



From Local Government to Civil Society

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A German political scientist, Dr. Monika Ballin, wrote a short paper entitled “Local Government and Civil Society”. That paper is mainly for the participants of an online seminar of the same title, sponsored by the Friedrich Naumann Foundation for Liberty. The seminar started this week, running for 3 weeks more, and I was lucky to be selected among the 68 participants from many countries, mostly from Asia, Latin America and Africa, a few from Europe.

I like a number of definitions and points raised by Dr. Ballin in her paper. Among these are the following:

One, local government is a local, non-national authority, with local responsibility and limited autonomy and is part of the organizational structure of the State. But local government with a high degree of autonomy is always in strong opposition to centralistic political movements and authoritarian structures.

Two, the principle of subsidiarity applies: responsibilities as much as possible should be done at the lowest level, and only when a responsibility exceeds the capacity of one level that the next higher level should be entrusted.

Three, decentralization and privatization: responsibilities need to be shifted from the top down, and responsibilities which are not in the national or local sphere have to be privatized. Local authorities must have their own sources of funding to assert their fiscal autonomy.

And *Four*, civil society is the final stage of a functioning local government. If all means of decentralization, deregulation and privatization have been implemented and citizens have been involved as comprehensively as possible, civil society has emerged. There will be a “Lean State” where State structure exists only where it is absolutely

necessary, and the State at any level is not carrying out any task and duty which private businesses or citizens themselves can do for society.

I say “Amen” to all 4 points, especially the last one, by Dr. Ballin. The four core advocacies of our think tank, MG Thinkers, Inc. – small government, small taxes, free market, individual responsibility – unsurprisingly fit in these ideals and goals of civil society. Less government responsibility (and less taxes and bureaucracies), but more individual and parental responsibility.

The purpose of political decentralization and devolution is to shift some responsibilities from national to local governments. Unfortunately, for many countries, this did not result in greater individual freedom and citizen empowerment and self-administration, but greater power, regulation and intervention by local governments. I do not think this is consistent with liberalism philosophy.

In a number of economic competitiveness studies done by various institutions, like “Economic Freedom of the World” (EFW) by Fraser Institute, or “Doing Business” annual reports by the World Bank and International Finance Corporation (IFC), or “Paying Taxes” annual reports by the WB and Price Waterhouse Coopers (PWC), it’s those small economies with small local governments units (LGUs) that have the fewest taxes and business regulations, like Hong Kong, Singapore and Maldives. While some countries with plenty of LGUs, even though they have decentralization or devolution law like the Philippines, have the plentiest number of taxes and business regulations (see for instance, http://www.doingbusiness.org/documents/Paying_Taxes_2008.pdf).

This is because of duplicating business requirements, taxes and fees being collected, by both national and LGUs (provinces, cities or municipalities, and barangays or villages). The devolution of certain social services from the central government to LGUs like public health care, basic education and agricultural extension has emboldened many LGUs to create new taxes and fees, new rules and regulations, on top of taxes and fees, rules and regulations created and collected by national government agencies.

From the discussion by Dr. Ballin, to which I fully agree, the spirit of attaining a condition of civil society is not decentralization per se, but “degovernmentization” of many social functions, of ridding government and State intervention when individuals are free and responsible enough to be fully accountable and answerable for their actions and inactions. This is consistent with Friedrich Hayek’s observation that freedom and responsibility are closely intertwined, that a person cannot enjoy freedom unless he is ready to take responsibility for his life, his family and his community. That fear of responsibility is fear of freedom itself.

When I first mentioned the term “degovernmentization” to some friends here in Manila, their immediate reaction and question was “Are you proposing to abolish the government?” No.

“Decentralization” does not mean abolition of the central government, but merely the transfer of some functions from the central to local government. “Deregulation” does not mean abolition of all regulations by government, but reduction of too many regulations, liberalizing the economy to facilitate entry of new economic players. “Demonopolization” does not mean abolition of the incumbent monopoly corporation, but allowing other players and competitors so that the previous monopolist becomes one of the many players. So “Degovernmentization” does not mean abolition of the government, but reduction of many functions and responsibilities currently handled by national or central government, and local governments, and such responsibilities were brought back to the citizens, as individual and parental responsibilities.

There will always be a role for the State, a function that individuals and small communities cannot perform effectively. In its most basic and limited role, the State has the function to protect the citizens’ right to life, right to private property, and right to liberty. There will always be bullies, lazy and irresponsible people who will attempt to sustain their existence and that of people close to them by robbing other people their 3 rights mentioned above. These are the terrorists and murderers, robbers and hold-uppers, carnappers and pirates, rapists and kidnappers, and so on. Thus the State exists to become a “bigger bully”, better armed and equipped, than this group of people. The State also needs to maintain a credible and independent justice system that can render impartial and quick judgment on cases that involve critical disputes between and among the citizens.

The concept of “civil society” though is among those most misunderstood in the world today. Many people who regard themselves as belonging to civil society are actually in the forefront of advocating for more government regulations, trade protectionism, and higher taxation (the usual slogan, “tax the rich!”). In their hearts and mind, there is deep hatred of markets and big corporations, deep suspicion of assigning individual and parental responsibility, deep disrespect of inequality and diversity among people. So what those “civil society leaders” want is an even bigger government, and prevent the emergence of real civil society where citizens’ self-administration of their own lives, households, communities and workplaces, are respected and encouraged.

On another note, the on-going renewed military conflict between the secessionist Islamic army and the government armed forces in southern Philippines, is mainly a result of never-ending claims by the former for political and economic control of many provinces and cities that they claim to be their “ancestral domain”. Political decentralization under the Local Government Code (1991) did not work to solve this problem. Another law and political structure, creating an Autonomous Region for Muslim Mindanao (ARMM) was enacted and implemented, but after more than a decade, the same problems resurface.

The ultimate goal of the rebel Islamic army in the south is a separate State, an Islamic State with its own geographical area of control. They do not want decentralization or a stronger and “autonomous” local government because they will still be part of the administrative apparatus of the Philippine State.

Asserting a “civil society agenda” at this time in the current conflict in the south is a secondary issue. Because the main issue is the assertion of the Islamic rebels to have their own central government, while the central government of the existing Philippine State is ambivalent at least, or opposed to this move at most, since this will reduce its scope of power and geographical area that it currently controls.

Both sides in the south, the Islamic rebels and the Philippine State, though fighting, actually have a common trait: to foster or expand the coercive nature of their respective governments, and in the process, kill or stop the emergence of civil society.

Civil society by nature relies on the voluntary acts of citizens for self-administration. Even the financial backbone to sustain voluntary organizations (from corporations to cooperatives, foundations, professional associations, labor federations, student councils, neighborhood or village associations, churches, academic clubs, sports clubs, civic clubs, etc.) comes from voluntary contribution. Civil society therefore, is pacifist and non-coercive. And it is this non-coercive nature that directly and explicitly separates it from organs of government, where almost all of them were created and sustained by non-voluntary means through taxation.

For believers of civil society in the classical liberal tradition, local government should be a transition stage from central government to civil society. It is to be expected though, that many local government officials and personnel will object to this philosophy. For them, local government is an “end” by itself, and not just a “means” to an end. Only a few of the current local government leaders, in the Philippines or elsewhere, are open-minded enough to entertain the final emergence of civil society. In this case, therefore, it will be a situation of “local government vs. civil society”.

The principle of subsidiarity does not automatically mean that local government is the “lowest” level of citizen administration and empowerment. On the contrary, the “lowest” but most practical level of citizen administration is the family, not a government-run village (“barangay” in the Philippines) or municipality or county. Responsible parents produce responsible children who will become responsible adults someday, accountable for their actions and inactions, people who understand the corresponding reward or punishment in society.

* Below is the paper of Dr. Monika Ballin.

Local Government and Civil Society

By Dr. Monika Ballin
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Local government and civil society - What's that?

Local government is political action with respect to public affairs at a local level. In different countries, the meaning of the term "local level" varies greatly. It may mean a village or borough, a city, a district or county and sometimes even a province. It all depends on the organisational structure of a country and also of the density of the population.

What is important for the definition of local government is that at a lower, non-national level, there should be a local authority which acts self-responsible with limited autonomy and is part of the organisational structure of the state.

The development of local government

Local government developed on the basis of city privileges which already existed in antiquity and on the basis of subsequent self-administration privileges. Elements of local authority freedom have survived in Switzerland to the present day. Citizens' assemblies and referenda up to the cantonal level ensure the direct involvement of citizens in political decisions.

The state-formulated principle of self-administration as applied in Prussia in the 19th century by involving citizens in municipal affairs on a voluntary basis also introduced some local government elements. In England, local government produced strong local independence during a long historical period in very small steps, first concentrating on social duties. And up to the present, the English local authorities are highly dependent on financial supply by the central state government. France, Spain and Italy however provided little scope for local decisions because of their centralistic mentality.

Local government was constantly influenced in all countries by political developments which either increased or decreased centralisation related to political constraints and crises. The political element of local self-administration was overridden in Europe by increasing state legislation not least in the context of wars and crises. Dictatorial regimes removed any vestige of political independence on a local level.

But in Germany, for instance, after WWII the main political authority lay on the local level, because the state structure had been destroyed and the political personnel on the state level was not trusted in because of their Nazi-background. This situation empowered the federal structure of the German governmental system with a strong local authority.

Prerequisites for a functioning local level

a. Trust the people

Local government with a high degree of autonomy is always in strong opposition to centralistic political movements and authoritarian structures. National government can only accept local government if it has trust in the citizens' abilities, sense of responsibility and willingness to achieve political development and preserve a political system of freedom. It is this trust that forms part of liberalism since liberalism is based on the idea that a local decision will benefit most from widely distributed knowledge and competition of different ideas. The decision which is best for and best understood by the citizen is taken locally because it is close to the people.

b. Ability to take decisions

Therefore, liberalism calls for local decision-making. This requires the state to provide a framework of forms and procedures in the shape of local constitutions. Further, it must be ensured that inhabitants and citizens have a choice and a chance to co-decide. This can be done by elections and other forms of direct involvement in decisions.

c. Clear definition of responsibilities and subsidiarity

In order to function, local government responsibilities must be clearly defined. Here, the principle of subsidiarity applies. This means that as much as possible should be done at the lowest level. It is only when a responsibility exceeds the capacity of one level that the next higher level should be entrusted with it. The result is that, a priori, the local level is in charge of everything. If it turns out that this level cannot cope with the job, it is shifted to a higher level.

d. Decentralisation and privatization

However, reality today is different. In the course of time, the state level has usurped many responsibilities which could easily be delegated to the local level and perhaps even to private players - often even carried out in higher quality. Therefore, responsibilities need to be shifted from the top down, i.e. decentralisation is necessary. Responsibilities which are not in the national or local sphere have to be privatised. However, along with decentralisation, the ability to decide freely must also be devolved. This is the only way to delegate responsibility. In fact, this happens in many countries of the world during the last two decades, but not because of reason but because of lack of state finances.

e. Sufficient finances

This leads to another important aspect of a functioning local government. It requires that those elected to office decide freely on issues in their area. But often they can only decide if there is sufficient funding. Financial resources must not only derive from transfers from the national level; instead, local authorities must have their own sources of funding and - within limits - they should decide themselves on the size of funding by allocating own taxes and fees.

f. No overburdening by the state

It is necessary and useful to shift certain duties from the state to local authorities in order to be close to the citizen. But, along with this, there must be some cost reimbursement for that. In addition, local authorities must have enough scope for their own activities. If all the staff is busy doing state work, local government as defined above is no longer possible.

Civil society - the final stage of a functioning local government

If all means of decentralisation, deregulation and privatisation have been implemented and citizens have been involved as comprehensively as possible, there is nothing to stop the definitive self-administration of citizens. A civil society has emerged.

It would also mean that the governmental system reaches the status of a Lean state, which by definition is, that there is only a state structure left where it is absolutely necessary, the state on any level is not carrying out any tasks and duties which private businesses or the citizen themselves can do for the society.

A full stage of a civil society certainly is a vision since part of the responsibilities must remain in the state's hands because they cannot be discharged in small units. But the vision of the civil society must be the ultimate goal in defining and shaping liberal local policies.