Environment and Planning C: Government and Policy 2000, volume 18, pages 3 – 16

DOI:10.1068/c9950

New approaches to local democracy: direct democracy, participation and the 'third sector'

Ján Buček
Department of Human Geography, Comerius University, Mlynská dolina, 84215 Bratislava, Slovakia; e-mail: bucek@fns.uniba.sk

Brian Smith
Department of Politics, University of Exeter, Amery Building, Dennes Drive, Exeter EX4 4RJ, England
Received 20 August 1999; in revised form 14 October 1999

Abstract. Two themes of particular significance in the changing world of local government are examined: the growing pressures to incorporate participatory and direct forms of democracy into local government; and the varied use of a complex structure of nongovernmental organisations as part of local governance. Two main forms of democracy with participation are discussed: *direct democracy* and *participatory democracy*. Differences between them are explained and the demands for them in transitional and established democracies are described. The different ways in which 'third sector' bodies are involved in local governance are explored and their contribution to local democratisation assessed. Innovations in participation and the involvement of the third sector can revitalise local democracy.

Introduction

This paper addresses two themes which are of particular significance in the changing world of local government, found both in established and in newly emerging democracies, and relevant to an understanding of the contribution which local governance can make to democratic transition and consolidation. These two themes are: the growing pressures to incorporate participatory and direct forms of democracy into local government to accompany and perhaps enliven the more familiar but limited electoral participation in representative bodies; and the varied use of a complex structure of nongovernmental organisations as part of local governance—the so-called 'third sector' of voluntary bodies, not-for-profit organisations, community groups, and other local associations.

Participatory democracy in local governance

It seems that the latest developments in discussions and policy changes in local governance reflect a tendency toward extending participation in local democracy. Other papers in this issue reflect this interest in the topic of participation in current local governance. For example, Helmut Wollman in his comparative work emphasises the growing role of direct democracy in well-established democracies and the more transitional East German Länder. Brian Smith puts citizens' participation into the context of 'enabling', discussing participation within 'new public management' approaches. Ján Bucek outlines the role of sublocal institutions in supporting and facilitating participation in Slovak cities. Traditional issues working against extensive participation, such as fiscal centralisation and economies of scale, are elaborated in Eran Razin's paper.

Experiences of many countries document a search among reformers of current local government for the best combination of complementary procedures of representative and participatory democracy (including direct democracy). Because of the development of more dispersed powers and responsibilities, participation is multidirectional and rather complicated. Many new local institutions serving local populations

or influencing local life have emerged, with different approaches to participation. Sometimes participation that is orientated towards local government is supplemented by participation in new bodies with their own legal status and position in the system of local governance.

Leftist and rightist political theorists, despite differences in argument, both recommend balancing dominant local representative democracy by various forms of participatory democracy. Citizens' participation can improve local government especially by addressing two problems of local-level decisionmaking. First, there are decisions about especially sensitive issues; and, second, there is the possibility of an improvement in responsiveness to various citizens' groups' requirements. The wishes of citizens concerning important local issues can be better expressed by means of participation. Extensive participation can also assist local governments in their efforts to be more responsive to particular groups or sublocal interests.

Participation is also a matter of decentralised competencies and without them the visible effects of participation can quickly disappear. However, institutions of representative democracy remain crucial in maintaining responsibility and for the implementation of decisions. Walsh (1996) explained why we should harmonise the two main approaches within local democracy. If representative democracy has advantages in reconciling differences, participatory democracy works better in revealing preferences.

We will discuss in this paper two main forms of democratic participation: *direct democracy* and *participatory democracy*. We use this distinction for practical purposes, although many authors consider direct democracy to be part of participatory democracy. Because each form of democracy implies participation, we recognise that this is an overlapping distinction continually in transition in societal praxis. Direct and participatory democracy both concern nonelected citizens' involvement in decisionmaking, or their participation in decisionmaking processes outside the main elected local government institutions (for example, local councils or mayors).

The differences between direct and participatory democracy can be explained by reference to their relation to the approval of formal decisions, as well as their relation to the taking of responsibility for decisions. Participation includes citizens in decisionmaking at the local level but in general does not lead to formal final decisions. Consultations, public hearings, meetings, and participation in consumers' clubs affiliated to municipal enterprises and advisory bodies usually do not end with formal decisions. In contrast, most traditional forms of direct democracy (for example, referenda and citizens' assemblies) include the final approval of decisions (formal decisionmaking being characteristic of institutions of representative democracy). Direct democracy applied to formal decisionmaking frees representative institutions from bearing responsibility. Both direct and participatory democracy are considered as familiar parts of democratic governmental techniques. Nevertheless, their weight has changed throughout history. We focus mostly on institutional development and the related potential of direct and participatory democracy.

In well-established *Western democracies*, the impetus for reconsidering local democracy in favour of strengthened participation is related to the retreat from an overexpanded welfare state. For a long period the distributive role of local government prevailed over its political role in many Western states. The diminishing role of the public sector through privatisation, its new role in the application of contracting-out, and the extensive use of quangos in many states have led to a change in the nature of public sector involvement, particularly for functions that directly concern institutions of representative democracy. Participation should also balance earlier administrative reforms that introduced decentralisation combined with amalgamation. The tools used by local governments under the pressure of rising intermunicipal competition or even

the adjustment of administrative structures to resemble EU models (or resources) more closely have also challenged traditional democratic control. The chances for influencing local decisionmaking have in general become limited; local electoral participation has often been low (particularly as measured by voter turnout in local elections); and many social groups have been marginalised. For many reasons the 'distance' between people and representative institutions has been increasing. Many new local institutions with disputable accountability have emerged, especially local quangos, voluntary bodies (for example, see Imrie and Raco, 1999), or, in Central and Eastern European (CEE) states, state enterprises with decisionmaking powers over some local issues. Such powers have been transferred to institutions controlled from outside the locality and with executive officers nominated from higher levels of government.

In *transitional societies*, demand for extended participatory democracy in local government is related to previous experiences with inefficient and nondemocratic forms of local government which prevailed under previous regimes. One particular influence has been a more idealistic general public expectation of democracy in transforming and democratising countries. Citizens wanted to feel that ruling was being returned to them (to paraphrase Vaclav Havel). When looking at the limited scope of decentralisation in many CEE countries, we can observe that it was the central state which wanted to control processes of transformation and introduce new methods of service delivery, decentralisation to the public sector, and privatisation. Central legislation and guidelines made it obligatory to privatise or restructure many of the functions previously controlled by local public administrations, such as municipal service companies and significant shares of the local housing stock. It was also the case that, although decentralisation of spending responsibilities occurred—including spending on social services previously carried out by state enterprises—this was not matched by the decentralisation of revenue authority, fuelling trends towards greater spatial inequalities (World Bank, 1996, page 121).

The initial period of transformation at the local level in central Europe after 1990 produced solid institutions of representative democracy as a first sign of democratisation. However, this needed to be balanced by higher participation rates in the later consolidation stages of local governance building. Procedures of direct and participatory democracy are also important in these societies because the local nonpolitical initiatives of local civil society—the 'third sector' of associative democracy—are insufficiently developed in many municipalities. Transitional countries are also inspired by the latest developments in service delivery using the private sector, but often without more extensive participation.

The experiences of particular *developing countries* present limits to decentralisation when it is not combined with democracy, accountability, and responsibility at the local level leading to effective participation. Pressure for establishing large local government units, driven by a search for efficiency and economies of scale, has constrained much-needed participation based on self-help and community mobilisation.

Direct democracy in local governance

Direct democracy presupposes the direct involvement of citizens in decisionmaking at the local level. It is generally accepted to have very limited scope for wide application in modern mass society. Representative democracy, as the main contender for and holder of formal decisionmaking rights, is very well established and its position is very solid and respected at the local level. We can hardly expect any dramatic shift to full dominance by direct local democracy in local government. This is especially true if we perceive direct democracy in its 'antique city-state' form, as decisions approved by a citizens' assembly composed of all local citizens, for an almost unlimited range of local

matters (as happens in some Swiss cantons). The wider application of citizens' assemblies in formal decisionmaking is rare and hardly applicable to the current size of local units, with the exception of very small local communities of parish size, usually below the main structures of local government. However, a growing number of countries with directly elected mayors (replacing election of mayors within the local council) does indicate some shift in response to pressure for direct democracy to increase local democracy.

The exceptional cases of a very broad application direct democracy are some Swiss cantons with a long tradition of an important role for referenda and citizens' assemblies in determining local issues, and US states where 'propositions' can be added to the ballot paper. Linder (1991) draws attention to successful opposition to local parliament decisions in referenda. Potential defeat in a referendum encourages the local administration to engage in direct consultation before formal decisionmaking. Citizens' assemblies functioning as local parliaments are another specific case of direct democracy in small Swiss municipalities.

We can observe many forms and procedures of direct democracy, introduced into the systems of local governance in a growing number of countries. For example, both Hungary and Russia have enshrined in their constitutions the right of citizens to exercise local self-government through referenda as well as through elected representatives. Many transitional CEE countries introduced direct democracy as part of their reforms of public administration in the early 1990s. This was seen as an important part of the democratisation of government and adjustment to new roles at the local level. The most frequently applied instrument is the local referendum. Twelve of the fifteen countries covered by a Hungarian study of "Local Government in the CEE and CIS" (ILGPS, 1994) introduced different forms of referendum into their local government systems. Some states (for example, Hungary, Bulgaria, and Slovakia) make it obligatory to hold local referenda on specified local matters such as cadastral changes, the amalgamation of communes, or the sale of land. In Russia and Albania legislation requires referenda on unspecified but important local issues. Most states also allow local initiatives to hold referenda. Local self-governments in Slovenia are obliged to hold referenda if requested by more than 10% of local voters. The results of local referenda may be binding if they satisfy certain conditions (such as a greater than 30% participation rate in Poland and 50% in Macedonia).

The local referendum is probably the best and most widely recognised instrument of direct democracy in current times. Consultative and binding referenda can be distinguished as the two basic forms of local referendum in local government systems. Consultative referenda provide very relevant information on particular local issues, but local institutions of representative democracy are not obliged to act in accordance with the results. Sometimes attempts are made to diminish the role of local referenda by holding more representative opinion polls, but they are usually very influential guidance for local government decisions (depending on the level of participation). The results of successful local referenda usually enjoy high legitimacy and are difficult to challenge.

This is the reason why we can conceive of even a consultative referendum as 'direct democracy'. Despite formal weaknesses, it forces local government to act in an approved way. In the case of a 'binding' referendum, the local authority must accept the referendum's result and act in agreement with it. There is one obstacle: such a referendum requires a particular level of participation to be regarded as valid (when sufficient participation is not achieved, it is in fact transformed into a consultative referendum). Direct democracy has a very solid position if a local referendum is obligatory in decisionmaking on particular important local issues and its result is binding. Nevertheless, such practices are best limited to a small number of issues of

primary importance to the local population. Occasionally, we can find rules which modify the use of the referendum when addressing more sensitive issues (for example, financial). For example, a referendum in Germany can address all local matters except local budgetary and other financial decisions (see Wollman, 2000).

An important issue related to the advancement of local direct democracy is the right to initiate a local referendum. It is more democratic if it can be initiated not only by local representative institutions, but also by citizens (usually by a legally defined share of the total local population). Some of these referenda can be designed as decisionmaking, or to confirm or reject already approved decisions of local representative bodies. There is sometimes an intention to avoid the application of a local referendum to issues requiring a lot of expertise. To avoid the simplification of decisionmaking by a yes–no referendum, it is possible to incorporate a range of choices, rather than just one (Cochrane, 1996).

We can conclude, according to Wollman (2000), that the local referendum has gained a new role in contemporary Britain, France, and Germany. It is not surprising that we can observe a growing perception of it as a helpful tool to revive local democracy in well-established Western democracies. The 'consultative' form of local referendum is proposed as a cautious type of direct democratic innovation in local government by the Labour government in Britain. The shift towards a more extended direct democracy in French local government is found in procedures strengthening the right of the local population to initiate consultative referenda. A tendency towards a more direct local democracy is confirmed by the move towards 'binding' local referenda in both East and West German Länder. Another sign of the expansion of direct democracy in Germany is the opportunity to recall mayors by referendum. It is not surprising that East German Länder, with their enthusiasm for a previously absent democracy, are leaders in this issue.

A good example of the expansion of direct democracy in CEE transitional countries can be found in the current Slovak local government system. The local referendum is obligatory for any decision concerning the merging, division, or dissolution of a municipality. Special public payments can be introduced only after local referendum approval. Other financial matters (local taxes, local fees) can be decided by local referendum, if such a procedure has been approved by the local council. Such a decision is binding for one year following the referendum. Local referenda on any local matter can be organised after a petition signed by 20% of the voters. The mayor and council have a similar right of initiative. They can submit crucial local issues to public voting in a referendum. However, such a referendum is consultative and the final decision is in the hands of the local council.

A referendum gives a chance, previously lacking, to protect the existence of the municipality, gives purpose to local citizens' mobilisation against a threat to local identity or the transformation of 'genius loci', and protects local citizens against a too-heavy financial burden. Many previously merged municipalities were divided following decisions taken by local referendum. On the other hand, many municipalities remained integrated, when local citizens rejected the disintegration ambitions of a section of local society or the local elite. The local referendum is now considered an important instrument against arbitrary external intervention and the unresponsive actions of local governments on particular issues.

The role and position of direct democracy in local policymaking are growing. We can observe a move towards direct democracy in both its 'weak' and its 'strong' forms, when evaluating the effects of participation. Elementary 'weak' consultative referenda and rights to initiate them by local citizens have been introduced in some countries.

'Strong' direct democracy, which means the dominance of decisions taken by citizens over decisions taken by local representative institutions has also penetrated local government systems. The citizens' assembly remains a typical consultative forum, because it usually lacks the right to approve formal decisions and involves limited participation. The citizens' assembly and consultative referendum are halfway between direct and participatory forms of democracy.

Strong direct democracy makes citizens much more powerful and makes local institutions of representative democracy much more responsive and accountable. It can be very influential, depending on the level of turnout. More freely defined consultative local referenda and citizens' assemblies can be organised more frequently, compared with binding referenda that have to fulfil more formal criteria to be successful. Binding local referenda are not only instruments of decisionmaking but also modern methods of protective democracy at the local level (oriented towards the survival and future of a municipality, and local identity). The local application of the referendum constitutes a rational deepening of local democracy. It can partly avoid the main reservations expressed about referendum democracy (for example, in Sartori, 1995). It is decisionmaking on issues familar to local citizens, who are also better informed by public hearings, meetings, and published reports, which leads to more competent voting, and can touch matters directly influencing citizens' lives. (It also supports high participation.) Nevertheless, the local referendum, it is normally suggested, should be limited to particular issues (for example, by the constitution or by the courts), to avoid the 'tyranny of the majority' on some sensitive issues. De Toqueville's reliance on local government to check the tyranny of the majority as expressed through central decrees might equally be applied to decisionmaking by referendum: "The townships, municipal bodies, and counties form so many concealed breakwaters, which check or part the tide of popular determination" (1835, page 123).

Participatory democracy in local governance

When focusing on the role of participatory democracy in current local governance, we consider two relationships to be of major importance. First, there are the relations of institutions of local representative democracy to participatory democracy. Second, there is a group of issues around innovative tendencies in municipal service delivery and their relations to local participatory democracy. These are the two primary arenas in which attempts can be made to strengthen local democracy by extending participatory democracy.

Institutions of *local representative democracy* can improve the conditions of participation in various ways. Three policies for strengthening local democracy by improving, extending, and infusing representative democracy by direct democracy were outlined by Hambleton (1988) over ten years ago. Current experiences prove that they remain valid, and that they are oriented towards building a more participatory environment in the sphere of local government. *Improving* representative democracy, besides mobilising citizens to electoral participation, should concentrate on better ties between councillors and citizens on various principles of citizens' aggregation (spatial, interest group, etc). More participatory techniques also require routine procedures of municipal bureaucracy.

The next step is the *infusion* of indirect representative democracy with participatory democracy. Local governments tend to use very standard forms of participation based on more or less irregular meetings with citizens, and various other forms of communication and citizens' involvement, which give them a more passive voice (for example, consultations and meetings) or a more active voice (for example, co-options), depending on local practice. Delegates of particular communities, as well as professionals with suitable expertise, are invited to participate in institutions of representative democracy.

Despite various possibilities and valuable experiences, such an approach can be irregular and selective, with nonelected participants being insufficiently influential, so the extent of participation and effectiveness remains limited.

The formation of various sublocal institutions has been the essence of *extending* representative democracy. It has become a very attractive and promising feature of recent developments. 'Extending' is a stronger stage in the strengthening of local democracy by means of participation, which also comprises the above-mentioned participatory techniques (organising meetings between councillors and citizens). It has become a widespread practice to use sublocal institutions in strengthening participation, especially in larger local government units. Various forms of elected or nonelected sublocal institutions (councils, forums, parishes, neighbourhood offices, etc) support regular and complex participation. They usually have a more precise and stronger position within a local government system, having defined competencies, budgets, executive officers, and decentralised 'sites' closer to citizens. The participation involved can be quite extensive, especially when such institutions have important rights (for example, in planning or service delivery) and resources. The social composition can be very differentiated, because it can incorporate both elected and nonelected members, as well as officers and citizens.

Such institutions make sense if they are open to extensive citizens' participation, being more accessible and forcing their members to work with the electorate more systematically. An enriched spectrum of procedures and techniques is needed to create tools for more effective participation around decentralised institutions serving as nodes in the web of participation in a locality. They have an important role in facilitating participation and building local identity, and can be useful in teaching citizens to participate regularly and effectively. Such sublocal institutions give more chance for the representation of marginalised groups of citizens. Sublocal institutions also need constitutional guarantees of pluralism, accountability, and self-government in order to avoid eventual misuse by particular interest groups. This combination of representative and participatory democracy is a useful and successful trend in the strengthening of local democracy.

In recent decades serious *innovations in services delivery* have affected participation in local government. Participation which had the ambition of addressing issues of service delivery inevitably became transformed. Previous activities aimed mostly at local government's traditional responsibility for service delivery. Under the changed conditions local citizens have to participate in various forms in more fields, with different bodies (which can blur the issue of responsibility) and with different levels of intensity. Participation with local government was not simply replaced by consumerist notions of users' choice oriented toward service contractors.

Participation has been influenced by new developments in service delivery in two directions. One is aimed at local government, whereas the second is oriented directly towards service companies.

Local government specifies the needs of citizens for service provision by defining standards of delivery, as well as forms of control and sanction. *Citizens' participation oriented to local government* can help in the redefinition of service standards, or there can be cooperation in control. The role of representative institutions in strengthening participation can be confirmed by defining forms of citizens' involvement during contract development, implementation, and control. In many states local government also has other instruments which can be used for regulating standards of service outside the typical municipal sector. Its role has shifted to the position of intermediary between citizens and service companies. In the case of serious mismanagement or service delivery fluctuations, citizens can turn to local government and ask for a change of service provider.

Participation toward service delivery companies combines more traditional market approaches to communication with citizens (oriented mostly toward market shares and increased sales and involving direct marketing and advertising through the distribution of questionnaires, customer surveys, information hot lines, company presentations, and the distribution of company newsletters and journals), with instruments based on participatory mechanisms transferred from the public sector, such as advisory bodies, board membership, user control, consultations with neighbourhood councils, consumer associations, and local offices. Service providers have developed many useful tools to cope with customer requirements related to the nature of the service delivered. Markets within the public domain are modified by stronger demands for a consumer-based local 'market democracy'. Citizens can better express views on particular delivery issues, which cannot be precisely expressed during elections.

This then goes some way towards allaying the fear expressed in Smith's paper (2000) that the accountability of service providers to the public and their representatives is weakened by contracts. He emphasises the limits on the specification of service delivery and the fact that information on various aspects of contractor performance is restricted. Competition among potential contractors is also sometimes limited and some of them are close to the position of local monopolies. Lacking information, citizen participants are 'weak' partners compared with company experts with their knowledge. This also concerns local governments, which can be under pressure from the local business community and potential contractors. Despite the real potential of 'enabling', combined with various forms of participation, there is also the risk of a decrease in participation as well as a fall in standards of service delivery.

It looks as if, by developing new forms of service delivery, local government has retreated from direct delivery and has reoriented its capacities. It has gained more flexibility and space for a wider role in managing local life. Contracting out means a loss of the direct link between the size of units of local government and the need for economies of scale which can be provided by contractors. This also means a chance to protect a size of unit more suitable for local democracy. A transition to 'enabling' includes various forms of citizens' involvement in decisionmaking, going beyond a pure 'consumer' position. By using instruments of participatory democracy the local polity can protect its democratic nature.

The 'third sector' in local governance

The second theme on which we wish to elaborate is again touched on to varying degrees in the papers which follow this one. Buček (2000) describes the growing involvement of nonprofit, nongovernmental, voluntary, and community associations in the local life and government of Slovak cities. Smith (2000) shows how local councils in Britain engage in partnerships and other forms of collaboration with voluntary bodies as well as private firms. Wollmann (2000) provides a timely reminder that German municipalities have a strong tradition of delivering social services through voluntary organisations. And Razin (2000) examines the effects of fiscal decentralisation on the formation of local public – private partnerships and on self-help and community-based projects. What has been called a 'multichannel' system of local government (Horvath, 1997) is replacing the exclusive authority of local governments in many parts of the world.

Collaborating with the third sector

There have been various motives behind the engagement of the third sector by local governments around the world: the absence of service provision in the state sector; political determination to strengthen civil society (Osborne and Kaposvari, 1998); and

challenges to the state–market divide which encourage combining the best of both with more public participation (Pinto, 1998).

Involvement in local governance on the part of third sector bodies—voluntary organisations, not-for-profit concerns, cooperatives, self-help associations, neighbourhood groups, community associations, and other social organisations—takes many different forms. Groups may enjoy consultative status, either discretionary or statutory. They may exert pressure in other ways as advocates of causes or the interests of service users or the excluded. Or they may become involved in service delivery.

The service delivery role may be performed as an 'extension' of a local authority, working under contract or service agreement to provide specified parts of a service (such as care of the elderly or education) to the community or to designated client groups within it to agree standards. Here policy is determined by the local authority, occasionally after formal consultation with the nongovernmental organisation (NGO) concerned. The elements of the service to be provided are usually specified in detail.

In developed democracies third sector organisations receive substantial financial support from local governments in the form of grants, contracts, or service agreements. Local councils may also be able to offer other kinds of support, such as staff secondments and training, accommodation, equipment, low-interest loans, legal and administrative advice, or tax relief. However, in poorer countries, or in countries in the process of transition from authoritarian to democratic rule, democratic local authorities are likely to be starved of resources and need the nongovernmental sector to 'share the burden' of local services. Here the third sector is more of a 'substitute' for public sector provision, with local governments engaging in joint ventures to share the cost of housing, health care, waste disposal, environmental protection, and education with NGOs to develop new methods of service delivery (Attahi, 1996; Nogueira, 1995). Such partnerships increase both the quantity and the quality of public services beyond what would be possible under purely public—or private—provision (Fiszbein, 1999).

In transitional economies many civic associations emerged in order to substitute for the shortcomings of government (World Bank, 1997, pages 113–114). The needs of low-income groups for housing and other basic requirements have frequently been met through self-help, NGOs, or the church, because of the poor's weak position in local politics dominated by clientelism, elite interests, and the residues of authoritarianism. The need for community-based alternatives to statutory public services is likely to remain a feature of democratic transition and consolidation in many countries, with local councils dependent on neighbourhood and other associations for the mobilisation of self-help schemes to substitute for public services.

The growth of the third sector in transitional countries was supported by foreign states and third sector 'multinationals'. NGOs in these countries first took root as a result of such support. This was important in getting them established because initially many municipalities considered third sector bodies as competitors or even opponents. It was only later that their positive role was recognised. This dependency on international resources sometimes caused problems in the orientation of third sector activities, because priorities seemed to be imposed from outside rather than locally based and using local resources. Efficiency in addressing local needs could be limited by dependency on and subordination to international NGOs.

The benefits to municipalities of cooperation with the third sector are many, and include low-cost and flexible labour, supplementary financial resources, and community involvement in and acceptance of local authority objectives. Partnership, and the specialisation that this entails, enable resources—financial, human, technical, political, and informational—to be pooled in ways which increase productivity, creativity, and innovation (Fiszbein, 1999). This kind of 'service decentralisation', in requiring the

mobilisation of resources, can enable the state to restrict the levels of its own provision in response to severe budgetary restraint (Horvath, 1997).

Local government collaboration in service provision with third sector bodies is increasingly accompanied by the representation of service users and other 'stakeholders'—social movements, employers' associations, trade unions, and interest groups—on official management committees, advisory bodies, and neighbourhood councils to facilitate the involvement of civil society in the management of services, programmes, and institutions. There is, however, always a danger that entitlement to participation in official committees will be no more than tokenistic, especially if those drawn from the third sector lack the necessary skills and knowledge.

The third sector and local democratisation

Engaging the third sector in local governance can contribute to the strengthening of local democracy in a number of ways. Insofar as this in turn strengthens national democracy, either through a causal link between local and national democratic practice and beliefs or through the development of civil society, then collaboration between local governments and the third sector is crucial to the consolidation of democracy in countries recently emerged from authoritarianism. Cooperation between local governments and the third sector helps to establish the legitimacy of democratic government in political cultures moulded by civil conflict, centralisation, authoritarianism, and lack of trust in state institutions. Building networks of governmental and nongovernmental agencies builds trust and social capital, further underpinning democracy (Fiszbein, 1999; World Bank, 1997).

Civil society organisations can empower people in a number of ways through their own participatory practices, through advocacy, interest articulation, and protest, and through alliances with similarly placed groups in other localities and cultures. Some NGOs have even resisted the role of service provider, despite shrinking state support for badly needed services, concentrating on mobilising demands on the authorities in the belief that the state is responsible for service provision and should have the technical knowledge required (Cohn, 1995, pages 96–97).

Nevertheless, formal links with local governments can be supportive of local democracy. First, popular movements, NGOs, human rights groups, and women's organisations increasingly recognise the importance of strong democratic local government to their various causes. Their advocacy may include demands for the democratisation of local government, and its release from the grip of local economic elites, clients of the government party, or official mass organisations controlled by the central government. Their activities may include support for inexperienced elected councillors, with training, policy advice, and project management (Hernandez and Fox, 1995, pages 189–190; Osborne and Kaposvari, 1998, page 368; Salinas and Solimano, 1995, page 158).

Second, the civic community of neighbourhood associations, voluntary bodies, and grassroots support organisations, as well as political parties, intensifies the practice of democracy through negotiation and bargaining with local governments: "the relationship between NGOs and local governments can be a cause as well as an effect of enhanced democratic practice. A product of democracy, such negotiations can also produce it" (Reilly, 1995b, page 255; see also Massolo, 1996).

Third, participation in grassroots organisations prepares people for participation in reformed and democratised local government, making it more likely to succeed. By promoting community action, local nongovernmental bodies help to legitimise newly reformed municipal authority, itself derived from mass participation (Reilly, 1995a, page 2; 1995b, page 267; Tapales, 1996).

Fourth, local civic groups may join with local governments to lobby the centre on behalf of citizens' demands. Fifth, commissioning third sector organisations as service providers can include user involvement in the management of services, including the participation of formerly marginalised, excluded, or dependent social groups. In this way service beneficiaries become more than just dependent recipients, gaining self-confidence, self-esteem, and valuable political and administrative experience that can be used in the wider political arena.

Prospects for collaboration and democratisation

The potential benefits of local government engagement with the third sector are enormous and by no means restricted to public service provision. However, there may be obstacles to overcome and dangers to be wary of both in newly democratising states and in established democracies before this full potential can be realised.

In newly democratising states, civil society may be weak and unable to support a third sector presence in local public administration. Traditional culture may stress beliefs such as submissiveness to authority, conflict avoidance, and the impersonality of relationships which are resistant to the emergence of an active civil society (Kokpol, 1996, page 161).

Alternatively, a contribution to local democracy may be difficult to make when authoritarianism is deeply rooted and when political representation is a recent phenomenon. Social organisations may have traditionally been either integrated into government and political parties or involved in protest and confrontation rather than constructive dialogue and cooperation with local governments. Elements of centralised planning may persist (Hernandez and Fox, 1995, pages 202 – 203; Luan, 1996; Reilly, 1995b). In the transition to democracy, municipalities may, as legacies of the recent authoritarianism, be the opponents rather than the allies of community groups. Local political elites may represent the old order and resist democratisation, not believing in pluralist democracy, participation, political equality, freedom of speech, or responsiveness to the public. Leaders may not trust the people and may be nostalgic for discipline. Consequently the people may consider strikes, boycotts, and mass meetings as the best means of influencing local policy (Boukhalov and Ivannikov, 1995, page 136; Grichtchenko and Gritsanov, 1995, pages 120 – 124).

There may also be the risk that leaders of third sector organisations will become incorporated into the clientelist politics found in some newly emerging democracies, with adverse consequences for beneficiary participation and the legitimacy of local institutions, both governmental and nongovernmental. Similar effects may be felt from the informal clan-like relations between councillors and NGO personnel that are traditional in some settings and which lack transparency and accountability, so breeding mistrust, disadvantages that must be set against the benefits of low transaction costs associated with such relationships (Osborne and Kaposvari, 1998, page 372).

During the transition to democracy the revival of local government can also significantly alter the pattern of civic organisation and discourage community action of certain kinds, replacing community-based associations with sectional interest groups which may nevertheless be incorporated into the system of local governance. During the period of political transition from authoritarianism to democracy in Spain, associations based on sectional interests such as occupation, profession, age, and gender have replaced neighbourhood organisations and other urban social movements as arenas of political action because of "newly established democratic channels for social and political participation" including new democratically elected local councils: "a transition from community to association appears to be an important feature of democratic consolidation in Spain". The significance in the functioning of the city of

social relations based on neighbourhoods that were important during the authoritarian regime in voicing demands for health care, education, and other collective services and in empowering neighbourhoods, especially in poor areas, has been reduced. Local authorities have taken responsibility for local needs; citizens have become more passive; and community action has declined. Other forms of association have, however, been encouraged by local councils to help provide services. So civil society is developing through civic associations and social movements promoting cultural activities, sport, education, philanthropy, environmental concerns, feminism, and peace (Garcia, 1995, pages 64 – 75).

Both in consolidating and in established democracies there is the risk of loss of autonomy for third sector organisations involved in local public service provision. In consolidating democracies, the third sector may lack local sources of income, increasing dependency on the state. In all cases there is the fear that contractual relations will require conformity to local authority objectives, and politically acceptable behaviour, diminishing the scope for experimentation and, of course, advocacy. Such concerns have to be weighed against the benefits of collaboration with municipal authorities. Small, new, and financially weak community groups, lacking the organisational presence needed for participation in service provision, may be further marginalised by contracts and service agreements which favour established, well-resourced, and experienced bodies.

Finally, it must be remembered that the third sector contains groups that vary greatly in the extent of their capacity for empowerment and in their internal democracy. Many voluntary organisations, for example, do not deliver benefits to their clients in ways which empower them. In many cases the beneficiaries of voluntary service, especially if elderly or handicapped, are the passive recipients of services provided by volunteers, paid helpers, or institutional managers, creating dependence where it need not always exist. To avoid creating or strengthening dependency special measures need to be introduced to involve beneficiaries in the management of services.

Nor are voluntary bodies and NGOs necessarily democratic in their internal organisation. Management is often neither democratically elected nor removable. They are not answerable to their constituencies or clients. There is a tendency within voluntary organisations to adopt "hierarchical and pyramidal forms of organisation and authoritarian styles of management" (Brenton, 1985, pages 192 – 196). There may be no opportunities for service users, as distinct from voluntary and paid organisers, to participate in planning, service development, or client assessment. A "denial of voice" to the rank and file is one of the most serious problems faced by NGOs in India, for example (Jain, 1997, pages 9 – 10). The motives for some forms of voluntary work have little to do with empowering either the members or their clients.

Conclusion

Recent developments in local governance offer enormous scope for innovations in direct democracy, participation, and the involvement of the 'third sector'. There are numerous ways in which conventional local government can be modified to produce outcomes which are empowering for all sections of the community, and especially those that have traditionally been excluded from involvement in policymaking and implementation. Such innovations are badly needed to revitalise local democracy, under threat from disenchantment with representative institutions and a loss of accountability for government functions that have been delegated to appointed agencies.

Participation is at the heart of reforms to augment representative with direct democracy and to diversify methods of policy formation, service delivery, and other means of community and client involvement in the management of public services. For too long participation in local affairs has been tokenistic, involving little more than

consultation with public opinion in ways which produce results that can easily be ignored by those in formal positions of local authority. The developments reviewed here, involving different kinds of referenda, citizens' assemblies, and the utilisation of consumer and client groups at different stages of the policy process, offer real possibilities for the enrichment of local political and administrative life, as well as for improvements in the responsiveness of public services to the needs of citizens.

References

Attahi K, 1996, "Cote d'Ivoire", in *The Changing Nature of Local Government in Developing Countries* Ed. P L McCarney, Centre for Urban and Community Studies, University of Toronto, Toronto, and Federation of Canadian Municipalities, pp 107 – 128

Boukhalov O, Ivannikov S, 1995, "Ukrainian local politics after independence", in *Local Governance Around the World* Ed. H Teune *The Annals of the American Academy of Political and Social Science* **540** (July) 126 – 136

Brenton M, 1985 *The Voluntary Sector in British Social Services* (Longman, Harlow, Essex)

Buček J, 2000, "Sublocal decentralisation—the case of Slovak cities" *Environment and Planning C: Government and Policy* **18** 57 – 78

Cochrane A, 1996, "From theories to practice: looking for local democracy in Britain", in *Rethinking Local Democracy* Eds D King, G Stoker (Macmillan, London) pp 193 – 213

Cohn A, 1995, "NGOs, social movements, and the privatisation of health care: experiences in Sao Paulo", in *New Paths to Democratic Development in Latin America. The Rise of NGO – Municipal Collaboration* Ed. C A Reilly (Lynne Rienner, Boulder, CO) pp 85 – 94

de Toqueville A, 1835 *Democracy in America* (1956 edition, Mentor Books, New York)

Fiszbein A, 1999, "Public – private partnerships as a strategy for local capacity building: some suggestive evidence from Latin America", paper prepared for the Public Administration and Development Jubilee Conference, Oxford, April; copy available from the author

Garcia S, 1995, "Urban communities and local political participation in Spain", in *Local Governance Around the World* Ed. H Teune *The Annals of the American Academy of Political and Social Science* **540** (July) 63 – 76

Grichtchenko J M, Gritsanov A A, 1995, "The local political elite in the democratic transformation of Belarus", in *Local Governance Around the World* Ed. H Teune *The Annals of the American Academy of Political and Social Science* **540** (July)

Hambleton R, 1988, "Consumerism, decentralization and local democracy" *Public Administration* **66**(2) 125 – 147

Hernandez L, Fox J, 1995, "Mexico's difficult democracy: grassroots movements, NGOs and local government", in *New Paths to Democratic Development in Latin America. The Rise of NGO – Municipal Collaboration* Ed. C A Reilly (Lynne Rienner, Boulder, CO)

Horvath T, 1997, "Local governance in human services: case studies from Hungary as an example of Central European transformation of public administration", paper presented to the Round Table of the International Institute of Administrative Sciences, Quebec City, July; copy available from the author

ILGPS, 1994, "Local government in the CEE and CIS", Institute for Local Government and Public Service, Budapest

Imrie R, Raco M, 1999, "How new is the new local governance? Lessons from the United Kingdom" *Transactions of the Institute of British Geographers, New Series* **21** 45 – 63

Jain R B, 1997, "Increasing effectiveness of government in developing countries: the experience of NGOs as a Third Sector in strengthening policy processes in India", paper presented to the Round Table of the International Institute of Administrative Sciences, Quebec City, 14 – 17 July; copy available from the author

Kokpol O, 1996, "Thailand", in *The Changing Nature of Local Government in Developing Countries* Ed. P L McCarney, Centre for Urban and Community Studies, University of Toronto, Toronto, and Federation of Canadian Municipalities, pp 135 – 168

Linder W, 1991, "Local government in Switzerland: pragmatic adaptation and self-help", in *Local Government and Urban Affairs in International Perspective* Ed. J J Hesse (Nomos Verlagsgesselschaft, Baden-Baden) pp 409 – 427

Luan T D, 1996, "Vietnam", in *The Changing Nature of Local Government in Developing Countries* Ed. P L McCarney, Centre for Urban and Community Studies, University of Toronto, Toronto, and Federation of Canadian Municipalities, pp 169 – 194

Massolo A, 1996, "Mexico", in *The Changing Nature of Local Government in Developing Countries* Ed. P L McCarney, Centre for Urban and Community Studies, University of Toronto, Toronto, and Federation of Canadian Municipalities, pp 227 – 252

Nogueira R M, 1995, "Negotiated interactions: NGOs and local government in Rosario, Argentina", in *New Paths to Democratic Development in Latin America. The Rise of NGO – Municipal Collaboration* Ed. C A Reilly (Lynne Rienner, Boulder, CO) pp 45 – 70

Osborne S P, Kaposvari A, 1998, "Non-governmental organisations and the development of social services: meeting social needs in local communities in post-communist Hungary" *Public Administration and Development* **18** 365 – 380

Pinto R F, 1998, "Innovations in the provision of public goods and services" *Public Administration and Development* **18** 387 – 398

Razin E, 2000, "The impact of local government organization on development and disparities—a comparative perspective" *Environment and Planning C: Government and Policy* **18** 17 – 31

Reilly C A, 1995a, "Public policy and citizenship", in *New Paths to Democratic Development in Latin America. The Rise of NGO – Municipal Collaboration* Ed. C A Reilly (Lynne Rienner, Boulder, CO) pp 1 – 28

Reilly C A, 1995b, "Topocrats, technocrats and NGOs", in *New Paths to Democratic Development in Latin America. The Rise of NGO – Municipal Collaboration* Ed. C A Reilly (Lynne Rienner, Boulder, CO) pp 247 – 272

Salinas J, Solimano G, 1995, "Chilean health NGOs", in *New Paths to Democratic Development in Latin America. The Rise of NGO – Municipal Collaboration* Ed. C A Reilly (Lynne Rienner, Boulder, CO) pp 145 – 164

Sartori G, 1995 *Teoria Demokracie* [Theory of democracy] (Archa, Bratislava)

Smith B C, 2000, "The concept of an 'enabling' local authority" *Environment and Planning C: Government and Policy* **18** 79 – 94

Smith D M, Blanc M, 1997, "Grass-roots democracy and participation: a new analytical and practical approach" *Environment and Planning D: Society and Space* **15** 281 – 303

Tapales P D, 1996, "Philippines", in *The Changing Nature of Local Government in Developing Countries* Ed. P L McCarney, Centre for Urban and Community Studies, University of Toronto, Toronto, and Federation of Canadian Municipalities, pp 195 – 219

Walsh K, 1996, "Public services, efficiency and local democracy", in *Rethinking Local Democracy* Eds D King, G Stoker (Macmillan, London) pp 67 – 88

Wollman H, 2000, "Local government systems: from historic divergence towards convergence? Great Britain, France and Germany as (comparative) cases in point" *Environment and Planning C: Government and Policy* **18** 33 – 55

World Bank, 1996 *World Development Report 1996. From Plan to Market* (Oxford University Press, New York)

World Bank, 1997 *World Development Report 1997: The State in a Changing World* (Oxford University Press, New York)