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Revitalising local capacity in Taiwan: Institutional arrangements, consequences and prospects

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Abstract

The Taiwanese Government has implemented several institutional reforms to enhance local government performance since the mid-1990s. The overall direction of the reforms is decentralisation, with the aim of increasing the autonomy of local governments. However, to date, the success of these local institutional reforms has been limited. The reasons are twofold, one being that central paternalism has not entirely faded away, the other being that many of the institutional arrangements and their operations are not entirely congruent with the principles of open government—transparency, accountability and public participation.

This chapter firstly describes the institutional arrangements of the local government system in Taiwan: the local government sector and councils, fiscal resource allocation, public personnel capabilities, and community participation and civic engagement, respectively. It then analyses how insufficient local autonomy and institutional deficiencies in open government strategies impact local governance capacities. Finally, the chapter concludes that to revitalise local capacities in Taiwan, fulfilling the core values of open government must go hand in hand with further decentralisation of local power.

Keywords: local autonomy; open government; local governance; Taiwanese government.

Introduction

Since the mid-1990s, the Taiwanese Government has carried out a series of institutional reforms to enhance local government performance, including passing local autonomy laws, strengthening local taxation rights, and raising the job ranks of local public servants. Moreover, in 2014, the central government completed a series of mergers and reorganisations of local administrative regions to increase the powers of special municipality governments (Chi 2020; Chiou 2021:120–21). The overall direction of these institutional reforms is decentralisation, with the aim of increasing the autonomy of local governments. It is believed that local autonomy enables closer links between public sector decision-making and local needs and preferences, as well as more efficient public services (Tiebout 1956; Oates 1972; Wolman and Goldsmith 1992; Keuffer 2018).

However, to date, the success of these local institutional reforms has been limited. The reasons are related to inadequate institutional arrangements for local governance. There are at least two critical shortcomings in the current institutional arrangements. First, though the institutional arrangements have given more autonomy to local governments than the previous authoritarian regime, the central paternalism has not entirely faded away: local governments' flexibility and autonomy remain insufficient. For instance, the outbreak of COVID-19¹ and the debate on opening up Taiwan to US imports of pork containing the leanness agent ractopamine² in 2020 have highlighted disputes over the intended collaborative relationship and tensions between the central and local governments in Taiwan.

1 Taiwan adopted a centralised governance model to deal with the COVID-19 pandemic (Huang 2020). However, there was a competitive relationship between the central and local governments, including tensions about how to and when to implement pandemic prevention measures and whether local governments had the authority to adopt general screening and inspection measures without a central government order.

2 The central government decided that starting in January 2021, Taiwan would open its market to import US pork that might contain ractopamine. The policy contradicts 17 local governments' food safety standards, which did not allow pork containing ractopamine. The central government declared the local regulations stipulating a zero-ractopamine policy to be invalid for violating the national constitution (www.ey.gov.tw/Page/9277F759E41CCD91/960a77e6-c6f9-40cb-8ef5-77f122ee8f4e, accessed 31 December 2020).

Second, many of these institutional arrangements and their operations are inconsistent with the principles of open government, which is critical to good governance. The concept of open government was first proposed by Wallace Parks (1957), and he suggested governments should be more open and transparent with their information for greater accountability. Parks' call for transparency gave rise to the Freedom of Information Act (FOIA) in 1967 in the United States. The FOIA started a trend in European and other North American countries as Norway, Denmark, the Netherlands, France, Canada, etc., also passed similar acts throughout the 1970s and 1980s (Mendel 2008). Australia's FOIA was enacted in 1982. As information and communications technologies advanced, US president Barack Obama signed the Memorandum on Transparency and Open Government in 2009 and launched Data.gov, making the US Government a bellwether for Open Government Data initiatives. Then, in 2011, Obama launched the Open Government Partnership with the leaders of seven other nations, which started a major global trend meant to enhance government performance and citizens' trust in their governments (Berrot et al. 2010; Grimmeliikhuijsen 2012; Kim and Lee 2012; Schmidhuber et al. 2021). During Taiwan's local elections in 2014, many mayoral candidates pinned their campaign platforms on open government. Several of those elected have subsequently implemented open government strategies. Today, Taiwanese society generally accepts that local governments should adopt open government strategies to enhance the public sector's capacity and performance.

Open government strategies are based on the principles of transparency, accountability and citizens' participation (OECD 2016). Transparency implies that the government must share policy information with citizens who have the right to know. Transparency is a precondition for public scrutiny, citizen participation and accountability (Piotrowski and Bertelli 2010). The accountability principle emphasises that public employees have an obligation to accept supervision, be responsible for the consequences of their decisions and actions, and accept corresponding rewards and punishments. The principle of citizen participation allows local people to devote their skills and efforts to improving the effectiveness and quality of public services. Ideal citizen participation requires participants to have sufficient information before engaging in public affairs, and transparency helps to reduce the cost of collecting and comprehending public affairs information. Citizens become informed partners so that they can participate effectively in community affairs.

The rest of the chapter is organised as follows. The following four sections describe the institutional arrangements of the local government system in Taiwan: the local government sector and councils, fiscal resource allocation, public personnel capabilities, and community participation and civic engagement, respectively. It then analyses how insufficient local autonomy and institutional deficiencies in open government strategies impact local governance capacities. This study also explores such issues as whether the local council's oversight of its executive branch is sufficient, whether existing intergovernmental fiscal transfers promote fiscal equality, whether the local civil service arrangement offers a compelling incentive for talent retention, and the efficacy of civic engagement. The final section provides conclusions and policy suggestions to enhance local government performance.

Local governments and councils

Under Taiwan's framework of multilevel government (within its unitary system), institutional arrangements and interactions between the central and local governments inevitably affect the quality of local governance. Taiwan's local government system consists of three types of self-governing local governments, including 6 special municipalities, 16 counties/cities and 198 townships (see Figure 4.1). Special municipalities are top-level administrative entities with a population above a certain threshold and having greater political, economic and cultural significance. By design, they enjoy more power and resources in budget and personnel allocation than do counties, cities and townships. For instance, in 2020, the total budget and public employees of the six special municipalities accounted for 66 per cent of all local governments' public expenditure and 67 per cent of the entire workforce of local governments.³ With more resources at the discretion of special municipalities, in general, special municipalities outstrip counties/cities regarding performance. This has caused severe horizontal inequalities among local governments.

3 For public expenditure data, refer to 'Table 1-5: Net Government Expenditures of All Levels by Government' in the *2020 Yearbook of Public Finance Statistics* (Ministry of Finance Taiwan 2021). For public employee statistics, refer to the webpage of the Directorate-General of Personnel Administration, Executive Yuan, ROC (www.dgpa.gov.tw/information?uid=331&pid=10601).

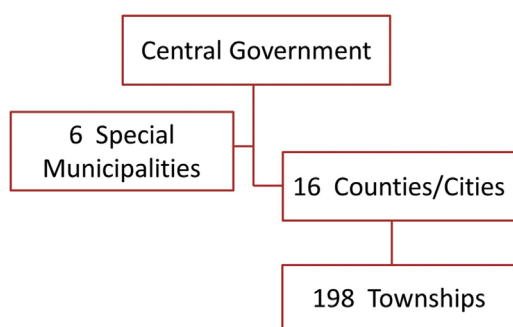


Figure 4.1: Taiwan's local governments.

Source: Author's depiction.

According to the Local Government Act, the mayor of the local administrative branch in special municipalities, counties and cities is popularly elected to a four-year term and may be re-elected to a second term. Moreover, to check and balance the local administrative branch, each local government has a council elected by local people every four years.

Local elections in Taiwan are fiercely contested, and the effect this has on the quality of local governance is still a matter of debate. A common complaint is that politicians, particularly local councillors, know only how to campaign and not how to govern. It is not unusual to observe local councillors becoming involved in election bribery, corruption, fraud, intimidation and other criminal activities (Chang, H., 2020:155), behaviour that was widely criticised in the past era of authoritarianism.⁴ Unlike the slow yet steady improvement of the quality of the Legislative Yuan, which is equivalent to the national parliament in other democracies, most local councils in Taiwan have not changed much since democratisation (Hu 2016).

Even though many professional and responsible local councillors offer good services to society, overall, most local councils perform poorly in their supervisory duties. A study reported by Hawang (2018:131) reveals instances in which local councillors' official sign-in rate was 100 per cent, enabling all councillors to receive their full attendance payments, yet the actual attendance rate was only 44 per cent. The primary duty of a local council is to oversee the local executive branch on behalf of the public. This is a critical institutional arrangement for open government, ensuring

⁴ Martial law was imposed in Taiwan from 1949 to 1987, running for 38 years. If including the Japanese colonial period (1895–1945), then Taiwan's twentieth century can be viewed as predominantly a history of authoritarianism. For more discussion, see Fell (2018).

public accountability. The fact that most local councils perform poorly in their supervisory role is closely related to the failure to implement open government strategies in local government (Chiou 2021:269).

Many local councillors have no fear of pursuing their own interests at the expense of the public interest because of this lack of transparency (Huang 2020). At present, the Legislative Yuan's meetings are open for real-time live broadcasting and public scrutiny. The Legislative Yuan also provides meeting minutes and on-demand video films for citizens after meetings. In contrast, several local councils refuse to open their meetings to the public, and their minutes are generally very brief or incomplete. According to a study conducted by the Citizen Congress Watch⁵ in 2018, out of 23 local governments visited, as many as 19 municipalities, counties, and cities failed to meet the minimum requirements of parliamentary transparency (Hawang 2018:131). In 2018, the central government revised the Organizational Guideline for Local Councils. It stipulates that, from January 2020, local councils must meet deadlines for releasing their meeting agendas and minutes on their websites and should videotape or broadcast live committee meetings on the internet. It will take some time before it can be verified whether the new guideline requirements are successfully reducing local councillors' misbehaviour and corrupt practices.

Both horizontal and vertical accountability are critical for the fulfilment of open government. While horizontal accountability involves the oversight by local councils of the administrative branch, vertical accountability includes supervision of public officials by civil society and media (O'Donnell 1998). It is well known that the mass media and civic groups made significant contributions to Taiwan's democratisation in the past (Hsiao 2004; Ting 2007). Since then, the mass media and most influential civic groups have continued to focus on policy decisions and processes of the central government. While they have also expanded their focus to special municipality governments in recent years, they have shown little interest in the public affairs of other local governments.⁶ Without an objective

5 Citizen Congress Watch (CCW), a non-profit organisation, was founded in 2007. Its mission is to enhance the performance of the Legislative Yuan. The CCW releases the national legislators' scorecard reports and organises congressional oversight forums each year to achieve the mission. CCW hopes to elicit strong public opinions to urge national legislators to serve public welfare, transparency, efficiency and integrity (see: ccw.org.tw/english/about, accessed 5 September 2021).

6 One notable exception involves the efforts of Citizen Congress Watch. Hoping to replicate its experience in overseeing the National Legislative Yuan in the past years, in 2018, Citizen Congress Watch began to ally with local civic groups and train volunteers in different localities to oversee the policymaking process in their councils (ccw.org.tw/organization/transparency/2018-3, accessed 10 September 2021).

monitoring mechanism outside the executive branch, it is possible that bureaucratic laziness, waste of resources and even corruption may easily occur.

In summary, opaqueness and insufficient attention from the media and civic groups have resulted in insufficient public accountability in the local policy process and low quality of performance by local councils in Taiwan. The poor performance of local councils has become a stumbling block to Taiwan's local governance. Experience in the Legislative Yuan of the central government has shown that transparency is a prerequisite for improved public accountability. Similarly, to enhance local councils' oversight and the quality of local governance, our hope lies in the institutional arrangements that effectively integrate transparency into the operation of councils and government institutions at the local level.

Fiscal resource allocation

There are three features of fiscal resource allocation for local governments in Taiwan: scarcity, inequality and high politicisation. Previous local reforms between the mid-1990s and 2010 were aimed at alleviating fiscal scarcity and horizontal inequality but without fiscal transparency and civic participation, the reforms have not led to improved performance.

Local governments, especially rural local governments, are unable to make ends meet, which is a long-existing problem in Taiwan (Su 2018:85–87). Most local governments have significant fiscal deficits as a ratio of their public expenditure. For example, the average local fiscal deficit as a percentage of local public expenditure during 2004–2019 was 33 per cent, and total local public debt increased by 67 per cent during the same period (Ministry of Finance Taiwan 2022). In 1999, the Legislative Yuan enacted new laws to increase the autonomy of local institutions to tax, with the aim of giving local governments powers to increase local taxes. However, Kuo and So (2013) find that most local governments prefer not to exercise their power to tax but instead prefer to seek fiscal transfers from the central government and then blame the central government for any subsequent shortfall in funding local public services. This is consistent with empirical findings globally—that local governments worldwide rely on fiscal grants from the central government, raising moral hazard problems and the risk of inefficiency (Von Hagen 2002:263–84).

In addition to financial scarcity, inequality is another characteristic of local fiscal resources. As in most nations, both horizontal and vertical fiscal inequalities exist among local governments in Taiwan. Taking the fiscal year 2021 as an example, we witness a vertical fiscal inequality between the central and local governments in the budget. The central government's estimated revenue accounts for 76.1 per cent of the country's revenue, while its expected expenditure represents only 62.4 per cent of the nation's total public expenditure. By contrast, excluding grants and subsidies from the central government, all local governments combined are expected to collect only 23.9 per cent of total public revenues but are responsible for 37.6 per cent of the nation's public expenditure (DGBAS 2021a, 2021b). However, some vertical fiscal imbalance between the central and local governments is inevitable for two reasons. First, the central government has the responsibility to address horizontal fiscal inequality, and second, given the increasing mobility of people and capital, some shift in taxing power to the central government is inevitable (Podger et al. 2013:194).

While the vertical fiscal inequality between the central and local governments is modest, the horizontal inequality among special municipalities, counties and cities has caused significant concern in Taiwan. Though most local governments are overloaded with heavy debts, rural local governments generally face greater fiscal stress than urban local governments. This is because property taxes are the main source of local revenues, and rural real estate prices are lower than those of urban regions. Consequently, non-special-municipality governments, primarily located in rural areas, collect much less tax than special municipality governments. For instance, in fiscal year 2019, the six special municipality governments collected a total of NTD491 billion local tax revenues, while the remaining local governments received NTD141 billion (National Audit Office Taiwan 2022). It is equivalent to a local tax payment of NTD30,000 per resident in the special municipalities and NTD19,500 per resident in the non-special municipality regions.⁷

Theoretically, a well-designed intergovernmental fiscal transfer can address horizontal inequality by providing more financial resources to governments with more significant financial difficulties. However, the highly politicised nature of the fiscal allocation process in Taiwan undermines the effectiveness and fairness of intergovernmental transfers. Empirical studies indicate

7 At the end of 2019, the population for the six special municipalities was 16,382,139, and 7,220,982 for the non-special-municipality region (see: www.ris.gov.tw/app/portal/346).

that a local mayor's political affiliation and whether it is an election year significantly affects the amount of grants and subsidies given to local governments (Luor and Wahn 1999; Luor 2000, 2008; Wang et al. 2012).

The irrational and chaotic political party confrontation in Taiwan not only negatively affects the effectiveness of intergovernmental transfers, but also adversely affects local budgetary decision-making. Taiwan's political parties are very competitive. To win elections, politicians try to do their best to please voters. Existing research (e.g. Fang 2014; Su 2018) finds that local governments already heavily in debt continue spending inefficiently on infrastructure projects that please ill-informed voters, and local mayors and local councils tend to approve public procurements that favour local factions in bidding processes. When local governments overspend and have insufficient money to pay contractors or public employees, instead of raising taxes or cutting back other expenditures, they resort to borrowing more money or asking the central government for funding.

Sixty years ago, Wildavsky (1961) pointed out the highly political nature of the budgetary process. Budgetary decision-making is never neutral or 'rational', but information asymmetry worsens its irrationality. In an open government model, local governments would be held accountable for lacking the fiscal discipline to safeguard taxpayer dollars. Nevertheless, the lack of access to easy-to-understand fiscal information contributes to fiscal illusion among voters. As a result, few voters understand the annual budgetary process or its impact on local debt and the consequences of that debt. Therefore, in the absence of fiscal transparency, it is impossible to ensure fiscal accountability through the ballot box in the local political arena.

Since local voters failed to fulfil vertical accountability regarding local borrowing and fiscal behaviour, the central government must play its supervisory role actively. As early as 1996, the central government passed the Public Debt Act, which stipulated the ceilings of the public debt of local governments. It also stipulates that if the local government violates the debt ceiling and fails to correct it within a certain period, then the central government will reduce or suspend the centrally funded tax revenues to the local government. Moreover, the mayor of the violating government will be sent to the disciplinary court for punishment. While violations of debt ceilings by local governments have not been unusual since the passage of the Act, only one mayor received a minor punishment after his term expired in 2016 (Lin et al. 2016).

In addition to the Public Debt Act, the central government has relied on a 'one-whip' system to directly supervise local fiscal behaviours by appointing the heads and personnel of the local budget offices. The following section will explain further the concept of the one-whip system.

Capacity of local public personnel

Sufficient financial resources and high-quality personnel are essential for good local government performance. As mentioned in Section III, Taiwan's local governments suffer from a scarcity of budget resources, which has impeded the overall enhancement of local government quality. The capacity of local government's public employees is also weak (Shih 2013). The civil service system for local governments has often been criticised for being too rigid and inflexible (Su 2010:610; So 2019), preventing the ability to respond efficiently and effectively to the increasing pace of change driven in part by global forces such as technology.

The rigidity of the local government personnel system has its roots in the longstanding control of the central government. As required by the constitution, all civil servants in Taiwan are centrally selected by the Ministry of Examination and then assigned to government agencies and local governments. The central government controls both the total number and job grades of all civil servants. In addition, the central government continues to implement a unique 'one-whip system', a legacy from the authoritarian era. Under this system, the central government exercises top-down control by appointing agency chiefs and civil servants in charge of budgetary, personnel, ethical and police affairs in local governments. This practice deprives local mayors of significant personal power. Hence, sometimes a more aggressive mayor—usually from a special municipality—is unwilling to accept the chief appointed by the central government. In these circumstances, the two parties must negotiate to resolve the deadlock. This scenario occurred in 2017 with the appointment of the police chief of Taipei City (Zeng 2017) and again in 2020 with the appointment of the chief of ethical affairs in Taichung City (Tsai 2020). Neither mayor of these two special municipality governments approved the new chiefs assigned by the central government, resulting in a deadlock. By design, the chiefs of one-whip agencies are under the command and supervision of the central authority and at the same time are responsible to the local mayor.

Thus, agency chiefs sometimes face the dilemma of a conflict of roles in a situation of dual subordination, which may affect the effectiveness and quality of the local services they manage.

Although some scholars urge abolition of the one-whip system to give local mayors more personal power, others think this would be too hasty and risky (Lu 2009). They point out that, due to the lack of transparency and insufficient oversight from civil society, giving greater personal power to local mayors may result in greater nepotism and inefficiency.

Besides controlling the staff working in one-whip agencies, the central government also stipulates the proportion of local agency chiefs who must hold civil servant qualifications and hence be subject to the apolitical merit-based system overseen by the Ministry of Examination. The regulations are less stringent for special municipality governments than for non-special-municipality governments. For example, except in respect of the four chiefs of one-whip agencies mentioned above (i.e. budgetary, personnel, ethical and police affairs), mayors of the six special municipalities have full power to appoint municipal agency heads, such as for the agencies of economic development, environmental protection, education and social welfare. Thus, recruitment of the heads of non-one-whip agencies is not confined to those with civil service qualifications. By contrast, mayors of counties and cities have less autonomy over personnel appointments. Only half of the agency heads in non-special-municipality governments may be political appointees, and the remaining half must be selected from the pool of civil servants, thereby limiting the scope of talent selection. In other words, the horizontal inequality of the fiscal allocation system also characterises the local public personnel system. Special municipality governments, which attract relatively more public attention and oversight of their personnel management, are given more autonomy than non-special-municipality governments.

Since the central government controls the total number of local civil servants, many local governments resort to recruiting contract staff outside the civil service system to cope with increasing demand from local people. Many of these contract employees start off as temporary or supplementary staff but end up staying in the local government for a long time and share similar tasks and responsibilities to those of civil servants, who are centrally selected by the Ministry of Examination. This practice provides local governments with more hiring flexibility, and many contract employees form a stable workforce on the front line of local agencies (So 2010). Nevertheless,

it also provides ample room for nepotism due to a lack of transparency and supervision in the hiring process. Consequently, local agencies have been criticised for being full of so-called ‘temporary’ personnel recruited without rigorous merit review procedures. It has undermined the fairness and merit principle of the civil service system, and it partially explains the observation by Shih (2013) that poor allocation of human resources and poor quality of the public service workforce in localities are not unusual.

Apart from the indiscriminate appointment of cronies as temporary staff by some local governments, the poorer quality of local public servants is related to the lower grade of local civil servants. Under the central government’s control, there are only a few senior-ranking public official positions in local governments, except for special municipalities. As a result, it is not easy to attract and retain outstanding talent in non-special-municipality governments. For example, in Pingtung county, 79 civil servants left departments in the county government between 2017 and 2019; among them, 71 found a higher-grade position either in the central or the special municipality governments (Weng 2018). This is just one of many cases showing that inequality in job grades has generated a talent outflow and widened the performance gap between special municipalities and non-special-municipality governments in Taiwan. Moreover, the less-than-ideal quality of public servants in non-special-municipality governments has become a thorny issue, contributing to poor local government performance in Taiwan.

Community participation and civic engagement

Along with transparency and accountability, citizen participation is a core pillar of open government, and accountability may not be achieved without citizens’ participation in the governance process. For example, international evidence has indicated that citizen participation improves transparency and accountability in the management of natural resources, and it also improves access, responsiveness and sustainability in delivering education and public health services in various countries (Bhargava 2015).

In Taiwan, local governments began to commit more resources to encourage public participation when the central government promoted the concept of comprehensive community building and carried out a series

of related community projects in the 1990s (Lu 2002; Lin 2015). The concept of comprehensive community building emphasises ideas such as public participation, community awareness, community autonomy and sustainability. The projects encourage residents to voice concerns about the development of the communities in which they live, and to choose and create the environments and lifestyles they prefer. The literature (e.g. Fung and Wright 2003; Sandel 2009) suggests that comprehensive community building not only cultivates and consolidates community awareness, by involving community residents in the policymaking and implementation process, but also increases the legitimacy of the local government's policy actions.

The comprehensive community-building projects were followed by similar community-building projects, including rural rejuvenation projects around the early 2010s (Weiqi 2012), and the Regional Revitalization policy in 2018 (National Development Council Taiwan 2018). They were mostly financially supported by the central government and were carried out jointly by local governments and community civic groups. While the titles, content and scope of projects may differ, they all aim to involve local people to improve communities.

Overall, these community participation projects have had mixed achievements; the progress of citizen participation in most communities has not been impressive. Wang (2005) argues that community people were over-reliant on the government and experts in the community-building process, often resulting in poor communication, which affected the effectiveness of projects. Ruo-shui Chang (2020) observed that many key local political actors were absent from the community-building process due to a lack of incentives. One more possible reason for the unenthusiastic participation is that these community-building projects often become political tools for securing votes in elections, thus limiting genuine participation. This is consistent with the empirical research (Wang et al. 2018) that electoral and political interests are important factors in deciding whether the central government provides subsidies and who obtains the funding for community building. As a result, local political factions monopolise the resources and process of community building, which is a stumbling block for more people to participate in community affairs.

The Sunflower Student Movement⁸ took place on 18 March 2014. It was associated with a protest driven by a coalition of students and civic groups, who strongly resisted the passing of a free trade deal with China. The protesters unexpectedly occupied the Legislative Yuan, and the protest evolved into a 24-day confrontation. The movement has had positive and negative impacts on democracy and local governance in Taiwan.⁹ One of the positive impacts is greater youth participation. Specifically, the movement not only won widespread support from the young generation, but also had a great impact on civic participation, particularly in urban regions.

After the protests, many Sunflower Student Movement activists continued to work with advocacy groups, non-profit organisations, and social enterprises to improve society (Ho 2019). They strongly advocated the philosophy of transparency, accountability and public participation, and endorsed mayoral candidates who pledged to adopt open government strategies in the 2014 local government elections. The Sunflower Student Movement activists aroused many people's interest and passion for participation in public affairs (Lee 2020:254). As a result, citizen participation and civic engagement regained popularity and momentum, particularly among young generations.

Pressured by the popular sentiments triggered by the Sunflower Student Movement, many Taiwanese local governments acted quickly to promote public participation and civic engagement. They have adopted various channels for citizen participation, from traditional channels, such as public hearings, advisory committees, the World Café and citizen meetings, to new platforms, including online policy platforms, online voting and participatory budgeting.

While the public participation channels and measures employed are similar, the level of enthusiasm and resources varies significantly among local governments. Many factors affect the level of citizen participation. Among them, the maturity of civil society and the capabilities of public servants have the most significant impact on citizen participation in localities. For instance, the Taipei City Government took the lead in citizen participation

8 The Sunflower Student Movement was named after an anonymous floral gift sent to protesters as a symbol of hope.

9 The Sunflower Student Movement has had positive and negative impacts on democracy in Taiwan. Positive impacts include greater youth participation in public affairs and an opportunity to advocate participatory budgeting (Su 2017; Kuo 2019). On the other hand, the literature also points out that the extreme passion of Taiwanese young people may lead them to push aside all logical reasoning, and the echo effect has resulted in political polarisation (Lee 2014; Chen 2016).

and civic engagement. As the capital and the first special municipality in the nation, Taipei City enjoys the strengths of a mature civil society and more capable public employees. Moreover, with the active support of the mayor (Su 2017), the Taipei City Government has devoted more resources to civic engagement than any other local government.

The Taipei City Government is the first local government to actively promote participatory budgeting (Su 2018:89). From the beginning, participatory budgeting was branded to achieve the goal of open government in Taiwan (Kuo et al. 2020: 136). Its objective is to encourage more residents to participate in community affairs through collaboration and the incorporation of diverse ideas, eventually turning passive residents into proactive citizens.

However, despite renewed momentum and politicians' support, evidence is emerging that non-traditional citizen participation platforms, such as participatory budgeting, are still occupied by vested interests and political elites in many communities (Wan 2018). Thus, expanding participation has proved challenging. Sun (2020:168) has criticised the participatory budgeting implemented by the Taoyuan City Government for paying too much attention to procedural formalities and quantitative performance indicators. By contrast, meaningful deliberation with and among participants has been lacking. Furthermore, although local bureaucrats believe that participatory budgeting is valuable in enhancing public awareness, they lack expertise and incentives to assist local participants and foster civil society. They prefer to contract out the implementation of participatory budgeting projects to teams led by scholars or non-profit organisations. This is by no means a unique situation in Taoyuan City. An analysis of the literature reporting other cases suggests that participatory budgeting and citizen participation increase the bureaucratic burden, and most bureaucrats are not ready for it (Su 2017; Wan 2018).

From the early stages of community-building projects to public participation activities after the Sunflower Student Movement, local governments have faced obstacles that are not easy to overcome, including weakness of civil society and vested interests of local and political factions. Hence, according to the widely referenced model of the Ladder of Citizen Participation (Arnstein 1969), we believe that the current citizen participation in Taiwan has reached at most the level of consultation, placation and partnership. There is still a long way to go to reach the upper levels of delegated power and citizen control.

Discussion and conclusion

Taiwan's local governance has evolved from centralisation to decentralisation of local power. However, the decentralisation process has been slow. The central government continues to intervene and assist local development with a paternalistic mentality. There is a high degree of central dominance in the local government's organisational framework, fiscal allocation, personnel system and governance capacity. Consequently, improvement in local governance has been limited.

In addition to the trend of slow decentralisation, Taiwanese local governments have been looking to adopt more open government strategies in recent years. Open government is still at an early stage and has not achieved many of its intended outcomes. There are widely shared barriers and challenges in the implementation of open government, including local councils' lack of professionalism and transparency, the rigid mindset and insufficient capacity among local bureaucrats to work with civic groups, and a low degree of public participation in communities.

While all local governments face constraints resulting from the central government's paternalistic mentality, and share similar challenges of implementing open government, the constraints, challenges and resulting consequences for local governments are not the same. There is a significant gap between special municipality and non-special-municipality governments. Non-special-municipality governments have less autonomy over fiscal resources and public personnel management, and their government transparency, public accountability and public participation are more fragile. Meanwhile, special municipality governments enjoy more resources and political power; they also have a higher level of civic engagement and media attention. Their improvement in performance over time is more visible than that of non-special-municipality governments.

To correct the weaknesses of local capacity and to revitalise it, local mayors have urged the central government to loosen controls and make institutions more flexible (Zhao 2020). However, even under the central government's current strict controls (e.g. setting the upper limit of the number of civil servants), some local governments exercise their limited autonomy inappropriately, such as by breaking the merit principle and appointing cronies to different agencies. Under these circumstances, if the central government loosens the restrictions on public personnel management as urged, one necessary measure is greater transparency and accountability in

the recruiting process to reduce political patronage. At the same time, the media, civic groups and citizens need to be encouraged and motivated to turn their attention to the operations of local governments.

Local mayors also want the central government to loosen control over fiscal resources and provide more resources through intergovernmental fiscal transfers (Young 2020; Chang 2021). But local governments have already been accused of acting irresponsibly concerning budget allocation and execution (Lin and Tsai 2003; Su 2018). Therefore, there are reservations about providing more financial autonomy to local governments. In addition, the central government itself faces financial difficulties and is reluctant to share more fiscal resources with local governments. Under such circumstances, before the central government grants more autonomy to local governments, local governments need to formulate better budget policies and be subject to greater fiscal transparency and more vital external supervision, including the central government, media and civil society.

Regarding the significant horizontal fiscal inequality, a reform proposal has been suggested by the Executive Yuan, as well as scholars, since 2002 (Liao and Wu 2002; Hsu 2007; Zhuang 2020). Instead of using different distribution formulas of the centrally funded tax revenues for the special municipality and non-special-municipality governments, the reform proposal suggests that the central government apply the same distribution formula to both sets of local government. By doing so, horizontal fiscal equality could be elevated. However, many political leaders prefer a more comprehensive reform proposal (Economic Daily News 2021). It urges the central government to either abolish the special municipalities altogether or upgrade all non-special municipalities to special ones, thereby reducing one layer of local governments and creating a unified administrative division. The comprehensive reform proposal has just begun to receive attention from the public recently. Even if it can gain the support of the majority of the people and Legislative Yuan, it will take years before it takes effect.

Open government is not a panacea for all the problems identified in Taiwan's local governments. Nevertheless, we believe that to benefit fully from further decentralisation, the fulfilment of the core values of open government must go hand in hand with decentralisation. Only when decentralisation is accompanied by reforms that increase transparency, accountability and public participation can the performance of local governments be improved (Kahkonen and Lanyi 2001). However, unfortunately, the central government has been reluctant to devolve more power to the localities.

Thus, pressures through implementing open government strategies and a more significant role for civil society may be the best way to convince the central government to delegate gradually more power to localities.

Transparency, accountability and public participation make up a double-edged sword for local mayors, local councillors and local bureaucrats. On the one hand, they enhance citizen power, which is beneficial to those within local government when mobilised to support local government policies and force the central government to partner equally with local governments. On the other hand, citizen power can become an effective and robust force to oversee the operation of the local executive branch and council, so that they can no longer make policy decisions without proper public supervision.

In conclusion, to rebuild the capacity of local governments, the central government should gradually devolve power to local government. More importantly, the local government must integrate the core principles of open government into the redesign of institutions. The goals are to encourage citizens to practice citizenship, assist local people to engage constructively despite political differences, and effectively participate in community affairs. Meanwhile, as the backbone of local government, local officials need to understand that implementing open government principles requires new skills and attitudes from public servants. They need to get used to the further oversight that transparency brings, along with accountability, and the time cost of communicating and interacting with citizens and civic groups in the governance process. Therefore, human resources management in local governments need to be upgraded to ensure that public servants are well equipped to incorporate such skills into their daily activities.

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