

CONCLUSION

Lessons and continuing challenges for greater China and Australia

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The different social and economic contexts that prevail in one nation compared to another, and their different histories and institutional arrangements, limit the transfer of experience across nations including the applicability of governance structures. According to Rudolf Klein, to 'learn from' you must first 'learn about' (Klein 2009). Moreover, international pressure for 'policy learning' and 'policy transfer' can have deleterious effects. The differences between the People's Republic of China (PRC) and Australia make this advice particularly apposite.

Notwithstanding its much longer history and the richness of its past experience in government administration, China is in the midst of an extraordinary transition in which it is actively considering lessons from elsewhere that it might adapt to its institutional framework. The transition is not just from a developing country to a more advanced economy but also from a political command economy to a more market-oriented approach in which government plays a different role and is subject to new forms of social accountability for performance (Ma 2009). The emerging concepts of accountability and performance have yet to be fully institutionalised, and are most unlikely even in the longer term to reflect a democratic system of government such as Australia's (Podger & Chan forthcoming).

Of course, even in Australia, the concepts of accountability and performance continue to evolve. This is evidenced by new public management's (NPM) shift to management for results (or 'outputs and outcomes') as distinct from a focus on conformance with rules

and processes (or ‘inputs’), and by new public governance’s (NPG) encouragement of ‘outwards’ accountability direct to clients and citizens in conjunction with standard ‘upwards’ accountability through the democratic parliamentary process. Sadly, Australia is now shifting to a narrower focus on implementation of politically determined policies and priorities and away from consideration of the overall impact of both policy and management.

Despite the remarkable developments in China over the last 40 years, its outstanding reform agenda remains substantial and it is important to recognise that the country is still in transition. Unlike many Western nations in which systemic ‘checks and balances’ act as forms of institutional controls, China’s system of government is based primarily on hierarchic control, but within a highly devolved regional and local context. At the highest political level is the legislature (the People’s Congress), the executive (the State Council) and the judiciary, and their relationship with the Communist Party of China (CPC); also the respective roles and responsibilities of China’s five levels of government. For the most part, these constitutional structures are *not* the focus of this book, though undoubtedly they must shape other institutional structures.

The continuing reform agenda that is relevant to the focus of this book concerns the institutional framework within the executive arm of government. This includes the structure of ‘core’ ministries and their coordination arrangements; the structures for ‘non-core’ organisations including public service delivery agencies (and arrangements for non-government organisations (NGOs) engaged to assist in service delivery), regulatory agencies, various ‘integrity’ agencies that oversee other parts of government, and state-owned enterprises; and frameworks for horizontal management.

This description of the elements of the continuing reform agenda reflects the cascading classification of government functions commonly used in Australia and other democracies, and may not be relevant to China’s more organic institutional framework today or into the future.

For example, central to the discussion in several of the chapters in this book that focus on circumstances in Australia is consideration of the appropriate level of administrative independence from politics for performing different functions. That is not the Chinese approach, where the fusion of politics and administration is seen as ‘a positive step to

stable, adaptable, highly competent, rule-based and legitimacy-enhancing administration' (Chan 2016). Yet this idea of a degree of independence, or relative autonomy, may have more relevance than is formally recognised in China at present, as it may still be appropriate to vary the balance between conformity and flexibility, and between political control and professional independence, with different functions. Moreover, the forces that led to some separation of politics from administration in Western democracies in the 19th century (and the forces that led to concepts such as the separation of powers in the 18th and 19th centuries, and the more recent neoliberal measures expanding market forces including within government) are affecting China today. These include the importance of professional expertise, the need to contain corruption and to promote efficiency, administrative and budgetary reform agendas, the need to apply regulation fairly and consistently, the importance of serving all citizens equitably and justly and, at the international level, the need to apply agreed standards on free trade and other aspects of international interaction.

Modern Chinese ideas such as 'social accountability' rely upon increased transparency and professionalism, which in turn require standards of integrity that are not just set politically, but often by bureaucratic edicts, reflecting society norms set more widely – including by professions and internationally. As discussed in *Value for Money* (Podger et al. 2018), which was compiled from the 2015 workshop of the Greater China Australia Dialogue on Public Administration, China has been pursuing an ambitious agenda of financial management and budgetary reform drawing heavily on the experience of Organisation for Economic Co-operation and Development (OECD) countries, including Australia. Increasingly implicit in these reforms are similar (if evolving) concepts of performance and accountability explored in this book on institutional structures.

Despite the apparent slowing down of reforms over the last few years under President Xi Jinping, which are referred to in Chapter 1, further administrative and organisational reform is very likely to be required to maintain China's economic growth and to meet the growing expectations of its people. Institutional reform will be a key part of this agenda. My view is that this will need to include:

- further strengthening of the policy and coordination capacity of the core ministries, building on the modernising measures already undertaken via umbrella agencies and coordinating bodies

- reviewing the governance of non-core agencies including:
 - public service institutions such as schools, hospitals and universities to strengthen their professional competence and performance in terms of outputs and impact, and to clarify good practice in the outsourcing of service delivery to non-government organisations
 - greater alignment between levels of government, especially over the central government’s mandates and the capacities of provincial and lower level governments to meet central expectations
 - regulatory bodies to strengthen their competence and consistency and reliability, so as to improve their effectiveness
 - ‘integrity’ agencies, clarifying what functions should be categorised as such, ensuring their capacity to ‘speak truth to power’ and reviewing their relationship with the legislature as well as the executive
 - the development of more transparent reporting of performance to citizens and the community by jurisdictions and public sector organisations on matters of targets, milestones, service delivery standards and satisfaction levels
 - state-owned enterprises, building on the major reforms already implemented, and addressing outstanding issues arising from WTO obligations and wider international concerns about competitive neutrality (recognising that there is no single approach even across the OECD to ownership of public enterprises)
- clarifying good practice in horizontal as well as vertical management, including by drawing on the lessons from studies such as those in chapters 8 and 9.

Much of this reform to improve accountability, capability and performance could be advanced notwithstanding the firmer CPC control evident under Xi; aspects, however, would require allowing more flexibility and autonomy subject to open performance scrutiny. As Chapter 1 concludes, the appropriate degree of autonomy should vary with the function of the organisation.

The chapters that focus on Australia demonstrate that institutional reform is an ongoing challenge including for countries with mature systems of civil service administration within well-established political systems. For example, there is clearly room to improve Australia’s utilisation of NGOs in the delivery of services and to achieve the aim of citizen-centred services.

Those chapters also identify the risks from slowing or backsliding reform. Australia has got the balance between political control and autonomy wrong in some fields in recent years, thereby undermining civil service capability and performance (this is a reversal of the concerns over excessive independence expressed widely in the 1970s and 1980s) (Podger 2019).

Australia could also learn from China without compromising its firm attachment to democratic principles and to the separation of politics from administration. Lessons may be drawn in particular from China's management of reform – its systematic use of experimentation before finalising national policies and promoting implementation across the country. These experiments may be initiated locally or be pilots established by the national government in cooperation with selected local governments. China's unitary system also ensures close vertical links within ministries that could be worth closer examination in Australia without compromising Australia's federal approach. China's arrangements support more shared learning between tiers of government, and provides opportunities for the national government to articulate minimum standards to be achieved (such as in health care, poverty alleviation, air pollution and crime prevention) and to promote particular national priorities (such as infrastructure investment). One downside to Australia's approach to the separation of politics from administration is the risk of politics being immersed in immediate issues and becoming stridently populist. The resulting chopping and changing of policy in an atmosphere of hyper-partisanship and diminished appreciation of expertise and the importance of longer term strategic reform, are increasingly apparent in Western democracies (Wanna 2016). While China's structural arrangements have avoided this in a way that will remain inapplicable in Australia, aspects of Chinese practice are worth reflecting upon.

China's challenge is not only to continue with its multilayered reform agenda to clarify institutional roles and responsibilities and governance arrangements, but also to address new pressures resembling those emerging in many developed countries, such as Australia, to provide more responsive citizen-centred services, to ensure high-quality and effective regulation and to sustain capability and productivity.

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