

## LOCAL GOVERNANCE, POLITICS, AND THE STATE – A THEORETICAL VIEW

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**Abstract:** This paper summarizes an alternative perspective on local governance and power in distinction from conventional notions of local government. Based on the conceptual framework of social order and substantiated by long-term empirical research in Afghanistan and Pakistan, the presented argument will be a theoretical one and contribute to the thematic clusters 'Theory of local representation of Power' and 'Traditional Power Structures and Local Governments'. The elaborations will show that, first, governance is more than government and a manifestation of power relations and their local representation in which the state or government is only one of several relevant variables of influence. Second, governance is interpreted as the organization of collective wellbeing (the organization and decision-making processes related to the provision of collective goods, such as safety and security, dispute resolution, joint usage of resources, that is, their allocation, distribution, and access) in and among societies and is social field-specific ("governance of what?"). With this broader determination of governance that extends the more common, technicist notion which connects governance to effectiveness and aspects of formalized government (e.g., outcomes, accountability, agents, implementation), the paper, third, calls for process analyses to study local politics. In such a perspective, local interests, preferences, cultural scripts, the broader socio-geographical context underlying the formation of individual preferences, political bargaining processes, and so on, which are usually not considered in the mainstream understanding of what is termed local governance, can become part of the analysis. Consequently, it is argued that such an inclusive local governance perspective can be applied fruitfully to bridge conventional binaries like formal vs. informal government, economy, and institutions.

**Keywords:** Local governance, politics, power, state, informal-formal distinction, normativity

### Introduction<sup>1</sup>

The so-called illegal or informal sector is a global phenomenon. The newspaper report from which Figure 1 was taken uses the term shadow economy synonymously with illegal or informal economy. The graph shows estimates on how large the share of non-taxed informal economic activity is compared to the GDP for the 10 countries indicated. The US is ranked with about 10%, Pakistan with 36%, Russia with 44%. However, studies on this topic differ widely depending on the phenomena they look at within the broad realm of informal economies. According to the same newspaper article, a study undertaken by the Sustainable Development Policy Institute (SDPI) and the United Nations Office on Drugs and Crime (UNODC) with a focus on the rather criminal informal activities that take place in the informal realm estimated their toll between 20 to 30% of the formal economy. Much on the contrary, the Pakistan Institute of Development Economics (PIDE) calculated the size of the informal economy in Pakistan in a 2012-report based on figures of 2008 to range between 74 to 91% (Baig 2013).

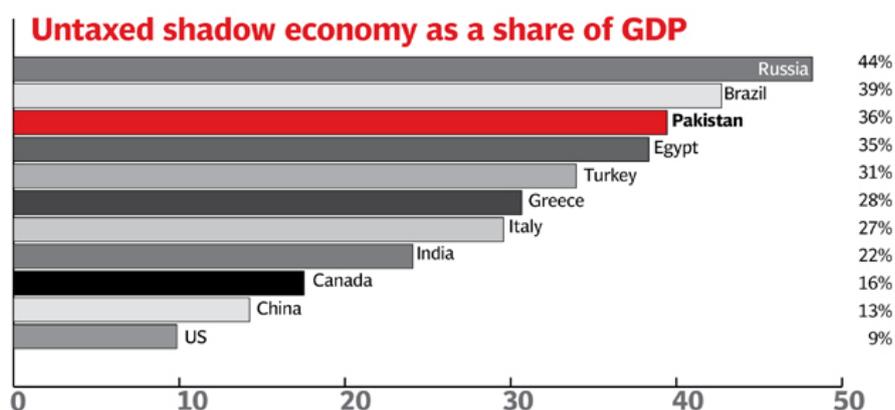


Figure 1: Source: Khurram Baig: Is the black economy all that black? In: Express Tribune, 19 May 2013 (graph by Maha Haider).

While economists come up with and argue about different figures sizes for the informal economy, the exact size is not of importance for the argument of this paper. What can be understood is that, apparently, the informal sector is huge and

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economically significant. However, social scientists and researchers tend to look at informal activities with a very normative view – the so-called „informal“ is hardly object of study because it is considered deviant and illegal. Thus, the view that is being adopted by academics is often an ideal or functionalist one with a clear model in mind of how it should be. The main argument of this paper is that academic analyses are too often based on binaries and dichotomies (us vs. them, the formal vs. the informal, the state vs. society, the rural vs. the urban, etc.) because of the normativity implicit in our approaches. Thus, the paper is a reminder for researchers to pay more attention to the study of “what is there and how it works”, rather than just focusing on “how something should be and work”. The former, in particular the actual realities on the ground should serve those as point of departure for research, analysis, policy advice, and policy-making.

The example of sub-national state-building efforts throughout Afghanistan’s districts since 2001 is an illustrative case in point where normative assumptions overruled the departure from “what is”. To put it differently, it can be ascertained that the implementation of the donor-programs in the Afghanistan’s reconstruction and state-building processes was not successful because they were based on the wrong assumptions. Wrong assumptions were made, for example, regarding the existence or non-existence of social institutions and governance patterns. The broad assumption was that anarchy and chaos ruled, social institutions were just as wrecked as the infrastructure and physical landscape in towns and the countryside – mainly because there was no “state”. An interim government was in power from 2001 before first elections took place in 2004. State-building was the agenda. However, the second wrong assumption was that the western model of a state with a market economy and democratic procedures were without an alternative. Without judging whether democracy or stability or even only the hunt for Osama bin Laden were not legitimate aims of the international military and civil intervention; the complete ignorance of Afghans’ experiences, situation and life-realities in the overall contexts can be scrutinized. It was simply unknown how local rural societies organized their everyday lives. However, they did apparently, whether in war or in ensuing peace times. In a nutshell: There was order beyond the state (Mielke et al. 2011). However, the existing conditions – traditional governance structures and local norms – were not acknowledged, at maximum labelled undemocratic and as something that had to be overcome. So, sub-national state-building focused solely on local government institution-building, but because of this faced major difficulties with legitimation. The success of the sub-national state-building efforts is perceived to be none, but rather a failure, both within Afghanistan and from the outside perspective.

While this example illustrates the significance of non-normative analysis, the paper makes three arguments in order to suggest an alternative approach for investigating and understanding politics beyond the state: Based on a review of the classical view of how the state is seen and conceptualized, the first point is that power is not limited to state power. Secondly, developing this idea further, the notion of politics can be broadened beyond the meaning of governmental politics. Thirdly, this means also the notion of (local) governance bears a more inclusive meaning than (local) government and is instrumental for any analysis and understanding of local politics.

### **The conventional view of the state**

In close affinity with Hobbes’ idea of the Leviathan as absolute sovereign, modernity has conventionalized the state as the main norm-setting and -enforcing institution (Weber 2005 [1922], Jellinek 1900, Almond 1988; Skocpol 1985). With the historical dominance of Western political thought and the subjugation of territories worldwide during the last two hundred years, statehood came to be seen as the principal model for the social organization of societies, in both academia and politics. From the peace treaty of Westphalia to de-colonization, the idea of the nation state as the political vehicle that integrates politico-administrative, economic, legal and social functions within a sovereign entity towards the outside, that is, other states, derived universal status and value. The discipline internalized the Weberian concept of the state (*Anstaltsstaat*, literally *Anstaltsbetrieb*) (Weber 2005 [1922]: 39). Macrosociology’s preoccupation with methodological nationalism, that is, taking the modern nation state as frame of reference for historical, political, and sociological inquiries (Mann 1990: 15, Zangl/Zürn 2003), further consolidated both states and statehood as units of analysis.<sup>2</sup> As a result, the “project of statehood” is unquestioned in today’s global politics, even if the steering capacities and regulatory functions of nation states have become increasingly questioned beyond the constitutional regime level. We just need to take a look at security and economic affairs where we see tendencies towards supra- and trans-nationalization of governance. At the same time the markers of statehood – a people inhabiting a national territory and the state’s possession of the monopoly of force or violence – are highly vulnerable towards diffusion and are being undermined by trans-local migration and livelihoods, the increasingly unchecked mobility of goods, ideas, people, values across nation-state borders, and the contestation of the state’s monopoly of violence by non-state groups and actors, both at domestic and international levels. Recent attempts by political scientists to capture the latter processes became reflected in notions like state-failure and weaknesses. However, the credit of addressing the peculiarities of statehood in non-OECD areas first, goes to French IR-researchers who worked on African statehood as early as the 1990s.<sup>3</sup> Since then the scholarship on limited statehood has thrived and the specific lens found application in historical political analysis as well as in contemporary political affairs.

However, even these new scholarly perspectives have not led to questioning the lens of state and statehood as such. In political science and traditional sociology states and statehood still are the main units of analysis. For example, macrosociology is preoccupied with methodological nationalism, which means taking the modern nation state as frame of

reference for all historical, political, and sociological inquiries. As a result, mainstream political scientists and sociologists have come to not distinguish anymore between state and society, the view is always that of a national society – although the social differentiations within one society are obvious. This notion of state is heavily influenced by the German sociologist Max Weber who turned out to be one of the main sources of inspiration for sociological and political thinking in the 20th century. His notion of state puts emphasis on the rational-bureaucratic aspects of legitimacy and he is concerned with power only as institutionalized political power in the form of sovereign rule or authority (in German: *Herrschaft*).

### **Power is more than state power (rule/authority)**

However, if we apply a different concept of power, the Weberian concept of state/statehood comes under scrutiny. The perspective of social power as a relational and dispositional concept as suggested in the works of Steven Lukes (2005), Pierre Bourdieu (2005), and Michele Foucault (2005) emphasizes that power is not something a person can possess and/or use as a resource. Thinking further, it means that power does neither necessarily have something to do with conflict, violence, or domination and authority (*Herrschaft*), nor does it occur episodically (Wrong 1979: 2). On the contrary, all social relations are power relations. It is noteworthy that, although power is often associated either with conflict (Wrong 1979, Hobbes 1662 [1651]) or an ordering dimension of power (Parsons 1969, Foucault 2005/2005b/2005c), Max Weber himself remained vague in this regard and cannot even be categorized to clearly belong to one of these camps of opinion only. While Weber defined power as the ‘probability (*Chance*) within a social relationship of realizing one’s own will even against resistance, regardless of the basis on which this probability rests’ (Weber 2005: 38); he then went on describing it as ‘sociologically amorphous’ and thus only concerned himself with its special manifestation as institutionalized political power in the form of governmental rule – within the domain of the state.

The main “innovation” of political theorists who argue power to be a relational concept, i.e. power relations as those in which power is being exercised, is that the notion of relational power as a medium enables us to link both, the domination aspect as popularized by Max Weber, but also a constructive aspect to it.<sup>4</sup> For example, Weber’s student Heinrich Popitz defined power as the ability to change something, including certain situations (Popitz 1968, 2004). Foucault (2005: 255f) defined power relations as action oriented towards influencing action, what he called ‘strategic’ action.<sup>5</sup> He built his power analytics around the distinction of strategic power relations from rule or, in his words, ‘states of authority/domination’<sup>6</sup> (*Herrschaftszustände*, states of rule/authority). However, contrary to other classical thinkers like Weber (2005), Foucault introduced an additional dimension labeled ‘technologies of government’<sup>7</sup> and located it in the intermediate zone on the implicitly contemplated continuum from power to rule or authority.<sup>8</sup> Thus, he conceptualized rule or authority as an outcome and concentration of the technologies of government, which successfully stabilize and systematize strategic power relations. These governmental techniques include all forms, modalities and possibilities of guiding humans to regulate their behavior, to constrain their actions, and place reflexive reactions upon constraints (Foucault 2006: 13). However, they have not yet taken the form of full institutionalization, that is, durable and stable modes of power execution, which is characteristic of states of rule/authority.

Similarly, but more fundamental, Popitz (2004) offers a compelling conceptualization of power relations that are not fully institutionalized in the form of state rule or authority. In contrast to Foucault, who argues that power can only be traced in modes of action (Foucault 2005b: 255), which are abstract (e.g., traceable exclusively in discourse) and of structural nature, such as *gouvernement* (the governing), Popitz (2004: 22-39) identifies four different basic ‘anthropological’ forms of power that can be empirically investigated.<sup>9</sup> The idea of different stages of institutionalization of power<sup>10</sup> (from power to legitimate authority to political societal entity [*Verband*] and state/government rule) stresses the process dimension of power, that is, what actually happens when somebody is said to exercise power over others, and how the institutionalization of power relations takes place (Popitz 2004: 236ff; Foucault 2005: 251). Accordingly—and in contrast to Giddens 1984: 257), who sees institutionalized authority or rule as precondition for power—authority and rule (*Herrschaft*) do not necessarily have to evolve; a concentration can be lacking depending on the degree of institutionalization of power and its negotiated distribution in social relationships.

Uphoff suggested that one can have power without authority and authority with little<sup>11</sup> or no power, assigning authority the status of a possible power resource (among many others, see above) (Uphoff 1989: 315). In this sense, power always refers to the (assumed or de facto) capacity to exercise power and not to the due exercise of power alone. Using the empirical example of the Yukpa tribe in the border area between Venezuela and Columbia, Halbmayer (2003) pointed out that the traditional leadership exercised power without having established authority structures (power void of authority). At the same time, government-appointed *cacique*<sup>12</sup> were imparted with legitimacy by the government, but unable to exert any influence on or direct the conduct of the members of the tribe (authority void of power) (ibid.: 97). In the case where power can be exercised without authority, the access, use and control of sufficient other power resources is secured, possibly even to a greater extent than would be possible for agents endowed with authority (Uphoff 1989: 315).

One major cleavage apparent among the distinct conceptualizations of power manifests in the question whether its execution is a resource and an end in itself (Weber 2005 [1922], Arendt 1970) or a medium the usage of which rests on certain resources (Giddens 1997 [1984], Uphoff 1989, Mann 1990, Bourdieu 2005 [1992]).<sup>13</sup> The relational concept of power assumes the latter. Various types and forms of resources have been introduced into the discussion. For example, Uphoff (1989) distinguished six kinds of material and immaterial resources corresponding to six main kinds of power: political (authority), moral (legitimacy), physical (force), informational, social (status) and economic power. According to Mann (1990: 21), power is sought within social relationships at a point when its potentiality (Poggi 2001: 11f) to become a means to achieve a certain end has become evident. Put differently, social relations as such are conceptualized as resources for goal attainment achieved with the help of medium sources of power and its organizational means, which are a variety of ideological, economic, political and/or military factors (ibid.: 46-56). Thus, the usage of power as a medium rests on certain resources and can practically be traced through analyzing individual actors' power resources. To give just a few examples, power resources can be economic resources, social status, force, legitimacy, and authority.

In any case, the enforcement of power relations, including the reliance on certain resources, indirectly or directly requires justification, consent, and compliance/acceptance by individual or collective agents inhabiting and sharing the same social environment in the same social fields. Power in the form of domination involves both the dominating and those who are being dominated, the acknowledgement and acceptance by the latter of the formers' rule, and the legitimating processes that secure that rule. Similarly, for the execution of power as the general ability to further interests and bring about significant change, effects must rely on certain resources. Access to these resources similarly requires either active or silent consent by others who might claim access to the same resources.

### **Politics is more than governmental politics**

By acknowledging that power does also exist and matter outside of the government realm and in less institutionalized form, a broader perspective of politics becomes possible.

Among political scientists, the common assumption is that politics is embedded in (national) society in a multi-dimensional way via institutions, norms and processes that are limited to a political field of action. While this differentiation complies with the distinction of three main dimensions of politics in the (German) political science tradition: polity (form), politics (process), and policy (content); such a conceptualization separates political action from economic or social action and subsumes politics to entail the totality of actions that bring about binding decisions among the members of a certain society for the benefit of society as a whole and for the purpose of enhancing public welfare. However, underlying notions of interests, preferences, and preference formation are usually assumed and are not linked to resources and subsequent struggles over these resources.

In contrast, the above elaborated concept of relational power that can be studied at different stages of institutionalization and must always be viewed in relationships and in a process perspective, urges the researcher to focus on power (resources) imbalances and transformations in any study of politics and its various dimensions. This means to consider that the diversity of interests, ideas, values and subsequent preferences in any "single society" is tied to competition and conflicts about existing and available resources among the members of that particular national society.<sup>14</sup> Thus, the mitigation of the conflict between this diversity on the one side and the inter-subjective social character of humans, who live in constant interaction with others, on the other side (Popitz 1980: 50), is what shall be conceptualized as "the political". This understanding of "the political" escapes narrow terms of political science, both in categorical and terminological sense. Leftwich's definition of politics captures this notion well. Accordingly, politics entails "all the activities of conflict, cooperation and negotiation involved in the use, production and distribution of resources, whether material or ideal and whether at local, national, or international levels" (Leftwich 1994: 365). This conceptualization renders the delimitation of a political sphere from an economic or social field artificial. The equation of state and society as well as the notion of politics as only belonging to the domain of the state obviously becomes invalid. Instead, this definition enables one to see that politics is transgressing all spheres of human interaction.

Such a view of politics and power finally suggests that in order to make sense of processes that surround us we have to investigate *how* power is being exercised. At this point it is necessary to introduce the notion of governance.

### **Understanding local politics: Local governance is more than local government**

In order to do so, it is necessary to distinguish governance from government. Both terms are commonly used synonymously and outside specialized academic circles they are taken to signify state-related processes, institutions and agents. Especially when the focus is on the local level the distinction between local governance and local government is commonly blurred. "Local governance" has derived as a dazzling term that is widely used by social scientists and all sorts of policy makers alike, but without a clear definition assigned to it. It has almost become an empty signifier, because in its popular usage, contents of the term are very heterogeneous and in most cases local governance is viewed in narrow terms as connected with a state's penetration of the sub-national levels of government (often in the context of decentralization).

Three strands can be carved which capture the popular understandings of local governance: First, political science analyses concerning aspects of political steering in ‘western’ (European) contexts, especially in the context of European Union-multilevel governance (Lindner 2004; Kjellberg 1995, Hooghe/Marks 2003, Scharpf 2001); secondly, social-science cum policy analyses of transition processes and social change in non-western (post-colonial, post-communist, and post-authoritarian) development settings (Bardhan/Mookherjee 2006, Brinkerhoff 2005); and, thirdly and very closely related to the latter, a narrow understanding of governance in development, which is propagated for example as “good governance”. At the local level, it is understood as community governance or community-driven development by international financial and development institutions like the World Bank as well as other multi- and bilateral stakeholders that comprise the international ‘development’ community (Chibba 2009: 85, see also Shah/Shah 2006). Without having the space for detailing all three broad strands, it can be summarized that the term governance, particularly local governance, as commonly used in political science and development studies, is largely connected to the content and meaning policy-makers ascribe to it. Even when it is defined in a presumably open and neutral manner, such as “the way decisions are made and implemented by or on behalf of people in a local area” including “the allocation of authority to decision makers” and as exercised by “a variety of civil society institutions” (Helling et al. 2005: 6), it carries a technicist notion of effectiveness and is first and foremost concerned with aspects of formalized government (e.g., outcomes, accountability, agents, templates for implementation). Local interests, preferences, cultural scripts, the broader socio-geographical context underlying the formation of individual preference, political bargaining processes, and so on are usually not considered in the mainstream understanding of what is termed local governance (and thus actually implies and can be reduced to signify local government).

A more inclusive approach, which is not limited to merely spatially defined communities, and aspects of local government, would depart from the basic assumptions that power relations manifest in governance as the activity of governing or the way something or somebody is being governed in the sense of being directed, guided, or controlled. Such a conceptualization allows the possibility of self-control, guidance or self-governance as opposed to only national-level governance. In this sense governance is more than just the activities of the state or government and concerned with social actions that organize the collective coexistence of communities and societies with the aim of collective wellbeing – be it peace, security, sustainable and equitable resource usage, provision of collective goods etc. Instead, it includes many other actors at different levels of social organization. Furthermore, as governance is concerned with the exercise of power in specific social action arenas the emphasis of any governance analysis is rather on a process than an outcome.

Put differently, governance does not only relate to the society of one country as a whole. It can be distinguished and researched at different intermediate social and spatial scales (local communities, cities, villages, at provincial levels), but also for different fields. Accordingly, local governance encompasses more than just local government or the state’s penetration of the sub-national levels of *government*. Governance, and also local governance, is always bound to specific social fields, domains, or action arenas. Consequently, any analysis of governance processes has to specify the particular arena of social action it is concerned with. That means it is useful to clarify and ask “governance of what”? Applied to the local level, local governance thus means the governing (whether successful or not) of all affairs concerning a certain social action arena within a bounded socio-spatial scale – that is at the meso-level of local social organization which concerns any group of people beyond the core family. ‘Affairs to be governed’ relate to the collective behavior and conduct of social groups and the organization and decision-making processes related to provision of collective goods at the local level. In such a concept of governance the state is only one of many actors and forces of influence in the process of governing and its outcome. Accordingly, steering governance processes has these days very much to do with managing uncertainty.

## **Conclusion**

Realities are better acknowledged with a governance perspective that relies on a different view of politics, power, and governance, and that puts the state at its place. This enables researchers to depart in any academic pondering, research, and theory building from a baseline of “what is there”, and not “how things should be”. Giving up the normativity inherent in the classical notions of state, power, governance, and politics can save academics and researchers from analytical ignorance and from excluding something from the case-specific academic interest or investigation just because it does not fit the respective normative concepts. So if we set normativity aside, we might be better able to make sense of what’s happening around us and reconcile reality with analysis and policy(-making). It starts from not only enumerating the formal economy. We are well-advised to also study informal processes. It can mean to investigate processes of local self-organization in communities, for example in *katchi abadis* or rural contexts. This requires fieldwork and training in qualitative social science methods.

Related to the topic of the conference this paper supports the organizers in their approach that local bodies and local governments are just one dimension of the wide field that can be captured under the heading “local representations of power”.

## References

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- <sup>1</sup> The thoughts in this paper are based on the author's PhD-thesis (Mielke 2012) and subsequent post-doc research in the research network „Crossroads Asia – Conflict, Migration, Development“. See <http://crossroads-asia.de/en/home.html>
- <sup>2</sup> On quite the opposite, the topics of statelessness and stateless societies have been addressed by social anthropologists (Halbmayer 2003, Sigrist 1979, Elwert 2001, von Trotha/Klute 2001) and social scientists in all disciplines, who have analyzed long durée phenomena (Mann 1999/1991/1998/2001, Elias 1997/1997a, Popitz 1968/2004).
- <sup>3</sup> They were able to show that the standard state centric assumptions are not fruitful for political analysis. See for an early example the joint volume of Bayart/Ellis/Hibou 1999.
- <sup>4</sup> It is important to see both sides of the ‘power’-coin: the constructive and domination aspect. In this regard, for example Poggi's definition of social power relations as existing “*wherever some human subjects (individual or collective) are able to lay routine, enforceable boundaries upon the activities of other human subjects (individual or collective), in so far as that ability rests on the former subjects' control over resources allowing them, if they so choose, to deprive the latter subjects of salient human values. The chief among such values are bodily integrity; freedom from restraint, danger or pain; reliable access to nourishment, shelter or other primary material goods; the enjoyment of a degree of assurance of one's worth and significance.*”, is unsatisfactory because it entails only the domination perspective (Poggi 2001: 12).
- <sup>5</sup> Foucault speaks of strategies with regard to power relations against the backdrop that power relations include the exertion of influence on possible and expected action of others. See Foucault 2005: 261, also 2008: 1100.
- <sup>6</sup> According to Foucault such ‘states of authority/domination’ describe what is popularly meant with ‘power’ or ‘to possess power’. See Foucault 2005: 298, cited after „L'éthique du souci de soi comme pratique de la liberté” (Conversation with Helmut Becker, Raúl Fornet Betancourt, Alfred Gomez-Müller, 20 January 1984) in: *Concordia. Revista internacional de filosofía*, No. 6, July-December 1984, 99-116.
- <sup>7</sup> Foucault's concept of government is very broad since it includes all kinds of dimensions, from how wife and kids are mastered to how an institution is managed (Foucault 1984: 298). The modalities of guiding people, the steering of their behavior, the restriction of their actions and reactions, resemble systematized, regulated and reflected forms of power execution below the threshold of authority (*Herrschaft*) and above the threshold of spontaneous power enforcement.
- <sup>8</sup> Despite the fact that his writings focused largely on power relations, Foucault did not elaborate any ‘theory of power’, neither did he publish coherently on it. Instead, he deduced concepts like discourse, dispositive, and governmentality from his concrete analyses. See Lemke 2005: 319f. Thus, it is no surprise that the volume ‘Analytics of Power’ (published in German, see Foucault 2005) is merely an assemblage of diverse fragments such as lecture scripts, articles and interviews with Michel Foucault on and related to power (ibid.).
- <sup>9</sup> These forms – power of action (*Aktionsmacht*), instrumental power (*instrumentelle Macht*), authoritative power (*autoritäre Macht*), and data setting power (*datensetzende Macht*) – are positioned ‘below’ Weber's stage of fully institutionalized authority (state rule), that means in the process of and observable at different stages of institutionalization.
- <sup>10</sup> Popitz understood institutionalization as increasing de-personalization, formalization and integration and on these grounds suggested that the identification of ‘stages’ of institutionalization and that their model-like description must be possible (Popitz 2004: 236).
- <sup>11</sup> Authority with ‘little’ power can be imagined if legitimacy is the only source of power and no other sources can be tapped additionally. See Uphoff 1989: 319.
- <sup>12</sup> *Cacique* (Spanish) is a title of indigenous leaders in Latin and South America.
- <sup>13</sup> In popular usage it is common parlance that achieving power is an end in itself (“striving for power”). Michael Mann mentions military power that becomes an end during the process of power accumulation because at that emergent stage it constitutes a major organizational means to achieve other ends (e.g. deterrence, respect, authority/domination etc.). See Mann 1990: 21.
- <sup>14</sup> Conflict over (whatever kind of) resources is a characteristic of everyday life and even if it is not obvious, it is assumed to exist in latent form and yields the potential for escalation and surfacing (Coser 1956, Dahrendorf 1994). The way in which conflict is mediated is inherently political. The assumption that everything in principle is political does not foreclose that actions, resources or conflicts also become politicized by certain agents because of their own interests and rationalities (Sennelart in Foucault 2006: 486). According to Foucault, everything can be politicized [ibid.: see FNs 133, 139 and 484, 486.]

## **POLITICS OF THE GOVERNED: INTERACTIONS BETWEEN STATE AND COMMUNITIES IN URBAN LAHORE**

**Ali Mohsin \***

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**Abstract:** *Are there spaces for engaged solidarities and, what might be called, democratic politics, outside Europe (read 'West')? The question here is not merely of overcoming a structural bias in a tradition of political theory that presupposes readily identifiable secular social formations and a redefinition of social relations enabled by capital's 'creative destruction', but of a general evolution of categories of subjectivity that modern state has produced and has taken upon itself to dispense with. In what follows, I would engage with Partha Chatterjee's differentiation of the categories of citizenship and population to show the interactions between state and communities in urban Lahore and would show (i) how they exist and function, very differently, within (and/or against) the very same institutional and legal context provided by the modern state and (ii) how they enable very different forms of politics. Chatterjee forwards the idea of political society, against that of civil society, and contends that it is most useful in mapping the spaces of popular politics in most of the world.*

**Keywords:** Politics, communities, political society, urban Lahore.

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### **Introduction**

Are there spaces for engaged solidarities and, what might be called, democratic politics, outside Europe (read 'West')? The question here is not merely of overcoming a structural bias in a tradition of political theory that presupposes readily identifiable secular social formations and a redefinition of social relations enabled by capital's 'creative destruction', but of a general evolution of categories of subjectivity that modern state has produced and has taken upon itself to dispense with. In what follows, I would engage with Partha Chatterjee's differentiation of the categories of citizenship and population to show the interactions between state and communities in urban Lahore and would show (i) how they exist and function, very differently, within (and/or against) the very same institutional and legal context provided by the modern state and (ii) how they enable very different forms of politics. Chatterjee forwards the idea of political society, against that of civil society, and contends that it is most useful in mapping the spaces of popular politics in most of the world.

### **Citizens and populations in the times of modernity**

'Nation-ness' declared Benedict Anderson, one of the most influential theorists of nationalism, 'is the most universally legitimate value in the political life of our times.'<sup>1</sup> Why is it so? It is, in a very simple sense, because of the undeniable fact that everyone today is a citizen (of one nation-state at least). But how does this value come to acquire its universality and legitimacy? It is primarily because of the civic freedoms and rights that modern nation-state promises to each of its individual constituent units, its citizens, as in spite of the actually existing inequalities and exploitations that may prevail in each 'the nation is always conceived as a deep, horizontal comradeship.'<sup>2</sup> It is this conception of comradeship which foregrounds the idea of civic nationalism: an idea of a community wherein everyone, irrespective of class, color, creed and gender, has a promise of universal civic freedoms and rights. This is also the basis for popular sovereignty and thereby of, what has turned out to be the most legitimate form of rule, democracy. One can't overemphasize the emancipatory power of the idea. And yet, Chatterjee contends, it is only an idea. Not only that, it is a utopia grounded in the dominant tradition of political theory.

Nations, as Imagined Communities of horizontal comradeship, according to Anderson, exist in empty homogeneous time. The notion of empty homogeneous time he has appropriated from Walter Benjamin and is employed to a brilliant effect: to conjure simultaneity-along-time of multiple, anonymous life-worlds of abstract persons.<sup>3</sup> The role of what, Anderson so ingeniously calls, 'print-capitalism' has been instrumental in enabling a deep and enduring conception of large anonymous socialities. Its readily available manifestations are the daily mass rituals of newspaper consumption performed in silent, private and anonymous spaces or readers following details of private lives of fictitious characters in a modern novel.<sup>4</sup> Anderson's narration of nation follows 'a dominant strand in modern historical thinking that imagines the social space of modernity as distributed in empty homogeneous time'. This, from a Marxist perspective, could be called the 'time of capital'. On its way forward, its progressive march, it allows for no resistance, no impediments for anything like that belongs to another time: it is something from, what might be called, pre-capital, pre-modern and pre-rational.<sup>5</sup>

Building upon his ideas in *Imagined Communities*, Anderson distinguishes between two different kinds of politics, those of nationalism and ethnicity. He elaborates them by introducing 'two kinds of seriality' that give way to very different forms of social imagining. One of them is the unbound seriality of 'the everyday universals of modern social thought' it manifests itself in categories such as 'nations, citizens, revolutionaries, bureaucrats, workers, intellectuals' and so on. The

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other is the bound seriality of governmentality: 'the finite totals of enumerable classes of modern census and the modern electoral systems.' Unbound serialities, as already stated, find way into imagination and narration through instruments of print capitalism, novels and newspapers. They enable individual persons to identify themselves as members of larger than face-to-face communities transcending the limits imposed by traditional, primordial and pre-modern communities. This peculiar mode of political imagination makes unbound serialities potentially liberating. Bound serialities, on the other hand, can only operate with integers, with real numbers: here an individual is to be counted 'either as one or a zero, never as fraction'. This logically means that all partial affiliations, and overlapping identities, are to be ruled out to the effect that 'one can only be black or not black, Muslim or not Muslim, tribal or not tribal, never partially and contextually so.' One may argue that identity is not a straightjacket, it is not an immutable divine prescription; it is, instead, always fluid and contingent. Such nuances, however, are lost on state tabulations. Categories of population are to be made into objectified reductions so that they be quantified and 'good governed' by a state which has come to cherish a certain economy (i.e., an efficient delivery of services measured in terms of costs and benefits in budgetary considerations) as its primary reason. Real space of nation-state, as Chatterjee would have it, is therefore not constituted by the normative category of citizen which is essentially anonymous, homogenous and abstract but by empirical categories of populations which are quantifiable, heterogeneous and actual. Bound serialities are inherently delimitating, even conflictual.<sup>6</sup> They are likely to give way to ethnic politics. Differentiation between bound and unbound serialities is meant to provide an argument for the essential goodness of nationalism and the incorrigible viciousness of ethnicity. Here Chatterjee registers his major disagreement with Anderson who, he believes, in keeping with the 'progressive thinking in the twentieth century, sees the politics of universalism as something that belongs to the very character of modernity'. This understanding, both of modernity as much as of capital 'is mistaken because it is one-sided'; it takes one-dimensional view 'of the time-space of modern life' because 'people can only imagine themselves in empty homogeneous time; they don't live in it. Empty homogeneous time is the utopian time of capital'. Actual nations, if one is to put it that way, don't exist in (capital's) 'empty homogeneous time', they exist in a time that is densely populated, differentiated and heterogeneous. Here, politics, as a day to day engagement with established structures of power and governance, means different things to different people. Politics of this kind may not secure a positive approval from the universalist thought but to ignore it, Chatterjee insists, 'is to discard the real for the utopian'.<sup>7</sup>

### **Community and Capital: Shall the twain meet?**

What are the bases of communal politics in modern world? How do communities mobilize their resources? In what ways do 'community' and 'capital' contradict each other and where, if at all, do they meet? These issues Chatterjee attempts to explore in the debates between liberal individualists and communitarians that marked the decades of 1980s and 90s. These debates can help understand and conceptualize the politics of communities in the non-western world. Communitarians attacked the idea of liberal individualism from methodological and normative angles. Methodologically speaking, they argued that the idea of individuals as a 'sovereign subjects' free of involuntary obligations choosing between available options as per their individual preferences, was false. Quite the contrary, individual preferences were 'shaped by a network of social attachments into which people were born. 'Removed from the actual social circumstances that provided the cultural and moral resources' the liberal notion of individual self becomes an untenable abstraction. From a normative perspective the construction of individual self as free of any prior social attachments came under attack for emptying 'the idea of political obligation of all genuine moral content'. Liberal individualists fail to explain why people become willing to make sacrifices for their kin and kith and country?<sup>8</sup> As could have been predicted, the debate came down to the tension between considerations of protecting individual freedoms and rights on the one hand and of common good on the other. Participatory politics, they argued, would be inconceivable without a concern for the common good and liberal phobia thereof has led to prevalent apathy and cynicism among citizens and the politics by powerful organized interests that become increasingly dominant in most of the liberal democracies in the West.

While liberals conceded that individual self could well be shaped by values afforded by community life they were skeptic of the claims to common good. It was not possible to attain a general consensus on common good in a society, there could be various competing claims to that and one being laid by communitarians was, they argued, likely to lead to political arrangements undermining the principles and procedures of neutrality on questions of common good and, by implication, individual liberties and freedoms. This would give way to 'majoritarian intolerance, the perpetuation of conservative beliefs and practices and a potentially tyrannical insistence on conformism'.<sup>9</sup>

Notwithstanding all forms of community being not worthy of approval 'modern political life' there is, at least in certain sections of western political theory, recognition of 'the empirical fact' that even in most advanced industrial societies individuals, 'lead their lives within an inherited network of social attachments' that constitute community. It provides them with moral conditions and resources for effective participation in a social collective. A telling example is to be found in Robert Putnam's theorization of 'civic community' and 'social capital'. In order to demonstrate why governments perform better in northern Italy than in the regions of southern Italy Putnam employs the idea of civic community: 'a dense network of civic associations' instituted in feelings of mutual trust, tolerance and respect. It promotes the cause of democratic government through creation of social capital which 'unlike conventional capital...is a public good'. It is produced and reproduced as a byproduct of regular, everyday social exchange and trust so much so that 'more intensive the network of civic

associations...and the stronger the norms of reciprocity...the greater the stock of social capital'. The most interesting feature of Putnam's work in this respect is examples of social capital he cites. They are about the 'rotating credit arrangements' among communities of Indonesian, Algerian and Mexican peasants and urban workers 'where conventional credit markets based on capitalist calculations cannot work'. These patterns of mutuality exist, and are sustained, through covenanting social capital. This addition, Chatterjee notices, of adding 'social' to the 'capital' is an interesting attempt at grounding 'the social institutions of a modern capitalist economy in community'. No less fascinating, and for obvious reasons ironic, are the efforts to transport the virtues of community life, deemed vital for 'good democratic governance' and participatory politics, 'from non-modern and non-Western cultural traditions'. Two criticisms of Putnam could have been anticipated: First, his pessimism view that modernization could happen only if civic community existed as part of historical tradition. Second, liberal individualists could say, he was unduly romantic about the community life which is usually conservative and resistant to change.<sup>10</sup>

### **Spaces of Popular Politics: Partha Chatterjee in Lahore<sup>11</sup>**

How does one proceed to theorize the politics of such communities? There are some significant conceptual issues involved here. First of all it is not an association of citizens dealing with a state 'in whose sovereignty they participate'; it is about certain population groups (i.e., 'homeless people'/ 'illegal occupants of state lands' etc.) making claims on a state that treats them as subjects of development. This zone of political engagement, what Partha Chatterjee calls, 'political society', is quite distinct from that of civil society. This association originates from 'a collective violation of property laws and civic regulations'. Theirs is not a cause like 'other economic and cultural associations of citizens pursuing more legitimate objectives'. But then this is only one such population group and 'state cannot altogether ignore the collective claims' of such communities while formulating and/or implementing its policies. 'Thus', Chatterjee puts emphatically, 'state agencies such as the police or the railways and non-governmental agencies deal with the collective body of squatters as not a body of citizens but as convenient instruments for the administration or welfare to the marginal and underprivileged population groups.'

Secondly, although the communities may recognize their occupation of public land as 'both illegal and contrary to the requirements of good civic life, they make a claim to a habitation and a livelihood as a matter of right'. In order for their claims to gain legitimacy, they must 'find ways of investing their collective identity with a moral content' and this they do by giving 'the empirical form of a population group the moral attribute of a *community*' (emphasis in original). This community, however, is about 'the shared interests of the members of association...they describe the community in terms...of a shared kinship...the most common metaphor...is that of a family.' State agencies, on the other hand, do concede the moral force the argument carries but are not willing to recognize it as a 'justiciable right' since shortage of resources at state's disposal puts limitations on its capacity to provide for the whole population of the country (or so it claims). Another rationale for not granting ownership rights to the property, as forwarded by some state officials during our interviews, is that such a provision is likely to encourage further encroachment of state property and violation of civic regulations.

Thirdly, what are we to make of the claims that citizens lay to certain rights in their capacity as members of certain communal identities? Almost every postcolonial state recognizes group specific rights of one kind or the other. 'Theoretical defense' of such practices and 'legal anomalies', however is, 'hesitant' and 'shamefaced'.<sup>12</sup>

Chatterjee's critique of civil society brings forth the irreconcilable difference between subject categories of 'citizen' and 'populations', but it does much more than that: it questions some entrenched assumptions that constitute western political theory's normative infrastructure. Civil society has been conceptualized, from a normative perspective, as a sphere 'for the expansion and realization of rights and freedoms',<sup>13</sup> and, from an instrumental viewpoint, 'as a domain wherein the distribution, exercise and control of power are contested'.<sup>14</sup> It has turned out to be an integral part of democracy and an organized accountability mechanism of state institutions. In the context of the popular politics however, it becomes, in spite of its normative claims to the contrary, a 'closed association of modern elite groups, sequestered from the wider popular life of the communities, walled up within enclaves of civic freedom and rational law.' This is so because the notion of citizenship has significant consequential differences in its formal application and real manifestations. The question here is not so much about what proportions of populations are to be bracketed as citizens proper, it is fundamentally about the empirical categories formulated and administered by the modern state for vast magnitudes of the 'governed' and the forms of political articulation and mobilization they engender which in turn inform processes of policy making and implementation. Despite all the valuable philosophical debates on the idea of citizen the fundamental contradictions between the domains of liberty and community remain yet to be resolved.

Simply put while 'citizens inhabit the domain of theory, populations inhabit the domain of policy'. The former is a theoretical and constitutional norm the later relates to the workings of the state making places and populations governable or, in James Scott's terms, renders them 'legible'. If governance, 'that buzz-word of policy studies', is a body of specialized knowledge instrumentalized for efficient rule by those who govern, then democracy, no matter how messy it turns out to be, is the 'politics of the governed'.<sup>15</sup>

Emergence and progressive dominance of ‘technologies of governmentality’ has produced rational and efficient techniques of power to govern and administer differentiated population groups and to carry development programs. This is particularly relevant for colonial and postcolonial world where the state had to foreshorten its experience into modernity in order to catch up with its prototype in Europe. As Chatterjee notes, ‘Technologies of governmentality often predate the nation-state, especially where there has been a relatively long experience of European colonial rule. In South Asia, for instance, the classification, description and enumeration of population groups as the objects of policy relating to land settlement, revenue, recruitment to the army, crime prevention, public health, management of famines and droughts, regulation of religious places, public morality, education, and a host of other governmental functions has a history of at least a century and a half....they were overtaken by the developmental state that promised to end poverty and backwardness by adopting appropriate policies of economic growth and social reform. With varying degrees of success, and in some cases with disastrous failure, the postcolonial states deployed the latest governmental technologies to promote the well-being of their populations, often prompted and aided by international and nongovernmental organizations....older ethnographic concepts often entered the field of knowledge about populations – as convenient descriptive categories for classifying groups of people into suitable targets for administrative, legal, economic or electoral policy. In many cases, classificatory criteria used by colonial governmental regimes continued into the postcolonial era, shaping the forms of both political demands and developmental policy. Thus, caste and religion in India, ethnic groups in Southeast Asia and tribes in Africa remained the dominant criteria for identifying communities among the populations as objects of policy.’<sup>16</sup>

Chatterjee’s is an attempt to locate spaces of the politics of the governed, identify political tools they employ and, most importantly, understand established institutional arrangements, legal norms and regimes of power that disable as well as enable politics at different terrains of subject categories that modern state both creates and takes upon to dispense with. He not only provides useful insights into realities of politics outside Europe he also succeeds in problematizing ‘the received history of Western political theory’ which remains deficient when it comes to conceptualizing everyday politics of communities *in most of the world*.

## References

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- <sup>2</sup> *ibid.* 6–7.
- <sup>3</sup> *Ibid.* 22–25.
- <sup>4</sup> *ibid.* 12–19, 22–26, 42–45.
- <sup>5</sup> Chatterjee, Partha (2002) ‘The Rights of the Governed’, *Identity, Culture and Politics* Volume 3, Number 2, December 2002, 52.
- <sup>6</sup> Anderson, Benedict (1998) *The Spectre of Comparisons: Nationalism, Southeast Asia and the World*, London: Verso, 29. Quoted in Chatterjee (2002), 53.
- <sup>7</sup> Chatterjee (2002) 54.
- <sup>8</sup> Raising somewhat similar concerns Anderson (1991) asks rhetorically: ‘What makes the shrunken imaginings of recent history (scarcely more than two centuries) generate such colossal sacrifices?’ An answer, he argues, is likely to affirm, notwithstanding their ‘philosophical power and even incoherence’ in contrast with their more sophisticated and way too better theorized modern ideological rivals such as liberalism and Marxism, the political power and resilience of nationalisms. For more profitable understanding, he insists, nationalism should be aligned ‘with the large cultural systems [religion and kinship] that preceded it, out of which – as well as against which – it came into being’ 5, 7, 12–19.
- <sup>9</sup> Chatterjee, Partha (1998) ‘Community in the East’, *Economic and Political Weekly*, February 7, 1998, 277–278.
- <sup>10</sup> *Ibid.*, 280–281.
- <sup>11</sup> Chatterjee’s description of squatter settlements in Calcutta (India) is so strikingly similar to communities living in Lahore (Pakistan) that I decide here to substitute it with my own experience in Lahore. See Chatterjee (1998) 287 and (2002) 62–63.
- <sup>12</sup> Chatterjee (1998), 281–282.
- <sup>13</sup> Cohen, J. and A. Arato. (1992) *Political Theory and Civil Society*. Cambridge, MA: The MIT Press, quoted in Sawagato, Sarkar (2012), ‘Political Society in a capitalist world’ in Ajay Gudavarthy (ed.) *Reframing Democracy and Agency in India: Interrogating Political Society*. London: Anthem 31–48, 32.
- <sup>14</sup> C. Nonnen-Ferrell, (2004) ‘The State, Civil Society and Revolutions: Building political Legitimacy in Twentieth Century Latin America’. *Latin American Research Review* 39, no. 3: 294–304. Quoted in *ibid.*
- <sup>15</sup> Chatterjee (2002), 51–52.
- <sup>16</sup> *Ibid.*, 59–60.

## **ACCOUNTABILITY MECHANISM AT DECENTRALIZED GOVERNANCE IN PAKISTAN: CHALLENGES AND PERSPECTIVES**

**Dr. Muhammad Ali \***

***Abstract:** In the past two decades, decentralization initiatives have been emerged as an important instrument of local development policy in developing countries particularly in Pakistan. It is an attempt to make efficient, effective, transparent and accountable governance at the grassroots. In its democratic political aspect, decentralization has two principal components: mass participation and accountability. Mass Participation is primarily deal with increasing the role of citizens in choosing their local leaders and in telling those leaders what to do -in other words, it provides inputs to the local governance. Whereas, the other side of the process, accountability, is the degree to which local governments have to explain or to justify their actions or inability to act. Though local elections are the most common and powerful form of accountability, but other mechanisms such as public accountability that will ensure that government servants are responsible to elected officials, and that the later are in turn responsible to the public that elected them in the first place. By sticking to such systems of accountability there would be a pressure on local leaders/ public servants to adopt transparent mechanisms in local governance. The research problem behind the study is to critically examine that how far the accountability mechanism is successful at the local level of governance in Pakistan? On the basis of reviewed literature, this theoretical research paper is organized in five sections; first part is introduction which deals with research problem. Second and third parts focus on the brief but comprehensive back ground of research problem. The section of this paper will provide the conceptual framework of Accountability and Decentralized Governance .The fourth part deals with accountability mechanism which exists at the local level governance in Pakistan. Finally, the paper will conclude with some lessons and recommendations for practitioners and stakeholders including government, civil society, the private sector and scholars in the field of decentralization. The study is planned as a qualitative method and based on available literature review on the research problem. Descriptive–cum-analytical approach will be used for this study. Keeping in view the nature of research objectives, the efforts are made to collect material from diversified sources. Thus there is a combination of primary and secondary sources. This descriptive study is an attempt to understand the perception that, establishing accountability measures is an essential pre-requisite in any decentralization effort everywhere. It is hoped that the expected results of this work will not only facilitate the scholars and expert of political science as well as local government officials but will also be a massive contribution for the students in this field. Ultimately it will open new avenues for further research to provide relevant information to the civil society and hence will remain a subject of common interest and beneficial to general public.*

**Keywords:** Mass participation, accountability mechanism, decentralization, local government, good governance, civil society

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### **What is Accountability?**

Emergence of grassroots level democratic systems in recent years has changed the context of public decision making and hence it is a need of time to study the process of accountability at the local level. This descriptive study is an attempt to understand the perception that, establishing accountability measures is an essential pre-requisite in any decentralization effort everywhere. The study of accountability is comparatively a recent phenomenon. Historical the term of accountability was absence from dictionaries and encyclopedias until appropriately the 1980s However, the term is (and was) use in the context of revitalization of democratic institutions (what may be termed as third wave of democracy); in order to ensure participatory democracy, transparent decision-making, and curtail of Corruption . For a considerable time, accountability was part of a family of words in English that covered a number of interrelated meanings that had to do with issues of political representation, executive answerability and administrative responsibility, and, more loosely, legal liability.

The accountability is complex and multi-faceted concept that is difficult to define in precise terms. However, broadly speaking, *accountability* is the process via which a person or group can be held to account for their conduct. Barton (2006) argues that accountability is an obligation to present an account of and answer for the execution of responsibilities to those who entrusted those responsibilities. Accountability, according to Britannica (2010) a person or institution is responsible for a set of duties and can be required to give an account of their fulfillment to an authority that is in a position to issue rewards or punishment. Accountability is thus established when an agent accepts resources and responsibilities entrusted by the principal. Supporting this perception, Kluvers argue that it is the concept that one person is responsible to another, and is obliged to render an account of their decisions and actions to another party. Despite the apparent precision of this definition, controversy has arisen about the exact meaning of *accountability* (Ebrahim, 2003) While there is a consensus that it involves a rendering of an account and therefore the provision of information. It ensures actions and decisions taken by public officials are subject to oversight so as to guarantee that government initiatives meet their stated objectives and respond to the needs of the community they are meant to be benefiting, thereby contributing to better governance and poverty reduction. Normally, accountability is applied on political and civil executive (public officers) who are responsible before the citizens. They

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exercise their powers and functions in the name and interest of the peoples, In the case of political accountability, peoples hold their representative accountable through the election.

### Types of Accountability

Accountability is one of the cornerstones of good governance; however, it can be difficult for scholars and practitioners alike to navigate the myriad of different types of accountability. It can usefully be categorized in terms of Horizontal, Vertical, social and political mechanisms.

**Horizontal** accountability is a method or capacity towards structure accountability that relies on institutions such as legislature (parliament or congress) and the judiciary, or other autonomous institutions that can call into question, and ultimately punish to any public officer because of inappropriate ways of performing their assigned responsibilities. **Horizontal accountability** normally refers to internal mechanisms within government. It consist of formal relationship with in state and government itself .It focus on internal check and oversight process. For instant executive must explain their decision to legislature. In other words, horizontal accountability is the ability of state institutions or government to check the abuses by branches of government, public agencies or other public officers.

**Vertical accountability / Social Accountability** usually link citizen and state through formal mechanisms, most obviously through local and national elections. In vertical forms of accountability through which citizens , media, NGOs and civil society groups (CSG) play directly or indirectly roles in holding the powerful to account. Elections are the formal institutional channel of vertical accountability. But there are also informal processes through which citizens organize themselves into associations capable of lobbying governments and private service providers, demanding explanations and threatening less formal sanctions like negative publicity. Such accountability is sometimes referred to it as *society driven l accountability*. It is generally accepted that social accountability mechanisms are an example of vertical as well as horizontal accountability. Often social accountability is considering as grass roots accountability mechanisms at legislative process

**Political Accountability.** Political accountability concern with the government, civil servants and politicians to the public and to legislative bodies such as congress or parliament. Constitution of every country can empower a legislature to hold their own elected members, to account. The powers, procedures and sanctions vary from country to country. In parliamentary form of government executive are responsible before the legislature .its gives power to the legislature to hold the government to account. The legislature may have the power to impeach the individual, remove them, or suspend them from office for a period of time. In presidential systems -like United States- Impeachment has been used both for elected official and other civil offices, such as district court judges. Parliament – in parliamentary system e.g. UK and Pakistan - is typically considered as a key institution in constructs of horizontal accountability, it is also important in vertical accountability. For instance the public official answers to the department/ agency minister, the department answers to the minister, the minister answers to parliament (in particular in parliamentary systems), and parliament answers to citizens. Though Political and administrative institutions have a series of mechanisms and internal instruments for policing abuses of power, but, ultimately, accountability relies on more traditional legal instruments and the operations of the legal system and the courts at large. Much of the effectiveness of this kind of *legal accountability* depends on the nature of the legal system itself, as well as on the level of independence of the judiciary from political power.

### Decentralization Governance

In contemporary global scenario, the most significant theoretical argument regarding decentralization is that it can improve governance by making government more accountable and responsive to the governed. This part/ section of paper analyze the decentralization process by linking authority and power relations to the accountability. Today both developed and developing countries are pursuing decentralization policies. As Robert Ebel(2001) points out in his overview of decentralization: "The western world sees decentralization as an alternative to provide public services in a more cost-effective way. Developing countries are pursuing decentralization reforms to counter economic inefficiencies, macroeconomic instability, and ineffective governance. Post-communist transition countries are embracing decentralization as a natural step in the shift to market economies and democracy. Latin America is decentralizing as a result of political pressure to democratize. African states view decentralization as a path to national unity."

Decentralization has undoubtedly gained popularity within the last two decades; it is not a new concept. The theory of decentralization and accountability go back to Montesquieu [1748], Rousseau [1762] Mill [1895-61] and Tocqueville [1835-40], who debated the optimal size and conformation of political units that served the interests of their citizens. The term of decentralization attracted attention in the 1980s when global agenda emphasis on socioeconomic human development and good governance. Like accountability Decentralization is also describe in various ways. Decentralization is defined and interpreted in several ways. Sometimes it is considered a term, sometimes a concept, a process, a theory, a methodology, or a policy, even a trend.(Katalin Tausz :2003).

One of the most common definitions of Decentralized governance/local governance is that it is a process through which authority, resources and responsibility for public functions is transferred from the federal and provincial level to local level. (Dimce Nikolov 2006) The term of Local government means the managements of the local affairs of a local locality by the elected representative bodies of local inhabitants. In federal states, local government generally comprises the third (or sometimes fourth) tier of government, whereas in unitary states, local government usually occupies the second or third tier of government. According to Manor (1999) decentralized systems must have:

- ✓ Sufficient powers to exercise substantial influence within the political system and over significant development activities,
- ✓ Sufficient financial resources to accomplish important tasks :
- ✓ Adequate administrative capacity to accomplish those task :
- ✓ Reliable accountability mechanisms –to ensure both the accountability of elected politicians to citizen and the accountability of bureaucrats to elected official.

Decentralization is describe as three broad types: political, administrative and fiscal and five main modals of decentralization such as, delegation, deconcentration devolution and co-responsibility. (Robertson 2002)

**Political decentralization** usually refers to situations where political power and authority has been transferred to sub-national levels of government. The most obvious manifestations of this type of decentralization are elected and empowered sub-national forms of government ranging from village councils to state level bodies. Political decentralization requires a constitutional, legal and regulatory framework to ensure accountability and transparency. It also necessitates the restructuring of institutions and developing linkages with civil society and the private sector.

**Administrative decentralization** aims at transferring decision-making authority, resources and responsibilities for the delivery of select number of public services from the central government to other levels of government, agencies and field offices of central government line agencies. Administrative decentralization is often simultaneous with civil service reform.

**Fiscal decentralization** is the most comprehensive and possibly noticeable degree of decentralization since it is directly linked to budgetary practices. Fiscal decentralization refers to the resource reallocation to sub-national levels of government. Arrangements for resource allocation are often negotiated between the central and local authorities based on several factors including interregional equity, availability of resources at all levels of government and local fiscal management capacity.

. It is a generic term which covers a number of models such as the following:

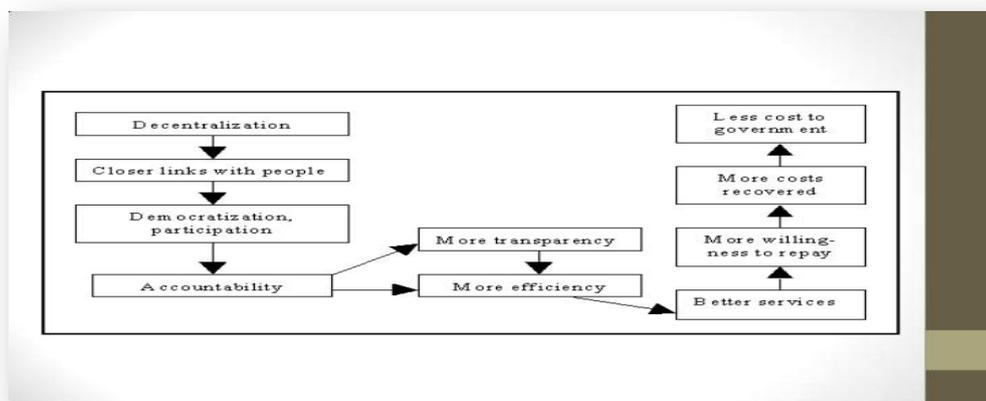
- ✓ Deconcentration refers to the transfer of authority and responsibility from one level of the central government to another while maintaining the same hierarchical level of accountability from the local units to the central government ministry or agency, which has been decentralized.
- ✓ Delegation which is the transfer of responsibilities from central government to semi-autonomous bodies that is directly accountable to the central government.
- ✓ Devolution which is the process of transferring decision-making and implementation powers, functions, responsibilities and resources to legally constituted, and popularly elected local governments. Devolution is considered a form of political decentralization
- ✓ Co-administration describes the authorization of a specific task by the central government to be done by the district or the village governments.

There are numerous political and economic reasons that why governments adopt decentralization policies? .Nevertheless, in general, decentralization everywhere was considered as a necessary measure to address some of the critical issues – starting from macroeconomic instability to improving the delivery of public services. Other aspects which are important for decentralized governance to play successful role in enhanced and efficient service delivery are as follows: the relationship between decentralized governance and participatory development management; financing decentralized governance for service delivery; local government cooperation; monitoring and evaluation of service delivery in decentralized governance; capacity building and human resources development in local governance performance, as well as the role of the leadership and the public trust which is extremely important.

### **Accountability and decentralization governance**

Emergence of grass root level democratic systems in recent years has changed the context of public decision making and hence it is a need of time to study the process of accountability at the local level. Accountability is concerned with reducing the opportunities for corruption, maladministration, or legal impropriety that come to people in positions of power. Accountability concerns the mechanisms through which those who are affected by decentralized power can exercise countervailing powers. Accountability mechanisms are required as instruments in shaping or controlling the process for bringing about positive outcomes, and they are a combination of electoral, financial, economic, social, environmental, internal

and external accountability (Tony Djogo). Without a strong system of local accountability, devolving authorities and financial resources to local governments can lead to waste of misuse of public funds, and the potential for political capture at the local level can distort the benefits of decentralization. On the other hand, where corruption is systemic at the central level,

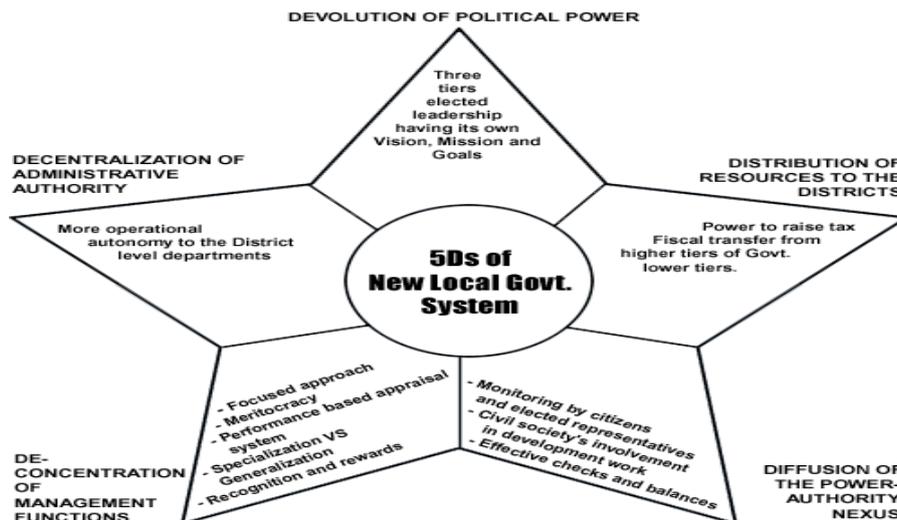


devolution may enhance service delivery. See diagram

### Decentralized Governance modals in Pakistan

Local government institutions, known as “local bodies” in Pakistan, are essential grassroots organizations that perform necessary administrative functions at the municipal level, devolving power and authority to the district, sub-district and community level. Pakistan is a Federal, Parliamentary and Islamic Democratic republic. According to article 7 of the Constitution of Pakistan, the affairs of the Federation of Pakistan divide among three tiers of the Government – Federal, Provincial and Local. Article 32 of principle of policy asks the state to encourage local government institutions composed of elected representatives of the areas concerned. When read together both articles, constitution clearly convey that without local government the state will remain incomplete. Decentralization initiatives have been emerged as an important instrument of local development policy in Pakistan since 1960s. It was an attempt to make efficient, effective, transparent and accountable governance at the grassroots. , Pakistan has experienced three major models of local government systems – 1962, 1979 and 2001, all under the auspices of military regimes .The history of Local Government elections inside Pakistan was started from the regime of General Ayub Khan (1959-1969). He introduced the system of “basic democracies” in 1960. It consisted of a multilevel pyramidal hierarchal network of local self-governing bodies to provide a link between the government and the people. Zia-ul-Haq (1977-1988), reviewed the system of Local Government and established this system on strong footings, which progressed step by step. Obviously, both systems there was no strong accountability mechanism but it also circumscribed the real role of local self-government, where it steadily came under the control of the bureaucrats. Most Recent Local Government, Devolution Power Plan was introduced by Pervez Musharraf in 2001. It was a plan to transfer the “Devolution of Power and Responsibility” to the grass root level. Devolution in Pakistan has significantly changed the provincial and sub-provincial government structure, with the main responsibility for the delivery of education, health, water and sanitation, roads and transport, and agriculture services devolved to local governments.

Plan introduced a model described as 5Ds which is explained by following diagram:



According to plan “ the system was designed to ensure that genuine interests of the people are served their right safeguarded through an enabling environment, people’s participation , clear administrative responsibilities without political interference and making it accountable and answerable to elected head of the district.at the same time it promises check and balance to safeguard against abuse of authority .(NRB 2001) New political structures for local governments have been created, new arrangements for inter-governmental sharing of resources have been established, large numbers of staff have been transferred from provincial to local governments, and an entire new administrative system has been set up at the local level. It is unfortunate fact that after the national elections in 2008, the Plan was hastily and sharply abandoned without any proper assessment of its merits and demerits. No serious effort was made to modify or remove its weaknesses to retain and build on its strengths .Unnecessary controversies have been initiated on points that have nothing to do with devolution itself the responsibility for local government was moved to the Provinces in January 2009 in line with the Constitution, and councils were dissolved.

### **Accountability Mechanism at Local Government in Pakistan**

Local governments have multiple stakeholders which mean multiple types of accountabilities. The new system of Decentralized Governance (2001-2009) in Pakistan call for a number of structures to improve accountability in the system. These include Village Neighborhood Council , Monitoring Committees (District ,Tehsil, Union ) , Musalihat (Reconciliation) Committee by Unions , Zila Mohtasib (District Ombudsman ) Ethics Committee at each level , Insaf Committee, Zila Mushawirat Committee (District Consultation Committee) etc . Unfortunately none of these structures have been realized to exert any influence on the system. The possibility for effective accountability is further reduce due to unclear responsibilities and allocation of functions at all levels. Apart from these , there are various types of Horizontal (institutional Accountability)and Vertical( non-governmental accountability )mechanism at centralized and decentralization governance In Pakistan . In its democratic political and public aspect, accountability mechanism at decentralization has two dimensions: that of government servants are responsible to locally elected officials; and that the latter are in turn responsible to the public that elected them in the first place.

**Horizontal** accountability is a method towards building accountability that relies on institutions such as legislature and the judiciary .National and provincial assembly: and the judiciary (Supreme Court, high court and district court) act as Horizontal accountability mechanism to checks on the power of the public officers. The role of these institutions can be more defined in that legislature holds the executive politically accountable, whilst the judiciary holds the public officers legally accountable.

**The Public Accounts Committee (PAC)** another method to improve accountability of all governmental financial actions. In financial management, the most elementary form of public accountability is the requirement that authorities give an account of their activities to the public and provide justification of what has been done. The examination of Auditor General’s Reports for the Ministries, Divisions, Corporations and other Independent and Semi- Autonomous bodies, is one of the main functions of the PAC. The institution of **Ombudsman (Mohtasib)** had been established in 1972 at Federal and Provincial level and in 2001 at district level. The Mohtasib is authorized to grant compensation to those who have agonized damage as a result of maladministration. This institution is aimed to bridge the gap between administrator and citizen, to improve administrative processes and procedures, and to help control misuse of discretionary powers.

**National Accountability Bureau (NAB)**, established in 1999, is a public organization carrying out across-the-board and transparent accountability to steer and guide the nation out of the gulf of corruption. The NAB has played a significant role in combating corruptions in order to ensure independency and transparency of public sectors. The Bureau is authorized to launch investigations, conduct inquiries, and issues arrests warrants against the individuals suspected in the financial crimes and corruptions (all in federal, Provincial and local), and directs cases to accountability court.

**Vertical** accountability links citizen and state through formal mechanisms, most obviously through local and national elections. In its **Vertical** aspect of accountability mechanism in Pakistan at decentralization, Citizens can hold policy-makers accountable through two channels: first, through actively contacting policy-makers, either individually or collectively in the form of interest groups, with specific demands, sometimes backed up with financial contributions; and second, through the ballot box by voting out officials who were unable to satisfy these demands. Though local elections are the most common and powerful form of accountability, but there are a number of other mechanisms of making sure that decisions and activities are accountable to local people.

The institution of **Citizen Community Boards (CCB)**-a group of non-elected citizens- in every local area, has been created in the Local Government Ordinance 2001 to enable the proactive elements of the society to participate in community work and development related activities. Citizen participation mechanisms such as **Public meetings** can be an effective mechanism for encouraging citizens to express their views and obliging public officials to answer them. In some settings, such meetings may be little more than briefing sessions, but in others they can be effective in getting public officials to defend their actions. **Political parties** can be a powerful tool for accountability when they are established and vigorous at the local level, as in many countries. They have a built-in incentive to uncover and publicize wrongdoing by the party in power and to present continuously an alternative set of public policies to the voters. **Public trust** is an indicator for the successful development of local government reforms. In many countries, including Pakistan, it is a newly established mechanism. Public opinion surveys in these countries during the past decade suggest that local governments seem to be more trustworthy organizations, than the most powerful political institutions (including the parliament or the president of the country).

## **Conclusion and Recommendations**

Accountability is essential to local governance and a cornerstone of the government's approach to improving public services. To ensure that public goods are delivered according to people priorities and that those who govern provide adequate account for their performance to the citizens and their representatives. In Pakistan, it is an opportune time to highlight importance of the grass-roots democracy and seek commitment of the political parties for the revival of the elected local governments immediately after the formation of new democratically elected government. Bureaucratic institutions, political parties and security intelligence establishment still have put the emphasis on strengthening the centralized modal and this centralized mindset is reluctant in transferring most powers to the local level and still trying to retain all important powers at the central level. Civil society groups are demanding restoration of the Local Governments across the country. They are raising awareness that Local democracy; union level administration can be more accessible for the average person and thus more democratic and pro-people than a very distant and mighty central administration. Well-functioning accountability mechanisms are believed to provide incentives for governments to work in the best interests of citizens. When it comes to the more concrete dimension of service delivery, the critical role of accountability is still a matter for debate. It is to be hoped that the local mechanisms of accountability discussed above will in tandem with greater probity at the national level improve the degree of honesty at all levels, but at best this will take time.

## **Recommendations**

Keeping in view of above discussion, there are several Administrative and political recommendations of making sure that decisions and activities are accountable to local people. These include:

- ✓ In improving the accountability in Pakistan, both the model of horizontal accountability and vertical accountability should be introduced and implemented.
- ✓ The demarcation and Clarification of responsibilities accountability mechanisms between the Provincial and District Governments should be drawn more clearly and explicitly.
- ✓ Ending uncertainty on constitutional position of local government.
- ✓ Regular meeting between elected representative and government official for better mechanism
- ✓ The District Nazims should be elected directly by the voters rather than indirectly by the Union Nazims for increase accountability.

Community empowerment and is one of the important challenges in Pakistan. The civil society organizations (CSO), including NGO's and independent media and the private sector, which compose the main structure of the vertical model, should be more articulated. The efficiency of these accountability models largely depends on the capacities of civil society organizations and watchdog institutions to strengthen accountability mechanisms.

- ✓ effective media campaign for voters 's education
- ✓ electoral reform for free and fair election
- ✓ Promote of good governance and e-governance for social services delivery
- ✓ Providing opportunities for people to have a say in how money is spent
- ✓ setting up mechanisms for citizens to provide feedback
- ✓ providing well publicized routes for citizens to make their voices heard.

**Transparency** is one of the mechanisms in ensuring accountability. Transparency means that decision taken and their enforcement are done in a manner that follows rules and regulations. It also means that information is freely available and directly accessible to those who will be affected by such decisions and their enforcement. Improved flow of information about local needs and preferences is one of the theoretical advantages of decentralization. Flow and enough information to all stake holders to ensure that what decisions were taken and why? In theory more transparency in local governance should mean less scope for corruption, in that dishonest behavior would become more easily detectable, punished and discouraged in future.

In the end paper conclude in this word that Accountability and local governance run together. Effective accountability system leads to effective local government system.

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## **RESEARCH ON CHINA'S GOVERNMENT FISCAL EXPENDITURE SYSTEM IN EMPLOYMENT TRAINING**

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***Abstract:** In the present, China's employment statement is facing new difficulties and severe challenges. Due to the large amount of labor with low quality, improving the labor's employment ability and enlarging the government's fiscal expenditure in employment training is therefore tremendously significant. This paper discussed the scale, the direction and the current statement of government system of China's government fiscal expenditure in employment training. Based on this, it analyzed the current existing problems in the government expenditure in employment training, and then proposed the policy suggestions to perfect China's government's fiscal expenditure in employment training.*

**Keywords:** Government fiscal expenditure system; employment training; employment promotion; fiscal policy

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### **Introduction**

Social productive forces have been greatly liberated by reform and opening up for 30 years, so that we can successfully achieved the transition from a planned economy to a market economy and we can say employment has also made great achievements. However, the contradictions of employment between urban and rural are still higher, and with the development of urbanization, the explicit trends of hidden unemployment have become more and more apparent.

As early as in 2007, Communist Party of China's Seventeenth National Congress insisted to establish an unified and standardized labor market, making equal rights in employment and an unified plan for rural and urban employment, ameliorating the employment service system, and implementing active employment policies to release employment stress that can be reason of four main problems: reemployment of laid-off workers; employment of new urban labor, transference of rural labor and graduates. Due to some reasons like financial crisis and adjustment of the economic structure, these reasons may be leave some kind of pressure on the employment of China. In the present, how to resolve rigorous employment problem of China most effectively to promote sustained development of economy, this topic has been become more attractive the research scholars and academician of China.

If we talk about the policy measures to promote employment and fiscal policies, we will see these kind of positive and friendly policies plays a vital role in the promotion of economic development and employment growth. Fiscal policy is an important tool for the state's macro regulation and control, and there is a strong correlation between fiscal policy and employment level. Fiscal revenue and fiscal expenditure policy influence aggregate demand and aggregate supply as well as economic (industrial) structure, and this will cause changes in aggregate employment and employment structure. Therefore, a clear understanding of the status quo of China's employment problem and finding out the clear point of fiscal policy and promoting employment is the key to solve the problem of employment.

### **Literature Review**

Given the fact that the strategic approach to human resource development is a requirement in the globalization era, we can say that the continuous training of employees is essential. If, decades ago, young graduates gained a job because of the knowledge acquired from schools, today the stock of knowledge, skills, professional aptitudes accumulated over time, reaches its limits very fast. The existence of employees who do not manage to professionally keep up, with changes occurring in the conduct of activities at the organizational level, is a major problem for managers ( Manole, 2011, p.208). In conclusion, we can say that professional training is a major component of strategic human resource management, together with all the others: talent development, performance development, leadership development and organizational development ( Hu, 2007).

For the current situation of China's employment is attractive for many scholars of china as well as from other countries in the world due the immense economic growth of china from a fiscal point of view to explore measures to ease the employment pressure. According to Jia Kang (2003), the Fiscal must have a strategic thinking to solve the problem of employment properly, and the strategic thinking should include financial support for the development of labor-intensive enterprises, standardizing the social security system, improving the management method of social security funds and increasing employment opportunities in rural regions. Su Ming (2006) based on the grim reality of China's employment situation and proposed to alleviate the pressure of unemployment in the short and medium term by focusing on economic growth and employment, pay attention to join prudent fiscal policies and an active employment policy, and promote effective

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employment growth. Su Ming(2008) proposed that the government should adjust the structure of fiscal expenditure to increase investment levels of government funding in vocational training, strengthen vocational education and training, optimize education and training institutions to improve the quality of training and the employ-ability of workers.

In recent years, some scholars have proposed that the government should increase investment in the labor market; strengthen the management of the employment funds. Zhao Man, Gu Yonghong (2009) argued to improve the efficiency of employment expenses utilization, and it is necessary to accord to the characteristics of the employment expenses utilization to develop employment expenditure performance management approach and establish a capital budget, supervision and management, performance evaluation as the main performance evaluation indicators to improve management effectiveness and efficiency in the use of financial resources. Yang YiYong (2003) thought that the fiscal should play an active role in employment promotion, including the continued implementation of the proactive fiscal policy, and fiscal investment in the labor market should be increased, and the fiscal should support for the implementation of social policies to share job opportunities and so on. Liu DUjian, Li Zhenming (2007) insisted that in order to further build a sound and comprehensive active employment policy, it is necessary to more fully play the role of fiscal policy to create a favorable macro employment environment, improve the structure of fiscal expenditure, raise funding utilization efficiency, and increase investment in key employment projects.

Hong Congri (2013) argued that the government should take measures to improve the management method of the migrant worker's training, set up multi-level training mode to meet with the migrant worker's training demand and raise the efficiency of training supply. Some scholars believe that increasing financial investment on the tertiary industry and small businesses can create jobs and play positive employment effects of the active fiscal policy (Lu Liang, 2005 and Zhu Qing, 2003). At present, there is very complicated and grim employment situation in China, both the long-term accumulation of endogenous contradictions and the strong impact of the international financial crisis. Wang Zhenyu, Lian Jiaming (2009) thought that employment has become a primary task facing China's economic and social development, for this the relevant fiscal policies need to be adjusted urgently for to increase employment supporting measures.

According to Zheng linFang (2003) the fiscal policies should be taken to promote employment-oriented, including correctly grasp policy orientation of the government in promoting employment, establish aid system of vulnerable groups, improve the employment service system, and so on. Zhu Cuiping, Jiang Zhihua (2010) has been discussed from the both prospective the theoretical and empirical and has been analyzed that the employment effects of government expenditures under the current context of China's economic transformation, and proposed to accelerate the construction of the public finance system, optimize the fiscal expenditure structure, raise fiscal expenses to increase employment and entrepreneurship training and human capital investment and to establish supportive employment services system.

GU Weiwei (2013) discussed that in order to provide employment support for rural migrant workers, the government should take some suitable and friendly steps, in the sense of providing them support in the public policies, intensify the reform of household registration system, establish the urban-rural labor market, improve the social security system, increase investment on human resources of rural migrant workers, and transform passive management to aggressive service. This paper, which is based upon the statistical data of aggregate of fiscal expenses, GDP, employment persons from 1999 to 2013 and the documents issued by central government in China, discusses the current situation of China's fiscal expenses system in employment training and policy implications.

### **China's government fiscal expenditure system in employment training**

In order to promote employment, most of countries in the world have been set up the special fiscal expenditure to support employment, and it is generally called "employment services expenses", and called "employment expenses" in China. In the present, employment expenses haven't been allocated individually from the fiscal expenses but disbursed out of "social security subsidy expenses-employment subsidy" in China since the beginning of 2003. From 2003-2006, The central government and local government has arranged the accumulative total of special re-employment transfer payment funds about 184 billion yuan. In 2007, the central government continues to arrange employment subsidies 24.5 billion yuan. In 2009 the central government allocated 42.02 billion yuan of employment funds and up to 66.7% over in 2008 (Zhao Man, Gu Yonghong, 2009). Fiscal employment expenses is the core financial resources and basic supporting strength for the sustainable employment policy and adjusting the scale and direction of fiscal expenditure to increase employment, therefore, fiscal employment expenses has made important contributions to ease the employment pressure.

### **The current situation of fiscal employment expenditure in China**

At present, the level of financial investment on the promotion of employment is difficult to meet the need and to deal with the severe employment situation. On the one hand, China's financial direct investment on employment accounts for a low ratio of GDP. In general, labor market programs in the majority of OECD countries accounted for more than 3% and 1% of fiscal expenditure and GDP, respectively, while the employment subsidies and subsidies and grants for living expenses of

workers laid off from state-owned enterprises only account for 1.06 % of the fiscal expenditure and 0.19% of GDP in 2004 in China (Liu Yanbing, Ma Yongtang, 2007).

On the other hand, China's fiscal investments in employment primarily focus on unemployment security and subsistence allowances for the urban poor and employment training funding is clearly insufficient. However the fiscal investment can only play a temporary role in cushion unemployment and at the same time if we only increase employment training fund we can solve long-term problems. In the history of China the total fiscal expenditure From 1999 to 2009 increased to 7629.993 billion yuan in 2009 from 1318.767 billion yuan in 1999, corresponding to the growth of GDP from 8967.71 billion yuan in 1999 to 34050.69 billion yuan in 2009, the whole community working population from 713.94 million persons in 1999 to 779.95 million persons (see Table I). Evidently the unemployment problems were alleviated in some extent which is closely related to the proactive fiscal policy. Therefore, the multiplier effect of fiscal expenditures is not only to promote the economic growth, but also have a significant increase in total employment.

Table 1. The Increase Statement of China's Fiscal Expenditures, GDP and Employment Population in 1999-2009

Year	Fiscal Expenses (billion yuan)	Growth Rate of Fiscal Expenses(%)	GDP (billion yuan)	Growth Rate of GDP(%)	Employment Population (million persons)	Growth Rate of Employment Population(%)
1999	1318.77	22.1	8967.71	7.6	713.94	1.1
2000	1588.65	20.5	9921.46	8.4	720.85	1.0
2001	1890.26	19.0	10965.52	8.3	727.97	1.0
2002	2205.32	16.7	12033.27	9.1	732.80	0.7
2003	2465.00	11.8	13582.28	10.0	737.36	0.6
2004	2848.69	15.6	15987.83	10.1	742.64	0.7
2005	3393.03	19.1	18493.74	11.3	746.47	0.5
2006	4042.27	19.1	21634.14	12.7	749.78	0.4
2007	4978.14	23.2	26581.03	14.2	753.21	0.5
2008	6259.27	25.7	31404.54	9.6	755.64	0.3
2009	7629.99	21.9	34090.28	9.1	758.28	0.3
2010	8987.42	17.8	40151.28	17.8	761.05	0.4
2011	10924.78	21.6	47310.41	17.8	764.20	0.4
2012	12595.30	15.3	51947.01	9.8	767.04	0.4
2013	13974.43	10.9	56884.52	9.5	769.77	0.4

Sources: The data is from the Website of National Bureau of Statistics of China, <http://data.stats.gov.cn/workspace/index?m=hgnd>.

### Division of responsibilities and operation of China's public employment training management

At present, according to the different object of employment training, China's public employment training is managed by different departments, the main departments are human resources, agriculture, education, science and technology, others such as finance, the Woman's Federation, Communist Youth League, also have involved (see Table II). Although from the formality point of view, many management documents of public employment training program is issued jointly by several departments and many local governments have also established public employment training coordinating organizations, but in the actual operation, the management and operation of these training programs present urban-rural division and develop their own planning and system. Only the rural labor force training involves more than ten administrative departments. Each of Public Employment Training Project management departments has its own training tasks and channels and has made its own training funds standards and their utilization method, thus it causes the dispersion of funds, multifarious administrations, serious selfish departmentalism, at the meanwhile these all increases the operation cost of organization and resulting in the loss of institutional obstacles.

Table 2. Overview of Employment Training Security System in China

Serial Number	Contents of Documents	Issued Department	Name of Project	Training Objects	Issued Time
1	the second phase of the reemployment training program	Ministry of Human Resources and Social Security of China	the reemployment training program	laid-off workers	Oct., 2000
2	Poverty Alleviation and Development of China's Rural Areas (2001-2010)	Poverty Alleviation Office of the State Council	development-oriented poverty alleviation program, rain and dew plan	rural labor force	Jun., 2001
3	Management Method of Trans-Century Young Peasants Technology Training Project	Chinese Agriculture Ministry, the Central Communist Youth League	Trans-Century Young Peasants Technology Training Project	rural labor force	Jun., 2001
4	formulate rules for its implementation of Xinghuo Technology Training Program	Ministry Science and Technology Development of China	Xinghuo Technology Training Program	rural labor force	Dec., 2003
5	National Rural Labor Force Training Program (2003-2010)	Chinese Agriculture Ministry, the Ministry of Education, Ministry of Human Resources and Social Security of China, Ministry Science and Technology Development of China, Ministry of Construction, The finance ministry	Sunshine Project	rural labor force	Sep., 2003
6	Concerning rural labor force transfer training plan	the Ministry of Education	Rural labor force transfer training plan	rural labor force	Mar., 2004
7	Concerning urban skills reemployment and Ability-oriented start-ups promotion plan	Ministry of Human Resources and Social Security of China	Ability-oriented start-ups promotion plan	laid-off workers	Dec., 2005
8	concerning rural labor force skills employment plan	Ministry of Human Resources and Social Security of China	Rural labor force skills employment plan	rural labor force	May, 2006
9	the management method of newly peasants technology training funds invested by the central finance	Chinese Agriculture Ministry, The finance ministry	newly peasants technology training projects	rural labor force	Dec., 2006
10	concerning the further Implementation of Special Career Training Program	Ministry of Human Resources and Social Security of China, Finance Ministry, National Development and Reform Commission	Special Career Training Program	laid-off workers; new urban labor, rural surplus labor force and graduates	Feb., 2010
11	concerning the Implementation of National-level highly skilled talent training base construction project	Ministry of Human Resources and Social Security of China, The finance ministry	National-level highly skilled talent training base construction project	Technical School, Skill training centers of large and medium-sized enterprises	Oct., 2013

Sources: The materials are from the website of the ministries and commissions under the State Council.

## Discussion

**Inadequate fiscal investments on employment training, and irrational structure of the investment:** In China, fiscal investment on employment training is inadequate evidently; the low proportion of employment expenses account for total fiscal expenditure, especially local financial investment on employment is too slight. Education expenditures and the quality of labor force are intimately connected and the proportion of education expenditures account for total fiscal expenses is

also very low. Therefore, it has caused that although the total amount of labor resources is abundant, but the quality of labor is poor, and it is difficult to meet the needs of industrial development, and leads to the natural rate of unemployment remains high.

Public employment training has developed greatly since 1998. The central and local investment is also increasing employment training input, but contract with a large number of labor force and training are needed and the input is not enough. Particularly there is the lack of public employment training supply in rural areas. From 2001 to 2003, National reemployment training funds raised a total of 2.984 billion yuan, 2.572 billion yuan was expended. Meanwhile in 2004-2008, Sunshine Project granted funds 3.25 billion yuan and more than 20 million peasants were trained.

In 2001, the state strengthened skills training for poor labor, invested in labor transfer training of poor areas has reached 800 million yuan or so each year. In 2006, the national poverty peasants transfer employment training "rain and dew" program was implemented; the fiscal invested the total of 730 million yuan on special training from anti-poverty funds. Since 1999, the central government invested 250 million yuan and the local financial support invested over 500 million yuan on the cross-century young peasant's technology training project and 350 million people were trained. Till 2008, the government has invested a total of nearly 3 billion yuan "rain and dew" program. From 2006 to 2008, fiscal special employment funds at all levels of about 8 billion yuan for rural workers skills training, an average of nearly 2.7 billion yuan annually. However, according to "2003-2010 National migrant workers training Plan", from 2006 to 2010, the government should provide guiding training for 50 million rural surplus labor forces, among them, 30 million people should provide vocational skills training.

Meanwhile, the government carried out job training for more than 200 million migrant workers. According to calculation of the Department of Agriculture, just concerning the completion of the guiding training provided for 50 million rural labor forces and the skills training provided for 30 million skills training and the guiding training need 100 yuan one person, 600 yuan one person of vocational skills training, so it needs the total funds of 23 billion yuan or so (He Jun, 2009). Thus, facing with such a large-scale labor groups, the financial resources invested on employment training is not enough.

**No strict supervision employment training expenditures, poor efficiency of the funds utilization:** Employment capability training for the unemployed in China exists some problems that training institutions are no standardized, training costs are too high, and training contents cannot adapt to the development of economic and society. In the worldwide, employment and training in many countries is carried out generally under the government's plan, the government invested to establish training institutions, and provide funds to universities, research institutions and training institutions, but there is a big gap in this field between China and other countries. Currently, there are still some problems are occurring in management and disbursement of employment funds. China's government allocated the funds in public employment training is still in temporary, flexible, and decentralized state, affecting the co-ordination and effective use of job training funds. Taking the Sunshine Project as example, funding for the Sunshine Project of 2004-2006 are not included in the budgets at all levels of government.

Meanwhile, the government should further improve the training subsidy mechanism; raise the efficient of funds utilization. However, all levels of government funds disbursement each year is no continuity, the disbursement time is delayed. The funds allocation time cannot be made unified arrangements by all levels of government each year, so in practice, due to more lag time that Sunshine Project funds allocated by the local and central governments, the rural surplus labor forces must advance the cost of training for the training institutions. Thus, it has affected that operation of the training institutions was pushed forward actively. And meanwhile, in the circumstances, while training institutions charge for the training fees of the rural surplus labor forces, the rural surplus labor forces will be unwilling to join in the employment training and be doubtful of the original intention of the Sunshine Project.

In addition, in accordance with the provisions of the training project management, training subsidy funds should In practice, many local governments will allocate the training subsidy funds by administrative departments on education and labor employment. However, the administrative departments take control of the training funds for their own use for various reasons frequently. In the circumstances of the shortage of public employment supply, a lot of surplus employment and reemployment funds exist in some local governments. According to related news, a large number of surplus reemployment funds existed in two-thirds of the region in China. In 2005, the surplus employment and reemployment reached 20.3 billion yuan in governments at all levels. In 2006, the central employment allocated the total employment funds of 43 billion yuan, till the end of September 2006, the actual employment subsidy payment was only 16 billion yuan, the surplus reached 27 billion yuan(Zhang Xiaogang, 2006). Obviously, a lot of deposits of employment funds did not play its due role, so it can be seen that the efficiency of employment funds is low.

**There is no unified standard of employment training subsidy, and the subsidy standard is too low:** Taking Sunshine Projects as example, although the training subsidy standard has been raised year by year, in 2006, according to the training subsidy standard of the central government, the subsidy in the eastern areas was 120-130yuan per capital, 160-170 yuan per capital in the central areas, and 180-200 yuan per capital in the western areas. In 2007, the training subsidy standard of the central government in the eastern areas, the central areas and the western areas was 173yuan per capital, 250yuan per

capital, 300yuan per capital, respectively. In 2008, the training subsidy standard of the central government in the eastern areas, the central areas and the western areas was 170 yuan per capital, 310 yuan per capital, 370 yuan per capital, respectively.

However, in 2007, according to the field survey of the national office of Sunshine Projects in the nine employment training majors of catering trade and construction industry. The training cost was 602 yuan per capital (excluding living expenses), and it is very far from the training subsidy standard of the central government (He Jun, 2009). The peasants must bear the considerable costs if they want to participate in the high skilled training. In comparison, the subsidy standard of transfer employment training implemented by administrative departments on poverty relief and labor is higher. The low training subsidy standard causes that training time is shortened by the local governments, the training time is generally within 15 days. But the training time is so short that rural workers' skill and knowledge is limited to be improved.

The low training subsidy standard also affect enthusiasm and training effect of the training base. For example, from 2007, A document was issued formally by Wuhan government that normal work training and the third industry jobs skills training provided by Sunshine project must be more than one month training in school, practice 1-2 months, so it put forward higher requirements for training quality. But as a result of rising prices and most peasants in Wuhan city are reluctant to pay to attend training and other factors, training institutions can only choose between at a loss and reduce the training quality (Hu Zaiguo, 2009).

**Main body of investment is a single, lack of the incentive mechanism of multi-side participating investment:** In China, employment training in city and town is invested by the finance department basically, this is both increased the fiscal pressure of the state and local, also affects the efficiency of employment training. According to the comprehensive survey and assessment of reemployment training project in Wuhan and Shenyang in 1998-2000 provided by the world bank, training arrangement has important influence on the effect of training project, for example the effect of longer training project is better and the laid-off workers that bear training fees by themselves have higher employment rate.

Although the government has stipulated in the 2003-2010 national rural workers training plan that about 1.5 percent of the wage bill of employing units should be paid as part of the funds required to carry out the training for migrant workers, the enterprise may have it included into its production cost, and allocated in pre-tax profit. Among them, if the enterprise has a heavy training task, it can allocate 2.5 percent of the wage bill. Based on the survey, budgetary spending on education in many enterprises hasn't reached the lowest proportion ruled by the government. Although most businesses conducted training in name, but in fact the cost of worker training provided by enterprises is not high and they do not have money to train rural migrant workers basically (Han Jun, 2006).

The enterprise is also the important beneficiary of the transfer training, and should pay certain training inputs. Sunshine project implements the principle that the government and rural workers should share the burden of training expenses. Rural workers are the main body and direct beneficiary of transfer training and according to the principle of "he who benefits bears the expense", the overwhelming majority of training cost should be borne by rural workers. However, rural workers' income is very poor, and under the situation of the production cannot be effectively solved, to increase transfer training investment decided by the expected income is not realistic.

Nowadays, multi-side investment mechanism hasn't been formed in the field of public employment training in China.

## **Policy Implications**

"Okun's law" demonstrates that the economic growth and employment has a positive correlation, but the economic growth and unemployment has a negative correlativity. According to the data of National Bureau Statistics of China, in the 1980s, the increase of one percentage point of the GDP will increase 2.4 million jobs, but since the 90s, only increase 0.7 million jobs. The related research shows that the increase of one percentage point of the GDP will increase about 1 million jobs (Zhu Cuiping, Jiang Zhihua, 2010). In order to resolve unemployment, the government should pay full attention to the role of economic growth, Keep a certain range of investment and economic growth, and continue to implement the proactive fiscal policy and a moderately easy monetary policy, maintain the continuity and stability of the policy and the implementation of the policies. Therefore, on the base of our paper discussion and study this paper provides some policy suggestions are as the following:

**Need to increase the budget for training program by local and central government bodies:** Low range of employment training not only due to the in the decrease of the investment by enterprise and individual but the one reason is also due to the low enthusiasm of local government's investment, so the training costs should be shared according to the principle of cost-benefit symmetry. The government should continue to increase the investment on public employment training.

**Intensifying the Efforts on supervising employment training budget performance and training expenses:** In December 2008, the ministry of finance and the Ministry of Human Resources and Social Security issued the notice on the use and management of special funds of employment training and the related problems. The people's governments at or above the

county level according to the employment situation and employment work targets, in the fiscal budget arrange employment special funds to promote employment.

The use of funds include employment subsidies special funds invested in vocational training subsidies and vocational introduction subsidies, social insurance subsidies and professional appraisal subsidies, and specific employment policy subsidies, supporting the public employment service, etc.

**Establish an incentive mechanism for multi-side participation in employment training:** According to the principle of efficiency, fairness, ability and macro-control, admixture accommodation is a scientific and realistic choice for public employment training in China. Thus, an incentive mechanism should be set up to lead multi-side participation in employment training, and a new scheme of employment training is given, including scientific training concept, adequate training fund, a well-conceived plan, effective methods and technology, certain training evaluation system and encouragement.

**Working out index system for monitoring and evaluation of employment training expenditures performance, the rate of employment as the main index:** The purpose of public employment training is to help the unemployed to realize employment, so taking the rate of employment as main indicators of employment training expenditure performance evaluation conforms to the public employment training purpose and also has strong suitability. Meanwhile, it is may be difficult to supervise the process of public employment training, the measurability of process evaluation index is poor, the results indicators, such as the rate of employment, have a strong measurability. For the smooth run of training program for the betterment of employment we need to establish good and effective organizations and according to the characteristics of the use of employment training expenses, employment training expenditure evaluation measures need to enhance the awareness of fund allocations, and gradually build a tracing mechanism of employment training expenses efficiency, improve the mechanism of financial fund management and utilization.

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