

# A PRELIMINARY ASSESSMENT OF PUBLIC MANAGEMENT REFORM IN TAIWAN'S LOCAL GOVERNMENT

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## ABSTRACT

*Although the “Administrative Reform Program” was initiated by former Premier Lian Chain in 1993, the comprehensive “Government Reinvention” programs which emphasized the notion of entrepreneurial government were proposed and implemented by former Premier Vincent Shiew in 1998, and similar reform strategies and designs have been followed by the DPP administration since 2000. Despite the continuity in reform efforts, full scale reform assessment based on concrete empirical evidences is still difficult to be found. The proposed study attempts to evaluate the results of government reform in Taiwan’s local government by focusing on one major question: Have local governments in Taiwan become “smaller and better”? This question will be addressed by looking at indicators in three areas: changes in the size of local government in terms of human and financial resources, changes in the level of corruption, and changes in citizen’s evaluation of the performance of local government. It is argued that the progress of government reform at the local level is slow, and the tentative evaluation show warning signals.*

## INTRODUCTION

Nowadays, few governments in the world have been isolate from the wave of reform over the past several decades. Given the different contexts and problems faced by each nation, every government has taken divergent strategies or structural adjustments to achieve reform objectives. However, the situations have been criticized as lack of “clear visions and integrated strategies” (Peters, 1994:299), and the results have tended to be dissatisfied by many advocates of reform (Caiden, 1990). Several alternatives to the traditional model of governance have been proposed and practiced, the most familiar one is that of market model of administration and the related “New Public Management” movement, there are ample examples form the experiences in the United Kingdom and New Zealand (Peters, 1994). A different version of the market model has been practiced in the United States -- the “reinventing government” – which emphasizes the

notion of “entrepreneurial government” (Osborne and Gaebler, 1992).

Although the reform has generally focused on the central government, but eventually all politics are local. In the era of globalization, the deterritorialization of public problems demands both global frameworks and local implementations together to address these issues. In the age of reform, devolution is pivotal for the transformation of the role and function of the state. Therefore, any assessment of reform efforts also has to evaluate the results of local government transformation.

The wave of reform also swept through Asian countries, including the Republic of China (Taiwan), over the past two decades. The history of administrative reform in Taiwan can be traced back to 1949, when the Nationalist government was defeated and moved to Taiwan. Since 1949, administrative reforms in Taiwan can be divided into three phases: 1949-1987, 1987-1998, and 1998 to present (RDEC, 2003). Although the current phase of reform can be described as from government to governance, the notion of “entrepreneurial government” which characterized the second phase (RDEC, 2003:12) still prevails on all fronts of current reform efforts.

Despite the continuity in reform efforts, full scale reform assessment based on concrete empirical evidences is still difficult to be found in Taiwan, and few studies is devoted to analyze the results of local reforms in Taiwan. This study attempts to address the research issue by concentrating on one major question: Have local governments in Taiwan become “smaller and better”? This question will be addressed by looking at indicators in three areas: changes in the size of local government in terms of human and financial resources, changes in the level of corruption, and citizen’s evaluation of the performance of local government. In the following sections, the evolution of local governance in Taiwan is discussed first; then, an assessment of the results of local reform on the basis of empirical evidences is made; it is followed by a brief conclusion in the last section.

## **THE TRANSFORMATION OF LOCAL GOVERNANCE IN TAIWAN**

Many scholars have analyzed the development of local self-governance in Taiwan by dividing it into different phases (Hwang, 2000; Chi, 1999; Chen, 1999, Lee, 1999). On the basis of these studies, it is proposed that the evolution of local governance in Taiwan can be distinguished into four phases (Chiang, 2006). These “punctuated equilibriums” are separated by three very important events in the development of local governance in Taiwan, namely, the abolishment of martial law in 1987, the passage of *Self-Governance*

*Act for Provincial Government and Self-Governance Act for Special Municipality*<sup>1</sup> in 1994, and the designated date for the downsizing of Taiwan Provincial Government in 1999.

### I. The Authoritarian Government phase (1949-1987)

The Constitution of the Republic of China<sup>2</sup> went into effect on December 25, 1947, but it was suspended in 1948 due to civil war. After the Nationalist (Kuomintang) government was retreated to Taiwan in 1949, the island remained under martial law until 1987. During this period of time, much of the Constitution provisions were not in effect and most of the local government policies were implemented by the means of administrative regulations.

In the Constitution, Chapter Ten (Article 107 to 111) is designed to specify the central-local relations, and Chapter Eleven is about the arrangements and provisions of the Provincial government (Article 112 to 120) and County government (Article 121 to 128). According to the Constitution, the autonomy of the Provincial (Article 112) and County (Article 121) governments are contingent upon the passage of the *General Self-governance Principles for Provincial and County Governments* by Legislative Yuan, but such a law never existed. As a result, local self-governance in Taiwan after 1949 was functioning on the basis of several administrative regulations issued by the Executive Yuan and the Provincial Government. The latter had served as an arm-length agency of the Central government in supervising and monitoring local governance. Among these regulations, the *Guidelines for Implementing Local Self-Governance Among County Governments*, issued by the Taiwan Provincial government, had served as the most important legal foundation for the operations of local governments in Taiwan until 1994.

In this phase, power and financial resources were highly centralized in the Central government. It was criticized as a “guardign local self-governance” in which the Central government dominated the intergovernmental relations extensively. It had also been described as a “semi-autonomy” in which the Governor of Taiwan Provincial government and the Mayors of the Special Municipalities<sup>3</sup> (Taipei and Kaohsiung) were

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<sup>1</sup> The English translations of laws and regulations in Taiwan are based on translations provided by Judicial Yuan. Information source: <http://www.judicial.gov.tw/QnA/bilingual.asp>.

<sup>2</sup> The Constitution consists of fourteen chapters and a total of one hundred and seventy-five articles. It was amended seven times from 1991 to 2004.

<sup>3</sup> There are four government layers in Taiwan – Central, Provincial and Special Municipality, County, and Township governments. Due to the effect of downsizing, the Provincial government no longer serves as a local self-governance entity. However, it still constitutes one government layer, and the Special

appointed by the Executive Yuan rather than directly elected by their citizens. The central-local relations during this phase emphasized national norms and the power of the Central government to monitor the operations of local governments; the Central government had monopolized the powers in every aspect of local self-governance, including local legislation, financial and personnel administrations, organization structuring, etc.; the Central government could revoke or repeal any administrative act made by local government; the Central government could discipline any local official, including the elected one, for misconducts or negligence.

## II. The legalization of local self-governance phase (1987-1994)

Since the lifting of martial law, Taiwan has undergone a drastic process of democratisation and reform, Tien (1989) describes the magnitude of the reforms as a “great transformation.” On the basis of nationalism, the rise of civil society in Taiwan had forced the authoritarian regime to transform itself toward a system of democratic governance (Shiau, 1995; Sun, 2003). To reconstruct the local self-governance system on formal legal basis was one important project for constitutional reform during this period of time (Hwang, 1995).

Actually, to legalize local self-governance was already on the ruling party’s (KMT) reform agenda before lifting the martial law. The demand for direct election of the Governor of Provincial government was very popular during that time. However, considering the fact that the territories of Provincial government and that of Central government were highly overlapped geographically, and the President was not elected directly by the citizens yet, a compromised solution had been tried by the Kuomintang Party by drafting an *Organic Act of Provincial Government* in which the Governor would be nominated by the Premier and then ratified by the Provincial Assembly. The effort was challenged by members of the Legislative Yuan as unconstitutional and was petitioned for constitutional interpretation, the Council of Grand Justices then made the influential No. 260 Interpretation (Wu, 2003:48-49) on March 19, 1990:

According to (Constitutional) provisions, the Central Government has no authority to enact individual laws for specified provincial assemblies and the organization of the provincial government. The established provincial representative bodies have no legislative power either. When applying the

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Municipality is equivalent in status to the Provincial Government.

Constitution, if matters that have not been contemplated at the time of drafting arise, the central government shall respond by balancing the needs of the nation, taking into consideration the special circumstances of the regions, and promptly resolve the matters pursuant to the constitutional procedures. Prior to resolution under the constitutional procedures, the self-governance and administration of provincial and county governments cannot be suspended.<sup>4</sup>

The compromised effort had failed. However, on the basis of No. 260 Interpretation and the bi-partisan consensus reached on the National Affairs Conference in 1990, the Second Constitutional Amendment in 1992 was made possible. There were eight amended articles passed by the National Assembly on May 27, 1992, and promulgated by the President on May 28. One of the key points of these amended articles was that local self-governance ought to be granted a legal basis and the provincial governor and municipal mayors should be elected by popular vote.<sup>5</sup> On July 1994, the *Self-Governance Act for Provinces and Counties* and the *Self-Governance Act for Special Municipalities* were signed by the President, and elections for the Governor of Taiwan Provincial government and Mayors for the Taipei and Kaohsiung cities were held respectively for the first time in the same year.

Although the local self-governance was in a process of legalization during this period of time and substantial improvements had been made, intergovernmental problems and conflicts between Central and local governments in Taiwan had been intensified and incandesced after the Governor and the Mayors were directly elected. For example, Taipei City Council had asked for more authorities for local self-governance relentlessly, some of the requests and petitions had resulted in Constitution Interpretation No. 234 (regarding General Revenue Sharing, 1989/3/3), 235 (regarding the authority of National Auditing Office to audit the finances of the Provincial and Municipality governments, 1989/3/17), 279 (regarding premium subsidy provided by the Provincial or Municipality government to different categories of workers insured with labor insurance according to *Labor Insurance Act*, 1991/5/17), and 307 (relating to whether the Provincial or County governments can set expenditure budgets for matters of police administration, 1992/10/30). In these Interpretations, although the Council of Grand Justices had upheld the Central government's positions that the related laws were not unconstitutional, they nevertheless had created tremendous pressures for more and faster reforms in local government system.

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<sup>4</sup> Information source: [http://www.judicial.gov.tw/constitutionalcourt/EN/p03\\_01.asp?expno=260](http://www.judicial.gov.tw/constitutionalcourt/EN/p03_01.asp?expno=260).

<sup>5</sup> Information source: <http://english.www.gov.tw/Yearbook/index.jsp?catid=22&recordid=52746>.

### III. The Downsizing of Provincial government Phase (1994-1999)

The quests for the legalization of local self-governance had resulted in the passage of the *Self-Governance Act for Provincial Government* and *Self-Governance Act for Special Municipality* in July, 1994. On the basis of the former, the Governor was able to be elected directly by the citizens of Taiwan Province for the first time in 1994. Although these two Acts had partially achieved the goals of legalizing the local self-governance, their contents had been criticized as failed to taking into considerations of structural problems associated with the “guardign self-governance”. The crucial problem was the ambiguous allocation of power between the Central and Provincial governments, particularly the four-level government structure in which the status of Provincial government and Spacial Municipalities had not been changed (Hwang, 1995:19-33). After the Governor was inauguated in 1995, many events had occurred in which the Provincial government challenged the authorities of the Central government from time to time, the conflicting central-local relations had been intensified (Chao, 1998).

In March 1996, the first presidential election in the history of political development in Taiwan was over. A National Development Conference was held later that year in which another constitutional reform consensus was reached among the participated political elites. On issues related to local governance reform, they agreed to downsize the functions and organizations of the Provincial government, and to freeze the gubernatorial election in the next term. In July 1997, decisions such as the terms for the Governor and members of Provincial Assembly should be ended on December 20, 1998, and the respective elections should be terminated accordingly was made during the forth round of Constitutional amendment. Consequentially, the Legislative Yuan passed the *Regulations Governing the Adjustments of Taiwan Provincial Government's Functions, Business and Organization* in October 1998 to set objectives and schedule to downsize the Provincial government. Basically, the Provincial government would remain as a legal entity, but its status as a local self-governance organization was no longer valid. As originally scheduled, the *Self-Governance Act for Provincial Government* was formerly replaced by the *Local Government System Act* in January 1999. To certain extend, the once powerful Taiwan Provincial government was history thereafter.<sup>6</sup>

The downsizing the Provincial government could be attributed to the dysfunction of the

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<sup>6</sup> The Taiwan Provincial Government has not been abolished. The Governor was appointed by the Executive Yuan, and it was gradually reduced to a minimum of two hundred employees with very limited functions over the past seven some years. Since 2006, the Executive Yuan appointed no one to the post.

four-level government structure. According to Wei (2000: 82-84), the former Minister of RDEC (1999.07-2000.05), the four-level government structure had not only created red-type, but also reduced administrative efficiency and quality. The expected results of downsizing the Provincial government included: to reduce the number of overlapping agencies, civil servants, laws and regulations; to improve fiscal conditions; to enhance local autonomy and administrative quality; and to reengineer administrative process (Wei, 2000: 89-99).

Another reason for this Provincial level reform was the potential power conflicts between the President and the Governor. According to the Constitutional Amendment passed on May 28, 1992, the President of the Republic of China (Taiwan) would be elected by popular sovereignty for the first time in 1996. However, between 1994 and 1996, former President Teng-hui Lee was not elected directly. Compared to former Governor James Song who had been elected by several million of voters in Taiwan, although both of them were from the same party, President Lee was facing a legitimacy crisis. Even if the President was also directly elected, since the populations and territories of the Taiwan Province and the Central government overlapped for more than eighty percent, the potential political tensions and conflicts between the Governor and the President were almost inevitable. It had been speculated that these so called “Yeltsin’s Effects” might have induced the reform of downsizing the Provincial government.<sup>7</sup>

#### IV. The Local Government Systems Act Phase (1999-present)

The previous phase might be described as the most turbulent one in the evolution of local governance in Taiwan, but the passage of *Local Government System Act* does not imply that local governance reform has been completed. Downsizing the Provincial government might have solve one structural problem for local governance, there are other reform issues needed to be dealt with, such as how to accomplish one of the ultimate goals of local governance reform in Taiwan – to become a two-levels (Central and County) government structure? Should County government be allowed to be upgraded into a special municipality? How to redraw the administrative boundaries of local governments? Should the executive leaders at township level be appointed by county magistrate rather than elected? How to mutually adjust the functions of village level government and the community development systems (Hwang, 2000; Liu, 2003)?

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<sup>7</sup> Taking into consideration of the scenario regarding the former Soviet leader Mikhail Gorbachev and Boris Yeltsin, this type of potential conflicts were referred as the “Yeltsin Effects” in Taiwan.

On the other hand, although the *Act Governing the Allocation of Government Revenues and Expenditures* has been modified in accordance with the *Local Government Systems Act*, the newly emerged “party turnover” effects<sup>8</sup> have intensified the competitions for intergovernmental resources. Thus, the rationalizations of mechanisms for monitoring and supervising local self-governance and for allocating intergovernmental revenues are the two very important issues in this phase. No. 498 and No. 550 Interpretations are directly related to the issue of intergovernmental revenue, and the results have given the local governments more equal position in dealing with the Central government than before. Both of them can be understood as passive protections for local governments, but they ought to be defined together as a basis upon which central-local partnership can be developed initially.

As for the matters of supervising local-governance, the Grand Justices have made their positions clear in No. 527 (June 15, 2001) and No. 553 (December 20, 2002) Interpretations. They explain various aspects of the *Local Government Systems Act* in terms of its norms and underlying principles regarding local self-governance. The Grand Justices explicitly identify the rights for the local self-governing body to file petition for constitutional interpretation to against any perceived unlawful supervision from the central government in these two cases, and they try to direct the attentions of the parties involved to resolve their conflicts through due process of administrative litigation. These two Interpretations ought to be able to reduce unnecessary vertical intergovernmental conflict and potential petition for constitutional interpretation.

In general, these four phases provide a brief historical background upon which local government reforms in Taiwan can be assessed. As in any other unitary state, the power to design government architecture is always concentrated in Taiwan’s Central government. Despite the efforts of the local governments, local governance reforms have been packaged by the Central government as a part of its grand “government reinvention” program. That is to say, local government reforms are structured and implemented according to the same reform framework and strategies that are designed for the transformation of Central government in Taiwan

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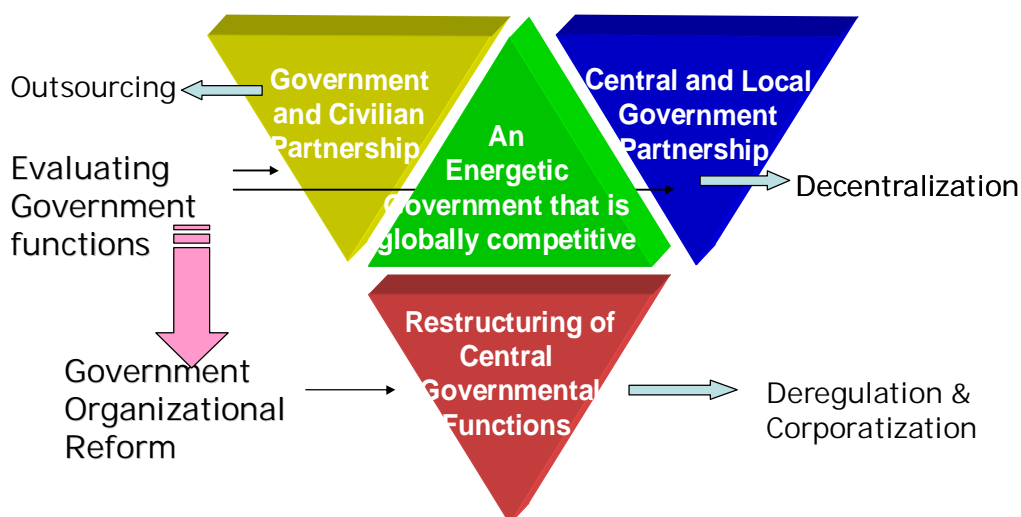
<sup>8</sup> Although party competitions were very high at the local level, KMT had swept elections at the national level though out the years. But the Democratic Progressive Party (DPP) had won the Presidential election for the first time in 2000, and President Cheng was reelected in 2004. There are many evidences indicating that the transition has not been smooth. In the foreseeable future, party turnover effects tend to disturb government operations at every level in Taiwan.



## A SMALLER AND CAPABLE LOCAL GOVERNMENT?

On the basis of the conclusions reached on the National Development Conference in 1996, the notion of “entrepreneurial government” has been widely accepted among public administration scholars and practitioners in Taiwan as the dominant model of the “Government Reinvention” programs. To support the Conference’s conclusions and to response to a suggestion made by the Economic Development Advisory Committee at a meeting convened in 2001, the Office of the President set up a Committee of Government Reform charged with the task of promoting and restructuring “an energetic government that is globally competitive.” The spirits of the proposed reform include “customer-oriented, elastic and innovative partnership, accountable politics, and honest and capable government;” and its visions are “to establish an innovative and service-oriented mechanism; to streamline the administrative organizations; to create a professional and efficient personnel system; to develop an autonomous and coordinated governmental structure; and to arrive at a reformed Legislative Yuan that abides by people’s opinion.” (RDEC, 2003:14) Figure 1 presents the comprehensive framework for designing the current government restructuring programs in Taiwan.

**Figure1:  
Framework for Government Organization Reform**



Data Source: Modified and translated from  
<http://reform.rdec.gov.tw/public/Attachment/5691015571.ppt>.

Although it can be argued that the design of “Government Reinvention” program in Taiwan actually embraces many types of reform ideas, such as market mechanism for better service delivery and managerialism for more flexible tools for the managers, “entrepreneurial government” is officially used by RDEC (2003:12) as the dominant theme of reform.

As suggested by Kellough (1998:8), “reinvention is, quite frankly, a set of proposed reforms aimed at solving persistent problems in government by promising that we can do more with less.” The notion of “a smaller and capable government” has also prevailed in the organization reform (Central as well as local governments) framework in Taiwan (Wei, 2000:55-58). In addition to downsizing the Provincial government, the efforts to restructure government functions and organizations by incorporating market mechanism and voluntary organizations (i.e., deregulation, corporatization, and outsourcing) into public service delivery system are to make central and local governments in Taiwan smaller. On the other hand, the devolution of functions and authorities to the local governments is made by emphasizing the importance of enhancing local capacities in decision-making and implementation.

Despite all these efforts, question can be raised regarding the results of government reform in Taiwan in general, and its impacts on the local government in particular. On the one hand, there are conflicting evidences indicating that the experiences of government reinvention in the United States are controversial at best (Durst and Newell, 1999; Brudney et al., 1999; Gargan, 1997; Kellough, 1998). On the other hand, an empirical assessment of the Central government reform programs in Taiwan suggests that its implementation has not achieved the desired objectives due to lack of political supports from the President (Sun, 2006). Thus, have the reinvention efforts been successful at the local level in Taiwan? Or, to be more specifically, have local governments in Taiwan become smaller and better? This question will be analyzed by looking at three related aspects: Has the size of local government in terms of employee and financial figures been smaller? Has the level of corruption been lower? And, how does local citizens evaluate the performance of their own local government?

### The Size of Local Government

Local governments in Taiwan consist of two Provincial governments (Taiwan and Fujian), two Special Municipalities (Taipei and Kaohsiung), sixteen County governments, and five City governments. Due to the effects of downsizing the Provincial government, and the special status of the Special Municipality, they are excluded from the following analysis.

**Table 1. Personnel Statistics: County/City Governments (2000-2005)**

Years	Officially Allocated Positions (A)	Actual number of Employee (B)	Difference (B)-(A)	Regular Full-time Employee (%)	Temporary (Contracted) Employee (%)
2000	□	114370	□	88671 (77.53)	25699 (22.47)
2001	□	122371	□	96673 (79.00)	25698 (21.00)
2002	□	125983	□	100875 (80.07)	25108 (19.93)
2003	104290	157655	53365	109034 (69.16)	48621 (30.84)
2004	106082	161029	54947	122930 (76.34)	38099 (23.66)
2005	106565	158949	52384	122423 (77.02)	36526 (22.98)

Sources: Combined from Personnel Yearly Report, various years, Central Personnel Administration. <http://www.tpgpd.gov.tw/statistic/index.htm>

Table 1 presents the personnel statistics of County and City governments<sup>9</sup> in Taiwan between 2000 and 2005. Due to changes in the reporting format, no data regarding the official (budget-allocated) positions before 2003 is available, but it is clear that the number has increased from 104,290 positions in 2003 to 106,565 in 2005. Not only the budget-allocated positions have been increased, the actual number of employee has also increased from 114,370 in 2000 to 158,949 in 2005. The difference between the budget-allocated positions and the actual number of employee over the three-year period (2003-2005) is more than fifty thousand people in each year. The difference is partially attributed by the contracted temporary employees, ranged from 36,526 in 2005 to 48,621 in 2003, but the reason for the remaining “extra” employees is not clear. Some of those temporary employees are on contract basis due to special projects (mandates) initiated by the Central government, they are paid by contract grants provided by the Central government. However, many of these temporary employees are hired on the basis of favoritism rather than merit principle, and they tend to stay in office even after the Central government projects are over.

Given that outsourcing is encouraged by the Central government as a strategy of government reform, these temporary employees do not constitute what Light (1999) has termed the “shadow government.” Although there is a tendency to decrease over the past several years, they still occupy more than 20 percent of Taiwan local government’s work force.

Another way of evaluating the size of local government in Taiwan is to examine the

<sup>9</sup> Data include civil servants employed by the County/City and township governments. However, principles and teachers working at high, junior high and elementary schools are excluded.

amount of expenditures spent on civil servants' salary and related benefits (see Table 2). On average, personnel-related expenditures constitute about 55 percent of local government's total expenditures. Moreover, personnel related expenditures in local government is 106.75 percent of its own revenue (local taxes plus General Revenue Sharing), and it is 145.34 percent of its self revenue (local taxes only) in 2004. Although the descending trend is encouraging, the sheer size of local government employees is large enough that its expenditures can not be covered by pooling local taxes and General Revenue Sharing together.

**Table 2. Personnel Expenditures: Country/City Governments (2001-2004)**

	Total Personnel Expenditure (NT\$ 1000) (A)	Total Local Government Expenditure (NT\$ 1000) (B)	(A)/(B) %	Own Revenue (NT\$ 1000) (C)	Self Revenue (NT\$ 1000) (D)	(A)/(C) %	(A)/(D) %
2001	254,971,979	483,947,222	52.69	212,697,364	151,209,136	119.88	168.62
2002	266,022,763	456,469,296	58.28	226,146,357	156,605,793	117.63	169.87
2003	272,142,635	478,622,846	56.86	237,746,129	172,423,658	114.47	157.83
2004	281,022,351	511,245,365	54.97	263,242,373	193,349,866	106.75	145.34

Note: 1. Personnel Expenditures do not include that of township governments.

2. Own revenue include General Revenue Sharing, Self revenue do not.

Sources: Combined from Statistics Yearly Reports, Ministry of Audit.

<http://www.audit.gov.tw/Doc/DocList.aspx?MenuId=Fin>

From the financial aspect, the total local government expenditure is about 511.25 billion NT dollars in 2004. Using the figure in 2000 as the base line, local government expenditure has been increased by 5.64 percent. Together, grants, mandate revenue and General Revenue Sharing that were provided by the Central government occupied more than forty percent (41.61%) of total local government expenditures in 2004, and it has increased about 10 percent since 2001.

**Table 3. Financial Statistics: County/City Governments (2001-2004)**

	Total Expenditure (NT\$ 1000) (A)	Increase Ratio *	Grants and Mandates Revenues (NT\$ 1000) (B)	(B)/ (A) %	Increase Ratio *	Public Debts (NT\$ 1000) (C)	(C)/ (A) %	Increase Ratio *
2001	483,947,222	100	192,709,045	39.82	100	194,633,688	40.22	100
2002	456,469,296	94.32	170,015,326	37.25	88.22	238,647,688	52.28	122.61
2003	478,622,846	98.90	204,212,010	42.67	105.97	281,518,123	58.82	144.64
2004	511,245,365	105.64	212,752,881	41.61	110.40	303,354,346	59.34	155.86

Note: 2001 is the base year to calculate the increase ratios.

Sources: Combined from Statistics Yearly Reports, Ministry of Audit.

<http://www.audit.gov.tw/Doc/DocList.aspx?MenuId=Fin>

To make the financial situation of Taiwan's local government even worse, public debts are about 59.34 percent of total expenditures in 2004, which is much higher than what is allowed according to the *Public Debt Act* (the maximum limit is set at 45%)<sup>10</sup>, and the percentage has increased by 55.86 percent over four year period (from 2001 to 2004, see Table 3). Local governments in Taiwan can barely survive if they can not borrow money from the private sector.

In sum, there is no illusion of smallness in terms of the size of local government in Taiwan. Since former Premier Vincent Shiew proposed the "Government Reinvention" programs in 1998, government reform efforts have not substantially reduced the number of local government employees and expenditures after all these years.

### Corruption

But, has local governments in Taiwan become better? There is no data available regarding the capacity of local government in Taiwan, the level of corruption is adopt as the variable to examine the issue from a slightly different perspective instead. Anti-corruption is one major objective for government reform in Taiwan. The current

<sup>10</sup> See *Public Debt Act*, <http://www.tccg.gov.tw/site/3fd694a1/3fd6bc0f/44f90782/4541a172/files/law-7.doc>

administration has started an “Anti-corruption Action Plan” on July 1, 2000, a total of 3,467 cases and 8,720 people have been prosecuted for corruption over the past six year period (from July, 2000 to December, 2006), and the total money involved is 2.8 billion NT dollars (see Table 4).

**Table 4. Corruption Statistics: Before and After the “Anti-Corruption Action Plan”**

	# of Cases Involved	# of Person Involved	Categories of Suspects					Total \$ Involved (NT\$)
			High Level		Middle Level	Low Level	G.P.	
			C.S	R.				
6 years Before	3,781	8,924	421	609	1,745	3,384	2,765	32,738,410,431
6 years After	3,467	8,720	467	542	1,575	2,676	3,460	28,450,833,238
Increase/decrease %	-8.30	-2.29	10.93	-11.00	-9.74	-20.92	25.14	-13.10

Notes: C.S. = Civil Servants; R. = Representatives; G.P. = General Public.

Sources: Ministry of Justice, based on figures provided by District Courts and District Prosecutors Offices. <http://www.moj.gov.tw/public/Attachment/61059511175.pdf>

Compare the figures to that of the six-year period before the plan was started (3,781 cases, 8,924 people and 3.2 billion NT dollars, 1994- 2000), data indicate that the level of corruption at the local level has been controlled to certain degree (decreased about 8.3%, 2.29% and 13.1% respectively). However, among those people who have been charged for corruption, more high level civil servants and general public are involved (increased by 10.93% and 25.14% respectively after the 2000), but there is a substantial improvement for the low level government employee (decreased by 20.92%). Seemingly, while the integrity of local civil servants has been improved, it is the middle and low level public employees who can better control their greedy. If more high level civil servants in local governments are involved in corruption, it is assumed that these cases tend to be larger scandals.

According to a survey recently conducted by the *Common Wealth* magazine during the period from August 30 to September 12, 2006, when the respondents were asked about do they think their local chief executive (magistrate or mayor) are honest, only 4 magistrates (Taoyuan, Kaohsiung, Hualien, Penghu County) and 3 mayors (Hsinchu, Taichung, Chiayi City) have been approved (honest or very honest) by more than 50% of the respondents (see Table 5, Column C). When they were asked to evaluate the integrity of their local civil servants or representatives, only the Penghu County has more than forty percent of the respondents (45.5%) in that county said that their civil servants

and representatives are not seriously corrupted (Table 5, Column D), and only six other local governments (Yilan, Taoyuan, Taitung County and Hualien, Hsinchu, Chiayi City) have more than thirty percent of the respondents in these Counties or Cities said so.

Although corruption at the local level in Taiwan might have been seemingly improved in terms of objective indicators (the number of case and people involved, see Table 4), local citizens do not have high confidence in the integrity of their civil servants and representatives subjectively.

### Performance Assessments

Performance assessment is another aspect to evaluate the capacity of local governments in Taiwan. There are two types of question can be used to assess the performance of individual local government, one is concerning local identity (i.e., the sense of “proud”) and improvement in government services, another is about the performance of local chief executive (Magistrate or Mayor).

The magazine of *Global Views Monthly* had conducted a survey regarding the performance of Taiwan’s local governments in 2005. One question asked the respondents to indicate whether they are proud of their own local government, another question asked the respondents to reflect their opinions as whether their own County or City government had made substantial improvement.<sup>11</sup> There are only twelve local governments in which over seventy percent of the respective respondents indicate that they are proud of their home county or city (Table 5, Column A). The benchmark (over 70%) is presumably not a very high standard. And using sixty percent as the benchmark, there are only twelve local governments which are believed by the respondents as making good progress (Table 5, Column B). Again, the record of evaluation has not been very impressive.

In another survey which was conducted by the *United Daily News* on November 11, 2006, respondents were asked to answer the following question: “Are you satisfied about the overall performance of your magistrate/mayor?” There are only nine local chief executives, out of the total of twenty-one local governments included in this study, been evaluated by more than fifty percent of the respondents in these Counties or Cities respectively as satisfied or very satisfied (See Table 5, Column E). Taoyuan County magistrate has the highest approval rating (71.5%), and the Mayor of Keelung City has the lowest one (27.8%).

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<sup>11</sup> 2005 is the last year of the four-year term for the previous Magistrate or Mayor (2001- 2005). Therefore, the survey question was designed as “After three and half years, do you think your county/city have made substantial progress?” (see Table 5, Column B).

If the evaluation is made on a 100 points scale, only seven magistrates or mayors passed the 60 points benchmark of the performance assessment (Table 5, Column F). There are one magistrate (Hualien County) and one mayor (Tainan City) who have good approval ratings (66.8% and 65.6% respectively) but have failed the performance assessment (57 and 53 points respectively).

**Table 5. Performance Assessments of County (Magistrate)/City (Mayor)**

	Are you proud of your county/city? (% of proud) (2005□)	After three and half years, do you think your county/city have made substantial progress? (% of yes) (2005)	Do you think your magistrate/mayor honest? (% of very honest and honest)	Do you think civil servants and representatives of your county are acute corrupted? (% of not serious and very not serious)	Are you satisfied about the overall performance of your magistrate/mayor? (% of very satisfied and satisfied)	Magistrate/Mayor's performance assessment (Total = 100 points)
	(A)	(B)	(C)	(D)	(E)	(F)
<b>County</b>						
Taipei	65.1	69.1	35.9	15.9	38.9	36
Yilan	76.8	58.5	46.0	34.8	48.3	45
Taoyuan	74.4	63.7	60.2	32.7	71.5	68
Hsinchu	80.9	64.3	41.0	29.4	70.6	64
Miaoli	65.6	60.9	38.5	24.4	44.9	48
Taichung	75.0	66.4	42.5	22.3	60.5	60
Changhua	69.2	51.2	41.6	23.9	46.0	51
Nantou	67.1	41.6	40.5	23.9	43.2	47
Yunlin	52.0	38.8	37.1	18.0	39.5	48
Chiayi	70.3	65.0	35.6	22.9	64.4	62
Tainan	70.9	50.2	33.1	16.1	46.4	42
Kaohsiung	66.2	65.7	61.1	24.4	69.2	62
Pingtung	68.5	52.7	44.5	24.0	41.8	43
Taitung	74.0	63.0	31.4	30.9	38.2	38
Hualien	79.2	65.9	54.8	33.0	66.8	57
Penghu	80.9	77.2	51.7	45.5	52.7	52
<b>City</b>						
Keelung	52.6	41.4	13.0	19.0	27.8	27
Hsinchu	76.9	68.0	53.8	36.4	70.9	70
Taichung	75.4	57.4	63.2	23.9	60.0	67
Chiayi	64.3	49.4	50.4	30.1	49.9	51



Tainan	77.1	62.3	38.3	23.4	65.6	53
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Notes: Column A and B are based on a survey conducted by the *United Daily News* on November 11, 2006; Column C and D are based on a survey conducted by the *Common Wealth* magazine, no. 354 (August 30 – September 12, 2006); Column E and F are based on a survey conducted by the *Global Views Monthly*, no. 229 (July, 2005).

## DISCUSSIONS

Has local government in Taiwan become smaller and better as the results of Government Reinvention programs? The answer to this question has to be a qualified “no”. The strategies and visions of Taiwan’s government reform are designed according to the model of entrepreneurial government which emphasizes the notion of “smaller and better” in government structure and function. The same design and strategies have also been applied to reform the local government. However, data has indicated that the size of local government in Taiwan has not been smaller in terms of personnel and financial indicators; the level of corruption has been improved but more high level local civil servants have involved in corruption cases; and citizen’s assessments of the performance of local governments and their chief executives have been relatively unsatisfactory.

There can be several potential reasons for explaining the results: (1) the fierce competition between political parties might have consumed too many energies and resources which ought to be concentrated on implementing the reform programs. (2) there might be a gap between the comprehensiveness in the design of reform and the feasibility of implementing the reform; (3) the newly emerged party turnover effects might have discouraged public administrators to faithfully carry out the reform programs; (4) political correct might have replaced professionalism as the basis for government operation; (5) civil servants in the local governments might not have sufficient capabilities to fulfill the reform objectives; (6) local governments might not have adequate human and financial resources to carry out the reform programs; (7) the efforts of Central and local governments might not been well coordinated; and (8) the concept of entrepreneurial government and the notion of “smaller and better” government might not fit the political, social and economic conditions in Taiwan, either culturally or contextually. These hypothetical explanations require careful examinations in the future.

In addition, three observations can be made regarding the evolution of local governance in Taiwan. First, Taiwan is still muddling through in the process of authoritarian

transition. Although the records of democratic development are outstanding, government structure and the allocation of power remain unstable in Taiwan. Second, the direction of further decentralization is clear in the evolution of local governance in Taiwan. In the pursuit of decentralization, institutionalization and legalization are two pillars for the success of future reforms.

Third, local government and the Justices of Constitutional Court have played very important roles in local governance reform in Taiwan. There have been a total of 30 intergovernmental-relations related Constitution Interpretations, their distributions are 11, 10, 4 and 5 in the respective phases as mentioned above. The descending numbers may suggest the stabilization of central-local conflicts in Taiwan, but it also indicates that the Justices of Constitutional Court has contributed significantly in solving local governance related Constitutional crisis. On the other hand, among these 30 cases, 18 are filed by individual local governments, only 6 are initiated by the Central government (Chiang, 2006:65). It is the local government whose relentless struggles against the Central government that have stimulated the process of local governance reform in Taiwan.

## CONCLUSION

Doherty and Stone (1999:157) have described the practice in U.S. local government as experiencing the difficulties of “increasingly fragmented, fiscal strained, and subject to broad public disenchantment.” These difficulties tend to be amplified in the contexts of authoritarian transition in Taiwan. The urging demands for better government structure and more democratic governance in the globalization era have pushed Taiwan into a new phase of local governance transformation. If a smaller and capable local government is truly desirable in Taiwan, more attentions ought to be focused on the implementation of government reform programs. Otherwise, a new and more holistic perspective is needed for building an energetic government that is globally competitive in Taiwan.

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