Administrative Reform in Guangdong Province and Its Characteristics

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Since the historic 11th plenary session of the Chinese Communist Party, China has taken bold measures to introduce and carry out a comprehensive range of reform and opening up to the outside. In as little as 20 years, great changes have occurred across the country. Guangdong, a pioneer province in China implementing such reform policy, has distinguished itself with an astonishing and greatly enhanced economic strength. The province has now grown to be one of the fastest-developing and economically most powerful provinces in China with its provincial market economic system — the best developed in the country. In 1999, the provincial GDP of Guangdong reached RMB 845.946 billion yuan (Guangdong Provincial Conditions Manual, 2000 p. 9), 34.4 times higher than that in 1980, and constituting approximately 10 percent of the total of the whole country (You, 2000, p. 4). The rapid economic growth and great changes in economic structure in the province has given a powerful impetus to the acceleration of industrialization of Guangdong. The reform in terms of the provincial economic system has facilitated the shaping of the socialist market economy in Guangdong. Residents in the province have experienced great progress in terms of their living standards. At present, Guangdong is heading forward to its strategic objective of “taking a lead in realizing modernization,” according to Chinese President Jiang Zemin.

Such a series of changes in Guangdong have appealed to the citizens in other provinces and have also turned out to be a hot topic at home and abroad in academic circles. Considered a “pilot province” for Chinese reform and openness policy, Guangdong has epitomized the whole country after adoption of its own great reform policies. Just as Zhang Zhizheng and Shi Zupei have pointed out in “Guangdong Economy in Reform and Opening,” the rapid economic growth in Guangdong has manifested all the potential forces and great development trends that emerged in China after her adoption of the reform and opening policy” (1992, p. 1). In addition, Ezra F. Vogel of Harvard University writes, “If it can be said that the reform in Guangdong is only one step ahead of the rest part of China, then it follows to say that it may be two steps ahead of the other countries adhering to the socialism in the world” (1991), and “the influences brought forth by the reform in Guangdong have expanded over the world” (Vogel, 1992, p. 465).

As seen from the viewpoint of public administration and public opinion, the amazing achievements in economic construction have already distinguished Guangdong as an exemplary province in China. Such rapid development in provincial economic strength has

Abstract: During the past two decades, since China’s adoption of a policy of reform, Guangdong province has experimented with a comprehensive range of its own reform policies. In terms of the provincial administrative system, Guangdong has undergone various developmental stages over the years, gradually breaking the old-fashioned administration system and building up a new one. Such far-sighted practices have given a strong impetus to the rapid growth of the province’s economy. More importantly, the province has provided many valuable lessons and experiences for reform of local government throughout China. This article explores the implications of the groundbreaking work in Guangdong.
been attributed to China's reform and openness policy and the reform policies actively initiated by governmental agencies at all levels in the province. During the past two decades since China's initiation of reform and openness, Guangdong served as a pilot province for carrying out a comprehensive range of reform polices for the rest of the country. In terms of the provincial administrative system, Guangdong has undergone different developmental stages over the years, ranging from minor changes to single administrative aspects to comprehensive structured reform to tentative revisions and organized implementation of innovative reform practices. Thus, it has gradually broken away from the old-fashioned administration system and put a new one in its place. Actually, such far-sighted efforts in carrying out reform to the administrative sector have given a strong impetus to the rapid growth of Guangdong's economy, and more importantly has provided many valuable and characteristic experiences for the administrative reform at the local governmental agency levels in China (Chen, 2000, p. 158).

In this sense, a discussion and summary of the proven experiences of the province in instituting reforms into the provincial administration system will help shed light on the growth of the economic and social developments of Guangdong. Additionally, it should be of considerable interest to those who are studying administrative reform in China specifically as well as public administration in general.

According to the arrangements of the Chinese Communist Party's Central Committee (CCPCC) and also considering political, economic and social developments over different periods of time, the administrative reform in Guangdong has passed through the following three periods:

**Period I: 1980s**

The reforms initiated in this period focused on getting accustomed to the general changes caused by the Cultural Revolution (1966-1976), restoring the normal working environment in governmental agencies at all levels across the province, removing the heavy burdens due to excessive work assignments on the cadres, and adjusting the personnel and age composition of the cadre workforce. Efforts were launched to transform the functions of the government, divide political affairs from corporate management, and cut payroll in those poorly performing enterprises (Guangdong Provincial Organizational Establishment Office, 2000, p. 18).

**Period II: 1990s**

The reforms in this period focused on adapting to the demands generated by the establishment of a socialist market economy system, carrying forward the transformation of the functions of the government, putting into right order all sectors of society, simplifying the administrative system, and standardizing the organizational structure (Guangdong Provincial Organizational Establishment Office, 2000, p. 19).

**Period III: Since 2000**

The reforms in this period are to carry further the efforts to transform governmental functions, reform the administration and personnel system, perfect the operational mechanism, and gradually establish an administrative system suited to the socialist market economy. To achieve such goals, the Guangdong provincial government has made new breakthroughs in the transformation of its functions and has made radical progress in adjusting the relationships between departments. For instance, more than 100 different administrative functions, originally under the control of government departments, have already been handed over to society organizations and intermediaries. Additionally, the provincial government has given approval authorization to outside (competent) parties for up to 39 percent (of the total 1,972 items) of those affairs that in the past had to be approved by the government itself. The size of those affairs of the provincial government has also been reduced to 514 items from the original 1,392 items—a 63 percent reduction (Guangdong Provincial Organizational Establishment Office, 2000, p. 20). Such efforts have helped cut the payroll of the provincial government.

In addition, the number of functional departments under the provincial government has been reduced
from 57 (before the administrative reform was initiated) to 44. Staff in subordinate divisions of these departments has been cut by 24 percent. Moreover, the number of cadres at office and division ranks were reduced by 27 percent and 20 percent respectively, which has worked quite effectively in practice (Tan, 2000, p. 7). This has resulted in a group of excellent professional management officials coming to the fore and assuming important positions within the provincial administration. For example, the average age of those cadres at medium ranks in all departments under the provincial government has been lowered by 4.6 years; the number of directors of divisions who are younger than 40 years has risen to 88 persons from 26, and the number of deputy directors for these divisions who are younger than 35 years has increased from 55 to 131 (Guangdong Provincial Organizational Establishment Office, 2000, p. 21).

Along with these changes, target-minded administrative responsibility systems, including post responsibility, examination and appraisal, punishment, conference and documentation systems have been set up and gradually perfected. Along with this has been the development of a responsibility system, a major construction project bidding system, a centralized governmental purchasing system, and a transparent office operations system, as well as others.

**Keys to Guangdong’s Success**

In making a comprehensive survey into the progress of administrative reform in Guangdong, it is not difficult to find that such reforms are not only branded with distinct local characteristics, but also reflect the general trends, steps, and methods seen in the administrative reform of the central government. What is more, all these reform practices reflect insights gathered by studying those carried forward by other countries. In short, the four main characteristics of Guangdong’s administrative system reform are described below.

**Commitment to Developing the Economy**

Under the guidance of the central government’s reform policy, Guangdong consistently made the development of its economy the highest priority.

As a superstructure in the society, the governmental administration system not only has an important role upon the economic system, but also limits the degree of economic development of the society. It has to obey and serve the needs of development of the social economy and the reform of the economic system (Xia, 1998, p. 412). Therefore, during the more than 20 years in which Guangdong reformed its administrative system, the province has always focused all its efforts on economic construction, sticking to the principle that economic development comes before anything else. Under such thinking, in all reform practices, whether trimming the organizational chart, renovating the personnel system, or even adjusting office affairs, the province has obeyed and served the needs of economic development and operations in the province, following closely the pulse of provincial economic growth. Any positive reform suggestions and measures, as long as they would benefit economic development, have been welcomed and adopted by the provincial government. On the contrary, any proposals that would hinder economic growth were rejected by the government.

Meanwhile, the provincial government made efforts to transform governmental functions, separate the functions of the government from those of enterprises, and assist enterprises to develop their own decision-making capacity and not be forced to rely on governmental decision making as in the past.

In striving to carry out further economic reforms, the province has presented a clear-cut train of thought: determine the government’s role, formulate the government’s organization chart based accordingly; determine the range of departmental powers; and then decide on the responsibilities (Chen, 1998, p. 229). In the meantime, reform to the governmental organization was launched. Efforts included canceling ineffective enterprises, establishing and merging professional economic management authorities, and organizing investment management companies. In addition, the government has transferred direct management over the enterprises to the enterprises themselves. All such efforts have closely followed the steps of economic development, and worked effectively to boost the growth of the newly established market economy.

Guangdong has built up an ownership system in
which public ownership constitutes a major component and multiple economic elements co-exist and grow together. Thus, the province has helped construct a firm base for a framework for the socialist market economic system. Meanwhile, decisive and bold measures have been taken to reform the governmental organization and its examination and approval systems. The government also made a resolute decision to turn away from market regulation. For instance, the 35,899 enterprises under the administration of the Party and government related organizations have been given full decision-making power according to their own economic positions, which has symbolized a real division of governmental administration from the operations of these enterprises. Thanks to the early establishment of the framework of the socialist market economy system and based on the central government’s reform policy, Guangdong has seen its economic strength grow stronger than the rest of the country over the past 10 years (Liang, 2000, p. 20)

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Working Closely with the Central Government’s Reform Efforts

Second, during the process of adopting the reform policy, Guangdong province made full use of all the advantages granted by the central government’s policy of reform and openness to the outside while considering its actual conditions, and has made bold explorations into seeking innovative reform practices.

In 1979, the CCPC and State Council decided to carry out “special policies and flexible measures” with Guangdong province and required the province to act as a good example for other provinces of China in the adoption of the reform policy. In 1980, Guangdong province got the approval to initiate three special pilot economic zones in Shenzhen, Zhuhai, and Shantou. Later, in 1988, the province was further approved to serve as a pilot province for the comprehensive introduction of the reform policy. In order to make full use of the policy, both the Guangdong Party Committee and the provincial government put forward the policy of opening the province to the outside, making greater efforts to invigorate the provincial economy. Economic growth was facilitated by a transfer of power to lower administrative levels and a series of measures developed to encourage local governments at all levels to make bold exploration to boost economic development (as long as such measures did not go against the laws and regulations of the State or Party policy).

Leaders in the provincial government proposed three concrete principles in achieving this aim. First, no party shall interfere with those projects or affairs that benefit the State and the Chinese people (as long as they can be supported by regulations set forth by the State, and related personnel shall make efforts to facilitate the launch of such affairs or projects). Second, in case a project that benefits the people encounters any limitations by set policies, related parties shall make flexible use of the positive aspects of the policy in favor of the project, thus boosting the economic development of society. Third, if it is difficult to find support for a project beneficial to the people, as long as the project itself will bring benefits to the State and the people, related parties shall allow the organizer of the project to make bold attempts to conduct pilot operations (Zhang and Shi, 1992, p. 111).

Based on all these policies and measures, Guangdong has not only firmly carried out the policy and measures formulated by the central government, but has integrated the requirements of the central government with the actual conditions in the province. Guangdong has shown a pioneering spirit, making bold explorations and setting a successful example throughout the country in adopting the reform and openness policy. For instance, in the early 1980s, the Shenzhen Special Economic Zone in Guangdong took the lead in launching such practices as transferring powers to lower levels, allocating a share of the operating benefits to the operators, as well as employment-system reform in selected enterprises. For example, the concepts of “temporary workers” and “contracted workers” started to emerge in the special economic zones (He, 1993, p. 138). In late 1980s, Shenzhen took the lead in conducting share-holding system reform in the State-
owned enterprises despite sharp criticism claiming that Shenzhen was going for privatization. In 1994, Shenzhen furthered the reform, eliminating the administrative supervision over enterprises, enabling the enterprises to conduct their administrative affairs according to the internationally accepted practices (Bai, 2000, p. 98). For instance, all those enterprises established originally by the Party and government related organizations were dissociated from them. On this basis, an all-round reform and re-organization was conducted upon the entire administrative system, which later would facilitate the formation of a new administrative system, composed mainly of the eight major systems and suited to the needs of a developing market economy (Li, 1998, p. 318). These “Eight Major Systems” refer to:

1. A scientific and democratic administrative decision-making system;
2. Government-vs.-Society management system;
3. Indirect management-oriented macro-regulation and control system;
4. Clear-layered State-owned assets management system with clear-cut powers and responsibilities for concerned parties;
5. A scientific management system for governmental officials;
6. Information consulting system suited to the scientific and democratization of decision making;
7. Anti-corruption and probity-advocating administrative supervision system;
8. Administrative laws and regulations system suited to the market economy system.

In 1993, Shunde City in Guangdong province initiated a pilot reform to transform enterprise ownership, which was the very first case of its kind in the country and thus had considerable influence. This reform was criticized at the very beginning and was denounced as “selling out public property” and “pursuing privatization.” For example, some people argued in newspapers that vigilance must be maintained against the ownership transformation occurring in Shunde. However, the reform launched by Shunde finally received full support and protection from both the Guangdong Party Committee and the provincial government, which adopted such an attitudes toward the reform as “Work More and Comment Less” and “No Quarrel Shall be Encouraged.” Such tactics brought forth rather valuable opportunities, and later led to a series of other reform measures aimed at transforming the function of the government, reforming the ownership system, and establishing a modern enterprise system (as well as many other major reform policies) (Chen, 1997, p. 34).

Restructuring of the Organizational System and Promoting Institutional Innovation

Third, the key point of administrative reform is the restructuring of the organizational system and the promotion of institutional innovation, as well as the emphasis on refining the scope of government functioning. The administrative reform carried out by Guangdong over the past 20 years was not just confined to the simplification and merging of organizations, personnel layoffs, and the altering of inter-organizational relationships, but also focused on reorganizing and renovation, aiming to break the old-fashioned system, and create a brand new system while attaching importance to the managerial functions of the government (Wang, 1997, p. 13).

1. Shifting from direct methods of administration to indirect methods of administration. Under the direct mode of administration, the functions of government and enterprise are not separated. This enabled the government to allocate quotas and set down production tasks as well as inspect and approve projects proposed by enterprises. This led to the establishment of redundant governmental agencies issuing orders to enterprises. In contrast, under an indirect administrative system, the government utilization such economic levers as banks, taxes, loans, prices and information directing to realize the guidance, macro-regulation, and control of economic activities, and to achieve the goal of separating the government from the operations of enterprises. Therefore, the transformation from direct to indirect mode of administration completely changed the managerial mode of the government toward the economy.

2. A transformation of the management system from a department centered one to an industry centered one. In the planned economic system, the professional economic departments of the government were divided
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Incremental Change

Fourth, under the reform policy, it is important to implement the reform measures step by step, while paying attention to legal structures. The reform of the administrative system has involved an important adjustment to both the interests and powers of the various parties involved. Consequently, it has caused a series of major changes to the composition of interests and social relations, as well as producing contradictions and problems. The process has involved considerable risks and difficulties, and could not be completed at once. Also, administrative reform is a complicated project, involving the transformation of governmental functions, simplification of organization charts, and supporting reforms of the personnel system, the wages and salary system, the social security system, the management system, etc. In external terms, it is subject to the influence of the political, economic, and cultural environments, and must keep a dynamic balance within these environments. Therefore, during the course of carrying out the reform measures, Guangdong paid considerable attention to advancing in a gradual fashion and in carrying forward the measures in a structured way. The province successfully linked its reform of governmental organization with all the factors noted above. Moreover, Guangdong stressed coordination between various reform measures inside the administrative system, and in giving support to the reform of the administrative system and to other systems, toward the goal of achieving harmony in the developing society (Chen, 1998, p. 172). In particular, in recent years, Guangdong province adopted active and steady measures upon such sensitive issues as personnel lay-offs, redeployment of redundant personnel, etc. As a result, the province succeeded not only in boosting the reform measures, but also in properly redeploying those laid-off workers, thus achieving the expected goal of such reform under the precondition of maintaining the continuity of the governmental work and the stability of the society. In addition, Guangdong attached importance to learning from the experience and lessons of the previous administrative reforms organized in the People's Republic of China. It also resolutely got rid of the "human-control" concept and practices, and made serious efforts to structure the functions and role, organi-
zation chart and personnel deployment under the legal system.

At present, the "Regulations on the Bianzhi (Establishment) and Personnel Arrangements for the Administrative Organizations of Guangdong Provinces" have been passed by the 19th conference held by the standing committee of 9th Guangdong People's Congress Committee (GDPCC) and have now been put into effect. In fact, these regulations have taken the lead in standardizing the Bianzhi (establishment) of administrative organs and the arrangements and management of personnel for such organs in a comprehensive and systematic way. The Regulations upon Establishment and Personnel Arrangements for Institutional Organizations in Guangdong Province are now being revised and perfected; Regulatory Methods for Establishment and Personnel Arrangements for the Administrative System for Industry and Commerce in Guangdong Province, and the Management Methods on the Establishment and Personnel Arrangements for Technological Supervision System in Guangdong Province have been printed for execution. Moreover, other practical punishment methods toward activities against the above regulations regarding establishment and personnel arrangements have come into being as well, and are now under public discussion in an aim to seek public opinion and suggestions for perfection. All these efforts and regulations have provided important legal security for the administration and reform of Guangdong (Guangdong Provincial Organizational Establishment Office, 2000, p. 23).

Conclusion

Naturally, it is certain that the administrative reform in Guangdong province has to overcome some tricky problems and faces new challenges too. But I believe that since the province has already accumulated rich experience during the past 20 years in terms of carrying out the reform to its administration system, so long as we build our momentum, Guangdong's reform of the administrative sector is bound to gain greater progress and create favorable advantages for the province.

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