

# DEMOCRACY AND DECENTRALISATION

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## *Abstract*

We may preliminary accede to the view that there is often a close connection between decentralisation and democracy, though not necessarily a causal one. This relation may vary from one country to another country, as we may notice that decentralisation has become an increasingly widespread and significant dimension of political and administrative reform in many developing countries. The idea that local self-government promotes democracy and individual liberties is deeply rooted in many decentralized countries. The right of citizens to participate in decision-making procedures on a local level furthers true democracy.

**Keywords:** decentralisation, democracy, deconcentration, subsidiarity.

## INTRODUCTION

Decentralisation needs to be conceptualised as a multidimensional process, composed by political, fiscal, and policy reforms, decentralisation strengthens private autonomy and political self-government, and permits a market-like process in political decision-making. Political decisions become

more democratic, processes become more open, and civic freedom expands. The citizenry is more likely to participate because their participation has greater meaning and practical impact. When we refer to processes of decentralisation in any democratic political economy, one question strikes our mind i.e., whether decentralisation facilitates democracy? What can be probable answer? Is it possible to lay a conclusion that decentralisation facilitates democracy?

This paper is an attempt to analyse the relation between decentralisation and democracy. Addressing this issue we may preliminary accede to the view that there is often a close connection between decentralisation and democracy, though not necessarily a causal one. This relation may vary from one country to another country, as we may notice that decentralisation has become an increasingly widespread and significant dimension of political and administrative reform in many developing countries, more so in case of India this tryst commenced way back during post independence period itself. The idea that local self-government promotes democracy and individual liberties is deeply rooted in many decentralized countries. The right of citizens to participate in decision-making procedures on a local level furthers true democracy.

Decentralisation is presumed to have a number of benefits, including positive outcomes in both democratic and developmental terms. It is assumed that democracy will be deepened by the extension of political representation to the local level, with democratic processes strengthened through enhanced political participation by local people; it is also assumed that benefits in socio-economic development will accrue through local government being more responsive and more accountable to citizens' needs

and desires. These benefits are interlinked in that local-level representation and participation and may lead to development of planning processes and better delivery of public services that are relevant to the local context adding value to democratic governance. It is pertinent to bring here how decentralisation may lead to more democratisation. If it is established that the impact of the process of decentralisation furthers or provides impetus to objectives and principles of democracy then it stands established that there is a relation between decentralisation and democracy.

### **DEFINING DECENTRALISATION**

For the purpose of this paper it is required that definitions of decentralisation must be seen first. Decentralisation as understood today most commonly is inclusive of its three main forms, administrative, fiscal and political decentralisation. Once we have looked into the paradigm of decentralisation, we can work out a brief outline of the relationship between the different forms of decentralisation and democracy. Decentralisation can be defined as any act in which a central government formally cedes powers to actors and institutions at lower levels in a political-administrative and territorial hierarchy.

Three main types of decentralisation are commonly identified:

1. Administrative decentralisation or deconcentration i.e. the re-location of branches of the central, state to local areas, entailing a transfer of powers to locally-based officials who remain part of, and upwardly accountable to, central or state government ministries and agencies;

2. Fiscal decentralisation i.e. the transfer of fiscal resources and revenue-generating powers, inclusive of authority over budgets and financial decisions, to either deconcentrated officials and/or central government appointees or to elected politicians;
3. Political decentralisation or democratic decentralisation or devolution of power i.e. the transfer of powers and resources to sub-national authorities which are (a) largely or wholly independent of the central or state government and (b) democratically elected.

Democracy is a contested concept yet we may succinctly identify the two core democratic principles as popular control over collective decision-making and political equality in the exercise of that control. Clearly these two principles are realised most effectively in small groups or associations; that is where direct popular control enables each person to speak and vote. In larger associations, including the nation state, popular control must be exercised more indirectly through the selection of representatives, but with questions arising continuously as regards how effective that control is.

We generally say that any positive linkage between decentralisation and democratisation depends on the type of decentralisation. Deconcentration has no connection to democracy, it is undertaken by democratic and non-democratic governments alike, for instance by a military regime. Indeed, under the guise of administrative efficiency, deconcentration can be a means by which central government seeks to strengthen its control over local areas through increased presence at district level, as well as a means for a ruling party to mobilise political support and disburse political patronage.

Decentralisation as this paper tries to explain removes institutional and legal obstacles to self-help and it encourages innovative forms of solutions for local problems. For example community based groups taking up tasks and accomplishing the same in the benefit of local population. Thus, empowering of local governments allows diverse solutions to emerge in response to general problems. Local resources for social and economic development can be more easily mobilized if such projects are decided by and implemented on the local level. Development activities undertaken with the participation of those involved allows for tailoring the activities to the specific needs of the local population.

When power is coupled with duties it brings accountability, a cherished dream of democratic governance. Accountability located here is the degree to which local governments have to explain or justify what they have done or failed to do. Improved information about local needs and preferences are some of the advantages of decentralisation, but there is no guarantee that leaders will actually act on these preferences unless they feel some sort of accountability to citizens. Local elections are the most common and powerful forms of accountability, but other mechanisms such as citizen councils can have limited influence.

Decentralisation contemplates shifting some responsibilities for expenditures to lower levels of government. It is important to clarify where local governments can determine the allocation of expenditures themselves versus those where the center mandates expenditures and local levels simply execute those expenditures. One important factor in determining the type of fiscal decentralisation is the extent to which subnational entities are given

autonomy to determine the allocation of their expenditures. In these two situations itself it can be noticed that accountability would vary.

The prevailing concept of subsidiarity *qua* decentralisation also helps in establishing a relation between democracy and decentralisation. Firstly, decentralisation moves government closer to the people and provides a more efficient government. When preferences among voters are diverse and local governments have responsibility for delivering those services that do not have major external effects, the potential benefits include better public services, better accountability on the part of government officials, more willingness to pay for services, and hopefully “development from below”. Secondly, decentralisation can also enhance revenue mobilization because it can broaden the tax net.

Finally, if decentralisation goes far enough, i.e., it takes into its ambit a wholesome fiscal decentralisation then a better size distribution of cities would result. If one forced cities to raise their own taxes, the marginal cost of living in those cities would rise because urban residents would pay the marginal cost of service provision. If the tax disparities among cities of different sizes grow large enough, presumably some urban migration would be discouraged in turn bringing stability in democratic choices. Migration changes electoral dynamics, and migrated population brings self-interest in their democratic choices, creating a dent into the electoral preferences. In many cities such choices can be seen to have been made by those people who have migrated from other parts of the state or the country to the given city.

## **MAKING DECENTRALISATION WORK**

In order to capture the benefits of fiscal decentralisation, there must be significant local autonomy given, and it must be given on both the taxing and expenditure side. If local governments do not have the power to set tax rates, then their officials cannot be held fully accountable by voters for the quality of public services delivered. It is also necessary for local councils to be elected, and for local chief officers to be appointed by the council. Otherwise neither will be accountable to the local voting population, and the efficiency gains of decentralisation will be lost.

Instead, it is the local level of government that really matters for individuals and their families. They send their children to state-run schools in their village or town, use public roads and transportation, register important family events such as birth and death with the authorities, and get water, electricity and other amenities from the local government.

In many countries with centralized systems, however, the pursuit of good governance has neglected the local level of government. Despite numerous reforms and spent resources, many central governments have failed to provide local services with the quality and consistency required to significantly improve the standard of living of the majority of the population. This failure is often not so much due to a lack of money as it is to the inefficient use of available resources and the inherent difficulties posed by governing from a geographic and psychological distance from most of the citizens. Officials who work for centralized governments do not have the necessary knowledge of local conditions to provide efficient government

services because this knowledge is dispersed among the millions of people who comprise society, and cannot be transmitted to a central planning board<sup>1</sup>.

The failure of centralized governments to perform properly at the local level affects the entire local population, including the poor, women and children. At the same time, a central government's failures are also highly detrimental to the government in power and, even worse, to the state as such. When governments cannot solve the problem of leaking pipes or teachers absent from the local school, citizens will not trust the government to address the larger problems affecting modern nations. In this way, central governmental failure causes the basis of governance to be weakened, and the legitimacy of the whole state is undermined and a case is made out for hailing failure of democracy.

A further, more practical problem with central government failure is that often, because of the poor performance at the local level, everyone who can afford it avoids governmental services. Instead of going to the public school, public hospital, or public bank, citizens begin to look for private schools, private hospitals, and even private security firms. This not only weakens the role of the state but, as an official in Cameroon once summarized his experience<sup>2</sup>, it leaves the government with the weakest and most needy part of the population which increases the burdens on governmental services and often affects quality adversely.

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<sup>1</sup> Francis Kendall, *the Heart of the Nation: Regional and Community Government in the New South Africa*, Norwood 1991, P. 15.

<sup>2</sup> Experiences were exchanged during a World Bank e-learning programme on decentralisation.



## **DEMOCRATIC REASONS FOR DECENTRALISATION**

The notion of democracy is not restricted to participation in national elections. Although the right to elect leaders of national government is certainly a part of the democratic principle, democracy also includes the ability to influence the decisions that directly affect a person's life and the ability to live in freedom and liberty. Local governments are able to provide these aspects of democracy in a way that central governments often cannot.

In response to the many failings of centralized government, decentralisation has become a worldwide trend; this is perpetrated by democracy only. When benefits do not reach people but hyped by the central government, people tend to look for accountability and in response to this it can be noticed that towns and other local governments in rural areas are being strengthened in a growing number of countries in all continents. Among the most important reasons for the movement to give more authority to lower levels of government are: the greater efficiency and accountability of local governments; the positive effect such authority-shifts have on local development; the enhancement of democracy and protection of liberty that local governance has on the citizens; and the greater ability to protect the rights and values of minority populations.

One of the most significant effects of the interaction of the various advantages local governments have over central governments is that the state as a whole gains *legitimacy*. When the citizens trust in their officials and are more actively involved in the betterment of their community, their

relationship to the state as a whole is also improved. Thus, while the authority of the central government may be diminished by decentralisation, the legitimacy of the state as a whole is enhanced. Decentralisation-led changes must therefore be seen as not only a “local versus central” government phenomenon, but rather as a way to mutually benefit both levels of government and the citizens simultaneously.

### **BENEFITS OF DEMOCRATIC DECENTRALISATION**

If local people feel that it is their money being spent, they are likely to keep a tighter lid on expenditures and to use resources more efficiently. ... Local development also opens up the opportunity for people to add voluntary contributions to amplify a programme or projects impact<sup>3</sup>.

**1. Efficient and accountable administration:** A decentralized body “in comparison to national governments, ... is more accessible, more sympathetic and quicker to respond to local needs<sup>4</sup>”. Local governments have the potential to perform better. The close relationship between citizens and government at the local level fosters accountability. It has been pointed out that decision-making close to the people is an excellent instrument to prevent governments from abusing their powers<sup>5</sup>.

**2. Better local development:** In many countries, one of the primary motives for decentralisation is the prospect of improving local development.

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<sup>3</sup> The Human Development Report 1993 UNDP, P. 75.

<sup>4</sup> Ronan Paddison, *the Fragmented State*, Oxford 1985, P. 143.

<sup>5</sup> *Id.* at P. 10

Development is possible without decentralisation, but the advantages of strong local governments for a more efficient administration just outlined above also help to improve local development projects.

**3. Democracy and protection of liberty:** The notion of democracy is not restricted to participation in national elections. Although the right to elect leaders of national government is certainly a part of the democratic principle, democracy also includes the ability to influence the decisions that directly affect a person's life and the ability to live in freedom and liberty. Local governments are able to provide these aspects of democracy in a way that central governments often cannot. As stated above, local level administrations can be more accessible for the average person – and thus more “human” – than a very distant and mighty central administration can be. This gives democracy a clearly local dimension. Although a state's respect for democracy and individual freedom does not depend on decentralisation, such form of government may further these two fundamental values. The idea that local self-government promotes democracy and individual liberties is deeply rooted in many decentralized countries. The right of citizens to participate in decision-making procedures on a local level furthers true democracy.

**4. Protection of minorities:** A further traditional argument for decentralized government is that it has the potential to protect ethnic and other traditional minorities. If minorities inhabit an area with a certain degree of self-government, decentralisation essentially grants them the right to be free as a collective. Decentralisation builds a sense of community and permits more

meaningful participation in self-government. In many countries, the autonomy granted to local units is designed to assure self-determination and the rights of minorities and their members against abuse by national majorities.

**5. Stability:** Moreover, decentralisation allows, to a certain extent, for a specific kind of political power sharing which in turn contributes to political stability. For example, if a rival political party ousts a government from power, the original government's political party may still control some local governments. This is compatible with the role of opposition on the national level but mitigates the harsh principle of "the winner takes all" at the local level. Thus, it adds to political stability.

**6. Check and Balance:** This, however, implies that local entities are organized in a way allowing for real participation and that national authorities do not tolerate the creation of autocratic and authoritarian forms of government on the local level. Distribution of power to different levels of government and the competition between these levels allows for a system of checks and balances that is likely to set limits on the central government if it attempts to overstep or abuse its powers. Thus, decentralized government also constitutes a specific and extended expression of the basic constitutional principle of the separation of powers.

## **PROBLEMS IN DEMOCRATIC DECENTRALISATION**

As we have already seen that mere deconcentration of power would not entail decentralisation, it may create agency type of a situation but it cannot be called decentralisation. There are some leading problems in the process of democratic decentralisation of which some are very significant, e.g., *Lack of democratically elected local authorities*. In some countries, local authorities are not elected by the citizens, but are instead appointed by the central government leadership (African Countries). In other countries, elected bodies have been dissolved or local elections have not taken place for a long time (India). In these cases, government-appointed administrators have taken over the daily business of governing. In any of these cases, the local population may perceive the local officials as merely agents of the central government, and therefore rejects their authority as representatives of the community's interests.

Another problem is of *Excessive control*. A typical problem in many countries is that the higher levels of government (provincial or central) must approve the budget before the local government can spend anything. The approval is often delayed and the process is often used to impose many conditions on the proposal's acceptance. The same is true for the required approval of contracts. In some countries, planning procedures are very complicated and slow, leaving local authorities no opportunity to decide where to set priorities. Often, local governments must get prior approval for all expenditures above a certain (usually minimal) level.

Finally, a very effective control can be exercised through threats to dismiss the local body for not performing "properly" (i.e., according to the wishes of

the state or the center). Such control mechanisms ensure that the upper tier government officials constantly supervise local authorities. This not only slows the progress of local activities, it cripples local initiative. In other words it literally cripples democratic process.

### **RELATION BETWEEN DEMOCRACY AND DECENTRALISATION**

There is no reason to say that no relation exists between decentralisation and democracy. It is undoubtedly true that democracy is not *sine qua non* for decentralisation but as far as strengthening of democratic governance is concerned decentralisation plays a very important role. Are some measure of decentralisation a prerequisite to both democracy and the emergence of a vibrant civil society? Theoretically, one can conceive of a society or a nation in which there is such unity of thinking that political, governmental and economic power can be highly centralized within a small group of leaders who nevertheless remain fully responsive and accountable to the citizenry. In reality, however, since politics and governance is normally about who gets what, when and how, such situations are virtually impossible to find.

In contrast, it is almost impossible to conceive of a highly decentralized system of governance functioning without some measure of democracy to sustain it. Obviously, it is quite possible that a decentralized governance system can give rise to numerous parallel narrow and authoritarian elites. It does, however, seem hard to imagine that such a system will not give rise to some measure of differences of opinion and perspective. This in turn would require some small initial measure of democracy in the sense of acceptance of at least limited dissent or autonomy in certain spheres of activity.

This does not necessarily mean that such a system will be highly democratic, since such an arrangement could function in an oligopolistic manner in which a series of antidemocratic warlords, local patrons, political bosses, etc. work collaboratively to ensure that their own capacity to exercise authoritarian control in their particular region is sustained.

In general, however, it seems evident that a more decentralized governance system is likely to be a more democratic system.

As noted above, decentralisation provides more opportunities for civic space and citizen participation and, consequently, for independent groups to emerge, for political opposition to develop and for individuals to practice and experience the exercise of free choice in democratic governance. For all those reasons, decentralisation does represent a significant strategy in efforts to democratize societies.

## **CONCLUSION**

Finally can we conclude by saying that there is a positive linkage between democracy and decentralisation? But how can the goal of empowering local governments to act as efficient providers of services and as agents of local development be achieved? Practical experience indicates several conditions necessary for successful decentralisation. Of which some are like the condition of secure existence - a first necessary condition for strong local government, without which local governments cannot perform properly because if their existence is in jeopardy by the ability of authorities on higher levels of government to dissolve them easily or to change their territories

(e.g., merge them with neighboring areas) then democratic will shall be subdued.

The success of decentralisation efforts depends to a very large extent on the availability of sufficient resources and the possibility of using these resources autonomously; the aspect of autonomy refers here democratic accountability. Thus it appears vivid that though there might not be a causal relation between democracy and decentralisation yet the process of decentralisation furthers democratisation more and more.

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