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THE DILEMMAS OF DECENTRALIZATION AND COMMUNITY DEVELOPMENT IN AUTHORITARIAN CONTEXTS

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Development specialists, political scientists, and economists have contended for years that decentralized, community-based development strategies are more effective than centralized, hierarchical strategies of growth. Yet, despite their findings, most developing countries that experiment in decentralization abort their reforms in mid-stream. Why have so many states maintained their commitment to centralized, top-down development strategies given the loss of effectiveness that they entail? Drawing on the Egyptian case, this paper argues that when restraining political institutions backed by structural factors are not already in place, and political survival is at stake, there are very rational reasons why state leaders have time and again sacrificed local development efforts. In order to administer sound development policies, international donors need to be more sensitive of the political context in developing countries and more sober about the tenuous nature of decentralization programs, particularly when the level of state-society tension is high and state leaders can unilaterally abort decentralization programs at will.

INTRODUCTION

For the past several decades, economists, development specialists, and technocrats throughout the developing world have debated the merits of

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centralized versus decentralized models of economic development. In the 1950s and 1960s, developing countries throughout Asia, Africa, the Middle East, and Latin America adopted highly centralized structures of governance along with state-centered, import-substitution industrialization (ISI) economies. The state was to be the vanguard of the development process by shielding domestic industry from foreign competition and directing national resources for the purpose of development in a top-down fashion. The benefits of industrial growth would similarly be redistributed by the state, allowing for improved health care, literacy, and a rising standard of living to all members of the nation.

Beginning in the 1970s, however, the economies of most developing countries faced stagnation and crisis and many began the painful process of economic liberalization under pressure from international lenders.[1] Along with economic liberalization and the retreat of state control in the economic sphere, many development specialists argued that the state should devolve its centralized control of administration to the local level. In addition, they argued that private voluntary organizations should provide services that overburdened state bureaucracies had trouble delivering.

Development practitioners and theorists alike contended that the strict hierarchy and centralized control imposed upon local communities was one of the central reasons for the lack of rural development in third-world states. Centralized administration and planning stifled the ability of these communities to arrive at more efficient and efficacious solutions to their own problems. These claims were supported by a host of empirical studies in the field of development economics (e.g. Cheema and Rondinelli 1983; Wunsch and Olowu 1990) as well as a number of studies examining the potential for voluntary cooperation among community members in the absence of hierarchical institutions of coercion (e.g. Ostrom 1990; Baland and Platteau 1996). More recently, studies have emphasized the possibility of a state-society "synergy," where local communities and government cooperate to solve collective action problems (Evans 1997).

Yet despite the findings of these scholars and development practitioners, few developing countries have devolved control to local communities and those that have experimented in decentralization programs have frequently aborted these reforms in mid-stream. Why have so many states maintained their commitment to centralized, top-down development strategies given the loss of effectiveness that they entail? This paper addresses this question by looking beyond issues of effectiveness and instead explores the political considerations that state leaders in develop-

ing countries often prioritize over sound development policy. This paper argues that when restraining political institutions are not already in place and political survival is at stake, there are very rational reasons why state leaders have time and again sacrificed local development efforts.

This analysis has two broad goals. The first is to gain a better theoretical understanding of the repeated cyclical patterns of centralization and decentralization that are manifest in many developing countries over time. The second broad goal of the study is more practically oriented. Every year, international donors allocate hundreds of millions of dollars towards decentralization programs throughout the developing world. Yet, at the end of the day there is often little to show for these expenditures. If decentralization and local development reforms are to be implemented properly, it is imperative for international donors and development practitioners to understand the political dynamics that shape development policy in these countries and to be aware of the political barriers to decentralization programs.

Part one of this article reviews the recent scholarship on hierarchical versus community-based solutions to local governance and development. Part two explores the political obstacles to the introduction of more effective, community-based development programs. This study focuses on three stumbling blocks to decentralization beginning with the most self-evident and ending with the least conspicuous, yet intractable barrier to decentralization. For each barrier the article draws on empirical examples from the Egyptian development experience. First, the study focuses on bureaucratic resistance to decentralization programs and offers empirical support through an examination of irrigation reform efforts in Egypt. Next, the political costs that decentralization of local government often entails are examined. Here there is empirical support from the multiple, aborted efforts to decentralize local administration in Egypt. Finally, the "revolutionary surplus" that can be generated by private voluntary organizations is examined. In Egypt, as with many other developing countries, state leaders often discourage or frustrate community-based solutions to collective action problems through private voluntary organizations out of fear that they will pose a future threat to the regime.

THE MERITS OF DECENTRALIZED, COMMUNITY-BASED DEVELOPMENT

Over the past several decades, a considerable body of literature has emerged examining the virtues of decentralized, non-hierarchical forms of

organization versus centralized, hierarchical forms of organization. This theme has cut across disciplinary boundaries to touch on organizational economics (Miller 1992), political science (Taylor 1993, 1996; Evans 1997), and studies of natural resource preservation (Baland and Platteau 1996; Ostrom 1990). The theme of the debate - whether related to firms, government bureaucracies, or communal collective action - touches on a fundamental concern for all disciplines in the social sciences: what motivates human behavior and how can institutions and/or incentives be altered to encourage cooperation among self-interested actors?

Taylor (1996) makes a compelling argument for the advantages of community-based collective action by marking a fundamental distinction between "coercive" and "cooperative" forms of hierarchy. In the coercive, neoclassical model, hierarchy is justified by its supposed ability to solve collective action problems that communities are presumably not able to solve by themselves. Individuals are assumed to be asocial and self-interested. By this line of reasoning, the coercive model of hierarchy posits that people respond to individual incentives. Benefits and sanctions administered by superiors over subordinates are therefore required in order to get people to overcome their narrow self-interest and to contribute to the solution of collective action problems.

Taylor and others criticize this approach for a number of important reasons. First, centralized, hierarchical structures of governance inevitably suffer from principal-agent problems. Those at the top of administrative hierarchies are often unaware of the actions of subordinates. State administrators closest to communities are put in positions of power vis-à-vis those local communities, but because of information-asymmetries between them and their superiors at the apex of the hierarchy, they are often able to abuse their power if they wish. The result is that policies planned by technocrats in a centralized bureaucracy (even with the best of intentions) are often implemented in a much different spirit. Worse still, the principal-agent problem can encourage state administrators to abuse their power and use their position for private gain through corruption and/ or building their own patron-client network. Similar observations on the principal-agent problem in hierarchies have been made from a state-society perspective (Migdal 1988, 1994), a development perspective (Bates 1981; Waterbury 1993), and by organizational economists at the level of the firm (Miller 1992).

In addition, strictly hierarchical modes of governance lose out on the many advantages of community-based collective action. Taylor argues that collective action based upon preexisting communities will have lower

monitoring and enforcement costs because these important functions are already an inherent part of community interaction.[2] Furthermore, collective action organized by and for the community is likely to be more responsive to community needs because it is a more participatory and consensual process.[3] This process is also more likely to be successful because community members have more information and practical experience with the various collective action problems than do removed superiors in a hierarchical system of governance. Furthermore, compliance is enhanced when collective action is organized at the community level because reputational concerns and social pressures are brought to bear on community members in addition to tangible penalties levied for non-compliance.

Compliance is also easier to achieve with community-based collective action schemes because solutions emanating from the community itself are seen as more legitimate than ones imposed from above. Here we are moving away from the thin-rational assumptions that underlie neoclassical economics. For advocates of community-based collective action schemes, individual motivations are more than just the result of positive and negative material incentives. Individual actions are tightly bound to intrinsic, normative, and expressive motivations. Community-initiated development projects have more promise for success because they appeal to the non-thin rational motivations of community members. Furthermore, community-based collective action is less likely to interfere with intrinsic motivations as do coercive, hierarchical forms of governance. Taylor maintains that,

> Behavior is not, as the game-theorists' suppose, a single, uncomplicated motive of self-interest, but various forms of normative and expressive motivation *which can be tapped or activated if managers treat workers in the right way, and suppressed or undermined if they treat them in the wrong way* (1996, 23; emphasis added).

The failure of these neoclassical assumptions and the elaboration of a more thick-rational description of individual motivations appeals to our common-sense assumptions of human behavior and, indeed, our moral aspirations of being motivated by intrinsic, normative, and selfless concerns. The analytical simplicity and parsimony of the thin-rational analysis reveals important insights in some contexts and fails in others (Cook and Levi 1990; Monroe 1991). When it comes to centralized, hierarchical, coercive models of local governance, the assumptions of neoclassical

economics clearly diverge from reality. Even when policies implemented through centralized, hierarchical, coercive governance structures are initiated with the most benevolent of intentions in developing countries, the expected benefits usually do not materialize. Empirical studies of local governance structures and their lack of efficacy throughout the developing world highlight the pathologies of centralized hierarchy as the primary reason for their failure (Cheema and Rondinelli 1983; Wunsch and Olowu 1990).

Despite the many theoretical and empirical studies that examine the advantages of community-based development strategies, many countries continue to maintain governance structures that prioritize coercive hierarchy over community-centered institutions. This begs the question, why have many developing countries been so reluctant to adopt the governance structures that seem to be quite beneficial in countries where they have been adopted? In the next part of this study, the discussion is expanded to include the political interests that often stand in the way of more effective forms of governance.

POLITICAL OBSTACLES TO COMMUNITY BASED DEVELOPMENT

Bureaucratic Resistance

The first and perhaps most apparent obstacle in devolving power to local communities is bureaucratic resistance. Simply put, those in charge of administrative positions in state bureaucracies are often reluctant to give up their authority because their personal interests, indeed their *raison d'être*, is based upon the maintenance of centralized administration. Reforms designed to devolve the administration of services to local communities pose a threat to their position. While bureaucrats cannot hold back reforms indefinitely, case studies have shown that bureaucrats can protect their positions through falsifying information to superiors or by implementing policy in ways that actually increase their scope of control (Ayubi 1980; Siddiquee 1997; Rondinelli, Nellis, and Cheema 1983). Bureaucratic resistance to decentralization in liberal democracies is significant in itself, but the reform process is all the more difficult in authoritarian regimes because of weak or non-existent channels of policy feedback. The principal-agent problem, present in all hierarchies, is aggravated in authoritarian systems by the fact that there are few avenues for citizens to report the abuses of lower-level bureaucrats to state officials who have initiated reforms. Citizens have less access to independent media, less opportunity to organize politically, and are more likely to suffer

direct retribution from the very bureaucrats that resist a devolution of control to local communities.

A good example of the bureaucratic obstacles to decentralization is Egypt's current effort to reform its rural irrigation system. In recent years, Egypt's Ministry of Public Works and Water Resources initiated a program to reform its agricultural irrigation system in response to an impending water crisis that is quickly becoming one of Egypt's most pressing problems.[4] With the assistance of the United States Agency for International Development (USAID), the Ministry of Public Works initiated a comprehensive reform program designed to deliver water to the agricultural sector more efficiently and effectively. The reform program included the shift from a rotation system of water distribution to a continuous flow system, newer distribution technologies, and the involvement of local communities in the form of Water User Associations. The project involved many of the elements that development specialists encourage – cooperation between the host government and international agencies, involvement of local communities in the establishment and operation of the project, and sensitivity to traditional farming practices and Islamic legal traditions.

Ultimately, however, the initial project failed because the Ministry of Public Works employees implementing the new program had a strong vested interest in maintaining the rotation system of irrigation. Under the rotation system, the *muhandis* (district engineer) and *bahari* (local gatekeeper) have complete control over a finite supply of an essential resource. Their job is to allocate water among the different *mesqa* (canals) within their domain. Development consultants reviewing the project noted that the local bahari and district muhandis regularly use this power over local communities to secure "substantial amounts of extra-legal income" because "the most effective channel for obtaining additional supplies from government appointees is through bribery (Hvidt 1998, 35)."[5] The continuous flow system threatened the jobs of thousands of local gate-keepers and the "extra-legal income" of a whole echelon of engineers in the Ministry of Public Works. Consultants concluded that the failure of the decentralization project was the result of sabotage by the same ministry employees who were charged with implementing the new continuous flow system (Hvidt 1998; Radwan 1998).

Despite these grave shortcomings, official USAID documentation trumpeted the success of the reforms in a pattern that has become standard for USAID project evaluations in order to secure funding for future projects in the same sector. Hidden among several hundred pages of

documentation on the theoretical benefits of the project and a few notable successes came the conclusion that, "continuous flow implementation was, and continues to be, a major problem....Many improved mesqas could not be activated because main delivery improvements allowing continuous flow had not been completed (USAID 1998, 10)." The official USAID report concedes that, "some engineers at this [local] level of the organization...view the improvement process as threatening to their status and possible livelihood." However, the report misleadingly concludes that, "awareness-building, training, and education can resolve many of these misconceptions (USAID 1998, 5)."[6] Ironically, falsification in the report is motivated by similar bureaucratic interests as those that motivated local-level engineers to sabotage a program that threatened their livelihood.

This example of the failed efforts to reform Egypt's water distribution system is only one of many similar accounts of decentralization programs (most USAID financed) that were undermined by bureaucratic resistance in Egypt. These general dynamics of bureaucratic resistance are echoed by a number of decentralization case studies conducted over the past several decades in Pakistan (Khan 1980), Bangladesh (Morshed 1997; Siddiquee 1997), East Africa (Rondinelli 1983), and North Africa (Nellis 1983). Moreover, as the next sections explain, bureaucrats are rarely put on the defensive because state leaders themselves have good reasons to favor centralized, hierarchical administration over local control and community autonomy.

THE PARADOX OF ADMINISTRATIVE RATIONALITY VERSUS POLITICAL CONTROL

The second major reason why many authoritarian states do not want to devolve control to local governance institutions is that the provision of social services through a centralized administration is a lever of power that states can withhold against groups or individuals that may pose a threat to the state. Patron-client politics is an important means of maintaining political loyalty in the developing world and asking authoritarian leaders to devolve decision-making and administrative control to local governing bodies is asking them to give up the positive and negative incentives that these leaders use to maintain their political control.

This centralization of administrative functions that would be better handled by the local level has a debilitating effect upon local community development. Countless development studies echo the finding that even the best of centralized bureaucracies cannot respond to the unique and

ever-changing circumstances of thousands of local communities. This dynamic pushes centralized regimes to periodically experiment with decentralization programs. But rarely are decentralization reforms successful or sustained for very long because state leaders usually find that local development aims and political control are not compatible goals. As the centripetal forces of decentralized government agencies begin to pose a threat to the central government (if only by pursuing their own interests, but more severely if they are co-opted by other social forces), the regime usually reverses the direction of its reforms. This incompatibility between the maintenance of the regime's political control and the goals of economic development typically produces a cyclical pattern of centralization and decentralization in authoritarian polities.

For decades, political scientists, development specialists, and state leaders themselves have noted the problems of Egypt's highly centralized, hierarchical governance structures, where village councils, regional councils, and governorates have almost no financial or decision-making autonomy from centralized state directives. There is a firm consensus that the strict hierarchy and centralization of power has had a deleterious effect upon the efficiency and efficacy of Egypt's governance structures (Ayubi 1980; Palmer 1988; Mayfield 1996). To address these problems, all three Egyptian presidents since the 1952 military *coup d'état* - Gamal Abdel Nasser, Anwar Sadat, and Hosni Mubarak - experimented with a devolution of power to local institutions, but each of them retreated from their experiment when the political costs of such reforms became apparent.[7] Mayfield and Springborg chart the cycle:

> At first, the new ruler/regime takes considerable interest in local government and seeks to invigorate and even democratize it. The enthusiasm gives way, however, first to caution, then to backtracking, as central control is asserted once again and access to local government by contending elements of civil society is increasingly restricted (1996, xiii).

Following the Free Officer's coup, Gamal Abdel Nasser's regime made moves to empower and democratize local government, but as early as 1956 the new constitution removed power from local institutions and placed them under the purview of the central government. Similarly, Anwar Sadat issued law 52 of 1975 encouraging popular participation in local councils, but as opposition to Sadat mounted in the late 1970s he issued law 43 of 1979, reducing the authority that he had earlier granted to local councils. In the most recent cycle of this sort, Mubarak backtracked on his own experiment with decentralization, first in 1988 with Law 145 and

even more extensively in March, 1994, out of fear that Islamist activists were using local governing institutions to undermine or challenge the state from within (Mayfield 1996).

This cyclical pattern of centralization and decentralization has been noted in a number of developing states throughout Latin America (Peterson 1997), Africa (Wunsch and Olowu 1990), and South-East Asia (Mathur 1983). In each case, the cyclical pattern of centralization and decentralization further contributes to the uncertainty of the policy-making environment, hindering city and regional councils from institutionalizing any kind of effective local governance.

THE THREAT OF "REVOLUTIONARY SURPLUS" FROM COMMUNITY COLLECTIVE ACTION

Authoritarian regimes often face a similar tradeoff between effective development policy and maintaining political control in private voluntary organizations (PVO) in formulating policy. In most developing countries, the state is increasingly unable to provide social services as a result of rapid population growth, economic liberalization and austerity programs, and the bureaucratic and administrative pathologies examined in the previous section. PVOs have stepped in to fill the gap and provide critical services at a time of economic turbulence and state retrenchment. They are citizen-initiated, grassroots organizations involved in all areas of community life including health care, job training, education, informal banking, and natural resources management.

Numerous studies conclude that PVOs are a highly effective avenue for local development (Cheema 1983; Sullivan 1994; Tendler 1982). However, despite these findings, the governments of developing countries have an ambivalent attitude towards them. On the one hand, PVOs provide services that the state is unable to provide, thereby staving off social upheaval. Yet, at the same time, state leaders are wary that community solutions to local problems also entail the creation of grassroots organizations that could potentially challenge state authority. As a result, it is common to see authoritarian regimes alternately encourage PVO activities and then undermine, co-opt, or frustrate the activities of these same organizations when they mature to become viable alternatives to the state bureaucracy. To illustrate this dynamic, the political implications of community-based collective action are examined, first in pre-Revolutionary Vietnam and then in present day Egypt.

Popkin's work on peasant communities in Vietnam illustrates how political movements can begin at the local level when political entrepre-

neurs solve collective action problems for communities and then use the surplus as well as the social capital that they build to challenge state authority (Popkin 1979; 1988). Popkin studies the mobilizing strategies of four grassroots movements in pre-Revolutionary Vietnam: the Hoa Hao, the Cao Dai, the Catholic Church, and the Communist Party. He observes that all four movements mobilized peasant resources against state institutions by beginning at the community level. Peasants initially proved to be unresponsive to political recruitment by these organizations because of classic collective action problems. It was in the collective interest of peasants to see the reform of economic and political institutions that were the foundation of their exploitation. However, each individual peasant had an overriding incentive to free-ride on the efforts of others to promote political change. Since all peasants would reap the benefit of any political reforms equally, there was no individual incentive to expend one's own resources or risk one's own livelihood in contributing to a political movement.

According to Popkin, Vo Nguyen Giap and Truong Chinh, both leading members of the Communist party, realized that "as long as the only results of contributing to common goals were common advantages, peasants left the contributions to others and expended their scarce resources in pursuit of private interests (1988, 12)." This realization prompted them to organize a political movement that could build upon the rational participation of peasants in projects that gave them tangible and immediate benefits while contributing to a movement that could eventually challenge state authority.[8]

All four movements began by providing services that did not require substantial resources or start-up costs. For example, Cao Dai and Catholic priests adjudicated disputes between their members, enabling peasants to circumvent the French courts that were expensive and unjust in the eyes of many Vietnamese. Similarly, all four movements helped to establish insurance schemes at the village level that would help peasants to spread financial risk among those in their group. Later, as these movements picked up steam, they were able to provide other services to members such as literacy and education programs. They gained further recruits because participation in these organizations represented one of the few possibilities for social mobility among the poor.

These and other opportunities required participation in their organizations. The movements provided excludable goods so that peasants who did not participate in the political programs would not benefit from the selective incentives that the organizations were able to offer. In this way,

peasants were not simply asked to make sacrifices for abstract political objectives. Rather, political entrepreneurs convinced them that their participation would result in direct and tangible benefits for them and their families.

Collective action was particularly easy for political entrepreneurs to organize at the village level because collective action was embedded in the ongoing interactions of an established community members. Village members were involved in stable, complex, and direct relations with one another on a daily basis, helping to make many collective action schemes self-enforcing. Popkin explains that the solution to collective action problems at the village level brought benefits to all those who participated in the organization in addition to producing a "revolutionary surplus." Political leaders redirected surpluses in the form of revenue and increased organizational loyalty and strength towards the national political objectives of the movements.

Rarely do political movements emerge that are as successful as the Communist party of Vietnam in challenging and displacing existing power structures entirely. The number of similar movements that were able to achieve their objectives is but a fraction of those that have failed. This is at least partially because state leaders throughout the developing world are wary of such threats emerging and therefore often stymie the efforts of communities to solve their own collective action problems, despite the loss of development opportunities that this entails.

In Egypt, private voluntary organizations play a similar role in providing services to Egypt's disadvantaged and in solving collective action problems at the community level. PVOs are involved in all areas of community life including health care, job training, education, and informal banking.[9] PVOs have a long history of activity in Egypt but their numbers have grown significantly in recent years.[10] The number of PVOs formally registered with the Egyptian government reached 14,000 in 1993 and thousands more operate unofficially because of political constraints that are explored later in this study. According to official statistics, PVOs provided services to over 14 million Egyptians in 1992, but the number of people unofficially involved in their activities is significantly higher.

The community of Ezbet Zein on the Southern edge of Cairo is a good example of a community-based PVO that provides services that the state is unable to deliver.[11] Originally, the area was a squatter settlement that developed in the 1960s. Members of the community established an association based at the local mosque to provide basic services. Within two decades, the community boasted medical care facilities, a food coopera-

tive, a remedial tutoring center, a day care center, and a sewing center. Membership fees and/or contributions of time are required to enjoy the benefits of the community association. According to Sullivan:

> The community is taking up the challenge facing them to provide educational, health, and family services to themselves. They are building organizations to provide for themselves in the absence of continued government provisions; they are developing community participation in decision-making; and they are learning the basics of self-reliance, if not self-governance (1994, 68).

Many private voluntary organizations also help to organize informal financial credit networks, or _gam'iyyaat_.[12] These financial networks have several benefits for participants. First, the financial networks allow families to save their money over time and make meaningful investments that are otherwise very difficult. The participants in informal financial networks often coordinate when they will receive their lump sums to finance major planned expenditures like weddings, dowry payments, or the key money for a new apartment. Another purpose of the gam'iyyaat is to provide the poor with access to interest free loans in times of need.

Since Egypt's poor rarely have savings to cover unplanned expenses like funerals or sickness, financial networks assist members of the local community that are in need of short-term capital. This resource is particularly important considering the fact that poor Egyptians are unable to secure loans from formal banking institutions because they do not have established credit ratings nor do they have the required collateral for a loan. Singerman (1990) estimates that activity in the informal financial networks in 1986 totaled up to a staggering 18 percent of Egyptian Gross Domestic Product and 131 percent of Egypt's gross domestic savings.[13]

The community-specific foundations of private voluntary organizations help them to deliver social services and benefits to community members in a much more efficient and practical manner than the Egyptian state bureaucracy. Medical care, education, job training, and informal financial networks have proven to be remarkably effective in many cases, despite the meager resources that these communities have. Studies of Egyptian PVOs support the theoretical arguments made by Balland and Plateau (1996), Evans (1997), Ostrom (1990), and Taylor (1993; 1996) about the relative efficiency of decentralized governance structures versus hierarchical, coercive modes of governance.

Community-based PVOs are not subject to the same principal-agent problems and information-asymmetries that plague the Egyptian bureau-

cracy. Hence, there is less corruption and abuse of power than is found in the state hierarchy. PVOs organizing their own local development schemes have also been able to tap into the horizontal social capital of preexisting communities, lowering monitoring and enforcement costs. Furthermore, the studies by Tendler (1982) and Sullivan (1994) confirm that community-based PVOs are more responsive to community needs because they embrace a more participatory and consensual process. PVO-initiated projects also tend to be better designed since community members have more information and practical experience with the collective action problems that they confront than do removed superiors in the central government. Finally, community-based PVO collective action schemes tend to be more effective because they are seen as more legitimate than policies imposed from above; this allows them to properly address the reputational concerns and social pressures that motivate community members.

Despite the remarkable achievements of Egyptian PVOs and their ability to help communities where the state has been unable to deliver basic services, government officials have been wary of the political implications of increased PVO activity. This is because of the possible use of PVOs by radical Islamists who wish to gain political control. Radical Islamists have waged a protracted, armed struggle against the Egyptian state for decades, with the most recent and extreme cycle of violence extending from 1992 to 1997.[14] State leaders have been reluctant to allow PVOs to operate independently out of fear that Islamic private voluntary organizations, comprising over half of all PVOs active in Egypt today, will mobilize the Egyptian poor against state institutions.

The presence of so many Islamic PVOs is not threatening in itself, as mosques have always played an important role in providing social services to the poor.[15] However, there is the possibility that radical groups will establish their own PVOs or infiltrate existing ones to mobilize citizens against the government. Moreover, there is a historical precedent for this sort of grassroots organization in Egypt. Providing basic services for the poor and solving collective action problems was a key strategy of the Muslim Brotherhood to mobilize support before it was outlawed and brutally suppressed by the Nasser regime in the 1960s. With economic liberalization and the state's retrenchment from its traditional role as the provider of social services, PVO activities pose a potential threat to the political control of the Egyptian regime.

For this reason, the Egyptian government has increasingly monitored and regulated private voluntary organizations through the Ministry of

Social Affairs (MOSA). Established in 1939, MOSA now has offices in all 26 governorates. Formally, MOSA is designed to provide technical support for PVO activity, coordinate programs between PVOs, and assist them with the government bureaucracy. In practice, however, the primary function of MOSA offices is to supervise the programs of Egypt's private voluntary organizations in order neutralize those that it views as political threats.

The Ministry of Social Affairs is empowered to supervise and regulate Egypt's PVOs through law 32 of 1964.[16] Under this law, PVOs must make a formal request to the Ministry of Social Affairs in order to operate legally. MOSA regularly rejects applications for the establishment of new PVOs based on a corporatist framework wherein only a single organization is permitted to operate in the same district with the same purpose. Further-more, Law 32 imposes strict requirements on PVO activities, fund raising, and membership. The law gives MOSA the mandate to dissolve any association that it believes is "undermining the security of the republic or the government's republican form (Article 57)." This vague wording gives MOSA the wide authority to dissolve PVOs at will. Law 32 also gives MOSA jurisdiction over PVO leadership positions by allowing it to impeach any PVO leader, appoint up to 50 percent of board members, and combine existing PVOs (Articles 28, 29, 30, 55). Finally, board meetings must be approved by MOSA 15 days in advance of convening and minutes of these meetings are to be submitted to the government within 15 days (Articles 39, 44). Failure to comply with the requirements of Law 32 of 1964 results in fines and/or imprisonment of PVO board members (Article 92). The regime regularly uses these broad powers to prevent the formation of PVOs, to monitor the activities of established organizations, and to disband or co-opt PVOs that build organizational resources and loyalties that are potentially hostile to state interests.[17]

The effectiveness of PVO services and the regime's sensitivity to this kind of organization was brought into high relief in the aftermath of an earthquake that rocked Cairo in October of 1992. The government was unable to provide adequate disaster relief to earthquake victims for weeks following the incident. On the other hand, Islamic PVOs were on the scene just hours after the earthquake, distributing food, blankets, and shelter to victims. The government's incompetence was broadcast on state television and the effectiveness of private voluntary organizations was widely recognized. Mubarak's regime faced a similar embarrassment in December, 1994, when intense rains flooded Southern Egypt and dis-placed thousands from their homes. However, when PVOs mobilized to

provide disaster relief on this occasion, the regime forcefully prevented PVO involvement, despite the fact that state resources proved inadequate to handle the crisis.

These high profile examples serve to illustrate what most Egyptians experience on a daily basis - the ineffectiveness of the state as a provider of social services and the relative effectiveness of community-based organizations. Moreover, these two cases highlight the basis of state policy towards PVOs. While they are tolerated and were initially encouraged, it is ironic that the more effective they become, the less tolerated they are because the regime views them as a potential political threat.

In sum, private voluntary organizations are a mixed blessing for state leaders during Egypt's process of economic liberalization. On one hand, PVOs provide critical services to the poor in a time of economic retrenchment. However, community-based organizing may end up providing an avenue for bringing the government's adversaries to power. The Ministry of Social Affairs attempts to regulate and control Egypt's PVOs, but in the process, it often stifles the ability of many PVOs to carry out their functions. In the political context of significant state-society tension, unrestrained, authoritarian states will sacrifice community-based development projects for the sake of maintaining political control.

CONCLUSIONS

The forgoing analysis does not imply that decentralization and local development programs through private voluntary organizations will inevitably fail in all developing countries. Rather, it suggests that we need to better understand the political prerequisites for sustained decentralization and community development by examining the political context of state-society relations on a country-by-country basis. For each case, we need to evaluate the level of tension between the state and social forces in addition to examining whether institutional and structural factors constrain or enable state leaders to unilaterally abort decentralization programs when their political interests are jeopardized.

Recently, a number of studies highlight the continued success of decentralization programs throughout Latin America (Peterson 1997; Burki, Perry, and Dillinger 1999). It should be noted, however, that the latest cycle of decentralization in Latin America coincided with the wave of democratization that swept the region in the late 1980s and early 1990s. Institutional constraints on executive decision-making put in place during this period promise to make Latin America's decade-long experiment with decentralization a continued success. More importantly however, institu-

tional constraints on executive powers are reinforced by structural factors — such as class configuration, strength of civil society, and level of development — that increasingly restrain the ability of state leaders to unilaterally reverse decentralization reforms.[18] Prior to these institutional reforms and structural transformations, Latin American nations experienced the same cycle of centralization and decentralization noted in Egypt and other developing countries (Rondinelli, Nellis, and Cheema 1983).

Failure to recognize and accommodate these political variables in places like Egypt threatens the success of decentralization and community development programs before they ever begin. In countries where the level of state-society tension is high and state leaders can unilaterally abort decentralization programs at will, attention should be directed to determining the specific conditions under which leaders are willing and able to sustain their commitment to a devolution of political authority to local government and community-initiated organizations. Beyond this short-term prescription, the resources of international donors should also be directed towards programs aimed at achieving the political prerequisites for sustained decentralization and community development programs. Encouraging institutional reforms and promoting the structural transformations conducive to both democratization and decentralization is no simple task. However, it is better to be sober about the immense challenges of political reform and economic development in these countries than to assume that decentralization and private voluntary organizations are straightforward solutions to complex and long-standing pathologies.

NOTES

[1] With the exception of the oil-producing countries.

[2] Communities are defined as having 1) stable relations (i.e. members remain fairly constant and their interactions are repeated); 2) multiplex relations (i.e. members interact on a number of spheres); 3) direct relations (i.e. relations are not mediated by intermediate institutions such as the state); 4) shared beliefs and preferences (Taylor and Singleton, 1993).

[3] I have some reservations about this argument. While a participatory and consensual process might characterize some communities, it is far more common to find communities where traditional "strongmen" influence and corrupt the process to the extent that self-regulating communities have nothing to do with

participation and consensus.

[4] The Nile currently provides Egypt with just under 1,000 cubic meters of water per capita. This is considered by hydrologists to be a "water scarce" country. By the year 2025 it is estimated that per capita water availability will decline further, to 605 cubic meters, because of the country's rapid population growth. Moreover, a multi-billion dollar project to open several hundred thousand more hectares for agricultural development will place more stress on Egypt's limited water supply and has made irrigation reform a top priority (Merrey 1998).

[5] This kind of corruption is further aggravated by the fact that the monthly salary of district engineers is between $59 and $147 per month (Merrey 1998).

[6] In the following section, the report admits that "IIP civil engineering staffing requirements may stabilize at a smaller number than present (10-2)."

[7] Mubarak's aborted experiments in administrative decentralization and community development were largely financed by the United States Agency for International Development.

[8] This strategy of mobilization was not peculiar to the Vietnamese revolution. Chong's (1991) study of the Civil Rights movement similarly illustrates how political entrepreneurs can manipulate the incentives for individual participation by breaking down collective action problems into a series of achievable goals, making participation of members contingent on others, and tapping into the reputational concerns that compel people to contribute to a cause.

[9] For a brief overview of PVO activities in Egypt, see Sullivan (1992).

[10] For more on the history of Egypt's private voluntary organizations, see Berger (1970).

[11] This case study of Ezbet Zein is taken from Sullivan (1994).

[12] For more on how informal credit networks operate, see March and Taqqu (1986), Singerman (1990, 1996), and Putnam (1993).

[13] In other words, there is more money floating through informal financial networks than is channeled through the formal banking structure.

[14] The resurgence of Islamic radicalism is partly a response to government attempts to control and manipulate religious institutions for the benefit of the regime (Moustafa, 2000). It should be noted that radical Islamists intent on overthrowing the regime make up only a small minority of the highly diverse, but generally moderate, Islamist movement.

[15] Mosques enjoy regular incomes in the form of *zakat* (religious tithing), which they often direct towards these services.

[16] A new law governing non-governmental organizations, law 153 of 1999, went into effect in June of 2000 but was struck down by the Supreme Constitutional Court only days later. It is expected that the next People's Assembly will issue a modified version of the law, but for the time being PVO's are governed under

law 32 of 1964.

[17] Despite these tight controls on PVO activity, it is questionable whether the Ministry of Social Affairs is able to effectively regulate and monitor all private voluntary organizations that operate in Egypt today. PVOs have found government regulations and supervision so cumbersome and restrictive, that many began to operate outside of these formal channels established by the government. Today, as many as seven informal grass-roots organizations may operate for every formally registered PVO by registering as civil companies or not registering at all (Clark 1996). However, this strategy puts non-compliant PVOs in a precarious position because they risk penalties far more stringent than those provided for in Law 32 of 1964, with less recourse to already limited judicial safeguards.

[18] Decentralized governance structures are likely to stay in place in this democratic environment because local services have improved remarkably as a result of reforms in most countries (Peterson 1997).

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