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**SOME MAJOR PROGRESS IN
CHINA'S PUBLIC ADMINISTRATION**

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INTRODUCTION

The term "public administration" is used frequently in the West, but not clearly defined. In our understanding it means the control of state organs, state-owned service institutions and public enterprises, and corresponds to the concept in western economics of private management, which generally means the managing of private enterprises.

With the deepening of China's economic reforms, especially the all-round reform of its economic structure, which has invigorating enterprises at its centre, certain problems have become increasingly important and obvious. For example, there is the problem of separating the Party from government, of delegating powers to lower levels, as well as reforming government administrative organs and the personnel system relating to cadres, and the problems of changing the government function in economic management. Experience has demonstrated that a structural change in the economy is bound to give rise to political restructuring, changes of priority in management function, changes of establishment of different departments and changes of management thinking.

A paper of such limited length cannot involve every aspect of reform in China's public administration, because what has happened in this regard is so wide and so deep, that a thick book is really needed to cover them all. So, in this paper I can deal only with some main aspects that are interrelated and interact: separating the Party from government, delegating powers to lower levels, the reform of government departments and the personnel system relating to cadres, and the establishment of a macro-economic control system based mainly on the indirect control of enterprises.

Finally, I summarize the series of changes in the mode of management thinking.

I REFORM OF THE POLITICAL STRUCTURE

From the founding of The People's Republic of China to the end of the 1970s, our State Power structure has been established on the basis of a subsistence and semi-subsistence economy. Restricted by such an economic basis, the whole society has lacked a proper division of labour, the social structure is simple and social development at a low level. Therefore, the power structure that evolved reflected this socio-economic reality. Power was similarly concentrated in the hands of a few people, or as we call it "Men Rule". Because this power structure and the disintegrated social structure, as well as the clumsy economy, all have an inherent unity, it has not been reformed for a long time and there has not been the possibility to do so.

Nevertheless, the social basis of this power structure in China has gone through fundamental changes since the economic restructuring at the end of 1978. The main characteristic of these changes is the pluralistic disintegration -- increased, complicated constituent social elements and fine, dense social division of labour -- which has emerged with the development of commodity economy. This practice has conflicted continually with the traditional power structure. For instance, on the one hand, an overconcentration of power is not able to react in conformity with a changing commodity economy, nor can it satisfy the daily demands from all sides for increased participation ; on the other hand, with the monistic power structure versus the pluralistic common development there will inevitably be power vacuums, ineffective command and loss of power. The two aspects of the new problems have already appeared in such fields as price, capital construction investment, foreign investment introduction, Party working style and social community administration, etc.

For these reasons, the deepening of the ongoing reform of the economic structure makes reform of the political structure even more urgent. The process of developing a socialist commodity economy should also involve the

building of a socialist democracy. Without reform of the political structure, reform of the economic structure cannot succeed in the end. The Central Committee of the Party has been fully aware of this point. Deng Xiaoping's speech, "On the Reform of the System of Party and State Leadership", delivered to a meeting of the Political Bureau of the Central Committee in August 1980, is a guide to reform of the political structure.

China is a socialist country under the people's democratic dictatorship, and its basic political system is good. But there are major defects in the system of leadership, in the organizational structure and in the style of work. The main defects are overconcentration of power, serious bureaucratism, and feudal influences that are far from eliminated. The purpose of reforming the political structure is to promote what is beneficial, eliminate what is harmful and to build a socialist democracy with Chinese characteristics. The long-range goal of reform is to build a socialist political system with a high degree of democracy and a complete set of laws, a system that is effective and full of vitality.

The 13th National Congress of the Communist Party of China has put forward, "the system of the people's congresses, the system of multi-party co-operation and political consultation under the leadership of the Communist Party, and the principle of democratic centralism are the characteristics and advantages of our system." To realize the restricting of power and the building of a socialist democracy is a gradual process, which should be achieved through practice. The social basis and system, and the degree of development vary in different countries, so it is not wise to copy any established model mechanically. We cannot introduce a Western system of separation of the three powers and of different parties ruling the country in turn. In the reform of the political structure, we must handle properly the relationship between democracy and efficiency. It is necessary to overcome bureaucratism and feudal influence, so as to promote the reform of the economic structure and the policy of opening up, both internally and externally. Zhao Ziyang said, "The immediate objective of reform is to institute a system of leadership that will help to raise the efficiency,

increase the vitality and stimulate the initiative of all sectors of society."

In order to achieve this objective, some major reforms have been undertaken, which are separating Party from government, delegating powers to lower levels, reforming government organs and reforming the personnel system relating to cadres.

1 Separating Party from Government

Separating Party from government functions is the key to China's political structural reform. It is not possible to carry out reform of the political structure as a whole, without resolving the problem of confusion between party and government functions and the usurpation of the government's role by the Party.

For a long time, the Party has controlled almost everything. There has been no clear distinction between the functions of the Party and those of the government, and the Party could be substituted for the government. It was under the leadership of the Party that organs of state power, mass organizations and all kinds of economic and cultural associations were established. The Party tended to monopolize the conduct of their affairs. As a result, the Party's position has in fact been lowered and its leadership weakened. The Party has no time or energy to attend to Party affairs, but has to bear the burden of administrative work, becoming the executive body. Only when the two are separated is it possible for Party organizations to assume overall control of a situation and coordinate the work in all fields, to exercise better supervision and effectively prevent or overcome bureaucratism.

The Party and the state organs differ in their nature, functions, organizational forms and methods of work. Confusing the two has certainly made both inefficient and increased the degree of bureaucratism. Therefore, it is necessary to reform the system of Party leadership, and to distinguish between the functions of Party organizations and those of state departments, as well as rationalizing relations between the Party organizations and the people's congresses, the governments, judicial departments, large

associations, enterprises, institutions and various other public bodies, so that each can perform its proper function.

The concrete methods used to separate the Party organizations and the government departments are different as conditions are different in the central departments, the localities and the grass-roots units. The Central Committee makes policy decisions on such important questions as China's internal and foreign affairs, the economy and defence, and recommends candidates for leading posts in the supreme state organs, in addition to exercising political leadership in all fields. The local Party committees at the provincial, municipal and county levels exercise political leadership in local work, carrying out the line formulated by the Central Committee and ensuring that the decrees of the central government are implemented. Their principal responsibilities should be to carry out directives from higher Party organizations and from the Central Committee; to ensure the implementation in their local areas of directives from governments of higher levels and from the State Council; to propose policy decisions on important local issues; to recommend cadres for key posts in local state departments; and to co-ordinate activities of the various local organizations. The relations between local Party committees and state departments at the same level will be worked out through practice and gradually become standardized and institutionalized. In enterprises, Party organizations should supervise the work and ensure that it is accomplished. They should support the directors and managers in their exercise of leadership. In institutions, Party organizations should play the same role, instead of attempting to provide centralized leadership.

The Party's organizational form and executive organs have been adjusted to conform to its new form of activity and new methods of leadership. The Party committee no longer designates a full-time secretary or member of its standing committee at a given level to take charge of government work if he does not hold a government post. The executive sector of the Party committee has become smaller but more efficient. Party departments that overlap their counterpart government departments have been and will be abolished, and the administrative affairs they have been managing should be transferred to

competent government departments. The Party's commissions for discipline inspection at all levels should not deal with breaches of the law or infractions of administrative regulations, but should concentrate on fostering a strong sense of discipline, thus helping Party committees to cultivate good conduct on the part of their members. The practice of making Party organizations in enterprises and institutions directly responsible to the Party organizations of higher administrative departments will be gradually changed so that in future they will be led by local Party committees.

As a matter of fact, separating Party from government is the most difficult job among other power separations, and it is something which cannot be achieved without sustained effort. The situation where Party and government are lumped together must be analysed from a historical angle and must not be oversimplified. The old system has its own historical conditions and background. Formed during the revolutionary war years, the old system was strengthened by repeated political movements and adapted to the highly centralized mandatory planning economic system. Now the situation has changed. The modernization programme calls for motivating various organizations and social interests and requires the establishment of a normal order for them. The system which took shape during the war years cannot meet the needs of peace time; the system that was strengthened by mass movement cannot cope with the requirements of modernization; a highly centralized system has no way of promoting the development of a commodity economy. So, this change of separating Party from government is determined by historical conditions, not by any individual. It is a new and higher demand on the Party's work with the development of the country's situation and the cause of the Party. Bearing this in mind, all members of the Party should plunge into the reform eagerly, in order to bring about this historic change.

2 Delegating Power to Lower Levels

Overconcentration of power is manifested not only in the grouping of all responsibility for administrative, economic and cultural departments and

mass organizations in the hands of leading sections of Party committees, but also in the placing of all power of grass-roots units in the hands of leading organs at higher levels. On the one hand, the latter have taken charge of many matters which they should not and cannot handle, or cannot handle efficiently, getting bogged down in routine work. On the other hand, the grass-roots lack the power to make decisions, and it is hard to fully arouse the initiative of the people. The way to solve this problem is to delegate responsibility to lower levels. This devolution of power has proved effective in rural reform and should be carried out in all other fields.

The general principle is that decisions and functions which can be properly handled at lower levels should be handled there. In the relations between the central authorities and the local authorities, it is essential to gradually distinguish between the duties of each, while ensuring that decrees of the central government are implemented across the country. Therefore the local authorities will handle their local affairs, while the central authorities determine major policies and exercise supervision. In the relations between the government and enterprises and institutions, it is essential to delegate powers of operation and management to the latter, so as to let them manage their own affairs with full authority. The function of the government is to provide services for enterprises and to supervise them in accordance with laws, regulations and policies. In the relations between the Party and the government on the one hand and mass organizations on the other, it is essential to give full play to the latter and to large self-managed groups at the grass-roots level (i.e. residents' and villagers' committees), so that the people will handle their own affairs always in accordance with the law. In delegating power to lower levels, the emphasis is put on expanding the power of major cities, enterprises and institutions, in order to revitalize enterprises and to give cities a greater role in developing a socialist commodity economy. Once the decision has been taken to do this, they are not allowed to be withheld by intermediate administrative levels. This devolution of power is an important means of breaking down barriers between different departments and regions.

3 Reforming Government Organs

Bureaucratism remains a serious problem in the political life of the Party and the state. For economic, cultural, social and historical reasons, our struggle against it will last a long time. Separating the functions of the Party from those of the government, delegating more powers to lower levels and developing socialist democracy will all help overcome bureaucratism. It should be noted that overstaffing, overlapping and unwieldiness of government departments, confusion of their responsibilities and buck-passing are also major causes of bureaucratism. Therefore, Zhao Ziyang, the General Secretary of CPC, required, in his report delivered at the 13th National Congress of the CPC on 25 October 1987, that the state Council begin immediately to work out a plan for restructuring the different departments of the Central Government and that the plan be submitted to the First Session of the Seventh National People's Congress for examination and approval and then implemented. Under this requirement of the Party Central Committee, the State Council has begun to reform government departments at all levels in accordance with the principle of simplified administration, higher efficiency and unified action in the separating of the Party from government and of government administration from business management since the beginning of 1988. It first drafted the Scheme of the State Council Organ Reform, which was examined and approved by the Seventh National People's Congress; by the end of 1988, the whole process of the State Council Organ Reform was basically finished.

In more than 30 years since the founding of this country, government administrative departments have undergone major reforms three times. There have often been many partial adjustments in some fields; on the whole, they have basically conformed to the needs of the economic development at that time, and performed the function of leading and organizing economic construction, and thereby propelled society forward. Nevertheless, since the Third Plenary Session of the 11th Party Central Committee, and especially in recent years, the defects of government organizations, stemming from their inconformity with economic construction and social development, have become increasingly exposed with the development and deepening of economic

restructuring. In respect of the arrangement of departments, there is not only the situation of overlapping, overstaffing, confusion of responsibilities and buck-passing on the one hand, but also the problem of a lack of corresponding departments that can assume new functions and missions on the other. In addition, the departments which are responsible for synthesis, regulation, supervision, auditing, etc. are relatively weak. In respect of personnel composition, the structures of age, knowledge and speciality are irrational. There are more people who are engaged in professional work than those who have the quality for macro management and can be engaged in the work of directing and supervision. In respect of the mode and methods of management, the administrative means and the set of regulations and measures for direct management are comparatively sound and perfect, whereas there are insufficient regulations and rules for indirect management by comprehensively using the economic instruments, laws and administrative measures. All these have produced inefficient government departments and ineffective macro regulation and control. Therefore, the State Council resolves to carry out reform of government organs from top to bottom.

i Characteristics

Compared with the previous times of streamlining (which means simplifying the machinery of government), the current reform of government departments has the following three characteristics:

First, this reform takes the change of functions as the key and establishing the various departments in accordance with functions. Reform and streamlining are not entirely the same. The unsatisfactory results of several reforms or readjustments of departments in the past are mainly because streamlining has been taken as the sole aim and the problem of setting up an administrative system has failed to be solved fundamentally. This reform is intended not only to reduce numbers of departments and some manning quotas, but aims at changing their function and realizing the modernization, scientification and legalization of government administration. At present, the State Council has more than 70 departments,

of which more than half are concerned with economic management. The arrangement of these conforms to the managerial model of high centralization and mainly direct control of enterprises. Their basic function is to control people, money and materials, and to directly intervene in the management activities of enterprises. According to the requirements of economic restructuring, government departments will change from mainly direct to indirect control of enterprises, and gradually establish such an operating mechanism that "the state regulates the market and the market guides enterprises". In this way, the government will no longer have direct control of enterprises, but lay stress of function on planning, coordination, service and supervision. Then the departments will be established in accordance with new functions of government administration. It is necessary to merge, reduce and increase what should be done, in order to enable the reformed organs to overcome the defects of confused responsibilities, excessive procedures and buck-passing.

Secondly, this reform has made new breakthroughs and undergone a certain kind of transition. The long-term objective of the organizational reform is to build up an administration system which has complete functions, rational structure, coordinated operation, high flexibility and efficiency and which brings forth Chinese characteristics. However, the realization of this objective can not be separated from objective reality or accomplished in one move, but rather requires long-term effort. The organizational reform must be conducted from the perspective of China's situation and in conformity with the progress of economic and political restructuring, which means the practical possibility of reform should be considered. During the period when the old structures are replaced by the new, we should move a crucial step forward in the process of reform to meet the need of a shift in function, and consider retaining temporarily and properly certain necessary government functions which intervene in enterprises and social development. We should also think of the ability of society to cope with change and that the transformation of the way of leadership and working methods must have a process. If we separate ourselves from objective reality

and take too big a step in organizational reform, then we might get "half-cooked rice" because of the difficulty in connecting work. We might even repeat the old practice of "swelling--streamlining--reswelling", i.e. after each simplification of government departments, there is bound to be another expansion of the machinery of government.

Thirdly, this reform puts emphasis on the specialized departments which are in charge of economic management. The reasons for this are as follows. The departments are closely connected with economic restructuring. Without their reform at the outset, the devolution of power can hardly be effected. Then, these sectors are closely related to invigorating enterprises. Accelerating the reform of these departments will help to overcome the impediments separating government administration from business management. Finally, their original functions have been gradually weakened and their defects of structural overlapping and excessive procedure have appeared salient. It will be advantageous to reform these areas first in order to simplify departments, reduce personnel and improve working efficiency.

ii The Objective and Main Content

In a nutshell, the long-term objective of government organizational reform is to gradually establish an administration system, which has Chinese characteristics, complete functions, rational structure, coordinated operation, higher flexibility and efficiency. To have Chinese characteristics means that the setting of a target model should proceed from China's situations and should be suited to the overall process of the economic and political restructuring. There should be a complete range of functions, i.e. policy-making, execution, supervision, feedback and regulation. To have a rational structure basically means that the structure of function, organization and personnel accords with the requirements of a developing commodity economy and various socialist causes, and with the requirements of modern management. Coordinated operation broadly indicates the establishment of a set of complete operating procedures. This includes perfect rules and regulations, meeting systems, methods of working and leadership, etc. as well as setting up strict top-to-bottom administrative

legislation and a personal responsibility system at various levels, formulating strict and definite laws or norms with respect to the responsibility and jurisdiction of every organ and even every person, so as to have everything done according to the laws and regulations. High flexibility and efficiency means that the newly established departments should become a new type of administration organization with a rapidflow of information and feedback, unified decrees and high efficiency, rather than inertia, sticking to conventions, overstaffing, sluggishness paying no attention to efficiency and serious bureaucratism.

The realization of the above-mentioned objective requires a long term effort. In the five years from 1988 onwards, we must gradually bring order to the relationship between the government and enterprises, between various government departments, and between the central government and local authorities, provided that conditions are ripe.

In 1988, the emphasis of government organ reform is to solve the problem of overstaffing and overlapping of various functions in the State Council, so as to enhance the government's capability to regulate and control macroeconomic activities, and to meet basically the requirements of simplifying and invigorating the departments, and reducing personnel. In accordance with the scheme of the State Council organ reform, examined and approved by the Seventh National People's Congress, 9 new ministries and commissions have been set up, 12 rescinded; 32 ministries, commissions and other bureaux are retained, and one is transferred out of the State Council. The restructured State Council thus consists of 41 ministries and commissions, in addition to which necessary readjustment has been made in subsidiary departments and working bodies of the State Council in line with the working needs. Before giving details of the reforms, it is helpful to have an overall view of the structure of the State Council.

The State Council is the executive body of the highest department of state power -- the highest organ of state administration. The State Council is composed of the Premier, Vice-Premiers, State Councillors, Ministers in Charge of ministries and commissions, the Auditor-General and the Secretary-General.

The State Council has under it a General Affairs Office, thirty-six ministries and nine commissions, an Auditing Administration, and a number of subsidiary departments and working bodies directly under its leadership.

The General Affairs Office is established in the State Council and directed by the Secretary-General of the State Council, who is assisted by Vice-Secretary Generals in his work. The Secretary-General, under the direction of the Premier, executes the day-to-day work of the State Council.

Under the State Council are 36 ministries or organizations with ministerial status:

1. Ministry of Foreign Affairs
2. Ministry of National Defence
3. Ministry of Public Security
4. Ministry of State Security
5. Ministry of Civil Affairs
6. Ministry of Justice
7. Ministry of Finance
8. Ministry of Commerce
9. Ministry of Foreign Economic Relations and Trade
10. Ministry of Agriculture, Animal Husbandry and Fishery
11. Ministry of Forestry
12. Ministry of Water Resources and Electric Power (-)
13. Ministry of Urban and Rural Construction and Environmental Protection (-)
14. Ministry of Geology and Mineral Resources
15. Ministry of Metallurgical Industry
16. Ministry of Machine-Building Industry (-)
17. Ministry of Nuclear Industry
18. Ministry of Aeronautics Industry (-)
19. Ministry of Electronics Industry (-)
20. Ministry of Ordnance Industry
21. Ministry of Astronautics Industry (-)
22. Ministry of Coal Industry (-)
23. Ministry of Petroleum Industry (-)

24. Ministry of Chemical Industry (-)
25. Ministry of Textile Industry
26. Ministry of Light Industry
27. Ministry of Railways
28. Ministry of Communications
29. Ministry of Posts and Telecommunications
30. Ministry of Labour and Personnel (-)
31. Ministry of Culture
32. Ministry of Radio, Film and Television
33. Ministry of Public Health
34. Auditing Administration
35. People's Bank of China
36. Xinhua News Agency

The 9 commissions are:

- State Planning Commission (-)
- State Economic Commission (-)
- State Commission for Restructuring the Economic System
- State Education Commission
- State Science and Technology Commission
- Commission of Science, Technology and Industry for National Defence
- State Nationalities Affairs Commission
- State Physical Culture and Sports Commission
- State Family Planning Commission

Each ministry or commission is led by a minister and 2-4 vice-ministers. In addition each commission is headed by 5-10 commission members. The ministries and commissions issue orders, directives and regulations, in accordance with the law and decisions of the State Council.

The State Council establishes an auditing administration to supervise through auditing the revenue and expenditure of all departments under the State Council, of the local governments at different levels, and those of the state financial and monetary organizations and of enterprises and

undertakings. Under the direction of the Premier of the State Council, the auditing body independently exercises its power of supervision through auditing in accordance with the law. No other administrative department, public organization or individual may interfere.

In consideration of the needs of its work, the State Council establishes a number of special administrative departments, that is subsidiary and working bodies of the State Council.

These departments include:

1. State Bureau of Goods and Material (-)
2. State Bureau of Prices
3. State Bureau of Statistics
4. State Bureau of Measures
5. State Bureau of Standards
6. State Bureau of Industrial and Commercial Administration
7. State Pharmacological Administration
8. State Bureau of Building Material Industry
9. State Bureau of Environmental-Protection
10. State Bureau of Meteorology
11. State Bureau of Patents
12. State Bureau of Oceanography
13. State Bureau of Seismology
14. State Bureau of Travel and Tourism
15. Bureau of Religious Affairs of The State Council
16. State Archives
17. General Customs Administration
18. Civil Aviation Administration of China
19. State Publications Administration
20. State Copyright Bureau
21. Working committee of Chinese Languages
22. Government Offices Administration of the State Council
23. Office of Counsellors of the State Council
24. Office of Overseas Chinese Affairs of the State Council.

The newly founded National Planning Commission, which has replaced the State Planning Commission and State Economic Commission, mainly functions to formulate strategies for social and economic development; to work out the state's medium and long-term social and economic development program, as well as annual plan; to research important policies of resource allocation and of technical economy; to regulate the major proportional relations in the national economy; and to keep the aggregate supply and aggregate demand of society well in balance by strengthening macroeconomic regulation and control and by means of economic adjustment. Meanwhile, it is also in charge of the main coordination in the implementation of the annual plan.

The newly established Ministry of Personnel mainly functions to carry out the system of public service, and to strengthen the management of various government organs with respect to the establishment, manning quotas and functions. The Cadre Bureau of State Science and Technology Commission is allotted to the jurisdiction of the Ministry of Personnel.

The Ministry of Labour is established for the basic function of conducting macroeconomic control and unified management on the labour force all over the country, stipulating wage policy, social security and welfare policy, workers' technical training policy and the safety and protection regulations, as well as observing and executing the withdrawal of the Ministry of Labour and Personnel.

The Ministry of Materials, for the most part, manages in a comprehensive way the means of production which are crucial to the national economy and people's livelihood, and seeks to develop and perfect the market for the means of production, in order to invigorate the material circulation. The State Bureau of Goods and Materials has been disbanded.

The Ministry of Construction Industry mainly functions to exercise trade management of the construction industry, to conduct planning and coordination with respect to urban, township and village construction. The Design Bureau, the Construction Bureau and the Standard Quota Bureau belonging to the old State Planning Commission are allotted to the Ministry of Construction Industry. The Ministry of Urban and Rural Construction and Environmental Protection is rescinded.

The Ministry of Energy is established to manage the energy industries in a unified way and to strengthen exploration and development of oil and coal. The Ministry of Coal Industry and Ministry of Petroleum Industry are rescinded.

The Ministry for the Aeronautics and Astronautics Industry mainly serves to carry out professional management over the aeronautic and astronautic industries, and to provide an overall plan for and use of technical forces so as to promote the combination of the army and the civilian. The Ministry for the Aeronautics Industry and the Ministry for the Astronautics Industry are rescinded.

The new Ministry of Water Conservancy has the main function of being charged with harnessing big rivers, protecting, developing and utilizing water resources, generally planning capital construction of urban water sources and irrigation and water conservancy works, as well as building and managing hydropower stations based on water conservancy works and flood control or prevention. The Ministry of Water Resources and Electric Power is withdrawn.

The Ministry for the Mechanics and Electronics Industry mainly functions to exercise trade management over mechanical and electronic industries, and to lay down a rational industrial structure, so as to accelerate the development of electronic and information industries and further the organic combination between the machine-building industry and the electronic industry. The Ministry for the Machine-Building Industry and the Ministry of Electronics are cancelled.

General Customs Administration has become subordinate directly to the State Council instead of under the Ministry of Foreign Economic Relations and Trade.

The Xinhua News Agency, being an institutional unit of the State Council, is not listed in the alignment of administrative departments of the State Council.

The basic reform of the State Council has been finished as planned in early 1989. The main task for 1989 is to consolidate the results of reform, bring further order to relations between and inside departments, gradually

realize the shift of functions and raise working efficiency in practical work. It has been decided that reform of government departments at the provincial, municipal and autonomous regional levels which should have begun from 1989 on is postponed, in order to concentrate on improving the economic environment and rectifying the economic order.

4 Reforming the Personnel System Relating to Cadres

The practice of departmental reforms has proved that without reforming the personnel system relating cadres, the reform of state organs can hardly be practised. The important objective of the current reform of the personnel system relating to cadres is to establish a scientific system of classification and management, to introduce an active and rational competitive mechanism, to strengthen the building of democracy and legal systems, so as to gradually set up a socialist personnel system, which has a variety of management forms, sound democracy and legal systems, and is full of vigour and vitality.

i The Establishment of a Scientific System of Classification and Management is the Key Link in the Process of Deepening the Reform of the Personnel System relating to Cadres.

The main defect of China's current personnel management system is the lack of scientific classification and the excessive concentration of managerial authority. The concept of the "state cadre" embraces almost all kinds of people except workers and peasants, and these people are managed in a single way that is used for managing party and government cadres by various levels of Party committees and their organizational section or government personnel department. In the past thirty-plus years, owing to the highly concentrated structures of economy and politics, the methods of personnel management originated in the war period have been retained and continuously intensified. The methods induced by over-concentrated power and the single way of management seem relatively simplified and easy to manage, but actually blot out and cover the distinctive features of different kinds of people, violate the practice of social division of labour and the principle

of scientific management, and simplify the complicated personnel management. It has directly resulted in a lot of confusion, a lack of vitality and poor management. Various people are managed in a single model which applies to party and government cadres, so that engineers, technicians, teachers, doctors, athletes, police and actors are all identified and positioned by the ranks of party and government cadres. This is so irrational that the situation of having Buddhist monks of section-chief rank or professors of bureau head rank can arise. This problem has intensified and whetted the feudalistic sense of "Official Standard" which, on the one hand, should have been eradicated long ago and, on the other, has encouraged all kinds of people to move into Party and government organizations, thereby causing the departments to be too large, overstaffed and unwieldy. Moreover, the single method of management is not suited to the complexity of personnel and cadre management, and it is difficult to formulate unified managerial regulations which fit in with all kinds of people, so that the different characteristics of various personnel can not be considered for their selection and appointment. This results in a smaller number of talented people emerging, who will be assured healthy growth and rational employment.

To correct this shortcoming, the system of classification management should be adopted. The classification management means to carry out scientific management by closely combining the control of people with the control of their duty, and making the two restrict each other reasonably, on the basis of rational differentiating categories and positions of various kinds of people in line with their work nature, so as to ensure that the government organs and social institutions can have the optimal composition on staffing and the rational use of various talents.

In order to establish the system of classification management, the following measures must be taken to change the existing management methods of over-concentration and simplification. First, it is necessary to conduct rational category division in accordance with the nature and social function of various social organizations. For instance, governments at all levels are administrative organs of leadership exercising state power and bear the important function of organizing economic construction and administering

public affairs in society. The people's congresses at different levels and their standing bodies, law courts and procuratorial organs are the agencies of state power, legislature and law enforcement. The Party organizations at all levels are political bodies which exercise political leadership of state affairs without directly participating in the administration of concrete routines of state. The mass groups are the self-governed organizations of the general public, serving as bridges and ties for connecting the Party and government with the people of all strata. Enterprises are engaged in material production and circulation. Institutional units generally go in for the production of spiritual works and public welfare activities. For the cadres in these sectors or units of different natures and functions, specific categories should be identified and distinctive management systems should be formed.

Secondly, it is necessary to differentiate people who hold different posts and responsibilities in each category. For instance, in the government departments there are public servants who are responsible for political affairs and those who are responsible for professional affairs, and there are also several tiers and fields of professional public servants. As far as the other sectors are concerned, there is a division of leading persons, general working staffs and specialized technical workers too. On the basis of a clear differentiation of posts and responsibilities, the standards of examination, recruitment, promotion, training and education, rewards and punishment, salaries and welfare are to be set so as to form the methods of scientific management.

Thirdly, the personnel managerial authority of various function departments and units must be ensured. The staff (with the exception of the chiefs) of state organs, law courts and procuratorates should be managed respectively by the People's Congress, governments, law courts and procuratorates, according to the related rules and regulations of the state. The personnel in enterprises and institutions should be managed by their units according to the appropriate regulations. The major mass organizations such as the trade unions, the Communist Youth League, the Women's Federation, etc. should also be in a position to administer their own

working staff. In this way, by the rational breaking down and correct division of categories of the "state cadres", and by managing them in different tiers and professions, the management system of over-concentration can be abolished and the single model of management can be shaken off, thus following the track of scientific management of personnel.

To carry out a system of public service is the breakthrough point of the classification management. As the Report of the 13th Party Congress pointed out, "the emphasis of the current reform of the personnel system relating to cadres is on establishing a system of public service." The concept and coverage of public servants vary in many countries. China's public servants are defined as the personnel who exercise the administrative power of the state and perform official duties. These public servants can be put into two main categories: those handling political affairs and those doing professional work. Public servants in the political affairs category are those who are elected by the people's congresses at all levels, are appointed by the Standing Committee of the People's Congress and exercise the administrative power of the state. The applicable range of this category of public servants is mainly the component personnel of the central and local governments at all levels. They must be strictly managed according to the relevant provisions of the Constitution and the Organic Law and be subject to public supervision. Their tenure in office will be fixed in a specified period of time. The Central Committee of the Party and Local Party committees at various levels will recommend candidates in the political affairs category at the corresponding levels to the national or local people's congresses, through legal procedures, and will supervise and manage those who are Party members. Public servants in the professional work category are the personnel who pass a statutory examination in open competition and are selected by administrative organs at all levels and perform official duties of the state. Their applicable range is working personnel of governments at all levels, except those in the political affairs category, including the administrative execution type, the specialized techniques type and the office duties type. Public servants in this category, whose tenure in office is to be permanent, will be managed in

accordance with the law governing public servants by the personnel departments of the central and local governments at all levels.

The working staff in administrative departments at all levels (including those handling political affairs and those doing professional work) shoulder the important responsibilities of exercising state power and performing official duties. To separate this part of personnel from the rank of cadres and manage them with the relevant law and regulations is of crucial practical significance for the promotion of administrative organs of the state to overcome bureaucratism, to build up a dynamic and efficient governmental commanding system, to avoid malpractices in the use of people, and to enhance the political and professional quality of all categories of personnel. The implementation of the system of public service can offer experience for us to improve the management of personnel in other sectors and trades. It will take ten years for the state to practise a comprehensive system of public service throughout the country. First of all, it is imperative to establish this system both in the central government and in the governments of provinces, autonomous regions and municipalities before 1992. Since the beginning of the second half of 1988, this new system of public service has been tried out in four departments under the State Council (including the Ministry of Foreign Affairs, the State Building Materials Bureau, the State Auditing Administration and the State Environmental Protection Bureau), two provincial governments of Guangdong and Fujian, and the governments of eight cities. The initial results have proved successful. The Ministry of Personnel plans to establish a comprehensive statutory system over public service within five years. In August 1988, the first training class for the introduction of the new public service system was held in Beijing. The participants were 106 personnel department directors from various provinces, municipalities and autonomous regions. They discussed the drafts of the Provisional Regulations Concerning Public Servants and some related statutory decrees, and suggested several revisions. The main contents of the regulation concerning public servants are as follows: (a) to practise a system of recruitment characteristic of selecting by examination in open, equal competition, so as to ensure the

quality of public servants; (b) to carry out a system of scientific classification of posts, clearly stipulating the responsibility range, working task and appointing qualifications for various posts to set norms of different ranks, so as to provide a basis for recruitment, examination, promotion, training and education, reward and punishment, salaries and welfare; (c) to implement a system of promotion, demotion, rewards and punishment based on the work performance. The performance of public servants in the professional work category will be evaluated in accordance with statutory standards and procedures. Their promotion, demotion, reward and punishment will be based mainly on their work results; (d) to establish a national public servant training network based on the State Administrative College, an institution of higher learning specializing in training public servants; (e) to make concrete provisions for rights and duties, salaries and welfare, retirement and resignation, post transfers and avoidance, appeals and complaints, etc. of public servants.

The Regulations have two major features. First, they give prominence to competition. The regulations stipulate that all state departments must recruit public servants through open, competitive examinations from 1989 on. The implementation of this stipulation will create conditions for China to practise comprehensively the recruitment of public servants by examinations. The Ministry of Personnel under the State Council and the Department of Organization under the Party Central Committee co-issued the "Circular" for this purpose. As the Circular points out, the posts which should be replenished with staff by examinations are for the time being the non-leading jobs. The source for staff supplement is mainly the cadres at their posts outside the administrative organs. The postgraduates, undergraduates and specialized graduates can also be supplemented to the few posts in special need. The examinations consist of a written part and an interview part. The contents of the written part test the basic knowledge commonly held in the various departments and the necessary expertise. The contents of the interview part can be decided in accordance with the concrete requirements for the work posts. The basic examination procedures are issuing announcement, open application, checking qualifications, conducting

examinations, physical examination, assessment and comparison, the qualified being sorted out, enrolment approved, and open promulgation of those who succeed. Thus, every citizen can have an equal opportunity to apply and succeed. In addition, the promotion of public servants will be based on a comprehensive appraisal of their work, to which examinations can be supplemented when necessary. To carry out a system of open examination, selecting the successful for recruitment and promoting according to contributions will make a large number of talented people emerge to form a contingent of excellent, competent, stable, honest working staff of the administrative departments of the state.

Second, it stresses supervision and management according to the law. The document includes a series of strict stipulations on public servant discipline, and contains a plan for the establishment of a mechanism enabling the public to exercise direct supervision over the work of public servants. Those found violating this discipline will be severely punished. The statute also embodies detailed legal norms for the management of public servants. Thus, it is beneficial to overcome the bureaucratism in administrative management, raise working efficiency and guarantee the stability of the state administration.

Six auxiliary decrees have been drafted, covering areas including examination and recruitment, routine checks of work standards, rewards and punishment, and salary scale. Plans have also been made to enact another ten decrees on the training of public servants, changing jobs, insurance and welfare.

The establishment and implementation of the new public service system represent a major step in the reform of China's political structure. It is only through such a system that government functionaries can remain competent, qualified and honest. And it is only with such a system that they can form a powerful and highly efficient government network to manage administrative affairs of the state effectively.

ii The Active and Rational Introduction of a Competition Mechanism is the Important Content for Promoting the In-depth Development of the Personnel System Relating to Cadres.

With the deepening of the reform of economic structure in recent years, the competition was first introduced into enterprise management. Practice proves that competition has made enterprises lively, efficient, and producing high quality products and talented people. To carry out the reforms it is necessary to sum up the successful experience of the reform in enterprises concerning the personnel system and to introduce competition into personnel management of other sectors. The reforms in terms of a public-bidding contract, lease contract and various forms of management responsibility system, the selection, examination and invitation systems of enterprise managers, have caused a series of deep changes in the enterprise personnel system. The main manifestations of these changes are (a) making the selection of talented people from the closed state into an open competition, (b) turning the appointment of cadres from the single way of superior assignment into selection by many ways and methods, (c) managing cadres from passive and static patterns into active and dynamic patterns, (d) transforming the cadre position from a life system into a term system. These changes have created a good environment for the growth and emergence of talented people, as well as a large number of socialist entrepreneurs. As a relatively independent management unit, the enterprise must conform to the situations of commodity competition, spread advanced experience of management, embody more distinctive and direct competition of personnel and try to reach institutional perfection and improvement.

Compared with enterprises, institutions are backward in personnel management. Many places are still influenced and fettered by the old habit of giving priority only to seniority, and talented people there are difficult to move, thus influencing the use of the talents and the realization of social benefit of their unit. Therefore it is necessary to break the backward habit, and to carry out "performance principle" in terms of the use of talents, research and development, technical contracts, etc., so as to encourage and support young people to aim at higher and better standards and to achieve good performance and contributions.

The introduction of competition is bound to cause a movement of different people, to give full play to their strong points and to put their specialized knowledge to best use. People do not have to stay at one place or one enterprise or one profession all their lives. Therefore it is necessary to change the state planned way of redistributing all personnel, to actively create social conditions by which people can move rationally and have a choice of jobs. For instance, in enterprises and institutions practising the post appointment system, not only should the units have the power of appointment and dismissal, but the individual should have the power of receiving and refusing an appointment. The Party and state organs should also establish a system of dismissal and resignation. In mid-February 1989, China worked out "The Rules of Procedure for the National People's Congress (Draft)", which stipulates the resignation of leaders of state organs, and designation of the deputy in case of absence of the premier of the State Council, the Chairman of the Central Military Commission, the president of the Supreme People's Court, and the Chief Procurator of the Supreme People's Procuratorate.

Meanwhile, it is necessary to set up and supplement the social adjusting agencies for all talented people, further strengthen the functions of organic departments to exchange personnel and talent, so as to provide an organizational guarantee for gifted people to enter into competition and give full play to their roles.

iii The Democratization and Legalization of Personnel Work is an Important Integral Part of the Building of Socialist Democratic Politics.

The defects of overconcentrated power and bureaucratism in our political structure have existed for a long time. Because of such a political structure, the personnel system relating to cadres has remained in a mysterious and closed state for a long time. Democratization is not fully established and the construction of a legal system is basically nonexistent, thus giving personnel departments a narrow field of vision, and enabling them to select and use people only within a short distance and a small range. All personnel work depends mainly on issuing from top to

bottom such documents as the "notice" and the "temporary regulations", which lack legal authority, so that the will of the leaders is the determining factor in their implementation. The judgement of a cadre's ability and political integrity is often passed on by the officials who hold the higher posts. The problems of certain leading cadres who appoint people by favouritism, form personal wings, and seek profit with power can not be effectively stopped and penalized. There is no effective method to dismiss those cadres who are unpopular and can not bear their leading responsibilities, though the masses have many complaints, and so on and so forth. All these have, to a great extent, frustrated the initiative and creativeness of the broad mass of cadres and people. In recent years, such measures and methods as holding elections with more candidates than posts, democratic assessment and recommendation of leading cadres, examining them according to their actual performance, making cadres be ready to accept a higher or a lower post, etc. are undoubtedly conducive to the promotion of the democratization process of personnel work; but what we have achieved falls far short of the requirements of democratization and legalization. We should go on with our exploration and reforms.

The democratization and legalization of personnel work relating cadres mean that all main aspects concerning personnel work should embody the will of the people and should guarantee that the broad masses of the people can participate in the management and decision of personnel work relating to cadres.

To attain this basic goal, it is necessary to manifest democratization at every stage of personnel work relating to cadres. The mass line must be followed from macro policy-making to concrete management, from policy formulation to the selection, supervision, promotion or dismissal of cadres, placing the masses in a position to supervise openly and democratically. The emphasis of open and democratic supervision is on the leading cadres at all levels. For the Party and government leading cadres at all levels, the electoral system must be seriously practised, the system of assignment must be further reduced, and the systems of democratic supervision and examination should be established and perfected. The 13th Party Congress

clearly set forth that "we should continue the practice of holding elections with more candidates than posts as prescribed by law", which is precisely for the sake of strengthening democracy, and making elections better reflect the will of electors. We can avoid defects in personnel work relating cadres and make leaders gain hearty support from the masses so long as we perfect and practise the electoral system gradually and seriously.

The democratic examination and assessment on leading cadres is a better democratic way, practised in recent years, for the masses to participate in the personnel management and to supervise cadres. It has the obvious advantages of helping the masses to supervise and restrict cadres' work, of ensuring that the authorities know cadres truly and comprehensively, so as to avoid malpractices in the use of people, and of stimulating cadres to maintain contact with the masses and create more results. According to the practical experiences of local authorities, more stress should be laid on the improving of standards for the examination, and results should be connected with cadres' rewards, punishment, promotion and demotion, thus improving the approach of democratic examination and assessment still further and giving it its full play.

It is necessary to accelerate the institutionalization of personnel work relating cadres and gradually realize legalization. Comrade Deng Xiaoping has pointed out: "In order to guarantee people's democracy, it is imperative to strengthen the legal system and to institutionalize and legalize democracy." The legalization of the personnel system relating to cadres represents the will and benefit of the people and is the legal basis for the broad masses to take part in the personnel work relating to cadres. All democratic rights of the people in terms of personnel management, either the rights of recommendataion, election, appraisalment, supervision, dismissal for leading cadres, or their own rights of competition and job choice, should be clearly prescribed by law. Only in this way can we practise scientific personnel management, can the subjective will in the use of people be overcome, can the efficiency, vitality and initiative of all people be greatly improved. To legalize the democratic content and principles of personnel work will enable the broad mass of people to know

clearly how many rights they can enjoy and how to use these rights to supervise and manage their leaders. On the other hand, it can make all cadres foster the democratic idea even more and consciously respect and receive the supervision of the masses. According to the requirements of classification management, corresponding rules and regulations should be formulated for different cadres in state organs, Party organs, judicial and procuratorial organs and for staff working in the mass organizations, enterprises, scientific and news institutions. The legalization should be realized as soon as conditions are ripe. When favourable conditions do not prevail, the institutionalization can be carried out first. In this regard prudence and steadiness should be stressed, and every step should be organized very carefully.

II THE ESTABLISHMENT OF A MACROECONOMIC CONTROL SYSTEM BASED MAINLY ON INDIRECT CONTROL OF ENTERPRISES

The economy owned by the whole people accounts for about 75 per cent of the national economy as a whole. The ownership by the whole people at its present stage takes the form of state ownership. The state-owned assets are managed by various state organs at all levels. In the past, China's macroeconomic management mainly used the method of direct control, of which the basic features were as follows: the state had direct control of enterprises' supply, production, and marketing, as well as people, finance and materials according to subordinate relations and channels of administration; the main instruments of the state in enterprise management were the allocating and distributing of materials and funds; the state had laid down different targets of production, circulation, distribution, investment for sectors, regions and enterprises. The mode of direct control has restrained the initiative of the local authorities and especially the enterprises, and impeded the rapid development of the productive forces.

After these years of reforms, China's macro-economic control has begun the transition from being based mainly on direct control to mainly on indirect control, but the whole framework and mode of macro-economic control

has not been fundamentally transformed. Because of the nature, characteristics, the position and role in the national economy, together with the very abstract concept of the ownership which is hardly grasped in practice, of the industrial enterprises, and the large and medium state enterprises in particular, it is extremely difficult to separate ownership from managerial authority.

To make this point clear, let us analyse the structural status quo of enterprises owned by the whole people. On the one hand, the state ownership has no clear-cut representation and its function is dispersed over the governments at all levels and the responsible departments. Many administrative departments, such as the responsible corporations, planning commissions, fiscal departments, banks, tax bureaus, industrial and commercial bureaus, etc. can all exercise power of ownership on behalf of the state. On the other hand, they are at the same time the state administrative organs and undertake the task of exercising the managerial authority of the state. Thus, the power subject of state ownership and the power subject of state managerial authority are combined into one, possessing twofold functions: the function of managing the macroeconomy, served in the name of the state administrative organs and the function of safeguarding the owners' interests, served in the name of the representative of the state ownership. These two functions are mixed up in the course of practice, which tends to evolve the content of the state macro control into the direct administrative intervention in micro enterprises, thus destroying the managerial mechanism of enterprises and weakening the function of the state macro control. The founder of enterprises, the state, has not withdrawn itself into the position of a corporate member after the establishment of corporate enterprises, but rather through the state administrative organs appointed managers, established the relationship of administrative subordination between enterprises and the administrative organs, with the result that the administrative organs have become the controller of enterprises and intervene in enterprise-managing activities by means of administrative plans, orders and measures, etc. The twofold functions of the state administrative organs have provided a precondition

for the state's direct intervention in managerial activities of enterprises. The administrative subordination between the state administrative departments and enterprises is the basis of the state administrative intervention. And all this depends on the combination of state ownership and state managerial authority. Therefore, the entire separation of ownership from management must become the main direction to deepen the enterprise reform.

To this end, it is necessary to establish the macroeconomic control system based on indirect control of enterprises. The state should institute mainly indirect control and regulation on macroeconomy, by means of guiding plans, various economic policies (industrial, regional, fiscal, financial, monetary, tax, etc.) and economic levers (the tax, interest, reserve and exchange rates, prices, etc.), so as to form gradually a macroeconomic control system in which "the state regulates the market and the market guides enterprises".

For this purpose, the planning function should be changed with the scope of mandatory planning gradually reduced and of guiding planning gradually increased. The long and medium terms of economic development strategies, industrial and regional policies should be studied and formulated without delay. According to development strategies and industrial and regional policies, economic means should be used comprehensively to further the implementation of economic strategies and policies, and to promote the continuous and stable growth of the national economy. The general economic departments and the departments responsible for trades and professions should rid themselves of the routine of allocating targets, materials and funds, and strengthen the control of investment of fixed assets and the total amount of the consumption fund, and in general balance the main proportional relationships.

As far as the fiscal system is concerned, stress should be laid on the improvement of distribution relations between the state and enterprises, between the central and the local, on the basis of separation of enterprise ownership from management and the enterprise contract system. It is necessary to further perfect the reform of the taxation system, so as to

solve the problem of enterprises having too heavy a tax burden. In order to gradually improve the distribution relation between the state and enterprises, the fiscal system must be changed to the direction of "different channelling of tax and profit". Enterprises institute all forms of the contract system, while paying tax to the state as prescribed by law. The state makes investments in enterprises, or levies fees on enterprises for the use of fixed assets, or joins the stock for dividend.

In order to gradually improve the distribution relation between the central authorities and local authorities, it is imperative to readjust the range of revenue and expenditure of fiscal organs at all levels, on the basis of unified leadership, classified management and divided authority. The range of expenditure should be set according to business authority, and the range and proportion of revenue should be set according to business authority and expenditure range. The revenue sources must be legalized and the expenditure range be standardized. Neither wanton levies and collections, nor abusive spending and wasting are permitted. When conditions are ripe, a system of tax distribution should be instituted to ensure a reasonable apportionment of revenues between the central authorities and local authorities. The taxation system should be perfected step by step. The tax kinds and rates should be properly adjusted, the adjusting tax being abolished, income tax being unified, the range of value added tax being expanded. The work of tax collection and management should be continuously strengthened, so as to give full play to the adjusting effect of tax on the economy.

The relation between fiscal organs and banks should be handled correctly. From now on, deficits of fiscal organs will be mainly covered by issuing public bonds in society including specialized banks and other monetary institutions. The macro control system of the central bank should be further perfected to give the reins to the control function of finance in macroeconomy. The money supply should be strictly controlled to the extent that inflation can be avoided, while the stable economic growth should be maintained. The central bank should strengthen the control of capital and liability of the other banks and financial institutions. The reserve for bad

and doubtful accounts must be built up so as to keep the liquidity of specialized banks and non-bank institutions. In accordance with the national industrial policy, regional policy and trade policy, the means and methods of interest rate, loan on favourable terms, priority loan, etc. will be used to bring into play banks' function of adjusting economic operation and guiding industrial structure and product mix.

To establish the macro-economic control system based on indirect control of enterprises is by no means an easy job. Traditional ideas of macroeconomic control are deep-rooted and the traditional mode and methods of macroeconomic control are well known and easily handled. Herein lies the key to ideological change of general economic control departments and departments responsible for trades at all levels -- changing from the past managerial idea for product economy into the managerial idea for commodity economy. Only by changing ideas can we gradually explore and establish a set of new ways and means of macroeconomic control conforming to the development of socialist commodity economy.

III MAIN CHANGES OF CHINA'S MANAGERIAL IDEAS

China's managerial ideas are being impacted by two things: one is the variation of the systems, mentality and social structure, brought along by the deepening of economic reforms; the other is the variation of product mix and industrial structure, stimulated by the new technological revolution. The traditional thinking of management characteristic of natural economy, based on a small production has gradually changed into the domain of new concepts focusing on commodity economy. The main changes are as follows:

1 Changing from Scattered to Systematic Management

The object of modern management is a management system composed of elements which are changing, complicated, interconnected, interactive, mutually restricted and complimented. For such a management object with the synthesized properties, it will not work simply by managing it in the perspective of one discipline. It is imperative to practise systematic

management and solve problems with a general and specific character, by starting from the systematic concept and learning theories and methods from relative disciplines, in terms of organizational structure, technical performance, economic results, social effects, ecological influence, and in the course of planning, organization, scientific research, production and application.

2 Changing the Emphasis on Process Management to Target Management

The progress of science and technology has evolved production from a base of extensive operation to one of intensive operation, with a higher degree of series and procedure. Target management has made managers stop paying more attention to input, process, check on work attendance than to output, results, examination on performance; but during the process from the beginning of the work to the optimum target, to follow the logical procedure of structural decomposition, implementation level by level, adjustment and feedback, and self-control, so as to set up a target managing system that is vertically unblocked and horizontally interlocked. Thus each member at every level will have a clear direction, thereby reducing disputes between tiers of management and mobilizing the enthusiasm of all members.

3 Switching Attention From Hardware Management to Software (Information) Management

It is one of the non-negligible aspects for ensuring reproduction to pay much attention to the management of the means of production and material products. However, with the major breakthrough of micro-electronics and electronic technology, information has become an industry which penetrates all fields of production and life, thus making the managing focus turn to the management of software information. It can be betokened that the intellectual products of mankind, including information and software, will make up for the deficiency of resources and energy. The information industry has become one of the rising industries. Therefore, the whole computer-aided system will increasingly become the first means of life and work.

4 Changing the Emphasis on the Technique-type "Hard Experts" to the Management-Type "Soft Expert"

In recent years, a large number of technical and professional personnel have moved to leading posts at all levels. The technique-type "hard experts" have become managers, which means the changes of managerial classes and functions, i.e. changing from policy executors to policy makers. The working object of the "soft experts" is organization and coordination, which is of strong and salient practicality and dynamics. Compared with specialized techniques, the problems and solutions which appear are much more ambiguous. Therefore, such change is not only the change of working nature and range; but also the changes of a series of qualities like professional feature, sense of value, norm of thinking, etc.

5 Moving the Focus away from Supervisory Management to Stimulative Factors

What the supervisory management follows is in fact a "man rule" principle. The control on human behaviour tends to be connected with the will of the manager and to fetter people's creativity. To focus stimulative factors is to follow the principle of "humanism" of management, i.e. using scientific approach to stimulate people's internal potential when solving the contradiction between human behaviour and management target to balance work efficiency with personal demands; guiding the masses to pursue reasonable demands to handle correctly the relations among the state, the collective and the individual. Thus, people will feel that they can put their specialized knowledge to best use, give free play to their strong points, and get earnings for their work and reward for their merits, so as to attain the goal of management optimization.

6 Changing from Qualitative or Quantitative Management to the Combination of the Two

Management by experience relies on qualitative analysis for decision-making, which has great subjective inclination. Making quantitative analysis with scientific methods has become an important symbol of the development of management science. However, trends of multi-variables, multi-targets and

dynamic development in social life and productive practice have made quantitative analysis fail to meet the requirements for modern management object with grand scale, abundant content and complicated relations. The errors of managerial information are not hard to see, because of the existence of untruth of simulant variables. The quantitative concept can only be the extension and expansion and can not replace human creative thinking. Therefore, when dealing with complicated, ambiguous and changeable systems, it is necessary to attach the same importance to qualitative and quantitative analyses in policy-making.

7 Changing Policy-Making by Experience to Policy-Making on Science and Democracy

Modern society, which involves various aspects that have complex connections, enormous scales, proliferous elements, changeable situations and a rich information flux, can not be paralleled with the past subsistence economy based on small-scale production. In front of such a huge social systematic project, any great man will feel the deficiency of personal mentality. It is impossible for any manager to make correct decisions on important problems using only his own knowledge, experience and intuition. Therefore it is imperative to turn the policy-making by experience to the policy-making on science and democracy. It is wise and necessary to listen to the opinions from experts, scholars and think-tank institutes in an extensive way.

8 Moving away from Short-Term Behaviour to a Long-Term Social Objective

The guiding thinking behind short-term behaviour is being eager for quick success and instant benefit, which displays the maintaining of local interests without regard to social benefits, pursuing high profit with the quality standard being neglected, exploiting resources in a plundering way to the detriment of ecological environment, paying more attention to hardware than to software organizationally, focusing closed self-contained company irrespective of open professional cooperation and horizontal unification. This short-term behaviour runs counter to the fundamental aim

of socialism and the general objective of reform. Its existence is closely connected with the substitution of the new system for the old and with some of the unstable, imperfect, uncoordinated policies. The state must have a control of it macroeconomically, and by implementing developmental strategy, industrial policy, laws and economic levers as well as by disseminating communist ideals and various economic policies, promote competition and conduct assessment and examination on the objectives of leaders' and managers' tenure of office, thus making them both grasp the current tasks and have their eyes on the long-term objective.

9 Changing from Conservative Management to Pioneering Management

The pioneering management must break through the fixed pattern of thinking and continuously recognize the organizational principle which has proved effective in the past. It is characteristic of hard work, risk-taking, creativeness and strategic vision, daring to change resource advantage into product advantage, to transform technology into productive forces and to shift products into funds, and being good at turning the sense of crisis into the driving force of advancement.

10 From Learning Extensively the Western Theory of Management to Establishing China's Management Science

Any management depends on the specific factors of different time, place and society. The western managerial theory is also produced and developed from the particular social environment, of which some achievements of universal significance can certainly provide applicable reference and valuable instructions for the establishment of China's situations and characteristics, and be combined with socialist commodity economy and its reform practice, as well as with the nation's cultural inheritance. This requires both breaking the fence of traditional ideas and using the top achievements of modern sciences, to have a critical and selective application of foreign experiences of modern management on the principle of making foreign things serve China and the past serve the present, discarding

the dross and selecting the essence for the purpose of referring to foreign experiences, digesting them and blazing new trails.

In short, it is necessary to differentiate the sociality from applicability of management and to integrate the wide adoption of the advanced management science in the West with the introspection of traditional management, in order to found a modern science of management with Chinese characteristics.

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