charge of that remains unclear," he said.

RESTRUCTURING ACROSS THE BOARD

The last seven reforms have strengthened the management of ministries and commissions for sectors including energy, the health services, maritime security and the media. This graphic outlines the ways in which some of the major government departments have been restructured.



Sources: The website of State Commission Office for Public Sector Reform

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Shake up on the cards for food and drug safety

By **SHAN JUAN**
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China will upgrade its existing State Food and Drug Administration to improve safety standards for foodstuffs and pharmaceuticals, according to a report delivered by State Councilor Ma Kai to the annual session of the country's top legislative body on Sunday.

The changes are part of a series of ongoing reforms to cut red tape and reduce administrative intervention in the market.

The new body, the ministry-level General Administration of Food and Drugs, will be responsible for unified supervision of standards for food and drug safety and quality in production, distribution and consumption, said the report, which emphasized that overlapping supervision by different departments and a number of supervisory "blind spots" are the weak links in the current supervisory system.

"The restructuring will better facilitate the enforcement of the food safety laws and regulations and improve the safety of the nation's food and drugs," said Chen Xiaohong, vice-minister of health and a member of the Chinese People's Political Consultative Conference.

In the Government Work Report delivered on Tuesday at the opening of the 12th National People's Congress,

Premier Wen Jiabao said China still faces great challenges on food safety and called for the regulatory and supervisory systems to be reformed and improved.

Wen urged the greater coordination and integration of government efforts and corporate accountability to ensure food safety. "From production to consumption, the whole process needs to be supervised," he said.

"Integrated control and supervision are now required to fit the national situation and help reduce management costs," Chen said.

According to Chen, the general principles governing the restructuring include ensuring that individual departments have overall control of each process to avoid split responsibilities that could lead to inefficiencies.

A major shift
Yan Weixing, deputy director of the China Food Safety Risk Assessment Center and a CPPCC member, said the initiative is a major shift from the previous food safety control mechanism, whereby different responsibilities were handled by different government departments.

In 2004, the State Council issued the Decision on Further Strengthening Food Safety Supervision, which first recognized supervision by sections as a main method of food safety control.

Before that change, food safety was

regulated by the ministries of health and agriculture.

The 2004 document divided the supervision of food safety into four areas jointly managed by the departments of agriculture, quality supervision and inspection, industry and commerce, and health.

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Also, the supervisory responsibilities for some emerging food businesses are difficult to define clearly, he added.

A conflict of standards has also happened occasionally, said Chen Junshi, an academician at the Chinese Academy of Engineering and a food safety expert.

For example, the plant daylily is categorized as a dry vegetable. The sulfur dioxide residue produced during the drying process is within limits set by the Ministry of Agriculture.

However, the same level of residue is illegal under standards set by the Ministry of Health.

Contradictions
"We have seen standards contradict each other because of the involvement of so many departments," he noted.

At least five regulatory bodies — including those for quality supervision, food and drugs, and industry and commerce — are currently involved in food safety. That's "too many", according to Chen.

In future, only the new body will be responsible for the supervision of food safety, said Yan.

However, given such a long chain from farm to dinner table, "one single department can barely manage the control of food safety alone, let alone the other tasks," he said.

Yan suggested that two or three departments should supervise the whole food safety process, which would be in line with international norms.

Supervision of plant cultivation, the raising of poultry and the breeding of livestock should remain with the Ministry of Agriculture, he said, while the Ministry of Health is entitled to set the standards for food safety. He also stressed, "enforcement requires expertise from a strong technical support team".

New health commission set to be established

By **SHAN JUAN**
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A new national health and family planning commission will be established by merging the National Population and Family Planning Commission with the Ministry of Health, according to the report on the State Council's institutional reforms and the transformation of government functions.

Although no time scale has been announced, the new commission will be in charge of planning the allocation of resources for medical care and public health. It will also oversee family planning services and formulate policy, and supervise and administer public health and medical care, according to the report.

"That will herald the formation of a new 'super-department' responsible for health and population-related issues of the populace from birth to death," said Chen Xiaohong, vice-minister of health and a member of the Chinese People's Political Consultative Conference.

Improving and better ensuring the health of the country's newborns is one of the primary goals of the reforms, he added.

"The merger doesn't indicate that the government will pay less attention to family planning," said Yang Yuxue, executive deputy director of the China Family Planning Association and also a member of the CPPCC.

"China will stick to the family planning policy as a basic national policy to maintain a low level of reproduction," he said, with reference to China's huge population.

According to the report, the integration of the two ministerial-level departments is aimed at better upholding the family planning policy, improving medical care services and deepening the institutional reform of medical care and public health.

That would help optimize the allocation of medical care and public health resources as well as family planning services, improving the health of the people including newborn children, the report said.

Lu Jiehua, a professor of social demographics at Peking University, said the new initiative would improve public access to reproductive health services.

The resources available mean the public will receive improved services, particularly in reproductive health consultation and premarital health screenings.

"Previously, the family planning authorities were more focused on family planning and birth control procedures, such as artificial abortion and ligation," Lu noted.

Procedures related to applications for birth permits are also expected to become easier, he said.

In return, health institutions, particularly maternity hospitals, will help with the collection of data relating to population, he added.

Huang Jiefu, vice-minister of health and a CPPCC member, welcomed the merger, but suggested that the new department should retain the name of Ministry of Health.

"That's more in line with international practice and will make international exchanges easier," he explained.

In the early 1970s, the first family planning office was established as a subsidiary of the ministry of health. The department first moved toward independent status in the early 1980s in a bid to strengthen efforts to curb China's rapid population growth.

According to the latest report, researching and drawing up a strategy of population development and population policies, two functions currently performed by the National Population and Family Planning Commission, will be transferred to the National Development and Reform Commission.

The State Administration of Traditional Chinese Medicine, which is currently affiliated with the Health Ministry, will also be administered by the new commission, said the report.