

# International Political Science Review

<http://ips.sagepub.com>

---

## **The Paradox of Bureaucratic Accountability in Developing Nations under a Promarket State**

Shamsul M. Haque

*International Political Science Review* 1998; 19; 357

DOI: 10.1177/019251298019004002

The online version of this article can be found at:  
<http://ips.sagepub.com/cgi/content/abstract/19/4/357>

---

Published by:

 SAGE Publications

<http://www.sagepublications.com>

On behalf of:

International Political Science Association (IPSA)

**Additional services and information for *International Political Science Review* can be found at:**

**Email Alerts:** <http://ips.sagepub.com/cgi/alerts>

**Subscriptions:** <http://ips.sagepub.com/subscriptions>

**Reprints:** <http://www.sagepub.com/journalsReprints.nav>

**Permissions:** <http://www.sagepub.com/journalsPermissions.nav>

**Citations** (this article cites 8 articles hosted on the  
SAGE Journals Online and HighWire Press platforms):  
<http://ips.sagepub.com/cgi/content/refs/19/4/357>

# **The Paradox of Bureaucratic Accountability in Developing Nations Under a Promarket State**

M. SHAMSUL HAQUE

**ABSTRACT.** In this article, it is argued that under the current promarket global atmosphere, there has been a significant shift in the nature of the state in developing countries toward the formation of a “market-centered” state. Under this emerging market-centered state, there have been similar market-oriented changes in the objectives, roles, institutions, norms, and beneficiaries of state bureaucracy. Although these recent changes in bureaucracy have often been introduced in the name of greater transparency and accountability, in reality, the adverse outcomes of such promarket changes constitute more critical challenges to bureaucratic accountability, and thus represent a new accountability paradox in developing countries. In line with this contention, the article includes the following analytical components: (1) an overview of the linkages between the nature of the state and the mode of bureaucratic accountability, (2) an analysis of the recent promarket changes in the nature of the state in developing countries, (3) an illustration of the corresponding changes in bureaucracy under the emerging market-centered state, (4) a critical assessment of the major challenges posed by these market-oriented changes to the realization of bureaucratic accountability, and (5) a concluding outline suggesting some necessary measures for rectifying the situation.

---

## **Introduction**

In general, bureaucracy is an inseparable constituent of the state, and it represents a crucial component of the overall state apparatus. Thus, in order to understand the mode of bureaucratic accountability, it is necessary to examine the nature of the state that largely sets the objective and structure of bureaucracy, defines the scope of bureaucratic power, and determines the degree of bureaucratic accountability.<sup>1</sup> However, the existing literature on accountability is replete with reductionist analyses that tend to focus on the means and processes of accountability,

0192-5121 (1998/10) 19:4, 357–372; 005234 © 1998 International Political Science Association  
SAGE Publications (London, Thousand Oaks, CA and New Delhi)

(for example, parliamentary debate, legislative committees, judicial control, ombudsmen, opinion polls, media scrutiny, and codes of conduct) found in the liberal democratic tradition (Smith, 1991), while overlooking the significance of the nature of the state for the effectiveness of these various means and processes. In order to comprehend this relationship between the state and bureaucratic accountability, it is necessary to examine the distribution of power among the major state institutions (political, administrative, judicial, and military), the relative autonomy of the overall state apparatus from various social groups and classes, the nature of the alliance formed between the state and different power blocs, and the structure of dependency between the state and the general public. These structures of power within and outside the state are socio-historical constructs (involving various internal and international, colonial and postcolonial, forces), which differ between societies, and thus lead to variations in the effectiveness of various accountability measures.

The focus of this article is on the recent promarket changes in the nature of the state and the corresponding shifts in the modes of bureaucratic accountability, especially in developing countries. The main contention of the article is the following: under the recent market-oriented changes in the role of the state in developing countries, most regimes have adopted business-oriented reforms in their bureaucracies, often in the name of greater efficiency, transparency, and accountability, which paradoxically have created a new set of challenges to the realization of bureaucratic accountability. In this regard, the paper attempts to examine the recent promarket changes in the role of the state and the nature of bureaucracy in developing countries, explores the challenges to bureaucratic accountability posed by these changes, and outlines some remedial measures to overcome such emerging challenges. Before these issues are examined, the article presents a brief overview of how the nature of the state remains a crucial factor in determining the mode of bureaucratic accountability and its effectiveness.

### **Traditional Linkages between the State and Accountability**

Depending on whether a bureaucracy represents a bourgeois state, a socialist state, a postcolonial state, a populist state, or an authoritarian state, its position within the overall power structure is likely to be conditioned and its degree of accountability to different sections of the population is supposed to be determined. For instance, in the history of the formation of the capitalist state, the state bureaucracy played a considerable role in facilitating the accumulation and expansion of private capital by building infrastructures, creating human resources, disciplining the labor force,<sup>2</sup> maintaining law and order, and ensuring internal and external security, while overlooking or marginalizing the concerns of the working class. During this classical phase of capitalist development, the state had minimal autonomy from private capital while exercising various control measures over the relatively unorganized working class. Thus, under the façade of bureaucratic accountability to the representative political institutions, the various bureaucratic agencies were accountable for providing the infrastructural, financial, legal, and disciplinary services to private enterprises owned by the affluent business class.

However, during the later stage of capitalist development, various challenges to private capital—caused by the Great Depression of the 1930s, the rise of an organized and politically motivated work force, and the end of the colonial sources of cheap labor and raw materials—led to a significant shift in the role of the state

and its power relations with private capital. To a great extent, private capital became dependent on the state for undertaking financial measures to rectify the market crisis, for pacifying the dissatisfied working class by providing various welfare benefits, and for maintaining foreign markets by adopting coercive foreign policies and aggressive defense measures. This relative vulnerability of private capital since the 1930s, and its emerging dependence on government agencies, expanded the state autonomy to pursue programs that addressed the needs and demands of a larger section of society beyond those of the dominant capitalist class.<sup>3</sup> In short, the severe market crises and the rise of a dissatisfied but increasingly organized labor force expanded the role of the capitalist state, multiplied the size of the state bureaucracy, and increased the scope of bureaucratic accountability: the bureaucracy became accountable not just to vested business interests for ensuring a favorable business atmosphere but also to the public at large for providing various welfare services. Although in the final analysis, the capitalist state and its bureaucracy remained responsive to private capital,<sup>1</sup> such responsiveness became increasingly dispersed among different social groups and classes as they began to articulate their interests and create pressures on the state to respond to their needs and demands.

On the other hand, in postcolonial developing societies, despite the declared provisions of traditional accountability measures such as legislative committees, judicial control, ombudsmen, and news media, the postcolonial status of these countries created certain unique challenges to bureaucratic accountability: it became difficult to make the colonially inherited "overdeveloped" and extremely powerful bureaucracy responsive and answerable to fragile political institutions, weak private enterprises, and powerless common masses. As the bureaucracy became the primary agent of socio-economic transformation with the active encouragement and support of international agencies, it assumed more power and control over all ranges of development policies and institutions, which further diminished the power and capacity of national political institutions and grassroots organizations to make the bureaucracy answerable to the people. In fact, in many Asian, African, and Latin American countries, the bureaucratic oligarchy, representing an alliance between the military and civilian bureaucratic elites, monopolized political power, dismantled democratic political institutions and cultures, and thereby posed a serious challenge to the question of accountability. However, during the post-independence period, some of these countries have experienced considerable progress in terms of establishing viable political parties and grassroots organizations, strengthening various domains of civil society, diminishing the frequency of military intervention, democratizing the political atmosphere or culture, and thus creating a context conducive to greater bureaucratic accountability.

In short, the nature and role of the overall state apparatus have considerable implications for bureaucratic accountability, and with the changing nature of the state, there are often changes in the composition of those social classes and groups to which bureaucracy eventually becomes answerable. The state has varying degrees of autonomy from, dependence on, and control over different classes and power blocs. It is often the case that the more dependent and less autonomous a state is in relation to a specific social class or a pressure group, the more responsive and accountable the state bureaucracy will be to that class or group; and the more autonomy and control a state enjoys in relation to a class or group, the less pressure the state bureaucracy will encounter to respond to such a class or group. This is quite evident from the above examples explaining how the nature of the state in

advanced capitalist nations and postcolonial developing societies has critical implications for bureaucratic accountability to various social groups and classes in these countries.

However, during the past two decades, the above scenario relating to the nature of the state and the corresponding mode of bureaucratic accountability has undergone fundamental changes in both capitalist nations and developing countries. In the current context characterized by the triumph of capitalist forces, the collapse of the major socialist states, the globalization of market ideology, and the worldwide adoption of promarket reforms, there has been a fundamental shift in the nature of the state irrespective of its previous ideological identity. As governments all over the world have adopted market-centered reforms, and are engaged in transforming the bureaucracy in the image of business management (discussed below), there is a serious need to study the recent promarket changes in the nature of the state, to analyze the corresponding changes in the state bureaucracy, and to examine the implications of these changes for bureaucratic accountability. In this regard, since the focus of this article is on developing countries, the following section attempts to explain the contemporary changes in the nature of the state and its bureaucracy in Asian, African, and Latin American countries.

## **Recent Changes in the State and Its Bureaucracy in Developing Nations**

### *Changes in the Nature and Role of the State*

There is a considerable amount of literature explaining the origin, nature, and role of the state in developing countries. According to Hamza Alavi, Asian countries such as Pakistan and Bangladesh inherited an “over-developed” state apparatus established by the colonial metropolitan bourgeoisie to exercise dominance over the indigenous classes (Alavi, 1972). He suggests that since the end of colonial metropolitan control, there is no single class that has exclusive command over the state: the state (especially its bureaucratic-military oligarchy) mediates the competing interests of the three propertied classes (the indigenous bourgeoisie, the metropolitan neocolonialist bourgeoisie, and the landed classes), and thus remains relatively autonomous from any of these classes. Issa Shivji, in his study on African countries such as Tanzania, tends to differ from Alavi’s thesis, and mentions that due to the absence of a genuine bourgeoisie and the weakness of the petty bourgeoisie in these countries, the state itself becomes the means to transform the embryonic petty bourgeoisie into a proper ruling class known as “bureaucratic bourgeoisie” (cf. Leftwich, 1993). In the case of East Africa, John Saul explains the role of an overdeveloped state apparatus in subordinating the precapitalist social formations, and interprets the issue of relative autonomy in terms of the centrality of the state to ensure territorial unity and legitimacy rather than in terms of its role to mediate various class interests (cf. Westergaard, 1985: 13).

Another earlier perspective on the nature of the state in developing societies is based on the idea of a “peripheral state” offered by W. Ziemann and M. Lanzen-dorfer, which suggests that it is the distorted and dependent economy and the fragmented class structure in peripheral societies (rather than the overdeveloped status of the postcolonial state) that require the state to mediate various class and group interests, and thus, expand the state’s political power and relative autonomy (cf. Westergaard, 1985: 9–10). Another intellectual tradition initiated by scholars

like Guillermo O'Donnell and David Collier, defines the state in developing countries, especially in Latin America, as a "bureaucratic-authoritarian" state characterized by the rule exercised by the military establishment, exclusion of the popular sector based on repression, and special financial access and support provided to the national bourgeoisie (Collier, 1979; O'Donnell, 1973).

What is common among these varying interpretations of the nature of the state in developing countries is the following: an externally (both colonial and postcolonial) induced formation of the state, an advanced status of the state compared with other realms of society, a crucial role played by the state in mediating the interests of various classes and transforming the weak petit bourgeoisie into a proper ruling class, and, deriving from these, a significant degree of autonomy exercised by the state in relation to various social classes and groups. Compared to the advanced capitalist state, these features implied the centrality of the state in the overall social formation in these countries, which became increasingly evident in its interventionist economic role, its expansive development policies and programs, and its hegemonic political position. For decades, the state adopted policies based on rigid long-term development plans, which encompassed almost all socio-economic sectors, including agriculture, industry, education, defense, health, transport, communication, and so on, in developing countries.

However, during this last quarter of the century, there has been a significant promarket transition in the role of the state in developing countries: the state-centered paradigm of development is under attack, and overwhelmed by the advocacy of market-oriented policies (Chaudhry, 1994: 1). In most Asian, African, and Latin American countries, the state has adopted promarket policies such as privatization, deregulation, devaluation, and liberalization under the so-called stabilization and structural adjustment programs, often due to conditions imposed by international agencies, donor countries, and transnational corporations (see Haque, 1996b). Based on these state-initiated promarket policies, developing countries have sold, leased, contracted out, and liquidated a huge number of public enterprises since the early 1980s. During the periods 1980–87 and 1988–93, the number of privatization transactions increased from 210 to 254 in Africa, 136 to 561 in Latin America, and 108 to 367 in Asia; and during the period 1988–93, the total value of such transactions was \$19.7 billion in Asia, \$3.2 billion in Africa, and \$55.1 billion in Latin America (World Bank, 1995: 27). The scope of privatization in developing countries has been so extensive that it encompasses almost all economic sectors (for details, see Sader, 1993: 172).

These contemporary state policies and programs—facilitating the activities of the private sector, promoting market forces, removing government controls, and encouraging foreign investment—signify a considerable shift from the earlier role of the state which used to emphasize the primacy of state bureaucracy, bureaucratic control over the key economic sectors, strict regulation of market forces, nationalization of foreign companies, and so on. This shift in the nature and role of the state in developing countries implies the emerging formation of a "market-centered" state that holds promarket policy inclinations, serves the interest of private capital, and by implication, exercises very limited autonomy from the dominant fractions of capital (both domestic and international). In Latin America, the degree of state autonomy in relation to domestic private capital seems to have declined, which is evident in the windfall gains made by the local business elites from the privatization transactions in mining, manufacturing, finance, and trade; the elites have been strong supporters of the current promarket policies undertaken by the state.<sup>5</sup>

Moreover, this emerging “market-centered” state has lost a substantial degree of autonomy to foreign capital in Latin American countries, where the state-sponsored privatization policies have benefited foreign corporations by selling valuable public assets to them at much reduced prices.<sup>6</sup> Such a policy would have been quite unacceptable in the earlier years, when the “developmental” state used to oppose foreign ownership and tended to nationalize foreign companies. Diminishing state autonomy in relation to international forces is also evident in the adoption of promarket policies under the conditions imposed by international agencies such as the IMF, the World Bank, and the International Finance Corporation. These institutions put pressure on developing countries to adopt the so-called stabilization and structural adjustment programs (including deregulation, devaluation, privatization, liberalization, and foreign investment) as conditions for loans (Cook and Kirkpatrick, 1995; Haque, 1996b; Pitelis and Clarke, 1993; Smith, 1991). Thus, in relation to external economic forces, the autonomy of the state in developing countries has diminished considerably as many of their crucial state policies are increasingly being imposed by the global economic powers. In fact, the contemporary “market-centered” state has a tendency to comply with the demands of foreign capital to the extent that it may even compromise the interests of domestic private enterprises.<sup>7</sup>

In short, under the current promarket global atmosphere, there has been a fundamental shift in the scope and role of the state in developing countries, in the nature of the relationship between the state and various social classes, and in the state’s position in relation to foreign capital. These changes signify the formation of a “market-centered” state characterized by its inclination toward various promarket policies, its diminishing socio-economic role increasingly overtaken by the private sector, its growing alliance with or subordination to transnational economic powers, and its decreasing autonomy in relation to domestic and foreign private capital. The emergence of this market-centered state has serious implications for the corresponding changes in state bureaucracy. It is necessary to specify these recent bureaucratic changes before examining the mode of bureaucratic accountability under the market-centered state.

### *Changes in Bureaucracy Under the Market-centered State*

The aforementioned transition in the nature of the state has led to considerable changes in the scope, objective, role, structure, and norms of state bureaucracy in developing nations. In the past, the state assumed the task of socio-economic development, played a considerable role in implementing expansive development policies and programs, and acquired a new identity called the developmental state. Under such a developmental state, the scope and size of the bureaucracy expanded and its role became all-pervasive: state intervention also expanded to almost all socio-economic sectors in the name of poverty eradication, employment generation, income redistribution, self-reliance, and so on (Cowan, 1990; Martin, 1993; Ramanadham, 1984). With regard to this interventionist role of the state and its bureaucracy in developing countries, it has been mentioned that by appropriating economic surplus, the state bureaucracy itself emerged as a ruling class, which has been variously defined as the “bureaucratic bourgeoisie,” “administrative bourgeoisie,” “state bourgeoisie,” and “organizational bourgeoisie” (Sklar, 1991: 215–217).

However, under the contemporary market-centered state—which has a promarket policy bias, a supportive rather than an active economic role, a task to monitor

and evaluate rather than produce and distribute, and an inclination for foreign investment and public-private partnership—the major dimensions of bureaucracy have undergone considerable changes.<sup>8</sup> More specifically, in terms of the primary objective of state bureaucracy, while the previous focus was placed on the overall socio-economic development by undertaking various public programs to alleviate poverty, generate employment, improve health and education, and build infrastructure, the current concern is how to enhance efficiency, productivity, and growth by expanding the role of the private sector and market forces. This basic change in bureaucratic objectives under the market-centered state is being introduced in most developing countries, although some Asian countries have been more forthcoming than other developing countries in this regard.<sup>9</sup> In Africa, the newly emerging consensus that emphasizes a “private sector led” economic growth (Otobo, 1997: 5) is likely to create a similar transition toward a market-oriented public service objective. Corresponding to these changes in bureaucratic objectives, there has been a shift in bureaucratic role—from interventionist to non-interventionist, from active to supportive. This supportive or facilitating bureaucratic role is to maintain market conditions, arrange business licenses, coordinate contracts, supply information to consumers, arrange finance for investors, and so on. For instance, the Malaysian government has redefined the role of its state bureaucracy from one of an active change agent to that of a facilitator or pacesetter (Sarji, 1996). Similarly, in Thailand and Singapore, government bureaucracy has increasingly assumed the role of a catalyst to enhance economic growth through private markets (Halligan and Turner, 1995; Salleh, 1992). Many African countries are also pursuing this change in the role of state bureaucracy toward that of a regulator and facilitator (Otobo, 1997: 5).

Under the market-centered state, the nature of its newly-created bureaucratic institutions has also changed. Distinguished from the traditional bureaucratic institutions—such as planning commissions, public personnel agencies, development administration units, and public corporations—created by the developmental state to implement its public programs, the current trend is toward the establishment of government institutions that facilitate promarket policies, enhance the scope of the private sector, and attract foreign investment. The examples of such newly emerging, market-oriented organizations include the Public and Private Sector Committee in Thailand, the Committee on Privatization and the Asset Privatization Trust in the Philippines, the President’s Commission on Administrative Reform in South Korea, the Privatization Commissions in Pakistan and Sri Lanka, the Privatization Masterplan in Malaysia, and the Public Sector Divestment Committee in Singapore (see Choudhry, 1992; Chung-Hyun, 1992; Naya, 1990).

In line with the above changes in the objectives, roles, and institutions of bureaucracy, its normative standards have also undergone some transformation. Following the dominant administrative norms in Western liberal democracies, most developing countries adopted civil service norms such as accountability, neutrality, representativeness, impartiality, justice, equity, and responsiveness (Haque, 1996a, b). However, under the contemporary promarket global atmosphere, it is not only the advanced capitalist nations that are adopting market-oriented norms in the public service, it is also the developing countries that are increasingly incorporating business norms such as efficiency, productivity, profitability, competitiveness, and customer-orientedness into their public bureaucracies (Haque, 1996b). Lastly, the composition of the targeted beneficiaries of the state bureaucracy or the recipients of its services has also changed under the promarket regimes. Based on a



redefinition of citizenship that considers citizens as “customers” or “clients,” the main target group for bureaucratic services now includes those citizens who can pay for them and have the financial capacity to become customers. In countries such as the Philippines, Malaysia, and Singapore, the governments are trying to create a “business-friendly” civil service that would satisfy its customers or clients (Halligan and Turner, 1995; PS21 Office, 1995; Sarji, 1996).

Briefly, in developing countries, promarket changes in the nature and role of the state have brought about corresponding changes in the objective, role, norms, and beneficiaries of state bureaucracy. The objective of the bureaucracy has shifted from socio-economic progress to economic growth; its role has changed from direct economic functions to the indirect task of facilitating market forces; its norms have evolved from democratic values such as representation, accountability, and equality to more market-oriented values such as competition, efficiency, and productivity; and the scope of the recipients of bureaucratic services has changed from “citizens” to “customers.” These recent changes in the state bureaucracy have serious implications for its public accountability. The next section of this article is devoted to an analysis of these implications in relation to bureaucratic accountability.

### **The Newly Emerging Paradox of Bureaucratic Accountability**

The main focus of this section is to highlight the trends of bureaucratic accountability in relation to the recent changes in the bureaucracy introduced under the auspices of the emerging market-centered state in developing countries. However, to understand the contemporary changes in bureaucratic accountability it is important to discuss briefly its previous status. In this regard, one needs to remember the aforementioned contention that most developing countries inherited an overdeveloped state apparatus structured in the image of a Western liberal democracy.<sup>10</sup> During the short post-independence period of state formation, the government bureaucracy designed under the former colonial rule was not only retained, it was expanded and further rationalized by reinforcing Western bureaucratic principles such as merit, hierarchy, specialization, impersonality, neutrality, and accountability. Based on this formation of the state and state bureaucracy in line with the politico-administrative systems practiced by the former metropolitan countries, most developing countries (except the communist ones) considered liberal democracy as the dominant ideological basis of bureaucratic accountability.<sup>11</sup> This has been evident in their adoption of the various legislative, executive, administrative, financial, and judicial measures of bureaucratic accountability that had emerged mostly in Western countries (for details, see Dwivedi and Jabbar, 1988).

However, in many developing countries, these liberal democratic means of bureaucratic accountability were ineffective due to the existence of various monarchical regimes (especially in the Middle East), fraudulent elections and the suppression of opposition parties, the use of military force to replace elected political leaders and establish authoritarian rule, and the fragility of political institutions in any encounter with bureaucratic power (see Crouch, 1985; Haque, 1997; Subramaniam, 1983). The main obstacle to bureaucratic accountability in most Asian, African, and Latin American countries, however, was the overwhelming power of the bureaucracy based on its control over scarce resources, people’s dependence on its services, and its unequal relationship with various social groups and classes (Luke, 1986; Kaplan, 1985; Haque, 1997). Thus, on the one hand, the legitimacy of

the overdeveloped postcolonial state—structured according to the liberal democratic model—required the official pronouncement of various liberal-democratic measures of accountability. On the other hand, under such an advanced state apparatus, the power of postcolonial bureaucracy (in relation to other realms of society) expanded so much that it rendered these measures of bureaucratic accountability largely ineffective. This implied a paradox of bureaucratic accountability in developing countries.

Under the contemporary market-centered state in developing countries, although there is a tendency to attack the state bureaucracy for its alleged inefficiency and mismanagement, and although promarket state policies (for example, privatization and deregulation) are being pursued to curb bureaucratic power, there has emerged a different kind of bureaucratic accountability paradox: While the state has adopted various promarket policies and bureaucratic reforms in the name of transparency and accountability (World Bank, 1995), in reality these policies and reforms themselves constitute a challenge to bureaucratic accountability. In the following discussion, it is explained how this new paradox of bureaucratic accountability is being perpetuated under the market-centered state.

First, in terms of the state's emphasis on accountability, while the earlier developmental state gave priority to public accountability and other related values (such as equality and justice) over market norms such as productivity and efficiency, under the current market-centered state the situation has been almost reversed. The recent market-oriented bureaucratic transition discussed above, implies that the current interpretation of accountability is quite instrumental in nature: the bureaucracy is accountable for achieving the promarket objectives of productivity and efficiency (measured by economic experts) rather than for satisfying public needs and expectations (assessed by the people and their representatives). In other words, bureaucratic accountability under the market-centered state is no longer an end in itself, rather it has become a means to achieve various market-based objectives. This implies that it does not really matter whether the bureaucracy is accountable to the people so long as it is economically efficient and productive.

Second, while the bureaucracy is being structurally and attitudinally transformed to be accountable to the "customers" for better services, it is necessary to examine the scope and composition of the "customers" served by this market-oriented bureaucracy. In the past, under the developmental state, the public bureaucracy was assigned certain socio-economic goals, such as reduction in poverty and unemployment and improvement in health and education (Bello, Cunningham, and Rau, 1994), which implied bureaucratic responsiveness to various sections of the population. But the recent shift in the role of the bureaucracy from its active engagement in socio-economic activities to a supportive role in facilitating market forces, will have serious implications for the composition of the recipients of its services. Although this change in bureaucratic role will benefit the business elite, it may reduce various services to the poor who depend on subsidized education, health care, and housing. Thus, the newly emerging market-oriented bureaucracy is likely to be accountable for its services to the affluent business class rather than to the poorer classes representing the majority in developing countries.<sup>12</sup> In most of these countries, the structural adjustment programs adopted by the market-centered state have reduced the subsidized social services provided by public agencies, constrained people's access to education and health services, curtailed real wages, and caused an overall decline in living standards (Evers, 1994: 262; Leftwich, 1994: 367; Van der Hoeven, 1991: 54). Thus, although the state bureaucracy may

have become more responsive to demands that it ensure market stability, facilitate business contracts, supply information to customers, and provide financial assistance to private investors, its accountability for addressing the needs of the underprivileged population has become quite limited.

Third, despite the current rhetoric of administrative transparency, the expanding scope of public-private partnership under the market-centered state is likely to constitute a serious challenge to bureaucratic accountability due to a broader opportunity for bureaucratic corruption in the process of such partnership. In the capitalist state, the public-private partnership has been an effective mechanism to serve the interests of big business by bailing out corporate giants and financing their further expansion through subsidies, tax credits, and guaranteed loans (Rein, 1982; Petras, 1990; Bullock, et al., 1983). A similar public-private partnership has been in operation in many Asian, African and Latin American countries (Hamilton, 1989: 1525). For instance, the Malaysian government has adopted administrative measures to encourage collaboration between the public and private sectors based on their mutual interests (Government of Malaysia, 1993; Sarji, 1996), and created the so-called Consultative Panels, which include representatives from both the public and private sectors, in order to facilitate such public-private collaboration and interaction (Sarji, 1996: 117). The provision of a public-private partnership is also being pursued in Thailand, Pakistan, the Philippines, South Korea, and Taiwan. This partnership between public bureaucracy and business enterprises expands the opportunity for bureaucracy to be corrupt, and thus poses a challenge to bureaucratic accountability. In fact, there has already emerged an alliance between big business and high-ranking bureaucrats in Pakistan, a patronage-based relationship between civil servants and the business elite in the Philippines, a strong link between bureaucracy and the dominant social forces in Bangladesh and Thailand, and a fusion of interests between wealthy businessmen and senior administrators in many African countries (Carino, 1994; Islam, 1990: 96; Sklar, 1991). The legalization and intensification of public-private partnerships may lead to more scandalous relationships between public bureaucracies and business enterprises, and thus affect bureaucratic integrity and accountability.

Lastly, the paradox of bureaucratic accountability under the market-centered state has also emerged due to the increasing ownership of public assets by government employees, political leaders, and foreign corporations. There are many examples of how public employees are buying privatized assets at below market prices and making windfall profits. The process begins with the extreme underpricing or undervaluation of public enterprises during their divestiture, which has been called the "garage sale" of public enterprises (Ramanadham, 1995:8). This extreme underpricing of public assets has occurred in countries such as Malaysia, India, Bangladesh, Sri Lanka, Pakistan, and the Philippines (Ahmed, 1995; Halligan and Turner, 1995; Mani, 1995; Ramanadham, 1995). It is allegedly the bureaucratic, political, and business elites who gained considerably from various privatization transactions in Malaysia and the Philippines (Briones, 1995; Jayasankaran, 1995). Similarly, in Latin America the state-sponsored privatization of public assets has benefited the top bureaucratic elite, political leaders, and their families (Martin, 1993). All this suggests gross violations of public accountability.

On the other hand, as mentioned above, under the auspices of the market-centered state there has been a significant expansion of foreign investment and foreign ownership in developing countries facilitated by international agencies such as the IMF and the World Bank. In the 1980s, about 70 percent of structural adjustment loans made

to these countries contained a privatization component, which often facilitated foreign ownership and foreign investment (Cook and Kirkpatrick, 1995: 15; Young, 1995: 167). Due to the increasing participation of foreign investors in privatization transactions and the growing foreign ownership of the privatized assets in developing countries (Cook and Kirkpatrick, 1995: 14-15), there are more demands on the state bureaucracy in these countries to provide quality services to foreign investors, which might compromise bureaucratic responsiveness to the needs of local investors. In the case of India, it has been observed that the recent promarket reforms have converted the country into a dumping ground for various foreign goods, provided special privileges to foreign capital, ensured patent protection to foreign companies, and thus endangered India's weak indigenous industries (see Kumar, 1993; Syamal, 1995). The danger is that as the contemporary state bureaucracy in developing countries must serve an increasing number of foreign companies making investments and owning assets in these countries, the bureaucracy will have fewer services available for local investors, not to mention the erosion of its services to the rural poor and the urban underclass. In other words, the strong inclination of the market-centered state for foreign investment and foreign ownership may lead to a situation in which the state bureaucracy is more responsive to foreign capital than to local capital, more accountable to transnational corporations than to the public at large.

### **Concluding Remarks**

In this article, an attempt has been made to analyze the implications of the nature of the state for bureaucratic accountability to various social groups and classes in developing countries. It has been explained that in line with the recent global context characterized by the dominance of market ideology, there has emerged a market-centered state in these countries, which has led to the corresponding promarket changes in the objectives, roles, institutions, norms, and beneficiaries of the state bureaucracy. These recent market-oriented changes in bureaucracy, although adopted in the name of transparency and accountability, have created a serious challenge to bureaucratic accountability. In order to overcome this emerging paradox of accountability, first it is necessary to reexamine the assumptions and claims made by the advocates (both national and international) of such market-centered changes in public bureaucracy: the purpose is to generate a critical awareness regarding the invalidity or unsustainability of many of the assumptions and claims of the vested interests behind these changes. Second, it is also essential to critically examine the adverse implications of these promarket changes in the state bureaucracy, especially for its responsiveness and accountability to various groups and classes of people. Appropriate measures must be undertaken to ensure that this restructured and reoriented bureaucracy not only serves the interests of local business elites and foreign investors but also addresses the needs and demands of a low-income population unable to take advantage of the current promarket policies and programs. Finally, as the state bureaucracy becomes increasingly market-centered, serves the interests of private capital, and establishes partnerships with business enterprises, it is imperative to explore additional institutional measures to ensure bureaucratic accountability: In this new atmosphere characterized by business deals, profit motives, and market culture, there might be a greater opportunity and incentive for the bureaucracy to engage in corrupt practices, and serve mainly vested business interests while ignoring the needs of the common people.

On a more theoretical ground, the analysis made in this article—regarding how the recent promarket changes in the nature of the state and its bureaucracy might pose a challenge to the realization of bureaucratic accountability to different sections of society—implies the general intellectual significance of examining the nature and role of the state for the study of accountability. It is also implied that one needs to transcend the common interpretation of bureaucratic accountability, which emphasizes the answerability of the bureaucracy to the public but overlooks the composition of the “public” itself in terms of various social groups and classes to which bureaucracy is unevenly accountable. As Fainstein and Fainstein (1994: 319) observe, in the case of the United States, “governmental bureaucracies *are* accountable, if not to the citizens of democratic theory, then to the corporate interests of capitalist practice . . . the real problem of the American state system is not unaccountable bureaucracies, but the class to which they are routinely accountable.” In short, although the prevailing analysis of accountability (highlighting its various measures or instruments) has certain merits, it is essential to examine bureaucratic accountability in relation to the nature of the state, especially the nature of its interaction with various social classes, with the dominant power blocs, and with transnational corporations. Such a politico-economic approach to the study of accountability is essential today, when the nature of the state in developing countries has become increasingly market-centered, the role of state bureaucracy is being restructured in favor of business interests, and the democratic ethos of public accountability is being marginalized in the context of market ideology.

### Notes

1. For instance, in China, the liberal capitalist notion of accountability is inconceivable and unacceptable due to the ideological nature of the state (Harris, 1988: 227–249).
2. The state, despite its superstructural status, plays a significant role in maintaining the class domination, unifying the ruling class, interrupting the possible unity of the subordinate classes, and demobilizing or securing the consent of the governed (see Jessop, 1982).
3. Carnoy mentions that in the 1930s, “the State’s intervention in the society increased dramatically in Europe and the United States, and the relatively weak hegemony of the dominant class [the bourgeoisie] was expanded to include new popular elements” (Carnoy, 1984: 77).
4. The state-monopoly-capitalism approach attempts to explain the current stage of capitalism, that is, state monopoly capitalism, in which there is a fusion between monopoly capital and the state to ensure economic and political domination of monopoly capital in the context of the opposition from the oppressed classes, competition from the socialist world system, and the general crisis of capitalism (Jessop, 1982: 32).
5. For instance, in Argentina, the greatest local beneficiaries of privatization policy have been the Argentine conglomerates; in Mexico, only 37 businessmen, who control 22 percent of the nation’s GDP, have been the major buyers of the privatized enterprises; and in Chile, a few private companies and top military officials have bought 110 state banks and public companies often at “scandalous” prices (Manzetti, 1993: 449; Martin, 1993: 100–101; Malloy, 1989: 328).
6. For some examples of the recent foreign ownership of the privatized enterprises in Argentina, Chile, Mexico, and Venezuela, see Odle (1993: 24), Sader (1993: 44–45), and Martin (1993: 103–104).
7. For instance, in Mexico, as the trade liberalization policy reduced import tariffs and eliminated import licenses, hundreds of local factories were closed down, the textile and clothing sector shrank drastically, and the process of de-industrialization set in (Bello, Cunningham, and Rau, 1994: 40).

8. For instance, in line with their recent promarket state policies, most South and South-east Asian countries have adopted various administrative reforms based on a market-friendly or market-oriented approach (De Guzman and Reforma, 1992; Halligan and Turner, 1995; Inayatullah, 1992).
9. For example, Malaysia has been quite aggressive in pursuing these market-oriented bureaucratic objectives of productivity, economy, effectiveness, and growth based on the primary role of the private sector (Mahmud, 1992: 39; Sarji, 1996: 121). Similar changes are being adopted in Singapore and Thailand, (see Halligan and Turner, 1995, and Aufrecht and Ractham, 1991).
10. Johnston (1986: 174–175) makes a distinction between liberal (or bourgeois) democracy and popular democracy: The former is part of the ideology of the capitalist mode of production that alienates people, while the latter can take place only in a classless society in which individuals have control over their own lives.
11. For instance, the idea of public accountability that evolved in the industrially advanced British society, was adopted in most Commonwealth nations in Asia and Africa (see Subramaniam, 1983: 449).
12. Guided by the promarket policies, the public service in many developing countries had to cut down the subsidized services to the poor and introduce user fees. For example, due to the reduction of social service expenditures and introduction of user fees, some schools had to be closed and health services became less affordable in countries such as Jamaica, Zaire, Swaziland, Lesotho, and Uganda (see Tevera, 1995).

## References

- Ahmed, M. (1995). "The Impacts of Privatization on Distributional Equity in Bangladesh." In *Privatization and Equity*, (V.V. Ramanadham, ed.). London: Routledge.
- Alavi, H. (1972). "The State in Post-Colonial Societies: Pakistan and Bangladesh." *New Left Review*, 74: 59–81.
- Aufrecht, S. and A. Ractham (1991). "Traditional Thai Values and the Thai Bureaucracy's Ability to Change." In *Public Management in the 1990s: Challenges and Opportunities* (G.B.N. Pradhan and M.A. Reforma, eds.). Manila: Eastern Regional Organization for Public Administration.
- Bello, W., S. Cunningham, and B. Rau (1994). *Dark Victory: The United States, Structural Adjustment and Global Poverty*. London: Pluto Press.
- Briones, L.M. (1995). "The Impacts of Privatization on Distributional Equity in the Philippines." In *Privatization and Equity* (V.V. Ramanadham, ed.), pp. 365–391. London: Routledge.
- Bullock, C.S., J.E. Anderson and D.W. Brady (1983). *Public Policy in the Eighties*. Monterey, CA: Brooks/Cole Publishing Company.
- Carino, L.V. (1994). "A Subordinate Bureaucracy: The Philippine Civil Service Up to 1992." In *Handbook of Bureaucracy* (A. Farazmand, ed.), pp. 603–616. New York: Marcel Dekker.
- Carnoy, M. (1984). *The State and Political Theory*. Princeton NJ: Princeton University Press.
- Chaudhry, K.A. (1994). "Economic Liberalization and the Lineages of the Rentier State." *Comparative Politics*, 27(1): 1–25.
- Choudhry, M.A. (1992). "Administrative Reform of the Central Government: The Pakistan Experience." In *Administrative Reform Towards Promoting Productivity in Bureaucratic Performance*, Vol. I (Z. Zhijian, R.P. de Guzman, and M.A. Reforma, eds). Manila: Eastern Regional Organization for Public Administration.
- Chung-Hyun, R. (1992). "Organization and Management Reforms in the Central Government of the Republic of Korea." In *Administrative Reform Towards Promoting Productivity in Bureaucratic Performance*, Vol. I (Z. Zhijian, R.P. de Guzman, and M.A. Reforma, eds). Manila: Eastern Regional Organization for Public Administration.
- Collier, D. (ed.) (1979). *The New Authoritarianism in Latin America*. Princeton: Princeton University Press.

- Cook, P. and C. Kirkpatrick (1995). "Privatization Policy and Performance." In *Privatization Policy and Performance: International Perspectives* (P. Cook and C. Kirkpatrick, eds), pp. 3–27. London: Prentice Hall/Harvester Wheatsheaf.
- Cowan, L.G. (1990). *Privatization in the Developing World*. New York: Greenwood Press.
- Crouch, H. (1985). "The Military and Politics in South-East Asia." In *Military–Civilian Relations in South-East Asia* (Z.H. Ahmed and H. Crouch, eds). pp. 287–317. Singapore: Oxford University Press.
- De Guzman, R.P. and M.A. Reforma (1992). "Administrative Reform in the Asian Pacific Region: Issues and Prospects." In *Administrative Reform Towards Promoting Productivity in Bureaucratic Performance*, Vol. I (Z. Zhijian, R.P. de Guzman and M.A. Reforma, eds), pp. 2–14. Manila: Eastern Regional Organization for Public Administration.
- Dwivedi, O.P. and J.G. Jabbar (1988). "Public Service Responsibility and Accountability." In *Public Service Accountability: A Comparative Perspective* (J.G. Jabbar and O.P. Dwivedi, eds). pp. 1–16. West Hartford, CT: Kumerian Press Inc.
- Evers, H.D. (1994). "Structural Adjustment Policies and the Social Impact of Market Expansion." In *Structural Adjustment, Public Policy and Bureaucracy in Developing Societies* (R.B. Jain and H. Bongartz, eds), pp. 260–274. New Delhi: Har-Anand Publications.
- Fainstein, S.S. and N.I. Fainstein (1994). "The Political Economy of American Bureaucracy." In *Critical Studies in Organization and Bureaucracy* (F. Fischer and C. Sirianni, eds), pp. 309–320. Philadelphia: Temple University Press.
- Government of Malaysia (1993). *Improvement and Development in the Public Service, 1992*. Kuala Lumpur: National Printing Department.
- Halligan, J. and M. Turner (1995). *Profiles of Government Administration in Asia*. Canberra: Australian Government Publishing Service.
- Hamilton, C. (1989). "The Irrelevance of Economic Liberalization in the Third World." *World Development*, 17(10): 1523–1530.
- Haque, M.S. (1996a). "The Intellectual Crisis in Public Administration in the Current Epoch of Privatization." *Administration & Society*, 27(4): 510–536.
- Haque, M.S. (1996b). "Public Service Under Challenge in the Age of Privatization." *Governance*, 9(2): 186–216.
- Haque, M.S. (1997). "Incongruity Between Bureaucracy and Society in Developing Nations: A Critique." *Peace & Change*, 22(4): 432–462.
- Harris, P. (1988). "China: The Question of Public Service Accountability." In *Public Service Accountability: A Comparative Perspective* (J.G. Jabbar and O.P. Dwivedi, eds), pp. 201–213. West Hartford, CT: Kumerian Press Inc.
- Inayatullah (1992). "Aspects of administrative reform for promoting productivity in bureaucratic performance in Pakistan." In *Administrative Reform Towards Promoting Productivity in Bureaucratic Performance*, Vol. I (Z. Zhijian, R.P. de Guzman and M.A. Reforma, eds), pp. 122–131. Manila: Eastern Regional Organization for Public Administration.
- Islam, N. (1990). "Pakistan." In *Public Administration in the Third World* (V. Subramaniam, ed.), pp. 68–101. New York: Greenwood Press.
- Jayasankaran, S. (1995). "Privatization Pioneer." *Far Eastern Economic Review*, 19 (January): 44.
- Jessop, B. (1982). *The Capitalist State*. New York: New York University Press.
- Johnston, R.J. (1986). "Individual Freedom and the World Economy." In *A World in Crisis?* (R.J. Johnston and P.J. Taylor, eds), pp. 173–195. New York: Basil Blackwell.
- Kaplan, M. (1985). "Recent Trends of the Nation-State in Contemporary Latin America." *International Political Science Review*, 6(1): 81–103.
- Kumar, A. (1993). "New Economic Policies: An Assessment." *Economic and Political Weekly*, (December): 2735–2743.
- Leftwich, A. (1993). "States of Underdevelopment: The Third World State in Theoretical Perspective." *Journal of Theoretical Politics*, 6 (January): 55–74.
- Leftwich, A. (1994). "Governance, the State and the Politics of Development." *Development and Change*, 25(April): 363–386.

- Luke, D.F. (1986). "Trends in Development Administration: The Continuing Challenge to the Efficacy of the Post-colonial State in the Third World." *Public Administration and Development*, 6(1): 73–85.
- Mahmud, B.T. (1992). "Administrative Reform in Malaysia Towards Enhancing Public Service Performance." In *Administrative Reform Towards Promoting Productivity in Bureaucratic Performance* (Z. Zhijian, R.P. de Guzman, and M.A. Reforma, eds.), pp. 37-49. Manila: Eastern Regional Organization for Public Administration.
- Malloy, J.M. (1989). "Policy Analysis, Public Policy and Regime Structure in Latin America." *Governance*, 2(July).
- Mani, S. (1995). "The Distributional Implications of Privatization: The Case of India's Divestment Programme." In *Privatization and Equity* (V.V. Ramanadham, ed.). London: Routledge.
- Manzetti, L. (1993). "The Political Economy of Privatization Through Divestiture in Lesser Developed Economies." *Comparative Politics*, 25 (July).
- Martin, B. (1993). *In the Public Interest: Privatization and Public Sector Reform*. London: Zed Books.
- Naya, S. (1990). *Private Sector Development and Enterprise Reforms in Growing Asian Economies*. San Francisco: ICS Press.
- O'Donnell, G. (1973). *Modernization and Bureaucratic-Authoritarianism*. Berkeley: Institute of International Studies.
- Odle, M. (1993). "Towards a Stages Theory Approach to Privatization." *Public Administration and Development*, 13.
- Otobo, E.E. (1997). "The Civil Service and the Private Sector in Africa: From a Relationship of 'Conflict' to Complementarity." *DPMN Bulletin*, 4(1): 4–5
- Petras, J. (1990). "The World Market: Battleground for the 1990s." *Journal of Contemporary Asia*, 20(2): 145–176.
- Pitelis, C. and T. Clarke (1993). "Introduction: The Political Economy of Privatization." In *The Political Economy of Privatization* (T. Clarke and C. Pitelis, eds), pp.1–28. London: Routledge.
- ps21 Office (1995). "Public Service for the 21st Century." Singapore: PS21 Office.
- Ramanadham, V.V. (1984). *The Nature of Public Enterprise*. New York: St. Martin's Press.
- Ramanadham, V.V. (1995). "The Impact of Privatization on Distributional Equity." In *Privatization and Equity* (V.V. Ramanadham, ed.). London: Routledge.
- Rein, M. (1982). "The Social Policy of the Farm." *Policy Sciences*, 14(2): 117–135
- Sader, F. (1993). "Privatization and Foreign Investment in the Developing World, 1988-92." Working Paper (WPS 1202). Washington, DC: The World Bank.
- Salleh, S.H. (1992). "A Glance at the Civil Service Reforms in the Asean Countries." In *Civil Service in the South Asian Region: Challenges and Prospects of the Year 2000* (S.H. Salleh, ed.). Kuala Lumpur: Asian and Pacific Development Centre.
- Sarji, A. (1996). *Civil Service Reforms: Towards Malaysia's Vision 2020*. Selangor, Malaysia: Pelanduk Publications.
- Sklar, R.L. (1991). "The Nature of Class Domination in Africa." In *African Politics and Problems in Development*, pp. 205–224. Boulder, CO: Lynne Rienner Publishers.
- Smith, B. (1991). "The Changing Role of Government in Comparative Perspective." In *The Changing Role of Government: Management of Social and Economic Activities* (B.C. Smith, ed.), pp. 27–43. London: Management Development Programme, Commonwealth Secretariat.
- Subramaniam, V. (1983). "Public Accountability: Context, Career and Confusions of a Concept." *Indian Journal of Public Administration*, 29(3): 446–456.
- Syamal, K.R. (1995). "Impact of Economic Liberalization on the Ways in Which the Public Sector Deals with Transnational Issues in India." Paper presented at the Twenty-third International Congress of Administrative Sciences, 1–5 July, Dubai, UAE.
- Tevera, D. (1995). "The Medicine that Might Kill the Patient: Structural Adjustment and Urban Poverty in Zimbabwe." In *Structurally Adjusted Africa: Poverty, Debt and Basic Needs* (D. Simon et al., eds), pp. 79–90. London: Pluto Press.
- Van der Hoeven, R. (1991). "Adjustment Policies and Social Progress in the 1990s." In *Structural Adjustment Policies in the Third World: Design and Experience* (R. Sobhan, ed.), pp. 52–62. Dhaka: University Press Limited.



- Westergaard, K. (1985). *State and Rural Society in Bangladesh: A Study of Relationship*. London: Curzon Press.
- World Bank (1995). *Bureaucrats in Business: The Economics and Politics of Government Ownership*. New York: Oxford University Press.
- Young, R.A. (1995). "Privatization: African Perspectives." In *Privatization Policy and Performance: International Perspectives*, (P. Cook and C. Kirkpatrick, eds), pp. 162–177. London: Prentice Hall/Harvester Wheatsheaf.
- 

### *Biographical Note*

M. SHAMSUL HAQUE is with the Department of Political Science, National University of Singapore. His most recent articles have appeared in journals such as *Administration & Society*, *Governance*, *International Review of Administrative Sciences*, and *Peace and Change*. ADDRESS: Department of Political Science, National University of Singapore, 10 Kent Ridge Crescent, Singapore 119260 (e-mail: polhaque@nus.sg).