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DECENTRALIZATION: A FRAMEWORK
FOR POLICY ANALYSIS

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DECENTRALIZATION: A FRAMEWORK FOR POLICY ANALYSIS

1. Introduction

It is not altogether by accident that this project comes at such an opportune time. Decentralization is becoming a dominant idea in development, displacing such notions as 'controlling the commanding heights', the 'necessity for planning', 'forward and backward linkages', 'infrastructure as positive externalities', etc.

Timeliness is an irresistible, but straightforward temptation for action organizations such as the Agency for International Development. For a scholar/author, it can be more subtle, for it often carries the illusion of modest, but real usefulness. The future of that illusion is right at hand.

An enormous and growing discussion of decentralization and development is well underway. All over the world, prominent policy makers have already set out their initial views; many more will soon follow. Even by the norms of talk about development policy -- where the rules of rigor and common sense are generally relaxed -- homily, simile, unconnected data and homespun wisdom dominate these pronouncements and programs to a remarkable degree. Vocabulary is rudimentary and unrooted. Definitions are usually lacking, and when they are not, their meanings are private: they convey personal images. They are closer to myths, as Sorel

defined them: not lies, not willful concealments of truth, but "vague associations of motivating images."

Clarity, of course, corrodes consensus. The confusion that surrounds the notion of decentralization is a major reason for the extraordinary breadth and diversity of individuals and organizations that are now promoting decentralization as a major policy direction and goal. To name but some of the most prominent and incongruent: Richard Nixon, Charles de Gaulle, Herbert Marcuse; the French Socialist Party, the French "conservative" party; the British Labour Party, the British Tory Party; the French banks, the New Left, the New Right; Walter Wriston; and the list goes on and on.*

What may be most important about such policy discourse is not the intellectual fact of its quality, but the political fact of its existence.

Real world problems -- such as a perceived inability for large organizations, especially governments, to do many diverse things and not just a few large or routine things; threats to political integration going so far as separatist movements; crushing overhead costs; unstoppable but also unaccommodatable rural to urban migrations -- are producing among policy makers a willingness, even an eagerness, to

* N. Furniss' [1974] article begins with an intriguing and amusing array of citations of such pronouncements and endorsements.

listen to suggestions for dealing with these and other concrete problems through decentralization policies. In brief, it is the ear that has changed in its willingness to listen, not the mouth in what it whispers.

After all, decentralization is not a new technology, a new idea, or even a very new formulation of an old idea. It is an unabashedly old idea presenting itself in traditional garb. Industrious research can find well planned and executed examples of decentralization policies in the annals of the Ancient World; even cursory scholarship can find sophisticated debates on decentralization/centralization in 18th and 19th century political literature.

For example, in 1856, D.P. Dupont-White published La Centralisation to rebut Lamennais' definition of the problem of administrative hypercentralization -- "apoplexy at the center and paralysis at the extremities" -- which he viewed as the necessary result of centralizing functions in a centralized state. Dupont-White argued that the Centralized State is the best instrument to destroy unfair and unproductive caste and privilege and smash the hold of local elites in the countryside. He hailed it as the "great bulwark of the people against a revival of feudalism."

The core concerns of the 19th century debate -- on the one hand a quest for efficiency, effectiveness, variety and participation through administrative deconcentration and local control; on the other, a quest for ways to break the

hold of anti-development rural elites, spur modernization and overcome "the idiocy of rural life" -- are very much the same as those of today's debate. Only the prose style differs: the passive voice and science-in-drag diction of social science has replaced cocksure bombast.

Unfortunately both the quality and the utility of the debate is also very much like today's. It does not go beyond the symmetrical rhetorics of cafe Revolution and Civic New Year's resolution. It cannot be operationalized. There seems to be no agreed upon way to distinguish among the different kinds of decentralization policies and to make those distinctions concrete, operational, and permanent so that discussion can advance to a second step. In the absence of such a framework the discussion cannot advance. Square one is always in view, usually right underfoot.

The purpose of this paper is to provide such a framework. It is not simply to review what is known about the kinds and purposes of decentralization policies, that is to assess and condense the State of the Art. Rather its goal is to bring available knowledge to the assistance of the LDC policy makers and their advisors, direct and indirect, actual, future and would-be.

A pre-condition to success in this task is to see things from their perspective; only if it elicits a sympathetic understanding from its intended readers will the

text run the risk of usefulness. The paper, therefore starts with a problem -- not our problem of what are the kinds and purposes of decentralization policies, but with one of their problems, the very concrete problem confronting policy makers in most LDCs: how to improve the performance and responsiveness of costly and chaotic service delivery systems.

Our choice of a policy directed approach, and a presentation based on concrete problems has several logical consequences that make themselves immediately felt at the level of root assumption and expository stricture.

A) Decentralization must be seen as a process not a condition. That is, it becomes futile, in policy terms, to compare states by the extent of decentralization. At issue are questions of dimensionality and agency. Dimensionality: administratively France is more centralized than Britain; politically, through the party system, Britain is more centralized than France. Agency: the policy maker can only be concerned with movement from a given situation, with the possibility of doing something. Hence we emphasize the verbs -- to decentralize, or to make decentralizing moves, or to introduce decentralizing policies, and not adjectives such as decentralized state or even a decentralized delivery system. Delivery systems too are multi-dimensional to serious policy makers.

B) Decentralization is not one thing; nor is it even a

series of degrees along a single spectrum or scale. For comprehensibility and utility in policy circles, the overarching abstraction "decentralization" must be split into a host of separate, occasionally conflicting entities.

While such broad categories of action as deconcentration and devolution have enough in common to warrant inclusion in general conversation under the more general heading of decentralization, their overwhelming difference in operational terms have made such distinctions conventional first steps in policy discussions of decentralization. We have, in our demarcations added some that are not conventionally represented, but should be. Movement to parallel non-governmental organizations is an important example illustrated by such bodies as farm bureaus, political parties, medical associations, producer organizations, etc. Similarly, because of the multi-dimensionality of policy making, sharp distinctions among the policy options become vital. The different dimensions -- the different kinds of decentralization -- often conflict: policies usually taken to decentralize economic activity, that is to redistribute economic activity into lagging regions, or more evenly over the map, are most often realized through means that transfer control over the location of investment and industrial activity away from local governments and the market, and concentrate it in the central political-administrative system.

C) A third consequence of our decision to focus on policy is the general "top down" or talking to the central authority tone and perspective of the text. The focus on policy is a focus on making decentralization policies -- not of praising or criticizing states of centralization. This implies the assumption of a political and administrative system near the center of which sit policy makers -- our chosen targets. Now, there is a certain confusing game of perspective implicit in all decentralization/centralization discussions. Any move can be seen as increasing or decreasing centralization depending upon where you are seeing it from. Thus, the development of effective local governments or deconcentrated administrative organs where previously there was only a central government which had little effective local penetration can be seen as a decentralization from the point of view of the central government, while from the perspective of the existing local institutions, especially the anti-development local elite, it can be seen as centralization. Unless specifically noted, our perspective is that of the central government, or its advisors, and situations are described as seen from there.

The subject of this paper is "reasons for decentralizing". It is a preliminary version of one section of a projected four section work. The three projected sections treat: 1) kinds of decentralization policies; 2) articulations that hold the various decentralization schemes

together and give them their meaning; and 3) experiences: how, in various contexts different decentralization policies achieved -- or failed to achieve -- particular objectives and what are the more predictable "unintended outcomes" associated with such efforts.

This paper is divided into three major parts. The first, largest and most important of these is comprised of the first and third sections following this introduction. It describes problems that confront policy makers in LDCs in very concrete terms and situates particular decentralization policies in the multi-faceted contexts of those problems. It is the key to the whole approach of the larger work.

A second, far shorter and less finished section is inserted after the first chapter of the major part in order to provide needed vocabulary. It outlines, briefly, the different kinds of decentralization policies.

The third part surveys reasons for decentralizing as they are developed in the traditional body of political and development literature, with special emphasis, as repeatedly requested by the Agency, on public choice economics. The survey is done in such a way as to make it accessible to the non-theorist and to draw practical, usable implications.

2. A First Example: Relieving Administrative Congestion

Efforts to improve administrative efficiency or effectiveness often focus on one objective: to slash through the binds of paper work and red tape in order to free the central brain from its oppressive load of detailed and relatively petty routine so that it can get on with its real business. The disease is called "overcentralization"; the cure is decentralization to a subordinate unit of routine tasks while strategic or goal-setting and policing authority remains at the center. As the 1962 UN study phrased the problem:

> Decongestion of government ... relieves members of the legislature and of the national executive from involvement in many purely local issues, frees key officials from onerous and detailed tasks and increases the speed and effectiveness of administration at all levels. Decentralization is especially important in developing countries where rapid expansion of public services greatly increases the number of government transactions and consequently the hindrances and wasted effort resulting from overcentralization of controls. [UN, 1962:6]

Within a bureaucratic context, this form of managerial or administrative deconcentration has, in the past two generations, become well established in most large organizations, ranging from those under the influence of American managerial methods through those affected by efforts at economic reform in the Soviet Union and Eastern Europe. One of its earliest and certainly most successful proponents was Alfred P. Sloan during his tenure as chief executive of General Motors. The literature on modern management reflects a

well-developed doctrine and practice on how to delegate authority so as to improve organizational effectiveness (e.g., retail banking in the United States and increasingly in Western Europe).

Many now argue that the model is even more appropriate to developing nations than to developed ones, although the issue is muddied by significant countervailing tendencies. On the one hand, the tendency for the central authority to seek to maintain its grip on all authority and resources, combined with the lack of administrative capacity in the periphery promote continued centralization. In particular, the apparent absence of readily available alternative loci of administrative competence poses a major stumbling block to efforts at reorganization. As Rondinelli describes the case of the Sudan prior to the 1969 revolution:

> The inability of local administrators to solve local problems and the fragmentation of political power within provinces and districts, inevitably pushed these problems, and with them increasing decision-making power, toward central ministries in Khartoum. [Rondinelli, 1980:22]

On the other hand, scarcity of administrative skill at the center as well means that the organizational capacity of the central administration is quickly exhausted and the relatively petty, but always urgent demands of day-to-day routine displace more strategic matters and threaten to swamp government operations entirely. Delay, incoherence, red tape, layers and layers of formalistic reporting, the resources drained off to manage the complex managerial

structure, all quickly outweigh whatever advantages the relative competence of the central administration originally offered. Overload can prevent the center from acting strategically -- it can even prevent the center from acting at all, and it can prevent regional bodies and private people from acting. Thus, reducing overload should contribute to improved decision-making, whether those decisions are ones that originate outside the administration but depend upon some contact with it before they can be effected (as in the obtaining of licenses and permits by business enterprises), whether they are ones delegated to lower units of administration or government, or whether they are the ones retained at the center.

As indicated, the negative effects of administrative overconcentration are not confined within the overloaded administration: as a result, the benefits of relieving such overload are not confined to the administration, but rather ramify throughout the society. They therefore contribute in very important ways to the process of overall economic development. But just as the costs and benefits of relieving administrative congestion are not confined to the affected administration, its causes are not entirely internal either. A look at the reorganization of one South American country may clarify both the complexity of these issues and the major political implications of what is seen as primarily an administrative problem.

In Colombia, such public services as health, education, water and sewers, agricultural finance, housing, public works, rural development, etc., were (in 1977) delivered by a set of quasi-independent, vertical agencies, headquartered in the capital, each with its own field services, its own methods of operation, its own criteria and its own objectives. This organization is a legacy from the last administrative reform that broke the hold of the overcentralized (and politically contaminated) central ministries by decentralizing their responsibilities into functionally separate institutions. The number of these institutions grew over the years with the number of functions. The tendency for vertical agencies to proliferate is quite pronounced in all systems: it is easier to start a new agency for a new task. By 1977, Colombia had well over 100 such agencies.

From the perspective of the center -- the President's office and the national planning agency -- the system was too decentralized. There was too little control of these separate services, too little coordination of what they did, too little knowledge of what was going on.

Integrated development was integrated only on paper. On site, water pipes went in one place, housing in another; harvests were increased by credit and technical assistance, but warehouses were lacking to hold the increased yields. All the while the costs of administration increased. Vitally scarce resources were wasted; worse, initiative and

innovation were stifled. The government could not realize its political will. It could not plan development.

From the standpoint of the local communities, infrastructure and services were provided irrationally. They had little control over the provision of water, housing, schools, education, credit, transportation, warehousing, sewers, health facilities, supplies and services. Each is supplied according to the internal objectives, politics, norms, logics and rhythms of a separate national agency. No effective planning at the center was compounded by no effective power at the local level, thus belying the simple centralization/decentralization model as a trade-off or zero-sum redistribution between hypothetical loci of an homogeneous unit called power.

It is not the simple accretion of more of the same kind of work in a particular office, but rather precisely this type of complex situation that typically leads to proposals for decentralization -- as in this particular case. The problem was diagnosed as overload with decentralization the treatment of choice. Each vertical agency was suffering from overload by trying to control detailed operations in a distant field from its office in the capital. The planning agency and president's office were also overloaded, trying to coordinate over 100 separate agencies.

The initial idea was to send the coordinating function down from the center. This would free the president's

office for more strategic tasks, and would decongest the vertical administrations. It would also go a long way towards reducing the irrationalities of non-conforming water and sewer projects, as well as eliminate wasteful absurdities such as standardized housing units constructed indifferently in mountain, swamp and desert. The problems of this solution were not slow in surfacing.

First, the existing distribution of administration functions, however irrational to a student of management science, was not politically neutral. Different political factions had long since come to "own" different functions and agencies. In a nation where "clientelismo" or patronage politics plays a large role, they exact their particular price: organizational irrationality. To change the functions would be to change the relative position and fortunes of those factions, disturbing a delicate political balance. It would not be solely an administrative reform, but a political one as well: the two are inextricably bound.

Nor was decentralization the only conceivable option. Some reasoned that if coordination among the vertical agencies could be achieved at the regional level, it could also be achieved at the national level. Staff would certainly be as able; power at its maximum. If the problem was truly administrative, there was no a priori reason to believe it could be solved more easily at the regional level. If it was also political, there would still be no reason to assume

its resolution at the regional level, and many reasons to assume great difficulty in effecting the transfer of power without increased political costs of just the kind that created the problem. And if the problem of coordination among the vertical agencies overloaded the president's office and that of the national planning agency, would it not overload the administratively weaker regional offices? Indeed, would not the reform result in more -- rather than less -- bureaucracy as an intermediate layer interposed itself in the system? Clearly, the answers to these and many other questions lie not in a generalized conception of a move from centralization to decentralization, but rather in the system of linkages between the central authority and the regional bodies that determine the effective relations between them.

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3. Forms of Decentralization

Introduction

In practice, decentralization is a process, not a condition. That is, it is futile to compare states by the extent of decentralization, or to rank them on a continuum. What is at issue is a question of dimensionality. Administratively, France is more centralized than Britain; politically, through the party system, Britain is more centralized than France. Our concern is with the process, which involves a transfer or redistribution of power and resources. We assume the existence of an ordered state, with an administrative apparatus in place, and with an effective concentration of state powers. This assumption permits the full consideration of the variety of activities which parade under the banner of decentralization. We will consider six types of activities which qualify as examples of this process: devolution, deconcentration, delegation to autonomous agencies, delegation to parallel organizations, privatization, and workers' self-management.

3.1. Devolution

This term is most commonly used to characterize the transfer of power off the central line of command to another level of government. If the system is hierarchical, it implies transfer to a lower level. But paradoxically, if

the process is thoroughgoing and successful, it will lead eventually to the autonomy, or relative autonomy of the recipient level. In fact, as Rondinelli concedes,

> Devolution is usually seen as a form of decentralization in which local government units are given responsibility for some functions but in which central government often retains some supervisory powers and may play a significant financial role. [1980:19]

Devolution thus implies the existence of different levels of government across which power and resources can be transferred. For obvious reasons it is meaningless in a completely unitary state. Its habitat is a federal, or at least "tiered" governmental system. In constitutional states, there is often de facto and de jure devolution of powers to local governments for the reasons that central governments cannot administer everything and for the reason that powers not specifically granted the central government are presumed to adhere to local government as a residual right. At the same time, it should be clear that this form of decentralization is rarely the one at issue in contemporary discussions and plans. At issue in the majority of cases is some type of administrative restructuring (deconcentration) which will only indirectly contribute to a shift in the political balance of power.

3.2. Deconcentration

By this term we mean a shift of administrative authority, but along a central administrative line. This can mean a simple shift in place; the government sets up branches outside the capital, or dispatches some arm of the administration to a provincial location. This process can involve considerable transfer of authority and power or none at all. A branch bank manager may retain or acquire some power of decision. A transferred bureaucrat may continue to need approval of simple decisions by a "higher" authority. Deconcentration is also sometimes used to mean a thinning-out of activity at any one place. In this case, no transfer of power is intended, though some might take place.

What is important to note about deconcentration is that it is an administrative action and does not alter the flow of command in the system. In contrast, devolution may involve some change in the loci of control. Deconcentration intends no basic transfer of power, although some de facto transfer may take place. This is most likely in issues of influence over distribution, as a reflection of the differential relations of social and political power in different locales and at different levels of the administrative structure. While such a transfer may exist for some time, as long as it is a matter of deconcentration it remains quite precarious and subject to being rescinded at any time by the center.

3.3. Delegation to Autonomous Agencies

In addition to the devolution of certain powers to lower levels of government, and the deconcentration of functions to lower levels of administration, production and provision of certain goods and services are often delegated to autonomous public or quasi-public agencies. These agencies usually have an independent legal status, and are intended to replace direct public provision with management and provision according to the laws of economics. Examples of this type include the creation of special development corporations to carry out public purposes while acting like private entities. This device is frequently justified as a means to improve economic efficiency, or as an effective way to circumvent the bureaucratic controls or public exposure requirements of government in the interest of greater flexibility of action. It also can be used to protect the financial base of particular organisms from the variations in general government finances. In some cases, the corporate instrument will be used to circumvent statutory controls.

The common format for developing countries -- and above all for those which are aggressively engaged in promotion of development -- is the special status public corporation, set up primarily either for development projects or to manage state-owned sectors of the economy. Such corporations are created to achieve specific production objectives, but commonly acquire other targets as the initial ones are attained

or set aside. As Rondinelli observes,

> Public corporations and special authorities have been used extensively in East Africa to finance, construct, and manage physical infrastructure projects such as highways, dams, hydro-electric facilities, railroads and transportation systems, and to organize and manage large-scale agricultural activities, such as cotton-growing in the Sudan and tea-raising in Kenya. [1980:18]

Similar examples can be found in almost any part of the developing world. [See Harris, 1980, for many examples from Latin America.] In fact, such facilitating agencies are frequently created at the instigation of the international lending community, in attempts to secure their financial base, tie them more closely to donor objectives, remove them from the political influence of the center, etc.

The sense in which such agencies are "decentralizing" is simply that the corporations or authorities created are to a large extent independent of the normal administrative regulations and decisions of the government that created them. Not that this is an unintended consequence of government action; that independence is the very reason for their being. However, as a rule this independence is more formal than absolute. This method is chosen to allow the government to act in ways not permitted by existing structures when it is unwilling or unable to pay the price to change other constraints on its actions. Rather than change civil service provisions or pay scales, for example, the governmental power sets up a corporate entity that is exempt from the civil service personnel and pay conditions. In some

instances in developing countries the special corporation or authority may be set up simply because the government is committed to private performance, but no suitable private actors exist. Whatever the reasons for this course of action, the fact remains that the government surrenders some of its prerogatives to independent or quasi-independent parties. Of course, the government may succeed in maitaining close control of such corporations through the appointment powers, through the interlocking of key personnel, and through some budget review. But the element of interest is that the objectives which are presumed to be pursued at this level are those of the government itself, and the power to pursue these is delegated to a non-governmental agency.

3.4. Delegation to Parallel Organizations

Public authority is commonly decentralized not just to sub-national governments or autonomous public agencies, but also to non-public organizations such as industrial and trade associations, professional and ecclesiastical bodies, farm cooperatives and syndicates, and political parties (especially in one-party states). The phenomenon of assigning quasi-governmental functions to specifically designated organizations has been described at length by Theodore Lowi [1969] and Grant McConnell [1966]. Yet it is rarely discussed in the literature on decentralization and governmental structure, perhaps due to the legal informality of these organizations, their mundane ubiquity, and the fact that

they are outside the official scope of government.

Self-regulation of an industry, profession or trade (as such a form of decentralized non-public exercises of the state's sovereignty is often called) is a common element in capitalist societies, both early and advanced, in some socialist societies where the central state does not (or cannot) appropriate to itself a monopoly of direct regulatory and organizing authority, and in most traditional societies.

But it is not adequate to call such groups "self-regulating." The power to regulate is, of course, a governmental power. Even if -- as Lowi has it (see Sec. 5.3.2 below) -- it is a less demanding power than that of redistribution, these same designates take a variety of actions which affect not only their members and supporters but consumers, clients and the society as a whole. If the AMA causes the professional expulsion of a member for reasons of an unpopular or heretic stand, the actual and prospective clients of that person may suffer. If the Farm Bureau persuades farmers to withhold production, or if the Petroleum Institute decides that oil companies should raise prices, the entire society is affected.

The line between client-group activity and a quasi-governmental role is not a firm one. For our purposes, it is important that the government recognize the group in question, and that it enable or permit the group to act

"officially". In general, such decentralizations:

1) ante-date the state or its extensions into new domains;

2) arise because the state, responding to a danger or pattern of abuse (perceived or potential) seeks to regulate the activity and settles for "responsible self regulation" (standards, practices, etc.), rather than direct state intervention;

3) arise when the state's efforts at national planning call into being an organized "interlocutor" to represent the industry;

4) arise when new public regulatory authority gives rise to the creation by the regulated activity of a "spokesman" or "interlocutor organization" to defend its interests. Ultimately that organization becomes an integral and substantial part of the regulatory apparatus (as with U.S. industrial regulatory bodies);

5) arise in those cases where the industry or guild or profession needs the involvement of public authority in the management of its own affairs. Often this means policing minimal prices in periods of overcapacity, as well as standards and practices. But the industry fears both the unsettling and uncontrollable incursion of broad-based popular politics and the heavy weight, inflexibility and slowness of formal public administration.

The State recognizes the need for a modicum of authoritative regulation and allocation in these specific areas, but prefers to eschew direct involvement. Its reasons are many, and often solid. Most generally, they derive from an ideological commitment to limit the range of its involvement in the private affairs of private persons; from a political compromise recognizing the power of the private interests concerned and seeking their cooperation; from an awareness of its own technical incapacity to manage the matters at hand; from a fear that its own direct management would have to be formal, rigid and bureaucratic and would, therefore, risk exacting too great a drain on innovation, productivity and performance; from a realization that such an extension of its direct activity would swell its administrative functions beyond rational and efficient control; and, finally, from a sound suspicion that the sheer quantity of such direct controls would transform its very nature into that of a total state.

The common solution in these areas is for the state to delegate small, but as far as the industry, profession or trade is concerned, critical pieces of its sovereign authority to an organizational expression of that industry which becomes thereby a de facto (if not de jure) decentralized, limited governing body.

Thus, what constitutes improper practice of medicine -- or an improper medical practitioner -- in most countries is

determined not by the State directly, but by the non-public body, the medical society. But its decisions are backed by the sanctions of law; the coercive authority of the state is de facto delegated to the medical society. Similar sanctions and delegations support the allocation of production quotas to farmers by the non-public Farm Bureau in the U.S. and similar arrangements prevail in dozens of other nations; violators of the pre-Common Market French steel cartel's rules on price cutting were subject to fines imposed by the cartel, but enforced ultimately by the State (Comptoir Longey Case).

Such voluntary surrender of governmental authority is not proposed in theoretical models of decentralization, and is normally not recognized as part of the decentralization process even where there is a commitment to decentralization. But we prefer to consider it as part of the subject in question, because power and resources are in fact relinquished by and transferred from the central government, if only in a limited action set. It is this process which in our view is at the heart of decentralization. That the government cedes to others what it does not wish to address, or cannot, is not the whole point. It does, after all, hand such tasks to specifically designated others who are not of the government, either at its center or periphery, and that is an essential element of the phenomenon we are studying.

3.5. Privatization

"Privatization" is a term which has come to describe the shift of supply responsibility from public authorities to private parties in certain erstwhile public goods areas. This turns what had been the object of a public production effort into the state of an ordinary commodity subject to production according to effective demand. While this has some similarities to delegation to an autonomous public enterprise, there is a critical difference in that production becomes a right of private property. As a result, it is not subject to the upper level governmental policy direction which public agencies may receive, and any accumulation of profits, etc., remains in private hands.

The two most common reasons for priviatization focus on a) the (supposed lack of) suitability of public production for meeting widely varying consumer needs, or b) the political and/or economic desire to dismantle (all or part of) the state sector involved in economic activities and widen the range of private activities. In the first case the objective is to replace administrative control by consumer or user control. Where this takes place there is an assumed gain in consumer satisfaction due to greater exercise of choice. Such devices as vouchers which can be used to buy education in place of total public control of supply are examples of privatization. For the most part, this tendency is manifest primarily in the richer nations, where consumers

are more attentive to product differentiation and therefore more responsive to relatively small differences in offerings, and where minimum levels of public goods are likely to be provided.

The second type of privatization -- as an attempt to dismantle an important state sector of the economy -- arises in both developed and developing countries, especially in the context of a significant rightward shift in the political base of the government.

3.6 Workers Self-Management and Syndicalism.

Workers self-management is like privatization in that decision-making and responsibility are at the level of the economic unit, which furthermore typically operates in a market context. However the differences are greater than the similarities for the decision maker is not the private owner, but rather is the council of workers, responsible both for maintaining the socially owned capital and the conditions under which they and the other workers are employed. As a result, the basic economic and social decisions made at the level of the firm are different than with either private or state run enterprises. Once adopted on a general basis, it is clear that there are other strong implications for democracy, the government, and society as a whole. [See Ward:1967; Vanek:1970 and 1971; and Horvat:1976]

Workers self-management has been experimented with in

isolated cases with varying degrees of success in many countries. [See Zwerdling:1980; and Bernstein:1980] It has typically developed on a more generalized (though not necessarily permanent) basis accompanying a major shift in political power in favor of political parties based in the working class. This happened especially in sectors of the economy in crisis in Algeria, Chile, Portugal, Yugoslavia, and Mozambique, as well as in many European countries at the end of the Second World War.

Workers self-management and syndicalism are treated together here for the reason that the former often raises an implication of the latter. The syndicalist alternative, moreover, is a formal extension of the "parallel" organization option mentioned above. Under strict syndicalist organization, "interest groups" -- usually economic interest groups -- are formally represented in the government. In itself this says nothing of the centralization or decentralization of the state. When combined with control via worker self-management, however, it raises the possibility of a fully decentralized system, in the fashion of Yugoslavia.

Much of the literature on decentralization focuses on <u>administrative</u> decentralization. In the Yugoslav system the function of the government machinery, to quote Horvat,

> is to use <u>non-administrative</u> means in coordinationg the activities of market and non-market agents and to organize public administration in certain fields of common interest (judiciary, defense, foreign affairs, etc.). [1971:95]

Dyckman, writing in 1972, saw the Yugoslav system reaching its present form

> after passing through stages of centralized directive planning, followed by various reforms which provided for increasing degrees of decentralization, culminating in the present self-management. [in Mayer, et al, 1974:120]

In a series of "reforms" -- actually constitutional changes -- the Yugoslav economy and political system have evolved away from the centrally planned economy of the early post-World War II period.

> The record to date is one of steady erosion of what the Yugoslavs recognize as the state, and of its servant, bureaucracy. In dramatic contrast to the early postwar period of central planning, the state power cannot constitutionally interfere in the governance of those enterprises by the workers. This decentralization of economic life has caused a decentralization of social and political life as well, sometimes threatening the very conception of the national state. [ibid:120-121]

In its desire to minimize or eliminate state functions and the role of the bureaucracy, while maintaining socialist organization, the Yugoslav nation has had to face the problems of representation in an acute form. For economic representation, for example, workers self-management has been supplemented with syndicalist-like instruments. Though the workers self-management provisions give workers a very direct and democratic control in the "working organizations"* the society recognizes that there are economic

* The term has constitutional status since 1963. It includes medical, educational and cultural institutions as well as enterprises and business establishments.

interests other than those of the workers. "Chambers of Commerce" -- actually associations of producers -- have a strong voice in local economic policies. For the effective expression of demand for public goods, and in part to avoid creating supplier bureaucracies, "interest unions" are interposed to represent consumer interests. In general, the Yugoslav system deals with officially recognized interests of all types by creating such special interest representative bodies. Interest unions receive funds from the government and in turn buy services, say from public goods producers, on behalf of consumers. It is this representation by interest group which contains elements of traditional syndicalism. When to self-management and interest group representation is added the federal nature of the Yugoslav state, a picture emerges of extreme decentralization. And in world terms, a central government which concerns itself -- and is empowered -- almost exclusively in judiciary, defense and foreign affairs is far along any scale of decentralization.

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4. Rationales for Decentralization: Practical Reasons Offered for Decentralizing Government Structures

4.1. Administrative

Introduction

Factors fostering bureaucratic centralization -- especially in Third World countries -- are varied and powerful. Colonial heritage has played a role, along with scarcity of personnel to staff a widely dispersed system. The problems facing these governments -- for example, major regional, class or ethnic economic disparities or separatist tensions -- may similarly be expected to contribute to a strengthening of the central bureaucracy as the government seeks to extend or maintain its control. The problem of economic development, particularly where policies focusing on major infrastructure efforts or central planning (and sometimes total control) of major sectors of the economy have been pursued, must also be considered. Finally, the concentration of power in the hands of an elite ruling group -- especially but not exclusively where that elite is closely identified with the upper strata of the civil service, as in Kenya -- provides another aspect of the social and political conditions that may promote centralization. In sum, political realities and extremely practical considerations have both contributed to what is now held by many observers to be overcentralization of the administrations of developing

countries.

The concern about overcentralization has risen with the unavoidable realization that the development policies instituted in most Third World countries have not been succeeding either in adequately expanding the productive forces within the country or in meeting the basic needs of the majority of the population, let alone promoting a more equitable distribution of existing income, goods, and services.

How much this failure to develop can be attributed explicitly to overcentralization per se versus the other formidable social, economic and political obstacles to development that exist within these countries and that are imposed upon them from outside is open to question. Nevertheless, the logic behind many arguments concerning ways to correct the 'failure of the central bureaucracy' bear close examination.

Frequently, they can be reduced to the view that some functions of the state are inherently better handled by the center while others are inherently better resolved by a deconcentrated structure. This is due in part to problems of location (i.e., the center is not correctly situated geographically to handle particular problems such as basic services delivery which require direct interaction with recipients), to problems of information (imprecise to begin with and far too aggregated when it arrives at the center to enable appropriate responses to local variations), to

considerations of scale economies and efficiency in production, and in part to assumptions concerning the relationship between the structure and organization of the bureaucracy and the different kinds of functions that governments fulfill (for example, police functions vs. economic and social development or highly routinized vs. non-routinized functions). These will be touched on in the following sections.

Here again, any evaluation of the consequences of decentralization for administrative reasons must take into account the general motivations underlying the central government's actions. Decentralization is not undertaken for its own sake. Most often, it is adopted with the ultimate aim of permitting the center to operate more effectively and efficiently. Secondly, administrative reasons for decentralization do not necessarily imply an administrative solution (i.e., deconcentration of the central bureaucracy). Political devolution, delegation to parallel structures or autonomous agencies will be seen at times as perfectly convenient options for attempting to resolve problems the central bureaucracy is unwilling or lacking in capacity to confront. Third, even administrative solutions are not politically neutral. Shifting the locus of power and authority over resources down the administrative line (where this occurs) has major political consequences as it affects the ability of various social groups to influence the allocation of those resources (as in the Columbia case, discussed above). Finally, the extent to which power and

authority over resources is in fact shifted either down the bureaucratic structure, to different levels of government, or to non-governmental parallel organizations (as opposed to a shift in paperwork alone with decision making power retained at the center) requires careful analysis in order to determine the meaning of the decentralization effort and its relationship to the anticipated benefits.

The sections following discuss the basic problems of administration that are most often cited as reasons for decentralization (a common reason -- administrative congestion -- is examined above in Section 2). This includes a more detailed examination of the case of services delivery which has unique characteristics that a decentralized approach seems particularly well-suited to accommodate.

4.1.1. Increased Responsiveness to Local Conditions

One of the motivations most often voiced for decentralization arises from the perceived failure of central bureaucracies to adequately account for wide variations in geography, economic and social conditions, and the needs and preferences of specific sub-groups of the population. The argument runs along two basic lines.

First, decentralization aims at making the government more responsive to the varying needs and preferences of the population. This can only be done, it is reasoned, if the government is in contact with and accessible to most of the

population. This is essentially an admission that the central brain cannot think for everyone. An overcentralized government does not have a way to find out what needs to be done in a variety of areas. Somehow, in order to govern in a way that meets the needs and reflects the desires of the population, it has to be able to continually solicit this information from the people. Furthermore, this must be carried out at a sufficiently disaggregated level in order to detect the important variations among groups of people that exist. In other words, national elections every four or six years do not provide an adequate mandate for action because they occur too infrequently and the results are aggregated at an excessively high level across groups of people, issues and territory. More specific knowledge is required. As Rein [1972] presents the case, underscoring the "public choice" aspect:

> The ideals put forth by decentralization are still best understood as efforts to increase the responsiveness of government to local preferences for public goods and services by permitting a diversity of programmatic responses more nearly congruent with the variety and complexity of needs and preferences.

Similarly, Maddick [1963:49] argues that

> From this close association with the people of a particular area arises a detailed understanding, not only of their needs, but also of the long term potentialities of that area. The planning of this potential development can be carried out in far greater detail and with a great deal more understanding by people in the area who are particularly and primarily concerned with its welfare.

The second, but related, element of the argument

contends that governments will be able to perform more efficiently if they have a close understanding of widely varying local conditions -- an understanding that can only be obtained through first hand knowledge from the local level. [See Rondinelli, 1980:4,7,8] In other words, decentralization will enable governments both to know better what they should be trying to do and to do these things better once undertaken. The 1962 UN study links these two threads of the discussion:

> (T)he central government's development activities can be made more realistic by involving the people locally in important decisions. Fuller account can thereby by taken of local knowledge, needs and interests. Moreover, methods appropriate to the circumstances can more readily be devised....

Presumably, at some level, the central government can improve its understanding of heterogeneous local conditions by improved data collection and communication of that data to the center. But, as in the UN quote, a further notion of the importance of participation at the local level is often imbedded in the argument.

Having recognized the need for improved understanding of and responsiveness to local needs and conditions, the question of who, then, will have authority to act upon this information remains to be resolved. Rondinelli's discussion of the issue suggests that this authority rests still in the hands of central government officials, without specifying where they are located (i.e., whether information gathering <u>and</u> decision-making remain in the field or whether the

information collected in the field is then transmitted back to the center for action). As he summarizes the argument:

> Officials' knowledge of and sensitivity to local problems and needs will be increased [by decentralization].... Closer contact between the local population and government officials would allow the latter to obtain better information with which to formulate more realistic and detailed plans....

or again:

> rural or local decentralization allows officials to tailor rural development plans and other national development programs to the needs of heterogeneous areas within a single country. [Rondinelli, 1980:7,8; emphasis added]

Mayfield, on the other hand, quotes an Egyptian government official who, in 1960, argued that

> local communities can deal better with their own problems, introduce suitable measures and secure the full participation of the people.... Projects corresponding to the varied needs of local communities could best be developed by local authorities. [Mayfield, 1974:70]

Uphoff also shifts the focus in this direction by stressing the role of local organizations as intermediaries and, it would seem, as active decision-making bodies:

> local organizations can provide more detailed information on local conditions and possibilities than central agencies can acquire or handle. They can also adapt general priorities and policies to specific problems and needs. [Uphoff and Esman, 1974:16; emphasis added]

Implicit in this set of quotations is the need to choose among different types of decentralization depending upon one's analysis of th particular weaknesses held to result from overcentralization. For example, if the center needs

better data but is otherwise considered to be capable of making and implementing responsive decisions, then a strategy of deconcentration (and not a very far-reaching one at that) may be an acceptable solution. It should be clear that this approach has little to do with participation, democracy, self-management, self-reliance or any of the other attributes frequently associated with the term decentralization. At the same time, depending on political conditions in the rural areas and the goals and level of commitment of the central government, it may be the best way of pursuing redistributive policies that would be undermined or re-directed by locally entrenched social forces if greater authority was ceded to local institutions. If, on the other hand, it is believed that only locally based organizations can adequately detect and respond to local conditions and needs, then devolution (to local governments) or delegation to an autonomous regional agency may be considered more appropriate. Similarly, if the focus is on non-territorially based social groups (i.e., workers, the poor, etc.) delegation to parallel structures (trade unions, welfare rights groups) may be an option.

Uphoff's statement also underscores the ways decentralization is related to different planning and development concerns, although this differentiation is generally not explicit in the literature. There is first the notion that the better knowledge of local needs and conditions derived from a decentralized structure will improve national

development planning efforts which will be, as Rondinelli phrases it, more detailed and realistic. Secondly, decentralization may improve the application of general, national plans to local areas because they can be implemented in a way that specifically reflects local conditions. Third, decentralization could facilitate the creation of local capacity for planning and implementation of projects and policies that would be directed specifically at locally significant problems and perhaps rely mostly on local resources.

Presented in this way, it should be clear that any given decentralization effort (whether deconcentration, devolution or delegation and with actual grants of authority that can vary in magnitude) will not inevitably work simultaneously in all three ways. For example, devolving significant power to local authorities and expanding their access to resources may significantly enlarge and improve locally originated development efforts or services delivery, but may have little effect on the sensitivity of the national plan or other central government activities to local conditions.

4.1.2. Coordination and Integration of Government Activities

Social and economic problems are multi-faceted. It is seldom, if ever, possible to resolve the problems of any group through the simple provision of houses or water or

jobs. Yet bureaucracies are typically separated into more or less rigidly distinct line ministries (health, education, housing, transportation, and the like) which focus their attention on only one aspect of any given problem or situation. Communication among ministries is often poor. Competition among them for shares of the national budget, increased authority and status (often complicated by sharp political rivalries at the cabinet level) exacerbates the problem. It is then almost assured that decisions will be made and implemented by each branch of the bureaucracy without adequate reference to the plans and programs of other agencies, resulting in irrational and wasteful development efforts. Horror stores of this type are legion: housing units and a reservoir planned for the same location is a typical example. [UN, 1962:7]

Pursuing the same theme, Rondinelli notes that in Tanzania, prior to the 1972 decentralization:

> rural development planning and programming were fragmented among ministries and agencies that had little motivation or capability to coordinate and integrate their activities.... [Rondinelli, 1980:43-4]

The inability of the center to coordinate and integrate its efforts suggests to many that decentralization, by permitting a variety of interrelated programs to be administered by a single agency at the local level, would greatly improve the efficiency of government operations [c.f., for example, Blue and Weaver, 1977]. This local agency

presumably could be either a local government though which federal monies and programs are channeled, or a generalist prefect on the French model with authority over local staff and operations of national line ministries. Alternatively, it could be a separate development agency with a broader, multi-dimensional focus under a single organizational structure. Collins [1974] suggests that one of the benefits of Tanzania's Rural Development Fund seemed to be a rationalization of uncoordinated government activities at the local level. Similarly, Leonard [1980] suggests that Somalia's Bay Region Development Project has the potential to significantly improve the coordination and integration of a variety of government agencies operating at the local level and hence, the implementation of development projects.

Not surprisingly, the solution is not a simple one. Prefects or other local coordinating entities can be sidestepped, with line officials appealing over the heads of local bodies for support from the national ministry at the center. Or 'technical imperatives' can be cited to impose particular strategies at the local level with other activities subordinated to the chosen program. These may then be implemented in a well-coordinated way, but they will not necessarily be the most efficient options, nor the ones best suited to local needs and conditions. Rondinelli, in fact, seems to suggest that the real issue is not whether decentralization will improve coordination, but whether decentralization can be implemented at all where this

coordination is lacking:

> The inability (...) of most ministries and agencies to coordinate with their own field agencies or with each other in development planning and administration also undermines decentralization policy. [Rondinelli, 1980:74]

Nor is the definition of the problem unerringly clear. Does lack of coordination result from overcentralization or from decentralization and fragmentation of authority? Perhaps lack of coordination of national ministries could best be resolved by the creation of integrated, umbrella ministries whose mandate and responsibilities were in fact multidimensional. The complexity of these issues is compounded by the major political implications resulting from any shift in the allocation of power and authority.

4.1.3. Innovation, Adaptation and Flexibility

Another advantage of decentralization is held to be that it will foster the generation of more ideas and encourage innovation and creative responses to problems which has important implications for development and achieving greater responsiveness and efficiency in administration. [c.f., Rondinelli, 1980:10] In particular, proliferation of centers of information gathering, decision making and implementation may allow for the articulation of a greater variety of potential solutions to problems [Yates, ch.10]. It is also argued that small organizations encourage innovation and creativity and that large organizations, by

contrast, stifle them. Often cited in this context is the unparalleled capacity for innovation demonstrated by the small, high technology electronics firms that proliferated in the U.S. in the 1950s and 1960s. It is further argued that individuals will be more likely to come forward with new ideas in the context of a small organization. (On the other hand, IBM and Bell Laboratories are also frequently cited as proof that huge organizations can be extremely innovative as well.) Wilson argues that the probability of innovation is a function of diversity -- that as diversity increases, the conception of innovations will tend to increase.

A related argument holds that decentralization is better suited to activities that are characterized by high levels of risk and uncertainty. Here the goal is to avoid committing the central bureaucracy to a course of action when the implications of it are not fully known or where there is a high probability of failure. In particular, it is felt that decentralization offers the possibility not only of greater innovation but also of greater experimentation with the new ideas that are generated. First, experiments can be carried out on a small scale so the costs of failure are correspondingly reduced. Secondly, more experiments can be undertaken in a variety of areas. As was argued in Papua New Guinea:

> If considerable autonomy is granted and provinces seize the opportunity to make creative adaptations

> in government structures, the entire country can benefit from the successes and failures of the many ongoing experiments.... By having several models under experimentation throughout the country, a province can learn what practices, at less cost as to the original experimenters, it can reject or adapt. [Premdas and Pokawin, 1978:371-72]

It can also be argued that decentralized structures are more flexible and can adapt more rapidly to changing conditions or to changing understanding of existing problems. Leonard, for example, suggests that because little is known about what course regional development in Somalia should take, decentralization will provide better feedback from the field where various approaches are being tried with "quicker, more appropriate adaptation to local conditions." [Leonard, 1980:10]

For these arguments to hold, there is a clear implication of the need for significant discretionary authority and resources to be decentralized along with the responsibility for particular tasks. In other words, decentralized units will not be more flexible or innovative if all new ideas and strategies for adapting to unexpected problems or opportunities have to be cleared by the center anyway.

Secondly, innovation and flexibility can only be expected to occur where there are sufficient resources to allow some to be committed to relatively risky undertakings. Where resources are especially constrained, the risk of failing altogether to fulfill some particular function may easily neutralize the potential gains from fulfilling it

more efficiently and effectively with a new approach. For decentralization to result in increased innovation and flexibility in developing countries where access to resources is generally severely constrained, local units must have sufficient funding to provide for a margin of risk. This may perhaps be accomplished by the central government providing adequate fiscal support to ease the overall constraints, or money that is specifically earmarked in the budget for experimental undertakings. This may be in fact possible, but there are further complicating conditions.

A significant one concerns whether or not local units will perceive this additional funding as being secure and assuredly available over time. New approaches can rarely be developed and tested in the course of the normal budgetary cycle of one year. Local organizations will be reluctant to commit themselves to activities whose funding may disappear from one year, to the next forcing either the abandonment of the program (a course of action which may be politically problematic) or a reallocation of funds from other activities.

The arguments also rest on the assumption that local cadre (whether of bureaucratic field offices or local government structures) will be independent enough and motivated enough to take responsibility for risky undertakings. The literature on bureaucratic organizations is rich with insights on the multiple pressures for conformity even

under conditions of formal independence and separation of authority. The success of decentralization in this regard depends heavily on how it is carried out and what pressures local staff are exposed to or protected from. It is easy to imagine, for example, that field personnel whose career paths are still controlled by the center will be reluctant to jeopardize their chances for advancement and may find rigid conformity rather than innovation the apparently safest route to pursue.

It could also be argued that small, relatively weak organizations, far from being more flexible and adaptable to changing circumstances, will more likely be swamped by the need to respond to unexpected problems. What these observations suggest is that centralized structures are more likely to have control over adequate resources and the necessary staff to innovate, experiment and adapt to rapid change. It may also be that, even if decentralized units are better able to generate innovations, the institutionalization, diffusion and adaptation of successful innovations requires the resources and capabilities of the center. Clearly, close attention to the type and extent of decentralization proposed and the specific conditions under which it will be carried out is necessary in order to better understand its potential benefits in this regard. But under generalized conditions of economic scarcity, social and political pressures and mushrooming demands on existing institutions, the ability of most decentralization efforts to promote

creativity and innovation in ways much more significant than reacting to unique local conditions may be severely tested.

4.1.4. Maintenance of Infrastructure and Services

One of the continuing problems of development administration has been the failure to follow up major investments in infrastructure and services delivery programs with adequate maintenance. Instead, projects and programs, once implemented, have frequently been allowed to deteriorate rapidly as the responsible agency shifts its attention to new investments. In response, many now argue that greater administrative capacity locally will lead to an increased abil ty to maintain infrastructure and services. [see Rondinelli, 1980:9]

The argument implicitly contains at least three underlying elements. The first concerns a basic lack of capacity at the center which is a function of the central bureaucracy's preoccupation with and consequent focusing of already scarce resources on particular problems; a preoccupation that prevents the kind of consistent, uninterrupted attention that is required for adequate maintenance activities. Aside from the constant stream of urgent problems and critical situations that tend to pre-empt the center's attention, there are also continual pressures to focus on the implementation of projects for political and symbolic effect while maintenance and follow-up are perforce accorded

second priority. Lower level units (usually conceived of as field offices of the central bureaucracy although there is no apparent reason why the responsibility could not equally be accorded to local governments or other entities), it is reasoned, are free of these overriding preoccupations and are thus more able and more likely to devote their attention and resources to long-term, consistent maintenance activities. This obviously presumes that they have resources and authority adequate to the task. The argument also seems to assume that the center is unable itself to correct this tendency -- or at least that it is unlikely that it will do so -- given the pervasiveness of the political problem at the center.

A second element of the argument is that, while major projects and programs may be planned and their implementation directed from the center, once in place they can only be adequately monitored and serviced by local bodies. In other words, the central bureaucracy is not correctly situated geographically for the task. This becomes even more true with the shift in development strategies away from large scale infrastructure projects to the proliferation of many more, small scale, low technology projects scattered in the countryside. The linkage with a particular type of development strategy may be crucial here, insofar as few local offices or governments will have the capacity to assume responsibility for truly large scale projects; nor would it be equitable that they do so if the benefits of the

project are realized at a more general level. This issue is addressed more specifically in Section 4.3.2 below. In any case, there is still no prescription here concerning the type of decentralization undertaken under which conditions that might be best suited to the task.

Finally, it is argued that involving people in the planning and implementation of projects and explaining governmental goals -- both of which are themselves assumed to be dependent on decentralization -- will encourage local residents to participate in and contribute to the upkeep of local projects that benefit them directly. [See Maddick, 1963; UN, 1962] It might also be argued that a shift to small-scale, locally oriented, low technology projects will make it more possible for local people to contribute. In other words, villagers may be able to contribute to the construction and maintenance of small-scale, labor intensive irrigation projects, but their ability to contribute directly to the construction and maintenance of a major dam is not substantial. By mobilizing these local resources, it should be possible to relieve the center of a task it is not able to fulfill adequately -- either because it lacks adequate resources or because it is preoccupied with other problems -- and transfer it to people who will do the job better and more efficiently because they are better situated (i.e., closer to the problem with presumed better understanding of it, etc.), less distracted by problems of the sort that preoccupy the center, and have a larger, more

direct stake in the maintenance of the project. [See Leonard et al, 1981] The issue of mobilization of local resources is a crucial one in the literature and is addressed further in Section 4.3.3 below. Again, while little is said about the kind of decentralization and the circumstances under which it is effected, these are obviously crucial considerations that will determine the eventual outcome.

4.1.5. Appropriateness to Modern Government Tasks

Many authors [viz. Fesler, 1965] argue that decentralization is more appropriate to the tasks of modern governments than is centralization. Thus, as emphasis shifts from the traditional tasks of tax collection and maintenance of law enforcement to social and economic development, government structure should become more decentralized. As it is normally presented, this argument is based on two main underlying assumptions: that decentralization is more appropriate to some tasks (social and economic development), while centralization is to others (tax collection and law and order); and secondly that there is a natural evolution involving increased importance of the social and economic functions as societies modernize.

Considering the latter argument first, while it is clear that national governments have become more concerned with and adopted stronger policies to promote economic and

social development in recent years than was the case fifty or even thirty years ago, this is not the result of a simple process of growth or modernization. Overall such shifts have been most pronounced in newly independent countries, where the previous colonial power was primarily concerned with questions of taxation and control, and little concerned with economic or social development. These priorities were generally changed with independence. (Even the orientations of the colonial powers often changed in their remaining colonies in order to remove one of the bases for independence movements.) Thus we conclude that concern with social and economic development may be a higher priority in many countries today than was the case in years past, but this is largely a result of political changes rather than an evolutionary process.

The argument that decentralization is more appropriate to economic development than is centralization is examined elsewhere in this paper. Suffice it to say here that this argument does seem to have merit under some conditions (e.g., smaller scale development projects, growth based on small producers), but is clearly not sufficient when large scale infrastructure projects or structural changes are at issue. In summary, while the categorical form of the argument that "decentralization is appropriate today because of the increased importance of social and economic development as countries modernize" is too strong, it is often true that decentralization is appropriate for many aspects of economic

and social development, which can become more important priorities in the context of political change.

The question of the appropriateness of decentralization for certain functions arises in another context as well. Especially in the context of debates on administrative overload at the center, it is often argued that one important criterion for deciding what functions to decentralize is the extent to which they are uniform and standardizable. It is often argued (especially in the literature influenced by modern U.S. business management theory) that there is no reason for such routine tasks and decisions to be directed to the center. They can be delegated to other levels without much risk of their being carried out improperly, and without threatening the ability of the center to monitor what takes place [see Perrow, 1977].

However, these routine functions are precisely the ones that most advocates of decentralization are least interested in having, although they are the ones the center is most willing to give. Many of the arguments for decentralization come to exactly the opposite conclusion: it is most appropriate to delegate those decisions which are least susceptible to standardization, for it is these decisions which must be most responsive to variations in local conditions. Furthermore, they point out, it is such non-routine decisions that contribute most to the paperwork burden and to occupying the time of the central actors, and thus their

delegation would do most to decongest the bureaucracy. [cf., Porter, 1976]

But once again the problem is that it is just such non-routine decisions that are the center of power and politics in a bureaucracy, and the least likely to be given up, both for reasons of political competition as well as the ability to direct the actions of the government. Taken together these arguments show that while one can discuss the appropriateness of different levels of government to different functions and decisions, there is no politically neutral *a priori* basis for actually deciding amongst them.

4.1.6. Rationalizing Services Delivery

At any given moment, almost every nation -- developing, developed or declining -- is either implementing a basic reform of the major public services or else planning the next reform. Decentralization as a policy option is most often tied to efforts to rationalize service delivery systems: health, education, municipal transportation, infrastructure maintenance, sanitation, etc.

In addition to their permanent high ranking on every agenda for reform, these activities often are particularly well-suited for a decentralization approach. All the positive technical reasons for considering decentralization find their applicability in services.

4.1.6.1. The Economics of Services Prodution

First, the economics of the major public services are quite consistent with decentralization. There are few, if any obvious economies of scale in the most substantial public services, e.g., elementary education. Even those that exhibit decidedly downward sloping cost curves exhaust the critical gains within a fairly small territorial unit, such as a city: sanitation services, which consists mostly of garbage collection and disposal, is a case in point, as are elementary and secondary education, fire protection, etc. Thus, the most compelling economic case for centralization -- economies of scale -- is largely absent in the most important public services. Decentralization at all levels, from national to regional, from regional to municipal and even from, in many cases, municipal to neighborhood, is "technically possible". That is, it need not imply sacrificing economic advantages.

Moreover, services are characterized by a unique production function that lends itself to extensive decentralization. A key element in any distinction between a good and a service is the necessity of contact with and, in fact, the active participation of the 'client' or recipient of a service in its 'production'. Goods can be warehoused; services generally cannot. Goods can be produced, therefore, according to the logic of efficient production and then stored for ultimate distribution to consumers. The efficiency of

production of most services -- public and private, from accounting and legal counsel through education and sanitation -- depends diretly upon contact with the client. He or she is literally part of the production function. In other words, production and consumption occur in the same place at the same moment.

The moment of production, however, must be distinguished from decisions leading up to it. Will medical care be primarily curative or will substantial resources be put into preventive approaches? Will there be a few regional hospitals, many small clinics scattered in the countryside, massive training of 'barefoot doctors' or some combination of strategies? These basic decisions which strongly influence the kind of service delivered and to whom may be made anywhere along the chain. Why, then, should they be made locally? Here the reasons having to do with sensitivity to the preferences of consumers, locally varied conditions, superior knowledge of local problems, etc., assert themselves most forcefully. Even where the center desires to construct an overall policy framework -- i.e., a general commitment to preventive, low technology health care vs. high technology, curative emphases -- the arena for decision making that can be usefully decentralized or devolved to lower levels of the bureaucracy or government remains substantial. Thus, decisions about location of facilities, recruitment and training of staff, program mix, etc., may be beneficially decentralized subject to the

critical proviso that the local institutions to which they are delegated are not likely to be effectively taken over by powerful local interests who will capture the bulk of the anticipated benefits. [See especially Leonard, et al, 1981, for a disussion of activities that are particularly sensitive to this sort of capture problem, and Ralston, et. al., 1980, for a general disussion of the capactity of local elites to control local institutions.]

A second argument for decentralization may be drawn from the literature on public finance whose main exponents in the U.S. include the Musgraves [1973] Wallace Oates [1972], and Mancur Olson [1969]. These writers hold that efficiency in allocation of public resources will be maximized when services and goods whose benefits are realized within a geographically specific area (i.e., transportation within a metropolitan area, health care or sanitation servies within a county or town, etc.) are provided by jurisdictions whose boundaries coincide with the service delivery boundaries (what Olson refers to as 'fiscal equivalence'). Some limitations to the model are explicitly recognized: for example, it is assumed that some complementarity of service provision exists such that the cost savings (on overhead, administrative support, etc.) associated with having one authority responsible for the provision of several services with non-coincident delivery boundaries outweigh the efficiency advantages of rigidly matching each servie to a single purpose jurisdiction. Other problems such as

externalities (where benefits -- or costs -- of services provided by one jurisdiction spill over into another, leading the provider to misjudge the 'socially optimum' amount of services that should be produced) and redistributive consideratiions (i.e., how to aid jurisdictions that are too poor to provide adequate levels of service) are relegated to the arena of intergovernmental grants.

It should be clear that political realities (particularly conerning equity/redistribution issues) and technical problems (for example, measurement and incidence of external costs and benefits) will seldom permit the straightforward resolution of these issues that the model suggests is possible. Nor does the model address in any way the decisions about which services should be provided, in what form and to whom -- all of which have major allocative, redistributive and technical implications. With the simple objective of maximizing allocative efficiency in public finance (often embellished with the notion of maximizing consumer preferences), the model presents a conceptual argument in favor of a federal rather than unitary government system with the number, level and size of jurisdictions closely related to the various goods and services that government provides. This is not a policy prescription, however, as efficiency objectives must be weighed against other important goals (redistribution, equity, reaching the 'poorest of the poor') and constraints (administrative and fiscal capacity or political conditions that will prevent an adequate response to

the needs and priorities of the bulk of the population or vulnerable minorities).

4.1.6.2. Services and Participation

Services delivery may also provide a unique vehicle for fostering citizen mobilization and participation in both the spheres of production and consumption. Compared with most policy areas, the outputs of the major services are particularly well-suited to be judged by consumers. And their direct consumers are, generally, a larger proportion of the citizenry than is the case of other areas of policy. The relevance and quality of sanitation services, elementary eduation, basic health services, farm credit, etc., are easier to identify and evaluate than are the results of major infrastructure projects, monetary measures and industrial policies. Garbage disposal is getting better or worse; my child is or is not learning to read; the new farm credit program is or is not reaching me. Because the impacts are more direct and accessible, normally uninvolved or hard to reach members of the local population may more readily come forward with specific suggestions, complaints and questions about the provision of services that are important to them. Similarly, they may be expected to have strongly held opinions about the mix as well as the form of social services that are particularly relevant to local needs and conditions. Thus, local governments, authorities or branches of the central bureaucracy may have a unique

opportunity to involve local people in the design, implementation and maintenance of local projects and programs and the local population in turn may more willingly and actively accept shared responsibility for ensuring that government or other collective activities respond to their needs and priorities and are carried out fairly and efficiently.

Services programs can also be designed to build in expanded local participation in production. Thus, health planning in Nicaragua envisions the training of cadre drawn from the towns and the countryside in which they will work in basic health care and emergency techniques. This is seen in part as a way to encourage people to be more aware of the specific characteristics of their problems and to participate more directly in their resolution. [Seward, 1980]

4.1.6.3. The Politics of Service Sector Reform

Their very visibility contributes mightily to making services a primary locus of popular dissatisfaction and protest. Along with their enormous cost and (generally) direct public financing, it is an important reason they are so permanently the object of reform -- and therefore, candidates for experiments in decentralization.

These particular properties of the major services that make them especially amenable to various kinds of decentralization do not, by themselves, generate an impetus for their reform. They just make possible and plausible a certain

direction of reform. The important impetus comes from their basic political-economic role and structure.

Before turning to a rather complex inquiry into the political economy of the major services, let us first consider two relatively minor sources of service sector reform efforts.

First, centralized service provision tends to result in outputs that are too often inappropriate to any particular place and/or ill-coordinated with one another. Inappropriateness is especially likely in highly diverse societies marked by major differences in climate, topography, levels of income, styles of living.

Programs to decentralize service delivery to the local level are often prompted by these all-too-visible failures of centralized provision, generally on the assumption that local providers will appreciate local conditions. Services will, therefore, be more appropriate and on site coordination will be easier to achieve with a radically shortened chain of command.

Second, important costs and rigidities of central provision of public services stem from its tendency to induce the growth of national service employee unions and organizations (e.g., teachers) that negotiate directly with the central government for nation-wide wage settlements. The expectation is that direct national negotiations will

generate a higher level of service costs and inflexibility than would be the case in more disparate negotiations. Several reasons lie behind such an expectation: a) national level wage determinations are disproportionately influenced by the styles and costs of living in the capital city and tend, therefore, to be higher than most local wage rates -- even with regional cost of living indexing. This will unnecessarily inflate service costs especially in poorer areas and distort the inter-sectoral allocation of labor; b) as important as wage rates, national standards for credentialling will tend to prevail in national settlements, creating over time quite costly and entirely inappropriate rigidities in service provision, employment, professional training, and, ultimately, inappropriatenss in the contents of services. So, too, would national civil service employment rigidities. Finally, the focus on a single nation-wide settlement, would, it is often assumed by central government planners, give rise to and then enhance the bargaining and political power of public service employee unions.

Thus there is an interest in decentralizing service provision and the labor market in public services in the hope of avoiding inflationary pressures, budgetary pressures, production rigidities, labor force distortions and the political pressures that a national employment wage and credentialling system would create.

All these factors favor experiments in service reform

and decentralization. But they do not satisfactorily explain why in almost every nation reform of the major service institutions has become so prominent and permanent a fixation of policy. Nor do they explain how it is precisely from this stormy climate of service reform that decentralization experiments take their principal impetus.

The major impetus for service reform stems from the gargantuan -- and growing -- role the services play in draining the public budget, in generating inflation, in producing social and political stress and turmoil and in creating demands for their own reproduction and expansion.

Reforms -- whether designed around decentralization or not -- have as their common core an effort to rationalize the services: that is, to hold down the rate of cost increase and to bring the services closer in line with the perceived needs of the economy.

In almost every nation, developed or developing, the size and costs of the major services are growing rapidly, faster than population, faster than GNP, faster than government resources -- indeed the only thing that seems to grow faster is the rate of reforms of those services. In the United States in 1948 industry represented 43% of total employment, services (defined as the residual after agriculture and industry) 46%. By 1969 industry had shrunk to 35% while services had expanded to 61%.

In France, in 1954 35% of employment was in the service, or tertiary, sector. By 1969 this had climbed to 45% and is now well over 50%. Looked at more closely, during that same period industrial production grew with extraordinary vigor, sustaining a compounding rate of increase of more than 6% per year for 15 years. During this industrial boom, industrial employment -- in all sectors -- rose by only 300,000 and that increase consisted entirely of white collar or service roles in organizations classified as producing industrial outputs. Over the same long period of industrial boom the health sector, all by itself, added more jobs than did all of industry combined -- ships, shoes, cars, computers. And education went on to exceed health by some 30%!

In brief, in France during a fifteen year period of what we now consider unsustainably high rates of industrial expansion, industry was unable to generate substantial increases in employment. Health and education along with other service activities both public and private were the mainstays of the labor market, absorbing -- statistically if not sociologically -- the agricultural exodus. Fortunately, due to very particular demographics, the total working age population did not grow at all during this period.

In Japan, the nation that defined a certain development strategy, in the years 1967-75, a period of astounding growth of GNP, total manufacturing employment rose from

12,520,000 to 13,450,000, or 7 1/2%. At the same time, services (excluding transportation, communication, construction, trade and commerce) rose from 9,820,000 to 12,210,000, a rise of 2,390,000 -- more than twice the absolute increase of manufacturing jobs, again during a period of remarkable industrial expansion and expansion of industrial exports. Total labor force, we might note, rose by only 3,000,000 (but agricultural labor declined from 10 to 6 millions).

The inability of industry to create jobs to absorb displacements from agriculture and increases in the labor force is not confined to the "advanced economies." We see a similar pattern if we look at developing countries. even those with the most heroic industrialization programs.

In Puerto Rico which had a much heralded industrialization campaign, and benefited from some special external advantages to encourage offshore investment in labor intensive manufacturing and permit massive out-migration of surplus labor, between 1966 and 1973 total employment rose by some 126,000, from 642,000 to 768,000. Manufacturing employment rose by 25,000 (absorbing only one half the decline in agricultural employment) while services (not counting trade and commerce!) rose by 86,000, about three and a half times the number of jobs as industry. Trade and Commerce rose by 32,000. In percentage terms manufacturing employment rose by 20% -- a substantial gain -- services by 40% and trade by 27%. We used 1973 as our terminal year.

It marked the height of the Puerto Rican success in industrialization. In the ensuing two recession years, manufacturing employment fell by 14,000 (1973-1975).

Korea provides something of a startling contrast. It is one of the few countries, developed or developing, to provide counter trends. Between 1971 and 1975 employment in manufacturing increased from 1,336,000 to 2,205,000 -- an astonishing rate of 65% representing 869,000 jobs. At the same time employment in services declined from 1,500,000 to 1,350,000 — a decrease of 150,000 jobs. Agricultural employment, which may provide the key to understanding this absolutely unique redeployment of the labor force rose during the period from 4,865,000 to 5,425,000 -- an increase of 560,000 jobs.

The Korean case remains unique, due in no small measure to its substantial increase in agricultural employment as well as its titanic increase in industrial employment for both domestic and export production. It serves to disprove the rule this section of our report seeks to establish, or at least to underscore the rule's modifier: "given an exodus from agricultural employment."

Efforts to contain or reduce employment in services in order to shift resources and labor into what is often considered to be the only form of really productive activity are not realistic. Given an agricultural exodus of even minor proportions -- say 2 to 3% of the agricultural work

force -- in the overwhelmingly majority of cases, there is absolutely no way for the industrial sector to create jobs to offset that exodus, let alone absorb new entrants into the work force. Service employment will, willy-nilly, have to grow to absorb the increase in the non-agricultural work force. It can do this in many forms, public or private, formal or informal, usefully, wastefully or outright counterproductively.

The growth of these services has been neither pure nor simple. Indeed, there is no such thing as pure growth. Changes in scale imply changes in structure. The major services are not just getting bigger and more costly; they are, in the process, changing their clientele, the nature of their "outputs", the social, economic and political functions they fulfill. Translated into the most general of political terms, they are now major generators of conflict, the medium through which those structural changes take place: conflicts over who gets what services, who pays for them; conflicts over what services to provide and to whom; elite or mass education; and if elite, what content shall it carry; high-tech or barefoot medicine. Who should control the health system? How should it be financed? How big and inclusive should it get?

Furthermore, the outputs of the major services -- especially education -- never seem to quite mesh with the needs of the economy. Educated labor seems both in short-supply

and underemployed as traditional and technical education as well as different levels of each fail to adjust to the society, but never fail to demand that society adjust to them.

All too often the endless series of reform programs are simply disguised efforts at cost cutting: cut the relative income of service workers and/or cut the increase in their numbers in order to free resources for industrial development which will, it is assumed, create "real" productive jobs. This general argument lies behind most efforts at service reform, including most efforts that include decentralization as an instrument of reform.

But the basic economic strategy repeated, unsuccessfully, again and again in one country after another, to shrink or contain employment in services in order to redeploy resources into industrial production will not work in the vast majority of cases. These strategies fly in the face of two of the most important structural economic trends of the twentieth century: the growth of the service sector (and <u>not</u> industry) to absorb the exodus of labor from rural areas; and the increasing contribution to productivity made by service embodied knowledge rather than labor or capital. Rather than an easy solution of moving people from services to industry, reforms must deal with these basic structural forces.

In most real world situations, policy makers do not

have a choice between big and small service sectors; their serious policy choice is between useful and productive services or useless and counterproductive services. The disciplining constraints of that more realistic policy option heightens rather than reduces the importance of reforming the services: rather than permitting the reform to serve essentially as a vehicle for some more distant, though grander, redeployment of resources, it places the burden squarely on the substance of the reform.

4.2. Political

Decentralization as a strategy of the central government may be viewed both as an attempt to achieve a range of political objectives and as a response to political problems and challenges. Critical central government problems/objectives (which are inevitably closely interrelated) include achieving stability, mobilizing popular support and retaining and strengthening control over all (but especially dissident) social forces and geographic regions. Not all governments will be concerned with all of these issues at any given moment. For some regimes, they can be mutually contradictory, as when the continued existence of the government depends on the enforced absence of political mobilization of the people.

The potential relationship between decentralization and some of the specific issues arising within these categories

is sketched below. What is particularly apparent in the sphere of political relations is the frequently contradictory nature of the potential effects of decentralization and the oftentimes significant gap between intentions and outcomes.

4.2.1. National Unity and Political Stability

Among the fundamental concern of any state is maintaining its political existence in the face of internal tensions which may arise from geographic, ethnic, tribal, religious, economic, social or other historical factors. Decentralization, of course, does not immediately suggest itself as a likely strategy in the face of strong divisive tendencies. Villanueva, for example, argues that decentralization can be an obstacle in a country such as the Philippines where geography fosters "particularism, regionalism and separatism which nation builders cannot tolerate." [Villanueva, 1978:385; see also Ralston et.al., 1980, who argue that national leaders are very sensitive to the risks to their position and to national unity posed by spontaneous actions at the local level:49, emphasis added.]

Others reason that, despite its apparently divisive attributes, decentralization can be

> designed to contribute towards national unity.... Giving local authorities a sense of participation in the formulation of national development programs can strengthen the identification of communities with the national government and with people

> elsewhere in the country. [UN, 1962:8; see also Maddick, 1963:26, 61, 237ff]

Yugoslavia, of course, provides an example of substantial political devolution serving in practice to help maintain the unity of a culturally diverse state.

In practice, some form of decentralization short of total autonomy has not infrequently been the condition for maintaining formal political unity in the face of strong separatist movements. The Southern Region of the Sudan gained semi-autonomous status in 1972 as part of the agreement to end the civil war. Rondinelli points out that

> decentralization is considered by President Nimeiry and the leaders of the Sudan Socialist Union (...) as a precondition of political stability and as a fundamental principle of socialist ideology. [1980:4]

With a similar objective -- but in a much more restricted way -- the Philippine government extended the Provincial Development Assistance Program (PDAP) to secessionist Muslim provinces in 1972. According to Landau, et al., "decentralization became a way to ease conflict resolution." [1980:37]

In practice, decentralization efforts to contain such threats to the political system can occur on many dimensions. This includes, for example, cultural decentralization that figures so importantly in many nations, both old and new (e.g., Belgium, Nigeria, Lebanon, Canada and Yugoslavia). Even France, the nation state with the oldest and

best established sense of nationality, and the United States, the proverbial "melting pot", have found themselves forced to respond to substantial pressure with experiments in cultural decentralization. Examples of this type of strategy include religious toleration and public recognition (and often funding) of more than one kind of religious instruction, minority language broadcasting, bi-, tri-, and even polylingualism in the public realm ranging from courts and ballots through civil service recruitment and practice to instruction in public schools.

Also significant is decentralization of economic activity, as in Nigeria's current efforts to distribute new investments equally among its regions, or Philippine efforts to stimulate economic development in predominantly Muslim islands, and, in greatly extenuated form, current French responses to heightened separatist tensions in Corsica and Brittany. (See also section 4.3.1, below.)

And, again, we find major decentralization of the political system of numerous nations that seem so problematic in terms of efficiency and effectiveness or in terms of the aesthetics of constitutional architecture. Spain's efforts to devise new patterns of regional autonomy, Switzerland's enduring cantonal cultural, economic and political autonomy, and Belgium's more strained efforts at a dual-national and bi-cultural state, all demonstrate the pervasiveness of these problems in the older states. They are infinitely

more powerful in the newer states where nationality was often arbitrarily superimposed on linguistic, ethnic and tribal diversity.

A sometimes confusing dynamic of decentralization/centralization may dominate the politics of these states. Efforts to preserve the integrity of the state through multi-dimensional decentralization will co-exist with determined efforts to forge nationality in the crucible of central power and centralizing institutions such as national symbols, a national civil service, a national army and a national school system. The actual response of the central government -- in particular its willingness and ability to undertake a significant decentralization effort -- will depend on a wide range of complex and interconnected factors. It must, for example, feel secure enough in its overall control that it doesn't conclude that devolution will eventually result in de facto autonomy or actual independence. Or, a government may be unwilling to relax control over a region with major strategic or economic significance, despite the high political costs (mineral-rich Shaba province in Zaire, for example). And, of course, whether a decentralization policy will in fact succeed in maintaining the state depends on the severity of the tensions, the strength and goals of the dissident movement and their perception of the objectives and true meaning of the government's policy.

4.2.2. Political Integration and Support

Beyond simply maintaining a stable, unified state, the notion of political integration implies at a minimum establishing a central government "presence" in all areas of the country. In other words, decentralization of central government administrative functions is viewed as a means of extending the political and administrative penetration of the national government into areas

> where central government policies are often unknown or ignored by the local population or undermined by local elites and where support for the central government is often weak. [Rondinelli, 1980:8; see also p.2 where he states that "since the early 1970s, all governments in East Africa have emphasized the importance of administrative decentralization for political integration and economic development".]

Of particular note here is the shift to a focus on administrative deconcentration as a means of strengthening the political position of the center.

Advocating decentralization as a means of mobilizing active political support takes the argument a step further. The literature vacillates between a focus on deconcentration and devolution in this regard, although it seems clear that the understanding one has of what gives rise to active political support has important implications for the decentralization strategy adopted.

The argument in one form maintains that increased communication and contact between the central government and

the local population will result in greater understanding of, identification with and therefore active support of the government (and its development programs). Rondinelli notes that

> regional or local administrative jurisdictions, it is argued, can be effective channels of communication between the central government and the local population and for mobilizing local political support for national development policies. [Rondinelli, 1980:4]

He argues later that one of the failures of the Kenyan decentralization policy has been its inability to eradicate the mutual distrust between central government officials and local people that is in part a product of poor communication and lack of understanding on both sides. This mutual distrust in turn is a key obstacle to local support of and participation in development projects. [ibid, p.67]

Insofar as mobilization and political support is held to arise from greater participation and enhanced feelings of political efficacy, devolution may be considered the more appropriate strategy. In this case, the links between participation and decentralization must be carefully examined, in particular the questions of who participates, how meaningful this participation is and how effective the local population feels itself to be [see, for example, Yin, 1975, and Alford and Friedland, 1975, on efficacy and participation.] These issues are considered more closely in Section 4.4.1. Here it is useful to emphasize that participation is not a necessary result of decentralization, nor is increased

political support for the center a necessary result of participation.

4.2.3. Strengthening Control by the Center

One of the problems facing central government is establishing its relationship with the existing power structure in the countryside. This usually means the local political/economic power relationships, either institutionalized in local government structures or exercised informally (e.g., patron-client relationships, economic, hence political domination, etc.). But in some cases (following major political changes at the center, for example) this can also include local entrenched bureaucratic structures that are holdovers from an earlier regime (as occurred, for example, in Chile under Allende). Decentralization, not surprisingly, is held to be a useful central government strategy for altering the political balance of power under a variety of circumstances.

4.2.3.1. Bypassing Traditional Elites

A common strategy is to attempt to bypass the traditional elite -- whether local or national -- and establish direct relationships with other social groups. This may occur for a number of reasons, including, for example, consumption and investment proclivities of the traditional elite that the center views as damaging to its development

efforts, ideological/political commitment to strengthening the position of non-elites and establishing a more egalitarian social base, or the fact that traditional elites are, for whatever reasons, clearly tied to oppositionist political forces. [See Maddick, 1963:55; Uphoff, 1979:15; Uphoff and Esman, 1974:105; Fesler, 1965]

A decentralization strategy (whether deconcentration or devolution) may appear to be a useful way of either bypassing the existing elite or facilitating the destruction of its power base. Rondinelli reports that Province Executive Councils were established in the Sudan in 1971 "...to help the central government eliminate the traditional political influences that dominated local and national affairs prior to the 1969 revolution." [Rondinelli, 1980:24]

Focusing more closely on the local level, Mayfield described a similar strategy in Egypt:

> starting in 1961, Nasser embarked upon a determined policy to weaken the traditional power structure of the rural provinces ... [by attempting] to create new political and social relationships in the villages which would then be more conducive to the changes necessary for modernization. [Mayfield, 1974:66]

This strategy included the establishment of village councils community development projects and increased social services delivery at the village level.

Hansen discusses the empowering of new elites to counter existing institutional structures in the Indonesian

countryside. Although his description centers on the creation of Regional Leadership Councils (MUSPIDA) as devices to improve the coordination of civilian, military and police activities in rural areas, he notes that these were understood by many observers to be a way of bypassing the existing institutions and ensuring control by the army. Facilitating this transfer of power, the territorial hierarchy of the army paralleled the old bureaucratic structure of regional administration. [Hansen, 1971:391]

The link between motive and outcome is not always clear. In other words, a decentralization policy can result in a shift of power without this being an explicitly or implicitly defined goal. Collins suggests that the establishment of the Tanzanian Regional Development Fund resulted in a shift of power away from local elected governments which were weakened by declining financial and staff resources. He argues that, because of the vulnerability of local elected bodies to established interests, this shift may have significantly benefited the rural poor. [Collins, 1974]

4.2.3.2. Strengthening Traditional Elites

Conversely, the central government may attempt to strengthen local elites and existing institutional structures by devolving additional authority and resources to them so that they are able to act as agents of the center.

Maddick has this possibility in mind when he notes that

> chiefs make good councillors, or may be used as government officials to keep the peace, enforce minor regulations and collect taxes. [1963:237]

Certainly it was a strategy employed extensively by colonial administrations which lacked the personnel to establish a presence in all areas of the country in order to perform all of the necessary government functions. Bienen argues that the traditional chiefs' meetings (barazas) in Kenya have become instruments of control and mobilization at the grassroots where taxes and "not so voluntary contributions" to self-help projects are collected. [Bienen, 1974:41]

4.2.3.3. Compromising with Traditional Elites

It is also true that decentralization of authority to local elites (whether via traditional institutions or new bureaucratic or political entities) may be a concession by the center to opposition forces that retain significant strength. Harbeson describes the 1962 constitution in Kenya which was designed to limit central government authority by creating semi-autonomous regional governments in line with the demands of the oppositionist KADU. Regional governments had authority over development and implementation of land policy and control of land transfers (a critical political issue following independence and involving relations among Kenyan political parties and between Kenyans and European

settlers) was vested in the semi-autonomous Central Land Board which, in Harbeson's view, was more under the influence of the regional governments and Europeans [Harbeson, 1971]. (The extent to which meaningful power was devolved along with formal authority is questioned by Bienen [1974].) Significantly, the regional powers were curtailed in 1964 when KADU aligned itself with the dominant KANU party [Bienen, 1974:35].

4.2.4. Channeling Conflict Away from the Center

An ambition of many central governments is to decentralize political headaches down the system -- to the regional office if it is an administrative system, or to the statehouses and city halls if it is a political system. By decentralizing program or function control and responsibility the center seeks to decentralize the sometimes paralyzing political pressures that surround those questions to the lower level. The objective is to free itself from the risk of exhausting its political energies in the day-to-day and relatively petty questions of balancing competing claims in order to concentrate its resources on the more strategic level task of governing.

Thus, in its mild form, one common reason for political decentralization resembles the even more common administrative motive for moving authority down the line: to free the central brain from relatively unimportant, but vexing and

resource consuming maters so that it can act strategically. Subordinate responsibilities and powers are decentralized in order better to centralize what matters.

In a particularly prominent example of this, the Nixon administration energetically sought to push control and responsibility for a set of social programs back to the municipalities. These questions had become the focus of redistributive claims and pressures that were, in important ways, overwhelming the federal government's ability to act and draining its political energies.

The existence of strong and established local governments with long traditions of autonomy and competence in program administration as well as the politics of redistribution proved to be an enormous asset to the Nixon regime. It permitted a rapid decentralization of a troublesome business and also complicated the issue in a politically useful way. It was then not simply a case of passing a hot potato to the locals and either forcing them to take it, or compensating them in some way for their troubles and services. It could be understood to be part of a general effort at strengthening decentralized political units quite as well as an effort to unburden the center; and indeed, there is no reason to assume that it was not both.

The stronger form of this case derives from the structural instabilities of highly centralized political systems, where conflict has a tendency to quickly mount to the very

top. If conflict cannot be absorbed and contained at the local level, it can, in a centralized system, bring the entire regime -- or at least the party in power -- into question.

Decentralizing responsibility for politically charged matters, especially for those where the particulars of the conflict resolution are not vital to the central authority, can serve several system-stabilizing functions.

First, it can diffuse conflicts away from the center while separating them and containing them at discrete points and times. Splitting conflicts into separately focused struggles not only displaces them away from the center but also serves to undermine the possibilities of the protesting groups forming focused, and self-developing mass coalitions. It often can put them in competition with one another for real, but limited, and non system-threatening, gains at the local level, ensuring that dissent or protest will not become organized on a mass scale.

By generating an ongoing possibility for opposition groups to win real, though partial reforms, the decentralized model also helps to reintegrate those groups back into the political system. Having won constructive reforms, they become involved in the permanent responsibility of seeing to their preservation and extension.

4.2.5. Theory and Practice: Some Considerations

It seems safe to say that central governments do not decentralize for the sake of decentralization. They do so as part of their continuing effort to establish and secure their control and to attain their political, economic and social objectives. It is only superficially paradoxical, then, that decentralization is most frequently aimed at strengthening and improving the workings of the center.

This means, first of all, that where conditions are such that decentralization appears to be more of a threat to central control than a facilitator, it will not be adopted as a strategy despite its potential for increased efficiency, responsiveness, etc. Villanueva suggests that this type of situation lay behind the defeat of the 1965 proposal for decentralization in the Philippines. He notes that the president was not eager to cede political power as the majority of existing local governments were oppositionist. [Villanueva, 1978:379]

Secondly, it should be emphasized that political reasons for decentralizing do not necessarily imply a political solution: i.e., devolution. Extending the administrative presence of the center may, under some circumstances, be the best way of safeguarding the interests of the rural poor and weakening the dominance of traditional elites. [See Leonard, et al, 1981, for an expanded version of this discussion.] Or, to put this another way, what looks in practice

like a simple administrative reorganization of the government often has strongly political motivations and even more frequently has politically important results as well.

Third, and perhaps most important, even where intent is clear, there is no guarantee that the outcome of a decentralization strategy will conform to its objectives. This may be particularly true for politically motivated decentralizations where the risks and uncertainties are high and the center's ability to keep the process under tight control is in doubt. The argument concerning decentralization to bypass or undermine traditional power structures is an excellent case in point. The literature is replete with instances of the failure of such efforts to dislodge existing elites. Rondinelli notes that the Sudan's Local Government Act, in the end,

> had little influence on changing the structure of informal leadership in village and rural areas.... [I]n most, the traditional leaders merely took on new roles within the local councils. [Rondinelli, 1980:28]

Similarly, he argues that traditional elites in Tanzania and Kenya

> have easily been able to oppose or undermine decentralization policies and to maintain control over local decision-making. [ibid, 65]

More common still are cases where decentralization of one form or another had the entirely unintended effect of strengthening local elites. Blair [1978] suggests that this was the case with the Comilla rural development cooperative

program in Bangladesh which strengthened the economic position of existing elites. [See also Leonard, et al, 1981.]

Mayfield, describing the outcome of Nasser's attempt to bypass traditional elites via the establishment of village councils (see above, section 4.2.3.1) reports that these often became what he terms "Reactionary Councils":

> In those villages where 'feudal' families or 'passive' bureaucrats were found working together in the same [village] council, the chances that this council would be functioning were slim. Certainly, prior to 1966, the vast majority of village councils would have fallen into this category. [Mayfield, 1974:109]

Hunter echoes this argument for India:

> the fact that the Panchayats ... are officially setup and supported, that development funds are channeled through them, and that new economic opportunities come their way can have the effect of strengthening the old magnates even further.... [Hunter, 1969:64]

Ralston, et al., conclude that "decentralization usually favors the local elite..." and caution further that it is

> likely to lead to a capture of the program by those who already dominate -- elites at the center or elites at the local level. [Ralston, et al., 1980:17, 22]

This possibility is of critical importance where goods and services intended to meet the needs of the rural poor are "captured" by a small segment of the population.

Yet, this is not to say that it is impossible to adopt a decentralization strategy that will succeed in empowering

non-elite groups, providing improved support for their efforts and eliciting their active support for the central government and its programs. But this seems to imply a strong political commitment at the center and the strength to realize this commitment, combined with a decentralization strategy designed and implemented with a clear understanding of social and political conditions in the countryside. Further, as Leonard, et al [1981] suggest, particular types of programs or services may be more resistant than others to capture by local elites. The issue inevitably is not only how much power is being transferred with a given decentralization strategy (which, as we have seen, can range from little or none to substantial) but also to whom, in what way, and with what potential outcomes.

4.3. Economic/Development Objectives

4.3.1. Improving Spatial Distribution of Economic Activities

Achieving, restoring or improving spatial or regional "balance" is a common and often compelling reason for efforts to decentralize economic activities from compounding concentration in the "more favored" areas such as the primate city towards more backward, often rural areas or lagging sub-centers of the periphery. Most nations, most large sub-national governing units such as provinces, regions and cities, and even some supra-national entities such as the

EEC pursue, more or less actively, such regional development, or economic decentralization policies.

Behind these policies is a notion of areal economic balance or equity. The vagueness of both "areal" and "balance" is not accidental: couching the question as one of maximizing individual economic welfare could define away the problem or even lead to policies that foster migration from lagging to leading regions, the "natural" solution of neo-classical economic equilibrium models.

Migration, it is felt by policy makers all over the world, has severe and self-reinforcing negative effects. It could exceed the capacity of the economic system to use the new labor force productively -- that is, the tattonnement towards equilibrium could be extremely slow, costly and imperfect. Second, opportunities for economic development using radically different factor mixes and technologies and producing different outputs from that yielded by migration to zones of more concentrated development could be foresaken. The assumption here is also one of serious imperfection in the neo-classical model. Specifically, it is that of mis-pricing the real costs of inputs (such as energy, capital and urban infrastructure), mis-pricing the real value of different kinds of outputs (especially those of diverse subsistence agriculture and craft production) and mis-weighing the value of the negative impacts of future economic uncertainties.

Third, it could exceed the capacity of the socio-economic system in the growing regions to absorb the new migrants without creating destabilizing tensions for both the economic and political systems. And fourth, it could create self-reinforcing negative social, political and economic impacts in the left-behind regions.

The ubiquity and persistence of such regional development policies is testimony to the almost universally felt need to do something about regional balance; the uneven and almost sporadic nature of their implementation testifies to the fundamental confusion surrounding the question. For efforts to deconcentrate economic activity are often seen as conflicting with efforts to maximize economic growth: the former a part of the politics of redistribution; the latter belonging to the politics of accumulation.

It is no surprise, then, that numerous efforts have been made to reconcile the two objectives. The best known is the doctrine of growth poles. Originally conceived by Schumpeter as an expression of the unevenness of economic development, a growth pole was a "cutting edge" sector, one that grew rapidly and created large external economies or opportunities for entrepreneurial activity around it. The notion was recast by a French school of economic theorists, Perroux etal, where it received a spatial component: the unevenness of sectoral development was accompanied by spatial unevenness. Growth sectors tended to be spatially

concentrated and to engender new economic activity in the immediate environs (e.g., 18th century manufacturing in Lyons; 19th century textiles in Manchester; 20th century electronics in Silicon Valley). The doctrine, now spatial, was slowly modified into a notion of growth, as distinct from development: a notion of quantity as distinct from kind; activity defined and confined by a given structure, as opposed to structural transformation. Growth is an easier category for policy than is development. It came, in the common practice of growth pole planning, to mean the spatial concentration of economic activities of all kinds toward a critical mass: an amassing of positive externalities and economic scale sufficient to make a chosen location viable for self-sustaining economic growth.

The conflict between maximizing economic growth and increasing regional economic balance could, according to the growth pole planners, be resolved -- or at least significantly attenuated -- by a strategy of concentrated deconcentration. Scarce resources to be shifted away from the relatively robust regions for redistribution to more backward or lagging areas should not be scattered but rather rigorously concentrated into growth poles.

The fundamental inconsistencies of this attempt at reconciling the conflicting demands on policy are evidenced in the remarkable tendency of growth poles to proliferate. To concentrate resources into growth poles takes a double

quantum of political energy. First the energy needed to pry those resources loose from where they would have gone in the absence of a volitional policy. Second, the energy -- or brute strength -- needed to concentrate those resources in a few chosen locations in the face of mounting demands from all other locations which now confront the choice of becoming growth poles or stagnation swamps.

Not only does the policy demand enormous quantities of political energy, it necessitates its extreme concentration. The more decentralized the political system, that is the more responsive it is to claims from a territorially representative parliament, or from distinct spatially definable interests, the greater the tendency to accede to those claims by increasing the number of designated growth poles -- without necessarily, or even possibly, proportionally increasing the quantity of resources to be distributed. At some point, the growth pole notion loses all meaning, and resources are redistributed not according to that doctrine that reconciles, however, imperfectly, the claims of redistribution with those of accumulation, but according to more traditional redistributive formulae that seek to reconcile the claims of need and power. Thus, in the U.S., the Economic Development Administration saw its map of growth poles transform itself from a few dots to a great green rash as the number of growth poles proliferated to the point of providing one for almost every congressional district. Similarly, in France, a strategy of Metropoles d'equilibre -- a

few counter-poles to primate Paris -- grew to include a middle-size city growth pole component and ultimately small city growth poles, and few cities of any size were excluded from the favored city category.

The same political logic that called forth a program of economic decentralization in the name of regional balance in the first place also makes exceedingly difficult a strategy of concentrated deconcentration. The experience of many nations demonstrates that efforts to decentralize economic activity across space imply an increase in the centralization of political power to control the allocation of economic resources. More generally, the experience of economic decentralization policy -- one of the most widespread and best studied of decentralization policies -- illustrates the theoretical argument made in Section IV of this report, that decentralization to achieve redistribution implies increased concentration of the political means to achieve that end. This result is not a paradox, but a reminder that decentralization is not one thing -- or even a range of values along one axis -- but a general rubric of common usage under which are uncomfortably assembled discreet, wholly different, and not always complementary entities.

4.3.2. Appropriateness to Development Strategy

In recent years, the recognition of the failure of extensive reliance on massive, high techhnology, capital intensive development projects to induce wide-reaching, self-sustaining development in Third World countries has engendered a search for alternative development strategies. The high technology development approach has been criticized on a number of grounds. It tended to siphon relatively large amounts of resources into a few large-scale projects, thereby exacerbating sectoral and geographic problems of uneven development. The projects themselves tended to remain isolated enclaves with few economic linkages with the surrounding environment. There was a bias toward concentrating development activities in urban areas although the majority of the population was still in the countryside. Reliance on high technology approaches meant both that most of the inputs as well as most of the personnel to run the projects had to be imported at great expense. This also minimized the opportunities for educating and training local people. Finally, massive, capital intensive peojects maximized use of the most scarce resources in developing countries and minimized the amount of labor absorbed by the development effort.

The argument is now made that effective development strategies should focus on rural areas and should be primarily small-sale, labor intensive, with low or intermediate

technology, and, where possible, emphasizing self-help in development of local infrastructure and service delivery systems. This kind of approach, it is felt, will more directly meet the basic needs of rural residents (thereby, among other things, reducing the tendency for wholesale migration from the countryside to the urban areas), and will provide a more solid foundation for self-sustaining economic development with fewer of the negative side-effects of the earlier approach. E.F. Schumacher, one of the originators of the "small is beautiful" outlook, argues that the essential problem of development is "how to assist self-help among two million villages, among two thousand million villagers -- poor, uneducated, country-based", and maintains that it is not important to

> know how to do a few big things in big towns but ... to do thousands of small things in rural areas ... [not] how to do things with lots of capital but ... how to do them with lots of labor .... [Schumacher, 1973:185]

Decentralization is held to be a key element facilitating the implementation of this approah. US AID argues that:

> as developing states and donor agencies move to larger numbers of small-scale projects, and to area-wide, multi-sector, 'integrated' projects in order to reach the rural poor, over-centralized management is becoming more of a problem. [USAID, 1979]

Tendler [1979] maintains as well that decentralized project development is more compatible with and promotes labor intensive strategies.

The appropriateness of decentralization for this type of development strategy, it is argued, manifests itself in several ways. First, with control over state resources divided among provinces or regions or channeled even further downward to the district or local level, no single unit controls enough resources to invest in large scale, capital intensive projects of the sort that have proliferated in Third World countries. Secondly, with control situated at the regional or local level, it is more likely that government activities will be directly focused on regional and local problems and will be oriented towards solutions that relate more to these problems than to priorities that may exist at the national level.

It is argued that with planning and implementation of a rural transportation network occurring at the regional or district level, it is more likely that the outcome will be, for example, a network of smaller roads, with benefits that may include facilitating the delivery of services to people scattered over wide areas, strengthening internal commerce and supporting production for subsistence and local reinvestment -- in other words, a road network that may be more closely oriented to meeting the 'basic needs' of people in rural areas.

At the same time, it should be emphasized that this outcome is not automatic or guaranteed by the existence of a decentralized structure. Roads may well be planned at the

regional level, but if the plans have to win the approval of the regional military commander, for example, then they will be oriented to the achievement of goals that do not necessarily relate to regional development.

Nor is it axiomatic that a decentralized structure will produce the 'best' road network from the point of view of national development needs and priorities. The resulting network may be well-integrated within the regionut poorly articulated with neighboring regions or with the major urban center(s).

The responsibility for certain types of projects may also be retained by the center; for example, even a development strategy that emphasizes small-scale, locally integrated efforts will have to allow for larger projects with higher capital costs and greater complexity than local areas can manage or for projects with multi-regional or national benefits.

Focusing more strictly on the implementation of the development strategy itself, it is also clear that the allocation of authority and resources to identify the most important problems, choose among potential actons and implement the option selected can occur in a variety of ways with the center retaining responsibility for certain kinds of activities. It may, for example, act merely to coordinate and effect compromises among conflicting elements of plans developed by decentralized units or overrule wasteful

redundancies of effort. It may act to facilitate cooperation between regions on tasks that may benefit from economies of scale or pooling of resources. It may set more or less detailed guidelines, provide matching or categorical grants, or establish budgetary limits to exert additional control over the outcome. Or the center might retain project selection and planning responsibility with implementation and maintenance alone decentralized.

Inevitably, whether or not decentralization will actually play the role envisioned for it in the achievement of various development objectives depends both on the kind of deccentralization in question and the context in which it is implemented. As suggested above, the outcome is not axiomatic. In particular, significant issues involving tradeoffs between some of the argued or evident benefits of centralization versus decentralization require serious consideration. Obvious ones include losing sight of important national priorities, increasing regional economic disparities, loss of coordination by the center and economies of scale.

Equally serious, at times, will be problems associated with competition between regions for state or private investment. This can easily lead to wasteful duplication of efforts as all regions try to produce, for example, a small steel plant to serve as the centerpiece of their regional development strategies and provide agglomerations of scale

inducements to other investors. A related problem is the potential cost of inter-regional competition for private investment that takes the form of financial, tax or infrastructure "incentives" that are designed to induce a shift in the location calculus of private firms. This is an issue that is presently receiving considerable attention in the United States where states and cities are forced to offer increasingly costly subsidies and incentives to remain "competitive" with other areas.

Overall, despite this rather profound shift in outlook concerning the scale and management of development efforts, it is clear that the center will wish to remain in control of important aspects of it. For example, investment in projects or programs with a national or multi-national impact will require direct action by the center. And, where redistribution is at issue, whether among regions or social groups, the center will almost certainly hold the primary responsibility for effecting it. Similarly it may have to actively represent the interests of minority grups or those who are politically unorganized and weak (and who may be the majority of the population) in order to ensure that the development efforts undertaken serve the interests of those most in need rather than bolstering the economic and political position of elites.

The possible permutations are nearly limitless. What is clear is that, where decentralization has any meaning, we

are looking at a complex sharing of power rather than a wholesale transfer of responsibility and initiative from one branch or level of government to another. Moreover, it is a sharing of power that is unlikely to be free of conflict as different groups struggle over the allocation of resources and focus of the development strategy at different levels of government.

4.3.3. Mobilization of Local Resources

One of the major benefits that decentralization -- especially insofar as it includes citizen participation -- is supposed to produce is increased active cooperation by the local population in government development efforts, especially via the mobilization of local economic resources -- labor or capital -- that are presumed to exist but that would not otherwise be forthcoming. The argument is composed of two basic parts. First, it is assumed that there are resources at the local level, whether in the form of labor contributions, materials or personal savings, that can be put to use in community development projects, the provision of social services or in economic development programs. These local resources could be used to augment or to substitute for central government provision of the services. A 1967 CENTO decentralization conference report underscores one aspect of this logic:

> the current policies of decentralization in CENTO countries all evidence a belief in the existence

> of hitherto untapped sources of managerial and technical skills among rural commuities,

and further maintains that

> in the urency for economic advance, policy ... must be based not on known and proved capability but on capability that may be assumed to exist. [Heaphy, 1967:28-29]

Maddick [1963] emphasizes that local autonomy and greater participation will make people more willing to sacrifice and that their contributions represent "a considerable addition to capital and are especially associated with community development work in the village ..." Rondinelli notes that participation in AID's view subsumes the idea that

> the poor make some contribution of effort and resources to the activities from which they are likely to benefit through such things as personal savings, contribution of labor, or participation in local planning and implementation committees. [Rondinelli, 1950:5]

Clearly, the ability to mobilize local resources and apply them to development efforts can make an important difference in the level and quality of services and community development infrastructure provided at the local level. Especially where the central government itself has limited personnel, capital and other resources, self-help activities can be a substantial addition to the srvices that government is able to provide. They can function as a kind of leverage, expanding the levels of services without additional government investment; they can also substitute for government provision, presumably freeing state resources for

investment in other activities; and they can provide new services or services in areas where the government was not previously active.

Viewed individually, self-help activities in a particular locality may appear relatively modest, but in aggregate, from the point of view of the central government, the impact can be quite substantial. For example, by 1967, government secondary schools in Kenya had the capacity to accept 15,000 new students. In the same year, 12,000 entered self-help Harambee schools and an additional 6,000 went to other unaided shcools. [Bienen, 1974:54]

Granted that the successful mobilization of local resources can be of substantial importance, the question still remains: is decentralization the key to achieving it? Maddick argues that local autonomy is crucial for generating self-help contributions, primarily because local people will have participated in the planning of the activities, will feel they have some siginificant measure of control over developments in their area and will therfore have a stake in supporting them. Similarly, he maintains that although tax collection in underdeveloped countries is inefficient and easily avoided, people are more willing to pay taxes when they know that some of the money stays in the local area:

> In the Sudan, where taxes collected by each local authority are shared on an agreed basis between itself and centre ... the local authorities and local people became enthusiastic about local improvements and when money was required, the

citizens were ready to pay it. [Maddick, 1963:60]

However, as we argue elsewhere in this paper, local autonomy in the form of political devolution or local self-government is only rarely the form of decentralization undertaken by central governments. Much more common is deconcentration of the bureaucratic structure including the establishment of field offices of the central bureaucracy. The argument then becomes that the increased proximity to, communication with and responsiveness of the decentralized bureaucratic structure will foster greater understanding of the goals and potential benefits of government programs and will therefore elicit the same kind of local contributions and support, even without devolution of political power. Tanzanian President Nyerere suggests this possibility, observing:

> it is sometimes difficult for local people to respond with enthusiasm to a call for development work which may be to their benefit, but which has been decided upon and planned by an authority hundreds of miles away. [Nyerere, 1972:1]

In general, the literature does not permit us to determine which of the many factors influencing the mobilization and commitment of local resources are the most important. Leaving aside the issue of how, in reality, decentralization -- political devolution in particular -- relates to participation, it could be argued that participation itself is not more important than, for example, the kind of project the government is trying to mobilize resources to support. That is, projects providing more tangible, immediate or more

highly-valued benefits (schools or health facilities) may more readily elicit local contributions than projects whose benefits are not so directly perceived, projects whose benefits may be "captured" by a small local elite, or even projects whose benefits spill over into neighboring communities that do not appear to be making a proportional contribution.

Clearly, the role of decentralization, the relative importance of the various factors bearing upon the resource mobilization issue and the outcome in practice depend greatly on the particular circumstances at hand. Similarly, it is not always clear that decentralization is the most effective way of mobilizing local resources while safeguarding or promoting the acchievement of other objectives. A question arises, for example, concerning whose resources are being mobilized and for the benefit of whom. The Harambee schools in Kenya mobilized a tremendous amount of local resources, often at great sacrifice to local residents who placed an extremely high value on education. These schools were generally run by committees dominated by local elites. Bienen argues that this in fact strengthened the position of these elites and perpetuated (and perhaps exacerbated) class differences in the countryside. In practice, poor families were often unable to use these self-help facilities because the school fees -- quite apart from the initial contributions -- were much higher than for government schools which presumably were not provided at least in part because of the existence of the Harambee schools. [Bienen, 1974:53] In

this instance, decentralized self-help provides a substantial expansion of a critical service but possibly at the cost of more equitable access to these facilities.

Thus it is argued that decentralization can have a major inpact on development prospects both through the increased participation of local people and through improved communication between the center and rural residents -- these two factors then contributing to the mobilization of an increased level of resources in the development effort. While most assume that the full mobilization of local participation requires devolution of considerable autonomy to the local level, this is in fact rarely a part of contemporary decentralization plans. However, there remains the possibility that improved communication with and increased accessibility of the central government via deconcentration of the administrative structure or even delegation to a regional authority will overall increase the likelihood of expanded mobilization of resources at the local level. Whether this possibility is realized in fact depends greatly on the attitudes, commitments and priorities of the central government and on the needs and capabilities of those in the rural areas. Decentralization of itself is only part of the equation.

4.4. Primary Values

Decentralization is frequently identified with a range of normative social goals such as democracy, individualism or, as in some cases, returning to a pre-colonial social structure that represents the 'true' spirit of the people [c.f., Premdas and Pokawan, 1978]. We use the term 'primary values' to suggest that the ideals expressed in these terms are not identical with purely ideological considerations. It is undoubtedly true that appeals to these values are often strictly rhetorical; on the other hand, they are probably just as frequently quite straightforward and legitimate in their motivation. Because an understanding of these ideas is quite complex and often highly subjective, and because the arguments concerning their relationship with decentralization as an instrument for their attainment often run in parallel directions, we limit our discussion to a few of them to indicate general considerations that should be addressed in the context of decentralization efforts. We focus on participation and to a lesser extent democracy, as well as on the notion of self-reliance as being particularly representative of the concerns reflected in much of the literature and of particular importance to many nations at present.

4.4.1. Participation and Democracy

Arguments concerning participation, and closely parallel ones related to the meaning and value of democracy, run implicitly and explicitly throughout the decentralization debate, both in the sense of means to an end and as primary values in their own right. Thus, participation and democracy are good because they are in accord with liberal and radical values linked with concepts of freedom, dignity and self-expression, and a just society. They are also believed to give rise to very practical benefits, an idea that is part of many of the rationales for decentralization considered elsewhere in this paper. The general form of the argument is summarized in a 1975 UN study:

> the fundamental benefits of popular participation are medium and long-run contributions to efficiency as the people's energies are mobilized in the service of development and potential mistakes in planning and implementing programs due to social and cultural factors are minimized. [UN, 1975:10]

Moreover, participation, it is argued, creates political legitimacy, increasing the ability of the nation's leaders to make decisions which are then widely accepted and actively supported -- a cheaper form of political power, the UN study notes, than coercion. [ibid, p.15]

In a slightly more restricted vein, Uphoff and Esman comment:

> local participation can bring useful, locally based information and local interests into

> decision processes, and it can reveal and tap previously unrecognized managerial and leadership talents.~ The opportunity to participate, even when it is taken up by relatively few local people, enhances, the legitimacy of local institutions and also of national government, provides a ready outlet for the expression of grievances, and can generate local cooperative and self-help activities for development. [Uphoff and Esman, 1974:81]

A closer look at the literature reveals that participation and democracy are many things to many people, with a variability substantial enough to suggest that the links between them and their associated values and benefits are, at least, not automatic. Participation, for example, is frequently used in the sense of receiving a share of the economic product of a country or the benefits of a given development effort. [UN, 1975:4; USAID,1975] The sheer passivity allowed in this concept seems to fall hopelessly short of any meaningful interpretation of the word -- certainly of the understanding outlined above: in a country with any kind of social security system, whether formal or informal (i.e., extended family), participation could imply nothing more than existing.

Similarly, some would view democracy largely as an instrument for decision making in which people are expected to do little more than elect other people to make decisions for them -- the candidates for these positions being the products of possibly highly undemocratic party politics. Such a system is theoretically unharmed by, and may even rely on, an otherwise apathetic and passive citizenry. [See

Abrahamson, 1977:200ff; Schumpeter, 1950; Appleby, 1962:453-5.]

The questions to be addressed, then, include: 1) whose participation are we concerned about; 2) what is a meaningful notion of participation; and 3) how is this idea of participation related to decentralizations of various incarnations. (The arguments concerning democracy, though not identical, are related closely enough that they are collapsed here into the general discussion on participation.)

Increased participation -- for those who consider it a primary value -- implies social change. The principle concern is empowering people who have been effectively disenfranchised in a broad sense, due generally to their economic status but frequently compounded by ethnic or racial issues. The corollary is breaking the monopoly of power held by the economic, political and bureaucratic/technical elite of any country.

Power, of course, is exercised in many ways and at many levels, and it is this that makes the definition of 'meaningful' participation so difficult to specify. A sharing of strictly political power -- i.e., creating highly democratic local councils, expanding the representativeness of the legislature or merely insuring fair elections -- may mean relatively little in the face of continued overwhelming economic concentration which insures that the majority continue to have no control over the basic conditions of their everyday

lives. Similarly, popular control of specific local government functions is valuable at that level, but says nothing about who will participate in major social decisions that will affect the lives of everyone far into the future.

Other conceptual problems abound: the difference between participation and cooptation, for example, or how to tell when participation is a carefully controlled exercise to defuse social discontent while giving up no real control. But these and other issues can only be adequately analyzed (if not resolved) within a specific social context.

The importance of effective participation lies in two directions. One is the expanded control the individual has over his or her own life along with the greater contribution to and involvement in the affairs of the community at whatever level. Second is a concomtant increase in responsiveness on the part of the community to the individual's needs. But this is only to be gained by involving the individual activiely in the affairs of the community via organizational structures that have some authentic measure of control over significant decisions within their jurisdictions or influence in a larger social context. The crucial point here is active involvement and real authority more than the nature of the organizational structure per se. The UN team defined the process of popular participation in this way:

> active and meaningful involvement of the masses of people at different levels (a) in the decision making process for the determination of societal

> goals and the allocation of resources to achieve them and (b) in the voluntary execution of the resulting programmes and policies. [UN, 1975:4]

The authors stress that decision making is not choosing among or ratifying previously defined alternatives, but involves:

> defining the situation requiring a decision; choosing the preferred alternative; determining how best to implement the decision once it is made; and evaluating the consequences of the action taken. [ibid, p.5]

This sort of participation can occur in many areas. For example the decentralization effort in Tanzania dating from the 1971 Mwongozo Declaration specifically considers participation in the sense of political democracy as well as participation in workplace decisions. [Blue and Weaver, 1977:4] Nyerere, in a recent address, made this argument:

> If the people are to be able to develop they must have power. They must be able to control their own activities within the frameword of their village communities. And they must be able to mount effective pressure nationally also. The people must participate not just in the physical labour involved in economic development but also in the planning of it and the determination of priorities. [Nyerere, 1979:8]

So, without specifying either the level -- from local to national -- or the area of concern -- i.e., whether decisions solely within the sphere of government activities or within the economy as a whole -- the heart of the participation issue is empowering the relatively powerless: affording them some measure of increased control over their own lives and an increased voice in the life of the community.

Nor, supposing for the moment that 'power' could be defined as an identifiable unit that can be parceled out in greater or lesser amounts to individuals or groups, can we specify a desired allotment that makes participation either meaningful or not meaningful. At the limit, a maximally participatory society would resemble the anarchist ideal of independent and freely associated individuals working together to achieve social goals. Short of this, it is still worthwhile to try to establish some boundaries for the discussion, particularly as it relates to decentralization.

Many writers seem to assume that decentralization will more or less automatically lead to greater participation [c.f., Porter and Olsen, 1976; Rein, 1972; Hart, 1972]. But given the variety of forms that decentralization may take and the variety of social circumstances under which it may be carried out, it seems clear that decentralization of some sort is a necessary but by no means sufficient condition for engendering the sort of participation envisioned here.

The necessity arguments are straightforward. If people are to participate in local decisions, there must be something for them to decide. Some measure of authority backed by resources must be vested at the local (or district, regional, etc.) level. And, if they are to participate in national level decisions, there must be an institutional structure that reaches down to the local level, provides a forum for active discussion and argument and conveys views

upwards in a way that will have some impact at the center.

Which is not to say that having this authority at the local level or these institutional channels in place is going to permit any greater participation than presently exists. Precisely because the issue at base is one of power relationships, the change envisioned cannot be accomplished through institutional alterations alone. Meaningful empowerment of the mass of people will inevitably be opposed by those whose power and position depend on their continued alienation and impoverishment. That these people usually have considerable if not dominant influence over the very state that is presumed to be attempting this restructuring (except perhaps in times of sharp political and social change) merely underscores the complexity of the problem. Thus, the UN study emphasizes that basic reforms of the socio-economic structure may be necessary to remove barriers to mass participation: e.g., "land reform may be a prerequisite for creating sustained popular participation." [UN, 1975:30] (The discussion, proceeding as indicated earlier from the viewpoint of the center, leaves aside the issue of self-organized mass participation in movements opposed to the existing state structure.)

What the sufficient conditions are in total is difficult to say. They would include strong central government commitment over the long term in the face of determined opposition as well as accepting the efficiency costs that

may be associated with mass participation and democratic action (i.e., the cost of extended debate and consultation, the potential need for mass education campaigns concerning the accessibility and exercise of power or to promote nationally important goals in light of strong particularist tendencies, etc.). It may be important that decentralization is pursued through various avenues simultaneously both to reach the broadest number of people and treat a wider range of issues, as well as to ensure that failure along any single initiative is not catastrophic for the whole effort. (This could include, for example, workers' self-management and syndicalist representation along with party politics territorially based institutions and agencies of all sorts.) Thirdly, some measure of self-organization by the people to whom the reform is directed would be important to help ensure that it takes place in a way that meets their needs and so that through collective action they are able to safeguard the gains that are made in this way. But some level of economic strength and independence on a mass scale may be the only true guarantee of the ability to participate and engage in meaningful democratic action. While seemingly obvious, this issue lies at the heart of the dilemma of participation and its links with decentralization.

4.4.2. Self-reliance

An emphasis on self-reliance reflects a conception of development that goes beyond the purely economic (material consumption and expanded output) and focuses as well on the creation of an educated and aware citizenry that is prepared to take responsibility for managing its own affairs. Self-reliance in this sense is significant in several ways. On an individual level, it is based on enhanced political and social understanding and the willingness and capability both to manage one's own life and to participate actively in the affairs of the community. This aims not only towards an enhanced sense of dignity and autonomy for the individual, but, in a very practical way, towards the building of a stronger, more highly mobilized nation which is capable of developing itself economically, socially and politically. In this way, the traditional notion of economic self-reliance is joined to an expanded idea of a self-reliant community. A 1979 address by Julius Nyerere has implicit within it an idea of self-reliance, participation and sharing of power and responsibility that is directly linked to the objective of development in this broad sense:

> Governments by themselves cannot achieve rural development. They can only facilitate it and make it possible. They can organize, help and guide; they cannot do. For rural development is people's development of themselves, their lives and environment. [Nyerere, 1979:8]

If it is argued that a crucial precondition of self-reliance is self-government (in other words, that self-

reliance implies self-government), then political devolution appears to be an obvious concomitant to the process.

Many have also argued that local self-government plays a key role in building self-reliance through providing experience to individuals in conducting their own affairs within the context of an accessible, locally based body in which members of the community can readily and meaningfully take part. [UN, 1962:8]

The form and extent of decentralization that may be held to contribute to the development of self-reliant individuals and communities is not clearly specified in the literature, however. Depending upon existing conditions, the argument has been made that even a deconcentrated bureaucratic structure that reaches down to and interacts with the local community (for example, via consultations with a local advisory body) still constitutes a step forward insofar as local residents gain experience both in collective decision making and in learning how to work with the central government on a more equal basis. (See Nyerere [1972:1], who at least does not rule out this possibility.)

As we emphasize elsewhere in this paper, the links between self-reliance and decentralization can only be understood in light of the specific conditions within a country. Administrative deconcentration may in fact provide opportunities for people in rural areas to participate in decisions affecting their lives, but this is clearly not

identical with taking responsibility for and having control over these decisions. On the other hand, even a fairly extensive political devolution may contribute little to the development of self-reliance if local authorities have extremely limited resources and if economic and social conditions in the area concentrate power and resources in the hands of a few and ensure that the majority of local residents are in fact unable to take responsibility for their own development.

At best, decentralization can be part of an effort to build self-reliance and make it meaningful. But, without minimizing its potential value, it seems clear that the link between the two is not automatic.

5. Why Decentralize: Normative Theories Underlying Arguments for Decentralization

Our initial question is "why decentralize"? The many reasons for a government choosing to decentralize can be organized in various ways: we have chosen to distinguish the more theoretic, normative arguments from the more pragmatic, positive actions.

In this section we consider the major reasons advanced by political, public administration and public choice theories for decentralizing. The political theories address the question of the best form of political organization and structure to correspond to basic social values. Public administration theory addresses the relationship among the size, organization and location of units of public authority and the functions carried out. Public choice theories -- focusing on the logic of transactions and the external effects of action -- deal with the organization dilemmas of maximizing individual choice under various constraints.

First we consider the normative theories, political and economic, for moving to decentralized systems of governance. These theories often approach the same issues from different sides. For purposes of analysis we have classified these into three categories: the structural theories which address the rules of the political game and the implications of basic value positions; the theories which are concerned

with administrative functioning and which are concerned with who can play the game, on what terrain; and the theories that address the desired outcomes of the games directly, without belaboring the processes. This perspective places issues of the nature of the state, its functions, and some of the issues of optimal size of political units in the first bin; questions of participation and spatial organization of the polity in the second bin; and issues of the satisfaction of the political consumer in the third.

5.1. Public Choice Theories

5.1.1. Development of the Model

5.1.1.1. Individual Values and Social Groupings

At a trivial level, the most complete decentralization would involve the decomposition of social groups into units of individuals. While this case is not interesting, it is useful to consider social organizational models appropriate to decentralized organization which attempt to preserve individual values. Neo-classical economics has concerned itself for the most part with value, and has directed its analysis to the choices of individual valuers. This preservation of individual value and of the individual decision maker which preoccupies neo-classical economics is extended into the political sphere in a class of models which might be called "public choice" theories.

What is this "public choice" tradition? There is no single line of work or theory which stands for the whole of this group. Roughly, it is a constellation of interest around theories of public goods, of externalities, of exercizing choice through mobility, of ways in which to devise or establish political markets which resemble ideal markets in their resolution of individual claims.

5.1.1.2. The Initial Model: Tiebout

The most influential of the models in this line of work is probably that of Charles Tiebout, published in its original form in 1956. Dyckman described this model as follows in an article on decentralized planning in 1972:

> What we have been calling the 'Tiebout approach is actually an incomplete line of argument elaborated in various aspects by Charles Tiebout and others in a series of papers. It is interesting to note in retrospect that initially Tiebout undertook to address the historic problem of the analysis of public goods described by Musgrave and others, and subsequently was led to a theory of decentralization.
>
> The Tiebout model can be summarized as follows. Each metropolitan area has a variety of local governmental jurisdictions (the central city and its surrounding suburbs). Each jurisdiction provides a particular package of public goods and services: school, health and welfare services, parks, cultural institutions, fire and police protection, and so on. Each jurisdiction has a tax package (property, sales, income, use taxes) to pay such services. It is a commonplace observation that in any metropolitan area a considerable variation exists in the particular package of services provided by the respective local governmental jurisdictions. Some spend more on schools while others emphasize welfare services or cultural institutions. Similarly there is

> considerable variation in the amount as well as type of taxes levied to pay for such services. The Tiebout model treats the metropolitan area as a market; each of the local governmental jurisdictions is a producer offering different packages of public expenditures and taxes. The model assumes that there is a sufficient number of such jurisdictions to provide consumer choice. Each consumer, a household, reveals its preferences for local public goods through moving into a particular community where the differentiated tax/expenditure package is best adapted to its wants. Note that revealed preferences are not detected or exchanged voluntarily by use of prices for individual public goods, but rather by what may be described as a single, collective price for a package of public goods...in the form of a local property tax payment.
>
> Tiebout sought to resolve the problem of differing preferences for the products of the state through a market-based mechanism of social organization, local government. In short, decentralization would be accomplished through the offering of distinctive community packages among which perfectly mobile consumers would choose. Tiebout thereby assumed away the problem of diversity of interest within the community which plagues most decentralization proposals. The model theorizes that individuals are thus forced to reveal preferences for public goods and services, and that their interests will be acommodated within a group of unique local governments. [in Mayer et. al., 1974:114-116]

The Tiebout argument, which sought only to address the question of individual preferences for public goods packages and which did not directly address the issue of what goods should be provided at what level of goverment, has been extended to an argument for decentralization in part because such elements were implicit in the formulation and in part because others have found in it a rationale for decomposition of the economy into small, homogeneous units. Tiebout, it should be noted, was much more interested in the homogeneity (with respect to preferences for public goods

packages) than in the size of the units, their number, or their political expression. Indeed, he said nothing normative about size, since he allowed communities of any size so long as they met his other conditions.

The principal sense in which Tiebout's model has come to stand for a class of decentralized proposals is a simple one: decentralization would be effectively accomplished through the offerings of distinctive community packages among which mobile consumers would choose. "Decentralization" does not imply small communities (or a delegation of powers). If we postulate relatively few groupings of "homogeneous" (with respect to preference) tastes there will be few -- and presumably larger -- communities. At one extreme one could logically imagine a single community in which everyone had substantially the same preference for the same package of public goods. This is an uninteresting case, of course, much as the case in Arrow's [1951] famous work on the aggregation of individual preferences into a social value function in which everyone has the same taste as the dictator and so the aggregation problem goes away. But it does make clear the point that it was the mobile behavior of people choosing community localtions that interested Tiebout, not the size or number of the communities. His model was dependent upon the assumption that consumers would be able to find others with the same preferences and the same ability and willingness to pay for satisfying them, and demands of those consumers would cause communities to be

formed. Without this assumption, the theory would lead to communities of single persons.

Tiebout's emphasis on the "package" of public services recognized (or assumed) the joint consumption character of many local public goods. This joint consumption extends as well to combinations of public and private goods. A well-known example is the jointness in consumption, under operation of neighborhood schools, of housing and public education. As Oates [1972] and others have shown, this consumption is so interdependent that differences in quality (or perceived quality) of schools is capitalized in housing prices (at least in Northern New Jersey suburbs). The joint nature of consumption establishes the political task of securing cooperative action.

The virtue of the Tiebout-type models, and of Tiebout's own, for the decentralization controversy is that the ideas of local sovereignty and spatial organization were combined. For Tiebout and his successors, the service delivery problem was solved in value terms, if not technically on the production side, by the groupings of consumers of homogeneous tastes in a common production unit. The spatial problem was introduced through mobility of these actors, all of whom were presumed perfectly able to find the package of their choice. Also, local government is a spatial unit in our system. Local governments have territory. So the process of locating the "best" package is a spatial search process.

Of course, since size and considerations of negative externalities between communities, efficient scale of production, and similar considerations were not addressed by Tiebout, his choice model was far from a complete blueprint for decentralized political organization. The Tiebout case leaves the political theorist with the need to specify the larger system, and with it the division of powers between levels of government.

5.1.1.3. Individual Transaction Costs

Public choice theory has developed from diverse intellectual sources. The work of Tiebout contributed strongly to the literature on the voluntary associational character of communities, and to James Buchanan's Theory of Clubs [1965]. The definition and elaboration of the theory of public goods, which are prominently at issue in public choice, arrived through the work of Samuelson [1954], Margolis [1965], and others. The notion of a Public Household with its range of tasks came -- through a tradition of German economic work -- from Musgrave [1973]. Work on the mathematics of voting and the formal properties of group choice was contributed by Duncan Black [1948], Duncan Luce [1959] and a host of others. Those and other writers whose contributions make up the foundations of this field have, with some exceptions, had in common a view which accepted the economic notions of value and the centrality of individual valuers. The assignment was to find a way in which to

explain the groupings of social units, given the individual nature of values and the anomalies of rules of aggregation. (Since Arrow's demolition of the hopes for aggregation of individual values into a social choice function the treatment of individual values has become much more relaxed.)

One of the principal contributions to the public choice movement is the work of Buchanan, and his sometime collaborator, Gordon Tullock. Buchanan, as noted above, developed a theory of clubs in which he not only set out the conditions for voluntary association in a lss restricted sense than had Tiebout, but in which he also expanded the analysis of the limits of such association. Tullock has published a number of pieces on public decision, including an influential 1971 article in which he treated "Public Decisions as Public Goods" -- that is, in which he examined the externalities attendant on certain kinds of public decisions. But the best known of their individual and collaborative work is their jointly authored Calculus of Consent [1962].

The key elements in their study of consent -- or agreement -- are the considerations of transaction costs (the costs of negotiating the consent), and the external costs and benefits to other individuals of a collective decision. In their model, the number of individuals required to take collective action is inversely related to the benefits which individuals in the group would expect to derive from such

action. Or, the larger the amount of benefits, the fewer persons needed to make the decision, or take the action. Further, if the benefit is small, the expectation of costs to other individuals (externalities) is high, for the making of decisions collectively or the taking of collective actions is not free. Thus Buchanan and Tullock emphasize the costs associated with making collective decisions. They hypothesize that as the number of persons required to make collective decisions increases, the costs of making the decisions increases. This is an argument -- on cost grounds at least -- for small decision units or communities. And in their work Buchanan and Tullock appear to favor small units.

To summarize, this model contains three main elements:

1) the expected external costs to an individual of a collective public decision;

2) the expected costs attendant on making that decision (transaction); and

3) the number of individuals required to take collective action -- a number which depends on the degree of centralized control, with the maximum control in a situation of one-man rule.

Among the points made in this work is that the more people who are allowed to participate in the making of a decision, or who are induced to do so by the promise of benefits, the higher the costs of making it. If the benefits are sufficiently great, of course, these costs are not

decisive. But since the element of deciding to act collectively involves known decision costs, but only expected benefits, and since externalities, negative as well as positive, are not excluded, there is a strong tendency in this model to emphasize the minimizing of transaction costs. By shifting attention to the processes and costs of securing agreement on collective decisions, Buchanan and Tullock have at the same time made an argument for small public decision communities in which decisions costs can be kept down. For benefits are not known, but expected. Costs are known. Better, then, minimize costs by being small.

5.1.1.4. Aggregation of Choices Among Communities

A sometime intellectual collaborator of Tiebout, political scientist Vincent Ostrom [1977], has extended the public good analysis to the case of cooperation among communities. He observes that cooperative arrangements among corporate communities face the 'hold out' threat of one or more parties where there are significant externalities of collective consumption. This he sees as a potential source of conflict. Where Buchanan and Tullock had focused on the external costs to individuals of public action, Ostrom now attended to the external costs (benefits) to communities of the actions of aggregations of communities. This work is in the public goods-public choice tradition.

Ostrom addresses the question of collective action at

the level at which it appears in, for example, metropolitan government in the U.S. Since the nature of public goods is that they are marked by externalities of consumption (joint consumption) and by the inability to exclude consumers, including free-riders, the treatment of cooperative agreements as public goods -- an extension of cooperation between individuals to the cooperation between polities -- speaks more directly to the questions of governmental organization and decentralization than the other work in this field.

Ostrom takes the position that "A highly compounded political system without substantial overlap among the many jurisdictions is especially vulnerable to this form of institutional failure...". Michel Crozier [1964] has called this phenomenon the 'vicious circle of decentralization'. By this Crozier means that there is no effective control against 'opting out' in a fully decentralized organization. This seems, at first glance, to be a case for centralization. After all, with free-riders there is a violation of equity, in the sense that costs and benefits should be shared and be proportional to assessed charges, and there is as well an increase in the burden to other cooperators.

In fact, however, Ostrom does not propose a centralized unitary system, but in the interest of both the voluntarism of the public choice literature and the elimination of a persistently inequitable situation, comes down on the side of a not-too-loose federalism. He proposes a federal

organization to avoid this peril, arguing that

> with overlapping units of government, conflicts among governments at any one level may be resolved by recourse to the decision-making arrangements existing at higher levels of government. Such arrangements are inherent in Federal systems of government.

The form of the federation is, however, of importance. Presumably a confederation in which overlap is absent or is more restricted would be less desirable on this count to Ostrom than a federalist state in which the central government can intervene in some local matters, much in the manner of Morton Grodzins' [1960] famous marble cake image of U.S. federalism. Inferior in this view is a truly decentralized system without a higher power to whom to refer to rectify inequities.

To Ostrom, "The critical consideration is the availability of legal, political and constitutional remedies to the parties injured as a consequence of negative externalities generated by governmental action at any given level of intergovernmental relationships." These remedies depend upon an intervention by a higher political power. Therefore, Ostrom's system is one which is open to a hierarchically superior 'rectification' authority. In this respect, it is centrally monitored or governed, and must be considered decentralization with central control.

5.1.2. Limits of the Model

5.1.2.1. Size of Systems

In large measure, the models of political forms are derived from fundamental views about what should go on in a political system. Assumptions of democracy and participation are central to normative models. That is, people (usually all adults) should be allowed to participate in decisions, and by democratic rule, should have an effectively equal weight in expressing preferences. The size of the polity enters, as Buchanan and Tullock contend, through the instrumentality of the transaction costs. Getting consensus or achieving cooperation costs something, and smaller groups cut down on these costs. These writers do not address the issue of the degree of external effect, or the prevalence of externalities, or the nature of the transaction costs.

These fundamental positions may, however, lead to prescriptions about the size of political units, the degree of decentralization, or both. The size of the group and the presumptive effects that size has on participation, for example, leads the 'decentralizers' to dream of small constituent units of government.

This argument appears in Mancur Olson's work, The Logic of Collective Action [1968], in the following form. If cooperation is necessary to achieve an optimal level of public goods provision, and if cooperation can be realized only

through bargaining (coercion excluded), and if the costs of bargaining are an increasing function of the size of the group, then for any public good there will be some size of the consuming (and choosing) group which is too large for efficient group welfare. The initial need for cooperation arises (as in all public choice literature) from the facts that public goods are marked by ubiquitous consumption externalities, with joint consumption and with an inability to exclude potential consumers. This argument is remarkably like that of Buchanan and Tullock, who also relied on transaction (here bargaining) costs.

To turn this line of argument to a more behavioral direction, consider the case, for example, that is much mentioned in the literature of administration. This is the case of small (physically or in population) polities which presumably can afford to be more centralized than large ones. In this version, the United States or the Soviet Union is contrasted with Hong Kong or Singapore or Taiwan. The former large communities must turn to a multi-tiered, often federal administrative and governance arrangement. The latter small places can, it is said, "afford" to be centralized. One reads, "Because of Singapore's compactness and the highly centralized political and administrative system, it has been said that no detail is too small for the attention of the Cabinet." (The Cabinet is in this instance the central directive power.) Presumably when a polity is small enough to insure feasible administrative surveillance,

directly observed, centralization is not only possible, but efficient. If administrative efficiency is the normative ideal, centralization may be desired in such cases. For one thing, communication costs may be reduced, and these are one of the important components of transaction costs. But it is far from clear that geographically small, or even relatively homogeneous, places have substantially reduced transaction costs, for it is impossible to speculate on the distribution of preferences in a population, at least a priori. It is not clear that size is the decisive factor in these instances.

Singapore, to take an example, is a political unit of 225 square miles. San Francisco, on the other hand, is much smaller, and it is not very centralized. (It is probably also not so efficient as Singapore.) An argument can be made that it is much less homogeneous with regard to tastes for public goods, but it is hopelessly difficult to test for this Tieboutian proposition on the negative side. (Positively, there is a presumptive relationship.) A grave difficulty in arguing from observed cases is that one cannot compare such attributes as "size" and "centrality" with all other influences held constant. If, for example, democracy and participation depend upon literacy, wealth, amount of leisure time and other variables, these will have to be taken into account in the comparative analysis. Further, following this reasoning, normative models derived from one cultural context may be inappropriate to apply to another.

This is particularly the case where one uses models generated in developed countries to evaluate developing countries.

5.1.2.2. Governmental Organization

"Public Choice" is a poor label for a coherent model of political organization. Its appeal is to be found in its liberal admixture of market-based doctrines of individual choice and its occasional sprinklings of administrative efficiency injunctions. These are not equally prescriptive for decentralization doctrine. Consider, for example, the contrasting views of writers who are sometimes lumped in the public choice basket. On the one hand, one finds the version of public choice theory most dramatically espoused by Gordon Tullock [1970]. For Tullock, representative government is a theoretically unnecessary interference with the free play of public (read individuals') expressions of preference. He wants -- in an extension of Tieboutian rhetoric -- individuals to be able to purchase directly the amount and type of public facilities and services which they find compatible with their presumed utility functions. But he is dubious about the spatial organization of preferrers in homogeneous communities. Rather, he supposes a system in which citizens can vote directly on allocation. This is a model in which these persons -- without much regard for the organizational consequences -- can simulate a true market for public goods. In fact, the "public" character of public

goods is begged or abolished. Private enterprises would presumably offer the full panoply of public services and their offerings would be selected and differentiated by informed consumers. There would then be no need for public schools or postal services bureaucracies, since these would be market-organized. In a sci-fi fantasy, there would be imaginary or real computers for registering choices. Nor would representatives need to interpose themselves.

At a rather different level, William Niskanen, sometimes also labeled a "public choice" adherent, seems to wish to retain the supplier bureaucracies, but only those that survive a process of competitive bidding for their services in an inter-bureaucratic market. Niskanen's model [1971] reminds us of the quandary in which the President of Colombia found himself when he realized he was a prisoner of the proliferation of special purpose agencies (in part imposed upon that country inadvertently by international agencies in their well-meaning impatience to get certain tasks accomplished). In our consultation in Colombia we were asked to devise a system which would at once both weaken these centralized forces by decentralization and restore central discretionary authority to the chief executive. This is akin to Niskanen's view from his onetime post in the President's Office of Management and Budget from which exalted height he saw the power of these "monopoly bureaus" as interfering with efficient national budgetary allocations. His answer, reasonable for an economist but suspect to politicians, was

to institute competitive bidding between these bureaus -- in the hope that their privileged grip upon certain allocational commitments could be broken.

Theodore Lowi, not usually listed among the "public choice" advocates, is sometimes sympathetic to this view. In the Politics of Disorder [1971] and in the End of Liberalism [1969] Lowi finds a case for a sort of "automatic" administration founded on internalized rules of good action. Social Security appears to be the ideal model of such administration. Lowi's main thrusts are directed against government by special interest, which he finds to be a) incrementalist, b) unresponsive to popular control, and c) unheeding of unorganized but legitimate interests. His mechanisms of redress, however, smack of Madisonian "above the crowd" elitism. While he is attentive to popular movements which are outside the elective system, he needs the "good leader" to give these voice and force. With Niskanen, then, Lowi is distrustful of the outcomes of the electoral process which has developed in our democracy, albeit for somewhat different reasons. Where Niskanen deplores these on presumed efficiency grounds, Lowi finds them basically deficient in representation of the real needs of the population, most particularly the chronically underrepresented.

Lowi singles out the failures of the War on Poverty of Lyndon Johnson as a conspicuous failure to represent the real situation of need. But while he saw the failure in the

degeneration of a felt need to a city-by-city political bargaining game, Alan Wolfe saw the same program as an effort -- "a cumbersome attempt" -- to "bring the poor people into the Franchise State by giving them, not money, but organization. The state attempted to establish the prerequisites without which participation in the Franchise State is impossible: structure, leadership, and correct ideology." [1977:148] For Wolfe, following an early perception of E.E. Schattschneider, this is a simple bias in favor of groups that are politically well organized. Both see it as a failure of interest group 'politics as usual', but from different fundamental critiques.

The Franchise State, for Wolfe, is an attempt to "solve both intra- and interclass conflict by granting public power to private agencies so as to dodge thorny issues about compulsion and authority in the hope of delaying the coming irrepressible conflict". [Ibid, p.10.] In one sense, the Franchise State is an "interest group" solution. But in place of the variety of inerests usually identified in the pluralist models, its main franchisees are the major classes. Wolfe talks not only of the powers granted industry groups but the concessions obtained by the grand bourgeoisie. An extension of the Franchise State is the Corporate State.

At the same time, this view sees the modern state as locked in a struggle to set the terms of competition between

groups against the pressures of the groups to break it apart into a series of 'states within the state'. Each of these could be "centralized", but the state as a whole would be fragmented without true decentralization.

In general, the public choice theorists favor the conversion of clients (of supplier bureaucracies) into consumers (that is, exercisers of full consumer sovereignty). Anthony Pascal, for example, has argued that there is an advantage in utilizing voucher systems where possible to bring the supply of public goods more nearly in accord with market principles. [in Mayer, et. al., 1974:Chapter 6] He cites as examples of such voucher systems the National Merit Scholarships, Medicare/Medicaid and similar supply systems. But he concedes that "the voucher/market system alone is an insufficient instrument for achieving social policy objectives" [Ibid., p.151] -- in part at least because he allows that equality of income can be considered as a public good. He finds that use of the voucher mechanism requires considerable attention to the supply side, lest the effect be one of rising costs, and he recommends the establishment of "powerful ombudsmen agencies" to regulate practices and protect consumer interests.

There is reason to doubt that such control could be easily achieved. In his well-known attack on interest-group pluralism Grant McConnell concluded that "The large element of autonomy accorded to various fragments of government has

gone far to isolate important matters of public policy from supposedly countervailing influences." [1966:164] Pascal concedes that

> There must be some form of market regulation or public effort to eliminate oligopolies to assure the freedom of choice desired and to protect the consumer against excessive prices. In the absence of adequate knowledge and information on the part of consumers some provision for consumer education is required in order to make the demand side of the market effective. And finally, certain compensatory mechanisms or incentives will have to accompany the use of vouchers in order to achieve social objectives which cannot result from entrepreneurial initiatives. (Op.cit., pp.151-52.)

This latter sounds, in view of our knowledge of the counter incentives, to be little more than a pious hope. At base, the idea of economic competition between units is the political equivalent of anarchy. "Order" emerges with the tendency to oligopoly which Pascal laments, though it may well be the price paid for competition unleashed. For as a practical matter, a condition of competing is the effort to improve one's share of the market. The early crusader for control of business, Gardiner Means, wanted the emergent large corporations to be treated as "collective enterprises" to be brought under government control of profits and expansion. [Thayer, 1973:95]

An obvious caution should be entered against the too facile extension of economic objectives into a political environment, equally with the imposition of political objectives on economic realities. In arguing for a true

"political economy" Uphoff and Ilchman [1971:Chapter 2] take as their theme the injunction of Plato, "In framing an ideal, we may assume what we wish, but should avoid impossibilities". They advocate, "Instead of posing the questions implicit in much current literature on political development, the political economist wants to know: 'Given the resources of the regime, now or potentially, what political choices are possible and what might be their cumulative effects?'" [p.27.] This question proves in fact to be most difficult to answer, as their study of Nigeria shows. And it has the disability of taking the actual political situation as a given. One result of this departure point is that the reckoning of the politically possible places a severe constraint on the organizational options available. But it does have the virtue of putting a realism test to some of the more fanciful proposals for public choice systems.

5.2. Public Administration

The interest in decentralization of bureaucracy has arisen in public administration literature largely for two reasons: 1) the dissatisfaction with the human and organizational consequences of the "machine model" of bureaucratic efficiency; and 2) the sociological and social-psychological study of the human response to group and especially bureaucratic situations. This literature, which does not always end in a decentralized prescription, but which is invariably critical of more mechanical models, has been developing for

over forty years. As early as 1936 Robert Merton stressed the "unanticipated consequences" of systems of directives, and the un-anticipated responses of organization members. And in 1940 he addressed the Weberian model of bureaucracy more directly, emphasizing the many dysfunctional consequences of an "ideal" bureaucratic organization. This perception, and later work of Selznick and Gouldner, has been well summarized in March and Simon's classic work on organizations [1958:Chapter 3].

In reviewing this literature, at least as it had developed to 1958, March and Simon conclude that

> The general structure of the theoretical systems of all three writers [Merton, Selznick and Gouldner] is remarkably similar. They use as the basic independent variable some form of organization or organizational procedure designed to control the activity of the organization members. These procedures are based primarily on what we have called the 'machine' model of human behavior. They are shown to have the consequences anticipated by the organizational leaders, but also to have other, unanticipated consequences. In turn, these consequences reinforce the tendency to use the control devices. [p.37.]

Philip Selznick built upon the insights of Merton, particularly in a 1948 paper on "Foundations of the Theory of Organizations" and in his T.V.A. and the Grassroots [1949]. Starting with the formal structures which Parsons erected on Weberian analysis Selznick found "as we inspect these formal structures we begin to see that they never succeed in conquering the non-rational dimensions of organizational behavior." [1948:25] In particular, Selznick focussed on two

processes around which his arguments were built -- co-optation and delegation. In the earlier article he defined cooptation as "the process of absorbing new elements into the leadership or policy-determining structure of an organisation as a means of averting threats to its stability or existence." What is shared, in this cooptation, "is the responsibility for power rather than power itself." In the larger work, Selznick continued to focus on the demand for control at the top of the organizational hierarchy, but also found that this demand increased the need for delegation of authority. That delegation, he concluded, feeds on itself because it decreases the difference between organizational goals and achievement, and thus encourages further delegation. But the specialized interests and training that results increases conflict among organizational subunits. Participants in the subunits tend then to internalize their own goals and ideologies. Delegation is thus both functional and dysfunctional since it both advances and deflects the larger organizational goals.

In the fifties, Alvin Gouldner [1954] and others extended this line of argument. Gouldner, for example, was particularly concerned with the functional and dysfunctional effects of work rules and supervision. Work rules, for example, have the unintended consequence that they increase knowledge about minimum acceptable behavior if only because they define unacceptable behavior. This is perceived as unacceptable performance by supervisors, who thereupon

increase supervision. But this in turn increases the visibility of power in the organization, which leads to tension and disequilibrium. March and Simon see this system as incompletely defined, because it depends so much on the needs and perverse action of the supervisors.

Since this early interest, attention has increasingly been centered on small group behavior or upon interpersonal behavior in organizations. This is especially the case with the social psychological contributions. This literature is too large to review here, and in any event, much of it has little bearing on the decentralization issue. Where decentralization is explicitly or implicitly espoused as an organizational principle, it is ironically most likely to be found in the study of small groups in industry. In this vein, for example, we may cite the work of Rensis Likert, Chris Argyris and others. Likert's work on the principle of "overlapping groups" may be viewed as the prototypical effort to secure supportive relationships which contribute to the individual's sense of worth in organizational work while maintaining the essentially hierarchical organization. [1961:see especially Chapter 8]

5.3. Other Approaches

5.3.1. Political Sociology

In the preceding we have examined the efforts of policy analysts to build public decision models from the "ground up", beginning with individual values and constructing social decision rules.

The more positivistic, behavioral approaches attack the centralization-decentralization debate from the perspective of political sociology. "To treat decentralization," says Fesler [1965] "in purely administrative, formal-power legislative or political terms is clearly an inadequate way of gauging the degree of centralization or decentralization of the total governmental system." If this is the case, what framework is "adequate"? The implication is that only behavioral analysis can unmask the real situation. Fesler is echoing a familiar political scientist's concern that the study of formal or structural relations is misleading if one wishes to know "what really happens".

Morton Grodzins [1960], who approached the task of describing the U.S. Federal system from a strictly functionalist viewpoint, wrote of that system:

> The politics of administration is a process of making peace with legislators who for the most part consider themselves the guardians of local interests. The political role of administrators therefore contributes to the power of states and localities in national programs. Grodzins' position, which contained both the argument that the U.S. Federal system is less divided and separate than imagined -- in its capital and areal powers -- and at the same time the argument that the

central government is less "central" than imagined, is in a positivist spirit. It is fully in accord with Fesler's observation cited above. In fact, this view is not unlike that of those analysts who distrust the facile interpretation of the formal administrative or legal system and who search the interpretations and the implementations of policy for their import. The political operation of a governmental system can make plausible interpretations stand on their heads. For example, if a society's political apparatus is strongly hierarchical but its administrative apparatus is relatively decentralized, what is to be concluded about its 'centrality'? The answer depends upon the relative weight and import of the political forces and the administrative ones.

5.3.2. Policies at Issue/Functions of Government

The preceding works have placed an emphasis on the processes of organization in groups. One might, however, focus on sets of issues, considering them for their content as well as form. Theodore Lowi has maintained that there is much to be gained from approaching the matter of gaining consensus through the analysis of the policies being considered. In a 1970 article, Lowi offered a typology of policies in which he distinguished four types. These were: 1) distributive, 2) constituent, 3) regulatory, and 4) redistributive. These he ranked by their consensus difficulty, or ease of obtaining agreement.

Distributive and redistributive are at the opposite poles of ease of agreement, for distributive policies are defined as those in which everyone gets something, and redistributive policies are those requiring reallocation in a zero-sum game. Constituent policies are those in which

only interested parties are addressed, and regulatory are those in which the activities of some parties are curbed in the interest of the whole (not in the interest of particular others, as in redistribution). This classification permits group issues to be classified by the interests which members have in the matter before the group.

Approaching the question of consensus in this way is consistent with Lowi's general view of the division of the polity along "interest" lines. It is also consonant with work done by other political scientists -- e.g., Edward Banfield [1957], Norton Long [1962] -- on groups and group decisions. But where these writers were concerned with the ability of issues to mobilize political elites or community power, Lowi concentrates on the formal properties of the form of the issues, not their subject matter.

An interesting aspect of this classification is that the distributive policies, which are best-suited to consensus formation, are necessarily limited by resources and the number of potential claimants. Federal systems demand some application of distributive policies as a right of membership. In such systems it is sometimes necessary to allocate "one of each" to all members if federal equity is to be maintained. This must be reckoned a cost of federalism.

The Lowi approach treats group decision from the point of view of "ability to act" and "claims". These are not

qualities of the actors, but are inherent in the form of the decision. Some decisions are then by their nature difficult to make. Of course this says nothing about the value of each type of action. Redistributive actions, which are most difficult to gain agreement on, may be demanded by a group ethical standard. Most groups have some canons of "equity". Considerations of equity may at times call for redistribution, however difficult it may be to obtain democratic agreement on the action. But Lowi's work shows that the properties of the action may strongly influence the process of attaining democratic consensus.

Consideration of cultural or social goals, such as equity, may lead one to take a particular stand on the centralization-decentralization debate. If we place considerations of equity in a position of priority, and if such equity can be achieved only by redistribution, then redistributive policies must be pursued without respect for their difficulty. Redistribution, however, is most effectively achieved by pushing consideration to the highest level. (The more of the total or total parties included, the more equitable can be the redistribution.) In practice, this leads to centralism, for only the most central power can best redistribute.

5.3.3. Cultural Factors

Much of the work we have reviewed has been normative in some sense of cost-minimizing, or efficiency. These are relatively "neutral" norms. One could, however, consider other norms, such as a specific cultural heritage. These might not be widely shared outside the group in question, but might be the object of consensus in that group. In this spirit, Newman, in his work on his native Ireland, favors regional decentralization, groupings of small communities, and hinterland or peripheral economic autonomy not simply as an answer to "excessive" concentration in a single center or area, but because, as he puts it, without such organization Ireland would "stand to lose its national character". "National character" is not a variable that ordinarily enters into the normative models of political scientists, and as arguments become more abstract and general it invariably disappears. But there is little doubt that, however vaguely defined, some such variable may have real meaning for actual political actors. The cultural acceptability of different political forms, and their symbolic cultural content, are important considerations in planning in developing countries, but it is not attractive to attempt to build them into models because these cultural factors are difficult to generalize. In the last analysis, nevertheless, preference for types of decentralized or centralized political organization may depend most heavily on just such considerations.

6. Conclusion: On the Relevance of Decentralization to Developing Countries

In his strident little book, Frederick Thayer notes that

> virtually all the theories and techniques connecting the humanizing of large organizations began in private businesses rather than in public bureaucracies, and have gone further there. One need only look at library shelves to realize that most books on the subject have been written by individuals whose experiences center on private businesses. Where a corporate executive, despite his hierarchical status, can feel reasonably comfortable with some internal democratization of his organization's decision processes, a public official is likely to view the same thing as subversion or dilution of the authority he possesses by virtue of the 'democratic' electoral process [1973:78-79].

The response attributed by Thayer to public officials is in fact not very different from the one defended by Patrick Moynihan in his analysis of the community action programs of the Great Society era. The sacerdotal privileges of the duly elected were for Moynihan and others conferred by the rite of successful standing for office, and were thereafter above the petty caviling of the populace. This type of delegation proceeds in a different direction from the 'top-down' delegation described by Selznick in his model.

For developing countries, both the circumstances of politics and the tasks of "modernization" and development militate against extensive sharing of authority in public life. Uphoff and Ilchman assert flatly:

> If the statesman can avoid doing so, he will not grant authority outright to a sector, except in some matters of self-regulation, such as, for example, when coffee planters are permitted to set acreage allotments or doctors are permitted to issue medical licenses without any appeal to the regime.... The statesman is usually reluctant to grant authority to a sector because that authority may be used contrary to his wishes and may not be readily reclaimed once it is delegated [1971:83-84].

Whether this depends upon the type of regime, or is a more generally present tendency of developing countries (Uphoff and Ilchman drew heavily on West African experience) is not easily answered. But one might venture the proposition that the scarcity of resources, political and economic, which is so exigent a feature of development, may lead to a tendency to concentrate holdings of these resources, and to be less than generous in sharing them.

This tendency is certainly strong in the concentration of economic resources. If centralization is measured by such economic variables as the central government's share in revenue collection, spending, direct provision of services and power to set standards for local governments, most under-developed countries are much more "centralized" than their richer, longer developed counterparts. Sharkansky, in his text on public administration [1975], cites as evidence a doctoral dissertation at the University of Southern California [Vieira, 1967] as the "best data on the relative position of central and local governments" in the "least developed countries". To quote him,

> Paulo Reis Vieira developed an index of decentralization for forty-five countries based upon the ratio of local government revenues and expenditures to total government revenues and expenditures for the period 1953-63. By comparing his country rankings with per capita gross domestic products, we find that governmental centralization is a trait of lesser-developed economies. The countries showing the greatest centralization on Vieira's index have an average gross domestic product per capita of $801, while the countries showing the greatest decentralization have an average gross domestic product per capita of $2647 [1975:42].

It would appear from this evidence that decentralization, in the political economy at least, is more difficult to achieve or is less traditionally appealing in developing countries than in richer, more developed ones. Certainly deconcentration and diffusion of power, if not a thoroughly decentralized system, are justified in large measure on the assumptions that individuals and small groups know best their own self-interests, that competition between them leads to efficiencies, and that there is some roughly equally initial endowment of capacity. In developing countries where leadership is grappling with its definition of a national interest, where some types of competition are seen as wasteful of scarce resources, and where endowments are notoriously unequal, such proposals are in danger of being viewed as diversionary. If the sharing of power and authority has any appeal in these circumstances it is likely to be on the political grounds of mobilizing energies that would not otherwise be brought into play. But even then deconcentration or decentralization would almost certainly be pursued only in the context of a strictly hierarchical

assemblage of the decentralized units, under ultimate central control.

Control, as Schaar says, "must be accomplished either by bureaucratic organization and self-regulating devices that govern the technical system or by standards generated by the system itself..." [1970:311]. Thus to the extent that the leadership of the developing countries wishes both to control development energies and to mobilize self-regulating systems -- however decentralized -- it will attempt to do so through the setting of the standards for behavior. This standard-setting is likely to be a centrally-retained function. Often enough, the "plan" performs this role in development.

To the extent that developing countries are emergent from traditional society, in the sociological sense, and in the cases complicated by colonial history, the relations of center-periphery are very different from those imagined in the public-choice literature or the public administration discussion of decentralization. Moreover, the problems of development that these proposals implicitly address go far beyond the issue of organizational restructuring that constitutes the heart of most decentralization plans. This paper is a first attempt to indicate both the complexity of the issues involved and the necessity of continual reference to the specific circumstances at hand.

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