



## Analyzing the Informal Institutional Restraint in Government Behavior

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### Abstract

The most important factor of government behavior is the conduct of government functionary. It fully demonstrates the law enforcement and personnel management by the officeholders. The ultimate aim of the government reform is to maximize the operating efficiency at the smallest economic cost. A systematic structure is to be set up by re-combing and integrating government management, adjusting and clarifying the rights and responsibilities of decision-making, implementation and supervision, enabling the overall government behavior to run more scientifically and reasonably. However, the most important is the behavior problems of the government officeholders and their distorted acts can be seen in every government throughout history. There are many reasons for this: government departments in pursuit of their invisible income; emotional factors of likes or dislikes in decision-making process; the drive by economic interests; the negative effect of traditional culture. Formal system can not completely eliminate the distorted acts of government functionary. Informal system can effectively constrain their acts. The administrative culture belongs to the informal system. Constructing the cultural environment is a systematic way to regulate the government behavior.

**Keywords:** Acts of the government functionary, Formal system, Informal system

### 1. The conduct of government functionary

Government behavior, which is actually political, is the direct and dynamic exhibition of political relationship. It is social activities that people have to gain or realize the profits on the basis of given interests. The ultimate aim of the government reform is to use the smallest economic cost to maximize the operating efficiency. The recombination and integration of government management, the adjustment and clarity of the rights and responsibilities of decision-making, implementation and supervision undoubtedly aim at constructing a systematic framework to enable the overall government behavior to run more scientifically and reasonably. What really counts is the problem concerning government functionary' conduct.

The reason why government is organized is that people need constraint, which is the premise that rationality and justice are adopted by human beings to deal with their affairs. Meanwhile, people organize government for the need of public items. They hope government can provide inexpensive public goods and public services of high quality. The realization of people's rights or benefits has the feature of group wisdom. People have found that through rational calculation it is very economic if an organization is endowed with power or right to realize the rights of commonness. Thus government emerges as the times require. Therefore, the first and most important duty of the government is to provide public goods. Rule by people can be carried out provided that people are of goodness; rule by law can be implemented on condition that people are vicious. From the perspective of human nature, if people were angels, government had not been required. If the people who are in government were angels, government did not need any exterior or interior control. The duality of good and vicious nature of people and the changeability under objective conditions make people realize the importance of system. In a sense, the system is a kind of stipulation that advocates virtues and suppresses unrighteousness. As far as the government and its people are concerned, system itself is a double-win constraint. The model of Leviathan government proposed by Hobbes tells that people create a Leviathan, a monster that can make people have a sense of home, to resist all kinds of external risks—the government. But the government of Leviathan has double characters. It is composed of people, and it is operated by people. Therefore, it has half-human and half-beast quality. It can eat people while giving the protection of human beings. So people have a highest ideal or dream that they can cage Leviathan. Although the model of Leviathan government is not applicable to all governments, we still have reasons to say that any government behavior must be bound and regulated.

Since 1960s, the research on government behavior has become hot internationally and domestically. Numerous schools have emerged, such as, public choice theory, new school of economic theory, modern economic development theory, and external market failure theory. These theories mainly study the laws of the conduct of collective choice and government behavior in the eyes of economics. In addition, some scholars from the macro- and micro-levels, the

dimensions of space and time, give an integrated consideration of the issues of government behavior. By studying from different levels and perspectives, we can fully believe that the government is a complex organism which is composed by power, institution, agencies, systems, officials, and so on. The disadvantages and advantages of the organism turn up by its behavior. The most prominent is the conduct of the government functionary, that is, the activities of law enforcement and management of these officeholders.

## **2. Formal system can not completely eliminate the distortion of the government functionary's conduct**

Formal system refers to those rules of behavior that people have designed and created in a conscious way. It usually includes laws, regulations and some formal contracts signed by economic entities. It has played an obvious role in government operation. For example, decision-making is of science and consistency; Policies are stable and democratic; The conduct of functionary is normative and predictable. Such functions have been already proved by social development. However, it is people that control the process and machinery can not give a replacement. The changeability of humanity can make people change their behavior with time and environment. What formal system advocates and restricts is the minimum of the constraints to the lowest level of the officeholders' behavior, while the extended constraint is far beyond what informal system can reach.

The distortion of the government functionary's behavior can occur in any government of any country at any time. And this can show the weak constraint force of formal system.

Firstly, government departments are in pursuit of invisible income. As we know, one of the features of government behavior is non-profit. Government represents public power, so government behavior must be of nonprofit basis, and should not have an independent interest orientation. Once government departments give specific management on economic entities, they will be able to have invisible income. The non-normal economic income will become the soil and conditions for corruption of government functionary. Meanwhile hidden information comes to exist. It makes the informal institutional constraint impossible.

The second lies in that such emotions as likes or dislikes in decision-making process make the constraint by formal system impossible. Decision-making is an important government behavior. Policy formulation should have an open, objective, scientific, and orderly process. The decision-making process may be crammed with likes or dislikes or narrow experience of some leaders. Moreover, some local officials would rather only put the decision-making and their achievements together to seek and show off their political performance than have a scientific and democratic decision-making procedure. Furthermore, there is a long period before the consequence of decision-making full of personal likes and dislikes and it is very difficult to find it in advance. So the formal institutional constraint is hard to produce satisfactory effectiveness.

The third is the drive by economic interests. It is people that constitute government. The assumption of economic man in the Western economic theory is an extremely important prerequisite to make an analysis in economics. This assumption says that man is rational and self-serving. When a person faces a number of different choices in the social activities, he is always instinctually choosing the opportunity that can bring in greater economic interests. Government is composed of people, so various decision-makings are enacted by the people. Policies and measures are implemented by the people too. However, while people need to make decisions, generally speaking, they will seek advantages and avoid disadvantages, or prefer big benefits to small ones. Therefore, even in the course of government activities, people's behavior inevitably has the characteristics of the economic man. Their behavior is actually controlled by the personal cost, that is, the principle of calculating disposable income. In such circumstances, the formal system can constrain the extent of self-serving acts but can not effectively control the deep-seated human desires.

The fourth is the negative effects of traditional culture. Traditional Chinese culture is profound with a long history. Many positive things are still gems. However, some negative elements that have affected people's thoughts and culture have given great influences on the conduct of officeholders. Traditional Chinese culture believes that the authorities are powerful while the ordinary people weak. Under the influence of the notion, the worship of power by common people makes the government authority out of control as unfettered or unbridled wild horses. Thus some government rights have become the hotbed for breeding corruption. In addition, public resources have become the conditions on which rights exist. Government behavior is virtually the process during which rights are performed and public resources are allocated. In the face of the power assigners, majorities of social members obey the government, or yield to the legitimate abuse of violence by their government. The sufferance and hopelessness to the distorted conduct of officeholders show the powerless supervision of formal system in actual operation.

## **3. The informal system can give a more effective constraint over the conduct of the government functionary**

Informal system, also named informal constraints, is a code of conduct formed spontaneously and accepted unconsciously by people in a long communication. It is a part of the culture and generally includes values, code of ethics, morality, customs, ideology and other factors, among which ideology and practice are at the core and have the most influence in the informal system. The informal system is the unwritten limit against the people behavior. It is a concept opposite to that of formal system of laws and regulations, and so on. The informal system has the following

characteristics. First, it is spontaneous. Informal system has formed with the accumulation of customs and cultural descendibility. It is not the result of rational design or arrangements. People abide by some informal system out of habits. Second, it is not compelling. The changes and implementation of the informal system do not depend on force or compulsion but on the people's internal consciousness and conscientiousness. Third, it is extensive. The informal system has infiltrated into all spheres of social life and regulated most space of people's behavior. Its functional range is more extensive than that of the formal system. Fourth, it is sustainable. Once an informal system forms, it will continue for quite a long time. It has very slow vicissitude. Even if the formal system has been completely changed, some genes of the informal system will be inherited and continue to work.

Generally speaking, the basic functions of the informal system are mainly in the following aspects. First is the function of cohesion. Informal system has formed due to long exchanges of certain people within the geographical scope. These customs, cultural tradition, and ideology lead to the formation of the national cultural psychology, which has strengthened the sense of identity among the members of the society and played a role of social cohesion. The second is the incentive function. Informal system contains certain social value orientation and criteria of behavior evaluation, which regulate the basic norms concerning what the people should do or not do. Therefore, certain informal system always contains incentive function. It does not only inspire people to make the choice, but also give people the option with tremendous spiritual force. The third is the normative function. The informal system often displays the custom for generations and behavioral practices. Under certain conditions, it has norms to regulate the conduct of social members. Although the regulation does not have national compulsive force, its function can be given a full display in an intangible way because it condenses the reverence of social members for their ancestors, the past phenomenon and experience.

In real government operation, there are sufficient reasons to apply informal system to constrain the conduct of government functionary. First, in the systems that give effect on the conduct of officeholders, the formal system can not give its full play without the informal system. So the informal system is indispensable, and its impact is everlasting. In the eyes of new system economists, the formal system, only after recognized in society, that is, being compatible with the informal system, can exert its function. In 1993 North delivered his speech when he won the Nobel Prize of economics. He said that without informal system, even if the official rules in the successful Western market economic system were moved to the Third World countries, it would not become the full conditions to achieve a good economic performance. Therefore, no matter how good the formal rules are, if far from the native informal rules, they are only useless. At the same time compliance with the informal system is the prerequisite for the implementation of formal system. Any society can not completely rely on the formal system to make compelling governance, as the law can not exist without morality. In addition, the formal and informal systems can be mutually adaptable and harmonious. In other words, certain formal system can fully exert its function only together with the corresponding informal system. We can not simply say that of the formal and informal system which is more effective because only in a specific structure of system we can discuss whether it is more effective. Therefore, the formal system and informal system work jointly in the systems that give impact on the conduct of officeholders. Second, in the systems that influence the government behavior, the informal system is more extensive than the formal system. Historically, before the formal rules were established, it was informal constraint that mainly maintained the relationship of people. Even in modern society, formal rules only cover a little proportion of the total constraint. Most life space of people is controlled by informal constraint. North believes that, "in the modern Western world, daily life and the economic operation are based on normal laws and property rights. However, even in the most developed economy, the informal rules can determine the small part of the total constraint (although it is the most important)". The constraint of informal system is more universal. When we have interactions with others in our daily life, in our families, or in the external community relations, or in commercial activities, our control structure is determined by criterion and code of conduct, social practice or customs. Therefore, the informal system gives more extensive impact on the government behavior. Thirdly, as far as the function of the informal system is concerned, it can reduce the transaction cost to a large extent. Informal system has gradually formed by people in a long communication. People know and recognize it. If every one can abide by it, we can greatly decrease the transaction cost. In a society where people all obey the principles of convention, implementing the contract or trading will become very easy. Otherwise, transaction cost will increase.

#### **4. Creating the environment of the informal system is a realistic way to regulate the conduct of government functionary**

Among the institutional factors of regulating the conduct of officeholders, administrative culture is in the scope of informal system. In present time when the prevalent informal system is exerting its far-reaching influence, it is a positive choice to construct a good administrative and cultural environment in the context of regulating government behavior. Administrative culture is a configuration with some features of administration. Here I mainly refer to a series of administrative philosophy, moral, administrative rules and the environment that have affected or even determined the conduct of the public servants of the state Party and government organs at all levels in the administrative activities. Good administrative culture can constrain the government and the government members and enhance the cohesion and

permanence of the administrative organizations, making administrators consciously abide by the discipline of the organizations and complete the organizational objectives.

In the process of building good administrative cultural environment, traditional Chinese culture has played an obvious role. Chinese current administrative culture has inherited the tradition. History has proved that it is completely impossible for a society to be away from its past. We must inherit the distillate of traditional administrative culture and apply the advanced cultural norms to control the government behavior.

Traditional administrative culture advocates that people take an active part in the society. It stresses “self-edification, family union, state management and national peace”, and “as Heaven’s movement is ever vigorous, so must a gentleman ceaselessly strive along”. And it proposes that to be government officials should be based on morality and capacity. The objective pursued by traditional cultural value does not only encourage to a certain extent, individual struggle to make a success with capacity and performance, but also calls on the unity of individual and society in the benefit of the country and its people. From the micro perspective, the administrative value can enhance the initiative and creativity of the officeholders and promote the realization of personal value. From a macro perspective, it is conducive to the harmonious operation of administrative system to achieve the complete administrative goals.

In traditional administrative culture, some valuable ideas concerning the moral relationship such as virtue and moral cultivation, to be self-restraining in privacy and so on, can be used as important norms to coordinate the administrative relations. The traditional administrative culture, with human relationship as its starting point, family ethics as the standard, attaches importance to the culture and moral quality of the members in the organizations, emphasizes the mutual goodwill among the people, and being a man of honor. The thought reflected in modern government administration is that the administrative staff must regulate their behavior acting on the qualities of man of honor.

In short, Mencius proposing the independent personality that “no money and rank can confuse, no poverty and hardship can shake, and no power and force can suffocate”, the suffering consciousness of being the first to worry about the troubles across the land, the last to enjoy universal happiness, to an official based on morality and quality, considering righteousness when seeing profit, to be self-restraining in privacy and other traditional administrative thoughts have stressed the moral quality, honesty and self-discipline of officeholders. To some extent, they can be used as the ethics of modern administrators.

## 5. Conclusions

In the process of public administration, various government activities are implemented by the government functionary at all levels. No matter how the right of affairs and personnel are arranged, the final efficiency will depend on the results of the staff members. The conduct of government functionary must be constrained to maximize the efficiency as high as possible. People have made the formal system, such as a large number of laws, rules and regulations to guide the conduct of government officials to practice the power scientifically, normally, and rationally. Of the conduct code in Chinese government, the informal system, due to the features of its own, has played a remarkable role. Without the arrangement of compatible informal system, it is far enough to standardize the government behavior by only emphasizing the innovation of the formal system itself.

While stressing the construction of the formal system, more attention should be paid to the building of the informal system. It is a realistic choice to build the service-oriented government of honesty and high efficiency that can make decisions scientifically and democratically, can administrate according to law, can consciously accept supervision from the people, and can seek truth from facts.

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