

**HOW DOES SOCIAL CAPITAL ENHANCING
INSTITUTIONAL DESIGN FOSTER POLITICAL
DECENTRALIZATION? A COMPARATIVE STUDY
BETWEEN BANGLADESH AND WEST BENGAL**

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ABSTRACT

In Bangladesh, the last thirty seven years after independence followed a trajectory of top-down policy making and implementation with an impasse of "winner-takes-all" politics encircling its central government. Albeit with the prevalence of constitutional proviso and century-long history of local government in the country, political decentralization is still located into distortive policy space. The reality situates far behind technical, administrative and fiscal criteria of decentralisation, and is not responsive to popular demand of participation and accountability. In contrast, rooted in shared practice of decentralization for centuries, West Bengal, a neighbouring Indian state of the country, reveals more convincing manifestation of decentralisation only within decades. This success in West Bengal questions the apparent failure in Bangladesh as both the regions share broader similarity in social, cultural, institutional and linguistic aspects. Henceforth, an exploration of comparative constraints and facilitating factors in both the cases is needed for more flexible and informed policy space. In this case, current social capital literatures provide an excellent analytical tool focusing on the need of appropriate institutional change which increases existing stocks of social capital and leads toward effective decentralization. Extending the simplified idea that communities with higher social capital outperform, a recent nuance understanding on it argues that intuitional design should facilitate the shift from "bonding" to "bridging" and then to "linking" to effectively "reach out" and "scale up" the impact of the institutions. In terms of this understanding, the paper unpacks the causes of different manifestation in decentralization of the two regions. The paper identifies how social capital enhancing or exploiting institutional design shapes the power relations and participation, and contribute to facilitate, in one case, and to block, in the other, the success of decentralization.

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INTRODUCTION

Initiated as corrective measures against the 'bad' consequences of Keynesian state-centrism, the idea of decentralization becomes popular for its promise to be closer to the people in both spatially and institutionally, to be more readily accountable to the local electorate and to be more responsive to local needs than central government. An account in 1999 informs that sixty-three developing countries out of seventy-five adopted decentralization in different forms and formats (Lee and Gilbert 1999). But the success was not parallel. Rather failure becomes prevalent in power devolution (Crook & Sverrisson 1999), local public service delivery (Robinson 2007) or local natural resource management (Ribot et al 2006).

The issue is now located into more complex space of local governance with increasing dominance of plurality of actors. The new dimension locates decentralization into complicate relationship among actors and places it into the locus of local governance. The intricacies question the capacity of "first generation" collective action theories to deal with it, and brings the need to approach an interdisciplinary and nuance concept of social capital for delicate understanding on how "relations matter" alongside appropriate institutional design in decentralization.

Among other developing regions, Bangladesh and West Bengal posit in unique trajectory of decentralization as they share experiences of it in numerous forms for thousands of years. In recent decades, they manifest two opposite experiences on decentralization. Convincing success in West Bengal and apparent failure in Bangladesh brings to the fore how the issues of institution and social relations contribute to different outcome within only decades.

Albeit dynamics of institution and social capital in two regions are rooted in similar social, economic and political background for centuries, available studies are focused on institutional factors and individual cases. This study instead facilitates comparative analysis on how dynamics of institutions and social capital explain why two regions experience different manifestation of decentralization in presence of similar historical root and comparable institutional reform initiated almost in the same time. The paper advances the argument that success of political decentralization depends on institutional design informed by existing stocks of social capital and its social capital enhancing role.

The paper conforms to efficiency logic of public choice literatures and new institutional economics to realize people's 'actual' needs and preference. However, it borrows the framework of political decentralization from Agarwal and Ribot (1999), and is informed by "top-down" approach (Tarrow 1996) of social capital building.

The organization of the paper is as follows. Chapter one presents background of the study and research design. In two a theoretical framework is constructed to facilitate the study. Following brief review on two cases in Chapter three, chapter four illustrates institutional components of decentralization in both Bangladesh and West Bengal. A comparative analysis is advanced in chapter five between the two cases. The paper then summarises findings with implications for theory and policy in Chapter six.

CHAPTER ONE: BACKGROUND AND RESEARCH DESIGN

1.1 Decentralization: shifting from government to governance

Decentralization is once devised as policy tool mainly to correct the 'bad' consequences of Keynesian state-centrism. In doing so, since 1980s, it forces the central government on keeping macroeconomic stability, and supplies legitimized space in the state-society relations facing increasing deficits on these two. Decentralization, from this dominant view, is desirable in its most matured form of devolution which refers to transferring power and authority for decision making, financial allocations and management from the central government to its localized unit. (Helmsing 2001).

However earlier wave of decentralization reform is mostly driven by an attempt of "[i]nstitutional monocropping" (Evans 2004), that is, establishing uniform institutional blueprint for devolution of political, fiscal and administrative power. The gross consequence approaches failure to "bringing government closer to the governed" and instead manifests "bringing control closer to the people" across the developing regions (Francis and James 2003, 329). The reason goes to preference for "technical excellence" of institutional engineering to "cognitive worth and normative appeal" of it, where these two symbiotic parts should be combined (Krishna 2003, 361). Deficit in appropriate institutional building negatively influences the way on how to facilitate the next wave of decentralization.

In recent years, decentralization as a phenomenon experiences qualitative shift. Popular demand for meaningful citizenship, rising tensions on the possibility of government failure and increasing capability of private and non-government sectors in the delivery of public goods contribute to

this change. It shifts decentralization from a mere 'local-government affair' or 'public-sector phenomena' to the crux of 'local-governance' issue (Helmsing 2001). Multiplicity of actors, diversified power relationships and modes of accountability define this new local institutional landscape. Helmsing (2001) correctly argues that it brings new challenge of governance in local level and raises the thriving need of enabling role from the part of government.

Research conversely indicates that new sets of local authorities and institutions that are empowered by central governments and donors manifest "temporary participatory interventions" (Agarwal and Ribot 1999, 494). On accountability, they are not appropriately linked to institutionalized body of downwardly accountable representation (Ribot et al 2008, 2) and rather lead to "fragmentation of local authority" and questioning their legitimacy (Chhatre 2007, 13).

As is reported in the literatures, there is no any gross positive news on effective delivery of public services in local level (Robinson 2007; Conyers 2007). Even a vast array of literatures by using the lens of natural resources from forestry (i.e. Campbell *et al* 1999; Ribot et al 2006) to fisheries (Bene *et al* 2009) suggests that newly emerged local governance is still vulnerable to elite capturing and fails to elevate the benefits of local poor from subsistence level. The situation unfolds that local governance works as a mechanism to bypass the logic of democratic local government (LG) mechanism, and leads to short-term return engendering long-term sustainability in its governance (Manor 2004; in Ribot et al 2008, 2).

From donor side, the institutional choice for local civil society organizations (CSO) and non-governmental organization (NGO) rather than locally representative unit is suggested to be causally linked to the failure of advancing decentralized institutions in developing countries (Mawhood 1993). It may influence them adopting less institutionalized participatory interventions. On the other hand, the reason that government bypasses local democratic unit

may be attributed to the rigidity of institutional change. Possibility of any institutional change, albeit effective and efficient, is "locked in" the interest of "the institutional winner" (Evans 2004, 32).

A shift from simplified version of LG towards more complex governance affairs requires enabling mechanism by government. But the above arguments suggest that both donor communities and government, though for supposedly opposite reasons, tends to ignore transferring their authority and financial support to local democratic institutions. In effect, asymmetric treatment leads to delinking local needs and local accountability mechanism from the significant part of resource distribution, and questions the success of political decentralization identified as downwardly accountable democratic local government (Agarwal & Ribot 1999).

1.2 Institution-building and its social capital-enhancing role:

Guided by the above context, the paper locates political decentralization at the heart of local governance, and focuses on its institutionalization process and sustainability-generating outcome from the context of developing countries. It attempts to unpack the understanding by using the theoretical lens of social capital-enhancing institutional design. The arguments for such theoretical frame are as follows:

Though LG has the power to enable works of multiplicity of actors by providing appropriate institutional mechanism, institution-building should not only be based on the more traditional question: "what do effective local governments look like?" Rather attempt should be combined with: "how do effective local governments interact with their constituents?" (Krishna 2003, 369). Such broader framework does not only provide institutional space for integrated functioning of multiple agencies but also vehicle continuous revitalization in institutions.

That is, rational choice institution building should be simultaneously informed by the thesis that "relations matter": especially in "closed, localized, cohesive communities" (Nooteboom 2007, 31) of developing countries. Higher failure record in decentralization may go to the fact that decades-long institutional engineering largely ignores the implications that decentralization not only brings power house to the space of local community, but also advances new set of relations between bureaucrats, politicians, organized social group in particular and citizens of society in general.

Reinforcing this focus, recent astronomical attempts on theorization of social capital from diversified academic corners endorse a consensus that, in addition to technicality of institutions, "relations matter" for sustainable development. It is evident in a shift from "first-generation" collective action theories to "second generation" theorization. It is acknowledged that the earlier version is methodologically incapable to solve complexities in collective action which are "embedded in pre-existing networks, organizations, or other ongoing relationships among individuals". The idea of social capital becomes mainstreaming with a promise to "studying the [earlier] omitted factors: trust and norms of reciprocity, networks and forms of civic engagement, and both formal and informal institutions" (Ostrom and Ahn 2007, 6, 2). Though the concept is still mystified and not well-theorized, there is almost no debate on its value for policy implications.

Being the prominent in such second generation theory building, Robert Putnam (1993) unlocks the issue of "social capital" from the terrain of sociology into the interdisciplinary academic debates and theory building. Importantly, he also manifests the power of "social capital" to explain the success of LG through his empirical illustration in two regions of Italy.

Partly differing from this stream, the paper approaches to a "top-down" understanding that both institution-building and social capital is critical for democratic decentralization which spillovers to integrated mobilization of local governance. Institutions for LG should be social capital enhancing. The state is capable to play the critical role on enhancing and mobilizing social capital as collective resource. Being reinforced by the institution-building through LG, social capital contributes to both structures and processes of local governance. (Tarrow 1996).

1.3 The cases: Bangladesh and West Bengal

Drawing the experiences of two developing regions, Bangladesh and West Bengal, a neighbouring Indian state of the country, the paper attempts to illustrate how the idea of social-capital enhancing role of the state through institution-building in LG explains its sustainability. Bangladesh and West Bengal suit convincingly with each other for a comparative analysis at least due to their opposite manifestations of decentralization policies and century-long social, political and economic similarities.

In Bangladesh, the last thirty seven years after independence followed a trajectory of top-down policy making and implementation with an impasse of "winner-takes-all" politics encircling its central government. Albeit with the prevalence of constitutional proviso and century-long history of LG in the country, the system of LG developed over the decades is earmarked as "more an area of policy experimentation than one of stable institutional development" (Sarker 2003). Not only does it situate far behind technical, administrative and fiscal criteria of recent decentralisation narratives but also shows its sheer incapacity to move towards a true "participation" in it.

On the other hand, positing on the similar historical root of decentralisation to that of Bangladesh, West Bengal, a neighbouring Indian state of the country, reveals more convincing decentralisation outcomes against poor manifestation in Bangladesh. Unlike Bangladeshi experience, decentralization in West Bengal, as pool of literatures claim, shows a substantial convergence of the local context with the functional and economic space of decentralized governance.

1.4 Research Objectives and Questions:

The paper examines the link between statist-model and success of decentralization. Statist 'top-down' model is responsible to design institutions being informed by stocks of social capital, to incorporate inclusive (civil) society participation, to facilitate bridging and linking social capital, and to revitalize the system frequently responding to increasing stocks of social capital. Earlier works on decentralization did not explore the state-led aspect of social capital-enhancing policy and its link to 'political decentralization'. Such examination attempts to illuminate more contextualized broader parameters of comparative constraints and facilitating factors in both the cases of decentralization for more flexible and informed policy space.

The hypothesis is that political decentralization requires careful institutional design which should be informed by existing stock of social capital and simultaneously contributes to increase of it. That is, failure of decentralization not only goes to the deficits of benign institution, but also relates to the capacity of institution to boost social capital.

The key research question is: how do institutional dynamics and social capital explain why Bangladesh and West Bengal experience different manifestation of decentralization in

presence of similar historical root and comparable institutional reform initiated almost in the same time?

1.5 Methodology:

The paper is informed by public choice literatures and new institutional economics which suggest that logic of efficiency and equity in public decision-making is achievable by internalizing externalities and realizing people's 'actual' needs and preference. However, it accepts the suggestion of Agarwal and Ribot (1999) for political decentralization, since they consider downward accountability and representation as its means which works for efficiency and can be related to institutional capacity to enhance social capital. A "top-down" approach (Tarrow 1996) of social capital building is deployed where state's role is critical.

On case selection: both the regions share large border-line and have considerable similarity in social, cultural, institutional and linguistic aspects which substantiate the choice of the cases for comparative analysis. In the same vein, it is imperative to say that both the selected regions were united and adhere to each other for thousands of years till 1947. The similar root in history and broader political economy supports the consideration of the three categories of social capital in our analytical framework, as the similarity indicates equality in stocks of social capital at least till 1947. Though contrasting to stable democracy in West Bengal, Bangladesh faces some distortions by military and quasi-military regimes after 1947, the military rulers after its independence came quickly to democratic politics. However, both the regions share century-long decentralization policies, and after partitioning in 1947, both initiated decentralization policies almost simultaneously.

Evaluation of the institutional dynamics includes by tracing: who are the actors, to what extent the power devolved to them, how they exercise powers, and what is the nature and scope of accountability mechanism. Their responsiveness to stocks of social capital will be assessed by identifying some state-led contextual parameters and by deploying these to trace the shift from "bonding" to "bridging" and then to "linking" social capital in the domain of institutions. The paper considers social capital as intervening variable. To Measure categories of social capital, I identify some qualitative indicators facing inadequacy of data for more specific measurement.

The work will advance both deductively and inductively: the former is to illustrate the need for social capital enhancing institutional design, and the later is to locate the constraints and facilitating factors in decentralization process. The discussion is followed by an analytical framework which sketches the causal mechanism between the variables. The paper is based on qualitative data. I extensively use secondary materials published by international journals and national publishers/state organizations, and primary data from legal documents of both Bangladesh and West Bengal and from governmental website.

1.6 Limitations:

As the study heavily relies on secondary data, it faces absent of literatures on how bureaucratic integrity impacts in the relations between local officials and politicians in both Bangladesh and West Bengal. Moreover, on Bangladesh there is no recent empirical study about Union Parishad, the only well functioning decentralized body. The paper could be robust if adequate data were available on financial devolution in Bangladesh. The paper also feels the lack of recent data on social, economic and political background of elected representatives in different capacities in Bangladesh.

CHAPTER TWO: ANALYTICAL FRAMEWORK

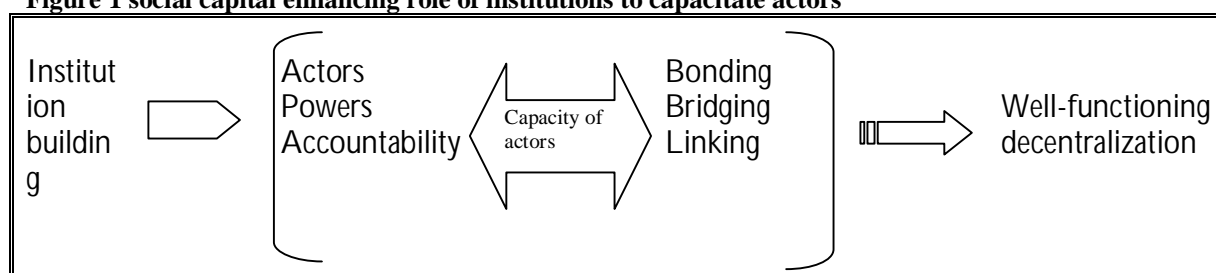
In this chapter, I develop analytical framework keeping atop 'top-down' model for decentralization. I link the concept of political decentralization and its institutional components with three categories of social capital. I deploy the concept of capacity to understand how institutions become responsive to social capital, and thus capacitate broad range of actors. The discussion, first, follows clarification on causality, second, on operational concept and categories of social capital, and finally, illustrates components of political decentralization with their link to social capital.

2.1. Political decentralization, capacity and social capital:

Most analysis on how power should be devolved in local unit focus on political, administrative and fiscal criteria for the success of decentralization. (Binswanger 1997). However, Agarwal and Ribot (1999) argues that, though they are critical for statecraft, are not helpful to understand the intricacies in process required to deal for meaningful decentralization. They (Agarwal and Ribot 1999, 474-479) rather emphasizes on actors, powers and accountability to better realize its process. The extent how various actors are critically engaged with powers, the domain in which they exercise powers and the way they are restricted to accountability mechanism are crucial for effective decentralization. Putting *political decentralization* and *deconcentration* into a contrasting relationship, the authors bring the former into the locus of decentralization analysis without denying the necessity of the later. For them, concept of accountability works upwardly in *deconcentration*, while for *political decentralization*, it works downwardly. However it lacks clarity on how the actors brought by decentralized institutions can be capacitated and, hence, facilitated into reciprocal space of social relations.

The paper links these components to the generalized notion of "capacity" defined in (Bebbington *et al* 2006, 1962). For Bebbington *et al* (2006), "capacity" resides in actors across individual and collective. "Capacity" means "power to" do something. How the power is realized depends on "the power of others to influence both one's ability to act, and the likelihood that that action will have the effects that the actor hopes for. Thus, while capacity resides in actors, its potential effectiveness depends on other actors' capacities also. " (Bebbington *et al* 2006, 1962).

Figure 1 social capital enhancing role of institutions to capacitate actors



Source: Author

Social capital is able to capacitate actors. Firstly, in terms of governance social relationship matters as it influences local collective and public action and their underlying relationship. Second, how social relationship works in a local unit and links the unit people to other non-local actors is important as it influences the possibility of effective and autonomous actions. Third, social capital reflects how local political economy is structured which impacts the functioning of local institutions and governance and change in rural socio-economic spheres. (Bebbington *et al* 2006, 1962-3).

Following these, on measurement, social capital cannot be granted as single independent variable due to its possible correlation with other variables (van Staveren & Knorringa 2007); rather more appropriate stand is to conceptualize it as intervening factor that influences both accessibility to and functioning of formal institutions (van Staveren & Knorringa 2007).

In the following discussions, I firstly epitomize the understanding of the paper on social capital and its categorization on bonding, bridging and linking. Then I elaborate three important institutional components: actors, power and accountability as is suggested by Agarwal and Ribot (1999). I extend the analysis of these components intertwining them with bonding, bridging and linking capital. On the basis of a brief account presented below, the paper draws table 1 for qualitative measurement of social capital in the paper:

2.2 Social capital: the operational concept

From the available explanation, Referring to the works of Bourdieu (1986), Coleman (1988), Evans (1996) and Woolcock (1998), the paper considers the idea that "social capital is a collective resource" with an emphasis of "a greater role for the state in civic affairs"(Brooks 2007, 235). It is against methodological individualism which attempts to rejuvenate itself in policy space using Putnam's thesis as theoretical front. Against state-led top-down model, methodological individualism emphasises that social capital resides in bottom-up model, and it is individual (in bottom) who is responsible to locate himself in a broader network of relationships and to extract benefits from social capital.

Central to Bourdieu (1986), who is considered as one of theoretical predecessors, is his emphasis on power and conflicts over the control of resources where social capital works as a strategy to accumulate other forms of capital (economic and cultural). Bourdieu's thesis is used to criticize social capital as a concept in general and Putnam's thesis in particular, though he also puts social capital in bottom-up model (De Mello 2004). Differing from the critics (Fine 2001; Harriss 2002) who mostly relies on Bourdieu's thesis, I argue that if it is true that social capital can be instrumental to support structural privilege for elite, it is also true that social capital can be used to enforce "networks of equality" and mutual reciprocal actions by 'top-down' state's role.

The paper considers social capital granting it as "the networks, norms, relationships, values and informal sanctions that shape the quantity and co-operative quality of a society's social interactions" as is recently defined by Aldridge and Halpern (2002, 5). I consider that the definition sees: social capital is not embedded in social structures, rather is carried into social interactions and facilitates social action; it may enable individuals to act collectively or may transform it as private goods through elite-capture. The contextual character of social capital is captured in its three types of categorization: bonding, bridging and linking (Putnam 2000; Woolcock 1998). Whereas linking capital is comparatively new addition to the categorization informed by mainly the work of Woolcock (1998), the other two receives acceptance across mainstream and critical camp.

2.3 Bonding, bridging and linking capital:

Bonding social capital links to people "like me" on the basis of exclusive solidarity ("superglue") and only facilitates people to "get by", whereas bridging social capital is about inclusive solidarity between people "unlike me" and facilitates actions of heterogeneous people to "getting ahead" (Putnam 2000, 23). These two ".....are not either/or categories....., but "more or less" dimensions along which we can compare different forms of social capital" (Putnam 2000, 23).

Bridging social capital enhances the capacity of the actors involved. It does so by linking people to external assets, diffusing information, ensuring participation, facilitating democratic interaction through developing broader identity, and by promoting reciprocal action. On the other hand, bonding social capital is able to generate downside effect on society as it is exclusive to solidarity based on kinship, gender, religion, ethnicity or organizational culture (Woolcock

1998). By being "locked-in" into a closed and cohesive social domain, it may incentivize "institutional-winner". It may cultivate paternalism and subordination (Repetti 2002) exclude other groups from common resources and generate inter-group conflicts (Colletta & Cullen 2000). Whereas bonding type enforces blind trust in the relationship, bridging social capital produces generalized trust which is based on "the assessment of a person's reputation over time and rewarding trustful behaviour through reciprocity of trust" (van Staveren and Knorringa 2007, 115- for a clear distinction: Humphrey and Schmitz 1998).

Too much bonding capital blocks development of bridging ties and contributes to severance of power asymmetry. However, well-functioning governance requires both type of social capital: a minimum level of bonding is "the first step" to allow emergence of bridging social capital. Bonding ties create and reproduce specific social capabilities between the members by generating trust, cooperation, coordination, mutual help, loyalty, responsibility, knowledge sharing and so on (van Staveren and Knorringa 2007). Bridging social capital flourishes on the basis of these sets of social capabilities by "partly trade-offs and partly supporting each other" (van Staveren and Knorringa 2007, 116).

Table 1 Measuring social capital

Categories of Social Capital	accessibility to and functioning of formal institutions
Bonding	Negative: entrapment to insecure livelihood, no accessibility to institutions, exclusive solidarity and unequal reciprocity, intergroup conflicts, exclusion from common resources, confining interest to religious, ethnic, class or caste identity Positive: rule bound professional norms and integrity in socially recognized group (i.e. bureaucracy), secure livelihood
Bridging	Horizontal accessibility to institutions, equal reciprocity, loose. horizontal and inclusive solidarity among actors
Linking	Positive: Access to formal institutional power (on condition of both adequate bonding and bridging social capital) Negative: linked to formal power centre, institutions (in absence of adequate bridging social capital and/or presence of strong bonding social capital)

Source: Author

While a positive combination of bonding and bridging capitals function horizontally, linking capital brings the idea to vertically connect people "across power differentials". Its proponent Szreter & Woolcock argues that "[w]e would define linking social capital as norms of respect, and networks or trusting relationships between people who are interacting across explicit, formal or institutionalized power, or authority gradients in society" (2004, 6). The function of it is to bring powerless and excluded people to the ties of power. But without appropriate bonding and bridging, it may contribute to malfunctioning of social relations (Titeca & Vervisch 2008).

2.4 Actors, powers and accountability and their relations with social capital:

2.4.1 Actors:

Actors in decentralized unit may include appointed or elected representatives, NGOs, powerful individuals, communities, co-operatives and communities. Each of these actors is situated in distinctive relations of accountability and applies different range of powers over public resources. (Agarwal & Ribot 1999, 476).

Since decentralization policy is targeted to change the role of actors posited in particular power domain, it is not enough only to redistribute the position of the actors and reconstruct the incentive structures. Reintegrating trust, norms and networks among them is necessary to facilitating bonding, bridging and linking social capital of the actors, because otherwise in a closed community, interest of powerful actors prevails and the existing institutions are locked in the their interest. Lack of appropriate organizational ethos in bureaucrats does not make them capable to develop and interact in broader bridging relationships. On the other hand, strong bonding with blind trust in segmented unit of local people creates the opportunity for politicians to cultivate patron-client relations.

2.4.2 Powers:

A group of actors who are empowered to design rules for decentralizing control is important. The relations between them and the decentralized actors are important because the rules set the "principles that structure decisions and actions concerning who can benefit from given resources or opportunities, how, and to what extent." (Agarwall & Ribot 1999, 477). Where the relations in society is based on closed bonding ties associated with lack of bridging, rule-makers utilizes their power by rendering benefits to their clients (local politicians, middleman and local bureaucrats) in exchange for political support and appropriated rent (Repetti 2002 illustrates this in some African countries).

The actors who are entrusted to range of discretionary authority over the use of resources may facilitate or block creation of social capital. These actors may entail fiscal power on revenue generating and spending autonomy. By following bonding and bridging social capital, if majority people are not linked to discretionary decision-making through linking capital, pervasive rent-seeking takes place.

2.4.3 Accountability:

To Posit accountability to the locus of decentralization with its rule-making and decision-making power, Agarwal & Ribot argue that "if powers are decentralized to actors who are not accountable to their constituents, or who are accountable *only* to themselves or to superior authorities within the structure of the government, then decentralization is not likely to accomplish its stated aims. It is only when constituents come to *exercise accountability as countervailing power* that decentralization is like to be effective" (1999, 478, italics added).

Accountability is relational; it links the constituents with their counter-powers to the actors holding devolved powers. Thus downward accountability of actors broadly engages citizens and institutionalizes their participation. But among accountability mechanisms, election, albeit well-crafted, is not sufficient for downward accountability.

Downward accountability mechanism does not only provide a common platform leading to effective bridging social capital by bringing people from different societal segment, but also links people to the actors with diversified power. Even it may help to transform "blind trust" to generalized trust by weakening pervasive bonding ties. Designing accountability gives space to institutions for its social capital enhancing role by integrating bonding, bridging and linking social capital.

The framework (figure 1) is confined to state's role. The state designs institution by specifying actors, powers and accountability being informed by existing stocks of social capital. Its institutional components facilitate bonding, bridging and linking social capital by capacitating actors in broad array of social relationship.

CHAPTER THREE: BRIEF HISTORICAL OVERVIEW ON DECENTRALIZATION IN BANGLADESH AND WEST BENGAL

Any account of rural local self-government in West Bengal and Bangladesh can be traced back to the history of ancient India dating back to 1000 BC. As is detailed in the literatures¹, ancient village local-government enjoyed autonomy of power and functions within specified jurisdiction of tasks and responsibilities, being hierarchically linked to the central authority.

The British rule in India, by its self-governing local unit, was not directed towards flourishing of local institutions rather linking to hierarchical centralization. Though several attempts have been made to "revive and extend the indigenous system of the country" in 1882, 1907 and 1908, attempts are mostly reduced to management of colonial administration. (Siddiqui 2005). In effect it establishes control of new elites, including mainly lawyers, businessmen and rural landlords, and brings governmental domination on local unit. However, appeal for local self-government remains intake throughout the regions. Responding to popular appeal, post-independent regime of both Bangladesh and West Bengal faces frequent experimentations on decentralization in the public domain.

3.1 West Bengal:

Decentralization in West Bengal is the part of frequent experimentation of Indian Panchayat in its post-independence period after 1947. Resulting from a consensus on poor public service delivery of centralized institutions, the constitution of India recognized panchayat system as a

¹ A brief description can be found in Kurian (1999, 21-5)

form of local self-government in its 1949 amendment. Following to this, in 1959, decentralization is acknowledged as a core institution for national development.

In its development continuum, Panchayat raj was brought into more enhanced constitutional safeguard by its 73rd amendment in 1993. The amendment gives constitutional status to local government, mandates regular elections to locally elected unit, and ensures representation of disadvantaged groups. However, in doing so, it devolved vital responsibilities of defining structures, form, duration, powers and functions of local self-government to the states (Chaudhuri 2003).

Panchayat system is structured in West Bengal from highest to lowest unit in Zilla (district) parishad (ZP), Panchayat Samity (PS-community development block) and Gram Panchayat (GP-cluster of 10-12 villages). The heads are *Pradhan* and *Upa-Pradhan* in GP, *Sabhapati* and *Sahakari Sabhapati* in PS, *Sabhadhipati* and *Sahakari Sabhadhipati* in ZP. (Ghatak and Ghatak 2002, 46-7).

3.2 Bangladesh:

Followed by partitioning from Indian subcontinent in 1947, Bangladesh faces two trajectories in its practices of decentralization: one is as a part of Pakistan till 1971, the other is the policy continuum after its independence in 1971. A gross distortion in policy space of both the trajectories is remarkable.

During 1947-1971, Bangladesh faces exercise of power devolution in local level under Basic Democracy model in 1959. Basic Democracy with its distrust to Westminster model of representative democracy proposes for authoritarian government at the top and representative government at the local level (Siddiqui 2005, 54). Inevitably, its attempt was driven to

consolidate military power base by bringing control to the local through local elites and by co-opting them.

Without delaying after independence, Bangladesh enacted constitutional safeguard for political decentralization. Different regimes, including military, quasi-military and democratic, took myriad attempts on it experimenting range of issues from diversifying legal provisions to extending decentralized units under the rubric of democracy and participation. Studies (i.e. Hartmann and Boyce 1983) could not qualitatively distinguish it in terms of outcome from the earlier Basic Democracy model.

The Laws of the land recognize three major territorial units of local government in rural areas. These are Zila (District), Upazilla (Sub-district) and Union, respectively from the largest to the smallest units. Correspondingly, there are three functioning tiers of local government, including Union Parishads (UP), Upazilla Parishads (UZP) and Zila Parishads (ZP). (Haque 2008).

Both the regions face lively internal aspirations for decentralization. It may relate to strong historical root of its policy. Bangladesh though faces instable democracy in 80s, every regime of it experiences different policy choices on it. (A comparative picture of decentralized units is given in Table 2).

Table 2: A comparison between different units of Decentralization in Bangladesh and West Bengal

WEST BENGAL			
<ul style="list-style-type: none"> • Total population: 80221171 (2008) • Per capita GDP \$649 (2006/07) 			
Unit of Panchayat/Parishad	Operation area	Total number of Units	Average Population in every Unit
ZillaParishad	District	18	3407945
PanchayatSamitis	Community Development Block	333	165736
GramPanchayat	Cluster of 10-12 villages	3354	16902
BANGLADESH			
<ul style="list-style-type: none"> • Total population: 158,065,841(2010) • Per Capital GDP: \$487 (2006/07) 			
ZilaParishad	District	64	1900000
Upazila (former Thana)	Sub-district	460	250000
Union	Cluster of 5-10 villages	4500	27000

Source: Gov. of West Bengal (2008); Ghatak and Ghatak (2002); Asaduzzaman (2008, 4)

CHAPTER FOUR: INSTITUTIONAL DESIGN IN PANCHAYAT AND PARISHADS²

The chapter analyses Panchayat in West Bengal and Parishads in Bangladesh. It focuses on the ways of how institutions are designed following benchmark of actors, powers and accountability of political decentralization.

4.1 West Bengal:

4.1.1. Actors:

On legal composition, GP, PS and ZP are conducive to curtail possibility of any hierarchical relations among the members of every unit. Every constituency elects their representative. But part of members in the top two tiers comes from the heads of immediate lower tiers (for PS from GP, and for ZP from PS) as ex-officio. This further includes members of the House of the People, Council of States and the Legislative Assembly of the State within relevant constituency in both PS and ZP.

The law stipulates that general election is mandatory circularly in every five years, and since 1978, election in all three tiers held uninterruptedly. These tiers work in the West Minister model to elect their heads among elected members by themselves. The elected members also hold the right to remove their heads with majority vote (West Bengal Panchayat Act, 1973, section 9, 11, 101 & 143). It culminates the scope of hierarchical practice among them and insures the opposite perception against the saying in rural Bengal that "Above there is God and below there is the Pradhan".

² Decentralized institution, in general, is, henceforth, referred to as Parishads in Bangladesh and as Panchayat in West Bengal

Since 1978 West Bengal became pioneered among other Indian states by bringing plurality of actors, ranging from landless to land elite, schedule caste to Brahmin, in its Panchayat system. For example, in Birbhum district, the proportion of total Panchayat membership occupied by schedule castes and tribes (SCTs) rose from 26.9% in 1977 to 46% in 1988, and the percentage of GP membership held by SCTs increased from 34% to 41.5%. By 1988, total 44.3% GP members came from the group of small peasants and agricultural labourers. (Listen 1988, 2070-72 cf Crook and Sverrisson 1999, 15).

Added to inclusion of lower class poor, GP also brings 'rural middle strata' in its restructured 'political elite' composition. Echeverri-Gent reports in his study of Midnapur district that 65% of heads (Pradhan) of GP comes from rural white-collar employee (i.e. school teachers and clerks) and 29% of them belong to teachers of middle caste (Echeverri-Gent 1992, cf Crook and Sverrisson 1999, 15). A broader cross-class coalition has further been reinforced particularly in its two lower tiers following to 73rd amendment of Indian Constitution in 1993. The amendment attempts to enhance institutional base of Panchayat by enforcing mandatory quota for SCTs in all Panchayat according to proportion of their population, accompanied by 33% quota for women.

On successful cross-class coalition, it is worthy to note that the CPIM government since 1978 comprehensively engages the local party machinery along the periphery of Panchayat system in order to mobilize people around extensive issues of social inequality and injustice and to redress these. In this vein, mass organizations like Krishak Samity are brought to play the mediating role between poor people and the "party-state" in West Bengal (Majumdar 2009, 83; Kurian 1999, 42-3). "It asserts a strong control over its membership and active supporters, including those who are members of the panchayats." (Kurian 1999, 42-3).

Next crucial question is where the bureaucracy is placed in Panchayat. Narayan (2005, 56) shows that West Bengal substantially controls bureaucracy responsible in funded scheme. In West Bengal, once 'all-powerful' block development officer (BDO) now works as executive officer to its Panchayat Samity (Ghatak & Ghatak 2002, 46). Webster reported that the observation is remarkable for "the ending of "rock departmentalism" with the establishment of a structured relationship between the locally elected politicians and the departmental officers, with the latter advising and executing the decisions of the former" (Webster 1990, 128). However, albeit a pool of state government officials has been placed at the disposal of ZP, state government has disciplinary control over them and ZP body can only pass resolution recommending their transfer. (Gov of West Bengal, 1973, section 167).

4.1.2. Powers:

West Bengal Panchayat Act 1973 devolved considerable powers of decision-making and everyday management to the Panchayat. Every of three tiers works as separate unit of self-government (Panchayat Act 1973, section 20, 109, 153). Positive indication is that every entity independently prepares five-year and annual development plan. The budget entails a vast list of development works ranging from sanitation, drinking water, education, to road maintenance and construction. The responsibility of every tier is specified. However, most intergovernmental transfers pass to GP through the channel of ZP and PS. This tends to invite hierarchical practice among tiers. Furthermore, the constraints on both revenue and expenditure sides of Panchayat question fiscal autonomy of it.

Though budgets do not require any approval from the higher tier, flaws in the ways to raise revenue and specific expenditure-mandate tied to grants/fund do not allow fiscal autonomy. It is reported that "a village council raises on its own an average of 2-4 per cent of the money spent by it a year. ...funds raised by the gram panchayats was only 8 per cent of its income" (Ghatak

and Ghatak 2002, 55). Even for ZP and PS, only 3% of their revenue comes from own sources (Bahl et al 2010, 4) It reveals vulnerable dependency for revenue budget of Panchayat on external resource flows.

Expenditure side reflects the same problem as well. Only in centrally sponsored scheme, discretion on expenditure mostly relates to project selection and implementation. Likewise in state grants, which are mostly tied, discretion of panchayat limits to beneficiary selections. In effect, it is appropriately reported that Panchayat works "more as an implementing agency than as an autonomous local government" since the centre and state government transferred the "increased burden of the welfarist and redistributive responsibilities of the government" to it (Majumdar 2009, 83).

4.1.3 Accountability:

Two-fold accountability mechanisms remarkably work in Panchayat. One is traditional "ballot box" strategy which works regularly in every five years since 1978. (Ghatak and Ghatak 2002, 47). The other is the highly commended downward accountability reinforced in full swing in the early nineties following the 73rd Amendment to the Indian Constitution in 1993. It comes with the two institutional formats: (1) the gram sabha, annual meetings of the voters in PS constituency, and (2) the gram sansad, bi-annual meetings of the entire electorate of a GP constituency. The former, since 1978, offers the voters to exercise control on the elected representative and to input in planning process. The meeting discusses a range of issues from the previous year's account to future work plan and budget. (Webster 1990, 112). Since 1998, the gram sansad³ offers every eligible voters of the constituency to participate directly in the planning and monitoring process.

³ A brief list of works is available in (Ghatak and Ghatak 2002, 49).

The research of Ghatak and Ghatak (2002, 53) on gram sansad reveals that the village participants raise their voices for new projects, suggest the ways to spend the allocated fund and debate on the appropriateness of the taken project. They criticize and question on the progress of ongoing project, and even allege often the Pradhan and other representatives about misuse of funds and selection of beneficiaries. The representatives on spot found admitting their error and changing the list of beneficiaries.

Another accountability mechanism works through hierarchical control by State government. On the basis of any complain and subsequent investigation procedures, State government or any of its representing authority can remove heads of any Panchayat body from his office. (Panchayat Act 1973, section 11; 98; 143).

4.2 Bangladesh:

4.2.1 Actors:

As stated earlier, various regimes including military, quasi-military and democratic governments of Bangladesh frequently brings new spectrum in distortive practice of decentralization since 1971 after its independence. Numerous impulsive moves on number of tiers, functions and composition of decentralized bodies hit this policy field. For clarity of discussion, the paper avoids ephemeral policy shifts and rather is focused on considerably enduring and existing policies on it.

Among three tiers, ZP, UZP and UP, presidential model is the general feature in election and office holding. However, only UP, being the lower rung, experiences most enduring decision-making structure and holds regular election in post-independence period. Next to it is UZP which faces frequent on-and-off shifts from earlier model of administrative de-concentration

(the Thana council) to political decentralization with substantial power devolution since 1985. Atop of the tier is ZP which only sees attempts to legally shift it from administrative de-concentration model of earlier District council to a politically decentralized unit first in 1988 and then in 1993 and 2000. Though UZP faces three popular elections in 1985, 1990 and 2009, election of ZP becomes legally confined to a pre-set electoral college by both 1993 and 2000 amendments of the law on it. (Siddiqui 2005). Without UP, scope of broader local representation is absent in other tiers.

Among three, UP both consistently and timely provides room to its elected Chairman and a 9-member elected body, whereas UPZ fails to manifest any settled body of its actors. The development of UPZ can be traced into three phases. First, during quasi-military regime of Ershad from 1985 to 1990, UPZ was headed by an elected Chairman. MPs of the same jurisdiction keep unofficial control in two tiers till the abolition of UPZ act in 1991 by providing link to the upper echelon of the power for resources and fund. Second, but after democratic election in 1991, driven by the tension on control over resources and influences between UPZ Chairman and MP, the democratically elected party stopped its functioning and instead set up a de-concentrated administrative unit almost similar to pre-UPZ system (Fox and Manon 2008, 6). During 1991-2008, UPZ works in the form of 'Upazilla Development Coordination Committee' (UDCC) where MP is rehabilitated officially as chief advisor. In this phase UPZ is jointly administered by centrally appointed bureaucrat and UP Chairmen, who are ex-officio members and one of them in alphabetic order acts as its Chairman. But by the advisory role, MP holds supremacy over the committee. Third, this phase comes with new law on UPZ which is enacted in 2009 and strengthens advisory status of MP. It follows an election for the third time in 2009. Thus, UPZ with its official motto to be focal point of rural development brings a composition of actors with MP, UPZ chairman, its elected representatives, bureaucrats and the elevated role of ex-officio UP chairman.

On the roles of bureaucracy, the upper tier, ZP, is run by centrally appointed bureaucrats on ad-hoc basis in the absence of election. Even in middle tier, UZP, the bureaucrats play the key role in administration. Furthermore, the literatures reveal a broader picture on the ways how bureaucrats put obstacle in reform of decentralization. Among many, few important means are: (1) bureaucratic 'empire building' through creation of unnecessary posts in UPZ; (2) "a constant tug-of-war between different civil services...to gain the upper hand in terms of placement, promotion and training abroad"; (3) complicated rules, ordinance and guidelines, and (4) hierarchical controls: instead of giving control over local officers to elected representatives, different line ministries tend to practice rock departmentalism by attempting to establish control over their officers (Khan 1987; Haque and Rahman 2003).

4.2.2 Powers:

Working as the lowest tier, UP is devolved with many redistributive and development tasks from the central government, and depends mainly on central block grant (Sarkar 2006). Though it has some limited sources of income through taxation⁴, the collection rate are negligible comparing to its high volume of expenditures (Asaduzzaman 2008, 120). In a sample of 30 UPs, total per capita revenue collected through tax was found as Tk. 33.84 in 2006/07 and as 45.44 in 2007/08 (Fox and Menon 2009, 11). The literatures found that in addition to its lack of resources, authority and institutional capacity, different types of dependency, i.e. political, bureaucratic, central-local and financial) impedes its functioning (Sarkar 2003, 2006; Siddiqui 2005).

⁴ a detail list is available in Siddiqui 2005, 215-224

UPZ is concerned for approval of the project proposal submitted by UP and is involved in implementation, monitoring and evaluation of the programs. (Westergaard & Alam 1995, 682). However, UPZ is responsible to relevant line ministries for enforcement of rules and procedures in program management. On enforcement, MP plays critical role with his advisory power in UPZ. (Asaduzzaman 2008).

On budgeting, sectoral and highly compartmentalized ministries works for sectoral planning and takes a sector-wise customary inputs from UP and UPZ. Both the annual and 5-year planning of these two is restricted to fixing sector-wise allocation. In cases of UP, its Chairman and Secretary prepares budget near deadline with at best the help of its members. Influenced by MP on project identification, the UZP and ZP sitting atop of UP approves its budget (Fox and Menon 2009, 21-2). The same is the case for UZP budgeting with no scope of participatory local input. (Fox and Menon 2009, 21-2).

4.2.3. Accountability:

In Bangladesh, accountability is very simplified reflecting poor policy attention on it. The traditional "ballot box" mechanism is enforced with its limited punitive capacity. Except the case of UP, UPZ fails to be accountable to electorates due to irregular elections and central and rural elite captures. Downward accountability in the case of ZP is absent as it did not face any election up until now.

Additionally, internal accountability mechanism works in three tiers of Parishad. If any chairman of any tier is found to be involved in any specified misconduct, the members of the tier can pass resolution to remove him. The resolution can be passed with 100 percent members' approval for UP, four-fifth members' approval for UZP and two-third for ZP. Only upon receipt of the

resolution, the central government or any of its authority then can remove the chairman following specific procedures. (Siddiqui 2005, 126-7).

CHAPTER FIVE: COMPARATIVE ANALYSIS: DECENTRALIZATION POLICIES AND ITS RESPONSIVENESS TO SOCIAL CAPITAL

This chapter analyses how design of decentralization policies in both Bangladesh and West Bengal is responsive to existing stocks of social capital and how it plays role to influence social capital conducive to specific design. After focusing on shared status in political economy and political incentives to decentralize, the chapter attempts to explore deeper political economy to unpack the relations between institutional design and its influence in stocks of social capital.

5.1 Point of departure: land-based political economy and bonding social capital:

Historically, both Bangladesh and West Bengal was the administrative parts of the united Bengal during British regime and embodied in *zemindari* system under Permanent Settlement Act of Bengal. Permanent settlement (*zemindari*) remained in force for almost one hundred and sixty years, enforced hierarchy of rights on land, and institutionalized exclusion of poor from their tenancy rights with its various complex offshoots (Adnan 1990).

During 1950s, after the partitioning of Bengal, land-reform acts were enacted in both the parts of it with almost similar ambitions to restructure land rights by abolishing *zemindari* and to give tenancy rights to marginal people. The law provides legal security of tenure (*borga*) with the proviso of minimum crop shares to tenants. It importantly limited highest ceiling of land for landowners. Above the limit will be acquired by the state to be redistributed to landless and land-poor. But the practice in Bangladesh across different regimes after partitioning of 1947 and in West Bengal until 1977 echoed that "none of them [owner of excessive lands] surrendered any

'surplus' land to the state instead they took pre-emptive action and transferred their surplus holdings to other family members, clients and retainers through illegal means" (Adnan 1990, 58). Attempts for "distributive shifts" in ownership, occupancy and operational rights in lands are handicapped in the interests of richer peasantry (Adnan 1990, 55-62). It keeps the similarity in socioeconomic and political trajectory in both part of Bengal prolonged.

The outcome brings pernicious influence on social relationship. Tenancy right with its determining impact on rural class structure is crucial to build bonding capital. Bonding social capital, as Bebbington et al demonstrates, is formed among rural poor "in order to make their livelihoods more secure in the absence of other sources of security" (2006, 1971) and in our cases, it follows their entrapment into the cohesiveness of traditional society. Absence of ownership and rights of poor in land, in both the regions, brings vulnerability in their livelihoods which define negative bonding social capital among poor. It intensifies deteriorating capacity of poor. On the other hand, it works as an asset for elite sub-groups. This group increases their capacities by using their bonding "to control the institutional basis of local power and accumulation", as is illustrated in Bebbington et al's (2006, 1971) case studies. In effect, it reinforces exclusionary effect of institutions, that is, dislocates poor's trust from institutions. It decreases the ability to exercise their agency as actors even in benign institutional setting.

5.2 Social Capital enhancing versus social capital exploiting policies:

This sub-part illustrates how institutional design for decentralization being informed by existing nature of social capital works to enhance the stocks in West Bengal and to exploit it in Bangladesh. This exclusively focuses on state's role to social capital enhancing institutional design and the need to rejuvenate institutions frequently responding to increasing stocks of social

capital. Parameters of analysis approach to agrarian and political reform, bureaucracy, redistributionalism and downward accountability.

5.2.1 Combination of agrarian and political reforms:

On agrarian reform, implementation of existing tenancy laws attempts boldly to empower small and marginal farmers as well as landless rural poor by reducing their vulnerability to the conditions of under-tenants. In doing so, LF government, firstly, provides legal security of tenure (borga) with the proviso of minimum crop shares to tenants. Secondly, following its predecessors of two United Front governments during 1967-70, LF takes over 'surplus land' above the ceiling from the owner and distributes these to landless and land-poor. (Ghatak & Ghatak 2002, 46). By increasing capacity of marginalized poor, agrarian reform in West Bengal after 1977 brings major difference in historically similar socio-political and economic landscape of Bangladesh and West Bengal.

LF combines agrarian reform with the promise of political reform. Linking the reform to LF's mass political mobilization in rural area, political reform comes with the policies of decentralization. To implement decentralization, LF "proceeded from the Act of 1973 and passed a series of Amendments which aimed at reorganizing the system of Panchayat, bestowing necessary powers and authority for it to function as a local government" (Kurian 1999, 26).

Decentralization is informed by the shift in rural power base. Stringent manifestation of legislative principles on tenancy rights weakened the traditional influence of big landlords in rural society and, instead strengthened economic capacity of poor. Due to economic capacity of rural poor, a shift in political economy becomes readily visible on the spectrum of their political capacity. The change in political leadership immediately surfaced to panchayat election of 1978. The election brings 75 percent of its representatives in village councils from households who

owned less than two acres of land. Many of them, with marginalized background, gained power for the first time. (Ramachandran 1997). Records of significant representation from poor and marginal group in other tiers, as stated earlier, confirms this.

In consequence, land reform and panchayat become supportive to each other. For example, GP helps to "identifying the beneficiaries, supporting them against possible threats by the landlords, and helping the land bureaucracy register the leases of sharecroppers so as to enable them to take advantage of the tenancy laws" (Ghataka and Ghatak 2002, 47). Bandwagoned agrarian and political reforms reinforce each other's sustainability in West Bengal.

Contrarily, lack of implementation of tenancy acts in Bangladesh brings continuity in pervasive bonding of rural elites in rural political economy. One influential action research, The Net (BRAC 1978) suggests along the line of other researches (i.e. Hartmann and Boyce 1983) that local elites restrains the sources of livelihood and security of poor people. As is shown, they did this through their pervasive control on local relationship (such as kinship and patronage), land and tenancy relationship and the capture of external resources flowing into the villages.

The elite constructs patronage networks by vertically linking them to the central politicians and by horizontally building symbiotic bonding ties with local politicians and bureaucrats. These relations feed political reform through numerous versions of Parishads in Bangladesh. On the one hand, the faded features, as is discussed earlier (i.e. the presidential model, and domination of MPs), help to cultivate same sets of bonding ties for poor and for the elite. On the other hand, distortive policy practices caused by frequent policy shifts always work to de-concentrate popular aspiration for decentralization. Hence people, who face insecurity for their livelihood and are tied to bonding relations among them and to negative linking relations with powerful elite, tend to lose capacity to raise voice for effective decentralization.

What is critical to decentralization in both the cases is empowerment of majority people (by agrarian reform) and placing them in local leadership. While West Bengal experience represents a considerable success story on it, the Bangladesh case reveals entrapment of poor people in vulnerable tie and dominance of privileged and wealthy elite in rural community.

5.2.2 Bureaucrat: the change agents:

In British regime bureaucrats in two regions had been responsible to administer local unit. As decentralization is intended to change the traditional place of bureaucrats from earlier "all-powerful" position to executive machinery in local level, it is more important to delicately deal with the issues of internal organization of bureaucracy, their professional ethos and incentive patterns for decentralization. Otherwise, bonding social capital among them and their capability to provide positive linking social capital to society in general will be engendered. The difference in manifestation of decentralization may be partly explained by variation in treatment to the national bureaucracy in Bangladesh and India.

For Bangladesh, as the paper shows in previous chapter, academic literatures mostly links the failure in decentralization to "colonial hangover" or "dominating tendency" of the bureaucratic organization. (Khan 1987; Haque and Rahman 2003). What this pool of literatures misses is widespread politicization in bureaucracy in post-independent Bangladesh, and capacity of politicization to distort bureaucracy as change-agent and instead to force it to collaborate narrow national elite.

In Bangladeshi bureaucracy, there are plethora of issues developed through politicization and these works as detrimental to professional development of the organization. Among many, some crucial issues are: (1) forced retirement act of civil servant after 25 years of service, (2) non-

existence of independent pay commission, (3) lack of constitutional safeguard, (4) no unified civil service act; the civil service is guided by many acts and rules mainly enacted in British regime, thousands of notifications, orders and instructions; and (5) fractionalizing civil service-by creating 29 cadre services underspecified in terms of responsibilities, accountability and promotion.

Any of these drawbacks is enough to paralyze a professional organization by destroying its professional bonding and bridging capabilities with diversified segments of people. The limited scope of the paper allows only to briefly explain it by an example: *how bureaucratic organizational design confronts development of social capital within it due to politicization*. For forced retirement act: when a bureaucrat usually goes to few top hierarchies in his career after the age of 25, facing imminent threat of discretionary retirement, he is forced to follow instructions of political executive which may include informal and illegal ones.

Anecdotal evidence suggests that the *gate-keeping role* of senior bureaucrat over his junior fellow is then transferred to political executives as the senior is more bound to follow informal political instructions, rather than formal rules and norms. It shifts trust of junior bureaucrats to elected political representatives for their promotion, better posting and foreign training. For juniors, incentives to trust formal rules on reward, punishment or promotion is readily reduced. Chain of command in the bureaucracy tends to transfer to political elite. The logic is located in pervasive hierarchical relations between UNO (Upazilla Nirbahi Officer-UNO: chief executive of UPZ) and influential MP in UPZ tier. These characteristics represent very weak level of professional ethos necessary for autonomy of formal administration.

However, almost the reverse is seen in professional ethos of Indian bureaucracy. Indian Administrative Service (IAS) works in most important positions from district administration to

central government secretariat of India. Indian constitution gives substantial immunity to IAS officers. (Article 310 and 311). An independent pay commission fixes their salaries and wages according to their ranks in the hierarchy. They work under the Indian Administrative Service (Cadre) Act, 1954 with specified provisions for rewards and punishment. The assignment of officers between states is controlled by a complicated and rigid bureaucratic procedures and "it is very difficult for elected politicians or the bureaucrats themselves to affect this assignment" (Iyer and Mani 2008, 5).

Such features indicate positive impacts for West Bengal. First, incentive patterns and professional norms bring strong bonding social capital in the organization of Indian bureaucracy. Second, its institutional integrity reduces the variation in politicization for politicians in most cases only to transfer and posting the IAS bureaucrats within the state (Iyer and Mani 2008, 5). In effect, inclusive bridging relations develop among them. However, existing literatures keep silent on the issue how bureaucratic integrity impacts in the relations between local officials and politicians in both Bangladesh and West Bengal.

In Bangladesh case, unlike India, in the way of exploiting the underlying political economy, narrow political elite emerges and devises politicizing tool to bring bureaucrats in an alliance. Lack of bureaucratic integrity helps nourishing the alliance which can best be epitomized as the "dark side" of bonding capital. Repeated experimentation on decentralization feeds the interest of such bonding.

5.2.3 Redistributationalism:

In terms of financial devolution, as we discussed earlier, Parishad in Bangladesh is highly centralized and vertically depends on external resource flow. In West Bengal, though unlike

centralized nature in Bangladesh, both the revenue and expenditure budgets of Panchayat depends on the resources allocated from central and state government.

In Panchayat case, the dependency gives political mileage to leftist parties in power. Combining its ideological breadth and electoral impulses, the leftist government puts the "politics of redistribution" in its core of rule making. The party "acts as a vanguard for its supporters" (Majumdar 2009, 91). Clearly, Panchayat with its redistribution-focus renders "institutional base for village politics" and facilitates "institutional/party-patrons" (Majumdar 2009, 89).

In recent ethnographic study of Majumdar this is better epitomized in a villager's statement: "If I do not vote, at times of crisis, people will not help me. If we want to stay in village, we have to cast our vote." (Majumdar 2009, 90). Ghatak and Ghatak also support this (2002, 56). Bardhan et al (2008) find significant correlation between resource flow from LF-run GP and vote-casting of beneficiary favouring LF.

Redistributionism in Panchayat brings some crucial limitation in existing design of institutions. Firstly, it incentivizes local politicians at least not to focus on social returns of the devolved fund (Ghatak and Ghatak 2002, 55). The incentive then remains on the turn-out in ballot-box. Majumder (2009) indicates the move of LF from the "deliberative view of democracy" to "ballot view of democracy". Secondly, Indicative here is that party machine and PS work with thinly distributed funds (Majumdar 2009, 89) comparing to the huge population. The situation gives manoeuvring room through clientelistic and partisan distribution of benefits. Thirdly, narrow focus on redistributionalism reduces attraction to GP of major segment of wealthy and middle class people, who are increasing in number through education or migration. It makes accountability mechanism vulnerable (later discussed; Bardhan et al 2008).

In Bangladesh, external resource distribution is central to the greater power-exercise in all three of its Parishads. UPZ with its vertical link to sectoral ministries works as key decision-makers to transfer and allocate resources under different projects, such as 'Food for Work' and 'Volunteer Group Development' projects, to UP. These powers are endowed to deputed bureaucrats and elected representatives in different capacities varied according to regime. On fund allocation and disbursement, MP-dominated UPZ and non-elected body of ZP are responsible to channel intergovernmental transfer to UP on which it is heavily dependent.

This enhances explicit bonding social capital among them where local bureaucrats and politicians get their linking social capital through MP to be linked with central power. In effect, almost exclusive dependency of Parishads on external resource is critical to develop strong bonding social capital which is antithetical to greater inclusion and participation in parishads.

5.2.4 Downward accountability:

Downward accountability in Panchayat through gram sabha and gram sanshad is proved fine-tuned to a greater extent in bringing inclusive solidarity to 'getting ahead' among multiplicity of actors from lower to rural white-collar classes. Representation by SCTs also materializes positive linking social capital as they get access to higher tier of Panchayat and external assets, information, broader interaction space and reciprocity. The way how Panchayat works helps to weaken exclusive boundaries of religion, caste, ethnicity and classes.

But one crucial concern is raised on accountability at the block or district levels and the distributional effect in villages. On the basis of Panel data Bardhan and Mookherjee (2006) suggest that the discretionary practices of political authority in its fund allocation from block level to village biases against the villages which have higher land inequality and larger incidence

of low-caste status. For him, discretionary fund allocation rather favours villages with majority of medium and small landowners (2006: 306).

The other concern relates to poor presence in gram sansad. Empirical research of Ghatak and Ghatak (2002) reports only 12 percent average rates of attendance from GPs. Cross sectional research of Bardhan et al (2008) reports 37%. With the higher attendance rate at the beginning, why does it fall down? Bardhan et al (2008) points to declining livelihood need of redistributionalism to the rising middle class due to their increasing economic independency. (Bardhan et al 2008, 6).

In Bangladesh, with a high contrast to West Bengal, accountability is almost ignored both in laws and in practice. Only "ballot box" mechanism exists for downward accountability and works on regular basis just for UP. Even for UP and for limited functioning of UPZ, it becomes less effective as majority people are detached from the participation. Other than informal institutions and relations, such as patronage and kinship bonding, they have poor incentives to be attracted to "formal institutions" and to reflect their choices for them in ballot box. Added to this, the internal flaw of accountability mechanism in both UP and the newly elected UPZ under the new law adhere to their presidential model gearing towards hierarchy in the institutions. The heads of both the tiers have to spend huge amount of money to attract the detached majority for a short period during election. After being elected, it drives them to get back the money spent and pushes into authoritarian "winner-takes-all" engagement.

5.3 Conclusion:

Though the remarkable hurdle for both Bangladesh and West Bengal is land-based inequality, the task of capacitating actors for West Bengal is more challenging due to its socially entrenched division of caste and caste-based inequality. In West Bengal, this previously geared toward a stronger path dependency of social relations which is dismantled by radical political mobilization. Left Front comes to operate combining its ideology and political inclination towards lower caste and poor. Due to majority position of marginalized group, LF easily builds its power base on them. Unlike political clientelism in Bangladesh and in the earlier political history of Bengal, the strategy it takes is political mobilization by broadening the net of poor people's livelihood security. By occupying the 'surplus' land from rural elites, it weakens their traditional capacity as patrons. Adding to this, the LF's land redistribution policy to landless and land-poor brings a stronger threat to the dark side of earlier strong bonding relations. Supplemented to land redistribution, LF offers marginalized people for power sharing in Panchayat and political participation in its rural Krishak Samity. By broader political horizon it brings together diversified group of people with background of different caste, ethnicity and livelihood pattern.

Decentralization policies in Bangladesh, on the contrary, highly concentrate on cultivation and exploitation of political clientelism with narrow political focus on "ballot box view of democracy". It puts poor people in the lowest hierarchy of patronage link. The overall consequence of decentralization is to "intensify already extreme inequalities" and in effect to reinforce existing patronage link. Inclusion of poor as actors is reduced to electoral end. Living in an insecure livelihood pattern, poor responds to ballot induced by patronage and kinship or by in-kind resource distribution during season of election. Elite capturing leads to path dependency of unequal social relations.

But, to an extent, the Bengal is benefited from Indian 'iron cage' bureaucracy. Its organizational rigidity restricts political elite to create loopholes in it. In opposition, in Bangladesh, de-professionalization intensifies formal and informal loopholes in its bureaucratic organization. Local bureaucracy in turn is brought in the rung of patronage relations. Lack of professional bonding in it decreases its capacity to enable broader interplay of bridging relations by bringing local unit closer to the poor.

Though massive Redistributism and class-bias contribute to the success of Panchayat and to development of bridging and linking social capital especially through redistribution of land in the earlier phase in West Bengal, continuity of these features threatens this achievement in the later phase. Not only do these features become incompatible to the need of emerging middle class, but also the scarcity of fund intricate the neutral role of representatives empowered to take decision and to enforce compliance. As a positive consequence of the readily visible of outcome of bridging and bonding relationship, redistributive benefit offered by Panchayat is no more attractive to this group, and hence they become less dependent on Panchayat. On the other hand, higher dependency, on block grant of Panchayat along with their incapacity to raise revenue through tax, tends to transfer decision-makers' focus from social return through utilizing fund to the "ballot box" targeting. Reinforced by fund constraint, it also provides manoeuvring room to them for prioritizing patronage and kinship.

Redistributism can also be related to distortive practice on decentralized policies in Bangladesh. The whole apparatus of clientilistic structures and compulsion in upward decision-making adhere to the flow of resources coming from centre. Ensuring state resources in Upazilla parishad and its discretionary allocations among Union parishads keeps the decision-makers' patron-ship intake. This restricts creation of bridging social capital among rural people.

The negative effects of redistribution policies extend to accountability mechanism and expand by using the loopholes in accountability. In West Bengal, rising affluent middle class becomes discouraged to participate in accountability mechanism of Panchayat. On the other hand, this group uses their increasing bridging and bonding social capital (i.e. increased through, empowerment, education, political participation) to use the fault-line in accountability mechanism of the upper tiers of Panchayat (i.e. district) to influence their decision on the amount of allocation. This suggests that institutional design on decentralization should, in course of time, change responding to the consequential increase of social capital among people.

In Bangladesh, the flaw in accountability mechanism can be inherited to its very 'top-down' and 'ballot box' centric nature, contrasting to downward accountability in West Bengal. Though it inherently works to exclude majority people from the system, redistributionalism tends to intensify this. The way redistribution works to intensify informal nature of 'formal institutions' by patronage and kinship, it brings dominance and pervasiveness of 'informal' social practice. These practices are cultivated by bonding social relations of both poor and elites (i.e. clientelism, kinship, hierarchy, interest groups and patronage distribution) and works to detach more the poor segment of people from decentralized system.

Social capital enhancing institutional engineering informed by underlying social relations in West Bengal brings substantial success in its Panchayat system. The fault line may be directed to its lack of institutional response to the increasing social capital and, hence, deficits of attempt to continuously revitalize the system. In contrast, decentralization policies in Bangladesh are dedicated to exploit the existing stocks of negative bonding social capital for the benefit of a wealthy segment of people.

CHAPTER SIX: CONCLUSION

The study was aimed to understand the puzzle why Bangladesh and West Bengal, sharing similar root in history, political economy and similarity of timing on reform initiatives, brings two different manifestations in policies for decentralization. The paper shows that the way, on how rural institutions are designed and manifested in the last few decades in two regions, brings a trajectory of difference to the century-long similarity in rural power structure and in the experiences of decentralization. The logic of difference does not simply go to benign institutional design, but rather is linked to the state-nurtured capacity of institution to influence underlying rural social relations. How the actors have been capacitated, how they have been brought into the terrain of power to practice and shape it, and how the accountability mechanism entails "deliberative view of democracy" are crucial in social capital enhancing institutional design.

The significant findings of the paper are:

- Panchayat enhances both bridging and linking social capital among people ranging from schedule caste to marginal poor, whereas Parishads exploits negative bonding social capital of rural poor and contributes to exacerbate it favouring segments of elites who are embodied in 'dark side' of bonding social capital
- Contributing components in institutions are, for Panchayat, combine agrarian and political reform, state-supported civil society mobilization (krishak Samity), bureaucracy with higher positive bonding social capital, downward accountability mechanism with internal upward accountability, mandatory inclusionary policies through quota, broader redistribution especially in the first phase of reforms, independent budgeting and planning power through direct input, regular elections, westminister model representation and greater political mobilization

- Negative components in institutions are, for Parishads, irregular/no elections, dominance of political elites (MP), unresolved land-based inequality and insecure livelihood of majority people, presidential type representation, de-professionalized bureaucracy and lack of bonding capital among bureaucrats, lack of downward accountability, poor upward accountability even interrupted by powerful elite, "ballot box" mechanism mostly unrealized for livelihood-focused negative bonding social capital among poor voters, lack of institutional stability and greater redistribution aiming to clientelistic mobilization.
- But some flaws in panchayat's accountability are directed to its greater redistributive nature. It becomes less attractive to people from middle rung. Inadequacy of resources also provides room for favour in distribution. Villages with middle class majority tend to be apt to confirm this favour by using their linking social capital.

Policy lessons are more context-specific. For successful decentralization in Bangladesh, institutional design should be social capital enhancing and need to address underlying political economy. For West Bengal, institution should be rejuvenated frequently responding to increasing nature of social capital. It may be also useful for long-term policies in Bangladesh.

General theoretical implications indicate inadequacy in the framework of Agarwal & Ribot (1999) to capture complexities and imply the need to consider social capital as intervening variable. This comparative demonstration also questions the purview of social capital carried by 'methodological individualism'. Social capital can endogenously be formed and state-led institution building is crucial for this. Further theorizing is therefore required to understand the process of decentralization and social capital formation.

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