CHINA'S NEW STATE COUNCIL AND THE "SUPER-MINISTRY" REFORM

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Executive Summary

1. The officially released 2013 State Council reform plan in China does not involve major restructuring. It follows the same incremental approach of the 2003 and 2008 rounds of State Council reform under the Hu-Wen leadership and continues to 'fine-tune' the basic administrative structure created in 1998 by then Premier Zhu Rongji.

2. One major change is the abolishment of the Ministry of Railways, with its administrative functions repackaged to the Ministry of Transport and its business components to be restructured into a state-owned corporation.

3. Another major change that may have profound implications is the dismantling of the State Population and Family Planning Commission. It may signify changes to the 'one-child policy' enforced for more than four decades.

4. Of importance are the reorganization of the State Oceanic Administration and the establishment the Food and Drug Administration. The first is in response to the heightened tension in the East and South China seas that calls for a unified maritime police force, and the second is to recent safety scandals that have created a crisis of confidence among the population.

5. The state's presence in both market and society is still extensive. Complaints about unwarranted state interventions in the marketplace have grown louder, while complex bureaucratic procedures and bloated bureaucratic power have aggravated corruption and rent-seeking problems.

6. The so-called 'super-ministry reform' has been on the government agenda since 2008 but the outcome has been meager. The reform is commonly misconstrued as the reduction of government bureaucracies. However, each round of downsizing was followed by a re-bounce to the previous levels or even higher.

7. The 2013 reform plan puts emphasis on the 'transformation of government functions'—to work out a new division of labor between state, market and society. The idea was raised in the 1988 round reform, but the progress made since has been limited.

8. A major reason is entrenched bureaucratic interests. In the past three decades various state bureaucracies have attained extensive interests and varying stakes in the marketplace. The boundary between state and market is inherently fuzzy.

9. A weak society is another reason. To maintain its rule the Chinese Communist Party has actively suppressed the civil society until it realized, belatedly, that the traditional ruling model is obsolete. A mature civil society is needed to take over many of the increasingly complex social affairs that the government is incapable of handling.

10. The 'super-ministry reform' currently lacks the necessary conditions—an efficient market, a mature civil society, and credible rule of law. Without these three preconditions, the talk of 'super-ministry reform' is premature.