

# Structure-Concept-Behaviour: The logical attribution of China's institutional reform after reform and opening up

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**Abstract:** *It is evident that institutional reform is pivotal in facilitating the modernisation of the national governance system and enhancing governance capacity. This paper analyses the logic of China's institutional reform following the reform and opening-up. It identifies three phases in the sequential trajectory of change: the streamlining and economic recovery phase, the market and functional transformation phase, and the coordination and structural optimisation phase. Then it attributes three basic logics of China's institutional change to the sequence of these phases: structural logic, conceptual logic, and behavioural logic. The structural logic primarily addresses the genesis of China's administrative ecosystem. It examines the distinctive structural attributes of China's institutional reform in the context of endogenous environmental pressures and external demonstration effects. The conceptual logic delves into the practical manifestations of pivotal political concepts across the three institutional reforms, with a particular focus on the varying reform focal points. Finally, the behavioural logic discusses the formation of the key branching points in China's institutional reforms with the path-dependence law. It also explores behavioural logic, which mainly discusses the formation of key branch points and path-dependence patterns of China's institutional reforms. Additionally, it considers how institutions with institutional resilience can bridge the structural gap between ideals and reality.*

**Keywords:** *Institutional reform; Institutional change; Historical institutionalism*

## 1. Introduction

Since the advent of the state and the establishment of government, the practice of system design and reform has consistently served as an indispensable instrument for the sustenance and revitalisation of governmental operations in all contexts. Throughout different times and historical contexts, government reform has assumed a variety of forms. However, the fundamental objective has remained consistent: to ensure the government's sustained and unwavering vitality in the face of historical change. The core of government reform has consistently focused on the means of sustaining the enduring vitality of government in the context of historical change. In China, government reform is centered on the five-year institutional reform of the State Council. Since the reform and opening up, the course of institutional reform has lasted for more than forty years, with the ninth reform cycle underway. The longer time sequence and the centralized reform arrangement have provided abundant value for the reality of China's governance. At the same time, it has greatly benefited the theoretical evolution and the opening up of a new practice.

At present, academic research on institutional reform primarily focuses on value orientation, resource flow, and organisational synergy as potential entry points. Some scholars<sup>[1]</sup> have elaborated on the micro and macro dynamics of social order transformation and government reform, since the reform and opening up from the perspective of public choice theory. Others<sup>[2]</sup> have deduced the four types of relationships that the government must deal with from the three types of government innovations, namely political reforms, administrative reforms, and public services. Further scholars<sup>[3]</sup> have elaborated on the direction of government reforms, from the transformation of governmental functions and the construction of the relationship of responsibilities. Finally, some scholars<sup>[4]</sup> have chosen to explore the details and implementations of the institutional reforms. Furthermore, scholars have elected to commence their investigations at the level of implementation, to elucidate the functions of township government and the institutional configuration that precipitates derailment. It can be stated that there is no dearth of academic achievements in categorising and summarising the historical experience of institutional reform. However, there is a paucity of studies exploring the institutional motivation of institutional reform from the

perspective of historical institutionalism. Furthermore, only a limited number of the existing literature focuses on reviewing and reflecting on the successive institutional reforms. There has been a dearth of logical analysis of the mixing and convergence of institutional elements since the reform and opening up. However, the macroscopic perspective of historical institutionalism is undoubtedly conducive to transcending the traditional mesoist perspective and exploring institutional reform from the perspective of traditional institutionalism. However, the macroscopic perspective of historical institutionalism is undoubtedly conducive to transcending the traditional mesoscopic perspective. This enables the root causes of institutional changes to be explored, and specific policy realities to be explained from both historical and environmental perspectives. This research paradigm is well suited to the analysis of institutional reforms, as evidenced by the following: historical institutionalism takes the institution in history as the analytical variable. The institution, as a carrier of the formal institution, is not only related to the stability of the institutional structure; it also helps to examine the historical law of diffusion and to grasp the institutional reform through cyclical and gradual adjustments. It elucidates the profound experience behind institutional change through cyclical and gradual adjustments. Thereby achieving the optimisation of the state and society, and the arrangement of internal and external elements. This study is dedicated to investigating the dynamic process of institutional change, from conceptualisation to actualisation within the context of the evolution of the administrative environment, examining the interplay between key elements such as structure, concept, and behaviour. Additionally, it seeks to elucidate the resilience characteristics that an effective institution should possess from a historical perspective.

Historical institutionalism, as a derivative branch of the institutionalist school, situates institutions at the core of the examination of the governance perspective of the state and society. It offers a distinctive perspective that diverges from both the static, normative, and descriptive analyses characteristic of the traditional institutionalist school, and the micro, instrumental, and individualistic perspectives prevalent in the behaviourist school. Rather than beginning with the micro-level, it begins with the macro-level, taking a historical and philosophical approach, to examine the evolution of institutions, the rationality of man, the state, and society. From the perspective of institutions and the underlying motives of institutional change, it analyses the fundamental processes and historical contexts that shape institutions. In the context of historical institutionalism, institutions are understood as formal systems that constitute the governmental structure. They are distinct from the formal and informal disputes over the definition of institutions. Institutions possess a legitimacy basis for the application of the analytical framework of historical institutionalism. Moreover, their longer time spans and significant practical significance align more closely with the analytical scenario of historical institutionalism. This compatibility is particularly evident in the theory of institutional change of historical institutionalism. The theory of institutional change examines the dynamic evolution of a system through the generation of the system, path dependence, and path change. This includes a historical analysis of the system itself, as well as an investigation of the environmental variables that influence change. Additionally, it explores the three primary pathways of institutional construction: the transformation of institutional function, the evolution of the system, and the rupture of the system. This paper will also commence with an investigation of the interaction between institutional change and environmental variables in the context of institutional reform. It will then proceed to explore the underlying logic of institutional reform from the perspective of historical institutionalism, and finally provide insights into potential future reform ideas at the central and local levels. This will be achieved through a forward-looking historical perspective that bridges the system in history and the history in the system.

## **2. Historical development: the trajectory of successive post-reform and opening-up institutional reforms**

The enhancement of a country's capacity to govern tests the use of governmental power and the distribution of institutions. Institutional reform, as a symbolic representation of a government's ability to export institutional resources, is often a powerful tool for countries to remove and improve. Any country has to first and mainly extract resources from society and use them to create and support coercive and administrative organisations. In China's governance scenario, government reform is mainly typified by institutional reform as a cyclical symbol. Looking back at the history of institutional reform for more than 40 years since the reform and opening up, China has carried out a total of nine reforms of the Party and state institutions from 1982 to the present day, which were different in content and focused on different aspects. But undoubtedly all of them were aimed at the enhancement of administrative efficiency and the optimisation of a good government.

Firstly, the two institutional reforms from 1982 and 1988 can be divided into the first phase, that is,

the phase of streamlining and economic recovery. During this phase, China's institutional reforms focused mainly on streamlining the number of institutions and reducing the number of civil servants, to solve the problems of overstaffing, administrative inefficiency, and high administrative costs that had arisen in the course of the transition to a planned economy. During this period, China's Twelfth National Congress put forward the slogan of 'planned economy as the mainstay, market economy as a supplement'. Although the market economy was proposed as an adjunct to the planned economic system, it is not difficult to find that the market economy has been used as a kind of institutional arrangement to enter into the vision of the national macro-control. The scope of China's attention in this period has been shifted from a purely planned distribution to the restoration and development of the national economy. The focus of the 1982 institutional reform was mainly on streamlining institutions and reforming the leadership system, reducing the number of ministries, departments, and offices of the State Council from 100 to 61. It made great achievements in streamlining personnel, abolishing the system of leadership positions, and promoting the rejuvenation of the cadre; While the second reform, initiated in 1988, was a major step forward in streamlining personnel, abolishing the leadership system and promoting the rejuvenation of the cadre. The second institutional reform launched in 1988 also allocated more attention to streamlining the State Council's ministries agencies and personnel, streamlining the departments and establishments. Through the principle of 'three definitions' (set functions, set agencies, set establishments), reducing the State Council's ministries and commissions from 45 to 41, with a reduction of more than 9,000 staff members. This period was the rationalisation of party-government relations began to emerge. During this period, initial measures were taken to rationalise the relationship between the party and the government, and between the government and enterprises, laying the foundation for the cultivation of a market economy at a later stage.

Secondly, the four institutional reforms of 1993, 1998, 2003, and 2008 can be attributed to the second stage. That is the stage of market and functional transformation. During this period, China has formally stepped into the steps of reform and opening up, and the market economy and social management are also in the stage of rapid development and improvement. This period still has the outward attribute of deleting institutions, but the main purpose is to emphasise more on the superstructure to be more adaptable to the requirements of the development of the socialist market economy. The 1993 institutional reform reduced the number of offices directly under the State Council from 86 to 59, emphasising the central task of adapting to the needs of the socialist market economic system and strengthening the macro-control and supervision departments. It also emphasises the social management departments, transforming some of the specialised economic departments into sectoral management organisations or economic entities. Realizing the definition of the important governmental functions of 'separating government and enterprises, macro-control, and micro-disengagement'. The fourth institutional reform in 1998 reduced the number of State Council departments from 40 to 29. It explicitly defined the reform goal as 'establishing an efficient, coordinated and standardised government administrative system, improving the national civil service system, building a high-quality professional administrative team, and gradually establishing a government administrative system with Chinese characteristics adapted to the socialist market economic system'. The fifth institutional reform in 2003 was carried out against the background of the accession to the WTO, and was marked by the Opinions on Deepening the Reform of Administrative System and Institutions adopted by the Second Plenary Session of the 16th Central Committee of the CPC. It emphasised adapting to the needs of the development of a socialist market economy, deepening the reform of the state-owned assets management system. It also emphasises perfecting and improving macro-control systems and the financial supervision system, and combining the concept of service-oriented government with the concept of 'service-oriented government' with idea of 'government of the people'. The sixth government institutional reform in 2008 was marked by the Decision on the Reform Programme of Government Institutions adopted at the First Session of the Eleventh National People's Congress, which put forward the overall goal of the reform as 'to establish a relatively perfect socialist administrative system with Chinese characteristics by 2020'. This institutional reform was the first time that a socialist administrative system with Chinese characteristics was established. This institutional reform put forward for the first time the concept of 'large ministries', and further explored the transformation of government functions and the rationalisation of departmental responsibilities.

Finally, we can categorise the institutional reforms of 2013, 2018, and the latest 2023 as the third phase, the phase of integration and structural optimisation. The seventh government institutional reform in this period was marked by the Programme for Institutional Reform and Functional Transformation of the State Council, which was considered and passed at the Second Plenary Session of the 18th CPC Central Committee in 2013. It set the objective of the reform as transforming the functions of the government, continuing to steadily push forward the institutional reform of the 'large ministry system',

and rationalising the relationship between the government and the market to transform the government into a service-oriented government. The eighth institutional reform focuses more on administrative reform, which is based on the overall situation of economic and social development. It also pushes forward the reform of party, government, military, and group institutions in an integrated manner, highlighting the Party's position as the core of leadership. The upcoming ninth institutional reform will focus on solving the problem of cross-functionality among government departments based on 26 constituent ministries. To solve the problem of dispersed management of major scientific and technological research with large-scale data through the formation of a Ministry of Science, technology, and a national data bureau on financial institutional reform.

In general, the nine institutional reforms since the reform and opening up complement each other, step by step. Through gradual changes and supporting reform measures to achieve the superstructure and the social and economic base of the adaptation, to achieve administrative efficiency and the ability of the country's governance to leap. The nine reforms are linked to their respective historical background, rooted in specific historical soil, and present more distinctive features of the three phases. In analysing the motivation behind the institutional reforms, it should be noted that China's institutional reforms are not sudden, bottom-up adaptive adjustments or environmental ruptures triggered by a major environmental conflict, but rather show the characteristics of top-down progressive debugging, which is necessary for the process of analysing the motivation for change.

### **3. Structure-concept-behaviour: a triple logic from the perspective of historical institutionalism**

From the perspective of historical institutionalism to understand the motivation behind the institutional reform, we need to jump out of the momentary environmental soil. But from a larger systematic historical background, we have to profoundly explore the diversity of issues behind the system. Starting from the three basic logics of historical institutionalism, this paper examines and discusses in depth the logical attribution of China's institutional reforms, from the perspective of key variables such as structure, perception, and behaviour placed in the causal chain of institutional change.

#### ***3.1. Structural logic: the evolution of administrative ecosystems***

The life of the system grows in a specific administrative environment. Various elements in the environment are mixed and work together in certain social, economic, and cultural, and the actors in the society. Its subsidiary systems have an unpredictable impact, the birth, and rupture of any system are the result of the input and output of a specific administrative ecosystem. The administrative ecosystem is not the product of simple addition and subtraction calculations, but a complex interaction of a variety of energy fields. It absorbs, exports, and evolves to produce a particular system with its own structural characteristics. However, the administrative ecological environment is not a product of simple addition and subtraction calculation, but a multifaceted energy field containing various complex interactions, and a specific system with its structural characteristics is derived through absorption, output, and evolution. Therefore, the endogenous logic of China's institutional reform can be viewed through the analysis of the administrative ecological environment. The derivation of the administrative ecological environment can be profoundly understood by the three nodes: the pressure of the endogenous environment, the demonstration effect of the exogenous, as well as the adjustment of structural relations.

First of all, institutional reform faces endogenous environmental pressure, which is analysed from three main vectors: political, economic, and social. From the political point of view, the political actors and their behavioural influence on the superstructure will have a great impact on the entire administrative environment. The interaction and consideration of different political interests will act on the institutional window, blended into the behavioural pattern of institutional reform. From the transformation of the attention of China's political system after the reform and opening up, the logic of institutional reform is mainly submissive to the reconstruction of the market economic order and the smooth restoration of political life. In the reform of the party, government, army and group since the 18th National People's Congress, the influence of the political nature of the entire institutional reform throughout the process. From the economic point of view in the early days, the main purpose of institutional reform was to comply with the development of the market economy. As China enters the new economic normal, institutional reform in addition to the function of reducing high administrative costs while adding the function of adjusting to adapt to the structure of the economy. Institutional reform is no longer purely compression of costs, but rather, through the adjustment of the administrative institutions themselves to achieve the optimisation of the ability to govern. From the social point of view, the change in the main

contradictions of society became a catalyst for institutional reform. Marxism believes that social contradictions are the fundamental driving force of social development. After the reform and opening up, the main contradiction to be solved in China is the contradiction between the people's growing material and cultural needs and the backward social production. It prompted the party and the country to change its focus from 'class struggle as the platform' to 'class struggle as the platform'. At the present stage, as the speed of development in China tends to be steady and slow, the change of the main social contradiction has been transformed into the contradiction between the people's growing needs for a better life, and the unbalanced and insufficient development. The issue of the quality and balance of development has gradually been put on the agenda. These endogenous environmental pressures have prompted political actors to explore new paths to seek balance and stability within and outside institutions.

Second, institutional reform faces significant exogenous demonstration effects. The field depicted by historical institutionalism is not a closed, self-sufficient energy field, but an open-ended place with close connections and transformations with the outside world. Inside the field, there may be direct interactions among concepts, behaviours, and interests. There may also be indirect demonstration effects due to good effect orientation. Reform and opening up means that our country has opened up to the outside through reform. By exploring the external demonstration effect, we must study the time point of reform and opening up. The market and function transformation stage after the reform and opening up is most obviously affected by the exogenous demonstration effect. This period coincides with the surge of the Western new public management movement. The pursuit of efficiency in Western countries also influences the reality of China's reforms and practices. While China's institutional reforms not only focus on streamlining the organisations and personnel, and improving the efficiency of the administrative system. It also pays attention to the streamlining of relations to adapt to the improvement of the socialist market economic system, such as through the rationalisation of the relationship between the socialist market, and the improvement of the economic system. Improvement of the economic system, such as through the rationalisation of the relationship between government and enterprises to give the market more legitimacy and vitality. With the development of the new public service concept, this idea is in line with the service-oriented government and the concept of serving the people. China's institutional reform is no longer the traditional meaning of efficiency, but through the country's autonomy of the desirable concepts of the West to be digested and localised interpretation. It is of rich significance for the elaboration of China's governance landscape.

Finally, in terms of structural logic, the ecological environment faced by China's institutional reform has unique structural characteristics. Endogenous environmental pressures and exogenous demonstration effects together constitute the sequencing of China's institutional reforms through certain permutations and combinations, and through national autonomy dynamically form a set of coherent reform paths. The practice of institutional reform in China embodies the characteristic of mobility under the leadership of the Party, which can rapidly gather power resources to clarify the basic orientation of institutional reform. This has led the government to assume a dual mission in this constructive process. Namely, it has to nurture the growth of the market and society, while concentrating sufficient power to lead and promote the process of modernisation, regulate society, and provide public services. The paradox here is that promoting the growth of markets and society brings about a relative decline in the government's power. While the concentration of power (although it can never go back to the all-encompassing and omnipotent situation of the planning era) will to a certain extent suppress the growth of society and the market. This decentralisation and concentration of power, as well as the inherent contradiction between the two, poses a new challenge to the role of the government. <sup>[5]</sup> Since the 18th National Congress, the reform has entered an 'offensive' period, and that reform means 'gnawing on the hard bones', clarifying that the role of institutional reform in the administrative ecosystem has the potential to be a driving force. But at the same time, it may become a deep-water zone of collision of interests in the context of self-reform.

### ***3.2. Conceptual logic: the birth of major political ideas***

By sorting out the general environment of institutional reform, it is not difficult to find that there are three more obvious phases of reform to follow. Each with a different focus of attention and reform orientation. The birth of actual reform behaviour is inextricably linked to the incubation of political ideas, and reform behaviour is influenced by political ideas while also radiating subsequent political ideas due to inertia. Since the attention of political actors and the resources in the political field are both limited, there can be no completely fractured leapfrog reforms. The emergence of political perspectives is often influenced by new ideas, political actors, and actual resistance. According to the perspective of historical institutionalism, there have been a total of three more obvious phase shifts in China since the reform and opening up. Due to the complexity of politics and the unevenness of power brought about by the central

position of political actors, political reforms are often carried out by political adventurers with political aspirations. Unlike political myopia dictated by the political life in the West, China's attention to reforms has been able to maintain a longer temporal continuity, we can summarise three phases of the shift from political perception to reform behaviour.

First, China's institutional reform embodies the value shift from efficiency to fairness. Efficiency and fairness are different concepts of government at different times. Both of these have a common role to play in the development of the country and society. Efficiency focuses more on the quantity and speed of development, while equity focuses on the quality and balance of development. These two concepts may have different emphases at different times, but the overall point is how to capture the public nature of institutional reform. Before the service-oriented government was proposed, the Chinese government could be called a 'construction-oriented government'. The government's function was centred on economic construction, which was determined by the social conditions at the beginning of the reform and opening up. In the early stage of reform and opening up, China's institutional reform was mainly guided by efficiency-driven instrumental rationality. It needs to quickly establish a socialist market economic system in line with China's national conditions, and to improve the vitality of the market. In the period of co-ordination and structural optimisation, China's institutional reform is no longer about streamlining the organisations, but about how to coordinate and plan for the socio-economic development of the society. In addition to adjusting the functional setup of the organisations to cope with unknown and emerging industries. In addition to adjusting the functional and institutional setup to cope with unknown emerging industries, it is also necessary to regulate and rectify industries that may have loopholes and explosive points. To rationalise the government's hand within an effective framework of national governance, there is a need to shift from China's speed, which is pursued by an efficiency orientation, to China's quality. This conceptual change has provided a rich source of ideas for the issuance of several documents and policies in our country.

Secondly, China's institutional reform reflects a shift from the rule of man to the rule of law. Although the rule of man and the rule of law are both important ways of governance, they play different roles and have different mechanisms of application in different historical scenarios. However, both modes of governance can produce positive governance effects only if they acquire legitimacy. Weber categorised three sources of legitimacy of authority, namely, traditional, kisma, and juridical authority. Although Christma-type authority can have an important impact due to the extraordinary charisma of the leader in certain historical periods, this legitimacy is subject to the allocation of attention by the leader's limited rationality. The policy effects need strong uncertainty and instability. Many modernised countries often choose to obtain the source of legitimacy through the constitution and law. The law not only clarifies the role of the government and puts the internal and external supervision of government institutions on the track of the rule of law, but also becomes an important way to achieve the legitimacy of institutional functions. Changes in institutional reform directly affect the distribution of interests in many sectors. Accordingly, the rule of law to clarify the functional orientation should also focus on the 'gnawing on the bones' in the process of human initiative. The political actors, namely, the Communist Party of China need to serve the people's philosophy of governance throughout the entire process of institutional reform to build a scientific function. The CPC will carry its philosophy of governance as a political actor serving the people through the whole process of institutional reform, to build a service-oriented government with scientific functions, optimised structure, cleanliness and efficiency, and satisfaction of the people.

Finally, China's institutional reform reflects a shift in philosophy from control to service. The concept of control and service has shifted back to the role of the government itself. The core factor of the government's institutional reform is to provide better and better quality services to the people, rather than simply increasing or decreasing the number of organisations. The success or failure of institutional reform should be measured by placing it in a certain historical and social context. It should be viewed primarily in terms of whether it is compatible with economic and social development, and conducive to the promotion of economic and social development. In the stage of streamlining and economic recovery after the reform and opening up, China's institutional reform mainly involves the vertical power allocation problem. The purpose is to consolidate and improve the Party's unified leadership and command of all the work, residing in the obvious colour of control. A society that is completely active by the government as a single subject lacks vitality, and the government tries to take over everything to achieve the myth of an omnipotent government is likewise difficult to sustain. Therefore, this period lacks social quality service provision. In the market and functional transformation stage, the turn of attention in the reform of China's institutions has begun to make strides toward the socialist market economy system. The rapid quantitative development also brought about the problem of the quality of development. At the same time, this period also focuses on the tendency of the government's functional transformation, emphasising the 'strengthening of the integration of social management and public

service sectors'. Finally, in the period of institutional reform, the stage of integration and structural optimisation, the importance of service-oriented government has been continuously highlighted in the reform practice. The optimisation and synergy between the functions of institutions have been promoted through holistic governance. The functions of government institutions have been more clearly defined, and public service has become an unshirkable responsibility among the five major functions of the government.

### **3.3. Behavioural logic: institutional analysis of institutional reforms**

An important contribution of historical institutionalism is the incorporation of a historical dimension into the framework of institutional analysis. Whereby the formation of established institutional structures and related institutional norms is a historical process, leading to the gradual evolution of a particular mode of policymaking. Based on this view, historical institutionalism borrows the concept of 'path dependence' from economics. That is, once a certain fixed institutional pattern is entered, the pattern of the previous stage may have a constraining effect on the pattern of the subsequent stage. The expectation of adaptability, the solidification of interests, and the high cost of exit will make it more and more difficult to change the system, which follows the law of path dependence. This period follows the law of path dependence and becomes the 'normal period' of system survival. When a certain balance cannot be reached between the system and the environment, the change of the system becomes possible under the force of various political elements and enters the 'period of critical branching point' of system breakage. 'It should be noted, however, that there exists a so-called 'threshold effect' in socio-political phenomena: the change of some social processes will produce dramatic effects only when a certain threshold is reached. Therefore, we will analyse the actual behaviour of institutional change from three entry points. By introducing the two key variables of critical nodes and path dependence for institutional analysis and the sociological concept of 'distance', we will explore the direction of institutional reform and institutional transformation.

Firstly, let's look at the critical nodes in the institutional analysis. Critical junctures are born in the early stage of the formation of a new system. Important nodes that are built on the basis of the conflict of various forces, influence the behavioural choices of the actors in a short period, and trigger the subsequent path-dependence process. In contrast to path-dependent processes, critical nodes are also based on institutions in the historical process as the basic unit of analysis, but they are relatively short-lived, and the range of choices and uncertainties faced by actors in the process is much broader. Based on the above definitions, we will look for three key branch points where perestroika relies on institutional reform. The first key branch point occurred at the beginning of the reform and opening-up period, when the world situation was relatively stable and there were still some uncertainties in the dualistic pattern of the U.S.-Soviet Cold War. Deng Xiaoping put forward the goal of the 'four modernisations' to promote economic reform and modernisation throughout the country. The reform of the governmental institutions themselves became a necessary complementary measure for the implementation of the reform and opening-up. The second key branch point appeared in 1993, the key year of China's reform. During this period, the 14th CPC Central Committee's Third Plenary Session considered and adopted the CPC Central Committee's Decision on Several Issues Concerning the Establishment of a Socialist Market Economic System, which formulated a master plan for establishing a socialist market economic system. If the previous reforms were still subject to the planned economy's greater institutional inertia, China had already clarified the winds of economic development during this period. The third key branch point appeared in 2013 with the convening of the 18th Party Congress. China established the overall goal of comprehensively deepening the reform and promoting the modernisation of the national governance system and governance capacity.

Second, from the perspective of the law of path dependence in institutional reform, the institutional arrangements in China's institutional reform are also affected by this mechanism of causality. As a concept introduced from economics, the concept of path dependence in political science depicts a scenario: in which the likelihood of following the same institutional path increases once one enters a certain institutional pattern. Because such institutional inertia reduces the cost of trial and error through initial setup costs, learning effects, and adaptive expectations, thus giving rise to the law of path dependence. The typical manifestation of the path dependence law in China is mainly reflected in the reform circle of 'streamlining-expansion-repeated streamlining-expansion' of institutions. Institutional reforms will inevitably touch on the interests of different functional departments, which will be resisted to varying degrees. New social realities also require the government to set up corresponding functional departments to deal with regulatory loopholes. So that the focus of reform will be on the number of institutions and the number of institutions. Focusing on the number of organisations will not optimise the

functions of the government. While streamlining is necessary, a more important issue is to achieve a rational allocation of functions and organisations. The general setup of the 1982 institutional reform after the reform and opening up was still based on the institutional setup before the 'Cultural Revolution'. The winds of the socialist market economic system were gradually brought into line with the international community. In the second phase of deepening the reform and opening up, a new reform orientation was gradually formed. The institutional reforms after 2013 were still guided by the following principles and correcting the shortcomings of the lack of separation between government and enterprises. The lack of separation between party and government continues to promote and deepen the reform of the system of large ministries and coordinate the reform of party, government, military, and group institutions. In 2023 the latest institutional reform programme of financial institutions rectification and reform measures also integrated economic and social development measures to further deepen. It can be said that China's many institutional reforms are not suspended and independent of each other in the air, but at the same time by the path of dependence and the gradual catalyst of the environment.

#### 4. Conclusions

In summary, the institutional evolution of China's institutional reform is characterised by multiple complexities. Institutional reform in practice has its laws of development and adaptability. A good institutional reform should have a certain degree of institutional resilience, achieve scientific and rational distribution of institutional settings through the logic of social adaptation, and gradually bridge the structural abortion gap between the ideal state and the operational state. The perspective of historical institutionalism provides us with a new way of thinking, which requires us to understand the endogenous logic of institutional reform on the basis of the social reality **and** the long history. Nonetheless, 'we are currently living in an era in which there is no existing grand theory that can explain everything, and the need for knowledge that explains the social structure and change in a grounded way is so strong.' Therefore, in the deepening of institutional reform, the government should be based on the historical scenario of the new era, reasonably allocate the scope of its own power and role positioning, achieve the enhancement of the effectiveness of public organisations in the course of gradual changes, and build a governmental governance system with clear responsibilities and administration in accordance with the law.

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