

Local Government Administrative Reforms in '98 and '99 and Their Values in Korea

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Administrative Reform

Values

Values Pertinent to Administrative Reform in '98

Driving Forces for Reform

Background of Korean Local Autonomy

Administrative Reform by Changes in Hardware (structure)

The Results of '98 Reform

Administrative innovations based on tasks and functions(software)

The Second Phase of Administrative Reform in '99

Conclusion : Improving Administrative Reform

Many countries of the world are still undergoing fundamental, if not revolutionary, changes in the tasks, structure, and objectives of their political and administrative institutions to reflect their changing values of respective public institutions and societies. Particularly, countries in East, Southeast, and Pacific Asia are in the process of administrative reform with somewhat a different degree--some did radically for the short term, others did moderately for the long term. Korea's local government administrative reforms of '98 and '99 have been quite radical, though every reform is not so distant from radical, compared with past reforms which have been conducted since the Park's regime.

Administrative reform can be many forms such as downsizing, privatizing, streamlining, decentralizing, and most recently, "reinventing government"(Osborne and Gaebler, 1992). While the forces for reform can be from the advanced information technology, global institutions such as international rating agencies, the OECD, the IMF, the World Bank, (Economist, May 6, 1986, pp. 62-64). Administrative reforms in Korea have been implemented throughout different regimes with different values. It seems that Korea's reform values have been economic development, efficiency, and pluralist democracy since the Park's regime. In this article, Korea's local government reforms of '98 and '99 are discussed and their values are posited to understand the administrative reform in a wider prospect and concludes with a general assessment.

Administrative Reform

As briefly mentioned above, Administrative reform takes many forms in the process of implementation which makes difficult to define it. Nevertheless, Caiden defines administrative reform as "the induced systemic improvement of public sector

operational performance" (Caiden, 1991, p.1). According to this definition, administrative reform is likely imposed deliberately by the outside force on the system of government administration to make government administration effective and efficient. Thus, it can be said that administrative reform is a stronger form than an administrative innovation which has a technical implication based on economic aspects. However, since the word "reform" has been used too often with different meanings, the meaning of "reform" is losing its ground and "reform" often does not carry its intended purpose of "change for the better"(Cooper, 1988).

Values

The usage of the word "value" used to be confined to economics which explains the utility derived from each additional unit of a commodity- the marginal utility -is less and less to the individual. Only later, value includes the meaning of "virtue" or "moral sentiment" which are based on ethical terms(Machetzki, 1997). Moreover, economic value is more than a measure of individual well-being, it also includes social and community well-being which can be derived from government activities that provides services demanded by citizens.

Value is, however, used with other meanings too. Aufrecht and Bun(1995) used three Chinese values---traditional Chinese culture, socialism, and development in their analysis of how these values affect the implementation of civil service reform. Values are not used as an economics term, but rather as social and political characteristics. While Stillman(1987,) asserts in his book, *The American Bureaucracy*, that "public agencies must operate with the constant dilemma of adjusting and juggling these three competing values in the course of carrying out their affairs." These three competing values are such as Hamiltonian values,

maximizing administrative efficacy; Jeffersonian values, maximizing public accountability; and Madisonian values, maximizing balanced interest group demands.

Values Pertinent to Administrative Reform in '98

Administrative reform values of Kim Dae-Jung government has been democracy and market economy. The government has tried to build free market economic system by getting rid of what they considered the direct causes of IMF crisis which were the cozy relations between politics and economics, government control of financial institutions, and abuse of power and corruption(Planning group for economy & public relations, 1999). Although the current government has implemented various measures to promote efficiency, effectiveness, and equity for the public sector, the results have not always been seen favorably to the eyes of the people. One of the reasons people do not appreciate the results of administrative reform is that the rules of performance evaluation have been changed.

In the past, particularly under president Park('61-'79) and Chun('80-'86) regimes, central government set up all the policies, then implemented them without much feedback from citizens. Administrative reforms were done by the name of economic development and enforced by the power and justified by the achievement of the economic development(Jang, 1993). In this period, administrative reform became mainly an instrument of maintaining political power, though there were certainly merits of economic development. Thus, economic development became the value of administrative reform in this period.

President Noh('87-92) and Kim Young-Sam('93-97) regimes set the tone of local government autonomy and pursued democracy in many areas of policy making. Both regimes made sporadic, ad hoc based administrative reforms, but did not have

systematic, objective administrative reform plans. So, this period could be characterized by the word, democracy.

Unlike previous regimes, Kim Dae-Jung government, as mentioned before, set a daunting task which is to pursue both democracy and market economy. Actually, it could be said that these two administrative reform values were set not by the government but by the people because government agenda are no longer confined to the government, but belong to citizens, NGOs, and other civic organizations in which participate the policy decision making process directly or indirectly. Korea is likely at the stage of high public consumption which is the last stage according to Rostow's model of economic development stage(Yoon, 1999). At this stage, people are interested in education, and social welfare, and concerned about income redistribution. These services are very much demanded by people today and are also very sensitive issues. Citizen participation in the decision making process is essential which makes it slow, inefficient, ineffective, or partial. That why Yates(1982) distinguishes between reforms that promote administrative efficiency and reforms that promote pluralist democracy. This can be considered in terms of dichotomies. When administrative efficiency is emphasized, the pluralist democracy such as participation suffers, contrary, when pluralist democracy is emphasized, efficiency may suffer.

Driving Forces for Reform

According to the model of global pressures on bureaucracies(Welch and Wong, 1998), the global system(pressures) such as information technology, global institutions, and public sector efficiency and productivity act directly on bureaucracies. These pressures are likely to be causes of administrative reform.

In the age of globalization, information technology often provides the capacity for reorganization and restructuring that alter the speed and direction of information flows. Individual country is able to access or exchange other countries' successful cases of administrative reform and administrative technique.

Global institutions such as IMF, IBRD, GATT, WTO and so on exercise power and influence over individual countries in a given policy area. These global organizations make a policy decision particularly in a policy areas such environmental protection and health. A global organization often behaves as an individual country.

The global pressure of public sector efficiency and productivity has become one of well documented pressures that causes administrative reform(Osborne and Gaebler, 1992).

This pressure can be seen in variety of streamlining, downsizing, new management, and privatization efforts in governments throughout the world.

Korea's administrative reform has continued and was inevitable particularly after Korea has been under the IFM control due to foreign currency crisis since December, 1997. Nevertheless, the fundamental and decisive cause of the crisis is that Korea had not have correct establishment of the free market economic system(Korea Development Institute, 1998). Korea, being tardy in responding changing world environment, was, rather than taking advantage of the trend, ironically, trapped by the globalization that Korea enthusiastical has marched for.

Background of Korean Local Autonomy

The local autonomy system of Korea which was temporarily interrupted by the enactment of Provisional Measures Law for Local Autonomy in 1961 has been

revived since the amendment of Local Autonomy Act in 1991. Since then, local governments in Korea have strived for the enhancement of regional prosperity and citizen welfare which are the ultimate goals of adoption of local autonomy system though the local governments still do not have either full autonomous political power or financial independence from the central government. This paper will examine administrative reform of local government in Korea from 1995 to the present.

There are 248 local governments in Korea which are divided into two levels in terms of local autonomy structure: the upper-level local governments which include 9 provinces(Do), Seoul Special Metropolitan City, 6 Metropolitan Cities(Kwang-Yuk-Shi); and the lower-level local governments which include 72 cities(Shi), 91 counties(Kun), and 69 autonomous districts(Ja-Chi-Ku). These local governments employ 255,762 people, whereas the central government employs 551,544 people as of June 1999(MOGAHA, 1999). The average population size of these 9 provinces is 2,656,000 people, while that of 6 metropolitan cities is 2,072,000 people as of April, 1998.

Administrative Reform by Changes in Hardware (structure)

Though administrative reform has been continued in forms of reduction, abolition, reorganization, renaming, replacing since 1995, a major organizational structure change has taken place since 1998. In February, 1998, the Ministry of Interior and the Ministry of General Affairs were consolidated into the Ministry of Government Administration and Home Affairs(MOGAHA). The MOGAHA is in charge of local governments and controls local governments affairs directly or indirectly, though its hegemony over local government has become much weaker than before.

In June 1998, the MOGAHA distributed a guideline for local government reform

called "A guideline for reorganization of local government structure" to local governments. The goal of structural reorganization was to improve administrative efficiency by having: (1) efficient autonomous local governments in the information and localization era of the 21st Century; (2) small but productive local governments; (3) from supplier-oriented administration to customer(citizen)-centered administration; (4) and lastly competitiveness based on free market economy.

According to these goals, the MOGAHA set directions to accomplish the objectives. The directions are: (1) reduction of workforce should be done in consideration of the results of development of transportation and information technology; (2) organization, workforce, and affairs are readjusted according to jurisdiction's population and demands of administrative services; (3) various regulations, controls and affairs are reduced or consolidated; (4) units no longer useful or functionally reduced or similar units should be abolished or consolidated; (5) affairs of environmental · sanitary arrangements, facility management should be more privatized or utilize out-sourcing.

The bottom hierarchical unit called "Kay"(section) which is located right below the department was abolished and the hierarchy has been flattened. In addition, the criteria of reducing the number of departments and bureaus were set in accordance with population of the local government jurisdiction. As a result, the hierarchy has been flattened, while the size of departments or bureaus has become bigger.

The percentage of reduction in the administrative bureau/ department and overall workforce was set to 10% for the first year, 1998 and 20% from 1999 to 2002 by the MOGAHA. However, individual city or province should make a reduction plan which is to be carried out by the bylaw passed by the respective municipal council.

Another major step toward true local autonomy system was taken on last January. *The Promotional Law of Transferring Central Administrative authority to Local Governments* was promulgated to effectively transfer the

central government authority to local governments. Some of the important contents are as follows:

- When transferring affairs, transfer with all the pertinent affairs so that local governments could handle affairs independently;
- When transferring affairs, central government assists local governments with administrative and financial supports;
- Establish a promotional committee for transferring central affairs. The committee is put under the president supervision. The committee has legal authority of making a binding decision, i.e. when the committee informs the head of a central government department of the transferring decision of certain affair to the local government, the central government department head should do all the necessary measures related with transferring the affairs in the period of time the committee set. The final decision the committee made is a binding decision that the central government department should carry out.
- In case, the central government wants to recall the transferred affairs, the decision to get it back should be decided by the committee. This is to prevent local governments from the hegemony of central government.

The law also requires that a half of the committee members should be from private sector to maintain expertise and objectivity. In addition to that, the committee's public official members should include local governments officials(e.g. heads of local governments) to reflect voices of local authorities. This law is extraordinary measure for promoting local autonomy system in many ways, but the

results are yet to see.

The Results of '98 Reform

Structural reorganization of local governments that was done in 1998 has set a cornerstone of administrative structural reform in terms of its scope and content in the history of Korean political system.

The size of local government has reduced to 1990's size.

The 1998 administrative reform differed considerably from other previous ad hoc reforms and accomplished unprecedented results. The upper-level(Seoul Special Metropolitan City, Metropolitan cities and Provinces) local governments have reduced the number of bureaus and departments to 25% and 12%, respectively and the lower-level local government also reduced the number of bureaus and departments to 20% and 21%, respectively. Thus, Metropolitan Cities and Provinces reduced average of 3 bureaus and 6 departments, while cities and autonomous districts reduced average of 1 bureau and 3 departments. Counties also reduced 5 departments on average. Many local governments reduced numbers of bureaus and departments more than the guideline the MOGAHA set up.

In the area of workforce reduction, the results are quite remarkable. The MOGAHA's guideline reduction rate, 10%, was over accomplished by 2%. The total number of reduction of public officials was reached to 35,149 people in less than a year. The reduction rate of different levels of local governments, e.g. province, metropolitan city, city, county, was around 12% on average and the reduction rate of senior level public officials(13%) are a little bit higher than that of lower level public officials(10%). Other administrative reforms includes consolidation of Dongs'(administrative unit), abolition of the business office(performs special

administrative affairs for social welfare, fisheries, forestry etc.).

All in all, '98 local governments administrative reform was a sweeping measure in terms of the scale of reduction. The immediate results of the reform are of much leaner and smaller local governments than before. It is estimated that the local government could save about \$800 million dollars by the administrative reform in a year (MOGAHA's Comprehensive Report, 1999).

Administrative Innovations Based on Tasks and Functions(software)

Since 1995, local governments have adopted many innovative administrative procedures and techniques that did not exist under the previous centralized government power. They are directly pertinent to improvement of citizens' services. Some of the examples(Kim, 1999) are as follows:

- Putting name, department, phone number of a public official who is in charge of the civil service (document) citizen requested. It is to assist the citizen consistently and efficiently till the completion of requested service.
- Putting name of the issuing official on the tax notice. It is to make taxation clear and transparent.
- One visit finishes all. Citizens can have a complete service at one visit.
- Compensating for a mistake--if a citizen has undue time and mental disadvantage due to public official's mistake, the citizen is entitled to have monetary compensation.
- Requesting a civil service(document) at post office. Citizens do not have to visit remote government office for certain service, instead, they go to near post

office and request the service through electronic means. The government office sends the requested service (document) by express mail.

- Home delivery system: When a citizen requests a civil service (document) by a phone, a public official delivers it to the citizen.
- Citizen inspection: Citizens become members of inspection team on all construction completion or on construction defects.
- Open civil courts: The court comprises professors, journalists, and leaders of civic organizations. It mediates and deals with complains, damages, disadvantages of citizens or complaints resulted by various government businesses.

These new innovative administrative services are adopted by many local governments. Some of reforms are to enhance administrative efficiency, while others are to promote pluralist democracy. These new public services could be direct results of local autonomy system which has been fully adopted since 1995. Local governments have developed various kinds of customer oriented services and their quality are getting better.

While the first phase of local government administrative reform was based on reducing administrative units (bureaus and departments), the second phase focuses on reforms based on tasks and functions. The directions of the second reform are set as follows:

- Redistribution of Implementation function between the upper-level local government and the lower-level local government in consideration of convenience of citizens and its costs.

- Consolidation of similar functions: Functions of department and individual position are reexamined and reorganized.
- Functional transformation of Up, Myon & Dong: These administrative units focus more on public welfare, cultural activities, and civil services which are related directly to citizens' daily lives.
- Promoting privatization and out-sourcing: Facilities and affairs related to governmental enterprise nature should use these alternative means of service delivery.

The Second Phase of Administrative Reform in '99-

Enhancing competitiveness and capacity building for self-government and emphasizing task and function in the reform agenda have been set by the government. Some of the principles the MOGAHA(1999c) set are as follows:

- Emphasis is on the adjustment of function, rather than restructuring.
- Transferring implementation functions of the upper-level local government to city, Gun, and district as many as possible.
- Functions and labor forces related to management and regulation which harm competitiveness and autonomy should be reduced.
- Abolish an area whose function is minimized, while enrich an area whose administrative demands increased.
- Privatize or out-source affairs, if their efficiency could be improved.
- Separate function if it could function independently, and make it an agency. The agency is responsible for managing its administrative affairs.

With these principles of administrative reform and the Promotional law, the second phase will be more devolution, privatization or out-sourcing.

Conclusion: Improving Administrative Reform

Although recent administrative reform of local government in Korea which has been taken place is unprecedented in many ways, the process could be improved. Most reform measures being taken are to improve administrative efficiency though some are to promote pluralist democracy (citizen participation and investigation), a few things could make the reform more effective. First, it could be more effective if local government itself initiates its own administrative reform based on its own situations and needs, rather than just following central government's reform guideline. Uniform guidelines could have more drawbacks than merits. To have a successful administration reform, administrators, citizens, and other interest groups should be included in the reform process. Second, the reform emphasis is too much on arithmetic reduction on structure and personnel. Each local government may have a different situation, e.g. increasing/decreasing population or different needs between province and Metropolitan City, therefore applying the same category(number of bureaus or departments the local government can have based on its population) to all local governments is irrational. Finally, having a feasibility study or analysis before proceeding reform is the first thing in administrative reform, but in the Korean case, there was not enough time to take the investigative step. As a result, some cases, two dissimilar department or bureau were consolidated into one department or bureau in the process of following the number specified by the MOGAHA. This could be problematic and result in inefficiency of public administration.

The main purpose of administrative reform of local government in Korea is to

make government "small but productive" so that local government could be competitive in the global market for the coming 21st Century. Korean central government is also engaging in all round reform battle which is going on not only in the public sector, but also in the private sector. Nevertheless, to have effective and successful reform, local government should reach out various concerned parties such as public officials, citizens, experts, and policy makers to release the reform tension and effectively carry out the reform plan.

Particularly, Kim Dae-Jung government is trying to catch two rabbits simultaneously by pursuing both market economy and pluralistic democracy. There should be a good balance between the two, but catching the two? it may only be possible politically.

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