



Final Course Paper

Relationship between corruption and decentralisation in developing democracies

Exploring the dynamics between corruption, decentralisation, and
democracy

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Abstract

Decentralisation has been regarded as the general solution for development problems, among which corruption is one. Many scholars have shown empirically that decentralisation decreases corruption. However, there is a partial agreement in both theoretical and empirical literature that decentralisation reduces the level of corruption and increases accountability. There are many preconditions for decentralisation, among many are literacy, social and political equity and contextual knowledge. Without the consideration of these factors, the implementation of decentralisation is likely to fail in developing countries. Also the existence of relatively rich and poor regions within a country determines how decentralisation will generate its benefits. Through this paper, I have identified a fairly weak relationship between corruption and decentralisation. To identify either positive or negative relationship will most likely lead us to a very narrow-minded results which may differ greatly from the actual phenomenon in any given specific region or country.

Keywords: decentralisation, corruption, accountability, government, local.

Introduction

One of the most crucial and recurrent debates among the scholars of development studies is about the degree of administrative control that a state government can/should have over its peripheral local governments. In other words, 'decentralisation' is the catch word that finds considerable support in developmental literature, and is considered "intrinsically good and instrumentally helpful".¹ The growing trend towards decentralisation is attributable not only to the discontent expressed for the centralized modes of governance, but also to the perception that monolithic idolatry of the state generates high levels of corruption, malfeasance of resources, and lack of accountability. Conversely, there are varied opinions on this issue. While some authors are strongly positive, some are uncertain, and some go to extremes to assert negative relationship between decentralisation and corruption.² Then, should we not stop, and ask whether or not decentralisation actually promotes good governance and encourages government against corruption? In this paper, I will re-examine this widely accepted notion, and question the concept and implications of decentralisation by highlighting the tools, such as electoral participation, used for the process.

Decentralisation is rhetorically claimed to be a general solution for development problems, among which corruption is one. It is empirically recognized, through some studies, that decentralisation is inversely proportional to corruption.³ This argument is primarily based on two theories. One, jurisdictional competition discourages local governments to practice distortionary policies; and second, decentralisation improves political accountability.⁴ Nevertheless, impromptu generalization of such an amorphous phenomenon may generate undesired prejudice. Moreover, these studies, at best, state the fact that there is corruption, and serve few remedies for the problem. But, hardly a research asks questions - why decentralisation soared/decreased corruption or why is there corruption at first place or what

¹ Widmalm, S. 2008. *Decentralisation, Corruption and Social Capital*, SAGE p.17; Tendler, J. 1997. *Good Government in the Tropics* p.14; Crook & Manor 1998. *Democracy and Decentralisation in South Asia & West Africa* p.26; Blair, H. 2000. *Participation and Accountability at the Periphery: Democratic Governance in Six Countries* p.21

² Bardhan & Mookherjee 2005. *Decentralisation, Corruption and Government Accountability: An Overview* p.2

³ Rose-Ackerman, S. 1999. *Corruption and Government: Causes, Consequences and Reform* p.25; Crook & Manor 1998. *Democracy and Decentralisation in South Asia & West Africa* p.78, 134; Borges, A. 2007. *From Patronage Politics to Community Deliberation: The Recent Experience of Democratic School Management in Brazil* p. 278; Peters & Pierre, *Handbook of Public Administration*, SAGE p. 500, 505, 517, 532

⁴ Nupia, Oskar 2006. *Decentralisation, Corruption, and Political Accountability in Developing Countries* p.2

are the prerequisites for decentralisation? Moreover, above correlation may not be a common impression in developing countries, especially because of their distinctive political and socio-economic contexts. Regardless of dual opinions, whether or not the effects of decentralisation is negative/positive in developing countries is still open to debate. Through this paper, I aim to deconstruct this correlation between decentralisation and corruption in emerging democracies, and if achievable, establish a connection between them.

The discussions will be based on evident conditions of developing countries' democratic decentralisation. In this essay, by decentralisation, I mean delegation of power, resources and autonomy from the state to its local authorities. With corruption, here I will put broad definition into use, meaning, misuse of public power and resources for private gains.⁵ At first, I will discuss the nature of decentralisation, and the preconditions needed for its genuine implementation. In between, I will critically analyze commonly accepted indicators/measures of decentralisation such as representation, participation, empowerment, and accountability. Then, I will dig deeper into the nature and existence of corruption within the circumstances of developing countries, and assess the consequences of decentralisation on corruption. This will lead us to the concluding remarks where I will draw together common arguments surrounding the existing relationship, posed to my arguments, between corruption and decentralisation in countries with fairly new democratic governments.

Decentralisation and its rationale

The central idea behind decentralisation is that by delegating administrative autonomy and accountability into local governance, the state empowers the local governments to be more responsive to the citizens and effective in public administration.⁶ Advocates of decentralisation claim that local authorities are more sensitive to the needs of heterogeneous regions or groups. Furthermore, popular participation, through elections and meetings, brings the government at close proximity to the general public, hence enhancing both public political interest and accountability.⁷ Decentralisation can decrease unnecessary bureaucracy and deconcentrate

⁵ Abuom, Agnes 2005. "Democratic Transitions and Forms of Corruption" in Political Corruption and Democracy p.104

⁶ Blair, H. 2000. Participation and Accountability at the Periphery: Democratic Governance in Six Countries p.21

⁷ Cheema & Rondinelli 1983. Decentralisation and Development: Policy Implementation in Developing Countries p. 14

power, authority, and resources from the center to the peripheral governments, thus allowing greater flexibility and utility to local officials to manage information and resources. This contributes to a meaningful role of public in decision-making processes, and improves the “democratic” component of the governance.⁸ Decentralisation can allow greater representation for different political, ethnic, gender, and minority groups. This can also build greater local administrative capacity and diversity in development activities.⁹ The two-way dynamics between the local government and the civil society can establish the relationship of accountability, and improve overall national governance.¹⁰

With so much being favored about decentralisation, undoubtedly, it is unreasonable to argue that decentralisation has little potential to deliver its promised outcomes. However, I will bring up few of the varied opinions on decentralisation, that do not necessarily oppose the concept itself, but question the applicability of the concept. First, it has to be understood that decentralisation can be a tricky concept. It can be only fiscal or administrative or democratic decentralisation, entirely depending on the central government’s will to give away central power or resources or responsibilities.¹¹ Moreover, it has to be understood that, often by decentralisation the state only delegates responsibilities to the local governments, but not resources and autonomy. What economic and democratic values entail decentralisation is yet another ground for debate.¹² On context-specific, there are several factors that influence the implementation of decentralisation policies such as political and socio-economic environment, resources, and interorganizational structures. However, I will shortly engage in these discussions further in the paper.

⁸ Crook & Manor 1998. Democracy and Decentralisation in South Asia & West Africa p.54

⁹ Venugopal & Yilmaz 2009. Decentralisation in Kerala: Panchayat Government Discretion and Accountability p.320

¹⁰ Tendler, J. 1997. Good Government in the Tropics p.28

¹¹ Cheema & Rondinelli 1983. Decentralisation and Development: Policy Implementation in Developing Countries p. 18-25

¹² Widmalm, S. 2008. Decentralisation, Corruption and Social Capital, SAGE p. 48

Measures of decentralisation

Representation

Among the commonly known measures of decentralisation is the degree of representation in local politics. Elections are, no doubt, a blunt representation of the popular opinion. Yet, elections are the only crude instrument for encompassing the broadest of social issues through few elected representatives. This also means that there is a wide public sphere for competition among the potential representatives, which is necessarily not a good thing, but can steer the opponents for better performance.¹³ The downside of competition can be diversion from the main goal of public good to a more personalized objective. A local representative may compete for a seat in the parliament for instance, and completely neglect the reason why he/she stood in the election at first place. Elections are useful, but certainly not sufficient, for a legitimate local government. A fad about electoral participation is that every citizen can have a right to vote. However, it must always be made clear what interest lies behind that vote. Intimidation and vote buying is not uncommon in many of the economically poor countries.¹⁴ The underlying fact of short-term financial gain is hardly evaded by the long-term uncertain benefits of democracy.

Another major challenge is conflict of interests. In an elected government, how shall the needs and interests of countless heterogeneous constituencies be addressed and prioritized, let alone personal motives of elected parliament members? This is an issue to be dealt in further depth, and I shall not cover here, but surely a factor to consider. Democratic elections will yield public good only when the public is literate, and can decide what is good and bad for them, both in a short and long-term. Electoral representation completely rules out this aspect. For example, if I stand up in an election and promise that I will provide enough chemical fertilizers for greater productivity in agriculture. Certainly, I have a higher chance of being elected from that constituency, given I convince them of economic outcomes from the use of fertilizers. This is perfectly democracy, and I represent people's interests (at least the interests I had planted). While the consequences of chemical fertilizers - degradation of soil quality, pollution of water, and lower productivity in future - are not an issue during my tenure in the parliament, at least. In these conditions, is electoral representation really useful in representing public good? I doubt it. Therefore, the prerequisite for democratic elections to function ideally is people's

¹³ Crook & Manor 1998. Democracy and Decentralisation in South Asia & West Africa p.25

¹⁴ Blair, Harry 2000. Participation and Accountability at the Periphery: Democratic Local Governance in six countries p. 27

knowledge/education. In Western literature, literacy is taken as for-granted, while it might not be the case elsewhere. A possible solution for this can be a genuine opposition who would inform the public about long-term environmental impacts of fertilizers. But again, people need incentives to disregard instant benefits of fertilizers compared to organic farming, for instance.

Participation

Given the central government is decentralised, but the state only hands down responsibilities, not autonomy or resources to carry out responsibilities. Now, through direct or indirect participation, public can hold the local government accountable for inefficiency. But, is that because of the actual inefficiency or the lack of autonomy? Going back to the previous example of fertilizers, say after 10 years, is it reasonable for the public to hold its local government accountable for actually increased productivity for at least 4 years (an election term) and then decreased yields? During that time, the local government did its best to deliver its promise. Moreover, it should be identified if it is inefficiency fallacy or actual inefficiency? Inefficiency fallacy can be a result of lack of resources or autonomy. One effective utility of this indicator can be increased proximity between representatives and the people.¹⁵ This is measurable through frequency of interactions, responsiveness of local government, and magnitude of bureaucracy.

Direct contact also means that there is an active participation in local politics and attendance in official and unofficial meetings.¹⁶ Now, it should also be noted that a mere attendance in public meetings can be regarded as passive participation, but not active. A passive participation can however produce invisible support or dissatisfaction through presence. However, it is highly unlikely that resourceful participants with appropriate knowledge in politics contribute objectively, and those without knowledge may act in discrepancy. Moreover, the famous slogan in any election campaign is 'power to the people'. But, less is exposed by specifying whom especially. In a socially diverse and economically stratified societies like Nepal and India, the meaning of "people" can vary from a meager untouchable beggar to a wealthy businessman or a royal priest. Whom shall be the power delegated, and who shall participate in local government, and to what extent? Empirically, is the desired 'equality' even possible, or how

¹⁵ Friedman, Harry J. 1983 "Decentralised Development in Asia" in *Decentralisation and Development* p. 50

¹⁶ Crook & Manor 1998. *Democracy and Decentralisation in South Asia & West Africa* p. 19

long before we see the rise of equity among people, regardless of caste, gender, class or strata? Therefore, participation alone is not a sufficient determinant, at least in such societies. For it to be factual, there should be a common denominator of equity and knowledge.

The relationship between the elected representatives and their constituencies may be instrumental in measuring decentralisation. With decentralisation, the target is to bring citizens close to the local government and increase popular input, and increase responsiveness of governments towards citizens' desires.¹⁷ This is fairly an effective measure, because relationship develops over time, and public will be aware of its evolution or devolution sooner or later. However, there are specific risks when representatives tend to curb these relationships for their personal benefits. For example, in religiously divided societies like India, politicians can easily create a wall of difference, based on religion, and exploit that relationship of trust to dismantle the social structure or make the cuts even deeper.¹⁸ Similarly, religion and caste are deeply ingrained cultural values. Even if the legitimacy of a representative is questioned, his grounds are still safer than the one from another caste or religion. However, in general, wider participation increases pluralism, which in turn increases competition.¹⁹ I have already discussed the effects of competition in decentralisation in the above texts.

Empowerment

In the same line of argument, gender and ethnicity are another major identities that persist in the roots of our societies. It has been empirically shown that women represent political will better than men.²⁰ Does that mean that women have the capacity to build a closer relationship with the people than men? If it does, then we might have to re-think our perspectives on societies where women are treated as no more than an instrument of pleasure and service. How can decentralisation put in place a reform where such an alteration of social norms is necessary? Or should we not, at first place, diminish the borders of gender, and make it balanced, if not equal. Just as nature, gender is not equal, but balanced. Ethnicity is another

¹⁷ Blair, Harry 2000. Participation and Accountability at the Periphery: Democratic Local Governance in six countries p. 21, 23

¹⁸ Bardhan, Pranab 2009. India and China: Governance Issues and Development. The Journal of Asian Studies. Vol. 68, No. 2 (May) 2009: 348

¹⁹ Mathur, Kuldeep 1983. "Administrative Decentralisation in India" in Decentralisation and Development p.71

²⁰ Widmalm, Sten, 2008. Decentralisation, Corruption and Social Capital. SAGE p. 168

false identity that divides people. With due respect, however we may try, but there is always a propensity to closely relate oneself to own ethnicity, and negate objectivity. Therefore, ethnic group representatives may find it difficult to be objective and impartial while having to work in a national-level government, because the relationship is highly inclined to his/her own ethnic group. So, it may not be a surprise if we may find some room for corruption or patronage in democratic decentralisation. Just the opposite, yet the same phenomenon, is of the role of local elites. Local elites, despite of decentralised or because of decentralised, tend to control and steer most of the benefits to themselves.²¹ In theory, it is a sound idea that decentralisation empowers marginalised groups, but when will the dawn of such a promising assertion be a reality? The patriarchal system of government and society still is adept at narrowing the public good for own benefits, by bribes or evading local taxes, for instance.

Nevertheless, this short-term despondency results from the misuse of decentralised power by elites to maintain the existing distributional patterns.²² Somehow, I believe, as power disseminates and becomes more pervasive among general public spheres, the accounts of these elites' legitimacy being questioned shall be more frequent. Decentralisation may facilitate marginal groups to pressure local governments to distribute benefits equitably. However, the risk that lies beneath is of the tendency to curtail that "allocated benefits" and discriminating other non-marginalised groups. Conversely, as long as benefits are allocated specifically for a certain marginal group, we are still discriminating by considering them non-competent, or say 'weaker'. Instead of integrating them within, such non-intentional discrimination may as well be a fertile ground for undesired ethnic conflicts. In time, those marginal groups may become entirely dependent on the state.

Accountability

Now, we turn our attention to a different mechanism, accountability. Generally, it refers to 'voice' of the people. In theory, decentralisation devolves the central authority to local units of administration that are immediately accessible and accountable to the local citizenry. This also implies that people can hold public officials responsible for decisions that affect the population.

²¹ Borges, A. 2007. From Patronage Politics to Community Deliberation: The Recent Experience of Democratic School Management in Brazil p. 279

²² Nupia, Oskar 2006. Decentralisation, Corruption, and Political Accountability in Developing Countries p.4

However, the concept of accountability can be an elusive one. The state government can boast to have given the right to the public to hold officials accountable, but kept the necessary tools for the facilitation of that right. For instance, there are little or suppressed means of media that are independent of the governmental influence. Therefore, for accountability to function instrumentally, there is a need of an unbiased, independent, free media. Further, in developing countries context, where almost half of the population is illiterate,²³ the AM band radio are the most accessible, instead of newspapers and TV.²⁴

Decentralisation is only effective when public officials are proficient enough to undertake responsibilities given to them, and exercise their share of autonomous authority for public good. For that to happen, awareness among the people and officials through education and training programs are essential. Just by establishing institutions that supposedly are instrumental for decentralisation will not produce desired effects. While I am more inclined to grass-root development, which eventually will give rise to awareness and acceptability of given responsibility. This also means that officials embrace the implications and consequences of their actions within their frame of responsibility, and accordingly, they may choose to act. Another misassumption in among the advocates of decentralisation is that decentralisation simply works, while that may not be the case. For instance, the Nepalese government carries out decentralisation through out Nepal, where more than 3 quarter of the rural areas are remote and inaccessible for public services. Investing on public infrastructures will only do less. Why would any professional want to go to a remote place, instead of having a comfortable desk-job in the cities? Health workers, engineers, experts and alike also want their children to have a better education and a relatively better life in the city.²⁵ The government should give an incentive greater than the comforts of cities, and/or economic sustenance for those officials to be decentralised. Decentralisation tends to override existing social dynamics, which may not always be as beneficial as expected. Therefore, it is equally imperative to institutionalize the existing social accountability mechanisms, for instance village assemblies, simultaneously establishing innovative ones.²⁶

²³ Cheema & Rondinelli 1983. Decentralisation and Development: Policy Implementation in Developing Countries p. 297

²⁴ Blair, Harry 2000. Participation and Accountability at the Periphery: Democratic Local Governance in six countries p.29

²⁵ Blair, Harry 2000. Participation and Accountability at the Periphery: Democratic Local Governance in six countries p. 27

²⁶ Venugopal, V. & Yilmaz, S. 2009. Decentralisation in Kerala: Panchayat Government Discretion & Accountability p. 316

The political context is yet another tricky edge. In democracies, decentralisation dismantles the authoritarian power to disperse into local authorities. Before decentralisation, a political party had one objective, for instance, to stay unitedly against/with the state. Once decentralised, each council tends to acquire enough autonomy, and thus, may contribute to conflict of interests. Eventually, resulting into the breaking up of the political party because of opportunism, personal loyalties or tendency to re-form as another party to represent deviant interests.²⁷ For this to not happen, social capital and trust among/between the political parties should be a common factor, and their commitment to political will shall not be altered. Yet, this may seem as a very unnatural incident to happen in democracies. Though civil society is a definitely a vogue in developmental politics, it can not be denied that it takes decades to form a strong civil society. I will not dig deeper into it, but much social change in socio-economic stratification is necessary before civil society can truly function as a tool for social accountability. Herein, the presence of independent bodies and vigorous media are essential social forces. NGOs and audit offices should be objective and independent to monitor local governments' activities and make such activities transparent to the general mass for scrutiny and evaluation. Within institutions, ombudsman and appellate tribunals should have constant investigations to assess corruption, for instance.²⁸ While fiscal decentralisation promises greater autonomy, it is also essential to establish strong administration and management system to prevent misuse of funds.

Corruption and its nature

Scarcity drives corruption; the statement is open for debate. I may not have empirical evidences to paint it more colorful than what is commonly known among the resource-scarce regions. It roots down to human nature of self-interest of survival at first; and anyone faced with limited resources would stomp over fellow competitors to fight for every grain of rice. Corruption, is it then really cultural? I doubt it; is it a development problem? May be. Depends how we define and measure corruption. Why is corruption more prevalent in poor countries, and much less in developed ones? Almost all of the relevant literature is over flooded with remedies that put a bandage on the branches, but merely go to the roots of the cause - human nature. Would not the so-called "developed" countries be as corrupt as say Indonesia, should they be conditioned

²⁷ Blair, Harry 2000. Participation and Accountability at the Periphery: Democratic Local Governance in six countries p. 28

²⁸ Venugopal, V. & Yilmaz, S. 2009. Decentralisation in Kerala: Panchayat Government Discretion & Accountability p. 324

to similar circumstances as Indonesia? Given enough resources and time for cultural paradigm shift, any “corrupt” country will likely be one of the “developed” countries over time. Nature is not equal, but balanced. This applies to human societies unequivocally.

Defining corruption is a contextual (or even arbitrary) task. There is not a single universal code of authorized consensus. It may vary from moral decay to misuse of publicly entrusted power for private benefit.²⁹ The reasons for such unappreciated conducts may also vary from pure greed to insufficient resources for survival. Mere reforms, be that institutional or legal, to prevent corruption from occurring is futile. This, to me, seems like trying to stand on deep dark water by placing a thin layer of white plastic curtain - very superficial at best. Just as from a flying airplane above the thick clouds, if we can not see a city on land, does not mean that the land is barren. Accepting the existence of corruption as a part of human nature irrelevant to temporal differences, and dismantling the roots of self-serving ego may cause greed to disappear. I do understand that this is yet another postulation, much impractical, in our “practical” world, and as always we are at best accustomed to look outside for ready-made solutions and question others, instead of questioning ourselves. So, my solution is best suited to make its home in a garbage can of a public official. However, I may not be surprised if there shall be a divided opinion about it.

Some authors point inefficiency and arbitrariness of rules and regulation as leading factor to bribery, which lead to pervasive corruption that undermines government’s legitimacy.³⁰ Agreed. But, they often fail to question ‘why’ these “inefficiency and arbitrariness” exist at first place, let alone giving a debatable answer. They assert that the roots of corruption are culture and history, and socio-economic conditions.³¹ This is questionable, and I will get back to this later in the paper. Culture is dynamic - always changing - and a byproduct of history. So after, a certain period of time, this argument is no more valid. While some scholars go as far as attributing such misbehavior to greed or inadequate wage levels.³² In this regard, these arguments dig for possible explanations in personal and external governing factors for corruption and influence of

²⁹ Bardhan & Mookherjee 2005. Decentralisation, Corruption and Government Accountability: An Overview p.4

³⁰ Rose-Ackerman, Susan, 1999. Corruption and Government: Causes, Consequences and Reform p. 25

³¹ Rothstein, Bo 2005. “Trust, Corruption and Political Institutions” in Political Corruption and Democracy p.24

³² Widmalm, Sten, 2008. Decentralisation, Corruption and Social Capital. SAGE p. 166

culture, in general. Pre-existing assumption of corruption being a culturally accepted behavior does not find strong supports in many literature. In fact, there is a mix of factors - literacy, knowledge and cultural context - that explains how adept an individual is at distinguishing between public and private sector.³³ Hence, either living in corruption without awareness or fighting against it personally and institutionally are two possible conditions prevalent in developing countries.

Implications and reforms for corruption

Fear is not a solution for a crime. Penalties, criminal laws and suspensions, and imprisonments seems to further exacerbate misbehaviors. We may be preventing an individual's misconduct by installing fear of punishment, but not completely eliminating the source. If given the opportunity and absence of laws, the savagery individual will not back down from behaving as he pleases, be it accepted or not. Having said that, I am not myself confident if I am able to produce an alternative solution to present legal reforms. However, I am more supportive of transparent government processes and procurement reforms.³⁴ Procurement can be a double-edged sword. The assumption is that the "well-intentioned" government shall hire public officials objectively and democratically. Or the central government's inclination to hire family members can not be denied either.

The challenge still remains - of changing public attitude about government and corruption. As is being said, "Corruption is a sticky accusation."³⁵ It usually takes several generations after the change/shift from corrupt to clean government, for public to 'perceive' it as non-corrupt.³⁶ On a macro-level, political stability, and public accountability/transparency and limits on political power are the requisites for control of corruption.³⁷ Yet, with all these 'promising' reforms, we are only aiming at "control", not uprooting. This little excuse has given a way to re-root

³³ Widmalm, Sten, 2008. Decentralisation, Corruption and Social Capital. SAGE pp. 122-167; Bardhan & Mookherjee 2005. Decentralisation, Corruption and Government Accountability: An Overview p.28; Lessmann & Markwardt 2009. One size fits all? Decentralisation, Corruption, and the monitoring of Bureaucrats p.5

³⁴ Bhattacharyya & Hodler 2008. Natural Resources, Democracy and Corruption p.4

³⁵ Widmalm, Sten. 2009. Lecture on Decentralisation, Corruption and Social Capital. 19.10.2009

³⁶ Nupia, Oskar 2006. Decentralisation, Corruption, and Political Accountability in Developing Countries p.3

³⁷ Ottaway, Marina 2005. "Corruption-a problem of maturing Democracy Assistance" in Political Corruption and Democracy p.96

corruption into our societies as something just 'natural' I suppose. It only differs how detrimental or non-consequential results corruption entails at any level. Corruption may be a development problem, because in our academic understanding development is equal to economic growth, democracy, and bureaucratic efficiency.³⁸ I am not fully convinced with the assumption, yet I do not have evidences to support or refute otherwise. So, with my limited experience on governmental bureaucracy, I can assert that corruption does hinder processes, and also enhance overall efficiency and functions sometimes³⁹, but that is not a valid argument for the existence of corrupt government.

Relationship of corruption with decentralisation

Can decentralisation be an effective instrument for reducing corruption, or does it actually increase corruption as political power shifts downward? Both sides of the arguments are grounded on theoretical analyses and empirical evidences. Decentralisation increases political accountability by granting power to the citizens to decide and hold local governments accountable. In other words, decentralisation helps to encourage good governance.⁴⁰ Other side of the view is that the proposed factors such as implementation policies and institutional and political culture shift fail systematically in developing economies. This is because either the conditions for decentralisation to come to effect to actually reduce corruption is not ripe yet, or there is a resistance from the central government to give away power and decentralise its authority of benefits from corruption. Jurisdictional competition also requires the existence of 'well-functioning common market' which is not always the case in developing countries.⁴¹ To exacerbate the situation more in these countries, general elections are a commonly held, but what power sways (for instance of elites, or vested interest groups) the decisions to whereabouts is much of an ambiguous knowledge. This issue derails and obscures political accountability.⁴²

³⁸ Bardhan, Pranab 2009. India and China: Governance Issues and Development. *The Journal of Asian Studies*. Vol. 68, No. 2 (May) 2009 pp. 348

³⁹ Rose-Ackerman, Susan, 1999. *Corruption and Government: Causes, Consequences and Reform* pp. 25

⁴⁰ Grindle, Merilee S. *Good Enough Governance Revisited* p. 571

⁴¹ Nupia, Oskar 2006. *Decentralisation, Corruption, and Political Accountability in Developing Countries* p.2

⁴² Blair, Harry 2000. *Participation and Accountability at the Periphery: Democratic Local Governance in six countries* p. 27

Given a country is decentralised and power is delegated to all local communities, there may be a conflict of interest, since all local governments will represent their local interests. This may further cause delay and inefficiency. For instance, in cases of environmental crisis, when a joint yet compulsive effort is at immediacy, a central state may be at no power to streamline different local interests into one collective interest. Certainly, decentralisation holds benefits for people in regard to democratic and economic values⁴³, and autonomy is a prerequisite for local-level development, but at the same time, it is essential for the central government to be in a position to summon all delegated power for one immediate purpose, should that the case in time. In this sense, decentralisation is definitely an universal solution for development problems. Bringing corruption into the picture, there are two possibilities. Either decentralisation decentralises corruption to another level - low, or increases the proximity of public official to the citizens.

One of the most representative empirical evidences that advocates negative relationship between corruption and decentralisation is of Fisman & Gatti (2002), while on contrary, Treisman (2000, 2002) finds positive correlation by using different measures for corruption and decentralisation.⁴⁴ Here, we should be careful to note that the definitions and measures used in these studies differ greatly, and so do underlying assumptions and perceptions of the specific context in different countries. Then, does that mean that the conclusions drawn out of empirical studies depend heavily upon definitions and measures, instead of the actual corruption? Does not this effect of dependency distort the genuine understanding of the influence of decentralisation on corruption? So then, how should we measure corruption, by bribes or the curving of laws for self-benefit, or absenteeism? Should we regard unusual forms of influence by elites in policy making as corruption? To what extent then, can a study be inclusive and produce a comprehensive picture of the relationship, if there are such a wide variety of measures and assumptions? A single-minded focus on corruption and decentralisation may be too narrow to generate a holistic mechanism. In some countries, clearance of corruption in both top and low level government may require the dismissal of the national government altogether, which I believe, is an undesired event for citizens and officials.

⁴³ Widmalm, Sten. 2009. Lecture on Decentralisation, Corruption and Social Capital. 19.10.2009

⁴⁴ Fisman & Gatti 2002. Decentralization and corruption: Evidence across countries; Treisman 2000. The cause of corruption: a cross-national study.

In other places, optimal policy making may never include minimizing corruption because it involves too large of a renunciation of other immediate goals such as poverty and health.⁴⁵

Another very important aspect of decentralisation is federalism that accounts on accountability. Federalism was opted with the context of developed countries in mind, and assuming that politician and officials perform honestly and generously on behalf of citizens.⁴⁶ However, in developing countries, scarcity is prevalent, and decentralisation provides more than enough room to fill one's pocket at every level of government. More to that, decentralises establishes a more intricate and stratified network of corrupt officials that rely on each other's cooperation for maximum misuse of public resources. That assumption of benevolence apparently may not work in countries where need to feed is a priority. Ofcourse, there is another level, excessive greed. However, unless the limit of self-sufficiency is met, benevolence is a far off thought.

Yet another source of uncertainty is the concept of decentralisation itself. Would it refer to delegation of authority or finances or democracy? In countries like China, there are evidences of devolution of economic responsibilities, but not political decentralisation, while in India, there is much democratic decentralisation, but less resource devolution or autonomy.⁴⁷ Once decentralised, local governments have authority to curb and modify checks and balances within for maximum competitive advantage over other jurisdictions. In other words, there is more horizontal competition in trade, business, policies, and public sector. And to achieve attempted goals or to attract investors or to be the "star of the eye" in front of the state, every jurisdiction will apply all possible measures to be competent and receive greater subsidy from the state. These "measures" could mean anything from horizontal corruption with the jurisdiction to corruption at different vertical levels in the government. This also means that instead of an overall development of the country, there are divided figures of regional or communal development, and this may further erode the national solidarity and sovereignty, which ultimately was the goal of decentralisation.

⁴⁵ Bardhan & Mookherjee 2005. Decentralisation, Corruption and Government Accountability: An Overview p.2

⁴⁶ Fisman & Gatti 2002. Decentralization and corruption: Evidence across countries p.37

⁴⁷ Bardhan & Mookherjee 2005. Decentralisation, Corruption and Government Accountability: An Overview p.2; Widmalm, Sten, 2008. Decentralisation, Corruption and Social Capital. SAGE pp. 136

Conclusion

With so much of the literature available on decentralisation and corruption, certainly the knowledge of our understanding of this dynamic mechanism has grown to another level. However, there still exists a dual opinion on how decentralisation affects corruption. Some scholars are supportive of the inverse relationship while others disregard that by using different measures for their empirical studies. Then, it all boils down to an important question - what are the prerequisites for desired effect of decentralisation in developing countries? How can it decrease corruption. It varies widely depending on regions, and countries. If different regions are heterogeneous with regard to literacy, health conditions, socio-economic conditions, and political sphere, the impacts of decentralisation on corruption also vary accordingly. Therefore, the foundational preconditions for decentralisation to function are knowledge or literacy, social equity, and sufficient autonomy over administration and resources.

Decentralisation tends to be associated with greater dispersion of governmental authority and resources, therefore, it should be assured that all regions receive equal and unbiased provision and supervision, regardless of any differences. Without this, there are greater tendencies of disparity between progressive and backward regions within a country. In summary, the effects of decentralisation on corruption and government accountability are context-specific and can not be summarized in a simple, unconditional dynamics. Even within a country, contextual knowledge of a region or community is imperative. In theory, decentralisation has the potential to reduce corruption and increase accountability. However, empirical evidences show varied results, and I am not entirely convinced with either side of the arguments. Further research is necessary to understand this relationship in more details. Those researches should, therefore, incorporate contextual conditions and knowledge for better interpretations. Corruption is related to malfunctioning of local democracy, literacy, social strata and political competition. The extent of corruption is also a result of limited autonomy and social inequality. In conditions like these in developing democratic countries, decentralisation may not necessarily work immediately to reduce corruption. However, given an appropriate time span to change social paradigm and political atmosphere into more democratic and equal, I am assured that the seeds of decentralisation will bear fruits, best suited in their own contextual conditions.

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