The possibility of a New Type of Special Municipality: A Review of Local Government Reform Policy in Taiwan as a model for other global cities

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Abstract
This article examines local government reform in Taiwan. It highlights the challenges that new municipalities face in responding to rural – urban population, balancing centralism and localism, and protecting cultural diversity and minority rights. By applying Dillon’s rule and Home rule theories, it classifies two types of special municipalities, identifying their characteristics, advantages and disadvantages. The article is presented in three parts. The first part examines the structure of local government, then explains how local governments are established and their relationship with central government. The second part focuses on government reform, by highlighting the issues and concerns facing local and central governments, and their respective reforms. The third part classifies two types of special municipality governments, by examining how each type balances efficiency and democracy, and the needs of central government versus the local community. The article concludes with a discussion of future challenges facing local government and special municipalities.

Keywords: Taiwan; local government reform; new special municipality
1. Introduction

Following the re-election of Barak Obama as President of the United States (US) in 2012, the US national debate over state powers and central government authority continued.1 As in every American election, global interest and coverage was extensive. Major international news media broadcasted live Election Day results, reminding international audiences of the workings of American democracy, and in particular the role of the Electoral College system in determining the presidency. The election provided a venue to discuss and inform people about the relationship between local and central government authority in the American democratic system, and also provoked international interest in this relationship. States globally are facing similar situations where local governments want increased autonomy, power, and a greater voice in national policy. Central governments, conversely, are reluctant to devolve powers to local governments and tend to centralize authority in the state.

America is a based upon a federalist state system, where fifty states exercise strong political power. The President is elected by Electoral College, which is equivalent to the number of members in the respective state’s Congressional delegation. However, Washington DC directly controls the federal government without direct state power. Hence, Washington DC is allocated three electors and treated like a state for the Electoral College purposes (NARA, 2012). This explains Washington’s special position as a special municipality.

Contrary to many democracies where local and central governments balance powers against authority, countries like the United Kingdom (UK), have pursued a path of decentralization. With the devolvement of powers to the Scottish, Welsh and Northern Ireland Assemblies2, the UK has granted local governments with powers, of which health and education are the most significant, which allow for diverse inter-regional policies, and provide the devolved governments with the ability to respond to different regional issues and concerns more effectively than by the central UK government.

Another example of decentralization of power in the UK is The Police Reform and Social Responsibility Act 2011. This reform in the national police system, in 2012, allowed residents to directly elect regional Police and Crime Commissioners (PCCs) for the first time on 15 November 2012; however, London boroughs were not included in this election. In fact, according to the Act, the Mayor’s Office for Policing and Crime (MOPAC) is directly commanded by the Mayor of the Great London Authority (GLA). Furthermore, in July 2012, the eight core cities outside of London signed ‘City Deals’ with Whitehall to gain powers to develop local area economies. In February 2013, the government announced its second wave ‘City Deals’ program, which expanded the original group to twenty eight cities and their surrounding areas.

Taiwan is also experimenting with the decentralization of authority and devolution of power to local governments. By responding to local issues, concerns, and rapid rural-urban shifts in population, local governments in Taiwan have pushed for the creation of ‘special

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1 After the 2012 presidential election, more than 100,000 Americans, across 20 states, petitioned the White House to allow their states to secede from the Union (BBC, 12 November 2012).
2 To be precise, the Welsh Assembly, Northern Ireland Assembly, and Scottish Parliament are ‘devolved government’, which the UK central government has prescribed certain powers, so that they can make decisions for their own areas (Nidirect).
municipalities’. In 2010, Taiwan set up four new special municipalities. By 2014, it aims to have created a total of six special municipalities comprising 70 per cent of the total population. This raises the question of why Taiwan has established these special municipalities. Is it reasonable that two-thirds of a country’s population lives in a special municipality area? Considering the designated purpose of special municipalities, it is unreasonable in terms of Taiwan local government reform. However, if it is possible to empower local government with both a special position and autonomy, then, the special municipality could be redefined. This article will analyze local government reforms, in Taiwan, and develop a new theory of special municipality, where cities value democracy over special purpose.

2. Local government system and reform, in Taiwan

Between the end of the Chinese civil war in 1949, until 1987, Taiwan experienced an extended period of martial law. After its abolition and in response to the public demand for democracy, in 1994, Taiwan amended the constitution to give people the right to elect their provincial governor and special municipality mayor directly. At that time, there were four tier elections at the local level; hierarchically, there were provincial governor or special municipality mayor elections, county magistrate or city mayor elections, township mayor elections, and village chief elections. Moreover, the first three form an autonomous government while the last position forms a unit.

Taiwan amended the constitution to abolish the provincial governor election in 1997. This was primarily due to the fact that when the people elected their first President directly in 1996, it caused increased tension between the provincial governor and the President and resulted in what was termed the ‘Yeltsin effect’. Therefore, the reduction of the four tier governments, in addition to the central government, nationally, resulted in a significant improvement in governing efficiency.

2.1 Dual system: elected mayor and appointed district chief administrator

The local government system, in Taiwan, is hierarchical and complex. According to article three of the Local Government Act of Taiwan, the local governments are subdivided into the provincial government and special municipalities. The province is subdivided into counties and cities; counties are subdivided into townships and county-administered cities. Special municipalities and cities are subdivided into districts. Townships, county-administered cities, and districts are subdivided into villages. Villages are subdivided into neighbourhoods. It should be noted that only special municipalities, counties, cities, townships, and county-administered cities have local self-governing bodies (termed local autonomy bodies); the provincial government is a branch of the Executive Yuan, while the province itself is not

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3 The term “Yeltsin effect” originated when Boris Yeltsin seized power in the aftermath of a failed coup in the former USSR. He attempted to topple the reform-minded Mikhail Gorbachev and propagated the collapse of the Soviet Union in 1991. (China Post, Nov 30, 2010). Similarly, since Taiwan’s provinces are occupied by more than 90% of its population, this resulted in an increase in tension between the provincial governor and the President.

4 The Provincial Government shall have a Provincial Commission composed of nine members who shall exercise their authorities. A governor shall be appointed from among these specially appointed members, and shall serve concurrently as both the governor and Commission member in the handling of provincial government affairs. The other Commission members shall serve without remuneration, and shall be nominated by the Premier and appointed by the President.
a local self-governing body. Moreover, the district offices of special municipalities and cities are required to have a chief administrator, who is directly appointed by the mayor in accordance with the law. The chief administrator is authorized by the mayor to handle district affairs and supervise subordinates. Similarly, villages are each required to appoint a village chief, who acts under the supervision of the mayor of the township or city, or chief administrator, and is responsible for handling village affairs and performing commissioned tasks. The chief of a village is elected by popular vote for a term of four years and is permitted to run for re-election on one successive occasion only.

Figure 1: Local government system of Taiwan (Source: Local Government Act)

From Figure 1, it is clear that the special municipality, the county, the city, the township, and the county-administered city are local self-governing bodies, whose offices are elected by the people; the other offices are appointed by higher authority. Only the special municipality, the county, the city, the township, and the county-administered city have their own political powers. In fact, the level of the county is comparable to the special municipality in terms of its autonomy.

2.2 Local government reform: one original and five new special municipalities

Taiwan amended the Local Government Act in 2009 by giving its central government more power to reform local authorities. Subsequently, and in addition to the original special municipality, Taipei, four new special municipalities were established on 25 December 2010. These four new special municipalities were established in two ways: (1) a county or city was independently transformed into a special municipality, (2) two or three counties or cities were merged into a special municipality. Consequently, Taipei County was transformed into New Taipei City, and through the latter route, Taichung City and Taichung County merged to become Greater Taichung City, Tainan City and Tainan County merged to become Greater Tainan City, and Kaohsiung City and Kaohsiung County merged to become Greater Kaohsiung City.

Although Kaohsiung City had already become a special municipality in 1979, the limits of
Kaohsiung City subsequently expanded throughout all of Kaohsiung County. Consequently, Great Kaohsiung City became legally eligible to be considered a new special municipality; the mayor is currently serving their first term in office, compared with the fifth term currently being served by the mayor of Taipei City.

Moreover, Taoyuan County received approval to become a special municipality by central government in November 2012. The overall plan is to establish six special municipalities in Taiwan by 25 December 2014.

2.3 Taiwan special municipality is a particular case: Methodology

There are two approaches to undertaking a case study: the cross-case (Intercase) method, and the within-case (Intracase) method (Gerring, 2007:1). This paper employs a multi-level comparative method. It compares the most developed countries’ special municipalities and classifies them into three different types, then employs the within-case method to analyze the local government reform of Taiwan.

The optimum method for analysing local government in Taiwan is the within-case (Intracase) method. This method analyses the “causal inference by which researchers test hypotheses in the light of multiple features of their cases” (Mahoney, 2007). However, before continuing, Taiwan’s choice as the object of this case study will be explained.

There are several reasons for choosing Taiwan. First, around 70 per cent of the national population lives in special municipalities. Second, it has the highest density of special municipalities, compared with other countries. Third, Taiwan has minority protection measures in special municipalities, which are rarely seen in other countries. Fourth, local theory cannot explain Taiwan’s local government reform completely, as there are notable exceptions to Dillon’s rule or home rule theory.

2.4 Local government theory review

Local government theories attempt to explain the foundation of establishing local government and the relation between central and local government. Traditional local government theories concur that governance through local government is necessary to deal with local affairs due to their diversity. Based upon the traditional theory, local governments are branches of the central government and are required to follow the instruction of the central government. For efficiency reasons, the head of the local government should be appointed by the central government. However, in the light of democratic progress, it has become customary to empower the people to manage their local affairs and appoint their own leaders. Hence, new local government theories believe that this provides local government constitutional positions with greater autonomy; even empowering the local self-government results in opposition to the central government.

A famous traditional local government theory is Dillon’s rule, as authored by Iowa Supreme Court Judge John F. Dillon, in the US. This rule characterizes local government as state minions. In the case of Breza vs. the City of Minnetrista, the “municipalities possess only

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5 Case study is “the detailed examination of an aspect of a historical episode to develop or test historical explanations that may be generalized to other events” (George and Bennett, 2005:5).
those powers that are conferred by statute or implied as necessary to carry out legislatively conferred powers” (2006). From this point of view, the power of the local government is restricted.

Another different perspective theory is the new local government theory. This evolved from the Home Rule theory, whereby municipalities are free to choose their own form of municipal government. Home Rule categorises the shift in state power to a local self-governing government which is empowered to resolve local problems independent of the state legislature (Krane, 2000; Nicoloisi and Associates, 2008). Hence, the Home Rule theory concerns how to empower local governments and give them autonomy.

In fact, the US Constitution does not construct the local governments itself because the Constitution only distributes power between the federal government and the state. As Bluestein (2006) cited from the U.S. Supreme Court case of Hunter v. City of Pittsburgh, “Local governments are created by states and have no inherent rights either to their existence or to any particular grant of authority”. Indeed, in America, some states adopt Dillon’s rule while others adopt Home Rule, depending on the empowerment scope of the state government. From this viewpoint, when considering Taiwan’s central government, they could transfer more power to local government level whereas the central government could withdraw power from local governments; such a case will result in different policies arising when central government decides the aim of the local government. In short, if the central government requests a particular goal from the local government, Dillon’s rule is better suited for local government; however, if the aim of central government is to provide citizens with the right to manage their own matters, then Home Rule is better for the local government.

2.5 Most developed countries’ special position cities

The most powerful economic quasi-international organization is the G20. According to its statistics, G20 members represent almost 90 per cent of the global GDP, 80 per cent of international global-trade, two-thirds of the world's population lives in G20 member countries, and 84 per cent of all fossil fuel emissions are produced by G20 countries.¹⁶ Hence, this paper employs the members of the G20 as cross-case examples in order to compare their cities.

Table 1: The special position cities in most developed countries (Source: author)

<table>
<thead>
<tr>
<th>State</th>
<th>City</th>
<th>Position</th>
</tr>
</thead>
<tbody>
<tr>
<td>Argentina</td>
<td>Buenos Aires</td>
<td>Capital</td>
</tr>
<tr>
<td>Australia</td>
<td>Canberra (Australian Capital Territory)</td>
<td>Capital</td>
</tr>
<tr>
<td>Brazil</td>
<td>Brasilia</td>
<td>Capital</td>
</tr>
</tbody>
</table>

¹⁶ The G20 was formally established in September 1999 when finance ministers and central bank governors of seven major industrial countries (Canada, France, Germany, Italy, Japan, the United Kingdom and the United States) met in Washington, in the aftermath of the financial crisis of 1997-1998, which revealed vulnerabilities in the international financial system in the context of economic globalization and showed that key developing countries were insufficiently involved in discussions and decisions concerning global economic issues. Source: http://www.g20.org/docs/about/about_G20.html.
<table>
<thead>
<tr>
<th>Country</th>
<th>City</th>
<th>City Type</th>
</tr>
</thead>
<tbody>
<tr>
<td>Canada</td>
<td>Ottawa</td>
<td>Capital</td>
</tr>
<tr>
<td>China</td>
<td>Beijing</td>
<td>Capital</td>
</tr>
<tr>
<td></td>
<td>Tianjin</td>
<td>Economic</td>
</tr>
<tr>
<td></td>
<td>Shanghai</td>
<td>Economic</td>
</tr>
<tr>
<td></td>
<td>Chongqing</td>
<td>Economic</td>
</tr>
<tr>
<td>France</td>
<td>Paris</td>
<td>Capital</td>
</tr>
<tr>
<td>Germany</td>
<td>Berlin</td>
<td>Capital</td>
</tr>
<tr>
<td>India</td>
<td>New Delhi</td>
<td>Capital</td>
</tr>
<tr>
<td>Indonesia</td>
<td>Jakarta</td>
<td>Capital</td>
</tr>
<tr>
<td>Italy</td>
<td>Rome</td>
<td>Capital</td>
</tr>
<tr>
<td>Japan</td>
<td>Tokyo</td>
<td>Capital</td>
</tr>
<tr>
<td>Republic of Korea (South Korea)</td>
<td>Seoul</td>
<td>Capital</td>
</tr>
<tr>
<td></td>
<td>Sejong</td>
<td>Executive Capital</td>
</tr>
<tr>
<td>Mexico</td>
<td>Mexico City</td>
<td>Capital</td>
</tr>
<tr>
<td>Russia</td>
<td>Moscow</td>
<td>Capital</td>
</tr>
<tr>
<td></td>
<td>St. Petersburg</td>
<td>Military</td>
</tr>
<tr>
<td>Saudi Arabia</td>
<td>Riyadh</td>
<td>Capital</td>
</tr>
<tr>
<td>South Africa</td>
<td>Tshwane</td>
<td>Executive Capital</td>
</tr>
<tr>
<td></td>
<td>Cape Town</td>
<td>Legislative Capital</td>
</tr>
<tr>
<td></td>
<td>Bloemfontein</td>
<td>Judicial Capital</td>
</tr>
<tr>
<td>Turkey</td>
<td>Ankara</td>
<td>Capital</td>
</tr>
<tr>
<td>United Kingdom</td>
<td>London</td>
<td>Capital</td>
</tr>
<tr>
<td>United States of America</td>
<td>Washington, DC</td>
<td>Capital</td>
</tr>
</tbody>
</table>

Table 1 shows that some countries’ capital is not their biggest city, for example in Australia,
Brazil, Canada, India, and the US. Additionally, for balanced regional development, some countries have moved or plan to move their capital.\(^7\) Hence, the state would establish the capital or special municipality as a special purpose rather than its biggest city.

3. Features of local government reform in Taiwan

In 2010, there were five special municipalities, with an additional municipality planned by 2014. This represents a new era of local government development in Taiwan. All six of these mayors will have strong political influence because each of them was directly voted into office by approximately two million people.

3.1 Review of the standard of establishing a special municipality

A review of the history of establishing special municipalities, in Taiwan, highlights that there was only one special municipality, Taipei City, in 1967. The second special municipality, Kaohsiung City, was established in 1979. In line with national democratic progress, the local governments have gained more political and financial power to influence the transition of central and local relations from a ‘command relationship’ to a ‘cooperative relationship’. It also encouraged every county to aspire to attain the status of special municipality. When Tseng-chang Su, the current chairperson of the Democratic Progress Party and former Taipei County magistrate, ran for election as Taipei County magistrate in 1997, one of his main manifestos promoted the transition of Taipei County into a special municipality.

According to article four of the Local Government Act, the criteria for establishing a special municipality requires that the region has a population exceeding one million two hundred fifty thousand (1,250,000) and has special requirements in their political, economic, cultural, and metropolitan development.

Further analysis shows that the population standard is objective and the standard of special requirements in their political, economic, cultural, and metropolitan development is subjective, and decided by the central government. Moreover, two points should be noted. First, according to article two of the Special Municipality Autonomy Act 1994, which was superseded by the Local Government Act, an additional clause was added requiring a regional population of at least 1,500,000; the other population standard remained the same. Second, the population of Taipei County complies with both parts of the act; this explains why Taipei County only changed into a special municipality in 2010. Obviously, the key reason is the objective standard, namely that central government changes policy.

3.2 Imbalanced spreading of the population

By 2014, there will be an imbalanced population spread across the six special municipalities. Their combined population will be 16,000,608 (Table 2), which accounts for 68.55 per cent of the total population of Taiwan. Moreover, the setting up of a new special municipality will increase the population imbalance problem. When a county transforms into a special municipality, it will obtain more resources, such as financial income, grants and

\(^7\) Three countries have moved their capitals: (1) Turkey from Istanbul to Ankara (1923); (2) India from Delhi to New Delhi (1947); (3) Brazil from Rio de Janeiro to Brasilia (1961).
centrally-funded tax revenues. The increase in available resources should lead to improvements in local infrastructure and welfare. Improved infrastructural development and social welfare has always attracted people to migrate to these areas. Hence, the establishment of more special municipalities will result in an increase in the imbalanced populations.

Table 2: The basic data of six special municipalities in Taiwan

<table>
<thead>
<tr>
<th>Special municipality</th>
<th>Population</th>
<th>Land area (Square Kilometers)</th>
<th>Population density (Population/SK)</th>
<th>District (Mountain township changed to district)</th>
</tr>
</thead>
<tbody>
<tr>
<td>New Taipei City</td>
<td>3942202</td>
<td>2052.6</td>
<td>1920.62</td>
<td>29(1)</td>
</tr>
<tr>
<td>Taipei City</td>
<td>2676128</td>
<td>271.8</td>
<td>9845.96</td>
<td>12(0)</td>
</tr>
<tr>
<td>Taichung City</td>
<td>2688216</td>
<td>2214.90</td>
<td>1213.70</td>
<td>29(1)</td>
</tr>
<tr>
<td>Tainan City</td>
<td>1882118</td>
<td>2191.65</td>
<td>858.77</td>
<td>37(0)</td>
</tr>
<tr>
<td>Kaohsiung City</td>
<td>2779096</td>
<td>2947.62</td>
<td>942.83</td>
<td>38(3)</td>
</tr>
<tr>
<td>Taoyuan County</td>
<td>2032848</td>
<td>1220.95</td>
<td>1664.97</td>
<td>13(1)</td>
</tr>
<tr>
<td>Total</td>
<td>16000608</td>
<td>10899.52</td>
<td>1468.01</td>
<td>158(6)</td>
</tr>
<tr>
<td>National</td>
<td>23328602</td>
<td>36192.82</td>
<td>644.56</td>
<td>368(30)</td>
</tr>
</tbody>
</table>

Note: (1) Taiwan central government approved Taoyuan County to become a special municipality, which will be adopted on 25 December 2014. (2) According to the population dates from the Department of Household Registration of the Ministry of Interior on 1 March 2013. The population will increase, if residents of Taipei who have registered households in southern Taiwan are considered. (Source: Monthly Bulletin of Interior Statistics, Ministry of Interior of Taiwan)

This imbalanced expansion will propagate many new problems, such as housing demands, refuge collection, transportation, and increases in crime. In particular, the housing demand and transportation problems are closely interconnected. As people move from rural to urban areas, the increase in housing demand will further raise house prices. Increased housing prices in city centres will drive populations into satellite cities, which will lead to an increase demand for rapid transportation, such as railways or underground facilities to handle.

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8 In fact, the ‘centrally-funded tax revenues’ are one of the major reasons for transforming into a special municipality. There are two types of centrally-funded tax revenues: one is the ‘general centrally-funded tax revenues’, 94% of totality; another 6% of totality is the ‘special centrally-funded tax revenues’, which shall be distributed to local governments in the event of emergencies or catastrophes. According to the Regulations for Allocation of Centrally-Funded Tax Revenues, revised before 2009, the amount allocated to each level of local government from the general centrally-funded tax revenues is 43% allocated to the municipalities, 39% allocated to the counties (cities), 12% allocated to the townships, and 6% for special centrally-funded tax revenues. It means only Taipei City and Kaohsiung City occupied 43% of general centrally-funded tax revenues until 2010. It also encourages a county to change into special municipality.
increased commuter traffic. Moreover, the new routes or stations along the underground network will raise house prices in the satellite cities further; the higher house prices will continue to drive people even further afield. The presence of many satellite cities and a core city will lead to the creation of a metropolitan region.

3.3 Taipei metropolitan region includes three special municipalities and a city

Most definitions of metropolitan region cite population as the main standard. William H. Frey of Brookings Institution, Ruth Lupton and Anne Power of London School of Economics, and Tsu-yu Liu and Da-chi Liao of National Sun Yat-sen University all subscribe to this definition.9 The United States Census Bureau provided an early definition of a Metropolitan region based on population; according to the bureau, the minimum population requirement of a Metropolitan region was 100,000 in the 1910 census. Following the 1930 and 1940 censuses, the minimum population requirement decreased to 50,000.10

In addition to the population, another general concept used to define a Metropolitan region is that of an area containing a large population nucleus and adjacent communities that have a high degree of integration with that nucleus (Office of Management and Budget, 2010). Moreover, the integration is related to economic, social and transportation fields.11 In short, a Metropolitan region might be described as a conception of common habitation zones or communities, each of which is cross-boundary.

In northern Taiwan, many commuters travel daily into Taipei City from New Taipei City, Taoyuan County or Keelung City. Therefore the Taipei Metropolitan region or Greater Taipei habitation zones comprise of Taipei City, New Taipei City, Taoyuan County (post 2014), and Keelung City (considered equivalent to a County), while Taipei city comprises the core city with New Taipei City and Taoyuan County as its satellite cities.

However, the question of whether it is appropriate for a metropolitan region to consist of two or more special municipalities depends on the definition of, and main purpose for establishing, the special municipality.

Additionally, there are many cross-boundary issues which need to be managed in the Greater Taipei habitation zones by the government. However, it is less efficient to deal with cross-boundary affairs by two or three special municipalities, particularly when different political parties and mayors are involved.

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3.4 New special municipality which includes indigenous districts

It is necessary to discuss further the internal situation of these new special municipalities based on the conception of a Metropolitan region. There are indigenous districts (mountain townships) within these new special municipalities, such as Wulai district in New Taipei City, Fu-Hsing district in Taoyuan City, and Heping district in Taichung City. Kaohsiung City has three indigenous districts, including Namasia, Tauyuan, and Maolin district. The features of these districts are that they are highly mountainous and vast which make them inconvenient in transportation terms. In the case of Wulai district, the population density (per/km2) was 18 in September 2012, compared to 240,066 in the Banqiao district, the biggest district in New Taipei City (DBAS, 2012). Hence, there is a need for administrative division adjustment to handle such uneven population densities within the special municipalities.

Furthermore, these indigenous districts have special positions because of their predominantly indigenous residents. Before these special municipalities change their institutions, the mayors of the indigenous townships will need to originate from within the indigenous mountain populations. Even though the centres are special municipalities now, the district chief administrator of the special municipality (which is viewed at the same level as a township) will be required to originate from the plain-land indigenous population. Additionally, if these habitations were mountain indigenous townships prior to their transformation, then the newly elected councilors will need to have been elected by the indigenous mountain population. It should be noted that these laws protecting the indigenous populations were passed in 2010, after the Executive Yuan approved the application of the new special municipalities. Before 2010, there was no such law empowering the indigenous populations within these regions because Taipei City and the original city of Kaohsiung lacked any indigenous districts.

Since there were no original indigenous districts within these cities, the original Local Government Act did not afford protection to the indigenous mountain populations. Some new special municipalities introduced indigenous districts following the introduction of the local government reforms in 2010. Central government amended the Local Government Act to ensure that every indigenous district had at least one special municipality councilor.

Hence, the position of the special municipality appears to have transformed from ‘special-purpose’ to ‘autonomy’ since its establishment, and has introduced the practice of ‘consensus democracy’.

3.5 Townships elections become invalidated: Anti-decentralism

By discontinuing the township elections, anti-decentralization is observable when a county changes into a special municipality. According to the current local government system in Taiwan, counties are subdivided into townships and county-administered cities and townships or cities and require township or city councils and mayors, which are the legislative and administrative bodies, respectively. Correspondingly, special municipalities are subdivided into districts, where each districts requires district chief administrators. Consequently, when a county changes into a special municipality, there are no longer elected township councils and mayors and all political power is centralized in the hands of the mayor.

This creates an apparent equilibrium centralization and decentralization in the development
history of local government in Taiwan. Traditionally, Taiwan did not give local government sufficient power for autonomous rule between 1949 and 1987. After the abolition of martial law, Taiwan began to empower the local government from 1994 onwards, through continual amendments to the Local Government Act. This led to the establishment of new special municipalities and the cessation of the county township elections, following their transformation into municipalities, in 2010.

Furthermore, these changes resulted in the merging of local autonomous governments at three levels (the province, county, and the township), dating back to 1994, into one level (the special municipality) in the larger counties, such as Taipei County or Kaohsiung County, in 2010. It also demonstrated that central government moved towards decentralization, while the local government approached centralization, where all power became centralized upon the mayor.

Therefore, the local government reforms in Taiwan represent an unusual case. While local government reform has stopped the township elections\(^{12}\) and changed to the appointment of district offices, it seems to have progressed towards Dillon's rule. However, by considering the changes designed to protect the indigenous districts, there has been a shift toward Home Rule.

Based on Home Rule alone, it seems possible to elect district officers within special municipalities. Taiwan appears to have revised the local government system to give their population the right to elect their district mayor and councils. After reviewing several special municipalities globally, it is clear that district officers could be elected in special municipalities. Taking the example of London, the GLA was created under the Labour government on 3 July 2000.\(^{13}\) Besides the appointment of the role of Mayor and Assembly of London, 33 London boroughs including the City of London Corporation, were created, each of which were given second tier autonomy. In the case of Croydon council, the borough with the biggest population, the people elect 70 councilors from 24 electoral wards every four years. The councilors elect the Mayor of Croydon annually. Tokyo, Paris, Berlin, and Seoul also have elected district officers, although their autonomous powers differ.

4. Two types of special municipality

In order to explain why Taiwan established four new special municipalities, and plans to create another, this paper classifies special municipalities globally into special-purpose municipalities and special-autonomous municipalities.

4.1 Type 1: Special-purpose municipality

In most states, their special municipality is attributable to their aim of special-purpose. This paper classifies three sub-types of special-purpose municipality based on G20 special cities (Table 1).

The first sub-type may arise, where a special municipality is a national capital, such as

\(^{12}\) Like Chia-Nan Yeh and I-hsing Liao in their article, “The empirical research of electing a chief administrator of a district”, implies that the district officer should be elected by the people.

\(^{13}\) The Labour Party manifesto for the 2005 general election promised to review the powers of the Mayor and Assembly and, following consultation, a Policy Statement was issued in July 2006 (House of Commons,2006:3).
London in the UK, Washington in the US, Tokyo in Japan, and Beijing in China. In the particular case of the Electoral College system in the US, this explains Washington’s special position, since it is in a capital position as a special-purpose municipality. Moreover, the states could move their capital as part of a special purpose, such as in Turkey, India, Brazil, and South Korea. More interestingly, the national capital is not limited to one city; the national capital could be ‘multi-capital’ such as South Africa, where has an Executive Capital, a Legislative Capital, and a Judicial Capital. There are two main special purposes why South Africa employs three capitals. The first special purpose may balance different area’s development as South Africa is the 25th largest country in the world. The second special purpose may facilitate the consensus among multi-ethnic groups as South Africa has diverse ethnic groups and languages.

The second sub-type may arise where a special municipality is based on economic centres, such as cities like Shanghai or Chongqing in China. Moreover, this economic perspective explains why Brazil moved its capital from Rio de Janeiro to Brasilia. In response to the global economic crisis, the UK government introduced the ‘City Deals Policy’ to transform more autonomous power to the core cities, including Bristol, Birmingham, Manchester, Leeds, Liverpool, Newcastle, Nottingham, and Sheffield. These core cities have responsibility to facilitate economic growth and decrease the unemployment. In terms of economic purpose, a different core city might have different types of local authority; for example Bristol employs the direct elected Mayor System rather than traditional Council System.

The third sub-type may arise due to military purposes, for example St. Petersburg in Russia, Sevastopol in Ukraine and Karachi in Pakistan. The last case was carried out in order to exercise greater control over the Kashmir region.

Beside the special-purpose municipality\(^\text{14}\), another aim contributing to the transformation is related to ‘autonomy’ of the resulting municipality, which creates a new type of special municipality, in the case of Taiwan.

4.2 Transformation from ‘special-purpose municipality’ to ‘special-autonomous municipality’ in Taiwan

Since the standard of establishing a special municipality was never amended from the Local Government Act, it might have arisen due to changes in policy and ideology of the central government in order to adopt different procedures for applying subjective legal standards.

A review of the history of establishing special municipalities in Taiwan highlights that the first special municipality, Taipei City, was set up on 1 July 1967, due principally to its unique capital position. On 1 July 1979, Kaohsiung City became the second special municipality, in a move which facilitated the development of Southern Taiwan. In fact, Kaohsiung harbour was a principal shipping transportation centre for Asia, so its ‘special-purpose’ was clearly apparent.

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\(^{14}\) In America, the U.S. Census Bureau (2002) classifies local governments into five categories: county, municipality, township, special district, and school district. These five types of local government could divide two kinds of local government. One is general purpose government, like county, municipality, township; another is special purpose government, like school district and special district (fire, health, transit etc.). From the special purpose government, this paper uses ‘special-purpose municipality’ to describe the special aim of establishing special municipalities by nation.
First, following these two initial transformations, the mayors changed from being elected to being appointed. It should be noted that though there were county and city mayor elections from 1950, the initial special municipality mayor election was not held until 1994. Before 1994, the special municipality mayor was appointed by the central government, and had to follow instructions from the central government because they could be replaced at any time. Second, Taipei county and Taichung City (county level) attempted the transformation into a special municipality between 1995 and 2010 but failed due to their lack of “special-purpose” (termed ‘special requirements’ in the Local Government Act).

Taipei County was eventually successfully transformed into New Taipei City, despite there not being a significant fundamental difference with the former Taipei County, which comprised the same territory and almost the same population. Another particular case is Tainan City, where a big dispute arose over the review panel from the Ministry of the Interior, when considering their application. The panel could not clearly decide and submit their opinion of the advantages and disadvantages of the change to the Executive Yuan. The Executive Yuan finally decided to merge Tainan County with Tainan City to form Greater Tainan City as a new special municipality. The main reason behind their acceptance was that Tainan City had an important historical and cultural significance, rather than having a special-purpose or requirement. It is obvious that there are variations in the policy ideology for determining the requirements of a special municipality.

When President Ma ran for election in 2008, his proposal policy for local government reform called for the creation of ‘three special cities and fifty counties’. This scheme envisaged the merging of Taipei City, Taipei County, and Keelung City into Greater Taipei City, the merging of Taichung City and Taichung County into Greater Taichung City, and the merging of Kaohsiung City and Kaohsiung County into Greater Kaohsiung City. At that time, Greater Taipei City was referred to as a special municipality. Nevertheless, after considering the will of Taipei City, along with political pressure from Taipei County, and the achieving of the manifesto of President Ma, the central government developed newer explanations which comprised the ‘three special cities’. When Cabinet approved the establishment of the new special municipalities, which included Tainan City, the Executive Yuan said that the ‘three special cities’ were a concept of common living zones, which is not a traditional concept of a special municipality; instead, there may be several special municipalities within a single common living zone (Executive Yuan, 2009). Thus, it is clear that the central government policy for special municipality has changed into a new ideology for special municipalities.

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15 The review panel approved the applications submitted by Taipei County, Taichung City and Taichung County, and Kaohsiung City and Kaohsiung County on 23 June 2009, while rejecting those from Taoyuan County, Changhua County, and Yunlin County and Chiayi County; moreover, Premier Liu said that the approval of Tainan City was based upon the premise that Tainan has been an important historic and cultural landmark for Taiwan. (China Post, 30 June 2009). Three years later, Taoyuan County was approved to become a special municipality.

16 The Executive Yuan use of the ‘common living zones’ instead of metropolitan regions is considered deceptive. The Cabinet is attempting to make ‘common living zones’ different from ‘metropolitan regions’ whereas they are the essentially equivalent. According to the Local government Act, one of the standards for establishing a special municipality is ‘metropolitan developments’. Hence, the review panel of the Ministry of the Interior used the concept of a core city and satellite city to apply the standard of ‘metropolitan developments’. For instance, the panel envisaged Banqiao City (county-administered city) as a core city and the other county-administered neighbouring cities as satellite cities, such as Sanchong City, Luzhou City, Zhonghe City, and Xindian City. In fact, Luzhou City and Xindian City are not linked with Banqiao City; Luzhou City is linked with Sanchong City; Sanchong City like Banqiao City has many residents who work in Taipei City; the same situation occurs between Banqiao City and Xindian City.
which could be called a ‘special-autonomy municipality’.

4.3 Type 2: Special-autonomous municipality

From the case study in Taiwan, an alternative municipality could be envisaged, namely the special-autonomous municipality. The special-autonomous municipality could exist between the efficiency and democracy consideration, thereby creating equilibrium between Dillon’s rule and Home Rule.

Figure 2: Special-Autonomy Concept (Source: authors)

The special-autonomous municipality is still based upon the framework of the special municipality, however, it could be more democratic and localist. The process behind making a special municipality more democratic involves several steps. First, the residents could elect their second tier local self-governing bodies, such as the district offices in Taiwan or the various boroughs in the case of London. Second, the second tier local self-governing body could completely own both the financial and legislative power required to deal with local affairs. Without such financial power, the local self-governing body is not completely autonomous. In the case of London, residents elect their borough councils; however, the borough revenue is comprised from 85 per cent of the contribution from central government grants and 15 per cent from taxpayers.

Nowadays, an increasing number of people have moved from suburban to urban areas in advanced countries, and prompted the local authorities to take greater control over the management of public affairs. This increase in public affairs needs to be managed by equipping the local governments with more extensive powers. For instance, London set up the GLA in 2000 and Bristol residents voted for their first directly-elected mayor on 15 November 2012. For a special municipality, or big city, it is increasingly necessary to give government stronger powers to deal with their own public affairs.

However, no matter whether the bodies are based upon special-purpose or extensive public affairs, the concepts of strong local government seem to contradict localism. From a democratic perspective, localism is a good way to increase the capacity and quality of

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17 Most Taiwan academics, who support district authorities elected by people, like to mention the London model. Tsu-yu Liu and Da-chi Liao in “A Cross-Country Comparative Study on Democratic Governance in Metropolitan Cities” said that the local government in Taiwan lack the idea of democratic governance, and only consider efficient management. Moreover, Yung-mau Chao and Hoping Wang use the “democracy deficit” idea to criticize the central government withdrawal of autonomous power from 108 townships.

18 The author conducted an interview with the London Assembly and City of London Corporation on 6 November 2012. The interviewees indicated that the GLA only gave borough grants based on certain projects, which were designed by the GLA; 85% of the borough’s revenue was from central government and 15% borough revenue was from council tax.
democracy. Hence, the UK parliament passed the *Localism Act* to shift power from central government back to the people in 2011. The *Localism Act 2011* propels decentralisation by pushing away from the government towards a big society (DCLG, 2010:2). This passing of power to local government appears more anti-democratic or anti-localist.

Another example of this is the Police and Crime Commissioners (PCC) elections (as a replacement for the Metropolitan Police Authority) held across England and Wales on 15 November 2012; however, London was not included in these elections. In fact, the *Police Reform and Social Responsibility Act 2011* was designed by two institutions to reform the police system: one area controls the police outside London (Chapter one of the Act), for which the regional PCC is to be elected; the other area controls the metropolitan police district (Chapter two of the Act), called the ‘Mayor’s Office for Policing and Crime’, and is directly headed by the Mayor. It also occupies a special position within a special municipality that is less localized and has increased government power.

In short, traditionally, the special municipality is widely regarded as a special-purpose (special requirement) government. However, urbanization has become main stream in the twenty first century, which will affect increasing numbers of big cities as people migrate from rural to urban centres. Along with enhancing local government power, it is necessary to empower the residents participating in their local affairs and to enrich the culture diversity. The special municipality should be regarded as a special-autonomous government, which is a new style of local government that is both localized and multicultural.

A more detailed discussion is required into how to design a special-autonomous municipality. This paper has attempted to propose a draft plan for such a special-autonomous municipality, based on the new local government institution for special municipalities in Taiwan; however the Taiwan case needs some modification, for two reasons. First, the district offices are elected by residents, and second, because one-third of district revenue comes from central government, the special municipality, and council tax respectively, and aims to create a balance between efficiency and democracy.

### 5. Conclusion

Unlike traditional local government literature, this paper focuses on the special municipality and applies both Dillon’s rule and Home Rule.

Through using these theories to examine local government reform in Taiwan, two types of special municipalities have been classified: ‘special-purpose municipality’ and ‘special-autonomous municipality’ (coined by the authors). Special-purpose municipalities are more related to traditional special municipalities and based upon special requirements of capital, economic or military origin and require enforcement through strong government to remain efficient.

In contrast, special-autonomous municipalities have both advantages in terms of efficiency and democracy. When facing the global economic crisis, the empowering of cities economically is a good strategy, such as the “city deals” in the UK or in Chongqing, China. Hence, local government power increases in strength, particularly in special municipalities. This also raises the question of how cultural diversity and deepening democracy within this
urban growth trend might be maintained. The special-autonomous municipality could be a suitable answer.

References


