

## **Research Report**

# **“Downsizing” the Chinese State: Government Retrenchment in the 1990s**

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**ABSTRACT** The Chinese Communist Party has maintained tight control over the institutions and processes for creating and deleting official posts. The Party’s goal of maintaining as many official positions as possible to preserve political patronage and social stability conflicts with the need to curb administrative expenses and cut government deficits. Aggregate data indicate that the downsizing campaigns of the 1990s have not been particularly successful and that staffing levels in local government are probably to a large extent politically determined. A case study reveals that some local governments may have officially downsized while expanding the total size of public employment.

China’s system for controlling the creation and deletion of official posts should have permitted the state to downsize itself during the government re-organization campaigns of the 1990s. Yet because of the Chinese Communist Party’s (CCP) needs for political patronage and social stability, downsizing of core government has not been particularly successful. Managing the retrenchment of China’s public non-profit institutions is the responsibility of the State Commission for Public Sector Reform. This Party organization approves re-organization plans for all central government agencies, provincial governments and central-level service units (*shiye danwei*) that lay down their organization structure (*jigou*), functions (*zhineng*) and number of officially approved positions (*bianzhi*). Downsizing is concerned with the latter issue – determining the number of officially approved positions of an organization and actually carrying out the staff reductions.

Previous research has sometimes confused the *bianzhi* system with the *nomenklatura* system.<sup>1</sup> As Brødsgaard points out, they are different.<sup>2</sup> The latter is a system for vetting personnel appointments and dismissals and covers all leadership positions (from section chief up) including reserve candidates for these positions, while the former is a system for creating and deleting posts.<sup>3</sup> The *bianzhi* refers to all positions that have been

1. See David Shambaugh, “The Chinese state in the post-Mao era,” in David Shambaugh (ed.), *The Modern Chinese State* (Cambridge: Cambridge University Press, 2000), pp. 173–75.

2. See Kjeld E. Brødsgaard, “Institutional reform and the *bianzhi* system in China,” *The China Quarterly*, No. 170 (June 2002), p. 363.

3. On the *nomenklatura* system see John P. Burns (ed.), *The Chinese Communist Party’s Nomenklatura System* (Armonk: M.E. Sharpe, 1989), and John P. Burns, “Strengthening central Party control of leadership selection: the 1990 *nomenklatura*,” *The China Quarterly*, No. 138 (June 1994), pp. 458–491.

officially created. Especially at the most junior levels many positions on the *bianzhi* are not on the Party's *nomenklatura*: for example, not all section members are on the reserve list for promotion to section chief. Moreover, the *bianzhi* system is neither concerned with lists of officials who might fill the positions nor mechanisms for making these appointments.

Previous research fails to examine the outcomes of downsizing attempts and sometimes reports changes to *bianzhi* targets as though they were actually achieved.<sup>4</sup> This article points out the difficulties of trying to determine whether the cuts have been made and, based on data from the 1993 to 1996 downsizing exercise, argues that generally the targeted cuts have not been realized. Given the relatively widespread practice of many poor local governments in China of employing more people than they have positions (*chaobian*),<sup>5</sup> we need to investigate the principles and mechanisms on which *bianzhi* targets are established. Previous research has neglected this important area. The article examines a number of possible explanations of core staffing levels of local governments in the 1990s and presents a case study of downsizing in a district government of a northern China city.

Chinese authorities attempted to downsize core government on many occasions, twice in the 1990s.<sup>6</sup> The most recent attempt was carried out from 1998 to 2002 during which authorities announced that they had cut approved administrative positions (*xingzheng bianzhi*) by 1.15 million posts nation-wide.<sup>7</sup> Authorities also reported that they had cut the number of employees exceeding approved levels (*chaobian*) at prefectural, county and township levels by 430,000 people. The government reportedly re-organized the State Council into 29 ministry-level agencies down from 40, and abolished some 200 bureaus.<sup>8</sup> Provincial-level agencies were reportedly cut from 55 to 40, prefectural-level agencies from 45 to 35 and county-level agencies from 28 to 18. Authorities reported that central and provincial level party bureaucracies shed 20 per cent of their employees, while the State Council reportedly shed 47.5 per cent. Officially, provincial level government cut 48.2 per cent of employees, and prefectures, counties and townships downsized by 19.4 per cent.<sup>9</sup> We argue that cuts of such magnitude should have had an impact on aggregate levels of employment in core government. That they generally have not is an indication that the claims for substantial downsizing from 1998 to 2002 should be treated with caution.

The CCP has maintained tight control over the process of creating and deleting official government positions to preserve political patronage and

4. See Brødsgaard, "Institutional reform and the *bianzhi* system in China," pp. 375–76.

5. *Ibid.* pp. 366–69.

6. Liu Zhifeng, *Di qici geming: 1998 Zhongguo zhengfu jigou gaige beiwanglu* (*The Seventh Revolution: the 1998 Reform of the Chinese Government*) (Beijing: Jingji ribao chubanshe, 1998).

7. *Wenhui bao* (Hong Kong), 20 June, 2002.

8. *Ibid.*

9. *Ibid.*

social stability. First, the Party’s position in power depends on being able to offer official employment to as many people as possible. Maintaining control over the number of official positions allows the CCP to manage the scope of political patronage. To maintain its position in power the CCP must be able to reward its friends and supporters. The Party’s system of controlling the *bianzhi* was developed during a time when virtually all urban employment was official or state-sponsored. From the mid-1950s and throughout the 1960s and 1970s the scope of the *bianzhi* was accordingly very wide. During the 1980s and 1990s, however, with economic reform the scope of the *bianzhi* has shrunk. Maintaining tight control over the creation and deletion of the remaining official posts has, thus, become a high priority for the Party.

Secondly, the Party’s position in power depends on maintaining social stability which requires relatively high levels of growth with high rates of employment. Economic restructuring in the 1980s and 1990s has increased unemployment, so that by the late 1990s at least 15.5 million workers were unemployed in China’s cities, or about 7.5 per cent of the urban workforce.<sup>10</sup> From 1993 to 1999 the number of people employed by state-owned enterprises fell from 76.4 million to 47.3 million.<sup>11</sup> The potential for the unemployed to oppose the regime cannot be exaggerated.

In spite of the CCP’s interest in establishing as many official positions as possible, there are countervailing incentives for downsizing the state. Government revenue as a percentage of GDP has declined in recent years, from 25.7 per cent in 1980 to 10.7 per cent in 1995.<sup>12</sup> It recovered somewhat after that and in 1998–99 stood at 14 per cent of GDP, still relatively low. As revenues have shrunk non-economic public employment has grown. From 1978 to 1996, for example, the number of employees supported by the state (*caizheng gongyang ren yuan*) increased by 82.3 per cent to 36.73 million, an increase of from 2.1 to 3 per cent of the entire population.<sup>13</sup> Administrative expenses also grew from about 5.5 per cent of total government expenditure in 1980 to 13.1 per cent in 1996. The rapid growth of public employment contributed to government deficits that grew from 1988 onwards. From 1990 to 1999 the deficit grew from 14.6 billion *yuan* to 174.4 billion *yuan*.<sup>14</sup> Government expenditure grew faster than revenue in 1991, 1994, 1998 and 1999. This situation has encouraged the government to rein in personnel costs.

10. *South China Morning Post* (Hong Kong), 9 October, 1997.

11. State Statistical Bureau, *Statistical Yearbook of China 1994* (Beijing: China Statistical Publishing House, 1994), p. 90, and State Statistical Bureau, *Statistical Yearbook of China 2000* (Beijing: China Statistical Publishing House, 2000), p. 124. The declining number of SOE employees is offset by the growing number of unemployed and pensioners.

12. State Statistical Bureau, *China Statistical Yearbook 2000* (Beijing: Zhongguo tongji chubanshe, 2000), p. 256.

13. Wang Luozhong, “Lun Zhongguo zhengfu xingzheng gaige de jiben jiazhi xuanze” (“On basic value choices on administrative reform of China’s government”), *Zhongguo xingzheng guanli* (*China Public Administration*), October 2000, p. 63.

14. *China Statistical Yearbook 2000*, p. 255.

*Institutions*

Since 1949 the CCP has established specialized central agencies to manage the *bianzhi* system, sometimes within the State Council and sometimes within the Party.<sup>15</sup> When in 1949 the government set up the Committee for Investigating the Establishment of the State Administrative Council and Subordinate Units (*Zhengwuyuan jiqi suoshu danwei jigou bianzhi shencha weiyuanhui*), the CCP signalled its intention to manage the creation and deletion of posts in government agencies and service units (*shiye danwei*). In 1950 authorities created the National Establishment Committee (*Quanguo bianzhi weiyuanhui*) which extended the scope of central *bianzhi* control to local levels. Day-to-day management of the *bianzhi* was left to a General Office of the Committee, which at that time (and unusually for post-1949 China) was located in the Ministry of Finance. In 1952, however, the CCP transferred the General Office to the Ministry of Personnel, indicating the importance the Party placed on *bianzhi* work. Thus, since 1952 managing the *bianzhi* system has been closely linked to the organization/personnel *xitong*.

From 1954 to 1956 during the period of institutionalizing the structure of government,<sup>16</sup> authorities established a separate State Council agency to manage the *bianzhi*. In 1954 this took the form of a State Council Establishment Investigation Committee (*Guowuyuan bianzhi shencha weiyuanhui*), which in 1955 was replaced by the State Council Establishment and Wages Committee and then in 1956 reverted to the State Council Establishment Committee (*Guowuyuan bianzhi weiyuanhui*). The brief change in 1955 may have been associated with the promulgation of the new 30-grade uniform cadre wage system.<sup>17</sup> In 1958 the General Office of the State Council Establishment Committee was merged with the State Council Personnel Bureau, continuing its close association with organization/personnel work. Two years later the CCP established a Central State Organs Streamlining Small Group (*Zhongyang guojia jiguan jingjian xiaozu*) to oversee another attempt to downsize central-level Party and government institutions. In 1962, *bianzhi* management passed to a new body, the State Organs Establishment Small Group (*Guojia jiguan bianzhi xiaozu*). In spite of these many institutional changes, a core of Party officials who specialized in organization and personnel work serviced these various committees and groups.

1963 marked a watershed in the institutionalization of the *bianzhi* system when the National People's Congress set up the State Establishment Committee (SEC) (*Guojia bianzhi weiyuanhui*) under the State Council, an institution that continued to function until 1970. In that year the SEC was abolished and *bianzhi* control work was taken over by the State Council General Office, presumably under the overall leadership of

15. Qian Qizhi, *Jigou bianzhi guanli jiaocheng (Lectures on Organization Establishment Management)* (Beijing: Zhongguo renshi chubanshe, 1990), pp. 26–28.

16. See Harry Harding, *Organizing China: the Problem of Bureaucracy, 1949–1976* (Stanford: Stanford University Press, 1981), pp. 65–86.

17. *Ibid.* p. 73.

Premier Zhou Enlai. In 1978 the SEC was restored under the leadership of the State Council Secretary General, replacing a series of ad hoc arrangements that operated during the interim.<sup>18</sup>

In the post-Cultural Revolution era, *bianzhi* control passed to a 26-staff bureau of the newly created Ministry of Labour and Personnel (set up in 1982), an arrangement that lasted until 1988, when authorities initiated a new round of downsizing. The new campaign required an organization that could stand above the ministries to enforce *bianzhi* discipline upon them. As a result, in 1988 authorities centralized *bianzhi* control in an agency outside the Ministry, named the State Commission on Public Service Structure and Establishment Administration (*Guojia jigou bianzhi weiyuanhui*), where it remained until 1991 when the CCP placed it directly under the Central Committee as the State Commission on Public Sector Reform (SCPSR) (*Zhongyang jigou bianzhi weiyuanhui*).<sup>19</sup> This change was deemed necessary to extend the reach of *bianzhi* control (and, thus, downsizing) to non-core government agencies (including the bureaucracies of the Party, people’s congresses, the courts, the procuratorate and so forth).

The evolution of the institutional arrangements for control of the *bianzhi* reveals, first, the importance that the Party places on managing this function. Indeed, by 1991 the CCP had taken direct control of *bianzhi* work. Secondly, although the exact location of the function has changed from time to time, since 1952 *bianzhi* work has been closely associated with organization and personnel work, again a Party preoccupation. Thirdly, the frequent changes to the location of *bianzhi* control appear to have been associated with major downsizing or restructuring campaigns. Through the changes authorities may have sought to signal to government officials that the campaigns should be taken seriously. Thus they provided the *bianzhi* control apparatus with a higher at least symbolic status that lasted for the duration of the campaign. As shown above, the CCP has a clear interest in maintaining as many official positions as possible, an interest that runs directly counter to the need to downsize. Undoubtedly this conflict has undermined the campaigns.

The SCPSR is usually headed by the Premier (Li Peng from 1991 to 1998 and Zhu Rongji from 1998 to the time of writing), an indication

18. In 1973, the State Council established an Organization and Establishment Investigation Small Group (*Jigou bianzhi shencha xiaozu*), the membership of which consisted of “leading comrades of relevant departments of the State Council.” In 1975 this was replaced by an Establishment Small Group (*Bianzhi xiaozu*) within the State Council General Office. See Qian Qizhi, *Lectures on Organization Establishment Management*, pp. 26–28.

19. Zhonggong zhongyang guowuyuan guanyu chengli zhongyang jigou bianzhi weiyuanhui de tongzhi” (“Notice of the CCP Central Committee and the State Council on the Establishment of the SCPSR”), *Zhongfa*, No. 14 (1991), in China Local Government Organization Reform Editorial Group (ed.), *Zhongguo difang zhengfu jigou gaige (China Local Government Organizational Reform)* (Beijing: Xinhua chubanshe, 1991), pp. 51–53. The official English-language name of the agency from 1991 to 2000 was the State Commission on Public Service Structure and Establishment Administration. In 2000 the Commission adopted the new English-language name, State Commission for Public Sector Reform. The Chinese language name has remained unchanged since 1991.

of its apparent authority. Other members of the Commission include senior Party and state officials charged with organization and personnel work (see Table 1), the Party *xitong* headed in early 2002 by Hu Jintao.

Changes made to the composition of the Commission reflect changes in the leadership but also undoubtedly reflect inner-Party politics. In August 1994, Luo Gan was replaced by Li Guixian as a Vice-Chairman of the Commission.<sup>20</sup> Then in 1998 the number of Vice-Chairmen was cut from two to one, a move that undoubtedly strengthened Hu Jintao's position. (Li Guixian, a protégé of Li Peng, may have held a Vice-Chairmanship under Li Peng's tenure in a bid to balance the influence of Hu Jintao). Perhaps Zhang Qianjing was retained on the SCPSR for some time even though he lost his position as Head of the Organization Department as part of an accommodation to reduce resistance to the promotion of Zeng Qinghong, a protégé of Jiang Zemin, to become the new Head of the Organization Department. In 2000 Zhang Xuezhong joined the Commission when he became Minister of Personnel, replacing Song Defu who became Party secretary of Fujian province. Unusually, in 2001 Zhang Zhijian headed the General Office of the SCPSR, a post usually reserved for the Minister of Personnel. Zhang came to the position with many years of experience as a Vice-Minister of Personnel,<sup>21</sup> however, and with close ties to the SCPSR.

The SCPSR (and its network of local commissions) is responsible for determining the functions of, internal organization structure of, and number of approved administrative positions (establishment or *bianzhi*) in all government agencies and service units throughout the country. The Commission's authority also extends to approval of the internal organization structure and establishment of the bureaucracies of the CCP, the democratic parties and mass organizations, and to the bureaucracies of the NPC, CPPCC, Supreme People's Court and Supreme People's Procuratorate.<sup>22</sup> In the 1980s and 1990s the three duties of the SCPSR have been manifested in "three fixes" plans that all government agencies and service units have prepared for SCPSR approval during each round of administrative reform. These plans "fix" organization functions, institutional structure and numbers of approved administrative positions within each agency (*ding zhineng, ding jigou, ding bianzhi*). SCPSR approval is required for each change of function, then, for a government agency (such as the change to the functions of the People's Bank of China that made it the country's central bank or the decision to set up the China Securities Regulatory Commission, or the decision to corporatize the Ministry of Electric Power). The SCPSR at the centre approves provin-

20. Zhonggong zhongyang zuzhibu yanjiushi (ed.) *Dang de zuzhi gongzuo dashiji 1993–1997 (Diary of Party Organization Work, 1993–1997)* (Beijing: Dangjian duwu chubanshe, 1999), p. 137.

21. He was also a Deputy Secretary of the Party core group (*dangzu*) in the Ministry of Personnel.

22. "Notice of the CCP Central Committee and the State Council on the establishment of the SCPSR," pp. 51–53.

Table 1: Membership of the State Commission for Public Sector Reform, 1993–2001

<i>Position</i>	<i>1993</i>	<i>Other positions</i>	<i>1998</i>	<i>Other positions</i>	<i>2001</i>	<i>Other positions</i>
Chairman	Li Peng	Premier; Politburo St. Com.	Zhu Rongji	Premier; Politburo St. Com.	Zhu Rongji	Premier, Politburo St. Com.
Vice-Chair	Hu Jintao	Politburo St. Com.; Vice-President	Hu Jintao	Politburo St. Com.; Vice-President	Hu Jintao	Politburo St. Com.; Vice-President
Vice-Chair	Luo Gan	State Councillor; State Council General Office Secretary General	–	–	–	–
Member	Zeng Qinghong	Director, Central Committee General Office; Member of CC Secretariat	Zeng Qinghong	Head, Organization Department	Zeng Qinghong	Head, Organization Department
Member	–	–	Wang Zhongyu	State Councillor State Council Secretary General	Wang Zhongyu	State Councillor State Council Secretary General
Member	Lü Feng	Head, Organization Department	Zhang Quanjing	Former Head, Organization Department	Wang Gang	Director, Central Committee General Office
Member	Liu Zongli	Minister of Finance	Xiang Huaicheng	Minister of Finance	Xiang Huaicheng	Minister of Finance
Member	Song Defu	Head, General Office of SCPSR; Minister of Personnel	Song Defu	Head, General Office of SCPSR; Minister of Personnel	Zhang Xuezhong	Minister of Personnel; Vice-Head, Organization Department
Member	–	–	–	–	Zhang Zhijian	Head, General Office of SCPSR

Source:

Zhonggong zhongyang zuzhibu yanjiushi (ed.), *Dang de zuzhi gongzuo dashiji 1993–1997* (*Diary of Party Organization Work, 1993–1997*) (Beijing: Dangjian duwu chubanshe, 1999), p. 55; and interviews, SCPSR, 19 May 1999 and 25 July 2001.

cial level plans down to the level of bureau chief for onward transmission to the CCP Central Committee and the State Council.<sup>23</sup>

The SCPSR differs considerably from administrative reform agencies overseas. First, reflecting the one-party nature of China's political system, the State Commission is a creature of the CCP. The scope of its authority is nominally very broad, for it includes not only the executive but the legislature, the judiciary, the CCP itself and the eight official democratic parties, mass organizations (such as the All China Federation of Trade Unions) and service units, such as schools, hospitals and research institutes. Most administrative reform agencies overseas are established by governments to manage reform that is much narrower in scope.

The nominally sweeping authority of the SCPSR is of relatively recent origin. Prior to 1991 the Commission was attached to the State Council. In 1988, although headed by Premier Li Peng (the Secretary General of the State Council and the Minister of Personnel served as Deputy Heads), it was staffed mostly by Vice-Ministers of State Planning, State Economic System Reform, Finance and Personnel, and a Deputy Secretary General of the State Council.<sup>24</sup> In 1991, the SCPSR was moved from the State Council to the Party Central Committee and its authority strengthened. Although Li Peng continued to head the body, the position of Deputy Head was upgraded by the appointment of Politburo member Song Ping. The two previous Deputy Heads became ordinary members of the Commission. To the other ordinary members were added senior positions in the legislature, judiciary and the procuratorate.<sup>25</sup> Finally, in 1993, as the authorities were gearing up for the 1993 administrative reforms, the body was upgraded again. The number of ordinary Commission members was cut from 13 to four and the vice-ministers were replaced by more senior officials. The numbers were probably cut to reduce the opportunities for government bureaus to plead for special treatment. A smaller, more powerful and more cohesive Commission should have been more effective.

A second characteristic of China's administrative reform agency that sets it apart from similar agencies overseas is the relatively weak position played by the Ministry of Finance, even in the strengthened post-1993 line-up. In many countries, establishment matters, including the cost and size of the civil service, are tightly controlled by Treasury officials. In China, by contrast, control of establishment is vested in the CCP. The Ministry of Finance plays a weak role, as it has done in other arenas as well.<sup>26</sup>

23. *Ibid.* pp. 51–53.

24. "Guowuyuan bangongting guanyu chengli guojia jigou bianzhi weiyuanhui de tongzhi" ("Notice of the State Council General Office on the establishment of the SCPSR"), *Guobanfa*, No. 27 (1988), in Ministry of Personnel (ed.), *Renshi gongzuo wenjian xuanbian* (*Selection of Personnel Work Documents*), Vol. 11 (Beijing: Xuefan chubanshe, 1989), pp. 611–12.

25. These positions were: Deputy Secretary General of the NPC Standing Committee; Secretary General of the CPPCC; Head of the Discipline Group of the Supreme People's Court; and Deputy Head of the Supreme People's Procuratorate. See "Notice of the CCP Central Committee and the State Council on the establishment of the SCPSR," pp. 51–53.

26. David Bachman, "The Ministry of Finance and Chinese politics," *Pacific Affairs*, No. 62 (1989), pp. 167–187.



The day-to-day work of the SCPSR is carried out by a General Office (GO), usually headed by the Minister of Personnel (the current incumbent is a Zhang Zhijian, who holds ministerial rank (*zhengbuji*)). Deputy heads of the GO include a Vice-Minister of Personnel, a Deputy Head of the CC General Office, a Deputy Head of the State Council General Office, and a full-time administrator with the rank of Vice-Minister (SCPSR). Under the directorate are the General Bureau, and four other bureaus, one each managing central-level organizations, local-level organizations, mass organizations and service units. Attached to the General Office are the China Research Centre for Administrative Systems and Organizational Reform (*Zhongguo xingzheng tizhi yu jigou gaige yanjiu zhongxin*), a Logistics Service Centre, the offices of a publicly available monthly magazine *China Organization* (*Zhongguo jigou*), and the Service Unit Registration and Management Centre (*Shiye danwei dengji guanli zhongxin*), which among other things is responsible for registering service units of the State Council.<sup>27</sup>

The number of employees of the GO grew rapidly from about 50 people in 1991 to over 100 in 1997. In the 1998 restructuring, however, the level of staffing was cut by about 30 per cent.<sup>28</sup> In 1996, 73.4 per cent of the GO's staff had graduated from university. Of these, 20.3 per cent had master's degrees. Men outnumbered women by about 2.6 to 1. Nearly half the employees were between 35 and 50 years old, while another 17 per cent were over 50.

Similar organizations have been established at provincial, prefectural and county levels. Generally, the provincial Commissions are joint party-state organizations, usually headed by the provincial governor. In the case of Anhui province, for example, the Commission consisted of the provincial governor, two vice-governors and two senior Party officials, one of whom headed the Party Organization Department. In the 1993 reforms they formed the standing committee of an “organization reform leading small group” set up in the province to supervise the drafting of the province's administrative reform plan, submit it to the SCPSR for approval and supervise its implementation.<sup>29</sup> Additional members of the commission included the heads of the provincial bureaus of personnel and finance, and the deputy head of the provincial economic system reform commission. The head of the personnel bureau also headed the General Office of the provincial Commission. In 1996 the GO employed 15 people, organized in two divisions, one each to handle administrative agencies (such as government and Party organs) and service units. A network of commissions links China's counties, cities and provinces to the SCPSR in Beijing. They all come under the administrative guidance of the SCPSR.

27. SCPSR, *Zhongyang jigou bianzhi weiyuanhui bangongshi* (*General Office of the State Commission for Public Sector Reform*) (n.p. n.d.).

28. Interviews, SCPSR, 18 May 1999. Interviews in 2001 indicated that the GO had 65 administrative positions and a total staff (including blue-collar workers) of about 100. Interview, SCPSR, 25 July 2001.

29. Interviews, Hefei CPSR, 1994.

*Administrative Bianzhi Plans*

The drafting of organizational reform plans in China is a top-down exercise. The SCPSR drafts guidelines for organizational reform that are discussed and approved by the Politburo and the State Council. Draft plans for specific central-level agencies are produced by the agencies themselves under the guidelines and in consultation with the SCPSR, which must approve them. A strategic plan incorporating all the specific proposals is then discussed by the Politburo and the State Council, approved by the Central Committee, and finally approved by the National People's Congress.

Central policy for determining the structure of local government has changed in recent years. Up until 1998, the SCPSR required provincial and local governments to establish a specific number of agencies set out on a list<sup>30</sup> (see Table 2). Generally, provinces and first and second tier cities (see below) were required to establish the most complete administrative machinery. Prefectures, counties and towns/townships were required to establish relatively fewer government offices. Tax offices, for example, were only required at provincial level. According to *bianzhi* regulations, each administrative level was required to establish a general office, planning office, and offices to manage education, public security, civil affairs, finance, agriculture, health, family planning, audit, statistics, and industry and commerce. Local Party and government organs were instructed to study the lists and carry out the instructions. Apart from the mandatory agencies laid down by the SCPSR, each jurisdiction had discretion about which other agencies to establish within the overall establishment targets. The establishment of additional agencies formed much of the basis of each jurisdiction's "three fixes" plan and that was approved by higher level commissions and ultimately by the SCPSR in Beijing.

Authorities apparently relaxed these requirements in 1998 when the government abolished "mandatory department lists." According to an authoritative source, "... central authorities no longer demand that a local government establish specific departments to match those at a higher level."<sup>31</sup> The revised policy urged local governments to be innovative as they downsize and not to be seduced by departments at higher levels, which undoubtedly prefer for administrative convenience and bureaucratic accountability to have their own departments duplicated at each level. Local governments may also prefer these arrangements, however, to facilitate communications and the transfer of (human and financial) resources. Because following higher administrative levels on organizational matters is so entrenched, the new policy may have had little impact.

30. "Zhongyang jigou bianzhi weiyuanhui guanyu difang geji dangzheng jigou shezhi de yijian" ("Opinion of the SCPSR on establishing local Party and government organs"), *Zhongbian*, No. 4 (1993), in *China Local Government Organizational Reform*, pp. 72-74. Central government officials apparently tried to do away with the list for some time.

31. Wang Zhenning, "Localities given decision-making power in administrative structural reform," *Ta Kung Pau*, 19 June 1999, in FBIS-CHI-1999-0711, 19 June 1999.

**Table 2: Required Government Offices at each Administrative Level, 1993**

<i>Government Dept.</i>	<i>Province</i>	<i>Prefecture</i>	<i>City (tiers 1 and 2)</i>	<i>City (tier 3)</i>	<i>County</i>	<i>Town/ township</i>
General office	X	X	X	X	X	X <sup>c</sup>
Planning	X	X <sup>a</sup>	X	X <sup>a</sup>	X <sup>a</sup>	
Economic and trade	X		X			
Economic system reform	X		X			
Education	X	X <sup>b</sup>	X	X <sup>b</sup>	X <sup>b</sup>	X <sup>d</sup>
Science and technology	X		X			
Nationality affairs	X	X				
Public security	X	X	X	X	X	
State security	X					
Civil affairs	X	X	X	X	X	X
Justice	X		X			
Finance	X	X	X	X	X	X <sup>f</sup>
Personnel	X		X <sup>c</sup>	X <sup>c</sup>	X <sup>c</sup>	
Labour	X		X <sup>c</sup>			
Transport	X		X	X		
Construction	X		X	X		X
Agriculture	X	X	X	X	X	X <sup>e</sup>
Trade	X		X			
Culture	X		X			
Health	X	X	X	X	X	
Family planning	X	X	X	X	X	X <sup>d</sup>
Audit	X	X	X	X	X	
Statistics	X	X	X	X	X	
Industry and commerce	X	X	X	X	X	
Tax	X					

Notes:

<sup>a</sup> Combined Planning and Economy Affairs Bureau.

<sup>b</sup> Combined Education and Science and Technology Bureau.

<sup>c</sup> May be established separately or merged.

<sup>d</sup> Combined Social Affairs Office, including Family Planning.

<sup>e</sup> Combined Party/Government Office

<sup>f</sup> Combined Finance and Economy Office

Source:

“Zhongyang jigou bianzhi weiyuanhui guanyu difang geji dangzheng jigou shezhi de yijian” (“Opinion of the SCPSR on establishing local Party and government organs”), *Zhongbian*, No. 4 (1993) in China Local Government Organization Reform Editorial Group (ed.), *Zhongguo difang zhengfu jigou gaige (China Local Government Organizational Reform)* (Beijing: Xinhua chubanshe, 1995), pp. 72–74.

It was specifically aimed at poorer areas that did not have the financial capacity to support large governments. “In the case of poor and remote border areas, the departmental line-up should be even simpler. In those areas, departments should be as comprehensive as possible.”<sup>32</sup> Still, provincial level governments were urged to set up departments that “roughly correspond to the structure of the State Council.”<sup>33</sup>

To help it determine the appropriate number of administrative posts for each jurisdiction, the SCPSR has classified cities and counties into first, second and third-tier jurisdictions based on a number of criteria, including total population, total non-agricultural population, land area, urban land area, number of administrative districts, the local budget income and the total value of output. The SCPSR uses the criteria to evaluate the appropriate size of each jurisdiction’s administrative *bianzhi*. The Commission uses a similar method, based on fewer criteria (total population, land area, total value of industrial and agricultural output, and the county budget income) to classify counties, also into several tiers. Towns and townships are classified based on population, land area, and total value of agricultural and industrial production.<sup>34</sup>

The authorities then advise each municipality on the number of Party and government agencies it should establish. In 1993, first-tier cities, which were more populous and richer, were permitted to establish about 60 agencies; second-tier cities about 50 agencies; and third-tier cities, which were less populous and less developed, about 40 agencies. Public Sector Reform Commissions instructed each first and second-tier city to establish a minimum of 22 specific agencies (see Table 2). Third-tier cities were instructed to set up a minimum of 15 specific agencies. By 1998 the target number of agencies had been further reduced. Provincial governments would retain from 30 to 40 agencies depending on their level of development, with poorer areas establishing fewer departments/bureaus. Beijing, Tianjian, Shanghai and Chongqing would retain about 46 bureaus. In first, second and third-tier cities, further cuts were also mandated – and their target number of bureaus became 40, 30 and 20 respectively. Towns and townships, depending on size, were to establish 22, 18 and 14 departments as well. According to the government, when implemented these cuts would enable local governments to cut their payrolls in half.<sup>35</sup>

### *Central and Local Administrative Bianzhi Targets*

Based on these principles and quotas, the SCPSR lays down administrative *bianzhi* targets for central and local governments (these exclude

32. *Ibid.*

33. *Ibid.*

34. “Guanyu yinfa shi, xian ji xiangzhen fenwei biao zhun de tongzhi” (“Notice on the printing and distribution of city, county, town, and township classification criteria”), *Zhongbianban*, No. 17 (1993), in *China Local Government Organizational Reform*, p. 75.

35. Wang Zhenning, “Localities given decision-making power in administrative structural reform.”

*bianzhi* targets for service units (*shiye danwei*). The targets laid down in 1990, 1993 and 1998 for selected central government agencies appear in Table 3. They reveal, first, that from 1990 to 1998 there was a continuous decline in the establishment of most central agencies. That is, by 1993 establishment had not crept back to 1990 levels, a problem that characterized most pre-1990 attempts to downsize.<sup>36</sup> Indeed, the decline has been remarkable with many agencies experiencing cuts of 50 per cent in 1998 over 1990 levels. The cuts have been the largest in those economic ministries that became bureaus in 1998 (reaching 80 to 90 per cent). The downsized bureaus were subsequently wound up and their functions folded into the State Commission for Economics and Trade.<sup>37</sup> Authorities spared from savage downsizing some of the regulatory and supervisory agencies, such as the State Administration of Audit. Still, cuts of from 21 to 55 per cent were registered for environmental protection, taxation and statistics.

Interviews with officials in Beijing whose agencies were downsized reveal that in some cases departments believed the cuts were too severe. According to one official, many experienced division-level bureaucrats were sacked in his ministry, which undermined the ability of the ministry to function. New officials had to be trained to take over their duties, a process that took time and resulted in substantial delays and near paralysis in the summer of 2000. In another case, officials were asked to vote on which of their colleagues should be required to leave to achieve the targets. This resulted in the least competent (or popular?) colleagues leaving the organization.<sup>38</sup>

The 1993 administrative *bianzhi* targets for China's provinces appear in Table 4. In the 1993 reforms, huge reductions in administrative positions were planned for some provinces. For example, Shanxi, Shaanxi and Shandong provinces were each supposed to reduce their overall administrative establishment by over 40 per cent. Shanghai, on the other hand, was set a target of only a 5 per cent reduction. A perusal of the summaries of the “three fixes” plans for the provinces slated for the largest reductions indicates that authorities hoped to achieve the targets through such measures as abolishing whole levels of government (such as prefectures). That was clearly the plan in Shandong province.<sup>39</sup> In other cases, however, how such large reductions were to be achieved is unclear from the plans.

Administrative *bianzhi* targets for the 1998 local reforms have yet to be published.<sup>40</sup> Scattered information is available, however, and indicates

36. Wu Peilun, *Woguo de zhengfu jigou gaige* (*Organizational Reform of China's Government*) (Beijing: Jingji ribao chubanshe, 1990).

37. See *Wenhui bao* (Hong Kong), 18 September 2000, in FBIS-CHI-2000-0918, 18 September 2000.

38. Interviews, Beijing, July 2000. These problems were apparently quite widespread, indicating the seriousness of the cuts in 1999 and 2000 at the centre.

39. “Shandong sheng zhengfu jigou gaige” (“Shandong provincial government organization reform, 1993”), in *China Local Government Organizational Reform*, p. 352.

40. Brødsgaard attempts to deduce the administrative and service unit *bianzhi* for provinces for 1998 from the *China Statistical Yearbook*, but the figures are undoubtedly incomplete. He excludes many categories of economic activity that would include service units. See Table 3 in Brødsgaard, “Institutional reform and the *bianzhi* system in China,” p. 367.

Table 3: Establishment Targets for Selected State Council Agencies, 1990, 1993, 1998

	1990	1993	% change	1998	% change	% 1990-1998
State Council General Office	735	435	-41	217	-50	-70
Foreign Affairs	2,326	2,200	-5	NA	NA	NA
State Commission for Planning and Development	1,194	919	-23	590	-36	-51
State Commission for Economics and Trade	NA	650	NA	450	-31	NA
Economic System Restructuring (Commission to Office)	295	199	-33	85	-57	-71
Education (Commission to Ministry)	880	748	-15	470	-37	-47
Science and Technology (Commission to Ministry)	380	397	4	230	-42	-39
State Commission for Nationalities Affairs	250	230	-8	150	-35	-40
Civil Affairs	481	400	-17	215	-46	-55
Justice	485	417	-14	220	-47	-55
Finance	1,116	950	-15	610	-36	-45
Personnel	570	455	-20	258	-43	-55
Labour (and Social Security)	495	420	-15	245	-42	-51
Geology and Mineral Resources/Land and Natural Resources	531	440	-17	300	-32	-44
Aviation and Space/Aviation Corp. + Space Corp.	790	750	-5	NA	NA	NA
Construction	NA	510	NA	275	-46	NA
Coal Industry (Ministry to Bureau)	NA	310	NA	95	-69	NA
Machinery Industry (Ministry to Bureau)	NA	380	NA	95	-75	NA
Metallurgical Industry (Ministry to Bureau)	595	330	-5	80	-76	-87
Chemical Industry (Ministry to Bureau)	577	320	-23	90	-72	-84
Light Industry (Ministry to Council to Bureau)	562	300	NA	80	-73	-86
Textiles (Ministry to Council to Bureau)	500	280	-33	80	-71	-84
Railways	1,011	800	-15	400	-50	-60
Communications	675	585	4	300	-49	-56

Posts and Telecoms/Information Industry	538	450	-8	320	-29	-41
Water Conservancy	400	365	-17	220	-40	-45
Agriculture	1,035	925	-14	483	-48	-53
Forestry	513	446	-15	200	-55	-61
Commerce/Domestic Trade (Ministry to Bureau)	990	800	-20	160	-80	-84
Foreign Trade and Economic Co-operation	937	800	-15	457	-43	-51
Culture	650	520	-20	275	-47	-58
Broadcasting, Film and TV	530	446	-16	223	-50	-58
Public Health	484	404	-17	225	-44	-54
State Commission on Sports	453	381	-16	180	-53	-60
Family Planning Commission	159	150	-6	120	-20	-25
People's Bank of China	1,100	910	-17	500	-45	-55
Auditing Administration	485	475	-2	450	-5	-7
State Statistical Bureau	620	535	-14	280	-48	-55
State Administration of Taxation	400	400	0	210	-48	-48
State Administration for Industry and Commerce	396	376	-5	260	-31	-34
State Environmental Protection Bureau	252	240	-5	200	-17	-21
State Council Bureau of Legislative Affairs	160	145	-9	160	10	0
Hong Kong and Macau Affairs Office	89	119	34	95	-20	7

Sources:

State Commission for Public Sector Structure and Establishment Administration (ed.), *Zhongguo zhengfu jigou 1990 (China Government Organization 1990)* (Beijing: Zhongguo jingji chubanshe, 1990); State Council General Office Secretary General's Bureau and State Commission for Public Sector Structure and Establishment Administration General Office General Bureau (eds.), *Zhongyang zhengfu zuzhi jigou (Central Government Organization Structure)* (Beijing: Zhongguo fazhan chubanshe, 1995); and State Council General Office Secretary General's Bureau and State Commission for Public Sector Structure and Establishment Administration General Office General Bureau (eds.), *Zhongyang zhengfu zuzhi jigou 1998 (Central Government Organization Structure 1998)* (Beijing: Gaige chubanshe, 1998).

Table 4: Administrative *Bianzhi* Targets for Various Provinces, 1993

	<i>Before</i>	<i>After</i>	<i>Reduction</i>	<i>Percentage change</i>
Beijing	82,048	56,640	25,408	31.0
Tianjin	69,008	50,155	18,853	27.3
Hebei	313,747	226,633	87,114	27.8
Shanxi	229,970	134,250	95,720	41.6
Inner Mongolia	182,885	119,915	63,080	34.5
Liaoning	231,050	146,855	84,195	36.4
Jilin	113,234	92,410	20,824	18.4
Heilongjiang	216,043	146,240	69,803	32.4
Shanghai	55,921	53,050	2,871	5.1
Jiangsu	263,602	192,605	70,997	26.9
Zhejiang	208,275	144,755	63,520	30.5
Anhui	228,538	150,855	77,683	33.9
Fujian	151,563	101,070	50,493	33.3
Jiangxi	207,853	135,390	72,463	34.9
Shandong	419,274	231,850	187,424	44.7
Henan	382,285	232,800	149,485	39.1
Hubei	254,962	161,250	93,712	36.8
Hunan	330,740	202,380	128,360	38.8
Guangdong	314,142	226,900	87,242	27.8
Guangxi	212,173	132,673	79,500	37.5
Hainan	44,518	27,985	16,533	37.1
Sichuan	545,235	382,779	162,456	29.8
Guizhou	169,965	119,085	50,880	29.9
Yunan	251,381	177,040	74,341	29.6
Tibet	23,017	28,017	+ 5,000	+ 21.7
Shaanxi	245,379	138,500	106,879	43.6
Ganxu	117,636	91,798	25,838	22.0
Qinghai	40,395	29,179	11,218	27.7
Ningxia	34,427	23,248	11,179	32.5
Xinjiang	113,430	92,975	20,455	18.0

*Note:*

Administrative positions are "cadre" positions in government, political parties, mass organizations and service units at town/township, county, city, prefecture and province levels, aggregated for each province.

*Source:*

China Local Government Organization Reform Editorial Group (ed.), *Zhongguo difang zhengfu jigou gaige (China Local Government Organizational Reform)* (Beijing: Xinhua chubanshe, 1995).

that Guangdong province, for example, plans to retain 41 departments and agencies and to retrench 49.4 per cent of administrative positions at provincial level. Fifteen per cent of bureau-level and 25 per cent of division-level positions will be eliminated.<sup>41</sup> Shanghai municipality plans

41. *Zhongguo zhigou (China Organization)*, May 2000, p. 6.



to cut the number of its departments from 56 to 43 and to cut administrative positions by 50 per cent.<sup>42</sup> Beijing also plans to cut the number of its departments to 45 and the number of its municipal-level administrative positions by 50 per cent.<sup>43</sup> These targets appear to be in line with the approved policies. Whether they started in 1998 with the reduced number of administrative positions that should have been achieved in 1993 (see Table 4) is still not clear.

Although the SCPSR uses a specified set of criteria to determine the administrative *bianzhi* of each jurisdiction, the relative weight given to each indicator is unclear. Further, it seems likely that other criteria, such as the strategic importance of the province, may also have been used. Thus, in 1993 autonomous regions such as Tibet, Xinjiang, Inner Mongolia and Qinghai appeared to have unusually high numbers of approved administrative positions compared to the total population (see Table 5). Authorities may have authorized more administrative positions in these regions for security reasons because of their relatively large national minority populations. Beijing and Tianjin also have relatively large administrative establishments, much larger than Shanghai’s, for example. Why Tianjin’s establishment should be larger than Shanghai’s is unclear. That political status is a consideration is explicitly mentioned in SCPSR Document No. 1 (1994), which granted deputy provincial rank to 16 cities including Guangzhou and Shenzhen.<sup>44</sup>

### *Outcomes*

Several unresolved questions are left: have the downsizing targets laid down by the SCPSR actually been achieved? If not, why not? What factors explain actual staffing levels?

Unfortunately, published statistics do not lend themselves to answering these questions. They do not distinguish core-government employees from non-core government employees. Rather, there are figures for the number of “staff and workers” of an imprecisely defined category, *guojia jiguan* (state or government agencies). For our purposes we take *guojia jiguan* as a proxy for core-government.

If the personnel cuts have actually been carried out, we would expect to see some decline in the number of employees of *guojia jiguan*. Yet from 1993 to 2000 the number of “staff and workers” in these organizations has actually increased from 8.79 million to 10.2 million (see Table 6). Employment of “staff and workers” by Party agencies (*dangzheng jiguan*) (including the CCP) remained relatively stable, while the

42. *Xingzheng yu renshi (Administration and Personnel)*, May 2000, p. 5.

43. *Zhongguo jigou*, March 2000, p. 9.

44. Other cities include Wuhan, Harbin, Shenyang, Chengdu, Nanjing, Xi’an, Changchun, Jinan, Hangzhou, Chungqing, Dalian, Qingdao and Xiamen. The document indicates that the SCPSR has the authority to make this determination, which is then approved by the Party centre and the State Council. See “Zhongyang jigou bianzhi weiyuanhui guanyu guangzhou deng shiliu shi xingzheng jibie wenti de tongzhi” (“SCPSR notice on the problem of the administrative rank of Guangzhou and 16 other cities”), *Zhongbian*, No. 1 (1994), in *China Local Government Organizational Reform*, p. 85.

Table 5: Total Population and Local Administrative *Bianzhi* Targets, 1993

	<i>Population (million)</i>	<i>Post-reform Positions</i>	<i>Percentage</i>
Beijing	11.25	56,640	.50 (.73)
Tianjin	9.35	50,155	.54 (.74)
Hebei	63.88	226,633	.35 (.49)
Shanxi	30.45	134,250	.44 (.76)
Inner Mongolia	22.60	119,915	.53 (.81)
Liaoning	40.67	146,855	.36 (.57)
Jilin	25.74	92,410	.36 (.44)
Heilongjiang	36.72	146,240	.40 (.59)
Shanghai	13.56	53,050	.39 (.41)
Jiangsu	70.21	192,605	.27 (.38)
Zhejiang	42.94	144,755	.34 (.49)
Anhui	59.55	150,855	.25 (.38)
Fujian	31.83	101,070	.32 (.48)
Jiangxi	40.15	135,390	.34 (.52)
Shandong	86.71	231,850	.27 (.48)
Henan	90.27	232,800	.27 (.42)
Hubei	57.19	161,250	.28 (.45)
Hunan	63.55	202,380	.32 (.52)
Guangdong	66.89	226,900	.34 (.47)
Guangxi	44.93	132,673	.30 (.47)
Hainan	7.11	27,985	.39 (.63)
Sichuan	112.14	382,779	.34 (.49)
Guizhou	34.58	119,085	.34 (.49)
Yunan	39.39	177,040	.45 (.64)
Tibet	2.36	28,017	1.19 (.98)
Shaanxi	34.81	138,500	.40 (.70)
Gansu	23.78	91,798	.39 (.49)
Qinghai	4.74	29,179	.62 (.85)
Ningxia	5.04	23,248	.46 (.68)
Xinjiang	16.32	92,974	.57 (.70)

*Note:*

Administrative positions are “cadre” positions in government, political parties, mass organizations and service units. The percentage of pre-reform established positions compared to total population is in brackets.

*Sources:*

China Statistical Bureau, *Zhongguo tongji nianjian 1994* (China Statistical Yearbook 1994) (Beijing: Zhongguo tongji nianjian, 1994), p. 60; *China Local Government Organizational Reform*.

number of employees of “social organizations” (*shehui tuanti*), such as trade unions and the women’s federation has declined dramatically, plunging from about 1.5 million to 167,000 during the period. Only from 1993 to 1994 did the total number employed by all three types of official organizations decline, going from 10.3 million to 10.17 million. The data seem to indicate, then, that in aggregate terms during two rounds of

downsizing the number of people employed by core government has actually *increased*. The data are also consistent with the Ministry of Finance’s data on the number of publicly supported employees, which from 1993 to 1998 increased from 29.2 million to 37.9 million.<sup>45</sup>

In 1994 and 1995 the government published data on the number of employees of some central government agencies (see Table 7). These data indicate that during this period when the central government was carrying out overall downsizing, employment in some departments actually grew. In some cases, this can be explained by the changing functions of the agencies. As one would expect given the new emphasis on taxation as a revenue source, the number of tax collectors grew, from 488,845 to 565,557. Other agencies also saw substantial increases, including the State Economic and Trade Commission (100.7 per cent), the State Commission for Restructuring the Economic System (20.4 per cent), the Ministry of Labour (17 per cent), and the Family Planning Commission (12.9 per cent). Employment in some central government agencies was cut, however. The largest cuts were made in water conservancy (20.1 per cent), statistics (11.8 per cent), coal (3.8 per cent) and education (3.6 per cent).<sup>46</sup> The changes may have had less to do with downsizing than with changing the functions of government, on the one hand, and changing reporting criteria, on the other (see below). Data for other years for central government agencies are unavailable.

Aggregate data for official employment in local core governments indicate that from 1990 to 2000 cuts were made in only eight provinces (Beijing, Tianjin, Jilin, Shanghai, Guangdong, Yunnan, Qinghai and Xinjiang) in spite of vigorous downsizing campaigns (see Table 8). For the rest, aggregate core government employment remained relatively steady or increased somewhat during the period. What accounts for the changes in local government staffing levels?

According to the SCPSR, *bianzhi* levels should be set according to total population, land area, number of administrative units and a measure of economic activity (see above). To these may added level of urbanization (measured by population density). We have calculated the correlations of these variables with the number of “staff and workers” of government, Party and social organizations per capita by province from 1990 to 2000 in Table 8. The results are reported in Table 9. The strongest correlations are for land area and urbanization in China’s poor provinces which are inversely related to the size of core government. That is, the largest poor provinces such as Tibet and Xinjiang employed more core government officials per capita, perhaps for public security (politi-

45. Ministry of Finance Budget Bureau (ed.), *Quanguo dishixian caizheng tongji ziliao* (*Statistical Data on Public Finance of Prefectures, Cities and Counties Throughout the Country*) (Beijing: Zhongguo caizheng jingji chubanshe, various years).

46. State Statistics Bureau and the Ministry of Labour (eds.), *Zhongguo laodong tongji nianjian* (*China Labour Statistical Yearbook*) 1995 and 1996 (Beijing: Zhongguo tongji chubanshe, 1996 and 1997 respectively), pp. 64 and 83 respectively.

Table 6: Number Employed by "Government Agencies, Party Agencies and Social Organizations": 1991–2000 (millions of "staff and workers")

	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000
Government ( <i>guojia jiguan</i> )	NA	NA	8.79	9.06	9.39	9.95	10.032	10.141	10.171	10.221
Party ( <i>dangzheng jiguan</i> )	NA	NA	0.53	0.52	0.53	0.51	0.533	0.51	0.515	0.519
<b>Sub-total</b>	8.27	8.53	9.32	9.58	9.92	10.46	10.565	10.651	10.686	10.741
Social organizations ( <i>shehui tuanti</i> )	1.47	1.43	0.98	0.59	0.35	0.29	0.23	0.186	0.198	0.167
<b>Total</b>	9.74	9.96	10.30	10.17	10.27	10.75	10.795	10.83	10.884	10.908

Source:

China Statistical Yearbook (various years).

**Table 7: Number of “Staff and Workers” of Selected Central Government Agencies, 1994–1995**

	1994	1995	% change
State Economics and Trade Commission	720	1,445	101
State Econ. System Restructuring Commission	397	502	26
State Education Commission	185,469	184,790	0
Civil Affairs	2,140	2,285	7
Justice	8,689	8,685	0
Finance	15,480	15,209	-2
Personnel	943	992	5
Labour	2,367	2,771	17
Geology and Mineral Resources	338,525	332,246	-2
Construction	26,806	26,417	-1
Power Industry	1,587,871	1,600,033	1
Coal Industry	3,406,080	3,276,419	-4
Machinery Industry	110,636	108,597	-2
Metallurgical Industry	698,713	703,506	1
Chemical Industry	153,065	150,861	-1
Railways	3,983,413	3,938,103	-1
Communications	452,576	438,668	-3
Posts and Telecommunications	1,272,080	1,271,211	0
Water Conservancy	102,557	81,915	-20
Agriculture	103,707	103,260	0
Forestry	160,731	167,050	4
Domestic Trade	71,677	67,427	-6
Foreign Trade and Economic Co-operation	152,476	158,524	4
Culture	15,208	14,874	-2
Public Health	117,528	118,140	1
State Commission for Sports	14,006	14,635	4
People’s Bank of China	190,148	188,304	-1
Auditing Administration	2,744	2,859	4
State Statistical Bureau	14,505	12,791	-12
State Administration of Taxation	488,845	565,557	16
Environmental Protection	2,185	2,196	1
Press and Publication Administration	12,977	8,407	-35
Tourism Administration	8,406	8,331	-1
CAAC	139,958	140,132	0

*Source:*

State Statistical Bureau and Ministry of Labour, *Zhongguo laodong tongji nianjian (China Labour Statistical Yearbook)* 1995 and 1996 (Beijing: Zhongguo tongji chubanshe, 1996 and 1997), pp. 64–65 and 83–84.

cal) reasons. Urban centres in poor provinces also employed more government employees, perhaps reflecting government’s role in these areas as an employer of last resort.

We also found that population size and number of administrative units were inversely related to the number of local core government employees. That is, more populous provinces and provinces with more administrative

Table 8: Number of Government, Party, and Social Organization Employees Per Capita, 1990–2000 (million)

	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000
Beijing	0.322	0.320	0.327	0.288	0.320	0.248	0.246	0.267	0.246	0.239	0.179
Tianjin	0.147	0.143	0.152	0.162	0.128	0.138	0.137	0.130	0.119	0.127	0.121
Hebei	0.084	0.088	0.091	0.095	0.091	0.093	0.094	0.097	0.097	0.096	0.096
Shanxi	0.117	0.126	0.124	0.123	0.122	0.123	0.132	0.131	0.125	0.130	0.128
Inner Mongolia	0.125	0.128	0.131	0.125	0.124	0.123	0.130	0.128	0.124	0.126	0.125
Liaoning	0.111	0.113	0.115	0.114	0.103	0.100	0.102	0.106	0.095	0.097	0.095
Jilin	0.105	0.108	0.111	0.102	0.097	0.100	0.100	0.096	0.096	0.095	0.092
Heilongjiang	0.107	0.112	0.114	0.107	0.106	0.105	0.105	0.103	0.103	0.104	0.106
Shanghai	0.112	0.119	0.119	0.126	0.103	0.099	0.099	0.095	0.090	0.104	0.090
Jiangsu	0.058	0.058	0.058	0.065	0.058	0.059	0.060	0.061	0.061	0.063	0.062
Zhejiang	0.070	0.071	0.073	0.070	0.065	0.072	0.071	0.076	0.076	0.077	0.074
Anhui	0.053	0.054	0.055	0.068	0.064	0.063	0.064	0.064	0.064	0.064	0.068
Fujian	0.079	0.081	0.083	0.089	0.082	0.083	0.083	0.084	0.089	0.086	0.083
Jiangxi	0.071	0.075	0.077	0.076	0.080	0.079	0.080	0.082	0.083	0.083	0.083
Shandong	0.067	0.070	0.072	0.072	0.073	0.076	0.087	0.089	0.087	0.086	0.086
Henan	0.050	0.066	0.068	0.077	0.075	0.079	0.083	0.083	0.084	0.084	0.087
Hubei	0.088	0.091	0.091	0.085	0.093	0.085	0.094	0.094	0.090	0.090	0.088
Hunan	0.070	0.072	0.073	0.076	0.077	0.077	0.079	0.081	0.080	0.080	0.083
Guangdong	0.090	0.092	0.092	0.098	0.091	0.093	0.095	0.094	0.095	0.095	0.081
Guangxi	0.063	0.069	0.068	0.068	0.069	0.070	0.081	0.076	0.074	0.075	0.077
Hainan	0.106	0.104	0.117	0.086	0.113	0.110	0.109	0.105	0.105	0.105	0.112
Sichuan	0.063	0.065	0.065	0.068	0.067	0.066	0.067	0.067	0.068	0.069	0.070
Guizhou	0.070	0.072	0.071	0.079	0.075	0.074	0.076	0.075	0.071	0.073	0.078
Yunnan	0.086	0.090	0.089	0.088	0.086	0.088	0.089	0.091	0.090	0.092	0.084

Tibet	0.180	0.177	0.175	0.216	0.169	0.167	0.164	0.198	0.187	0.188	0.218
Shaanxi	0.090	0.092	0.091	0.093	0.095	0.097	0.102	0.104	0.098	0.104	0.106
Ganxu	0.084	0.088	0.086	0.090	0.088	0.086	0.089	0.091	0.088	0.088	0.090
Qinghai	0.134	0.132	0.130	0.128	0.127	0.125	0.143	0.127	0.121	0.122	0.120
Ningxia	0.106	0.104	0.103	0.121	0.119	0.117	0.115	0.123	0.113	0.117	0.112
Xinjiang	0.144	0.135	0.133	0.131	0.129	0.126	0.136	0.136	0.140	0.139	0.130

Source:

Calculated from *China Statistical Yearbook* (various years).

units have fewer core government employees per capita than do less populous provinces and those with fewer administrative units. The central government's campaigns during the 1990s to limit the number of local government employees in spite of population pressure may, therefore, have had some effect. This result coupled with the finding that (except for the early 1990s) the level of economic development (measured by GDP per capita) is unrelated to the size of core government indicates that considerations other than those identified by the SCPSR play a key role in actual core government staffing levels. This conclusion is consistent with an explanation that political factors play a role in local core government staffing levels.

*Case Study: Downsizing of a District Government of City "A"*

The case of a district government of a city in northern China (City "A") indicates the complexity of the process. While there is some evidence that during the 1993 to 1996 campaign the district government shed employees, examples from some bureaus of the district government indicate that they were able to resist downsizing or that they may have downsized by shifting workers from one category of publicly-funded employment to another, resulting in no net loss of jobs. We examine each of these cases in turn.

According to the district re-organization plan, at the end of 1993 the district employed 4,997 people in Party, government and mass organizations at all administrative levels (district, street office, and town and township).<sup>47</sup> Of these, 2,205 were employed by Party, government, and mass organizations at district level. According to central directives, municipal, district and street offices were to shed 15.5 per cent of their personnel in administrative positions in the reforms. The district's plan called for a reduction of 20.5 per cent for the district as a whole, most of which would be accomplished by making cuts at the town and township levels. Downsizing was also to be accomplished by transferring 589 blue-collar workers to service unit positions, a move that would take them off the administrative *bianzhi* and put them in the service unit *bianzhi*. The plans called for a one per cent cut at district/street level (from 3,582 to 3,549) and cuts of 48.6 per cent at town and township level (from 826 to 425). The plan indicates that downsizing should have been completed by the end of May 1995.

Data from 1991 to 2000 for the district government indicate that the number of civil servants (those holding administrative *bianzhi* positions) employed by the district fell gradually from 1992 and flattened out in 1993 and 1994. Major cuts were made from 1994 to 1996 in line with the plans outlined above (see Figure 1). That is, there is evidence that the cuts associated with the 1993 to 1996 campaign were made to core govern-

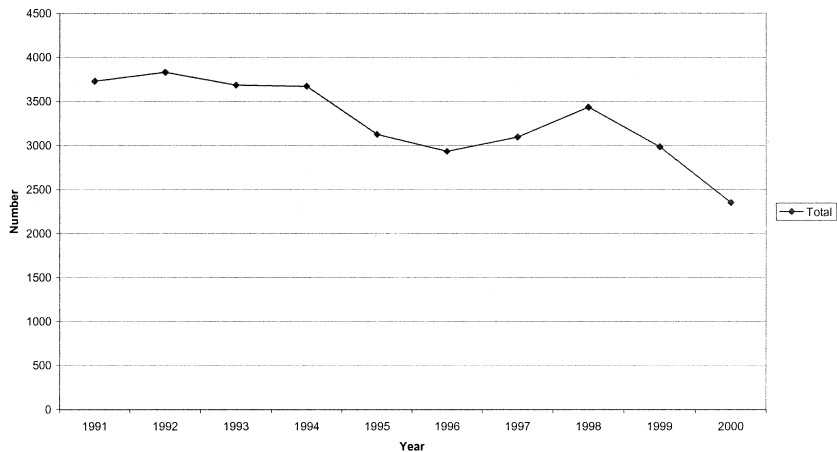
47. This figure included those working in the people's congress, district-level CPPCC, mass organizations, and trial district offices and Party committees, but did not include the district-level courts, procuratorate, public security bureau, state security bureau, people's armed police, justice bureau, tax bureau and statistics bureau. Source: "XX qu dangzheng jigou gaige fang an" ("XX district Party and government restructuring plan"), November 1994.



Table 9: Correlation with Number of Core Government Employees Per Capita

	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000
<b>GDP per Capita</b>											
richest 10	0.481	0.512	0.554	0.427	0.36	0.326	0.272	0.239	0.235	0.278	0.089
poorest 10	0.528	0.566	0.594	0.527	0.406	0.414	0.385	0.334	0.327	0.398	0.336
<b>Administrative Units</b>											
richest 10	0.055	0.098	0.493	-0.015	-0.223	-0.247	-0.323	-0.27	-0.09	0.092	0.1
poorest 10	-0.537	-0.518	-0.552	-0.552	-0.531	-0.568	-0.553	-0.513	-0.489	-0.527	-0.481
<b>Population</b>											
richest 10	-0.637	-0.634	-0.653	-0.71	-0.592	-0.637	-0.617	-0.582	-0.562	-0.625	-0.62
poorest 10	-0.419	-0.408	-0.442	-0.472	-0.546	-0.542	-0.555	-0.525	-0.49	-0.521	-0.477
<b>Land Area</b>											
richest 10	-0.587	-0.568	-0.567	-0.586	-0.54	-0.611	-0.604	-0.568	-0.563	-0.593	-0.613
poorest 10	-0.613	-0.617	-0.624	-0.67	-0.56	-0.609	-0.57	-0.535	-0.522	-0.574	-0.615
<b>Population Density</b>											
richest 10	-0.647	-0.652	-0.646	-0.633	-0.7	-0.701	-0.716	-0.68	-0.659	-0.668	-0.615
poorest 10	0.212	0.186	0.16	0.235	0.156	0.23	0.276	0.282	0.329	0.323	0.471
<b>Population Density</b>											
richest 10	-0.33	-0.319	-0.325	-0.373	-0.298	-0.301	-0.301	-0.298	-0.267	-0.305	-0.214
poorest 10	0.79	0.799	0.804	0.797	0.713	0.71	0.706	0.753	0.779	0.759	0.812
<b>Population Density</b>											
richest 10	0.278	0.298	0.307	0.316	0.248	0.247	0.216	0.177	0.148	0.203	0.049
poorest 10	0.328	0.324	0.34	0.406	0.289	0.34	0.333	0.273	0.249	0.336	0.284
poorest 10	-0.748	-0.764	-0.752	-0.674	-0.734	-0.737	-0.752	-0.716	-0.713	-0.717	-0.658

**Figure 1: Number of Civil Servants Employed by a District Government in City “A,” 1991–2000**



*Source:*

Interviews, District Government of City “A,” August 2002.

ment positions in this district. Beginning in 1996, however, the district appeared to have added employees. According to district officials the increase was more apparent than real. The sharp increase in employees in 1997 and 1998 was the result of reclassifying the employees of urban management supervisory teams (*chengshi guanli jiancha dadui*) on the instructions of the municipal government, an instruction that was later rescinded. Thus, from 1991 to 2000 the long-term secular trend was downward. Moreover, the cuts were made at a time when authorities also had to find jobs for about 200 demobilized soldiers per year in 1999 and 2000.

Further investigation of individual bureaus in the district government reveals that some bureaus were able to resist downsizing altogether. According to the district’s re-organization plan for 1993 to 1996, Bureau 1 should have a *bianzhi* of 38, 34 of which were administrative positions (civil servants) and the remaining four service unit positions. In fact, from 1992 to 1996 throughout the period of the downsizing campaign the actual number employed by Bureau 1 did not exceed 34 (see Figure 2). Still, from 1991 to 2000 the long-term secular trend in this bureau was basically stable – no downsizing is evident. As we have seen, some core-government agencies were strengthened in the reforms, which could explain the case of Bureau 1.

According to the 1993 to 1996 re-organization plan Bureau 2 of the district government was supposed to have a total *bianzhi* of 39 positions (34 administrative and five service unit, probably for blue-collar workers). In addition, the plan authorized the bureau to set up one service unit employing 20 people. In fact, from 1990 to 1994, the number of

Figure 2: Number of Civil Servants Employed by Bureau 1 of District Government in City “A,” 1991–2000



Source:

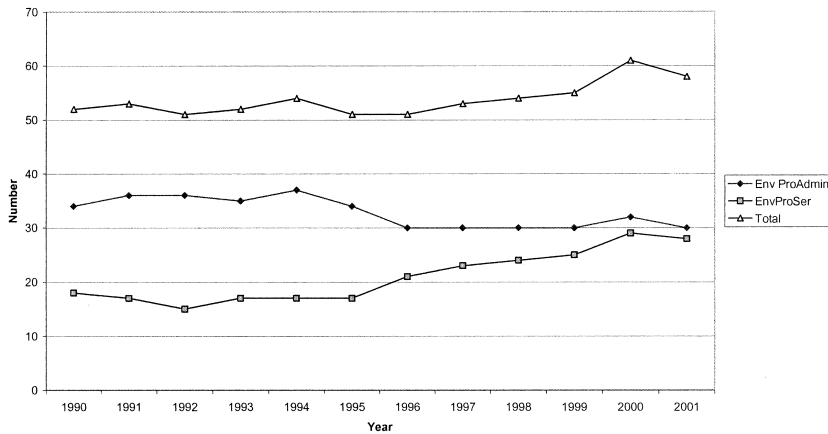
Interviews, District Government of City “A,” June 2002.

employees holding administrative posts in the bureau remained in the range of 34 to 37 (see Figure 3). From 1995 to 1996, however, reflecting the impact of the downsizing campaign, the number of employees was cut from 37 to 30, a decline of about 19 per cent, in line with the official target. The bureau continued to employ 30 administrative staff (except in the year 2000) throughout the rest of the period.

While the number of administrative employees was cut to conform to the downsizing campaign, authorities increased the number of employees of publicly funded service units beginning in 1996. Indeed from 1996 to 2000 they steadily increased from 17 to 29, an increase of 70.6 per cent. Thus, for the bureau as a whole over the ten-year period the total number of publicly-funded employees actually increased. This case illustrates how authorities can claim downsizing successes (for the administrative *bianzhi*) in spite of overall increases in publicly funded employment.

The case of a district government in City “A” indicates the complexity of the question of determining the extent to which downsizing has actually occurred. Although the district government as a whole successfully cut the number of its core government administrative employees, these employees may not actually have left the public payroll. The case helps to explain the aggregate data, discussed above, in which the number of employees of *guojia jiguan* steadily increased during the 1990s in spite of two vigorous downsizing campaigns. That is, although officials left their administrative *bianzhi* positions they may have been transferred to service unit positions in the same core government agencies. Data from the central government and local level present a more mixed picture. Our case study is representative of the complexity found on the ground. In

Figure 3: Number of Civil Servants Employed by Bureau 2 of District Government in City “A,” 1990–2001



Source:

Interviews, District Government of City “A,” June 2002.

particular, the case study indicates the important role that the CCP now places on service units to provide official employment.

### Conclusion

The Chinese government’s admonition that “the *bianzhi* is the law” has turned out to be true. Just as the law is widely flouted so too are *bianzhi* ceilings, especially it would seem by local governments in poorer areas where government operates as an employer of last resort. The CCP continues to maintain control over the *bianzhi* system because of its importance for Party patronage and social stability. Fundamentally conflicted, the CCP needs both to maintain as many official positions as possible and to cut positions for the sake of the economy. Aggregate data indicate that downsizing campaigns have not been particularly successful. Given the Party’s mixed motives these results should not be surprising.