

Towards Multiple Equilibria of Legal Institutions in China: A Plan to Solve the “Cooperation Deficit” in Legislative Decision-making

[Abstract] One outcome of legislation is a series of formal legal institutions, which are defined as public goods due to possessing the features of non-excludable and non-rivalrous. Provision of public goods shall adhere to law of supply and demand. Legislature, as planner and provider of legal institutions, should elicit the institutional demand preferences of the public, effectively analyze the costs and benefits of every type of institutional demand, and make appropriate decisions of whether to provide public goods or not, including “the timing of new law” as well as “decisions about its content” by cooperation with the “social power owners”, namely, the public, mass media, private enterprises, and non-governmental organizations, and so on. In China, legislation is sometimes regarded as a political instrument for responding to serious emergencies and a relief channel for general indignation, which leads to “stressful legislation”. For China’s legislature, and many other legislatures, cooperation mechanisms between multiple subjects should be constructed to solve “cooperation deficit” in the legislative decision-making process.

This paper consists of three parts. Firstly, the paper constructed the theoretical basis for analyzing legal institutions as a type of public goods and concludes its seven features different from other types of public goods. Institutional economics and social capital theory provided the framework for exploring legal institutions in the paper. Secondly, the paper presented a theoretical and empirical analysis of China’s legislative decision-making network and concluded its pros and cons by using theories from political science and law and economics. The paper conducted empirical analysis, including the use of both time series and spatial approaches, on the current multi-subject cooperative game situation in China. Based on the Chinese Constitution (1982), under the guidance of “fractal element” theory, the paper presented a supply pattern of current China’s legal institutions, especially for laws. From the total numbers of seven branches of law dated between 1979 and 2008, the supply proportion was found to indicate the strategic track of legislative decision-making. To describe a portrait of the geographic occurrence of China’s legislative decision-making pattern, on the basis of the number of supply of legal institutions of 16 provinces with different periods in China, the disequilibrium of legal institutions supply was concluded in the paper. Specifically, using school bus crashes (2011 and 2012) as a case study, the paper collected data on the school bus crashes (2011 and 2012), made a correlation analysis of the relevant legislative decision-making plans, which could indicate the sensitivity of legislative decisions to public emergencies since the period of reform and opening policy. Thirdly, based on the macro theory framework of political science, law and economics, the paper builds a set of effective and institutionalized mechanisms to guide the legislature, which is also the planner and decision-maker of the provision of legal institutions, to reach the *multiple equilibria* of legal institutions demand and supply through three major institutional arrangements. The purpose of the three institutional

arrangements is to guarantee the institutional demand of different groups can be passed on to the legislature adequately and timely, secure the delivered demand can be analyzed systematically and ensure the delivered institutional demand can make substantive effect on final decision-making. The first institutional arrangement is an effective legal institutional demand model (including the institutional demand classification sub-mechanism, the institutional demand transmission sub-mechanism and the institutional demand analysis sub-mechanism), which can penetrate the essence of institutional demand on the owners of social power to reach the equilibrium of the first stage. Then, the paper described the legal institutional supply model (comprising of three main factors: supply body, supply type and supply approaches), which is an essential step to reach the equilibrium at the second stage, and keep a favorable state of interaction between the “persuasion strength” and public power. Another indispensable part of the mechanism is to reach the equilibrium at the third stage by developing a supply-demand equilibrium game mechanism (including the channels for participation by multiple “social power owners”, the information disclosure institutional arrangement and the cooperation governance environment construction).

[Key Words] Public Goods; Legal Institutions; Demand and Supply; Legislative Game

Introduction of Legal Institutional Goods

China has its unique characteristics in the institutions supply area through having experienced the Cultural Transformation of the Opium War era, the social and institutional transformation and the political transformation in 1987, which occurred in a short period of time¹ and have been influenced by the trend of combination of globalization and localization, the culture integration between the East and the West, and the complex development circumstances of traditional and modern pattern. Institutional demand and supply play as the two key points between the legal norms and society changes, which also are premises of legal institutions evolutions and changes.

When Thomas Hobbes stated the theory of state in 1651, he pointed out that the provider of public goods should be the government. The theory of human nature by David Hume also indicated the connection between public goods and the government. The studies of public goods have already evoked worldwide discussions among the jurists and economists as the result of its important significance to national stability, social development, economic growth and living standards. As for its current researches, from the economic perspective, the definition, classification and calculation of public goods are the main subjects of economic research; while, the current legal researches focus on the regulation of public goods provision, legal institutions changes, the relationship between economic development and legal institutions as public goods.

¹ Wang Dingding, *The Lecture of the Basis of the Institutional Analysis I: Nature and Institution*, Shanghai People's Press, 2005, p.2.

However, the researches about the institutional public goods remain inadequate, especially the focus on the perspective of legal institutional public goods in a systemic and theoretical way. This paper aims at filling the research gaps of legal institutional public goods and focus on exploring the theoretical model of the legal equilibrium of legal institutional public goods from bill proposal to the process of law formation.

I. Legal Institutions as Public Goods: Reasoning and Features

English-Chinese Dictionary of Anglo-American Law contains six different levels of institutions' definition. Our subject is closely related to the third level, namely institutions refers to law, rule, custom and principle, and so on The sixth edition of the Black's Law Dictionary explains *institutions* from the development and changes approach, thereinto, "A system or body of usages, laws, or regulations, of extensive and recurring operation, containing within itself an organism by which it effects its own independent action, continuance, and generally its own further development.", which is the general concept of legal institutions. Unlike the general meaning, the outcome of legislation, namely the legal institutions, are defined as institutions in this paper.

1.1 The Reasoning of Legal institutions as Public Goods

Regarding the legal institutions as public goods is a popular opinion favored by many scholars. Karl Marx stated the two different categories of social needs from the perspective of common needs of society. One of them is focusing on the satisfying of demand of common productive conditions by public works provision; the other is meeting the need of social being and development by public affairs provision, which appear in safety, education, medical care, social security and legal institutions². Adam Smith³ and John Mill⁴ discussed legal institutions as public goods in their books. They thought public goods have a close connection with the functions of governments, and same with the national defense, safety and transport infrastructure, the traditional categories of public goods, legal institutions also belong to public goods.

Justin Yifu Lin discussed formal institutions arrangement in the perspective of public goods. He maintained that institutions could provide useful services, and institutions changes could be analyzed by "demand and supply" theoretical framework⁵. Other scholars explored the functions of institutions, such as products or public goods, which possess the trait of non-excludability, from the approach of coerciveness⁶ and

² Karl Marx, *Capital III*, Samuel Moore and Edward Aveling translate, 2010, World Knowledge Publishing House, pp.992-993.

³ Adam Smith, *An Inquiry into the Nature and Causes of the Wealth of Nations*, Reprint, edited by E. Cannan. Chicago: University of Chicago Press, 1776, Vol. II, p.184.

⁴ John Stuart Mill, *Principles of Political Economy with Some of Their Applications to Social Philosophy*, ed. William James Ashley (London: Longmans, Green and Co., 1909, 7th ed.).

⁵ Lin Justin Yifu, *An Economic Theory of Institutional Change: Induced And Imposed Change*, in *Cato Journal*, 1989(1):1, p33.

⁶ Namely institutions should be obeyed no matter the subject are willing or not. See Xukun Zhang, *The Introduction of institutions evolution analysis*, Zhejiang University Press, 2007, p107.

institutions externality⁷.

Apart from the approaches of government functions and social needs, social capital theory also provides a path of understanding for institutional public goods. Robert Putnam and James Coleman represented a series of scholars who researched on the social capital. In their view, social capital is frequently considered as public goods. For example, the UK National Statistical Office (2001) agrees with Putnam's statement (1993) and adopted the following definition:

Social capital is generally perceived to be a private and public good (Putnam, 2000) because, through its creation as a by-product of social relations, it benefits both the creator and bystander. It is a classic public good because of its non-exclusivity - its benefits can not be restricted and hence are available to all members of a community indiscriminately' (Woolcock, 2001)⁸

The broadest and most encompassing view of social capital includes the social and political environment that shapes social structure and enables norms to develop. Social capital works through cognitive social capital⁹ and structural social capital, which include legal institutions, and is formed from rules, procedures and precedents, which have the functions to promote information sharing, collective action and policy making. Social interaction is the mechanism and dynamic to promote the structure of social capital and the formation of cognitive social capital. Well established in the social interaction mechanism, rules, especially the legal institutions, with its binding force and power of influence, promote positive externalities development for society members to take collective action and help build a stable and harmonious legal institutions network to add the cost of those opportunistic or selfishness behavior as well as reduce the "free-rider" phenomenon through the social networks of reciprocity, trust, norms and honesty, which is called self-reinforcing mechanisms¹⁰ by the scholars of social capital.

In addition, we can see from the important criterion of public goods - non-excludable and non-rivalrous that although legal institutions and general public goods do not physical similarities, the former holds the two key attributes for recognizing public goods, and thus the analytical framework and principles of public goods in a general sense also can apply to the analysis of the legal institutional public goods.

1.2 The Characteristics of Legal Institutions as Public Goods

Legal institutions possess seven features different from other types of public

⁷ Xukun Zhang, *The Introduction of institutions evolution analysis*, Zhejiang University Press, 2007, p111.

⁸ Claudio Cecchi, *Public Goods and Public Services: The Process of Building Social Capital in Rural Areas*, in *Sideaxl Convegno Anuan Padova*, 18-20, September, 2003.

⁹ Cognitive social capital, which includes shared norms, values, attitudes, and beliefs, predisposes people towards mutually beneficial collective action. Krishna, Anirudh, and Norman Uphoff. 2002. 'Mapping and measuring social capital through assessment of collective action to conserve and develop watersheds in Rajasthan, India.' Pp. 85 – 88, 115 – 124 in *The Role of Social Capital in Development*, edited by Thierry Van Bastelaer. Melbourne: Cambridge University Press.

¹⁰ Christiaan Grootaert and Thierry van Bastelaer, *The Role of Social Capital in Development: An Empirical Assessment*, Cambridge University Press, 2008.

goods:

To begin with, legal institutions are pure public goods, which are non-excludable and non-rivalrous. From the institutional goods demand and supply point of view, in accordance with the law, any citizen or organization can make a request to a court or apply for administrative reconsideration to the executive authorities, which means a person who uses legal institutional goods does not prevent any other persons access to that goods, namely they are non-rivalrous.

In addition, legal professional is an essential feature that make it difficult for the public to express their demands. With reference to general public goods, some economists notes that the the public would hide their own real demand preferences for public goods and their real production capacity, which lead to policy makers often make a judgment that is not consistent with their actual demand in public goods supply decision-making¹¹. On the other hand, legal institutions have professional and legal rationality because of their special internal logic of quality and external technical quality¹². As a result of this, it is difficult for the public to hide their demand preferences. Moreover, supply quantities and effectiveness of legal institutions are difficult to measure through using tax to show their willingness to pay directly. Thus, as a special type of public goods, legal institutions should draw more attentions from the government to meet the true demands of the public in a timely manner and ensure that the correct, right and reasonable decisions occur.

Furthermore, the factors influencing the supply and demand of legal institutions are more complex than the general types of public goods. For general public goods, influencing factors are roughly the level of economic development, income level, tax burden, demographic factors, macroeconomic policy and technical level, and so on¹³. On the other side, legal institutions are not only influenced directly or indirectly by those factors, but also by legal traditions, political environment, economic development, legal system, scientific development, customs and judicial practices, and so on with regard to legal traditions and customs, for instance, the legislators of the Qing Dynasty insisted that “ex-business” logic was better than market logic, and therefore did not recognize the legitimacy of pawn and mortgage, and therefore did not address this with legal institutions although those behaviors large-scaled existed in the market and had already showed the huge legal and institutional demand. While under the influences of the traditional Chinese culture, such as “filial piety”, “benevolence” and “justice” and so on, in accordance with custom and judicial practices, the legislators of the Qing Dynasty affirmed the “feedback model”, which requires children to support and assist parents under the traditional Chinese culture maintenance, and provided many detailed and adequate legal institutions¹⁴. Taking technology as another example, understanding the cause-and-effect relationship, which was influenced by discoveries of natural

¹¹ Min Qi, *From Demand for Public Goods to Equilibrium of Public Goods: Theoretical and Empirical Analysis*, Economic Science Press, 2011, p46.

¹² Xu Zhangrun, *On the Substantive Rationality of Law: Also on the Professional Ethics of Employees in the Legal Service*, Social Science in China, 2003 (3).

¹³ Min Qi, *From Demand for Public Goods to Equilibrium of Public Goods: Theoretical and Empirical Analysis*, Economic Science Press, 2011, p58

¹⁴ Philip C.C. Huang, *Code, Custom, and Legal Practice in China: The Qing and the Republic Compared*, Stanford University Press, 2001.

science and social science, also has important significances to the development of law and institutional changes of law. The huge progresses in science and technology prompted a new set of institutions too, such as “legal institutions for protection trade secret or patent property”¹⁵.

It should be noted that legal institutions significantly demonstrated a feature of *Path Dependence*. The evolution of legal institutions does not fully comply with Darwinism, namely efficient institutions are not always gradually adopted while inefficient institutions are not always abolished, with the development of time and history. Conversely, some institutions with low economic performances still existed in history and could have resisted institutional change. Douglas North pointed out that increasing returns and self-reinforcing mechanism consist of path dependence in institutional changes¹⁶. There were two factors which determine the tracks of institutional changes: one is increasing returns; the other is an incomplete market, which is determined by significant transaction costs. When considering the implications of a law, legal institutions should consider the current supply and demand constraints in addition to legal culture, which forms its long-term practices. Thus, legislators, also the providers of legal institutions, should take the following factors into consideration when they make the decisions on the introduction of a new law: (1) overcome the negative effects brought by path dependence; (2) overall analysis of supply decisions in all periods; (3) focus on considering the current set of existing political and economic choices and the past choices; (4) try to design the mechanisms with increasing and maximum returns under the conditions of the existing legal system and (5) overcome short-sighted policies caused by incomplete information and the favoritism of short-term interests.

Moreover, compared to the government as the main supplier of legal institutional goods, individuals, associations, enterprises, and so on, can exert an influence on the legislative decision-making process through the democratic system. From the situation of public goods provision in the world, it presents multiple suppliers pattern with the government supply¹⁷, market supply¹⁸ and voluntary supply¹⁹. Based on the institutional goods’ authoritative feature, the main provider (such as the National People’s Congress) is strictly limited to the political authority, such as legislature play the important role in common law countries. This is consistent with Adam Smith’s view that security, justice and other public facilities are public goods, but the provision ways

¹⁵ Suli, Jurisprudential Reconfiguration of the Relationships between Law and Science and Technology, in *Social Science in China*, 1999, p5.

¹⁶ Douglas North, *Institutions, Institutional Change and Economic Performance*, Cambridge University Press, 1990, p138.

¹⁷ Government as public goods provider refers to governments impose taxes as the main way for fund raising though the public choice procedure to supply public goods for meeting the demand of citizens. See Wang Lei, *The Institutional Economics Analysis on the Choice and the Change of Public Goods Suppliers*, Economic Science Press, 2009, p. 5.

¹⁸ The market supply mechanism refers to profit organizations comply with market demand to charge fees in order to compensate expense to supply education, infrastructure and other public goods. See Wang Lei, *The Institutional Economics Analysis on the Choice and the Change of Public Goods Suppliers*, Economic Science Press, 2009, p. 5.

¹⁹ The voluntary supply mechanism refers to citizens or enterprises raise funds voluntarily through social donations or public welfare lottery to supply public goods, such as education, sports, relieving the poor directly or indirectly. Ibid.

are different.²⁰The reasons of legal institutions having unique supply features includes, but is not limited to: (1) compared with non-government organizations, the most obvious differences are the abilities of the government to make its citizens feel legally bound when they face their involuntary decisions, namely the sovereign authority. Without this, the government will lack rule-making abilities, and the rules are difficult to practice with universal validity through the whole country; (2) a qualified administrator should have the spirit of “public entrepreneurship”²¹ to identify current social development needs and solve the identify issues²² and (3) from the point of view of institutional needs, sometimes the government should obey patriarchal governance model in face of institutional supply. Because people usually do not know what kind of legal institutions should be developed in a certain stage. In fact, there are usually two types of institutional demand: one of them is direct and surface, which can be reflected by some emergencies, such as the school bus crashes in 2011 and 2012. The public showed their huge and urgent demand for school bus regulations through the media and network. The other is potential and in-depth, which are difficult to be perceived by the public directly, which based on the long-term and rational strategies of country running and social development, and determined endogenously by the fundamental demand of the public when they living in the society with large progress.

As special public goods, the legal institutions also have wider and more far-reaching impact on the other types of public goods. For general public goods, although they play an important role on people’s daily life and social development, they still tend to have very limited impact on each other. For instance, a lighthouse is hard to connect a highway directly. Meanwhile, legal institutional goods are considered as a part of a superstructure, which will have a further and profound impact on the other types of public goods. From social perspective, institutional public goods can even determine the supply and demand decisions of general public goods due to its power feature. Effective legal institutional design will internalize external effects, regulate the people’s behavior through internal and external restraining forces, prevent opportunistic behavior in transactions, especially the efficiency losses caused by the “free rider” problem, and reduce uncertainties in transaction to promote the formation of stable expectations.

Last but not least, legal institutional goods have chain effects in its demand and supply, namely the initial supply will cause the institutional demand in the next level. This feature can also be found in other types of public goods; for example, highway supplies will cause follow-up demands in road signs, traffic management, maintenance requirements, and so on; the fire brigade supplies might to be equipped with fire alarm and monitoring systems. The foregoing public goods are limited to certain areas, and will not cause a wide range of public goods supply. The legal institutional goods are different, they play a more obvious role in promoting the subsidiary institutional goods

²⁰ Adam Smith, *An Inquiry into the Nature and Causes of the Wealth of Nations*, Reprint, edited by E. Cannan. Chicago: University of Chicago Press, 1776, Vol. II, p.184.

²¹ Lewis, E, *Public Entrepreneurship: Toward a Theory of Bureaucratic Political Power*. Bloomington: Indiana University Press.

²² Elinor Ostrom, Larry Schroeder and Susan Wynne, *Institutional Incentives and Sustainable Development Infrastructure Policies in Perspective*, p92.

supply for legal institutions supply with higher rank.

As mentioned above, there are seven features of legal institutional goods, which provide theoretical basis for exploring supply and demand equilibrium theory of legal institutions.

II. The Supply and Demand Pattern of Chinese Institutional Public Goods:

Analysis and Reflection

The general law of supply and demand of public goods can be applied to legal institutions. They also have the following characteristics under in Chinese context.

Firstly, The Chinese institutional supply model is a government-promoted pattern²³.As for the perspective of institutional changes, there are more imposed changes than the induced changes. However, the Chinese civil society is still far from maturing, and the spontaneous mechanisms cannot meet the institutional demands and society changes in modern times²⁴. From the point of view of the institutional “fractal element theory”, the Chinese Constitution is the basis of the whole legal institutions, and it determines the evolutionary path and institutional changes. Thus, to some extent, China’s institutional supply model is determined by certain endogenous factors. Our legal institutional supply model’s main characteristic is with a single supplier that focuses on the central government. In addition, the structure of Chinese legal institutions is reform orientated. Thus, ignoring the long-term, sustainable and institutionalized supply model is the one of the existing problems. In terms of the contents, the number of policy norms is superior to legal norms, and their boundaries are obscure. The writer collected some data which come from the 1982 Chinese Constitution to show the supply pattern of current China’s legal institutions, focusing on laws. (Table 1)

The Article of Chinese Constitution	The number of enacted laws	Table of Contents
I. the Constitution and Constitution-related category		
Article 2 [State Affairs Management]	9	Organic Law of the National People's Congress; Organic Law of the Local People's Congresses and Local People's Governments; Rules of Procedure for the National People's Congress; Rules of Procedure for the Standing Committee of the National People's Congress; The Electoral Law of The People's Republic of China for The National People's Congress and Local People's Congresses; Law of the People's Republic of China on Deputies to

²³ From the world historical process, some scholars believe that there are two types of legal modernization: one is natural evolution or social evolution in Western countries; the other is government-led modernization by the developing countries. Jiang Li Shan, China’s legal system modernization characteristics analysis, in Peking University Law Journal, 1995, (4).

²⁴ Zhang Yujun, Chinese legal institutions and social development in 21 Century, in *Political Science and Law*, 2009(6),p56.

		the National People's Congress and Deputies to the Local People's Congresses; Organic Law of the Villagers' Committees; Organic Law of the Urban Residents Committee; The Law on Legislation
Article 3 【Special Administrative Region】	4	The Basic Law of the Hong Kong Special Administrative Region; The Basic Law of the Macao Special Administrative Region; Law of the People's Republic of China on Garrisoning the Hong Kong Special Administrative Region; Law of the People's Republic of China on Garrisoning the Macao Special Administrative Region
Article 34 【The Right to Elect and Stand for Election】	1	Electoral Law of the People's Republic of China for the National People's Congress and Local People's Congresses
Article 40 【Freedom of Correspondence and Privacy of Correspondence】	0	
Article 41 【State Compensation】	1	State Compensation Law of the People's Republic of China
Article 59 【The Number and the Election of the National People's Congress deputies】	2	Law of the People's Republic of China on Deputies to the National People's Congress and Disputies to Local People's Congresses; Measures for the Election of Deputies from the Chinese People's Liberation Army to the National People's Congress and Local People's Congresses
Article 72 【The Rules of Procedure of the Standing Committee of the National People's Congress】	4	Rules of Procedure of the Standing Committee of the National People's Congress of the People's Republic of China; Rules of Procedure for the National People's Congress of the People's Republic of China; Law of the People's Republic of China on Deputies to the National People's Congress and Disputies to Local People's Congresses; The Law on Legislation of the People's Republic of China
Article 73 【Right to Inquire of National People's Congress】	3	Organic Law of the National People's Congress of the People's Republic of China; Rules of Procedure for the National People's Congress of the People's Republic of China; Rules of Procedure of the Standing Committee of the National People's Congress of the People's Republic of China
Article 77 【Supervision】	2	Organic Law of the National People's Congress; Electoral Law of the People's Republic of China for the National People's Congress and Local People's Congresses
Article 78 【Working procedures of the National People's Congress】	2	Rules of Procedure for the National People's Congress of the People's Republic of China; Rules of Procedure of the Standing Committee of the National People's Congress of the People's Republic of China
Article 86 【The Organization of the State Council】	1	Organic Law of the State Council of the People's Republic of China
Article 95 【The Organs of Regional Autonomy of Minority Nationalities】	1	Law of the People's Republic of China on Regional National Autonomy
Article 115 【Official Power of Regional Autonomy of Minority Nationalities】	1	Law of the People's Republic of China on Regional National Autonomy
Article 97 【Deputies to the Local People's Congress】	1	Organic Law of the Local People's Congresses and Local People's Governments of the People's Republic of China; Electoral Law of the People's Republic of China for the National People's Congress and Local People's Congresses; Provisions of the Standing Committee of the National People's Congress for the Direct Election of Deputies to People's Congress at or Below the County Level
Article 99 (A) 【The Duties of Local People's Congress】	1	Organic Law of the Local People's Congresses and Local People's Governments of the People's Republic of China

Article 99 (C) 【 Control Measures of Ethnic Townships】	0	
Article 102 Local People's congress Election】	2	Law of the People's Republic of China on Deputies to the National People's Congress and Deputies to the Local People's Congresses; Electoral Law of the People's Republic of China for the National People's Congress and Local People's Congresses
Article 104 County-level People's Congress Standing Committee】	1	Organic Law of the Local People's Congresses and Local People's Governments of the People's Republic of China
Article 107 County-level Government】	1	Organic Law of the Local People's Congresses and Local People's Governments of the People's Republic of China
Article 111 【 Neighborhood Committees and the Villagers' Committees】	1	Organic Law of the Urban Residents Committee of the People's Republic of China; Organic Law of the Villagers' Committees of the People's Republic of China
Article 124 【Structure of People's Court】	1	Organic Law of the People's Courts of the People's Republic of China
Article 126 【Judicial Power Independence】	4	Organic Law of the People's Courts of the People's Republic of China; Criminal Procedure Law of the People's Republic of China; Civil Procedure Law of the People's Republic of China; Administrative Procedure Law of the People's Republic of China
Article 130 【 The Structure of People's Procuratorate】	1	Organic Law of the People's Procuratorates of the People's Republic of China
Article 131 【Exercising Procuratorial Authority Independence】	4	Organic Law of the People's Procuratorates of the People's Republic of China; Criminal Procedure Law of the People's Republic of China; Civil Procedure Law of the People's Republic of China; Administrative Procedure Law of the People's Republic of China
Total Number	48	
II. The Civil and Commercial Category		
Article 13 【 Protection of Private Property】	2	Law of Succession of the People's Republic of China; Marriage Law of the People's Republic of China
Total Number	2	
III. Administrative Category		
Article 19 【Non-government funded education】	1	Non-state Education Promotion Law of the People's Republic of China
Article 44 【 Retirement System】	1	Civil Servant Law of the People's Republic of China
Article 55 【Military Service】	1	Military Service Law of the People's Republic of China
Article 56 【Tax Liability】	1	Individual Income Tax Law of the People's Republic of China
Article 89 【Organization of the State Council】	1	Civil Servant Law of the People's Republic of China
Article 91 【 Auditing Offices】	1	Audit Law of the People's Republic of China
Article 109 【 Auditing Offices of the County Government】	1	Audit Law of the People's Republic of China
Total Number	7	
IV. Economic Category		

Article 8 【Family Contracting】	1	Law of the People's Republic of China on the Contracting of Rural Land
Article 9 【Natural Resources】	1	Mineral Resources Law of the People's Republic of China; Water Law of the People's Republic of China; The Forest Law of the People's Republic of China; Grassland Law of the People's Republic of China
Article 10 (B) 【Land System】	1	Land Administration Law of the People's Republic of China
Article 10 (C) 【Land Condemnation and compensation】	1	Land Administration Law of the People's Republic of China
Article 18 【Chinese-Foreign Equity Joint Ventures; Chinese-Foreign Contractual Joint Ventures】	3	The Law of the People's Republic of China on Chinese-Foreign Equity Joint Ventures; Law of the People's Republic of China on Chinese-Foreign Contractual Joint Ventures; Law of the People's Republic of China on Foreign-Capital Enterprises
Article 2 of the Amendments to the Constitution【The Transfer of the Land-use Right】	2	Land Administration Law of the People's Republic of China; Law of the People's Republic of China on the Contracting of Rural Land
Article 7 of the Amendments to the Constitution【Market Economy】	4	the Criminal Law of the People's Republic of China; Public Security Administration Punishments Law of the People's Republic of China; Audit Law of the People's Republic of China; Law of the People's Republic of China Concerning the Administration of Tax Collection
Article 8 of the Amendments to the Constitution【State-owned Business Independent Management】	2	Law of the People's Republic of China on Industrial Enterprises Owned by the Whole People; Trade Union Law of the People's Republic of China
Article 9 of the Amendments to the Constitution【Organization and Operation of Collective Economy】	1	Law of the People's Republic of China on Township Enterprises
Article 16 of the Amendments to the Constitution【Individual and Private Economy】	2	Law of the People's Republic of China on Individual Proprietorship Enterprises; Partnership Enterprise Law of the People's Republic of China
Total Number	18	
V. Social Category		
Article 42 【Career Training】	0	
Article 43 【The Right of Labor】	5	Labor Law of the People's Republic of China; Mine Safety Law of the People's Republic of China; Law of the People's Republic of China on the Prevention and Control of Occupational Diseases; Work Safety Law of the People's Republic of China; Social Insurance Law of the People's Republic of China
Article 44 【Retirement System】	1	Decision of SCNPC on Authorizing the State Council to Make Partial Amendments and Supplements to the Measures Concerning the Retirement and Resignation of Staff Member and Workers
Article 45 【Right to material assistance】	2	Law of the People's Republic of China on Protection of the Rights and Interests of the Elderly; Law of the People's Republic of China on the Protection of Disabled Persons
Article 48 【Women's rights】	1	Law of the People's Republic of China on the Protection of Women's Rights and Interests
Article 50 【Overseas Chinese's rights】	1	Law of the People's Republic of China on the Protection of the Rights and Interests of Returned Overseas Chinese and the Family Members of Overseas Chinese
Total Number	10	

VI. Criminal Laws Category		
Article 37 【 Freedom Protection】	1	Criminal Law of the People's Republic of China
Article 38 【 Human Dignity Protection】	2	Criminal Law of the People's Republic of China; Tort Law of the People's Republic of China
Article 39 【 The Dwelling Right Protection】	1	Criminal Law of the People's Republic of China
Total Number	4	
VII. The Law on Lawsuit and Non-lawsuit Procedures Category		
Article 125 【 Hearing Public and the Defense Rights 】	3	Criminal Procedure Law of the People's Republic of China; Civil Procedure Law of the People's Republic of China; Administrative Procedure Law of the People's Republic of China

According to the data of Table 1, the total number of seven law branches obtained, whose legislation is based on related articles of Constitution. (Figure 1)

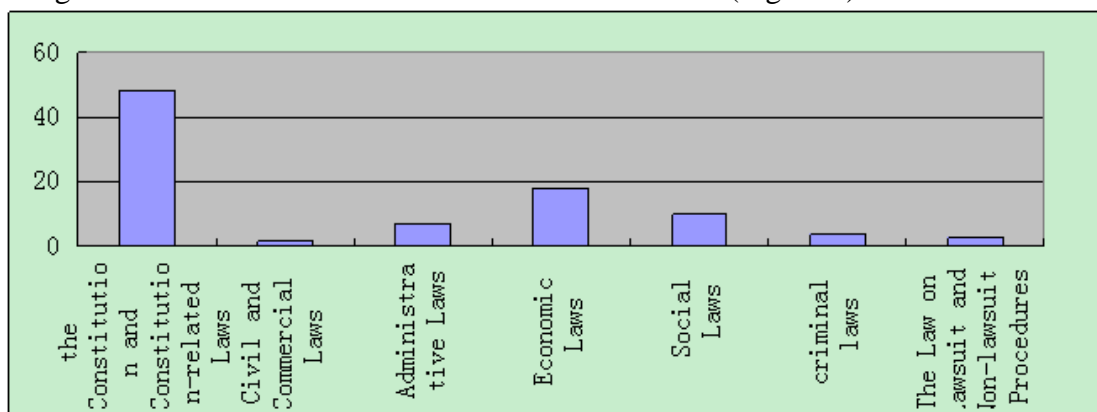


Figure 1. The number of laws enacted in each branch by the relevant provisions of the Constitution

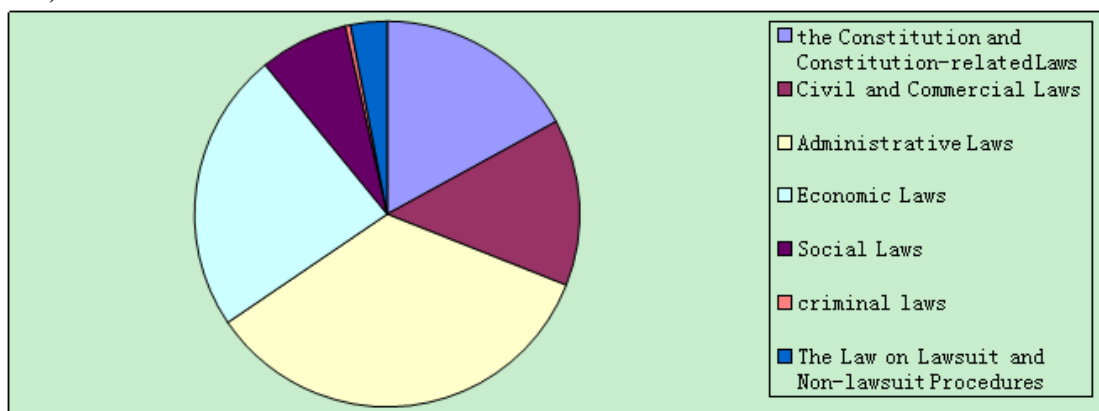
Secondly, the Chinese legal institutional supply process presents stability, continuity, complexity and progress. The Constitution is the basic and fundamental legal institution for a country, which can be regarded as the “fractal element”²⁵ that contains all the information and contradictions of a legal system. In China, seven branches of law were derived from the Constitution, and a series of rules, regulations and regulatory documents were derived from these branches of law. All seven of them constitute China’s legal system²⁶. Thus, with the constraint of the Constitution, the supply model of legal institutions in China presents unique features and forms supply boundaries in return. On the one hand, with stability and continuity in the overall

²⁵ According to Professor Mandelbrot, A fractal is a shape made of part similar to the whole in some way (1982) . http://en.wikipedia.org/wiki/Mandelbrot_set. Last accessed on 14 May 2013.

²⁶ China’s legal system covers laws that fall under seven categories and three different levels. The seven categories are the Constitution and Constitution-related, civil and commercial, administrative, economic, social, and criminal laws and the law on lawsuit and non-lawsuit procedures. The three different levels are state laws, administrative regulations and local statutes. By March 2008, the NPC and its Standing Committee had promulgated more than 229 laws currently in force, the State Council had issued over 600 administrative regulations currently in force, local people’s congresses and their standing committees had enacted over 7,000 local statutes currently in force, and the people’s congresses of national autonomous areas had enacted over 600 regulations concerning autonomy and local needs. A socialist legal system having Chinese characteristics and centered on the Constitution has taken initial shape. China now has laws governing the basic, important aspects of its political, economic, cultural and social life. http://www.npc.gov.cn/pc/11_4/2007-11/20/content_1617712.htm, last accessed on 14 May 2013.

supply and with a progressive supply path, the Chinese legal institutions supply is a part of self-improvement and self-development of the socialist system rather than a fundamental transformation of the social system²⁷. On the other hand, the supply of Chinese legal institutions should make appropriate integration between globalization and localization with the economic development and the progress of science and technology. The sources of the legal institutional demands show complexity therefore, combined domestic demand with international perspective. With China's accession to the WTO, for instance, there were a great deal of legal institutional demands to promote China's laws and regulations to match the WTO rules. In order to adapt to China's accession, the Standing Committee of the National People's Congress has passed a number of amendments of the law, including the Law of the People's Republic of China on Chinese-Foreign Equity Joint Ventures(2001 Amendment), the Law of the People's Republic of China on Foreign-funded Enterprises(2000 Amendment), the Copyright Law of the People's Republic of China (2010 Amendment), the Trademark Law of the People's Republic of China (2001 Amendment) and the Patent Law of the People's Republic of China²⁸. Under the globalization impacts, China's legal institutions supply need to find a balance between localization and globalization. In this sense, the supply of legal institution presents the complexity.

Thirdly, the fractal and hierarchical structures, which are two component elements of Chinese legal institutions, are inadequate connection with each other from the perspective of quantities. Although China's legal system has taken initial shape, it also lack of balance and interactions between the basic level of legal institutions and the derivative level (See Figure 2). The number of criminal, civil and economic law enactment is superior to the social, environmental and other branches of law since the reform and opening up. The supply condition of Chinese legal institutions did not achieve a balanced and comprehensive state, which lead to efficiency loss of the overall system and stimulate the alternative dispute resolution institutions or operation mechanism to supplement the institutional demand, which are accompanied by huge governance risks and weak social stability. In addition, the geographical distribution of legal institutional supply is also not in equilibrium of the provinces in China. (See Figure 3)



²⁷ Fan Ruguo, Institutions Evolution and its Complexity, Science Press, 2011, p61.

²⁸ Zhang Baijie, "WTO and The innovation of China's Law System", in Journal of Liaoning Administrators College of Police and Justice, 2002(8).

Figure 2. The proportion of law enactment of seven branches laws (1979-2008)

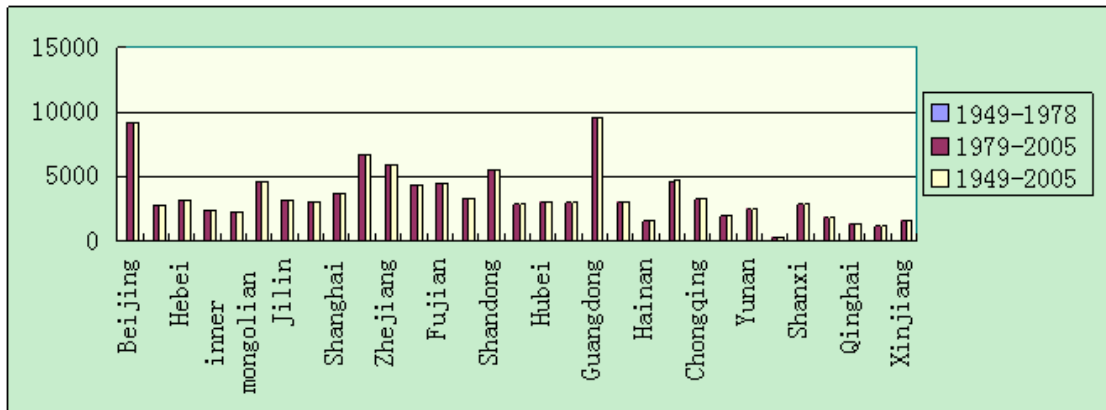


Figure 3. The law enactment number of legal institutions of 16 provinces with different period in China

Fourthly, Chinese legal institutional providers experiencing a single subject-led and multi-agent game evolution process, namely the central government played as the leading provider – the central government and local governments shared the dominant position – the central government, local governments, elite groups and the public shared the institutional innovation network with the process of the reform and opening-up policy²⁹. Figure 4 shows the situation of legislative power distribution from 1979 to 2005.

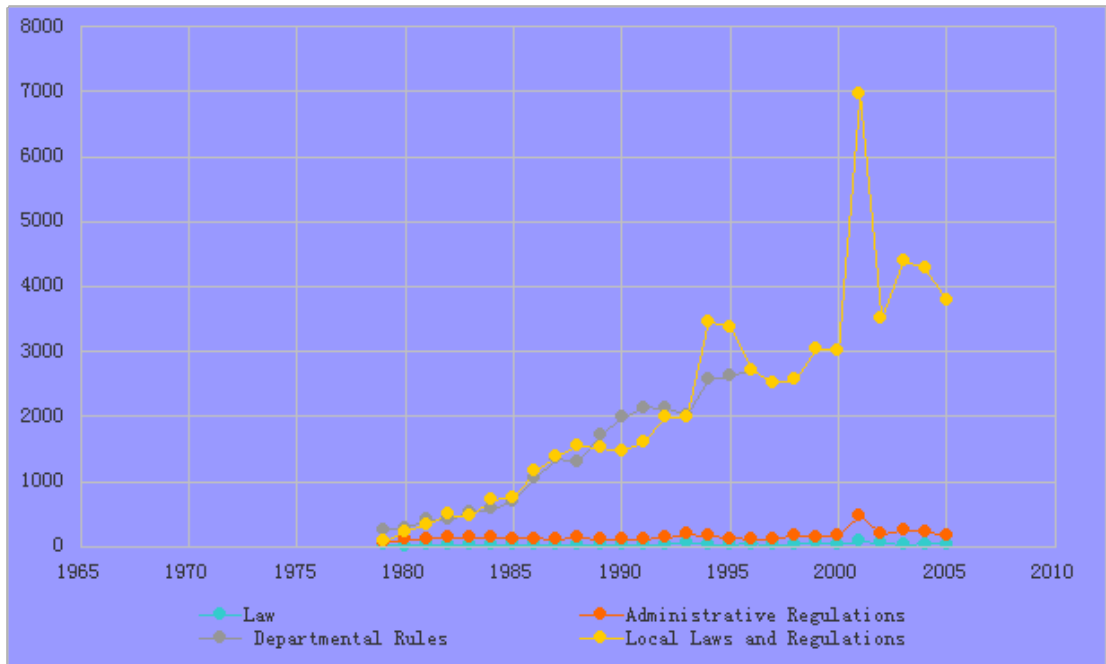


Figure 4. The trend of legal institutions enactment by different legislative bodies in China (1979-2005)³⁰

²⁹ Fan Ruguo, *Institutions Evolution and Its Complexity*, Science Press, 2011, p68.

³⁰ Zhu Jingwen, *Report on China Law. Development. Database and Indicators*, <http://www.law.ruc.edu.cn/fazhan/>, last accessed on May 19, 2013.

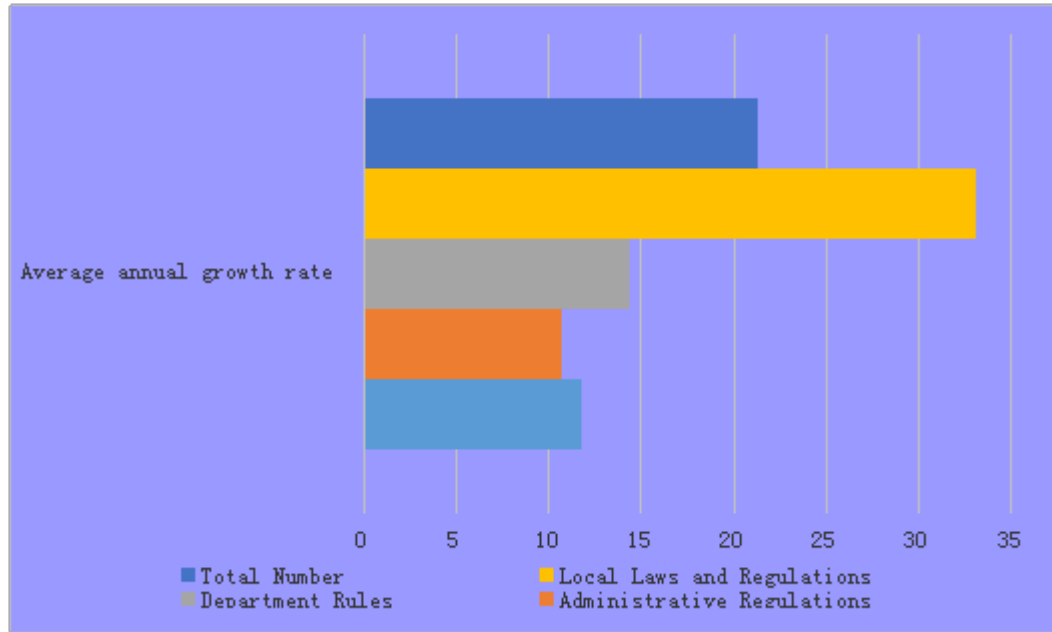


Figure 5. Average annual growth rate of legal institutions enactment by different legislative bodies in China

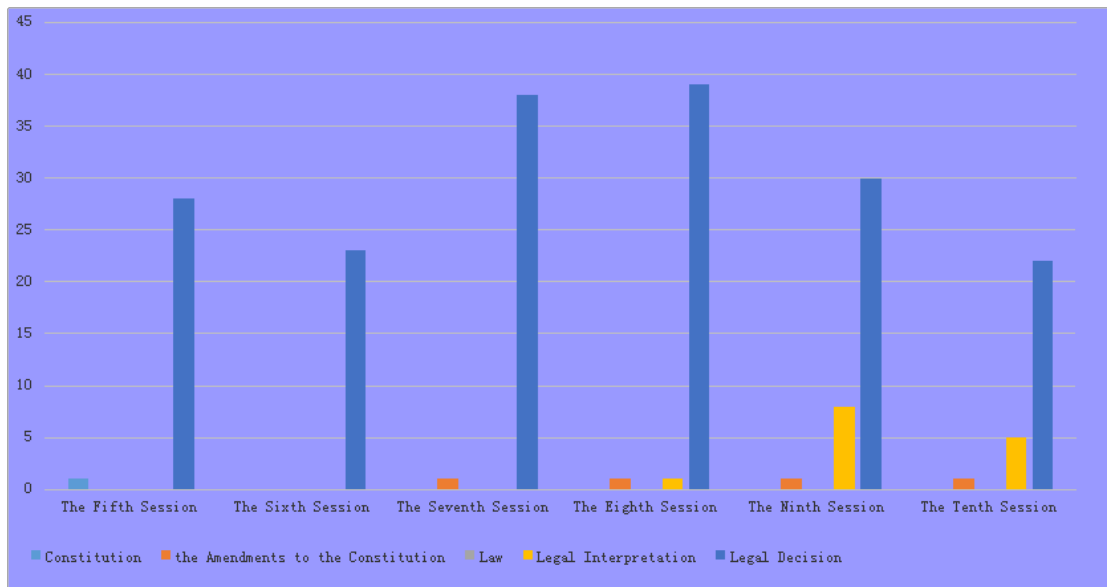


Figure 6. The number of legal institutions enactment by the National People's Congress and its Standing Committee from the Fifth to the Tenth³¹

Local governments, private enterprises, the public and elite groups possess greater “social power” because of civil society maturity. The increase of the public’s ability to access information easily has increased their ability to engage in discourse in the decision-making net. For example, the public made a huge contribution to the enactment of the Regulation on School Bus Safety Management in 2011 and 2012. Driven by strong dissatisfaction and criticisms from the public, which reflected the political participation, civic awareness and decision-making power as well as the huge

³¹ Zhu Jingwen, Report on China Law. Development. Database and Indicators, <http://www.law.ruc.edu.cn/fazhan/>, last accessed on May 19, 2013.

legal institutions demands from the public. The public and the mass media, who represent civil society power, became trigger³² and core³³ of the enactment decision-making regarding school bus, which John· W· Kingdon called “the policy window”³⁴. For instance, compared to the draft version of the Regulation on School Bus Safety Management, the enactment version shows the jointed efforts from the public and the media, who made several large changes³⁵ on the contents through soliciting opinions process. It is an undeniable fact that decision-making process and final formation of legal institutions are gradually evolved from the single subject-led model to the multi-game equilibrium state. Figure 7 to 9 shows the School Bus Safety Management Regulation’s enactment process and the related legal rules.

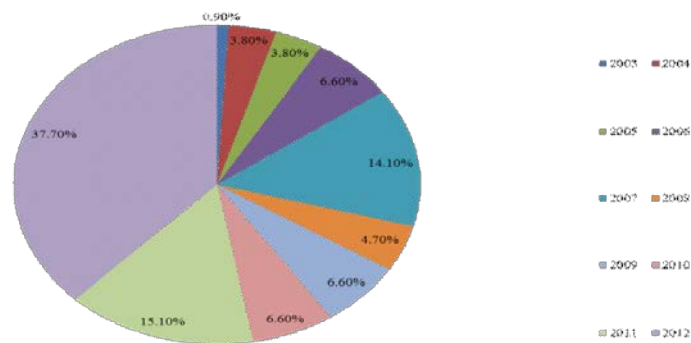


Figure 7. The proportion of annual supply of school bus legal institutions in China (2003-2012)

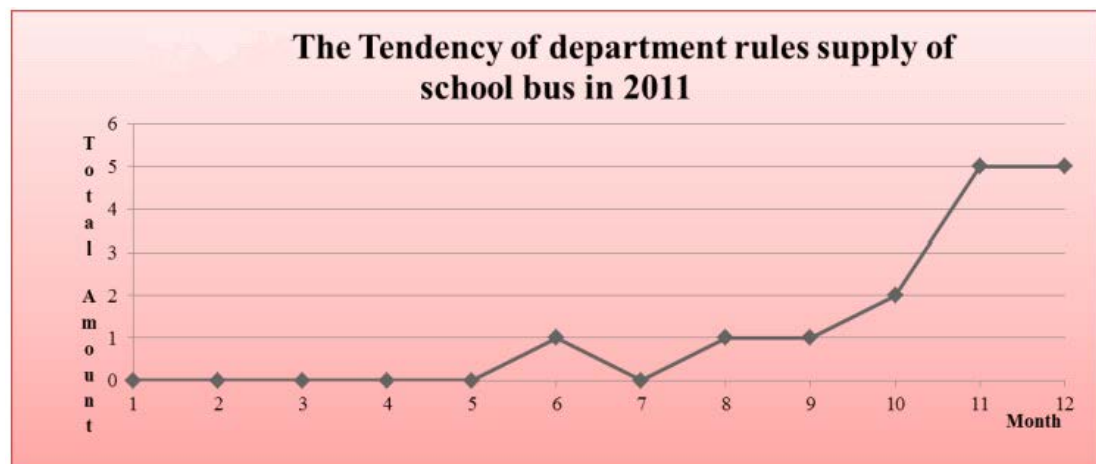


Figure 8. The tendency of department rules supply of school bus in 2011

³² Dearing, James W., Rogers, Everette M. and Chaffee, Steven H., *Agenda Setting*, Sage Publications (CA), 1996. p19.

³³ See Legislative Affairs Office of the State Council of China, *Interpretation of the Regulation on School Bus Safety Management*, in *Labor Protection*, 2012(5), p41.

³⁴ Lan Qiupeng, *Analysis of formation of school bus institutions from diverse perspectives*, in *North Economy*, 2012(4), p18.

³⁵ Including making new institutions for urban areas, annual safe supervision and the scope and qualifications of the school bus drivers, and so on See Legislative Affairs Office of the State Council of China, *Interpretation of the Regulation on School Bus Safety Management*, in *Labor Protection*, 2012(5), p41.

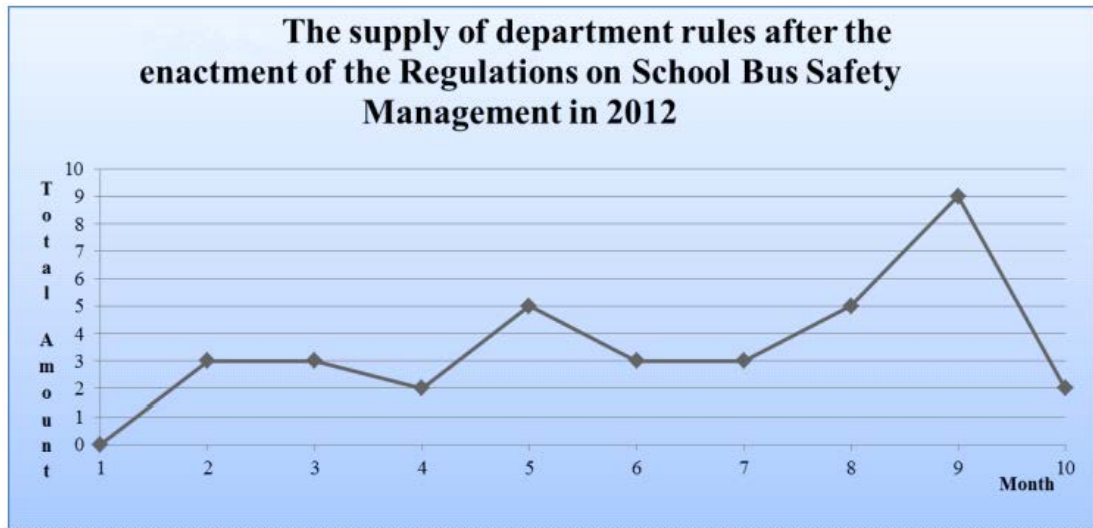


Figure 9. The supply of department rules after the enactment of the Regulation on School Bus Safety Management in 2012

Last but not least, legal culture decides the rule of game and the basis of institutional provider. “The nature of culture play the most important part of the providers’ behavior and the formation of institutional dynamics³⁶.”

III. Towards to A Supply and Demand Equilibrium of Chinese Legal Institutions

The equilibrium of supply and demand of legal institutional goods require the legislators as the institutional goods providers to find and follow the supply and demand law of legal institutional goods, and to design a mechanism to guide the social power owners express and deliver their institutional demand, which will help the providers identify the institutional demand and make appropriate decisions to meet the demand effectively. As for the current situation of China, there are many deficiencies in the decision-making process. The emergencies and public sentiment has become the trigger mechanism of institutional supply decision-making in the short-term instead of a long-acting and stable demand recognition operation mechanism to influence the decision-making.

Firstly, the aggregate demand of legal institutions once breaks out in short term, the providers will be forced to face more pressures to break the routine proceedings, which lead to institutional supply resources will be distributed to the specific demand categories by the administrative orders and the negative effects will be inevitable brought to the overall institutions’ configuration and operation.

Secondly, under emergencies and public sentiment’s pressures, the institutions decision-making will bring pressures to the drafting departments both from the higher authorities and the public, which result in the legislative procedures³⁷ omitting and

³⁶ Fan Ruguo, *Institutions Evolution and Its Complexity*, Science Press, 2011, p104.

³⁷ A complete legislative process includes bill propose, bill deliberation, vote, pass the bill and enactment, and so on. In the drafting process, there are usually ten steps: (1) Decision-making; (2) Determine the drafting department; (3) Construct the drafting team; (4) Clarify the legislative purposes; (5) Carry on the research; (6) Determine the

quality control difficulty.

From the long-term development perspective, China should construct a series of mechanisms which follow the general demand and supply law and match the practices of China's legal institutions to reach the equilibrium of supply and demand of legal institutions.

3.1 Legal Institutional Demand Mechanism

Legal institutional demand mechanism refers to a transmission mechanism, which is constructed with the democratic framework, endows discourse rights to the public to express their preferences with willingness to pay, and then it helps the providers meet the majority institutional demand with transmission mechanism. This transmission mechanism ask the providers take active measures to help the public find and express their own legal institutional demand.

Legal institutional demand mechanism includes, but is not limited to, an institutional demand classification sub-mechanism, an institutional demand transmission sub-mechanism and an institutional demand analysis sub-mechanism, which can penetrate the essence of institutional demand on the owners of social power.

Firstly, institutional demand classification sub-mechanism is designed for responding to institutional demand with different levels. Similar with the Maslow's demand, from the perspective of economic and society development, there are different levels and angles to classify the legal institutional demand, such as survival, security, management, development, social integration and extension. Those demands will experience progressive evolution with long-term and overall level, while they falls into different and specific categories of legal institutional demand.

Secondly, institutional demand transmission sub-mechanism is designed for preventing the efficiency losses when the supply and demand subjects experiencing multi-game several times but still hard to reach consensus. The efficiency losses are general displayed as the Appealing to Higher Authorities for Help (in Chinese, Shang fang), violence and illegal parade and demonstration, and so on, which belongs to abnormal transmissions for legal institutional demand. There have been some specific mechanisms to be designed for protecting the public wills to be delivered timely and effectively, such as legislative hearing and solicit opinions proceedings. However, these mechanisms are not enough to reach the aims. For instance, legislative hearing usually cannot reach the satisfaction due to the attitudes of hearing officers, the inappropriate design of hearing process, the negative practical hearing effect and the limited hearing scope. Thus, China's legislature as institutional provider should construct, standardize, institutionalize and normalized the opinion collection mechanism, and issue detailed opinion analysis reports regularly to explore the institutional demand of the public as well as establish the institutionalized demand delivery channels.

At last, an institutional demand analysis sub-mechanism should be included in the

framework and outline; (7) Drafting bills; (8) Solicit opinions; (9) Revision and review; (10) Form the final draft version. See Zhou Wangsheng, *Legislation Studies*, Law Press, 2009, p449.

legal institutions demand mechanism, which can help the legislators make the decision maximize benefits and minimize costs within the demand and supply boundaries, identify the willingness to pay of the public, analyze the urgencies, importance, and appropriateness of different institutional demands, and obtained professional and reasonable decision-making.

3.2 The Decision-making Mechanism of Legal Institutions Supply

The decision-making mechanism of legal institutions supply refers to a series of proceedings, which run through the whole supply process, including the initial supply of basic legal institutions, the subsequent supply of subsidiary legal institutions, the revision and abolishment of the existing legal institutions and other proceeding with legal institutions changes. Design of the mechanism is followed the decision-making principles, in accordance with the basis for decision-making, adopted the scientific decision-making methods and formed the appropriate form of decision-making, which will determine the supply quantities of legal institutions, the supply timing, the supply contents and the related important issues with cost-benefit analysis.

First of all, optimized institutional arrangements of the decision-making cost should be included in the Mechanism, which is closely related to general public goods decision-making within the cost and supply scope.

The definitions of decision-making cost of public goods both have narrow and broad perspectives. This paper adopts a broad perspective, which means that decision-making cost includes not only the ex-input cost but also contains the overall operation situation when the decision has been made. There are three parts consist of the decision-making cost, namely the direct costs from the legal institutions providers, costs spent by the public to comply with the new institutions as well as the transaction cost, also be regarded as indirect costs. Although the supply process of legal institutions is different from the concluding process of individual contract process, they still have transaction costs in common, which means the formation of the two processes need to spend high cost to adapt to the uncertain environment and coordination cost after reaching the agreement. From the perspective of contract, the formation process from bill drafting to law enactment can be regarded as reaching processes of a special and huge contract, which was concluded between the two parties, the public and the authority, and with multi-game process. In those processes, there exists the “ex-transaction costs”³⁸ and the “post-transaction costs”³⁹. Thus, an institutional arrangement which can optimized the decision-making processes, reduce information search costs and coordination costs, at the same time, help to provide information for innovation. Moreover, the institutional arrangement should have functions to combine

³⁸ Ex-transaction costs refers to coordination costs, which happens in a lot of occasions. If one actor wants to pursue long-term relationship, even if all participators have the same goals and do the least speculation behaviors, the ex-transaction costs still exist. See Elinor Ostrom, Larry Schroeder and Susan Wynne, *Institutional Incentives and Sustainable Development Infrastructure Policies in Perspective*, p56.

³⁹ Post-transaction costs refers to a kind of cost which exists after the contract reached. When the business is involved with several participators, this kind of cost happens because of the several long-term relationship coexist at the same time, which need to cost time and resources. See Elinor Ostrom, Larry Schroeder and Susan Wynne, *Institutional Incentives and Sustainable Development Infrastructure Policies in Perspective*, p56.

general information and “information about specific time and space knowledge”⁴⁰, namely scientific information and spatio-temporal information.

Secondly, scientific decision-making institutional arrangement should be introduced to the Mechanism. Although the supply decisions were made by different people, it is also important to establish a series of institutional arrangement to ensure the decision-making with different time periods has the internal consistency and clear standards. Herbert Simon, the founder of Decision Sciences, concluded the four stages of decision-making process, namely information collection activities, design activities, decision-making activities and implementation activities. If Simon’s theory is applied to the decision-making process of legal institutional supply, it first shall contain the institutional arrangements which could make closely connection with the transmission mechanism of legal institutions to identify the institutional demand of the society, and then, connect with analysis mechanism of legal institutions to target the specific institutions; moreover, accompany with a series of self-consistent indicators with unified standards, which could provide required angels and channels for decision-makers from the perspective of rational analysis. In addition, the institutional arrangements of the decision-making process should be classified into different specific steps with the appropriate technical supporting, such as the design scheme, drafting analysis and evaluation, testing experiment and implementation, and so on.

It is a phenomenon indicated by group decision-making theory that the preferences or utilities of the decision-makers will be influenced by psychology, knowledge, personality, status and other factors, which make decision-makers have to face more than one targets, which cannot be measured⁴¹. In order to reduce the complexity and uncertainty, for decision-making of legal institutional supply, should rely on institutions, which could ensure that a set of constraints with different preferences of decision-makers and complex decision-making backgrounds rectified to follow the purpose of equilibrium of legal institutional supply and demand. Thus, it is very important for China’s legislature to design a set of institutions to overcome the intrinsic defects of group decision-making process through the combination process with legal institutional demand mechanism.

3.3 The Game Mechanism of Supply and Demand Equilibrium of Legal Institutions

“Like price signals in the market, legal institutions reflect the game outcome of multiple interest subjects⁴²”. The third mechanism that aims to achieve supply and demand equilibrium of legal institutions is game mechanism in the legislative process. An institution means a set of behaviors with recurring patterns. The core factor of

⁴⁰ Elinor Ostrom, Larry Schroeder and Susan Wynne, *Institutional Incentives and Sustainable Development Infrastructure Policies in Perspective*, p56.

⁴¹ Su Bo and Wang Huanchen, *Group Decision Support System*, Conference Paper of Management Science and Systems Science of the National Yout, 1995, Vol. 3.

⁴² Fa Lina, *A Study On the Formation Mechanism of the Legal Interest from the Perspective of Supply-Demand Equilibrium and Utility Choice*, *Journal of Ocean University of China(Social Sciences Edition)*, 2012, (4).

institutions are humans. The interests of all stakeholders should be concluded into the constraints because a person who is chasing to maximize his or her own interests to change the behavior to correspond, which will fall into scope of interests and shows the game process through different subjects⁴³. There are two levels game in the legal institutions supply: the first level exists in the legislators; the second level is presented in the providers and consumers, namely the legislators and the social power owners. The first level focuses on the form and contents, and the second level emphasizes on the quantity and quality. Thus, the game mechanism of supply and demand equilibrium of legal institutions (the game mechanism) includes, but not is limited to, the following institutional arrangements:

Firstly, from the perspective of supplier and demander, the game mechanism should include the channels for multiple participation by “social power owners”, especially for the vulnerable groups, such as peasants and working-class people. Nowadays, the governance center have been gradually evolved from a single model to multi-center model in the legal institutional supply courses. Specifically, the legislature should also construct the game institutional arrangement for the demander and supplier from the basic, middle and deep levels within the decision-making process. Then, an overall legislative game mechanism should be introduced through three dimensions: market-based persons, contract-based organizations and social interaction-based communities from the perspective of subject. As for the contents, it should be divided into several specific areas including political, economic, cultural, and social life to adapt to the different levels of the institutional demands. From the component elements of the legislative process, it should contain game channels to ensure the participations by the multiple subjects from the draft, the vote, the revision and other related elements of the legal institutions’ formation. In the above institutional arrangements, the protection for the vulnerable groups is the indispensable part in the whole game mechanism.

Secondly, from the perspective of information accession, the information disclosure institutional arrangement should also be included into the game mechanism. Although China’s legislatures have already designed some institutional arrangements to promote the legislative information disclosure from the official media, it is still far from forming an institutionalized and normalized arrangement. From the drafting bills to the law enactment, there are a great deal of information related to the public interests but not to be discloses. Taking the Housing Security Law for instance, it was put on the legislative agenda of the 11th session of the Standing Committee of the National People’s Congress in 2008, and the Housing and Urban Construction Department of Housing Security Department is responsible for the drafting of the Act. In the end of 2008, Tsinghua University and Shenzhen Real Estate Research Center as the legislative experts had drafted two different versions for the Act. However, the draft never shows up to the public. As citizens, we can only access little part of the information from the media coverage. What’s more, according to a news report, an anonymous officer of the Housing and Urban Construction Department of Housing Security Department

⁴³ Fa Lina, A Study On the Formation Mechanism of the Legal Interest from the Perspective of Supply-Demand Equilibrium and Utility Choice, *Journal of Ocean University of China(Social Sciences Edition)*, 2012, (4).

revealed that the effectiveness rank of the Act had been degraded to the regulation from a law.

The governance in China has been transformed with the involvement of social power owners. The transition process from the policy game to the legislation game is one of the best predictor of the maturity of civil society⁴⁴. Thus, in the new governance environment, construct the game mechanism of supply and demand of legal institutions not only help build the platform, which can coordinate and balance different subjects, but also laying foundations for a “good governance”.

Conclusions

As for legal institutions, there are two different levels of “equilibria”: one is based on the quantity, namely the structural equilibrium; the other is based on the contents, namely the contents of legal institutions should match the institutional requirements of the public and the society development. This paper focuses on the first level of equilibrium of legal institutions. From the perspective of public goods, this paper adopts empirical approach to collect the legislative data of China from 1979 to 2008, and makes analysis of characteristics of the pattern of Chinese legal institutional supply. Taking the enactment of the Regulation on School Bus Safety Management for instance, this paper introduces empirical analysis to sketch the correlation between the occurrence time of serious emergencies and the related timing of legislative decision-making to indicate the sensitivity of legislative decision, and to explore how effective legal institutional demand mechanism can drive equilibrium of supply and demand to avoid stressful legislation and cooperation deficit. At last, the paper proposes three major mechanisms which influence the legal institutional equilibrium. First, the research designed an effective legal institutional demand mechanism (including an institutional demand transmission sub-mechanism, an institutional demand classification sub-mechanism and an institutional demand analysis sub-mechanism), which can penetrate the essence of institutional demand on the owners of social power. Then, a mechanism of legal institution supply is introduced (including three main factors: supply body, supply type and supply approach), which is an essential step to reach the equilibrium of the second stage, and keep a favorable state of interaction between the persuasion strength by the social power owners and the public power. The last indispensable part of the paper is to reach the equilibrium of third stage by developing a supply-demand equilibrium game mechanism. The writer hope the research of the paper can motivate theoretical discussion and practical attempt of multiple equilibria of legislative decision-making from the perspective of public goods.

⁴⁴ Xu Zhangrun, From Policy Game to Legislation Game: Review on the Legislative Democratization Process in China, in *Political Science and Law*, 2008(3).