ADMINISTRATIVE TRANSITION: INTEGRATING POLITICS AND ADMINISTRATION*

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The term, "administrative absorption of politics", has been used to denote the phenomenon by which business and grass-roots leaders are coopted into the administrative machinery in Hong Kong.¹ In this study, we are interested in how the impending changes in the status of Hong Kong may alter patterns of bureaucratized politics. More particularly, we assess the models of administration most appropriate for the evolving Hong Kong situation and what problems can be anticipated in the transitional administrative system.

Administrative roles are necessarily political because administrators are part of the overall decision process for public service delivery. Thus, when relating politics to administration, the objective is not how to separate the two, but how to make administration responsive to the dominant social and political relations in a society. As Ferrel Heady has written:

With few exceptions, there is common agreement transcending differences in political ideology, culture, and style, that bureaucracy should be basically instrumental in its operation — that it should serve as agent and not as master.²

In this paper, we begin by discussing two models for structuring the interaction between politics and administration. One model emphasizes the hierarchical feature of administrative organizations; the other underscores the diversification of organizational arrangements. In a general way, the two models represent strategic choices Hong Kong faces as it prepares for the transition to Special Administrative Region (SAR) status in 1997. The appropriateness and success of one or a combination of these models depends on contextual factors that affect the politics and administration nexus. Thus, we next discuss the changing political and social contexts for administration in Hong Kong. We conclude by considering the implications of these contextual changes for the administrative process in Hong Kong.

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TWO MODELS OF ADMINISTRATIVE ORGANIZATION

Political and administrative design have to be grounded upon some theoretical premises. Two theoretical perspectives on public organization are relevant when considering administrative transition in Hong Kong. One theoretical perspective, exemplified by Woodrow Wilson in his classic essay on administration, suggests that administrative efficiency and responsibility can be achieved by creating single centres of power which control through hierarchical structures. Wilson argues that if responsibility is concentrated at the head of an agency, it could be easily watched. In order to keep his office, an agency head will be motivated to achieve open and honest administration. Furthermore, in order for an agency to work efficiently and "business-like", it should be insulated from the ever-changing political climate. Wilson writes:

...administration lies outside the proper sphere of politics. Administrative questions are not political questions. Although politics sets the tasks for administration, it should not be suffered to manipulate its offices.

This idea of providing public services through a centralized and hierarchical structure has been the underlying assumption of many recent discussions about political reform in Hong Kong. The assumption is shared not only by those who oppose democratization, but also by many active advocates of democratic governance. For example, Joseph Cheng, a supporter of democratic governance, has called for an independent and authoritative chief executive. He writes:

...the political system of the future Hong Kong SAR should facilitate stable government. One important factor would be a fixed term of office for the chief executive. Moreover, the future SAR government should be one with high efficiency. Over-emphasis on the separation of powers and checks and balances may lead to the paralysis of government. A substantially independent chief executive with adequate powers could enable his department heads and other civil servants to work with dedication and efficiency.

Cheng's argument reflects the preference for a centralized and hierarchical structure. The argument also mirrors Wilson's idea of having a single centre of power directing a hierarchical structure. Mechanisms that allow political representatives to hold the government bureaucracy accountable are presumed to be sufficient to ensure an efficient and responsible administrative system.
An alternative theoretical perspective argues that a hierarchical ordering of public service accountable to a single centre of power would not be able to respond to diverse preferences among citizens for different public services under different contexts. This alternative view proposes that fragmentation of authority, multiple access points, and overlapping jurisdictions are conducive to efficiency and responsiveness. Vincent Ostrom, a proponent of this view, writes:

Fragmentation of authority among diverse decision centers with multiple veto capabilities within any one jurisdiction and the development of multiple, overlapping jurisdictions of widely different scales are necessary conditions for maintaining a stable political order which can advance human welfare under rapidly changing conditions.

According to this perspective, administrative roles are necessarily political in the sense that administrators are parts of decision processes in which demands are articulated and public services provided.

In order to understand the public service delivery process, the relevant actors involved in the process and the kind of action situation each actor faces must be identified. As suggested by Kiser and Ostrom, three factors — configurations of rules, attributes of the community and the nature of goods — shape the action situation facing an individual. These three factors shape the incentive structures facing civil servants, politicians and citizens.

Instead of assuming a monolithic bureaucracy responsible for solving all kinds of public problems, this perspective starts from the ground up by assessing the nature of public problems a community encounters and how members in that community may be coordinated to solve the problems. The multilateral relationships among politicians, bureaucrats, and the public (e.g., interest groups, concerned citizens and political subunits) are crucial elements of the politics and administration nexus. While assuming free pursuit of interests by members of a community, this perspective emphasizes the need to develop institutional arrangements that restrain reckless actions and promote responsible interactions in the public arena. While the Wilsonian tradition focuses on the formal, hierarchical organization as the most appropriate means of providing public services, this perspective underscores various non-governmental means of delivering public services. Arrangements like contracting, vouchers, grants and voluntary associations can be important means for public service delivery.
These arrangements may be grounded in a legal environment that facilitates their operation without the uniformity imposed by any bureaucratic order.

As a whole, the alternative perspective suggests that administrative performance and responsiveness does not depend on perfecting the hierarchical structure of a single governmental bureaucracy. Broader societal and institutional contexts have to be taken into account when designing diverse kinds of administrative arrangements. Considering the importance of context in designing administrative arrangements, we next examine some recent societal and institutional changes.

CHANGING SOCIETAL AND INSTITUTIONAL CONTEXTS

The Governor, a civil servant, has ruled Hong Kong on behalf of the British government and has had the final decision making power and authority to appoint individuals to consultative bodies within Hong Kong. While individuals from various business, professional and social interests have been represented in the Legislative Council (Legco), Executive Council and various advisory bodies, these individuals acted only as consultants on government policies. Major policy initiation and decisions remained the prerogatives of the Governor and the secretaries under his command.

In societies where legislative representatives and major executives are elected through competitive ballot, the concern for re-election poses a constraint on the policy positions of these politicians. In Hong Kong, government officials and Legislative and Executive Councillors have not, until recently, been subject to electoral concern. They have also been relatively free from any detailed scrutiny by the British government.

Like civil services in many Western countries, the Hong Kong civil service is a career and merit-based system. Young graduates are recruited into the administrative class through examinations and work their way up the bureaucratic hierarchy. The Hong Kong civil service has also been operating within the rules of law. Especially since the establishment of the Independent Commission Against Corruption in
the early 1970s, corruption and abuses of power by civil servants have been uncommon.

Hong Kong government officials have advocated the concept of "government by consent" meaning that government would avoid imposing policies that are clearly opposed by the majority of the people. The implementation of this principle has been facilitated by the government's "positive non-interventionism," which denotes a reluctance to intervene in private markets except in areas such as the provision of law and order and public roads where clear "market failure" occurs. In the past two decades, the government has been more involved in the provision of additional public services such as housing and education. These services have been regarded by most people as the appropriate areas of responsibility of the government because housing is important for social stability and education for economic growth. The government, however, has never been under tremendous pressure to undertake massive redistributive programs.

In the face of 1997, several emergent phenomena are transforming the politics and administration nexus in Hong Kong. These changes involve who participates in the political and administrative processes and what rules regulate their behaviour.

Participants

In the past few years, the number and composition of active participants in the political arena of Hong Kong has increased. The Chinese government has been laying groundwork for its future rule over Hong Kong. Its increasingly visible and active role is manifested by the New China News Agency, the official agency of the People's Republic of China (PRC) in Hong Kong. Besides normal diplomatic channels with Britain and the Sino-British Joint Liaison Group, the PRC has been able to mobilize some local support through various business and union organizations in Hong Kong. These organizations' active involvement in the recent debate about direct elections in 1988 is a case in point. It is probable that the PRC would increase its influence in Hong Kong through these various organizations as 1997 nears.

In contrast, the British government appears to have diminished its commitment to the colony. It is perceived as having yielded to pres-
sure from the PRC which has sought convergence between any reforms in Hong Kong and the Basic Law, which will be promulgated in 1990. The introduction of ten directly elected seats in Legco in 1991 has been interpreted by many as only limited commitment by the British to representative governance.\textsuperscript{16}

At the same time, local individuals and groups have emerged who advocate more public participation and further democratization. Although their recent campaigns for direct elections to the Legislative Council in 1988 were not successful, these groups have generated extensive popular support.\textsuperscript{17} The introduction of elected positions to various representative bodies has also created more politicians who could develop the potential and capability to influence different stages and levels of policy making.

This trend for more public participation contrasts with another trend toward media and citizen self-censorship in relation to the PRC. For example, widespread self-censorship is cited by one commentator as the basis for pessimism about Hong Kong’s future.\textsuperscript{18} The ultimate result could be capitulation of Hong Kong’s administrative systems to PRC domination. George Hicks writes:

Not only has the press dramatically changed its tune, but Chinese opinion makers in government, in political circles, in business, and in the academic world, by and large, have swung around and are adopting an uncritical pro-China stance. Sycophancy often is the order of the day. In other words, Hong Kong will be unable and unwilling to resist the pressures of the Communist system.\textsuperscript{19}

These general developments are paralleled by changes in the civil service. Many civil servants, particularly expatriates, are pessimistic about their prospects in the Hong Kong civil service. For instance, the number of civil service resignations reached 3,344 during the last nine months of 1987, a 34 per cent increase over the total for all of 1986-87.\textsuperscript{20} Many higher civil servants have retired or voluntarily left the civil service and become consultants or directors for business corporations. Another indicator of pessimism is the fact that only six of several thousand expatriate civil servants responded to a survey about their opinions on the Green Paper conducted by the Expatriate Civil Servant Association.\textsuperscript{21} These developments raise questions about the commitments of civil servants to governmental goals.
Rules of the Game

In the past few years, institutional changes have been introduced in the political and administrative systems of Hong Kong. These range from the popular election of part of the membership of the District Boards beginning in 1982, to the creation of the Regional Council in 1985, to indirect election of part of the Legislative Council in 1985. Beginning in 1991, ten members of Legco will be directly elected from geographical constituencies.

It is evident that the presence of elected members in Legco, indirect and direct, has great implications for the politics and administration nexus in Hong Kong. Elected members are accountable to their constituencies or local representative bodies because their election or re-election depends on support from these constituencies or bodies. Government officials no longer determine the composition of the entire membership of Legco. Some outspoken critics of the government, like Martin Lee and Szeto Wah, have emerged in the Legislative Council. However, government officials coupled with appointed unofficials who are not subject to any electoral mandate command the majority vote in Legco and continue to exercise discretion on behalf of the community. In other words, the introduction of a limited number of indirectly elected members in Legco has not yet limited the formal authority of the civil service in Hong Kong.

The elected members, however, may impose certain informal limits on government officials by voicing opposing viewpoints in legislative debate. These "opposition" voices can subject bureaucratic decisions to a higher degree of public scrutiny than before. The District Boards and the Urban and Regional Councils can also serve as open forums for debating governmental policies. Bureaucratic incompetence is more likely to be exposed and criticized than before.

Summary

From the above discussion, we can identify at least four contextual changes that will be significant for the conduct of administration in Hong Kong: (1) increasing PRC influence in Hong Kong; (2) increasing demand for popular participation; (3) uncertainty facing many higher civil servants; and (4) more open scrutiny of bureaucratic performance in the legislature and various representative bodies.
PROBLEMS OF ADMINISTRATIVE TRANSITION

These contextual changes pose challenges to the administrative system of Hong Kong. Demands for popular participation will require more responsiveness from the administrative system. However, these demands may not be satisfied due to limited representative channels. The increasing PRC influence in Hong Kong has also complicated the role of the civil service as an effective arbiter of competing interests in the society. These factors, together with more open challenges to government policies in various representative bodies and the uncertainty felt by the higher civil servants about their future role, may place so much strain on the bureaucratic machinery that it is beyond the ability of the few top civil servants to handle. Once widespread public distrust of the bureaucracy is developed, it may initiate a vicious cycle, from distrust to non-performance to further distrust, making bureaucratic non-performance a self-fulfilling prophecy.22

The traditional model of organization that is based on concentration of authority and hierarchical control may be unable to adapt to these emergent circumstances. The alternative model that favours the development of multiple decision centres and alternative modes of service delivery has become more relevant for the future of Hong Kong. However, regardless of the design selected for integrating politics and administration, the contextual changes mentioned above will create many problems for the administrative system before and after 1997.

From the perspective of the people of Hong Kong, an important consideration is how to ensure that the public service delivery machinery would be accountable to the public which it is supposed to serve. From the traditional perspective, the Governor and Legco will be the most important agents for ensuring the accountability of the bureaucracy. As far as the alternative model is concerned, it is also important to ensure that the multiple decision centres are held accountable to their respective constituencies. In the remainder of this article, we discuss problems of the civil service and other public service delivery arrangements.
The Civil Service

The Hong Kong government has recently taken steps to strengthen the role of advisory committees in the policy-making process. These committees have become more active and influential in formulating policies for their corresponding government departments. Many elected and unofficial members of the Legislative Council, the Regional and Urban Councils, and the District Boards have been assigned positions on these committees. These advisory committees may better articulate the needs of the public and monitor the performance of government departments. The problem of accountability, however, remains because members of the advisory committees are still appointed by the Governor and there is no direct way for the public to hold these committees accountable. Furthermore, government departments are subordinated to the Governor instead of to advisory committees.

This accountability problem can be solved if these advisory committees are linked to some electoral mechanism. Some recent proposals have called for the gradual development of a committee system in the legislature such that elected members would serve on these committees on behalf of the legislature. In this way, individual members of the legislature could become more specialized in different policy areas and better monitor the performance of their respective departments. These individual members would in turn be held accountable to the public through the legislature.

As legislators become more involved in policy making, problems may arise from the need for civil servants to interact with a new class — politicians. S.K. Lau writes: "[A] thorny problem is the intolerant, contemptuous and condescending attitude of higher civil servants toward 'politicians' in general, and 'radicals' and 'troublemakers' in particular." If this attitude of higher civil servants persists, it may affect coordination between politicians and civil servants. Potential friction between the two could be reduced if the government acts soon to promote more cooperative relations through selection of civil servants, educational programmes and socialization.

Influence from the PRC may affect the internal structure and functioning of the civil service. A potential early casualty of a chief executive appointed by the PRC is likely to be civil service pay policy
which provides for comparability between civil servants and private sector employees. In recent years, comparability policy has produced pay-rate differentials between the top and bottom of the pay schedule ranging from 29:1 to 35:1. In addition, the colonial legacy has contributed to generous perquisites, including leave and passage arrangements, and housing and education allowances. These practices vary radically from more egalitarian PRC policies which result in pay differentials closer to 10:1 between the top and bottom of the cadre salary scale. It is probable that pressure from Hong Kong business groups, from within the PRC and from labour groups in Hong Kong will lead to redefining the extent to which public sector salaries must be competitive with those in the private sector. Localization will diminish any vested interests of expatriate senior civil servants in generous fringe benefits, thereby contributing further to downward pressures. These pressures will act to compress top civil servant wages and substantially reduce salary differentials between the bottom and top of civil service pay schedules.

Reduced or compressed public sector wages could have several serious consequences. The most direct result would be a decline in the attractiveness of government jobs to potential entrants into the civil service. Lower financial rewards could also produce greater prospects for corruption among civil servants who perceive that they are inequitably compensated and have opportunities for large-scale illicit compensation. Another result of reduced or compressed wages could be decreased morale among civil servants and an attendant decline in effort expended. Decline in the attractiveness of government jobs, increased incentives for corruption, and decreased morale are serious threats to the effectiveness of the Hong Kong bureaucracy and, therefore, must be closely monitored.

*Alternative Public Service Delivery Arrangements*

The District Boards and the Urban and Regional Councils could be developed to become more important decision centres. Strengthening their role would enhance the polycentric feature of the public service delivery system. A means to achieve this goal would be to entrust these representative bodies with sufficient financial resources and authority to decide on ways to deliver public services for their respective constituencies. Furthermore, one way to enhance their accountability would be to open all seats to popular election.
As an alternative to local and regional representative bodies, public enterprise is a service delivery arrangement highly dependent upon market forces. Preserving the autonomy of these enterprises can diminish the potential for bureaucratic growth and insulate the enterprise from direct bureaucratic intervention. An increased market orientation for public enterprises can also reinforce the free enterprise status of Hong Kong's political economy.

In the past few years, the government has taken steps to enlarge the autonomy of some public bodies, including the Housing Authority and Radio and Television Hong Kong (RTHK). Presently the Housing Authority has full authority only over the management of public housing estates and the allocation of tenancies. Long term housing policies remain the prerogatives of the Housing Secretary. Beginning in mid-1988, the Housing Authority will acquire the authority to decide on housing development policies in Hong Kong. This means a substantial increase in the authority of the Housing Authority. As far as RTHK is concerned, the introduction of a board of governors will help to ensure that it is further removed from the direct influence of the civil service.

Of course, granting more authority to these independent enterprises may not enhance their performance and responsiveness if proper channels of accountability are not established. The Governor has the authority to appoint members to the board of directors of these enterprises. The government therefore still has much influence on the decisions of these enterprises while it does not have to be directly responsible for their decisions. Indeed, some commentators have raised concern about government using these independent enterprises as a means of shirking its responsibilities. Furthermore, public enterprises may act like protected monopolies if their activities are not properly monitored and regulated.

Notwithstanding these possible shortcomings, the positive effect of these independent enterprises should not be underestimated. Although boards of directors of these enterprises are appointed by the government, their composition can reflect a larger spectrum of public concerns than the civil service. While not subjecting these public enterprises to further centralized control, institutional channels need to be devised through which citizens can articulate their preferences to these independent bodies. One possible means is to increase the
openness of these enterprises. The public should have the right to be informed and inquire about their decisions and working procedures. Another way is to increase the representativeness of their boards of directors by reserving seats for groups or professional bodies related to the policy area.

CONCLUSION

Hong Kong confronts many choices about how the relationship between politics and administration will be re-configured in light of 1997. A major issue is whether decision makers choose hierarchical or decentralized models for organizing. The radically changing context for administration in Hong Kong favours the decentralized model of organization. However, the changing context will create administrative problems — accountability, civil service morale, politician-civil servant relations — regardless of the organizational models decision makers choose. Early recognition of these problems and actions to minimize their impact will help smooth the administrative transition in Hong Kong.

NOTES


7. Ibid., p. 112.


12. Although the Governor has the final decision making power, he is subject to a number of institutional constraints. For details see Peter N.S. Lee, "Aspects of the Hong Kong Political System," *Tide Monthly*, 4 (June 1987): 16-19.


16. Opinions vary widely about the intensity of British commitment to Hong Kong, but media coverage has increasingly portrayed Britain's resolve as lukewarm, at best. See, for example, George L. Hicks, "Hong Kong's Hopes of Freedom are Fading Fast," *Wall Street Journal*, December 28, 1987, p. 11.


22. Perry and Tang, "Applying Research on Administrative Reform to Hong Kong's 1997 Transition."


24. See, for example, Chris Yeung, "Liberals Call for SAR Policy-making Body," South China Morning Post, November 22, 1987, p. 3.


26. Ian Scott and John Burns, The Hong Kong Civil Service (Hong Kong: Oxford University Press, 1984), Chapter 2.

28. For further discussion of this issue see Perry and Tang, "Applying Research on Administrative Reform to Hong Kong's 1997 Transition."


31. Tsang Chung Wing, "From the Restructuring Process of the Housing Authority to the Further Division of Administrative Power."