I- THE GENERAL STRUCTURE OF PUBLIC ADMINISTRATION

1.1- THE STATE AND ITS CONSTITUTIONAL BASIS

1.1.1- THE BODIES OF STATE POWER
The Constitution of the People’s Republic of China (PRC), the fundamental law, states that the bodies of state power are the National People’s Congress (NPC) as well as the Local People’s Congresses at various local levels. The system of People’s Congresses constitutes China’s fundamental political system, and governments at all levels are subject to the supervision of the People’s Congresses at their corresponding levels and standing committees. In addition, a system of multi-party cooperation and political consultation that plays an important role (committees of the Chinese People's Political Consultative Conference at all levels) exists under the leadership of the Communist Party.

The NPC is, in constitutional terms, the highest political and legislative body of the state. In practice, political power rests with the Communist Party and legislative power with the Standing Committee of the NPC.

The Supreme People’s Court and the Supreme People’s Procuratorate are the judicial organs.

The power structure at the lower levels follows a pattern similar to the central one, with the Local People’s Congresses and the Local Committees of the Communist Party being at the head of the local political and legislative structures and the Local People’s Courts and People’s Procuratorates acting as the judicial organs at each level.

The State Council of the PRC and the local People’s Governments, at various levels, are the executive bodies of the organs of state power.
1.1.2- Levels of Government
There are four levels of government:

- Central Government;
- 32 Provincial Governments corresponding to the Provinces, Autonomous Regions, Municipalities and Special Administrative Zones;
- 1,735 County governments, composed of Autonomous Prefectures, Counties, Autonomous Counties, Cities and Municipal Districts; and
- 48,000 Township governments.

Provincial and autonomous regional governments can create prefectures to administer a local region.

1.1.3- Political, fiscal and administrative autonomy
The President of the PRC is elected by the NPC, as are the heads of the Supreme People’s Court and the Supreme People’s Procuratorate. The State Council is made up of the Prime Minister, the Vice-Prime Ministers, State Councilors, Ministers, the Auditor General and the Secretary General. In terms of their taking office, the NPC makes decisions on the appointment and removal of the Prime Minister based on the proposal of the President of PRC and of the other members within the State Council based on proposals by the Prime Minister. Following a pattern similar to the central one, the People’s Congresses in each locality elect chief executives of the local governments at various levels (Provincial Governor, Mayor, County Magistrate, etc.) and decide the appointment and approval of heads of departments or offices in all levels of local government.

A system of centralized planned economy had been existing for quite a long time until 1978 when reform and opening-up policy was initiated. The reform of the economic system expanded to encompass the reform of all sectors, including the administrative system. The goal was to establish a socialist market economic system which would further emancipate and develop productive forces.

The reform of the administrative system aims to rationalize administrative relationships, streamline organizations, reduce the number of staff, improve the
mechanism for efficiency and improve personnel quality. Efforts have been made to adjust administrative powers to establish a new co-ordination relationship between central government and local governments. This has led to the delegation of greater powers to local governments in the administration of economic, social and cultural matters, in the examination and approval of capital investments, in foreign trade and in the management of prices. Major cities, such as Shanghai, have been encouraged to adopt greater autonomy.

Prior to China’s undertaking fiscal reforms, central government revenues were provided directly by state-owned enterprises and local governments. In 1979, the central government transferred some fiscal control to local governments and subsequently clarified the rights and responsibilities of local governments in balancing income and spending. However, fiscal revenue shrank as a share of gross domestic product. The same thing happened with central fiscal revenues. The central government began to reform its tax system and adopted a revenue-sharing tax system in 1994. It was an all-round structural reform under the guideline of “unifying tax laws, fairly sharing tax liabilities, simplifying the tax system and rationally delegating power”. Central and local government revenue was divided according to type and source of tax. Tax bureaus were established at the central level and local levels.

1.2 - TRENDS AND DEVELOPMENT IN PROGRESS

China launched its government downsizing campaign in March 1998, which is the fourth institutional reform since 1978. The goal is to streamline government staff nationwide by 50 percent over three years. Staff cuts have now been completed in central ministries and commissions, with the ministries trimmed from 40 to 29, and the overall staff number cut by half. In accordance with the principles worked out by the central authorities, the reform of local government institutions came in late 1999. It was required that institutions under the jurisdiction of provincial governments cut their staff by 50 percent, step by step and in stages.
Reform in localities is more than **streamlining**, which aims to change the functions of the government. The way in which the government operates would be changed in a context of the new market-oriented economy, where the major role of the government lies in economic macro-regulation, and the government should not interfere too much in everyday economic activities.

**II- THE LEGAL DIMENSION OF PUBLIC ADMINISTRATION**

**2.1- MAIN STRONG AND WEAK POINTS**

Advancing in parallel with the effort of reform and opening started in 1978, a legislative system that conforms to China’s national conditions has been established. It includes a **set of practicable legislative procedures and the check-up system of laws and regulations in force.** According to statistics, during the 20 years between 1978 and 1998, the NPC and its Standing Committee examined and adopted 356 laws and decisions related to the law. The State Council has enacted about 830 administrative regulations and decrees. In addition, local People’s Congresses have set over 6000 local regulations and laws. This enables the Chinese to have laws to follow in almost all major facets of social life. Adopted by the NPC in March 1999, one section was added into the Constitution: "The People’s Republic of China practices ruling the country in accordance with the law and building a socialist country of law".

Despite the efforts of legislation, **poor enforcement of some laws** has remained a major weak point in the country’s bid to promote the rule of law. A considerable number of enforcement departments neglected the enforcement supervisory work. To a certain extent, insufficient awareness of law is prominent among both the government staff and citizens. In recent years, the People’s Congresses at various levels have tightened up the supervision of law enforcement and enhanced publicity and education of law.

At present, the country has more than 17,400 People’s Courts at various levels,
including administrative tribunals at county levels and above.

1.2  PUBLIC BIDDING PRACTICES AND PROCEDURES

China began to adopt internationally accepted practices for government procurement on a trial basis in 1995. The experiment has spread from the pioneer city of Shanghai to 28 other provinces, autonomous regions and municipalities. Procurement in China for big projects financed by the World Bank, the Asian Development Bank and foreign governments is now done through international bidding. The Ministry of Finance issued the **Provisional Regulations on the Administration of Government Procurement** in 1999, which paved the way for China to open its government procurement market and to access the international market. The first law on government procurement, listed as a top priority by the NPC, will not come out until 2003. It is estimated that Chinese administrative institutions spend 700 billion yuan (US$84 billion) on procurement every year. The enactment of a procurement law is expected to save as much as 80 billion yuan (US$9.64 billion) in annual expenditure.

13  LEGAL SYSTEM PROTECTING THE CITIZENS AGAINST THE DECISION OF PUBLIC AUTHORITIES

In terms of administrative procedure legislation, the last decade saw significant achievements. In April 1989, the **Administrative Litigation Law** was adopted by the NPC. Until then, people knew little about the availability of the right of appeal against authorities. In 1990, the State Council promulgated **Administrative Review Regulations**. The NPC adopted the **State Compensation Law** in 1994 and the **Administrative Sanction Law** in 1996. Now the number of cases of citizens who fight at court for personal rights and interests is constantly on the increase. About 0.008 percent of the population (over 1.2 billion) have been involved in procedural lawsuits. Compared with other countries in Asia, the proportion is moderately high because the Chinese people’s consciousness of protecting their rights has been enhanced. And litigants enjoy a high rate of success—around 40 percent, much higher than abroad. Letters and visits
reception offices are set up with governments at each level to deal with complaints and reports on misconduct by public servants. A legal aid system and an open trial system have been launched since 1996. In some provinces, legal service hotlines have been opened to offer comprehensive services of consultation, law notary, legal aid and arbitration, facilitating the development of a society ruled according to law.

III- CIVIL SERVICE

3.1- LEGAL BASIS

As a significant outcome of the administrative reform, a civil service system was ushered in in 1993. The State Council promulgated the Provisional Regulations on Civil Servants, which came into force in October 1993. The civil service system that China has promoted nationwide includes a series of specific sub-systems, such as the categorization of posts, recruiting through open exams, annual performance appraisals, exchange of posts and dismissal of incompetent officials.

3.2- RECRUITMENT AND CAREER

It is stipulated that governments at all levels recruit civil servants through open and fair competition rather than by appointment. To date, nearly all provinces, municipalities and autonomous regions have recruited civil servants through open examination and merit appraisal. More and higher posts have been opened to this approach in choosing candidates. Efforts will be intensified to create a highly competitive environment for the selection of the most-talented civil servants during the ongoing institutional reform.

Improvement in cadre assessment was thought to be crucial in assigning qualified officials to the right posts. Since formal implementation of the civil servant system, annual assessments of working personnel have been extensively conducted in government and Party organs at all levels, which is different from the past practice of assessing cadres either at the expiration of their term of office or before promotion.
Measures were taken to ensure cadres were selected on their merits and that they were outstanding in political integrity and professional competence. Attention was paid to the tightening of supervision to check unhealthy tendencies in selecting and appointing top officials so as to create a battalion of cadres with integrity and public spirit. During these five years, efforts were made to set up a mechanism to promote and demote officials based on their performance as well as to carry out exchanges of posts among officials.

Since the civil service system was put into practice, the personnel management in the workforce of Party Committees, People's Congresses, Committees of Political Consultative Conferences and judiciary organs has been brought in line with it on a trial basis.

The old system of life tenure in leading posts was abolished and staff have to leave their posts at stipulated ages. Male civil servants retire at the age of 60 and female at 55. Staff will get old-age pension and other benefits after retirement.

3.3- BASIC STATISTICS

- The total number of civil servants (i.e., excluding the Ministry of National Defence) by the end of 1998 is 5,281,000, broken down as follows:

  - Central Government in Beijing: 16,000
  - Provincial Governments: 460,000
  - Local Governments of Cities: 1,155,000
  - Local Governments of Counties: 2,350,000
  - Local Governments of Townships: 1,300,000

*Note: The figures for the Provincial Governments down to Townships will be reduced by half by 2001 during the ongoing institutional reform.

- Civil servant/population ratio: The percentage is about 0.44 of the population now in China (some 1.2 billion).

The figures for civil servants do not include state-owned institutions, which are
considered non-administration bodies. Staff working in organizations like the National School of Administration, the Chinese Academy of Sciences, universities, R&D institutes, training centers attached to the governments, hospitals etc. are put into different categories:

Total size of armed forces (downsized): 2,500,000
Staff in universities and schools: 11,000,000
Staff in other public institutions: 13,000,000

- **Average academic preparation**: Among the 5.28 million civil servants, 47.7 percent have received education above the Bachelor (of Arts/Science) level and sub-Bachelor level (2-3 years of higher education at colleges), and 52.3 percent had schooling not higher than at polytechnic schools.

- **The breakdown of male and female civil servants is unavailable**. What is available is that by the end of 1997, the number of female cadres (i.e. managerial and professional staff, including technicians and teachers) in government departments, enterprises and institutions had climbed to 13,838 million, making up 34.3 per cent of the total number of cadres in China.

**3.4- TRENDS AND DEVELOPMENT IN PROGRESS**

The **reform of local governmental institutions**, which has been in full swing since 1999, is designed to create a clean, diligent, down-to-earth and efficient government which can promote local economic development and safeguard social stability. Emphasis is put by the central government on not repeating the vicious cycle of cut and swell that occurred in the past two decades of reforms undertaken. Many organizations that were streamlined at the height of the reform mushroomed afterwards. The lack of supportive reforms, such as property rights, medical care and unemployment insurance was one major factor that led to the unhealthy cycle. It is more difficult for local governments to make proper arrangements for officials laid off during streamlining of the institutional structure.
In terms of **perfecting the civil service system**, sufficient legislation is a priority task. The Government will continue to put forward more specific and supplementary rules. New approaches or systems explored in many provincial governments will be promoted throughout the country and codified in the next steps. Among them are: transparency, publicity to promotion prior to appointment, admonishment, commitment, responsibility of first consultation, responsibility of recruiting competent persons, maximum tenure in one post, post adjustment over poor performance.

The State Council attaches great importance to **the training of civil servants** aiming at enhancing the quality of government staff and perfecting the civil service system. Civil service training is divided into: new employee training, qualification training (for promotion), knowledge refreshment training and specialized training. The National School of Administration, local schools of administration and other training institutions are responsible for the programmes.

**IV- CIVIL SOCIETY CONFRONTING PUBLIC ADMINISTRATION**

**4.1- PUBLIC OPINION POLLS AND ATTITUDES OF THE MEDIA**

It is common sense in China that implementing the strategy of governing the country according to the law and administering by law could not go without supervision from the people. The media is encouraged to strengthen their role as social supervisors to help improve the performance of civil servants and check corruption, although it is a tough task that needs continuing strenuous efforts.

Public supervision is generally weak in China. The Chinese press has published an increasing number of reports criticizing corrupt officials in the 1980s. But negative reports decreased greatly in the 1990s. To meet strong public demand, China Central TV (CCTV) then presented the **programme Focus Interview** to expose misdemeanors by government staff, which won acclaim for its timely and accurate reports. Chinese
President Jiang Zemin advocated strengthening of public supervision in September 1997.

4.2- SYSTEM FOR PROMOTING HUMAN RIGHTS

China's human rights condition has been greatly improved during the more than two decades of the reform and opening up, and the recent 10 years in particular. A special report issued by the Information Service of the State Council in 1998 tells a lot about the progress made with regard to the human rights condition in China. The report covers seven areas as follows:

I. People's Rights to Subsistence and Development
II. Guarantee of Citizens' Political Rights
III. Judicial Guarantee for Human Rights
IV. Citizen's Economic, Social and Cultural Rights
V. Legitimate Rights and Interests of Women and Children
VI. Protection of the Rights of Ethnic Groups
VII. Foreign Exchange and Co-operation in the Field of Human Rights

Since the start of China's reform and opening-up, the Chinese Government has had the promotion of people's rights to subsistence and development as its top priority. Great efforts have been made to promote economic growth, which maintained quick and sound development continuously, and the people's living standard witnessed marked improvement. While promoting people's rights of subsistence and development, China pays great attention to the building of a democratic and legal system, and the guarantee of citizens' political rights according to law. As mentioned in the sections above, a relatively systematic legal establishment in place provides fundamental legal guarantees for various aspects of the social life and human rights of citizens.

The Chinese Government always attaches great importance to international human rights covenants, which are regarded as playing an active role in promoting the progress of human rights. China has so far signed a total of 17 international covenants on human rights and taken various measures to conscientiously implement them. (It signed the International Covenant on Economic, Social and Cultural Rights in October
1997 and the International Covenant on Civil and Political Rights in October 1998.) In this context, profound legal reforms have also been conducted, some of which are directly related to the principle of rights protection claimed by the International Covenant on Civil and Political Rights.

The existing Chinese statutes may lack some regulations that are specified by the International Covenant on Civil and Political Rights. A comparative study made by the Chinese Academy of Social Sciences in 1998 shows that the legal principle and understanding about human rights in China is in accordance with that of the Covenant. People believe that modifications will be made as China accelerates its legal reform. In human rights protection, China will pay more attention to commonly recognized ideas and standards in the world while making its work in this regard a part of the international efforts, under the supervision of the international community.

4.3- PLACE AND ROLE OF NON-GOVERNMENTAL ORGANIZATIONS (NGOs)

To develop NGOs, which are called intermediary organizations in China, is one of the goals on the agenda of administrative reform, which is related to transferring some functions from governments to the society. The recent years of reform and the introduction of a market economy saw a lot of NGOs mushrooming.

There are a total of 360,000 organizations of this kind that have registered and gotten operating licenses. Among them, there are 6,800 firms and offices of accountancy or auditing, 9,000 lawyers’ firms, 25,000 property or credit evaluation agencies, nearly 70,000 organizations of market investigation and information consultancy.

These organizations are playing an important role in promoting market economy development and protecting the normal order of the economic society. However, many problems exist, such as: profiteering, misconduct, mismanagement and operating without license. Some of the organizations prefer being closely connected with government departments in terms of human and financial resources. Some deviate from
the principles of independence, objectivity and fairness.

The legislation is lagging behind. The central government is planning to rectify the messy conditions and regulate the development of intermediary organizations. While stepping up the legislation, the Government is committed to focusing on two areas: separating them completely from government agencies and perfecting sectoral management institutions by enhancing self-discipline in the respective sectors.

V- ETHICS AND THE PUBLIC SERVICE

5.1- LEGAL BASIS AND CODES OF ETHICS FOR CIVIL SERVANTS

The Chinese Government regards fighting corruption and building honest and clean governments as a significant task. The central government made a decision in 1993 to intensify its anti-corruption efforts. Since then, it has conducted studies and worked out specific schemes each year to give implementation of the anti-corruption fight greater depth.

Both the State Council and the Central Committee of the Communist Party work in parallel to enhance efforts on ethics management. In May 1997, the National People’s Congress adopted Administrative Supervision Act. In the same year, the Party issued the Provisional Codes of Conduct, which most of the civil servants (being Party members) are subject to. Breaches of the Act or the Codes can result in a reprimand or administrative or disciplinary sanctions. Serious illegal acts by public servants will be dealt with by the amended Criminal Law adopted by the NPC in 1997.

5.2- REPUTATION OF THE CIVIL SERVICE

There is a problem of declining confidence in government. Unethical behaviour, such as bribery, embezzlement, abuse of power or visiting of prostitutes by public officials working in both Government agencies and Party organizations, is often publicized by
the media. Ethics or standards in public life have become an important public and political issue. That is why the Government and the Party are keen on intensifying the anti-corruption efforts. Recent years have seen great improvements in the crackdown campaign, which has been well received by the people.

5.3- LEGAL GUARANTEES OF THE CIVIL SERVANTS “NEUTRAL ROLE”

Contrary to the Western countries, the **civil service system is not neutral**. As the Communist Party is in the dominant position, public servants are put on political emphasis and are required to keep in line with the Central Committee of the Party. In this sense, the drastic institutional reform initiated by the central government and the Party’s Central Committee is easier to implement to a certain extent.

5.4- ADMINISTRATIVE SYSTEM OF ACCOUNTABILITY AND CONTROL

The accountability mechanism was set up in 1998 through **the Rules on Implementing Accountability on Ethics and Conduct** put in force by the State Council and the Party’s Central Committee in coalition. Coordinating bodies at the top level are the Central Disciplinary Committee of the Party and the Ministry of Supervision, both of which share a control role. In 1999, 4,322 public servants were found to be guilty in the promoting ethics campaign, among whom there were 58 senior officials (ranking above departmental Director’s level). The Central Disciplinary Committee is planning to initiate a programme focusing on assessing the behaviour of ministers and provincial governors.

VI- MANAGEMENT AND GOOD GOVERNANCE

6.1- CURRENT SITUATION

6.1.1- The use of management information techniques in Public administration

The **first Inter-Ministry (Commission) Information Exchange Network** was set up in April 1999, amid the "getting on-line" fever sweeping across the country. The intranet-
based network, which linked eleven central government agencies, served as a cyber-highway for data exchange and information-sharing among state commissions, ministries and other state-level government units. The establishment of the network was to promote the efficiency in the government departments and was a first step towards providing information to the public. Besides, the "Government Going On-Line Project", initiated in 1999, has involved some seventy government agencies from the national to local levels. However, the information shared in the network at present is still under the protection of a network firewall from the Internet and cannot be accessed by the public.

6.1.2- Information and communication technologies most commonly used in public administration

Computers are extensively used in each government organization for daily administrative operations, such as budgeting, accounting, periodical reports, storage of data, inventories, archives, etc. Tele and video conferencing, computer linking and multimedia are commonly used in the public administration.

6.1.3- Introduction of market-oriented procedures in public administration

Market-oriented procedures are being introduced in public administration. When governments want to launch projects of infrastructure or transportation construction, they will call for tenders. Being downsized, public organizations have to contract out some of the tasks they used to perform on their own, such as logistic and technical supports. With regard to some traditional public services like educational institutions and community services, the private sector is increasingly involved with running new projects.

6.2- DEVELOPMENTS IN PROGRESS

While proceeding with the institutional reform, local governments are encouraged to use an administrative cost-control approach to review government activities. Many cases were found where public officials have made decisions on new projects just by
patting their own heads instead of relying on cost-efficiency analysis. It often caused a large amount of waste of public resources. As a part of the reform, institutional innovations initiated will include the compulsory use of tools of cost control, e.g., budget control.

VII- SENSITIVE BRANCHES OF PUBLIC ADMINISTRATION

Education reform, environmental protection and social security systems are among the issues of common concern by the public in China. Policies have been worked out by the Government to address each issue correspondingly.

7.1- EDUCATION

For the education sector, the Government made reformative efforts by using two approaches. One is introducing a market mechanism to facilitate the flow of non-public funds into education. Some experts suggested governments practice a hands-off policy and pass some responsibility to the non-public sector. The second is to promote a competitive mechanism. That means to get rid of the equalitarian "iron rice bowl". The Ministry of Education is taking care of the education reform. In 1999 the enrollment of universities and colleges was expanded 40 percent over the year before. Now education has become a new industry and it will become one of hot areas of consumption.

7.2- ENVIRONMENT

China began its environmental protection work in the 1970s. The State Environmental Protection Administration (SEPA) is the central authority. In 1993, SEPA and the State Planning Commission jointly formulated the China Action for Environmental Protection (1991-2000). The legislation is comprehensive in relation to this issue. Many NGOs and volunteers have a high sense of the environmental protection and are encouraged to be involved. The media also plays an active role in drawing the attention of relevant authorities to the problem of heavy pollution in some areas or rivers. Recent years have
seen investment in environmental protection increased and significant improvements achieved.

7.3- SOCIAL SECURITY

Social security is a tough issue in China. The established social security system can hardly meet the needs of the whole society. The weaknesses of China's traditional social security system can be seen in two aspects: narrow coverage and inadequate financial support. It mainly caters to the urban inhabitants and young people under 30 years of age, neglecting conditions of rural people and senior workers who have worked for 30 years. It is most difficult to overcome the burdensome legacy left by the former planned economic system that existed for several decades.

The Ministry of Labor and Social Security is the central agency responsible for putting forward new policies and overseeing their implementation. In early 1999, the State Council issued two decrees: the Provisional Regulations on Collecting Funds for Unemployment, Pension and Medicare and the Regulations on Unemployment Insurance. These regulations are aimed to ensure an adequate supply of funds for the social security network and to ensure that the basic needs of retirees and the unemployed are met. Since then, a nationwide social security network expanded to cover all eligible people by the end of 1999.

Another issue that causes concern is the re-employment of the Xia-gang (laid-off) staff from streamlined governments and Xia-gang workers from restructured state-owned enterprises. The Chinese term Xia-gang, different in meaning from being laid off, refers to those employees who are maintaining their employment contracts with the employer but have lost their posts. At the end of 1997, the number of Xia-gang workers was quoted as some 10 million. In a couple of years, about 3 million will be made redundant from local governments at each level.
VIII- GLOBALIZATION

8.1- ADAPTATION TO THE NEEDS OF ECONOMIC GLOBALIZATION

Now China is making active efforts to gain an early entry into the World Trade Organization (WTO) in the hope of using the global economy as a catalyst to the development of its national economy. China’s economy is increasingly closely connected with the world economy owing to the country’s policy of consistent reform and opening up. The Chinese Government is aware that entry into the WTO will bring in both opportunity and challenge. In preparation, the Government has worked out a strategy that is persisting in development and enhancing structural readjustment while maintaining moderately high speed of economic growth. The structural readjustment includes: promoting the development of new technology and hi-tech industries; facilitating the development of technology-intensive and internationally competitive products; readjusting the structure of industries, products and enterprises, as well as regions and urban and rural areas.

8.2- COMPREHENSIVE AND FINALIZED PROGRAMMES

In terms of attracting foreign investments, both the foreign loans and investments have been of a rather large scale during the past two decades. Keeping a balance between domestic and external economies has been on the Government’s agenda.

The Government puts great emphasis on offering timely special training for both public officials and corporate executives. Programmes tailored to senior managers from hundreds of leading state-owned enterprises were launched in January 2000, focusing on common rules and practices existing in international trade economic cooperation. Attention is being drawn to the introduction of competitive mechanism that will affect the survival and development of most of the state-owned enterprises. A special course of WTO awareness is also designed for civil servants.
Although significant improvements have been made in China’s public administration, **bureaucracy and overlapping government functions still exist**, which have seriously obstructed the efficiency of the government work. The governments at all levels should make more efforts to modify the role of the government and stop retaining too much control. In other words, attention needs to be paid to restructuring towards decentralization.

During the three rounds of institutional reform since the 1980s, the vicious cycle of cutting and expanding had not stopped. The reason is that the issue of transferring some of the governments’ functions was not resolved. When all the functions are kept there, it becomes necessary to recruit more staff to deal with them, resulting in the creation of additional posts and soaring staff costs.

During the ongoing reform, the most important task is to downsize the governments and consolidate their functions. The policy-makers have realized that as the reform moves forward in depth, some responsibilities have to be devolved beyond the government.

The central government intends to enhance legislative effort to ensure the structural change. During the process of the organizational restructuring, governmental functions will first be defined by statute. Then relevant departments and posts can be established and the number of personnel will be determined accordingly. With governmental functions defined, financial allocations will also be predetermined.