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Accounting for Accountability

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Book Review

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Sanjeev Khagram, Archon Fung, and Paolo de Renzio, eds., Open Budgets: The Political Economy of Transparency, Participation, and Accountability *(Washington, DC: Brookings Institution Press, 2013). 264 pp. $29.95 (paper), ISBN: 9780815723370.*

In December 2013, the White House announced its second-ever Open Government National Action Plan. The five highlighted areas for action included improvements to the Freedom of Information Act, petitioning platforms, and greater data availability. The remaining two highlighted areas dealt with financial accountability, more specifically, membership in the Global Initiative for Fiscal Transparency (GIFT; see http://fiscaltransparency.net), and participatory budgeting, which the Barack Obama administration defined as "giving citizens a voice in how taxpayer dollars are spent in their communities."[1]

In many ways, this plan for "open government" responds to mounting criticism regarding President Obama's surveillance policies and attempts to counter the dysfunction associated with fiscal impasses and budget shutdowns. Such a dose of transparency could bolster the American government's credibility. Strikingly, the plan follows models set by middle-income countries rather than establishing the United States as the vanguard in innovative administrative policies. GIFT is partly led by the Brazilian Ministry of Planning and the Department of Budget and Management of the Philippines; participatory budgeting started more than two decades ago in Brazil. That the White House has announced these programs nationally, then, reflects just how mainstream and essential to legitimacy such open government policies have become.

Given the simultaneous (and certainly not coincidental) proliferation of financial crises and fiscal transparency projects around the world, there have been surprisingly few policy-oriented, comparative studies of public budgets. *Open Budgets: The Political Economy of Transparency, Participation, and Accountability,* edited by Sanjeev Khagram, Archon Fung, and Paolo de Renzio, goes a long way toward filling this gap and remedying the situation.

The book aims to answer three key questions: the first concerns the emergence and sustainability of fiscal transparency and participation, the second explores which conditions and mechanisms lead to greater government responsiveness (including outcomes such as reduced corruption and better budget allocations), and the third asks whether greater transparency leads to greater participation. The book provides a framework for analysis; a cogent summary of the relevant (and admittedly limited) theoretical and empirical literature on fiscal transparency, participation, and accountability; and highlights eight country-level case studies. These studies draw on data from the Open Budget Index (OBI), a biannual effort by the International Budget Partnership to assess budget transparency across nations. The OBI assesses countries' availability and comprehensiveness of eight key documents, including a pre-budget statement that presents key assumptions (such as overall economic forecasts, especially important in countries that rely on volatile commodities such as crude oil), an audit report, and a citizens' budget that minimizes technical language.

The introductory chapter does a commendable job of summarizing the relevant literatures. For example, the editors emphasize the extent to which transparency laws are not properly implemented and the extent to which transparency does not beget participation or accountability. The latter depend much more on oppositional political parties, civil society organizations, and popular media. It makes sense, then, that critical gaps in international standards concern legislative oversight of executive budgets and popular participation by civil society organizations and everyday citizens. How can governments ensure that the public successfully accesses and uses data thoughtfully and strategically?

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Partly because of the subject matter's complexity and the diversity of the case studies, the introduction provides an analytical framework rather than a set of conclusive findings. For instance, most of the associations—such as decentralization—depend on other contextual factors. The direction of causality also remains elusive. Countries with higher per capita incomes tend to be more transparent, but is that because they have built the capacity to administer taxes and budget allocations efficiently, with well-trained staff and a professionalized bureaucracy, or the other way around? Many countries with large endowments of natural resources suffer from a "resource curse," corrupt governments, and steep inequalities. What accounts for the exceptions to the rule? The in-depth country case studies begin to provide answers by examining the combinations and sequencing of factors. They are presented in descending order, from those with the highest OBI score to those with the lowest: South Africa, Brazil, South Korea, Mexico, Guatemala, Tanzania, Vietnam, and Senegal.

While each of these chapters does a solid job of simultaneously arguing a defensible thesis and presenting an overview of the country's relevant recent history and political economy, the cases at the beginning and end of the spectrum are the most startling and interesting. This is partly because they deal less with administrative capacity and pervasive, almost depressingly predictable cases of corruption and more with how specific governments belied expectations and either made use of political crises or failed to meaningfully implement well-intentioned laws. Thus, this review gives more room to the chapters on South Africa, Brazil, South Korea, and Senegal.

As Steven Friedman states, South Africa's success is counterintuitive because its budget transparency came not from "public pressure but from its insulation" (51). The African National Congress (ANC) has controlled the government since the country's democratization in 1994. The ANC has thus been able to enact transparency laws in its reformist zeal, but, "[i]ronically, one consequence of majority rule was a government elected in the main by poor black people that was obsessed with demonstrating its competence to the advantaged minority," the white elites who remain economically advantaged (59).

Between public protests in low-income black townships and payment boycotts among white suburbanites, all decrying government waste and corruption, "there is . . . no lack of interest in budgetary issues" in South Africa (67). The treasury has been able to assert the importance of transparency in at least partly resisting patronage politics. Businesses have been able to make use of public data to assess financial risk, and major trade unions have used data to propose alternative budgets that better serve high-need groups. Because the South African constitution lists social and economic rights alongside civil ones, civil society organizations have generated analyses proving, in court, that greater health funds (particularly for antiretroviral treatment) and school funds must be distributed to render rights to health and education meaningful.

Nevertheless, Friedman argues that the country's reforms emphasized transparency in form rather than in substance and, in some ways, ensured that the citizenry was *not* empowered in the process. Oppositional political parties, often the political actors who point out malfeasance in the government, were not strong enough to do so. Civil society organizations, especially those that represented the least powerful—the unemployed or those working in informal sectors and outside of labor unions—did not possess the expertise to challenge the ANC. The other key potential actor, the popular media, has not managed to foster constructive debate because copious technical data are not translated for lay readers, and the government's dissemination strategies remain limited. Thus, these transparency laws are still largely administrative tools rather than levers for democracy.

In Brazil's case, presented by Jorge Antonio Alves and Patrick Heller, fiscal transparency is especially important because Brazil's public sector is unusually large and because it has assumed increasing significance with social welfare initiatives since democratization. The government regularly releases a vast array of disaggregated data shortly after disbursement. This means that civil society organizations and everyday citizens can actually engage with the data and easily report errors, and there exists participation as well as transparency.

Despite these significant successes, Brazil's outcomes are mixed beneath the surface. Because many budget allocations are automatic, there is little room for flexibility and negotiation. This means that discretionary funds are prone to pork barrel politics, and executive politicians use disbursement authorization as a bargaining chip in times of fiscal austerity. Politicians work within the system to meet and "fix" outcomes—for instance, by artificially lowering projected growth during the year to make sure they meet their budgets and then regularly giving out "Christmas bonuses" at year's end. While the transparency initiatives have not dramatically lowered corruption, they have made it more obvious.

The chapter provides a good overview of how democratization and macroeconomic stabilization together helped bring about the three milestone foundations in Brazilian budget transparency: the 1988 Citizen Constitution, the 2000 Fiscal Responsibility Law, and the 2009 Transparency Law. The 2000 law forced state governments to document their ballooning debts and to abide by budget guidelines (so that, for instance, they did not spend more during election years and leave the mess for their successors). But civil society organizations felt that their input was not seriously considered; for example, they were not given passwords to access government data. A series of political scandals in 2009 presented a window of opportunity for new mandates. The 2009 law allows the federal government to freeze transfers if budgets are not revealed in "real time." Executives must now also disclose daily revenues and line items, including who got paid how much and what services were rendered, in "transparency portals."

Another notable aspect of the Brazilian experience is that of coordinated decentralization, well documented in studies on both participatory budgeting and health councils. In particular, local executives are incentivized to properly disseminate budget data because the health councils can deny them federal resources if they do not do so.

The South Korean case, authored by Jong-sung You and Wonhee Lee, feels similar to the Brazilian one in that many transparency laws were first passed during democratization, and newer mandates strengthened implementation considerably following more recent scandals. In this case, the "IMF-plus" reforms after the 1997 Asian financial crisis and "Three Plus One" reforms (performance goals and indicators, an information technology system, and sectoral budget ceilings, coordinated through a five-year plan) from 2003 to 2007 greatly improved the efficiency of the budget process. They also provided protection for whistleblowers and incentive programs to report public waste, reduced the reach of powerful *chaebol* private sector conglomerates, and established new agencies for effective checks and balances.

As with the other countries in this book, there are limitations to South Korea's transparency. Extrabudgetary special funds, "sacred territories," "national security costs," and transfers between the federal and local governments are either off limits or difficult to track. More remarkable are the country's successes. Not just budgets, but also many budget meetings, are open to the public. There is strong oversight by an independent audit institution with more than 900 staff, including certified accountants and lawyers, with real powers regarding disciplinary actions. As of 2010, more than one-third of municipalities had implemented participatory budgeting. It really appears as if institutional cultures have changed: potentially dubious "public interest corporation contracts" declined from 58 percent in 1985 to 7.7 percent in 1997 in the central government, and the percentage of reported bribes of public officials decreased from 25 percent in 2000 to 5 percent in 2008. The country's reputation as preeminent regarding public access and use of technology is also reflected here; of the case studies in the book, South Korea seems to be the only one that can claim that its digital information system (D-Brain), developed in 2004, allows the public access *with ease.*

Participation by South Korean budget experts and civil society organizations appears to have been essential. Groups such as Citizens Against Budget Waste provided classes on budget literacy to average citizens, and they were generally well organized and nonpartisan. The consequent data made a difference in debates on the national debt, debt ceiling, and tax cuts. When welfare policies expanded, the ultimate trifecta of a top-down system with a competent bureaucracy, a National Fiscal Management Plan that people trusted, and active vetting and participation by civil society groups and everyday citizens allowed for rapid disbursement of public funds.

A set of common themes emerge from the "middle of the spectrum" (the Mexico, Guatemala, Tanzania, and Vietnam case studies). Citizens are either turned off or intimidated enough to not participate, all but eliminating meaningful government accountability to the public. Even where budget transparency laws exist, the off-limits parts of the budgets become veritable "black holes," so that exceptions to open budgets become the rule. There are not enough details or sensitivity analyses in national budgets to compare them to previous years, to be sure of their accuracy or means of composition, or to gauge their performance. No real consequences follow poor performance, and social actors are not partners in oversight. Popular media is too concentrated to provoke debate. In Mexico, for instance, there are just two major television companies.

The chapter on Guatemala is especially helpful in highlighting the long-term institutional traumas of war, describing a context in which even political parties remain ephemeral and showing how ideological polarization can be helpful, at least, in prompting political actors to articulate clear positions in budget debates. A helpful chart (167) summarizes how legislators can short-circuit laws by restoring loopholes right after they pass. The Tanzanian and Vietnamese cases are fascinating because reforms, as limited as they are, came without accompanying democratization. In some ways, combating corruption and economic growth are higher priorities than democratization and transparency in those contexts, especially when even oversight institutions do not necessarily receive accurate data.

These chapters also show that progress can be made incrementally and that imperfect transparency reforms remain better than none at all. In Mexico, requests for information skyrocketed after an access law went into effect in 2003. In Tanzania, the ruling political party remains hegemonic, but internal rifts have prompted politicians within the party to keep each other accountable. Even without penalty powers and full autonomy, Vietnam's audit agency and national assembly bring attention to budget priorities and deliberation, inviting public scrutiny.

The last chapter, by Linda Beck, E. H. Seydou Nourou Toure, and Aliou Faye, on Senegal's efforts at transparency reform, renders explicit many of the comparisons readers may implicitly make between chapters (say, between the Mexican and Guatemalan cases, with similar OBI scores but different historical contexts and party politics scenarios). For instance, the authors state that, on average, Anglophone African countries tend to do better than Francophone ones, and Senegal is just one of five former French colonies with a score of 5 or lower on the 2010 OBI. Yet, they argue, this is less a reflection of colonial legacy than the current context. The legislature and audit institutions are weak, lacking the capacity to hold the executive branch accountable. Although some budget transparency measures were enacted as part of their structural adjustment programs with international donors, these measures were made absent sufficient consultation with the general public. Further, in a context of hyperpresidentialism and one dominant political party, international donor pressure to enhance legislative participation in the budget process does not give due consideration to the political constraints that will continue to limit their autonomy vis-à-vis the executive branch. Low literacy rates (even among members of parliament) also mean that detailed documents are meaningless to most Senegalese without an accompanying citizens' budget. Donors, in some ways, are more focused on their own access to reliable numbers than on expanding the public's access. To address such issues, donors can build capacity among civil society organizations to provide independent analyses and monitoring and encourage public participation alongside transparency.

The case studies are especially strong in showing how policy entrepreneurs (presidents, political parties, international donors, and others—including determined ordinary citizens) can use a large-scale, especially atrocious corruption scandal as a window of opportunity to push through fiscal transparency reforms. Although the private sector often opposes the expansion of government regulations or powers, fiscal transparency benefits the private sector because it facilitates higher-grade investments.

Such transparency laws, however, mean little without a forceful and robust civil society. Budgetary information must be disaggregated and relatively timely to be meaningful and to allow academics and civil society organizations to point out inequitable or suspicious patterns and propose alternative budgets. The popular media has to be free and well informed enough to disseminate these debates widely. And data cannot be restricted to the national level, as capacity issues and political appointments tend to proliferate at the local levels, particularly in poorer regions. Further analyses would be helpful, especially on how central governments help diffuse best practices among localities and manage local governments that refuse to cooperate either because they are controlled by oppositional parties or corrupt officials.

I wish that the editors had provided a concluding chapter (one that builds on the details elucidated in the in-depth case studies) and imposed a bit more of a comparative framework on the case study chapters. While I appreciated the wide range of factors examined in the eight case study chapters, ideally, a series of tables would summarize which factors were comparable and which factors were not. Given the topics at hand—public access to information and what it takes to make the information legible to everyday citizens, not just technocrats, bureaucrats, and experts—I also longed for more invitations to engage with the data so as to better understand patterns through interactive platforms. To what extent did the broad correlates mentioned in the introductory chapter apply in each case? What were the main permutations of each correlate? What helped to explain the exceptions?

Moreover, viewing the answers for the eight case studies together would help readers glean a slightly more nuanced, balanced understanding than that provided in the introduction alone, while helping readers keep the big picture in mind. Just as the last chapter was especially elucidating because it contrasts Senegal with Mali and Burkina Faso in its analysis, it would have been helpful to contrast each country, however briefly, with one or two similar countries to better illustrate what programs and policies seem reasonable for their governments to undertake. The Mexico chapter mentions the potential use of a central agency like that in Ecuador or Taiwan, for example, but it does not describe what that would look like. I also wish that the editors had included one Global North country, such as the United States (with a recent OBI score in the upper 70s) to serve as a point of reference and to help readers contextualize these readings (and encourage course adoption).

Last but not least, a critical examination of the OBI itself would be helpful. The entire book builds on the OBI data set, which facilitates comparative analysis. But what are the broader assumptions embedded in the OBI formulation and criteria? A theme from the participatory budgeting literature, for instance, is that as *that* process becomes widespread, many of the original goals of social justice, equity, and redistribution have become subservient to declared missions of governmental transparency. Is there something similar happening with open budgets overall?

Still, these are small quibbles regarding an otherwise strong work, and a timely one at that. The book complements the quickly growing literature on participatory budgeting and on implementation at the local level. With new participating governments, such as the American presidential administration, every year, the literature will continue to grow. The book would best serve students in master's-level public administration, public policy, planning, or politics programs. However, it would also serve well in political science, civic engagement, and area studies classes, and it is accessible to more advanced undergraduate students. The chapters are clearly written, and the conceptual framework is thoughtful and lucid. Ultimately, the book emphasizes the complexity of ensuring that budget transparency is not just another public sector management technique, a trendy technocratic tool for "good governance" (that can then ultimately reify a neoliberal agenda), but a truly empowering principle, one that should ultimately enable citizens to make governments more responsive to their grievances and needs.

Note

1. See the White House press release on "Transparency and Open Government" at http://1.usa.gov/1dLtUiU (accessed March 17, 2014).