

Hu's superman takes on streamlining plan

CHINA BRIEFING

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Big is beautiful. Li Keqiang, the executive vice-premier in waiting, is spearheading an ambitious effort to streamline cabinet-level ministries into a smaller number of more powerful super-regulators. The official media is awash with intense speculation over the possible creation of the super-agencies to cover transport, agriculture, finance, energy, culture, and the environment.

The outcome of this comprehensive review of government functions will be the litmus test of Mr Li's political skills and wisdom as the plan will face strong resistance from groups with vested interests.

Mr Li, a new Politburo Standing Committee member and a protege of President Hu Jintao, looks set to be named executive vice-premier in March, when the National People's Congress reviews and approves a reshuffle of the State Council's leadership and ministries. For many observers, a successful streamlining of the vast government bureaucracy can establish Mr Li's authority and be a good foundation for him to succeed Wen Jiabao as premier in 2012, as he is widely expected to do.

But those who are optimistic that a comprehensive reorganisation of the cabinet-level ministries is going to happen in one fell swoop in March are likely to be disappointed. The initial scale of the restructuring is most likely to be small, and a major revamp will have to wait until Mr Li officially takes over as premier. The initial reorganisation is likely to involve establishing a new ministry of energy, and a new ministry of transport, and possibly upgrading the environmental regulator into a cabinet-level ministry. The much-discussed creation of a financial super-regulator to oversee the banking, securities and insurance sectors is unlikely to be on the agenda in March, largely because of the complexity of the financial reforms. Reorganisation of government ministries is nothing new; it happens every five years. The State Council claims to have only 28 cabinet-level ministries after the previous reshuffles. In fact, it has much more. The council also has 37 organisations on the same rank as cabinet-level ministries, including the China Banking Regulatory Commission and China Securities Regulatory Commission.

There is a compelling rationale behind the discussions on creating government super-agencies - the government structure focuses too much on micromanagement and less on macromanagement. For instance, there are three ministries to oversee the transport industry: the Ministry of Communications in charge of highways and waterways, the Ministry of Railways, and the Civil Aviation Administration of China. One ugly outcome of the restructuring is the serious lack of integrated transport hubs. Mainland passengers have to drag their luggage from one interchange to the next because bus, rail and airline terminals are usually far apart.

The need to set up a new ministry of energy is also obvious. The central government abolished the ministry in 1993 after transferring its functions to major state-owned enterprises and industry associations. Now, however, rising energy prices make a new cabinet-level body crucial.

There have been suggestions the new ministry will take over various functions from the National Development and Reform Commission, the Ministry of Commerce, and the China Electricity Regulatory Commission to oversee the development of the coal, oil, natural gas, electricity and renewable-energy industries.

As the central government is under growing pressure to improve environmental protection, the upgrading of the State Environmental Protection Administration into a cabinet-level ministry is very likely. With full cabinet status, it can have more authority and resources to tackle increasing environmental woes and punish polluters. The other super-ministries that are likely to be created several years down the road will include a mega-ministry that will oversee culture, sports, media and publications, combining the functions of the existing Ministry of Culture, General Administration of Sports, General Administration of Press and Publications, and the State Administration of Radio, Film and Television.

A super-ministry to combine the functions of the Ministry of Agriculture and Ministry of Water Resources is also possible.

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