

## Chapter VII

### STATE

1. The way citizens see the various roles of the state has undergone change during the last two decades, in some instances rapid, and in a few revolutionary. This has encompassed not only the way the state manages the economy and organizes the delivery of services but also how it allocates responsibility to different levels of government and responds to citizens' needs, as well as how Governments are chosen and held accountable.

2. Change in the management of economies and organization of services has emphasized market approaches, deregulation, partnership with civil society, privatization and containment of public spending, most dramatically illustrated by the total transformation of centrally planned into market-oriented economies. Change in the political realm, especially after the end of the cold war, has been characterized by a trend making democracy a broadly accepted principle of governance. Today, more countries than ever are labeled democratic, and Governments everywhere subscribe to its underlying principles of participation, accountability and transparency in the organization of public institutions. At the same time, there remains a gap – and it has perhaps increased in the last few years – between the perception that democratic principles are becoming a global standard of governance and the actual adherence to these principles. This applies both to countries with long-standing traditions of participation and inclusion in public decision-making and to countries that have more recently adopted principles of democratic governance. It is also not yet clear how the far-reaching reforms of political and administrative systems have changed the distribution of political authority among competing interests, including citizens' actual ability to participate in decision-making and to hold Governments and public institutions accountable.

3. These two processes of change – first, in the role and functions of the state and its organization of public institutions, and then in the distribution of political authority among competing interests, including citizens' access to participation in public decision-making and their ability to hold Governments accountable<sup>1</sup> – are examined in turn.

#### **The role and functions of the state**

4. In a large number of countries, the late 1980s and early 1990s marked a decisive change from the post-Second World War paradigm, where the public sector played a central and comprehensive role in ensuring the

welfare of its citizens and fostering economic development. During and since the Second World War, the state had grown steadily in size. In developed countries with market or mixed economies, the primary role of the state came to be seen as ensuring a high level of economic activity and employment, through sound macroeconomic management and regulation of the private sector and promoting general welfare, especially by assisting the most vulnerable and disadvantaged. In many developing countries, particularly the newly independent countries, the state played a central role in nation-building and managing economic development. In some countries strongly influenced by the former Soviet Union, the state had assumed the dominant role in the management of most aspects of the economy and social service provision through central planning and public ownership.

5. For a variety of reasons mentioned below, there has been a considerable rethinking of the role and organization of the government and the public sector in general.<sup>2</sup> The comprehensive reforms initiated over the past 20 years began in developed countries, initially with most impact in the United Kingdom, Australia, New Zealand and others, and subsequently spread to developing countries and the former centrally planned economies.

#### **Factors driving state restructuring reforms**

6. Re-examination of the post-Second World War paradigm on the role and organization of the state responded to two developments: first, a deepening process of global economic change, which culminated in recession with inflation in the mid-1970s in developed countries and in what was seen by some observers as the fiscal crisis of the state in both developed and developing countries; and second, a transformation of the political context in which the public sector operated, most notably in socialist countries but also in many other countries. It is useful to recall briefly the circumstances that gave rise to disenchantment with government in some quarters and the search for new directions.

7. The post-war period of the 1950s and 1960s was one of rapid economic expansion and very high levels of employment in most developed countries. Many developing countries registered respectable rates of economic performance. Tariffs and other obstacles to trade decreased, particularly those covering products of interest to developed countries, and international trade

expanded at a fast pace. Major structural changes in production got under way, with the relative decline of agriculture and such industries as coal, iron and steel, rail and ship building, and other traditional sectors in developed countries, and with a corresponding growth of new, consumer-oriented and technology-based industries.

8. Governments both assisted this process and regulated it in order to reduce the extent of market failure and to protect vulnerable sectors and jobs from competition, both internal and external. Some industries which had been established and prospered in public ownership and others which had earlier been nationalized for strategic and ideological reasons, as well as some additional industries, enjoyed government subventions. In developing countries, industrialization, often initiated or supported by government, mainly of the import-substituting kind, had reached a sizeable scale and some countries were turning to an export-oriented strategy, particularly in textiles, apparel and labour intensive products generally.

9. At the beginning of the 1970s, expansion in some countries was being achieved at the cost of rising fiscal deficits, accelerating inflation, overcapacity in major sectors and growing vulnerability of important national enterprises to economic set-backs and rising competition. In the mid-1970s, the system tottered: the immediate catalyst was the quadrupling of oil prices, followed by another large increase at the end of the decade. The sharp recession in developed countries was accompanied by stagnation in the developing world, followed by a massive build-up of external debt in the oil importing developing countries. In this situation, governmental concern in developed countries shifted from emphasis on expansion and full employment to emphasis on price stability, external balance, competitiveness and efficiency. Developing countries were left to cope with their problems in a more difficult global environment that provided only weak stimuli to growth.

10. The nature of the response to the economic crises and stagnation in the developing countries varied. Many countries opted for or were pushed into programmes of stabilization or structural adjustment that required sharp and speedy deflationary measures, including reductions of fiscal deficits and the size and responsibilities of the public sector. The promotion of growth was to be achieved by reducing regulation and direct intervention in the market, addressing problems of ineffective public provision of services, loss-making state-owned enterprises, and inefficient regulation and management of the economy,<sup>3</sup> while strengthening the private sector in economic development. Here, national and international development and financing agencies, primarily the International Monetary Fund and the World Bank, offered technical assistance and loans, which were

often conditional on countries implementing the set of measures of reform negotiated with these institutions.

11. In developed countries, budgets had also expanded as a result of the welfare and social protection policies whose scope and expense were rising. While these programmes achieved many of their social objectives, such as reducing poverty, providing income security to the old and to disabled persons, financing developmental activities in favour of children and other vulnerable groups, they boosted both outlays and levels of taxation. As the programmes expanded and became more expensive, questioning of their appropriateness and efficacy gathered pace. Programmes came to be criticized by some for being cumbersome, rigid, unresponsive to changing needs, provider driven, easily defrauded, intrusive or cost-ineffective. The idea of rolling back the state rapidly gained new adherents, especially in the corporate sector.

12. During the 1980s, in particular, political movements in many developed countries associated with New Right/neo-liberal ideology gained increasing popular support in promoting the theme of reform of the welfare state. While arguing that this model of governance no longer was economically and fiscally sustainable, the New Right also criticized the state for being too big and intrusive; crowding out private incentives, including through increasingly high taxation; overregulating society and undermining personal freedoms; maintaining state monopolies in areas that should be subject to market competition; and providing ineffective social services.<sup>4</sup>

13. Another important change in the political context of public sector reforms was the global expansion of democratic forms of governance after the end of the cold war.<sup>5</sup> The political pressure to reform state institutions was strongest in eastern Europe and central Asia, where democratization led countries to redefine the role of the state, dismantle existing state institutions and, for newly independent countries in the former Soviet Union, Yugoslavia and elsewhere, establish new government institutions. Countries in other parts of the world also increasingly adopted democratic forms of government, stressing fuller participation and public sector reforms. Partly induced by Western donor countries and the multilateral financial institutions, which after 1989 increasingly embraced the concept of good governance as a key component of their aid policies, many developing countries initiated reform policies based on the idea that the most effective means of governance is through state institutions that are responsive, accountable and transparent within a predictable legal environment.

14. In short, the global process of change in the role and functions of the state over the past two decades, which had its roots in economic transformation and fiscal crises, as well as in the change of the political context,

manifested itself in two broad types of reform: to contain or reduce the size of the state and to improve the functioning and efficiency of public services. Progress with these reforms is examined below.

### **Containing the size of the state**

15. The impact of state activity on a nation's economic robustness and standard of living of the population is the result of how much the state does and how it does what it does. How much the state does or the size of the state can be measured in a number of ways, for example, by comparing central government spending or tax revenue to GDP; the ratio of public assets to total assets; and the value added in the production of goods and services by the state as a proportion of GDP. More difficult to measure concretely is the level of government regulation of the economy.

16. The size of the state measured in terms of central government expenditures as a percentage of GDP increased steadily in all regions until 1990. It nearly doubled in developed countries between 1960 and 1994. During the 1990s and especially during the latter part of the decade, most of these countries initiated policies to constrain expenditure. Available data indicate that growth rates slowed but central government expenditures as a share of GDP did not decrease significantly.<sup>6</sup>

17. Developing countries also experienced a substantial growth in central government expenditure from 1960 to 1989, but with some regional variations expenditure declined slightly in the 1990s.<sup>7</sup> According to data compiled by The United Nations Research Institute for Social Development (UNRISD), sub-Saharan Africa and South and East Asia and the Pacific experienced a noticeable reduction, while North Africa, West Asia and Latin America and the Caribbean maintained relatively stable levels of government expenditure.<sup>8</sup>

18. During the transition from centrally planned to market economies, countries in eastern Europe and central Asia experienced significant reductions in the level of central government spending in relation to GDP, although with considerable differences between countries. In the newly independent countries of the Commonwealth of Independent States, for example, central government expenditure in Georgia or Azerbaijan is now less than 20 per cent of GDP, while it remains above 30 per cent in Ukraine, Belarus and the Baltic States. Many countries in central Europe have maintained levels close to the averages prevalent in Western European countries.<sup>9</sup>

19. Measures taken by Governments to reduce the "size" and cost of the state have included placing spending limits on particular programmes and on public sector pay, cutting recruitment, downsizing, rationalizing

services, outsourcing, increasing reliance on user fees, tightening entitlements and eligibility for state support and privatization. Less frequently, core programmes have been discontinued.

20. Efforts to reduce central government expenditure in developing countries have often been linked to structural adjustment programmes which emphasized fiscal discipline through such measures as curbs on public sector wages and reduction of public sector employment, cut-backs in social subsidies and imposition of fees for services. These efforts succeeded in reducing not only fiscal deficits since the mid-1980s in most regions but also, with the exception of North Africa and West Asia, the size of central government in a large number of countries.<sup>10</sup>

21. Expenditure reform in the former centrally planned economies in eastern Europe and central Asia was an important element of transition. As noted above, the size of the state shrank at very different rates in different countries, as some concentrated on rapidly building up new state institutions following independence, while others, such as the Russian Federation and Yugoslavia, had to reform institutions and programmes in the context of severe disruption of long-established economic links following changes in the political maps. In addition to deregulation in the economic sphere and the fostering of private markets – particularly important and challenging in these countries – the restructuring of the comprehensive system of social protection and social services was initiated. Some countries managed to maintain levels of government social spending, while in many others the system of universal social provision and access was eroded by lack of funds and by the introduction of user fees or the privatization of social services, as well as other economy measures.<sup>11</sup>

22. Another measure to reduce the size of the state and to extend the range of activities subject to market discipline (as well as to generate public revenue and reduce fiscal deficits) has been the privatization of state-owned enterprises. Since the 1980s, Governments in developed countries have increasingly been disengaging from public ownership and the output or value added of public enterprises as a share of GDP has decreased substantially. In the majority of developing countries, privatization started only in the 1990s and, with the exception of Latin America and the Caribbean, is still in its early stages.<sup>12</sup> However, 62 countries recorded sales of public sector assets in the period 1990-1997. In countries with economies in transition, privatization programmes have been initiated since 1989, with varying levels of implementation. From 1990 to 1998, they generated more than \$44 billion in revenues, equivalent to nearly 5 per cent of the combined GDP of the countries concerned. In the same period, 23 countries recorded proceeds from privatization of state-owned

enterprises, with privatization most prevalent in central Europe, central Asia and the Baltic States.<sup>13</sup>

23. While the direct role of the state as a producer of goods and services in these countries has been reduced and fiscal deficits have shrunk, countries have experienced problems stemming from the manner in which privatization was undertaken; the severe inequities in the resulting ownership structures; and the inadequate or non-existent public regulatory frameworks to monitor recently privatized sectors. Insufficient oversight has in some cases resulted in a highly inequitable distribution of the proceeds from privatization.<sup>14</sup>

24. Between the two extreme positions of the all-encompassing versus the minimalist state, both of which tend to be rooted more in ideology rather than in empirical observation as to which is better able to contribute to the welfare of society, there are many situations whose merits depend on circumstances. It is not possible to generalize whether reducing the size of the state necessarily promotes either efficiency or equity. Countries with large and small roles for the state have recorded good performances on various criteria of well-being and vice-versa. The predominant opinion in the 1980s and early 1990s favored scaling back the state. Recently, the pendulum appears to be swinging the other way.

### **Improving the efficiency of public services**

25. Apart from reducing the size of the state, many initiatives have been taken or proposed to improve the effectiveness of what the state does. One of the central objectives of reforms has been to enhance the efficiency of the core functions of the state. In response to increasing criticism, especially from the champions of neoliberal ideas and dissatisfied citizens paying high taxes, the reforms have addressed inefficiency, mismanagement and bureaucratic rigidity. Governments have embarked on a range of reforms, which stress market approaches to guide public sector decisions, decentralization, restructuring, as well as changes in the delivery of services and in various administrative practices.

26. New public management reforms have been aimed at separating the core functions of government to set policy and standards and to monitor and evaluate implementation from the actual execution of programmes. Flexibility and greater efficiency have been sought through outsourcing and the contracting out of services. Execution of programmes has been increasingly entrusted to executive agencies with considerable managerial autonomy free of day-to-day political considerations.

27. By separating the function of defining the needs, goals and cost of public services at the political

level from the function of providing public services at the level of the executing agency, Governments can become purchasers of goods and services, which can, in principle, be provided by any institution, public or private. The relationship between political leadership and administrative personnel is no longer automatically defined by traditional hierarchical chains of command, but rather by performance contracts which specify the services to be delivered. In many developing countries, such performance contracts are increasingly being employed with the aim of improving the efficiency of public enterprises by instituting procedures for monitoring implementation of clearly defined objectives and quantifiable targets within specified time-frames.

28. Contracting arrangements in the delivery of social services are also being established with non-state agencies. Contracting out has been introduced in many countries as a means of incorporating market mechanisms and private-sector incentives within the public sector. By enabling the private sector to compete with public agencies for contracts to provide public services, pressure is put on public executing agencies to reduce costs and become more competitive, efficient and flexible. However, such arrangements can also simply be a means of undermining the bargaining power of employees and avoiding established standards of employment.

29. Developed countries have witnessed the emergence of a substantial non-governmental service delivery industry, both for- and not-for-profit, as contracting out has become widespread over the past two decades. The long established practice to bring voluntary or part voluntary service providers formally within the state sector is thus being reversed in many instances. For many developing countries, structural adjustment programmes have prescribed performance contracting and contracting out, often in combination with privatization of state-owned enterprises, as a means of cutting costs and enhancing efficiency. However, lack of effective market mechanisms and a private sector of sufficient size, combined with inadequate government capacity to regulate and oversee public-private contracting arrangements, has led, in some countries, both developing and developed, to corruption, mismanagement and waste of public funds.<sup>15</sup> Countries in eastern Europe and central Asia in the transition from central planning to modern welfare services have experienced a process of “state desertion”, whereby the previously central role of the state in all aspects of service delivery has been replaced by privatization and the contracting out of services. However, these countries, for various reasons, have not been able to achieve benefits associated with such reform. The reasons include deep-seated and severe economic and fiscal crises; slow progress in reforming previously state-owned institutions and lack of sufficient private sector capacity to provide an alternative to public services; and

insufficient state capacity to monitor and regulate non-governmental service delivery.<sup>16</sup>

30. Another important aspect of new public management reforms has been the effort to decentralize authority to lower levels of government. Reforms to decentralize government institutions range from administrative deconcentration, which refers to the transfer of government functions to lower levels while retaining central control of budget and policy formulation, to fiscal decentralization, which refers to the transfer of budget and financial decision-making to lower levels, and devolution, which refers to the transfer of political authority, and sometimes resources, to lower levels that are independent of the central government.<sup>17</sup>

31. Decentralization reforms have been most prominent in developed countries, which have initiated comprehensive measures to deconcentrate and reorganize government institutions towards more local levels of governance. In developing countries, decentralization has been less common, although some examples exist. In South and East Asia, countries with traditionally strong central Governments, such as China and Viet Nam, have undertaken comprehensive reforms to redefine and restructure state institutions, in which decentralization was prominent. Countries in Latin America and the Caribbean have taken various steps to improve the institutional capacity of the state through decentralization of social service delivery to provincial and local levels. In eastern Europe, such countries as the Czech Republic, Poland and Hungary have made progress in decentralizing previously highly centralized government institutions, while countries in central Asia and south-eastern Europe are still in the process of dismantling and reforming old institutional structures, which suffer from lack of effectiveness, weak accountability and problems in providing adequate basic social services.<sup>18</sup>

32. Decentralization reforms can be associated with advantages of enhanced local participation, transparency and improved service provision. Decentralized government is said to enhance local political competition, widen policy options and improve local government efficiency. The transfer of responsibility for social service provision to local levels can improve accountability and responsiveness to local needs, as well as expand opportunities for partnerships with civil society and the private sector. Increasing accountability and transparency of local government institutions, in turn, improves their effectiveness and efficiency.

33. In recent years, however, there has been increasing awareness of the potentially negative effects of decentralization. Some countries have held back decentralization reforms due to concerns over declining governance capacity and accountability or due to lack of institutional capacity. Political and fiscal decentralizations are not always implemented simultaneously, leading to lack of control at the local

level over public finances and unclear divisions of responsibility between central and local government. This is typically the case in countries with low levels of institutional capacity or unstable political and legal frameworks within which to monitor and regulate decentralized government institutions.

34. Regional disparities in income and inequalities in availability of social services have increased in many countries, partly as a result of a weakening redistributive role of central government. In the Russian Federation and China, among others, concern has been voiced over these developments. Competition between local or regional government entities over resource flows from the central Government raises questions of equitable distribution and can lead to rent seeking by central government institutions and other inefficiencies. Administrative deconcentration to lower-level government institutions may lead to reduced public oversight, accountability and public participation. It also raises new problems of horizontal coordination. Indeed, in the past, there has been reluctance to devolve political and administrative competencies at the local level so as to minimize the chances of a few persons or one political or ethnic group dominating local decision-making while other groups are excluded from influence and from access to services.<sup>19</sup>

### **Efficiency, equity and good governance**

35. Whatever the level and reach of government and the public sector and the functions they perform, two central responsibilities of the state are to address market failure through providing pure public goods, such as law and order or defence, addressing externalities through basic education or environmental protection and coordinating private activity and to promote social justice through implementing policies aimed at achieving a better distribution of benefits and opportunity, protecting the most vulnerable groups in society and providing social security. In some countries where these capacities have been undermined, there is a current tendency to reaffirm their importance.

36. In order to perform these tasks with greater effectiveness, attention to good governance has become an important principle of many state restructuring reforms. The concept of good governance comprises effective financial and human resource management; accountability in the provision of public services; a predictable legal framework and equitable judicial system; and transparent and inclusive public institutions.<sup>20</sup> The greater attention given to policies to promote good governance may be traced to the growing recognition by Governments that public administration can be improved by taking more account of the views of its citizens or clients. With greater transparency and

accountability, public institutions acquire legitimacy and credibility to perform their functions more effectively.

37. The promotion of good governance in public administration has in several countries been linked to political reforms and democratization. The promotion of stable and more predictable legal frameworks and equitable judicial systems has also received increasing attention. Most countries recognize that a central requirement of just and equitable government is the adherence to the rule of law, with appropriate mechanisms to ensure accountability and basic rights. But progress in carrying out reforms in this area has been uneven.

38. As noted at a recent regional conference on governance in Africa, there is a need in that continent for further steps to ensure the integrity, competence and independence of the judiciary, including improvements in the financial autonomy of judges, reforms in the procedures for their appointment and an increase in the efficiency of the functioning of the court systems. Reported examples of abuse of authority and violations of human rights by the courts, police and law enforcement agencies are frequent in Africa.<sup>21</sup> In other regions, similarly, the rule of law has yet to be fully consolidated, despite reforms, with independent and equitable judicial systems supported by effective policing institutions still to be put in place.<sup>22</sup>

39. In countries in eastern Europe and central Asia, further legal reforms would help to safeguard citizens' rights against the bureaucracy through such measures as the development of predictable administrative procedures, judicial review of administrative decisions and the development of systems to hold public institutions accountable.<sup>23</sup> Some countries in South and East Asia lack legal or constitutional provisions to ensure that the civil service is protected from arbitrary political interference as well as objective and transparent rules to guarantee both independence and accountability in the performance of their responsibilities.<sup>24</sup>

40. Despite these obstacles to good governance, a broad consensus on the centrality of equitable, participatory and accountable public institutions in the pursuit of effective governance has emerged. At the World Summit for Social Development, held in 1995, for example, Governments endorsed the principles of democratic governance and participation and recognized their importance to achieving social development. In the Copenhagen Declaration for Social Development and Programme of Action,<sup>25</sup> it is stated that, *democracy and transparent and accountable governance and administration in all sectors of society are indispensable foundations for the realization of social and people-centred sustainable development* (para. 4) and, with respect to public participation, *that empowering people requires the full participation of people in the formulation, implementation and evaluation of decisions*

*determining the functioning and well-being of our societies* (para. 26).

### **Political participation and accountability**

41. Democracy has become a dominant principle of governance, applied by a steadily increasing number of countries. In recent years, however, there have been indications that the spread of democracy has slowed down and that a growing number of new or newly restored democracies are experiencing obstacles in their efforts to consolidate these political systems.

42. Assessing the scope of democratic reforms and democratization is invariably influenced by researchers' conception of what is democratic as well as by the subjective interpretation and characterization of regime types. Several attempts have been made to quantify and compare some features of democratic systems, such as levels of participation in public decision-making, adherence to basic principles of free and fair elections and respect for political and civil rights. Neither at political nor academic levels has a universal definition of democracy been conceived or even received wide support. The assessment of political participation and accountability in the present section is based on a survey of existing research conducted in this field, *inter alia*, by UNRISD.<sup>26</sup> While the research presented forms the basis of conclusions on the global and regional trends in political participation, accountability and democracy, it does not represent an endorsement of any particular definition, choice of indicators or "measurement" of democracy.

43. There appears to be broad agreement that all regions of the world have witnessed a "wave of democratization", reflected first and foremost in a significant increase in the number of competitive elections being held over the past decade. Other indications of a broad expansion of democracy, particularly in the regions of central and eastern Europe, Latin America and the Caribbean and sub-Saharan Africa,<sup>27</sup> include the initiation of reforms in systems of political representation and accountability of government and in citizens' access to participation. The process of change originally began in the late 1970s and early 1980s in southern Europe and Latin America, and in the late 1980s and early 1990s spread to eastern Europe and central Asia, as well as, at a lesser and more uneven pace, to Africa and South and East Asia.<sup>28</sup> In the present section, two dimensions of global expansion of the exercise of democratic governance are examined. The first concerns political participation and accountability, namely the conduct of regular, free and fair elections to determine political representatives and leadership as well as other forms of participation in public decision-making, and the existence of a system of institutional constraints on the exercise of political authority. The

second concerns political and civil rights, namely the guarantee of basic rights to enable citizens to hold their representatives accountable derived from agreed international human rights instruments.<sup>29</sup>

### **Electoral democracy**

44. According to one survey, in 1974 the governments of 39 countries were determined through competitive and fair elections. By 1989, the number had risen to 69 and by 1999 to 117,<sup>30</sup> the highest number it has ever been. In the post-war years, a number of countries adopted one-party Governments to facilitate nation-building and the promotion of development where skills and resources were in short supply. The above data reflect a change in favour of competitive elections, further illustrated by the General Assembly adopting a resolution, in 1988, confirming the principle of periodic and genuine elections.<sup>31</sup>

45. Participation in elections is the primary manifestation of citizen voice in a representative democracy. On that basis, it could be argued that the prospects for citizen participation in political decision-making have never been greater than they are today. Almost two thirds of the countries of the world have elected political democracies. According to a study conducted by UNRISD, more than four fifths of all countries held at least one competitive election, with two or more political parties participating, in the 1990s.<sup>32</sup> While the spread of electoral democracy has reached all regions of the world, the impact has been most notable in eastern Europe and central Asia, Latin America and the Caribbean, and South and East Asia and the Pacific. Together with the developed countries, a majority of countries now conduct periodic and competitive elections.<sup>33</sup>

46. Meaningful citizen participation is not guaranteed merely by the conduct of parliamentary or presidential elections. In order for the outcome of elections to be a genuine reflection of citizens' interests and views on who should represent these interests in government, the electoral process needs to be accepted by all groups in society, including the Government in power. In an increasing number of countries, there are indications that the system of electoral democracy has yet to be fully institutionalized. This is reflected, *inter alia*, by the contesting of election results by participating groups; boycott of elections by political parties because of inequitable electoral processes; and lack of alternation of political power in parliament and government because of distorted electoral processes in favour of or unwillingness to cede power by those in power. In sub-Saharan Africa, for example, in nearly half the general elections held over the past decade the results were contested, and in almost one third one or more parties boycotted the elections. In 17 of 33 countries in that

region which held general elections, there was no change of government after the conduct of general elections and several leaders or ruling parties were accused of unfair election practices to enable them to stay in power.<sup>34</sup> According to an opinion poll conducted in 12 countries in Latin America, more than half the respondents regarded the electoral process in their country as distorted or unfair.<sup>35</sup>

47. Notwithstanding fewer or imperfect electoral democracies in some regions, a growing number of people in the world do have access to participation through free, competitive and fair elections. In most countries, however, a substantial number of people choose not to participate in the process. Voter turnout in elections should thus also be taken into account when assessing political participation. According to a survey conducted by the International Institute for Democracy and Electoral Assistance, the overall level of voter turnout in presidential and parliamentary elections had been steadily increasing in all regions since the Second World War. However, there has been a clear decline in voter turnout in all regions of the world since 1990.

48. Countries in western Europe and Oceania have experienced a marginal decline in voter participation for the past 20 years but still have the highest turnout rates, at about 75 per cent. North America, Africa, and Latin America and the Caribbean have among the lowest turnout rates, all below 60 per cent. The study further concludes that countries which have held regular free and fair elections continuously for more than 20 years tend to have slightly higher turnout rates, compared to the new or newly restored electoral democracies. But both groups of countries have experienced a decline in participation in elections since 1990.<sup>36</sup>

### **Alternative means of participation**

49. Formal electoral systems are only one vehicle through which citizens can participate in political processes and express their opinions and interests to the political leadership. In recent years, citizens have increasingly been utilizing other means of influencing public decision-making structures.

50. As mentioned above, decentralization reforms have enabled more direct access to local governments and institutions, and have opened up new possibilities for influencing policies and service delivery. More direct access to local government has provided new opportunities. In some cases, however, it has also posed new problems. Thus certain individuals or religious, ethnic and political groups, which were in a better position to mobilize resources at the local rather than the national level, have gained undue influence over decision-making processes at the local level and have at times succeeded in excluding other groups from these processes.

51. The role of civil society is also significant as a vehicle for structured participation in the political process. Thus, there has been substantial growth in most parts of the world in the number of intermediary institutions between citizens and the state – at all levels of government – through which citizens can express opinions. As discussed in chap. VIII, civil society organizations, formal and informal, have increased in number in most countries. The number of non-governmental organizations, community-based groups and grass-roots organizations operating in Africa and Asia has nearly doubled over the past 20 years, and since 1989 eastern Europe and central Asia have experienced even more dramatic growth in the non-governmental sector. In developed countries, such growth has continued. While many of these organizations, large and small, are mainly engaged in various forms of social service delivery – in many developing countries providing services at the community level in areas where state institutions are either weak or non-existent and in developed countries operating parallel to or complementing government agencies – an increasing number of mutual support or advocacy groups and associations provide important channels through which individuals can articulate their interests and combine to seek to influence public affairs.

52. It should also be noted, however, that the increase in the number of non-governmental support and advocacy institutions has in some cases also posed new problems. Not all NGOs adequately reflect the needs of their constituents or the interests of the citizenship in general. Some suffer from lack of transparency and weak accountability and fall short of democratic principles of governance. While participation in non-state institutions can be an important means of inclusion of vulnerable or marginalized groups, some organizations do not provide equitable access, excluding, for instance, certain social, ethnic or religious groups,<sup>37</sup> while others are very narrowly based and indeed intentionally exclusive. In some countries, especially those without a deeply rooted tradition of formal and informal citizens associations that are not based on family or kin or political allegiance, NGOs operate under close supervision or regulation by state institutions, which restrict their ability to influence public policy or participate effectively in decision-making processes.

### **Political accountability**

53. The exercise of political authority in a way that reflects the views and interests of the citizenship depends both on the citizen's participation in elections and other political processes and on systems of accountability which limit government use of power, protect people from arbitrary rule and safeguard certain basic political rights. In many countries, such mechanisms are firmly established in constitutions and political practice. These

include provisions for an independent judiciary, parliamentary oversight of the executive, meaningful competition among political parties and the right of individuals to participate freely in political processes. In some others, particularly in several new or newly restored electoral democracies, these systems of accountability have yet to be fully developed or consolidated.<sup>38</sup>

54. Protection of the right to participate in the political process is a fundamental component of any system of accountability in the exercise of political authority. Most countries recognize these rights as they are set out in the International Covenant on Civil and Political Rights.<sup>39</sup> The international political support for the principles of political rights as an essential feature of democratic governance was further and most recently expressed by the Commission on Human Rights in its resolution entitled “Promotion of the right to democracy”. The Commission affirmed that democratic rights encompassed, *inter alia*, the rights of freedom of opinion and expression, of thought, conscience and religion, and of peaceful association and assembly; freedom to seek, receive and impart information; the rule of law, including legal protection of citizens' rights; universal and equal suffrage; political participation; transparent and accountable government institutions and the right of citizens to choose their governmental system through democratic means.<sup>40</sup>

55. The increasing level of formal acceptance by States of international human rights instruments and recognition of fundamental democratic, political and civil rights has been reflected in the actual behavior of Governments in implementing these principles.<sup>41</sup> Studies suggest that overall, citizens' access to meaningful political participation, through elections and other means, and their ability to hold their representatives accountable through the safeguard of basic political and civil rights have improved significantly, especially since 1989.<sup>42</sup> At the same time, substantial differences between regions and between countries persist.

56. Many countries enacting reforms of their political systems to improve citizen access to participation and enhance the accountability of government have encountered obstacles. While many countries have introduced and implemented reforms to establish a system of regular and free elections, as illustrated by the rapid increase in the number of electoral democracies in the world, it has proved difficult to institutionalize other aspects of political reform. According to UNRISD, one major obstacle faced by countries in transition has been the role of political parties, which in some cases act as institutions serving political and economic elites without promoting equitable access to participation of all groups in society. For example, in instances where the process of

democratic reform has been led by Governments or ruling parties, preferential treatment has been given to the interests of powerful groups, such as the military, large landowners or business elites. This has been the case in some countries in eastern Europe, as well as in Latin America, where representatives of the elites of the old political system have remained in power. Another obstacle to enhancing accountability and popular participation has been encountered in countries with traditions of strong presidential rule. There have been examples of presidents confronted with fragmented party systems or weak and ineffective legislatures, who have centralized authority and weakened the institutions of democratic control - a system referred to as "delegative democracy".<sup>43</sup>

### Failed States: collapse of government authority

57. The obstacles faced by some countries in their attempts to consolidate their systems of democratic governance have not only resulted in the emergence of unstable, quasi-democratic political regimes or in the regression to authoritarian forms of government. In recent years, a growing number of countries have experienced a complete collapse of government authority.<sup>44</sup> State collapse or failure occurs when government institutions cease to perform even the most fundamental functions, such as upholding law and order, national defence and basic management of the economy. Collapse of government authority has often occurred in the wake of civil wars or ethnic conflicts, where the social fabric of society has been torn apart and the social and political order has broken down, without any party being able to reestablish central government authority.

58. State failure represents a loss of institutional capacity of Governments to provide political order and other basic functions. In the majority of cases, the source of state failure was armed conflict. The sources of armed conflict are addressed in detail in chap. XV. In terms of democratic governance, however, it can be noted that the state itself often plays an important role in either fueling or preventing intra-state war between different groups. Violent conflict between ethnic groups often does not arise due to direct confrontation or dispute between them but rather due to perceptions of inequitable access to government decision-making, resources, employment and justice. In sub-Saharan Africa, for example, the majority of conflicts have not been over autonomy or the establishment of new States but rather to gain control over government authority and resources. In Somalia, which has been one of the most striking examples of complete collapse of central government authority, ethnicity played no part in the violent contest for political power between different clans after the fall of the regime in 1991.<sup>45</sup>

59. On this basis, it can be argued that the collapse of government authority occurs when States lose - or fail to establish - legitimacy in the eyes of a significant proportion of the citizens under their authority or a powerful and influential minority. Loss of legitimacy can be caused by the inability of states to ensure adequate plurality and equity in the exercise of democratic governance, or by gross inefficiencies in the performance of basic government functions due to corruption, mismanagement or negligence. In such instances, violent demonstrations of dissatisfaction, political uprising or armed conflicts, combined with weak or incapable state institutions, can threaten the authority of the state and possibly lead to its collapse.

60. Countries most vulnerable to collapse of government authority appear to be regimes which have yet to consolidate democratic forms of governance and which suffer from weak institutional capacities. A recent global survey indicates that the incidence of state failure has increased since the end of the cold war. In 1991 alone, 10 instances were recorded. Since the mid-1990s, state failure has occurred less frequently.<sup>46</sup>

### NOTES

<sup>1</sup> Bangura, Yusuf, "Public Sector Restructuring", Occasional Paper 3, United Nations Research Institute for Social Development, February 2000, Geneva.

<sup>2</sup> Larbi, George, "The New Public Management Approach and Crisis States", Discussion Paper No. 112, United Nations Research Institute for Social Development, September 1999, Geneva.

<sup>3</sup> Grindle, Merilee, "Divergent Cultures? When Public Organizations Perform Well in Developing Countries", *World Development*, 25(4) 1997.

<sup>4</sup> Larbi, op.cit.

<sup>5</sup> Bangura, op.cit.

<sup>6</sup> The World Bank "World Development Report 1997. The State in a Changing World", The World Bank, Washington.

<sup>7</sup> Ibid.

<sup>8</sup> Bangura, op.cit.

<sup>9</sup> UNDP, "Transition 1999. Human Development Report for Europe and the Commonwealth of Independent States, New York, 1999; The World Bank, "2000 World Development Indicators", The World Bank, Washington, accessed at <http://www.worldbank.org/data/wdi2000>.

<sup>10</sup> Bangura, op.cit., The World Bank (1997), op.cit.

<sup>11</sup> UNDP, op.cit.

<sup>12</sup> Bangura, op.cit.

<sup>13</sup> Based on data from the World Bank, "2000 World Development Indicators"

<sup>14</sup> Bangura, op.cit.

<sup>15</sup> Larbi, op.cit.

<sup>16</sup> UNDP, op.cit.

<sup>17</sup> The World Bank (1997), op.cit.

<sup>18</sup> The World Bank (1997), op.cit.

<sup>19</sup> Bangura, op.cit.; Report of the Expert Workshop on Participation and Social Justice, United Nations Economic and Social Council, Commission for Social Development, E/CN.5/1998/4, November 1997.

<sup>20</sup> Larbi, op.cit.

<sup>21</sup> UNDESA (1998), "Good governance in Africa: Consolidating the institutional foundations", Report of the UNDESA/UNECA Conference on Governance in Africa: Consolidating the Institutional Foundations, Addis Ababa, Ethiopia, 2-6 March 1998, ST/ESA/PAD/SER.E/64.

<sup>22</sup> UNDESA (1997), "Creation and Maintenance of a Sound Governance Environment.", Group of Experts on the United Nations Programme on Public Administration and Finance, ST/SG/AC.6/1997/L.2; See also The World Bank (1997), op. cit.

<sup>23</sup> UNDESA (1996), Report of the Regional Conference on the Role of Public Administration in Promoting Economic Reform in Eastern and Central European Countries, Berlin, Germany, 24-26 January 1996, A/50/917.

<sup>24</sup> UNDESA (1996), Report of the Regional Conference on the Role of Public Administration in Promoting Economic Development in Asia, Manila, The Philippines, 18-20 March 1996, A/50/929.

<sup>25</sup> A/CONF.166/9

<sup>26</sup> See also Jagers, Keith and Ted Robert Gurr (1995), "Tracking Democracy's Third Wave with the Polity III Data." *International Journal of Peace Research* 32(4).

<sup>27</sup> Bangura, Yusuf and T. Nakamura (1999), "Democratization and Governance Reforms in Plural Societies", mimeo, UNRISD, Geneva.

<sup>28</sup> Jagers & Gurr, op.cit., See also Bangura & Nakamura, op.cit.; The World Bank, op.cit.; O'Loughlin, John, et.al. (1998), "The Diffusion of Democracy, 1946-1994", *Annals of the Association of American Geographers*, 88(4).

<sup>29</sup> These are the most common aspects of democracy employed in empirical studies. See O'Loughlin, et.al., op.cit.; Jagers & Gurr, op.cit.

<sup>30</sup> Based on the Freedom House Annual Survey of Political Rights and Civil Liberties: Karatnycky, Adrian, et.al., "Freedom in the World. The Annual Survey of Political Rights and Civil Liberties 1998-1999.", Freedom House, New York.

<sup>31</sup> United Nations General Assembly Resolution 43/157, 8 December 1988.

<sup>32</sup> See Bangura & Nakamura, op.cit.

<sup>33</sup> See Karatnycky et.al., op.cit.

<sup>34</sup> Bangura & Nakamura, op.cit.; Bangura, Yusuf, "Democratisation, Equity and Stability: African Politics and Society in the 1990s", UNRISD, Geneva.

<sup>35</sup> The World Bank, op.cit.

<sup>36</sup> International Institute for Democracy and Electoral Assistance, "Voter Turnout from 1945 to 1998: A Global Report on Political Participation", Stockholm, accessed at

[http://www.int-idea.se/Voter\\_turnout/index.html](http://www.int-idea.se/Voter_turnout/index.html).

<sup>37</sup> World Bank (1997), op. cit.

<sup>38</sup> Zakaria, Fareed (1997), "The Rise of Illiberal Democracy", *Foreign Affairs*, Vol. 76(6).

<sup>39</sup> With respect to political rights, the Covenant provides protection of the rights of freedom of thought, conscience, religion, opinion and expression; the right of peaceful assembly and freedom of association; the right to take part in public affairs, to vote and to be elected. As of January 1, 2000, 145 Member States had ratified or acceded to the Covenant. More than one third of the ratifications or accessions took place after 1989. United Nations Commission on Human Rights, Report of the Secretary-General, "Promotion and protection of human rights: Status of the International Covenants on Human Rights", 10 December 1999, E/CN.4/2000/89.

<sup>40</sup> United Nations Commission on Human Rights resolution 199/57, 27 April 1999.

<sup>41</sup> Keith, Linda (1999), "The United Nations International Covenant on Civil and Political Rights: Does it make a difference in human rights behavior?", *Journal of Peace Research*, Vol. 36(1).

<sup>42</sup> Jagers & Gurr, op.cit. Several research institutions have attempted to quantify and measure the extent of these political trends. The study of a subjective, political concept such as democracy, even when broken down into more measurable components must inevitably reflect some researcher bias, as already stated. While differing in their methods and results at the micro-level, they draw broadly similar conclusions regarding trends at the global and regional levels. Reference to these studies does not signify endorsement of their methodology.

<sup>43</sup> Bangura & Nakamura, op .cit.

<sup>44</sup> Esty, Daniel, et.al, "State Failure Task Force Report: Phase II Findings", Science Applications International Corporation, McLean, Virginia (1998).

<sup>45</sup> Nakamura & Bangura, op.cit.; Bangura, op.cit; The World Bank (1997).

<sup>46</sup> Esty, et.al., op.cit.