

# DECENTRALIZATION, DEMOCRACY AND DEVELOPMENT

## The Systemic Way To Sustainable Development

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State institutions come to mind when we talk about decentralization. Decentralization is an option taken to systematized governance more than to empower people, more than to make politics in a country inclusive. For a state to sustain itself and weather the demands of globalization, diversity and economic development and stability, it has to reinvent its institutions and ensure its capability to address today's challenges, especially often that it has to simultaneously. Fundamental in reinventing institutions then is the significant role played by local authorities as they are the frontline agencies of governance.

Decentralization is then seen as a key element in governance and in consideration of the twin recent turning points in history that is globalization and democratization. These are key factors if we are to look at the nature of the state today and the need to reinvent itself. Then we can make sense of what the state has to do in order to face today's challenges and achieve stability and development for its people. In the end, we will become fully aware of the imperatives of governance and the significance of decentralization. Decentralization clearly becomes a measure of the degree of democracy and development in the country.

### Globalization, Democratization and the State

Globalization is as much political as economic (Tayao 2007). States today face a different set of challenges because of a more interconnected world.<sup>1</sup> Contrary to ideologically bent arguments that developing countries only stand to lose in a global economy, this new global politico-economic structure provides better opportunities and when properly managed, states big or small stand to gain (Stiglitz 2002)<sup>2</sup>. Gains could be considerable, and losses could also be sizable. It is in this sense that more than gains, the object of any society is stability, as it is only in stability that gains and development could be possible.

Stability may be taken to mean that the political and socio-economic environment is fixed in that there is peace and order. Such thought may still be true today but the ingredients needed to achieve that have

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<sup>1</sup> "...states were challenged from below by, among other factors, the increasing flow of immigrants, dissident cultural movements, individuals demanding rights, links of people through the Internet and from above by international institutions and international law, as well as laterally by other, voracious states, shadowy Al-Qaeda-like networks, multinational corporations and other powerful market forces." (Waller and Linklater, cited in Migdal 2004: 20).

<sup>2</sup> The basic premise is that while the markets operate on law-like patterns of supply and demand, this doesn't mean that there is less significance on the role played by governments. Especially in developing countries where "information is imperfect and markets incomplete", there should be desirable government interventions (Stiglitz 2002: 73-74).

considerably changed by now. States cannot afford to achieve peace and order with any means possible including the curtailment of basic rights and freedoms. It is still possible for governments led by autocrats or authoritarians to subdue dissent in the name of development, but it could do so only with considerable cost and at a limited extent. When a society reaches a certain level of development, whether led by authoritarian leaders or not, a certain level of openness also becomes an imperative. Especially in today's age of information and technological advancement, stability that is dependent on leaders should be distinguished from that which depends on institutions (Bremmer 2006: 3-25).

Table 1: FREEDOM IN THE WORLD

Degree of Freedom	1972		2008	
	No. of Countries	%	No. of Countries	%
FREE	44	30	90	47
PARTLY FREE	36	24	60	31
UNFREE	68	46	43	22
<b>TOTAL</b>	<b>148</b>	<b>100</b>	<b>193</b>	<b>100</b>

Note: Taken from Freedomhouse International (<http://www.freedomhouse.org/template.cfm?page=15>). This table summarizes the Comparative Scores for all countries covered from 1973 to 2008.

Freedom is steadily growing and there is no single phenomenon that we could cite to explain in specific terms why and how it has risen considerably (see table 1). As mentioned, the twin historical turning points of democratization and globalization has ushered in an era of new problems but at the same time opened limitless possibilities to human development. A significant increase in the number of sovereign states is notable that now we have 193 compared to only 148 more than 3 decades back. What used to be united states have since divided, as nations have become increasingly conscious of their identities. Of this sovereign states, half (47%) are democratic compared to only 30% before. This degree of freedom is an essential factor to governance. The new environment of political participation requires accountability in government. Policies and programs may regulate more than restrict. Couple these with the demand for states to be competitive in a globalized economy, and you have a perfect recipe for a national/central government that has to work simultaneously on peace and development in two different but interrelated fronts that is domestic and international. However brilliant and capable leaders are, a centralized government will find oftentimes-concurrent problems difficult to address.

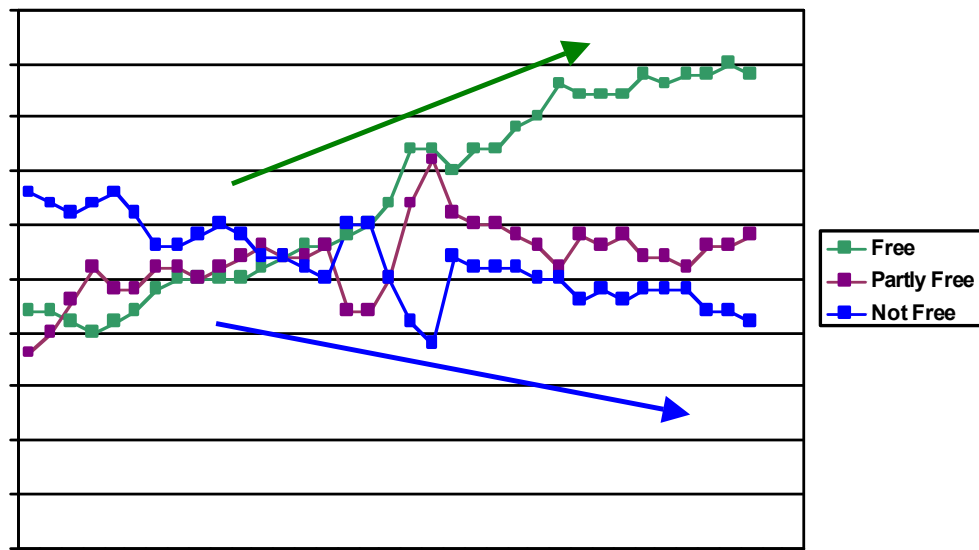
These are crucial considerations especially for developing countries, most especially to third wave democracies<sup>3</sup>. As new democracies they have to develop institutions and processes that will sustain their democratic gains. These countries must also be able to compete globally as they attempt to engage if not catch

<sup>3</sup> These are countries that democratized between 1974 and early 1990s as posited by Huntington in 1991.

with the rest of the developed world. And this is not an easy task. The simultaneous tasks of state-making and great effort to develop have to be done within a domestic environment unique to new states. Compared to western states, new states are in no liberty to design the shape of their own country and their state structures (Barkey and Parikh 1991: 331). More than the significance of a colonial past<sup>4</sup>, time is simply not in their favor, as the global market will not be waiting for them to be ready to compete with the rest of the world.

This tall order has seen many democratic states falter and revert back to a non-democratic regime (see figure 1). Today's number of democratic countries may reflect an increase of 60% compared to more than 3 decades ago. The number of 'partly-free' countries though is also considerable and the fluctuations in freedom suggest that some find it difficult to sustain democracy. This is due most of the time with the difficulty of managing at the same time to attain a level of economic development. Countries democratize also with the expectation that it will bring the people some level of economic development. When this is not achieved however, there is always a danger of a breakdown of law and order and possibly even resulting to giving up their hard won freedoms.

Figure 1: Irregular Pattern of Freedom in the World

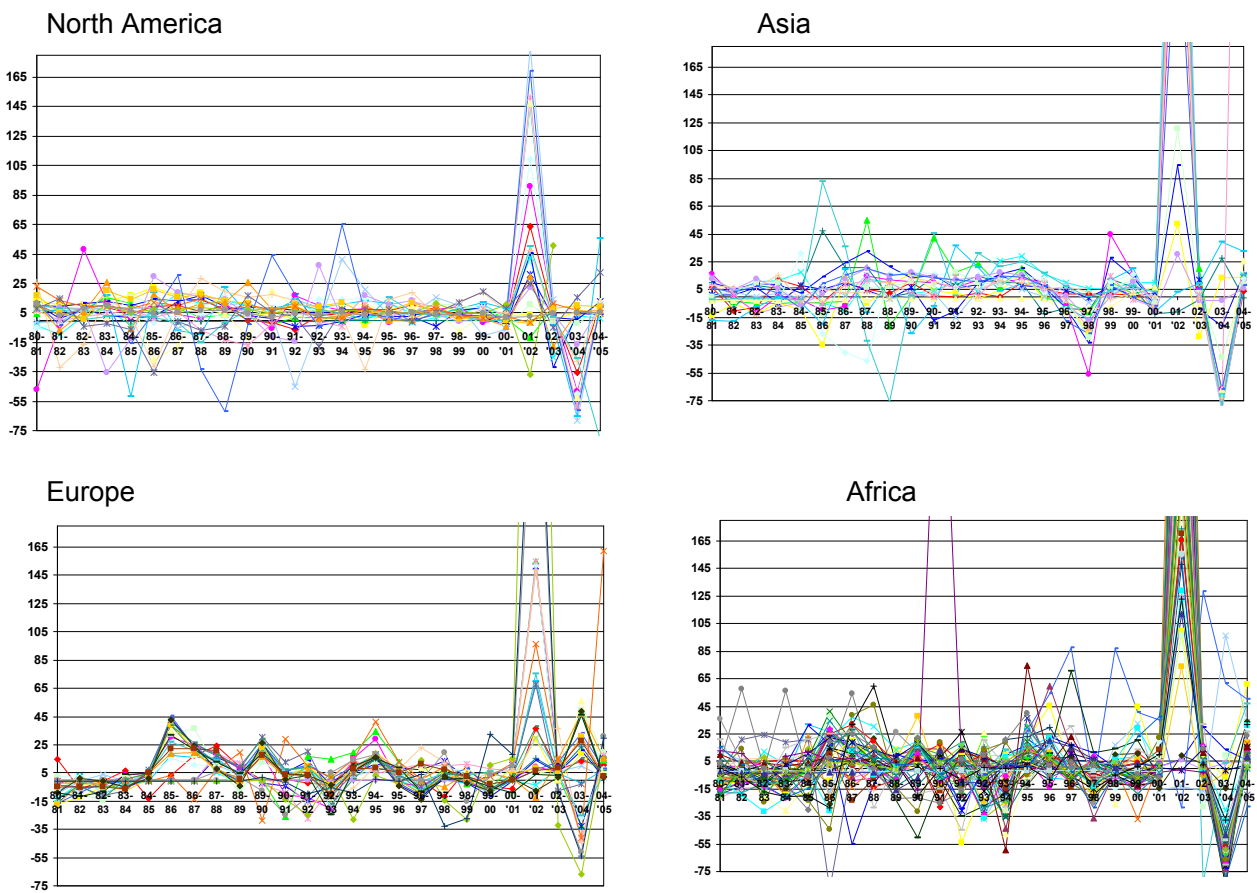


Note: Used the same dataset from Freedomhouse. This illustrates the fluctuating freedoms in countries. The green and blue lines suggest that free countries are increasing while those that aren't are decreasing. The jagged lines though suggests that the not all managed to consistently sustain democracy at all times.

<sup>4</sup> This colonial past means that state structures are inherited and could not be easily replaced. This state structures come with societal elites who control both the politics and economy of the country that well-meaning reforms are impossible to realize. The state in this sense cannot be autonomous enough to operate without being hampered by special interests.

This explains why the erratic freedom in some countries is also reflected in their economic development (see figure 2). Depending largely on the unique conditions in the country, it's reaction to periodic challenges in the world market, or even in global security and increasingly deteriorating environmental conditions, countries may find it really tough to manage stability. The graphs may suggest that irregular GDP growth rates are more apparent in regions where there are more developing states as in Africa and Asia. A close look at individual countries though will suggest that new states especially those that have yet to institutionalize state institutions are the ones that are unstable and thus respond poorly to economic and security uncertainties.<sup>5</sup>

Figure 2: Average Per Capita GDP Growth Rates (in percent) from 1980 to 2005



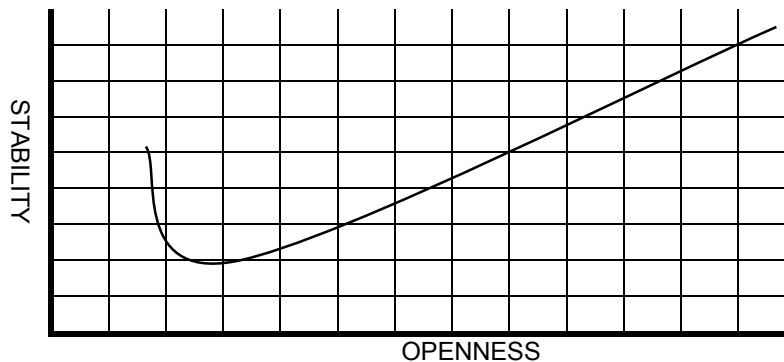
Institutions and Processes and Not Charismatic Leadership

Consolidated democratic regimes are the most stable of states (Bremmer 2006: 11). This is best illustrated by the J Curve (see figure 3) where “closed” countries run by authoritarian leaders are found on the

<sup>5</sup> Because of lack of space and material time, this issue cannot be pursued extensively. Development studies on the other hand should look into this in more detail as this may reveal specific policy areas.

left side. The illustration suggests that authoritarian states to a certain extent are stable as are democracies. The question though is which is more resilient when it comes to periodic challenges that may beset the country at any given time, again especially with the noted changes in the political and economic environment. Authoritarian states are stable because of the iron fist leaders employ, enabling them to continue with a centralized leadership. Stability is then due to the absence of if not just a subdued opposition to the government and its leaders. Efficiency is another question though and a crisis could certainly develop when a government is not able to deliver. Especially with the sophistication of communications today, it may also contribute to the awareness of the people in an authoritarian environment and enable them to compare their situation with the outside world. This explains the steepness of the left side of the curve. “Closed” countries could easily fall into a deep crisis, as they do not have the same capacity as consolidated democracies to handle unpredictable environments (17-21).

Figure 3: Bremmer's J Curve



Note: This is a complete reproduction of the J Curve as formulated by Ian Bremmer in his 2006 book.

This brings us to the question, what does it take for countries to consolidate democracy. Especially for third wave democracies, it is imperative to seriously institute needed reforms that will establish resilient state processes and structures that are at the same time participative and accountable. Most reforms have been concentrated at the national level, ranging from the national political structure to the electoral system. In the first place reforms are needed not only for political purposes, certainly not only to insure that there are more interests represented in government. What's more important is to consider the best means possible to not only represent the varied and often conflicting interests of society in the government, but also at the same time ensure that the government's capacity is not weakened as a result. Democracy oftentimes is inadequately equated only with freedom of expression and political participation. This brand of governance however could eventually only

lead to disillusionment of the people as rights are unreasonably given importance at the expense of responsibility.

Reforms should also count in local governance, in both political and administrative structures. Unless a state is as small as a city, the central government regardless of the extent of its resources cannot possibly attend to all the needs of its constituency equitably and consistently. Lopsided development is often the result where only the urban centers (say the national capital) get the unequalled attention of the central government. If ever other areas develop, it is simply as a result of proximity to the nation's capital. Political development also suffers in the process that local leaders who are considerably far from the center have to toe the wishes of the national leaders promoting patronage politics. What's worst, it often translates to ineffective policies in that those who possibly have not even been to the countryside and seen the real situation and the specific needs of the people are interestingly the ones formulating policies crucial to the local communities.

It goes without saying that decentralization is a key element of democratic consolidation. Most especially for third wave democracies it is a means to "dilute the power of the central state and thus undermine the political, social, and economic resource bases on which authoritarian rule could be rebuilt" (Dahl 1999: 120). There are five (5) broad reasons how local government can improve democracy (ibid. 121-122).

1. Helps to develop democratic values and skills among citizens;
2. Increases accountability and responsiveness to local interests and concerns;
3. Improves representativeness of democracy (esp. the historically marginalized groups);
4. Enhances Checks and Balances vis-à-vis power at the center; and,
5. Provides opportunities for parties and factions in opposition at the center to exercise some measure of political power.

"Involvement" could very well summarize decentralization as justified by the foregoing. Decentralization leads people to own up to policies of government as it allows local initiatives and participation. Having people by themselves take part in the process of policy formulation and even implementation could solve the usual difficulty of lack of discipline and unwillingness to strictly follow public policies. In the process this exposes and educates the people as it also provides a venue for them to express their own concerns. This framework accommodates a multiplicity of perspectives thus everyone develops tolerance of other people, accommodating other interests while accomplishing common objectives. The realities of governance become evident and unfounded expectations are toned down. In the end, the factors of scarce resources and plurality in society become an issue of management than of politics and conflict.

When governance is rightly understood as an issue of management, the capacity of government takes center stage. The people become well versed with issues and the government is forced to engage the public with real solutions.

## Decentralization and the Dynamic Character of Social Policymaking and Implementation

Amartya Sen rightly declared in 1999, “Development is Freedom”. It is one thing for the state to recognize the basic rights of its citizens and it is another to have the capacity to actually and appropriately enjoy and exercise these freedoms. The public may be given the opportunity to engage the government, say even in the basic political exercise of voting during elections. Ignorance on the other hand would effectively prevent the voter from choosing the right candidate. Most often, ignorance is even exacerbated by poverty.

These are the real issues of governance. However which way a constitution formally recognizes the rights of the individual, it will not matter if he does not have the wherewithal to exercise them. In the first place, there is no way state structures could be sophisticated in the absence of a people that is aware and responsible. The agenda of governance is thus to address real problems and involve the people. The agenda of governance in effect is in decentralization as real problems are best felt and addressed locally. The involvement of the people on the other hand, as has already been explained could be more visible at the local level.

Real problems include education, employment, health and environment. Rightly so these are lumped together as Social Sector issues. What makes these issues political is in the dynamic character of social policymaking and implementation. Our discussion was premised first on freedom, then we discussed “involvement” precisely because addressing real problems require real and substantial participation. There is a crucial need for sector reforms, but the incentives to put them into effect are surprisingly weak (Kaufman and Nelson 2004: 4-5). At the national level, it is commonplace that political issues are given precedence than these real issues. Not only does it oftentimes appear to be unimportant than say foreign relations and trade policies. But more likely, there is no ‘one size fits all’ policy that the central government could possibly come up with to address these issues. In essence the national government is inherently deficient to address more specific issues, especially at the local level. As has been noted, states today are characterized by plurality. Policies and programs are best formulated and implemented locally as often these are only suitable locally.

In the past three decades now developed and developing countries have devolved powers to local authorities in an effort to improve efficiency of service provisions (Dahl 1999: 120; see also Kulipossa 2004 and Andrews and de Vries 2007). The results have been mixed. Again as mentioned, real issues are supposedly management issues. The nature of governance however and its dynamic of diversity in society and conflicting political interests prevents the state institutions from addressing said issues head on. In reality political issues have to be settled first before any meaningful work on the social sector could be undertaken. This probably

explains why most states, especially third wave democracies, are notably preoccupied with issues of representation and related procedural problems.

Decentralization is a restructuring option that gets the local authorities involved more substantially in governance. This is more significant than the usual role of performing tasks that were merely delegated or relegated to them by the central government. Decentralization is more than just devolving powers from the center. It is supposed to result to local governments becoming centers of governance themselves. This means that local governments just like the national government perform functions that are supposed to ensure law and order and ultimately development in its jurisdiction. This is governance in a smaller scale, that is within the local community. Intrinsic functions of the national government, such as monetary policy, national defense and foreign relations remain. Other than that, decentralization should result to a local government that is really capable to performing the task of a smaller government in a smaller jurisdiction.

As we conclude this discussion, there should be a word of caution. While we speak of decentralization as a means to improving state structures, it should not be taken to mean that there is a model framework that applies to any and all cases. As mentioned earlier, decentralization in different countries have had mixed results. This is the reason why we emphasized early on that decentralization is not only an effort to improve on representation and or political participation. In the first place, more participation doesn't necessarily mean more democracy. Decentralization does not by its very concept ensure the achievement of equality in terms of either input or output. It may even create inequality and unfairness (Parry and Moyser in Beetham 1994: 56-57). Decentralizing most especially is not democratic if it means devolving to unaccountable oligarchies (Smith as cited by Parry and Moyser: 53).

Another equally important consideration is to look at the nature of local governance as one that inherently defined by jurisdiction, thus smaller in size. More than a consideration of limited resources as smaller jurisdiction does not necessarily mean less resources, it has significance to issues and areas that cuts across political boundaries. There are public goods that a local government unit alone cannot solve without the cooperation of other local governments, oftentimes neighbor local governments (Tayao in Sosmena 2007). The handling of public goods is difficult if not even impossible for one local government unit. Cooperating with neighbor local governments will prove to be useful on the other hand. Oftentimes, when faced with these problems, especially for example infrastructure, there is always a tendency to ask the central government. As much possible though, this should be the last resort. Especially in countries where there are still lingering

political hurdles, it could be used by national political personalities for their own personal advantage thereby defeating the political objectives of empowerment at the local level.

In conclusion, there is still much work to be done so that the project of decentralization could really prove to be useful for democratic countries, especially in today's era of governance and sustainable development. The public has much work to do as the government. We in the academe and NGOs should go beyond advocacies. Governance is a process and it requires the participation of everyone as everyone is a stakeholder. And participation should be undertaken in concrete terms and actions rather than simple rhetorics. At the end of the day reforms should be translated to government policies and programs. Only when this is reached could we expect the realization of sustainable development.

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