

## Review

# Dismantling the Government: The reorganisation reform of Taiwan's central government (1987 – 2008)

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**In order to confront the dual challenge of a complex governance environment and a fiscal crisis, the Taiwan government has followed in the footsteps of many Western nations in advocating government reform. Over the past two decades, the reorganisation of the Executive Yuan (Central Government) has been implemented over several ruling governments of either the KMT or the DDP parties, and under the ruling of two presidents and several premiers of the Executive Yuan. In contrast to the reform experiences in Western countries, Taiwan has its own distinctive historical legacy, and it has experienced transition from a party-state regime to a democratic regime. These factors have significantly influenced the progress of reform work. This paper aims to expand the current understanding of the factors that have led to reform failure in Taiwan between 1987 and 2008.**

**Key words:** Administrative reform, reorganisation of the Executive Yuan, governance capacity, reinventing government.

## INTRODUCTION

In order to confront the dual challenge of a complex governance environment and a fiscal crisis, numerous governments around the world have been attempting to transform the nature of their governments to make them become "small but efficient." As Pollitt and Bouckaert (2004: 6) point out, the public management reform movement is aimed at implementing improvements, including reducing public expenditure, improving the quality of public services, improving the efficiency of the government's operations, and implementing procedures that will help ensure the policies will be effective. The Taiwanese government has also implemented steps to improve its competitiveness and has announced many reform proposals for organisational and functional adjustments. Since 1987, several proposals for revising the organisation of central government have been proposed; however, to date, few of them have been passed up. As a result, the organisational structure of the Taiwan central government has remained more or less

the same since its last revision in 1969.

As the case in many Western countries, Taiwan has been locked in a political stalemate in the implementation of administrative reform. However, the situation in Taiwan is distinct from that in Western countries because of its unique traditions and the distinct style of state governance. First, Taiwan did not become a democratic country until the abolition of martial law in 1987, the goal of institutionalisation of the administrative apparatus was to maintain the governance power of the ruling party, the Kuomintang (KMT), and protected the political interest of the Chiang's government. Second, as previous studies have made clear (Sun, 2002, 2008), the bureaucratisation of Taiwan's central government led directly to Taiwan's astonishing economic growth, which indirectly facilitated the country's political democratisation. This achievement can also be explained by the concept of the developmental state or the so-called the "East Asian Model" of economic development and the establishment of the welfare state (Gough, 2001; Kwon, 2005; Ku, 1997; Weiss, 2000; Wu, 2004). Although, Taiwan quickly transformed itself into a fully-fledged democracy after 1987 (Aspalter, 2002: 4), the historical pre-democracy roots of the bureaucratic model of central government

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are still strong and well established. The progress of government reform in Taiwan in the post-1987 democratic era also functions as a dramatic political piece that differs significantly from other Western countries' reform experiences.

Since the administrative apparatus of Taiwan is distinctive, this creates a unique scenario, which differs significantly from the situation in Western countries. Although Taiwan can learn many things from the West's reform models and practices, it does not seem sensible to adopt a wholesale Western approach if we are to fully understand the administrative reform movement in Taiwan over the past two decades. Many studies have examined the administrative reform or reorganisation movement in Taiwan (Chiang, 2005; Sun, 2002, 2008; Wei, 2000) and the common consensus is that all of the attempts by the central government to restructure over the past two decades have failed. According to Sun's (2002, 2008) research on the causes of failure, administrative reform in Taiwan has lacked political support from the leadership and the disparate views of politicians and bureaucrats seem to have hampered the reform efforts of the DDP government. This study assesses the success or failure of the government's attempt to implement reform using the above works as a source. More specifically, this assessment is made by focusing on the reorganisation of the Executive Yuan, which is considered the most important part of administrative reform in Taiwan.

It is clear that administrative reform movements do not occur in a vacuum. In this paper, the historical development of Taiwan's administrative reform is examined and the drafts of the Reorganisation Act of the Executive Yuan as the case study in order to investigate how the reform movement has progressed over the past two decades in Taiwan. Literature reviews and in depth interviews have been used to identify and analyse crucial events in the administrative reform movement in the years between 1987 and 2008. By focusing on policy and politics, this essay also examines the critical factors behind the central government's organisational entrenchment to help expand current understanding of the nature of Taiwan administrative reform over the past two decades.

## **THE POLITIC-ECONOMIC CONTEXT OF TAIWAN'S ADMINISTRATIVE REFORM: FROM PARTY-STATE AUTHORITARIANISM TO DEMOCRATIC TRANSFORMATION**

Taiwan is an island off the southeast coast of Mainland China. The total territory of Taiwan is 35,961 km<sup>2</sup> and its population in 2004 was about 23.07 million (Taiwan Profile, 2006). In 2007, the GDP per capita was \$ 16,590, which ranked Taiwan 34th around the world. However, the GDP growth rate was 5.7%, although this did decrease as Taiwan fell gradually into economic

recession. The sophisticated and profitable industrial structure that helped Taiwan to achieve the prominent economic turn-around in the 1980s transformed every socioeconomic aspect of life in Taiwan at the same time. In every socio-political aspect, Taiwan's high economic growth was the most important factor that turned Taiwan into a middle-class society, which had a significant influence on transforming Taiwan from an authoritarian regime to a democracy in the early 1990s. The rise of civil society and the opposition party—the Democratic Progressive Party (DPP)—caused the KMT government to implement numerous reform proposals in response to the population's dissatisfaction and demand.

Since the KMT lost the civil war against the Communist force in 1949, the KMT government, as a Mainlander-dominated exile party, retreated and brought the whole Nationalist Government of the Republic of China (R.O.C.) to Taiwan. In order to avoid the same failure situation in Mainland China, the KMT government launched a series of land reform policies<sup>1</sup> in order to maintain a stable political and social order. These policies had a huge influence on Taiwan's economic and political development for several decades. Moreover, after realising the few opportunities there would be to topple the communist regime in Mainland China, in the early 1960s, the KMT government shifted its focus on developing fundamental infrastructure with the help of U. S. Aid, in order to reconstruct and facilitate the economic development. The blueprint of Taiwan's economy was generated by Premier Ching-kuo Chiang and the most important project within it was the "Ten Major Construction Projects," which underpinned the establishment of fundamental infrastructure and the upgrade of the industrial structure from agriculture to heavy industry in the 1970s.

After the successful transformation of the industrial structure, in the 1980s, Taiwan's Small and Medium Enterprises (SMEs) and its abundance of cheap labour helped to facilitate the economic growth. The KMT government then adopted policies to help build a strong export-driven trade economy to further transform Taiwan to a high technology and service-oriented economy. In the meantime, Taiwan's high stable economic growth rates<sup>2</sup> and significant export expansion also elevated the country into the position so that they became one of the Four Asian Tigers<sup>3</sup> from a relatively poor situation in the 1960s. It is worth stressing that Taiwan's foreign

<sup>1</sup>These policies included the 375 Rent Reduction Act, and the act to redistribute land among small farmers and compensate large landowners with commodities certificates and stocks in state-owned industries. Although these policies led to the some large landowners falling into poverty, others turned their compensations into capital activities. The land reforms not only created the first generation industrial capitalists but also stabilised agricultural productions so that it could satisfy the social need in the 1950s.

<sup>2</sup>According to official statistical report, the Taiwan's economic growth rates were over 10% per year on average during the economic progressive period since 1980s.

<sup>3</sup>The Four Asian Tigers include Hong Kong, South Korea, Singapore and Taiwan.

exchange reserves are the third highest of any country in the world (Taiwan Profile, 2006). Furthermore, the tremendous prosperity on the island was not only accompanied by economic and social stability but also, since the late 1980s, it resulted in democratic reform and the establishment of a universal healthcare network. Without doubt, in the 1990s, Taiwan took strides toward a new era with the characteristics of an emerging middle class, ongoing political democratisation, and welfare entrenchment.

Although, the spectacular rate of economic growth increased Taiwanese wealth in the 1980s and early 1990s, the trend of democratisation in East Asia was a "tsunami" that eroded the authoritarian regime of the Taiwan government. After the KMT government retreated to Taiwan, martial law was implemented to maintain social and political order. The ruling party maintained the power of governance predominantly through two tactics. The first tactic involved building the patron-client relationship<sup>4</sup> between the Taiwanese political elites to keep the resource-exchange interdependence in mutual reciprocal principles and the other one was paternalistic leadership<sup>5</sup>, which resulted in a highly efficient policy-making and technical bureaucratic system (Rigger, 1999). Long before the fall of martial law in 1987, in the late 1970s and early 1980s, the opposition movement transformed itself into a quasi-party, challenging the ruling party, the Kuomintang and Mainlander political elites. Consequently, the Taiwan government announced the termination of martial law, and Taiwan was quickly transformed into a full-fledged democracy on the back of the establishment of the DPP (Aspalter, 2002: 4). The year 1996 was the first time that the people in Taiwan could vote for the presidential candidates directly. In 2000, on the one hand, the KMT lost the presidential election and transferred a great amount of administrative power in the field of finance, policy administration, business and, of course, social affairs, to the DDP (Aspalter, 2002: 4). On the other hand, the KMT still occupied the majority of the congress, and this caused Taiwan's political environment to become divided. In 2008, the KMT not only retook the office of president after Ying-jeou Ma was elected but also retained majority

<sup>4</sup>Under the analytical framework of clientism, the maintenance of relationships of exchange depends on the satisfaction of the actors toward each other and toward the expected return. If the expected return is not satisfied, the relationship will be terminated (Kaufman, 1974: 285). The clientism relationship in the authoritarian era in Taiwan was achieved through the manipulation of the party-state system of the KMT government (Yu and Wang, 2007).

<sup>5</sup>The paternalistic leadership is a normal governance style in the East Asian countries under the Confucian culture background that accentuates on virtue, filial piety, and ethics. The leadership style emphasises on three principles of leadership: authoritarianism, benevolence and moral (Redding, 1990). Furthermore, these principles mean that any leader, whatever business or administrative sector he functions within, should have paternalistic authority, high self-discipline, and good morals if he is to maintain absolute dominant power and decrease the decision-making cost. In Taiwan, the leaders of the KMT government, whether Kai-shek Chiang, Ching-kuo Chiang or Teng-hui Lee, are all examples of paternalistic leadership.

control of the legislature. Taiwan has now completed the transition to and consolidation of democracy. It can be concluded that the features of political competition and democratic process can be seen as representative of the "KMT" vs. "DDP".

What is the relationship between the bureaucracy and the politicians? In Waldo's famous book "The Enterprise of Public Administration" (1985), he conceptualises the politics-administration dichotomy in the US by pointing out that "our politics are Greek, but our administration is Roman. Thus, it is clear that the debate on the relationship between politics and administration is still a controversial issue, but it seems that the relationship is relatively clear and incompatible under the US constitutional doctrine. By contrast, it can be seen that the situation in Taiwan's party-state regime should be described as a "fluid osmosis between politics and administration." As mentioned above, in order to uphold the governance power of the political elites and stable-ordered society that was maintained with the martial law in Taiwan since 1949, the KMT government has had to build a coherent and capable bureaucracy, which makes a significant contribution to the strong party-state regime. The administrative apparatus is no doubt only one part of the governance structures under the patron-clientele relationship between the KMT and bureaucracy that needs to fulfil the goals identified above. Furthermore, most of the technocrats and administrators in Taiwan's administrative apparatus were KMT members that showed loyalty to the KMT's party-state regime. Obviously, based on this distinctive historical legacy, the developmental path of Taiwan's politics-administration relationship will progress in a different way to Western countries' experience, especially the experience of the US

In summary, all those factors discussed above, such as economic development, political competition and change, the extension of political citizenship and monolithic administrative apparatus help provide the distinctive economic, political, social, and organisational conditions for the development of the administrative reform movement in Taiwan in the early 1990s. Therefore there is no doubt that the process of administrative reform must be explored within an understanding of the changes that can occur within the democratisation process.

## THE PROGRESS OF TAIWAN'S CENTRAL GOVERNMENT REORGANISATION

Over the past two decades, government reform work has been conducted through several administrations that were formed by the KMT and the DDP, including under the leadership of two presidents and several premiers of the Executive Yuan. The work that has been done in the reform movement over the past two decades can be split into three main phases: the foundational years of the late 1980s and early 1990s under the KMT regime; the stage

**Table 1.** Administrative Reform in Taiwan after 1987.

Month/Year	Administrative reform programmes	Missions/focus	Results
9/1993	Administrative reform programme	<p><b>Principle</b></p> <ol style="list-style-type: none"> <li>1. Organisational downsizing;</li> <li>2. Institution Legalization;</li> <li>3. Manpower rationalisation;</li> <li>4. Operation modernisation</li> </ol> <p>Focus:</p> <ol style="list-style-type: none"> <li>1. Transparency;</li> <li>2. Effectiveness;</li> <li>3. Convenient service</li> </ol> <p><b>Missions</b></p> <ol style="list-style-type: none"> <li>1. NPM;</li> <li>2. Creative, flexible, and responsive government;</li> <li>3. National compatibility</li> </ol>	<ol style="list-style-type: none"> <li>1. Manpower of the Executive Yuan (and all its agencies) was cut by 5.63% in 2 years.</li> <li>2. 55 executive agencies and units were terminated, combines and adjust.</li> </ol>
1/1998	Government reinvention programme	<p><b>Goals</b></p> <ol style="list-style-type: none"> <li>1. Organisational reinvention;</li> <li>2. Civil service reform;</li> <li>3. Learning from the private sector for enhancing effectiveness;</li> <li>4. To construct a learning organisational culture</li> </ol>	<ol style="list-style-type: none"> <li>1. Passes and implemented the Guidelines for Government Reinventing.</li> <li>2. Established the Committee for the Promotion of Government Reinvention (CPGR) which includes three working groups on "Organisational Reinvention", "Human Resource and Service Reinvention", and "Legal system Reinvention"</li> <li>3. Established the Consultative Committee for Government Reinvention (CCGR)</li> <li>4. Downsized the provincial government</li> </ol>
2/2001	Government reorganisation	<ol style="list-style-type: none"> <li>1. Reinventing administration organisation (the Executive Yuan);</li> <li>2. Inter-governmental relations;</li> <li>3. Administrative culture;</li> <li>4. Deregulation and creatively;</li> <li>5. Public opinion and policy-making;</li> <li>6. Policy implementation and evaluation;</li> <li>7. Quality of service delivery and serving the public;</li> <li>8. Policy advocacy and communication</li> </ol>	<ol style="list-style-type: none"> <li>1. Established the Committee of Government Reform (CGR)</li> </ol>

Sources: Chiang (1998); Shih (2009); Sun (2002); Wei (2000).

of political turbulence between President Lee and Governor Song of the Taiwan Provincial Government in the middle and late 1990s; and the third stage, since 2000, when the concept of new public management became more popular and when DDP took power.

### **Administrative reform under the Lee's KMT government from 1987 to 1995**

Since the lifting of the martial law, Taiwan has undergone a drastic process of democratisation and reform. However, at a central government level, the functional structure of the Executive Yuan has stayed basically unchanged for more than half a century. In fact, many organisations, in particular committees or commissions, have been established, integrated or terminated in order

to address the respective governance problems that have arisen since 1987. Indeed, their individual function has been widely distributed to different agencies without comprehensive design and long-term consideration. The basic structure of the Executive Yuan was still based around eight departments and two committees at that moment.

From 1989 to 1991, the end of the Cold War had shifted the attention of the international affairs toward democracy and economic competition. As Huntington (1991) points out, this is "the third wave of democratisation" and many developing countries, including Taiwan, have had to adjust their political and economic structures by implementing political and administrative reform (Hsiau, 1996; Sun, 2002). Some advanced countries like the US and UK, have started their own government reform movement, which swept the world at

that time (Backer, 1994; Osborne and Gaebler, 1992). In Taiwan, there is no doubt that the international retrenchment movement also had great influence on the design of the administrative reform proposal, which was based on managerialism (Table 1). As a challenge to the opposition party and to consolidate its governance legitimacy in the late 1980s and early 1990s, the KMT government's Premier Lian Chain followed the world trend of administrative reform and had instructed the Executive Yuan to initiate an Administrative Reform Programme in 1993. The objectives of the reform proposal were to eliminate corruption, improve administrative effectiveness, and to improve service delivery to the population (Liu, 1998). Moreover, this reform proposal anticipated a transformation to a more businesslike government that would improve Taiwan's competitiveness and establish a more aggressive and open operating attitude by the government.

However, Lee Teng-Hui, the KMT chairman and the first Taiwanese president in history, merely inherited the political power from pre-president Chiang Ching-Kuo and of the Legislative Yuan, the Lee government has had to face many governance difficulties either in the form of challenges from the KMT or the civil society, and the opposition party, the DDP. In order to control the party, administration and parliament, there was a clear conflict with the old Mainlander's KMT political elite. Most reform proposals, such as the Administrative Reform Programme and the National Health Insurance System were regarded as the political tactics to change the people's negative attitude toward governance performance and consolidate Lee's political power and legitimacy in the KMT. Although, the Lee government planned the Administrative Reform Programme (1993), the draft plans have never been submitted to the Legislative Yuan for legislation amendments. That is the reason why the administrative reform effort, especially the adjustment of the Executive Yuan, has undergone slight improvements (Shih, 2009: 146). It could be said that the administrative reform effort in this period is more rhetoric than action.

### **Administrative reform under the political conflict in KMT from 1996 to 1999**

In March 1996, the first presidential election in the history of Taiwan had been completed. Although some of the Mainlander's political elites in the KMT were not satisfied with President Lee Teng-Hui's direction and established a new party to challenge Lee's political power, Lee still won the election and completely consolidated power over both the KMT and the government. This also meant that President Lee and his core trusted subordinates totally occupied all the important positions in both the KMT and the Executive system. In addition, although the component of the Legislative Yuan has become increasingly fragmented during that time, Lee's KMT was

still the dominant majority in the Congress. These conditions all helped to ensure that the political environment was a friendly place for the Lee's government to promote the next stage of administrative reform efforts.

A National Development Conference was organised by the KMT later in 1996, and another constitutional reform consensus was reached among the participated political elites. In this conference, there were 192 decisions that were reached most of which were related to governmental reforms. The conference concluded that a small and capable government that is lean and highly effective should be the target for all future administrative reform efforts in Taiwan. To achieve this, one of the most important issues is the downsizing of the government, in particular to downsize the functions and organisations of the provincial government and to freeze the gubernatorial election in the next term. In spite of the fact that the reorganisation of the Executive Yuan and the downsizing of the provincial government were two separate attempts to consolidate his power in both the KMT and the government. Although the KMT occupied the majority programmes, this event can be seen as a "punctuated equilibrium<sup>6</sup>" to cause the expansion of the central government under the international government reform trend.

The jurisdiction of the Taiwan provincial government was almost the same as the central government, which meant that it was effectively leading and influencing county and city governments. This significant overlap resulted in increased potential political tension and risks of the conflicts between the central government and provincial government were heightened. The downsizing of the provincial government was essential not only because of the above reason but also because of the dysfunctional nature of the four-level government structure. Moreover, from an administrative point of view, the four-level government structure not only created red tape, but also reduced administrative efficiency and quality (Wei, 2000: 82-84). As has seen above, the structure of the provincial government can result in potential power conflict between the president and the governor in Taiwan. On the back of the Constitutional Amendment that was passed on May 28, 1992, since 1996, the President of Taiwan has been elected by the population directly for the first time in 1996. However, by contrast, the former Governor James Song, from the KMT under President Lee, had been elected by several millions of voters in Taiwan before 1996. In order to avoid the "Yeltsin Effect", which caused President Lee to face a crisis of legitimacy, the Lee government actively promoted governmental downsizing reform proposals and joined hands with the DDP in amending the constitution

<sup>6</sup> This model originally attempts to explain institutional change under a long-term stable institutional environment (Krasner, 1984). However, the concept is used to illustrate that the crisis of the provincial government's downsizing is a punctuated equilibrium for central government's entrenchment.

to suspend the election of the provincial governor and to eliminate most of the functions and services of the Taiwan Provincial Government.

It was predictable that the success of this reform movement would suffer from the boycott enforced by Governor Song and the significant bureaucracy of the provincial government. However, by July 1997, it was decided that issues such as the terms for the governor and members of the provincial assembly should be resolved by December 20, 1998. From that day onwards, the Taiwan provincial government became more like an executive agent of the central government than an autonomous body. Many reformers believed that the removal of the provincial government would improve the efficiency of government operations, because the cost of work duplication and bureaucracy would be reduced. In order to reduce the possibility of resistance from provincial bureaucrats, their positions and benefits were protected.

At the beginning of 1998, Premier Hsiao Wan-Chang introduced the Government Reinvention Programme (1998) on the back of a consensus that was reached at the National Development Conference. This programme involved three business management reforms: "organisation reinvention," "human resources and service reinvention," and "legal system reinvention." Although this reform programme was placed as the top priority item on the government's agenda and was also supported by the President Lee, the KMT government decided to withdraw their support for the proposal in 1999 and instead, focused on winning next presidential election in 2000. The draft plans of the Government Reinvention Programme were not submitted to the Legislative Yuan to undergo legislation amendments before the first ruling party change, which occurred in 2000. Indeed, from these experiences, it seems that reform activity has always been stopped or suspended in an attempt to reduce politically controversial issues when the ruling party has to face important elections.

Despite the fact that the Taiwanese provincial government managed to implement the downsizing programme successfully, it also resulted in them having to promote the Government Reinvention Programme that followed. The process of downsizing the provincial government movement was regarded as a political conspiracy of President Lee and an attempt to eliminate Governor Song's political influence. Indeed, this is also regarded as the main reason that the Lee government supported the decision of the National Development Conference to implement administrative reform. In order to remove the provincial government completely, it was proposed that the original functions and manpower of those governments should be transferred to the county and city governments as well as the central government.

In reality, the central government absorbed almost all the functions of the Taiwan Provincial government, as well as the manpower and deficit. (Shih, 2009: 151).

Although NPM ideas such as deregulation, flexibility, and downsizing were fully embraced as part of the reform programme (Chiang, 2005), the Executive Yuan was still expanding during this period.

### **Administrative Reform after the First Party Turnover (after 2000)**

According to above analysis, the focus has been on the reorganisation of the Executive Yuan since the KMT regime. In order to resolve the contemporary governance problems from a different period, the KMT government established some flexible and mission-oriented committees, which led to the structure entrenchment of the Executive Yuan against a background of international administrative reform. However, most of the reorganisation reform proposals were not implemented and it is still unclear whether having more than thirty cabinet ministries leads to increased inefficiency in government operations. As Rosenbloom, Kravchuk, and Clerkin (2009) claim, a successful administrative reform effort ought to be supported by three conditions: management, politics, and law. However, the efficiency argument for government operation is usually disregarded when political interests are at stake (Moe, 1989), and change is very difficult once a government department has been set up. It is clear that implementing governmental reorganisation reform was more arduous than the KMT government in the DDP regime.

The expansion phenomenon revealed five critical problems with the president's organisational design of the Taiwan Executive Yuan. First, there were too many government organisations to control, which increased coordination costs, generated a complicated decision-making process, and led to an increase in the number of public employees. Second, there was a weak policy integration mechanism, which meant that the Executive Yuan could not effectively implement policy integration and leadership. Third, there was insufficient correspondence between the core functions of government and its organisation, and the policy arms that were promoting internationalisation and major social safety net programmes, etc. Fourth, independent regulatory organisations were treated as part of the cabinet team, which led to an increase in politicisation and less professional independence. Finally, there was a lack of clarity about the role of the cabinet-ranked committees, who had been given a large quantity of execution tasks, and whose roles were no longer limited to planning and coordination. Chen Shui-Bien established a movement of liberalisation and democratisation under the slogan of "reform". His movement ousted the KMT from power in Taiwan. In order to achieve his campaign commitments, the first aim

of President Chen was to continue to establish the nation's competitiveness and insist on administrative reform. In February 2001, the Executive Yuan held a

politically high profile event—the National Administrative Reform Conference (NARC), where politicians discussed issues of administrative reorganisation, administrative culture, public opinions, the relationship between central and local government, and policy-making. In addition, the new administration established a Committee of Government Reform as a consultative organisation aimed at implementing the Government Reinvention Programme. However, the issues discussed and the recommended reform proposals for implementation still largely following the NPM reform concept of the KMT government. Hence, the ideas of administrative reform have been relatively consistent, whether they were established by the KMT or the DDP.

The comprehensive framework design for the current government organisation restructuring programmes (one part of the Government Reinvention Programme) in Taiwan consists of three dimensions: the first is the restriction of central government's function; the second is central and local government partnership, and the third is government and civilian partnership. To achieve these objectives, the Committee for Promoting Restructuring of the Executive Yuan was established on 29 May 2002. It is clear from President Chen's presidential election commitments that the most important part of the DDP government's administrative reform proposals is the organisation reinvention of the Executive Yuan. To encourage the Executive Yuan's reorganisation programme, the DDP government drafted bills such as the Draft Amendments to the Organisational Act of the Executive Yuan, the Basic Organisational Code of the Central Government Draft Public Corporation Act, and the Code for Total Staff Size of Central Government Agencies. The passing of these bills was regarded as a high priority if administrative reform was to be implemented successfully under the DDP regime.

According to many political observers, there were at least three reasons why the DDP government's promotion of the Administrative Reform Proposals was not fully successful. First, although the DDP won the presidential election in 2000, the majority of the Legislative Yuan was still occupied by the KMT. This not only meant that Taiwan had a divided-government but it also increased the likelihood of the DDP government encountering political obstacles and disagreement when trying to establish the Administrative Reform Proposal. From the point of view of institutionalism, it also means that there were more "veto players" in the policy process, who might obstruct reform promotion. Second, the DDP government lacked experience in terms of running the central government. After he took office, President Chen Shui-Bien was best described as a "new driver on the road" in terms of his inexperience of managing a nation. Third, the lack of mutual trust and tension between the new administration and old bureaucrats (who were regarded as players within the KMT's party-state regime) was also a formidable obstacle. The successful transformation from the KMT regime to the DDP regime

also broke the original reciprocal relationships between the ruling party and the bureaucrats. The DDP were concerned that the bureaucrats might be still loyal to the KMT and that they would be too conservative to allow for reform.<sup>7</sup> The DDP government also regarded government reinvention as a strategy to remove the residual problems that had been associated with the KMT's party-state authoritarian regime. Indeed, all of these factors may help explain why the cabinet members were not ready to implement reform proposals.

For the reorganisation reform of the Executive Yuan to be successful, the right legislation must be implemented. There is no doubt that the DDP government has suffered in this regard because of the environment of a divided-government and the fact that party negotiation has become a prerequisite for any policy to be passed in the legislative Yuan. For instance, the Draft Amendments to the Organisational Act of the Executive Yuan was drafted in 1987 and has been widely discussed since then. However, after nine premiers and almost two decades, it has still not been passed by the Legislative Yuan. From the bureaucrats' standpoint, they see themselves as the target of administrative reform; indeed, any comprehensive organisation restructuring must involve a re-prioritisation of preferences among government functions. To improve the possibility of success, strong support and encouragement from the political leaders may be required to enhance the bureaucrats' will to implement various reform programmes that potentially conflict with their interests. Despite the fact that the Central Administrative Organization Basic Law was passed in June 2004 and the Code for Total Staff Size of Central Government Agencies was passed in 2005, regulation was loosened later because of the bureaucrats' resistance and the lack of political support within the Legislative Yuan. Finally, no reform has been completely implemented yet and three new mission-orientation committees<sup>8</sup> have been established to fulfil the governance demands of the DDP government. It should also be mentioned that the DDP government has made slight progress in promoting the reorganisation of the Executive Yuan (Table 2). bureaucrats has hampered reform efforts from this period.

## A BRIEF ASSESSMENT OF THE EXECUTIVE YUAN'S REORGANISATION

If we take a brief look at the administrative reform promotion over the past two decades, the characters can

<sup>7</sup> President Chen announced that the "stumbling block" for reform was finally removed, because in Taiwan are not necessarily autonomous that they want to control the reform process. The above-mentioned incidents might suggest that they could have been frustrated by the sense of distrust from the leadership (Sun, 2008: 62).

<sup>8</sup> These three committees/commissions are Financial Supervisory Commission, National Communication Commission, and Labour Pension Fund Supervisory Committee.

**Table 2.** The developmental path of the executive yuan's expansion.

Phase	Structure of the Executive Yuan	Manpower	Expenditure (NT\$ million)	Adjustment plans	Notes
1949KMT	12 cabinet ministries	NA	NA	Established firmly the structure of 8 departments and 2 committees	Martial law period
1987KMT	27 cabinet ministries	NA	418,962	Established 6 mission-orientation committees	Lifted the martial law
1993KMT	29 cabinet ministries	NA	1,031,131	Established 2 mission-orientation committees	Lee's KMT government
1998KMT	34 cabinet ministries	116,000	1,187,011	Established 5 mission-orientation committees	Before downsized the Provincial Government
2001DDP	36 cabinet ministries	181,282	1,559,700	Established 2 mission-orientation committees	After party turnover
2003-05DDP	38 cabinet ministries	157,209	1,566,968	Established 2 mission-orientation committees	Passed the Code for Total Staff Size of Central Government Agencies
2007DDP	39 cabinet ministries	154,328	1,552,0311	Established 1 mission-orientation committees	

Source: exacted from the website of Directorate-General of Budget, Accounting and Statistics, accessed: <http://www.dgbas.gov.tw/mp.asp?mp=1>, date: 16/05/2010.

be concluded in one phrase "failure and still expansion". Namely, the reorganisation of central government eventually still led to the upward path of development in 2008. According to past reform experience, administrative reform seems to have been nothing more than a political slogan adopted by both the KMT and the DDP governments.

Table 2 presents how the Executive Yuan Expansion has developed in Taiwan since 1949. As has been discussed above, any study of retrenchment should assess the measurement problem of the dependent variables: What is the definition of retrenchment and how can it be measured? According to the above analysis of the reform trajectory, the primary characteristic of the developmental path can be described as "political retrenchment but institutional (reform) entrenchment". There is little doubt that both the KMT and the DDP governments took action to implement reform partly to response the dissatisfaction of the electorate and to enforce their legitimacy and garner the population's support. However, the failure of the reorganisation movement still calls for deep reflection on what has happened over the past two decades. To be more specific, in order to explain the entrenchment trend inherent within reorganizational reform, the failure seems to have resulted from the following three aspects: "structure of the Executive Yuan", "manpower," and "total

expenditure."

Table 2 shows the developmental path of the Executive Yuan's expansion over the past two decades. This table outlines the aspects of "organisational number," "manpower," and "total expenditure" to illustrate the "entrenchment" pattern inherent within the Executive Yuan's reorganizational efforts under the retrenchment era. With regard to the Executive Yuan's organisational structure, the number of the cabinet ministries has increased from 12 in 1949 to 39 in 2007. This result reflects not only the KMT but also the DDP government's attempts to solve their governance problems and confront difficulties by establishing some flexible and mission-orientation committees.

Another way of evaluating the size of the Executive Yuan in Taiwan is to examine number of people employed within it. Before the Taiwan provincial government was downsized, the actual number of employees was 116,000 in 1998; however, after that, size of employment manpower has reached to 181,282 in 2001. This means that more than 50,000 employees have been transferred from the original provincial government to the central government. No matter what the DDP government did, the actual number of employees was still larger than it was before the abolition of the provincial government in 1998.

From the financial aspect, the amount of expenditure of



**Table 3.** Three phases of Taiwan's central government reorganisation.

Phase	1987 - 1995	1996-1999	2000 - 2008
Phase characters	A. Original structure of the central government, 8 departments and 2 commissions and the demand of administrative reform	A. Idea: new public management B. Interest: political consolidation of the Li's government C. Institution: more fragmented political context	A. The Strength of the idea of new public management and the continuous promotion of the central government reorganisation
Political context	A. Political: the termination of the Marshal Law and political democratisation, but still in an unified government structure of the KMT government B. Economical: huge economic growth C. Social: political participants and social movements D. Taiwanese political elites gradually occupied the dominant positions of politics	A. The period of democratic consolidation B. Although the body of the government was still unified, the ruling party has become weaker than pervious era because of the inner political conflict of the KMT C. Taiwanese political elites expropriated the political power fully instated of the original political elites	A. Ruling government transformation from the KMT to the DDP B. It is the first time to face the condition of divided government C. The conflict between the new government and old bureaucracy
Reform target	Increased the efficiency of the central government	Reinvented government to "small and efficient" government	Reinvented government to "small and efficient" government
Achievements	Adjusted the administrative procedure and enhancing the efficiency of service	Downsized the Taiwan Provincial Government, but resulted in the expansion of the central government	The Code for Total Staff Size of Central Government Agencies was passed in 2005
Common trends	<ol style="list-style-type: none"> <li>1. Established the exclusive committee in the Exclusive Yuan to be responsible for the government reorganisation movement.</li> <li>2. All reform proposals reflect the logic of new public management and emphasis to downsize the structure of the central government, but in fact, the function of the central government is still expanding.</li> <li>3. Because of the environmental change of politics, economy and society, the ruling party always attempted to establish new committees or commissions to confront the challenges.</li> </ol>		
Political obstacles	<ol style="list-style-type: none"> <li>1. The political cleavage in the Congress, especially under the circumstance of divided government.</li> <li>2. The bureaucrats' and sectors' resistance. Because in the reorganisation, they have to face the anticipated resource reallocation</li> <li>3. The promotion of the reform is changeable, different premiers have distinctive reform proposals.</li> <li>4. The promotion is always stopped or suspended when the ruling party has to face important elections.</li> </ol>		
All achievements	<ol style="list-style-type: none"> <li>1. Downsized the Taiwan Provincial Government, but the original body has been transferred to the central government and leded to a larger-size central government than before.</li> <li>2. The Central Administration Basic Law was passed in 2003, but this regulation has been loosed later.</li> <li>3. The original structure of the central government is still unchangeable. In order to face the contemporary challenges, the only way is to establish functional commissions or committees.</li> </ol>		

Source: the authors.

the central government has increased between 1987 and 2007. The data in Table 2 shows that the abolishment of the provincial government has had a negative impact on the expenditures of the central government. By contrast, the passing of the Code for Total Staff Size of Central Government Agencies has had a positive influence on the public expenditures of the central government. Using the figures for 1993 as the baseline, the total expenditures of the central government increased by 50% in 2007. In the long run, although the reorganizational reform efforts

have continued over the past two decades, the three indicators of the Executive Yuan were still entrenching to get worse. According to above analysis, the developmental pathway and influential factors behind reform failure can be summarised in Table 3. It can be concluded that although both the KMT and the DDP governments supported the reorganizational reform of the Executive Yuan, there were few connections between the intended objectives and the actual changes in Taiwan Executive Yuan's reorganisation since 1987. The reform

proposals have faced different obstacles in the KMT and the DDP government. Conflicts between elected officers, bureaucrats, and legislative members can be resolved and coordinated by ruling on the KMT's party discipline. Lee's KMT government no doubt had ample time to promote reform proposals, but the progress stopped when the KMT faced important elections. For the DDP government, the Chen's government had no experience of managing central government and had to work under a more complicated political environment than the KMT regime. The divided government and distrust of the bureaucracy are two major obstacles on the path to reform. In addition, with regard to positive feedback, change is very difficult to achieve once a government department has been set up. The reform that has occurred in central government is more cosmetic than fundamental.

## CONCLUSION

Nowadays, few governments in the world have been isolated from the wave of reform that has been implemented over the past two decades. The reform wave also swept through Asian countries, including Taiwan. The recent administrative reform programmes in Taiwan, as with other countries, have embraced the essence of New Public Management (NPM). However, because of Taiwan's distinctive historical legacy and the process of authoritarian and political power transformation, the implementation of NPM-based reforms has encountered formidable difficulties and resistance. Many retrenchment promises have been given by the government, but they have not been fulfilled and there is still a very long way to go, to achieve reform.

The central government reorganisation in Taiwan is not only a result of the international reform trend, but also, more importantly, a product of the political conflicts that have occurred under the Taiwan's democratic transition. The process of Taiwan's democratic transition has provided a contextual background for understanding the rationales and conflicts behind certain types of administrative reform that have been introduced in Taiwan. Although the reform process is obviously ongoing and has become one of the hottest issues and high priority programmes in the government agenda, the administrative state of the central government in Taiwan should still be regarded as indestructible. Today, Taiwan's central government is still expanding under the reform slogan of retrenchment.

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