

National aid for municipal development

The Need for New Viewpoints and Institutions

There are encouraging signs of new and more realistic trends to strengthen local government and municipal development in the Latin American countries. New institutions are emerging and are growing in strength and importance. Certain ones are of a voluntary nature, organized by the municipalities themselves, the most important of which are national associations of municipalities which the Inter-American Municipal Organization has done so much to foster. Such associations are indispensable for the development and strengthening of municipal government. But in many countries new national institutions are being formed of an official and statutory basis specifically designed to render services to the local authorities with a view to developing their strength and viability. It is with these new institutions, and the new viewpoints necessary to create and administer them, that this paper is concerned.

The new institutions designed to assist and strengthen municipal development are springing up not only in response to demands of the municipalities themselves, but as a result of the growing awareness of national governments that their administration is greatly overcentralized. In the ambitious programs they have undertaken for national economic and social advancement they increasingly feel the need of enlisting stronger local governments to take their rightful part, and of devolving much of the responsibility for local decisions which now is suffocating national ministries with the thousands of decisions that must be made at the center. During the years in which I had the privilege of acting as consultant to a number of its governments. I came to the conclusion that the problems of the reforms and improvement of public administration in Latin America will not be solved without a high degree of decentralization and deconcentration. My conclusion was stated in a paper I presented to the Expert Working Group on Social Aspects of Economic Development in Latin America, held under the auspices of the United Nations at Mexico City in December 1960, as follows (1):

(1) Published in English, French, and Spanish versions as Chapter XV, *Administrative Roadblocks to Coordinated Development in Social Aspects of Economic Development*, Vol. I, edited by Egbert de Vries and José Medina Echavarría; UNESCO, Paris, 1963.

The great ethnic and geographic distances which separate the inhabited provinces of some of these countries from their capitals, not to speak of the educational abyss which lies between them, makes the solutions of the administrative problems even more difficult. In no part of the world are regional and local separateness and cultural autonomy more notable than in most of Latin America and, paradoxically, in very few places is complete centralization of administrative operations more prevalent.

In addition to the pressures for new institutions that can render sympathetic and developmental services to local governments in Latin America, much credit is due to the Development Program of the United Nations for stimulation by means of advisory services to this movement. A high point in this work was the United Nations Seminar on *Central Services to Local Authorities*, held in Rio de Janeiro in May 1968 and convened by the Public Administration Division of the Department of Economic and Social Affairs in collaboration with the Economic Commission for Latin America. The document setting forth the findings and conclusions of that Seminar are now in preparation and when they appear will be of intense interest to students of municipal life in the Americas. The United Nations, upon request of governments, continues to offer advisory services in these matters (2).

What are some of the national services that can be rendered in the quest for sympathetic and expert aid in the strengthening of local government? The following list is illustrative rather than exhaustive or all-inclusive:

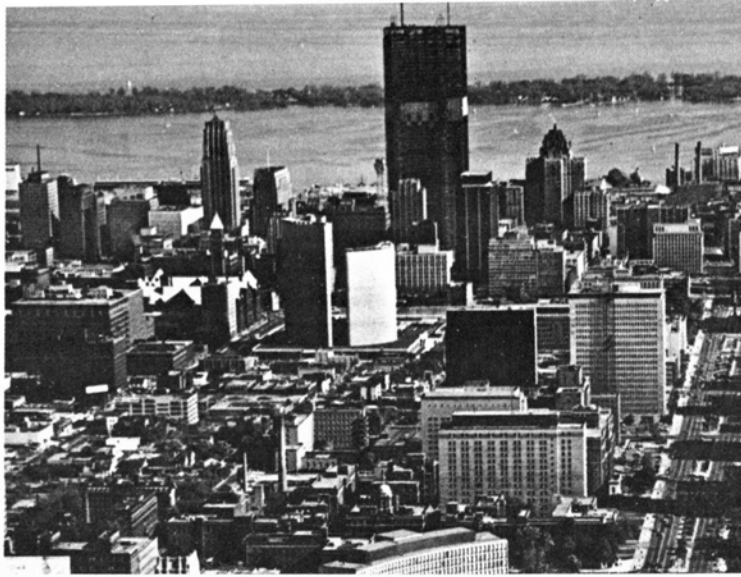
- 1) The undertaking of thorough studies, comprehensive revision, and codification of legislation concerning local and municipal authorities. Such revision should, inter alia, aim to make it possible for municipalities to have larger areas of local administration, and financial and other incentives should be given to accomplish this aim by means of annexation, merger, or federation. It should specify various categories of forms of local government and the powers of elected

(2) Significant documents in this field already issued by the United Nations are:

Public Administration Aspects of Community Development; United Nations Sales No. 59, II, H. 2.

Local Government Personnel Systems; United Nations Sales No. 67, II, H. 1.

Local Government Training; United Nations Sales No. E, 68, II, H. 2.



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councils and appointed officials, suitable to various sizes and kinds of municipalities. Wider functions and powers should be delegated to municipal bodies. In the research work and the drafting of such modernized municipal codes there should be wide consultation with all available experts, including local government officials students of government, and representatives of national associations of municipalities.

2) The provision of a dependable and adequate source of revenue to local authorities, with maximum powers to local authorities to determine the appropriations. This revenue can be provided in a number of ways, such as dedicating certain taxation fields to the local authority (e. g.: the real property tax, license taxes and charges for utility services etc.) or alternatively by authorizing them to receive a predetermined portion of nationally collected revenues, based on a per capita or percentage formula.

3) The provision of grants-in-aid or subventions to developmental and operating programs. In this way local authorities can enlist their services in advancing national programs of economic and social development. When the local authorities are prepared to meet the national standards, these grants should be matters of right, on an equitable formula, and should not be left to the whim of a distant official.

4) The provision of municipal credit on a long term basis at moderate rates of interest for long term projects of construction and development, particularly those that have a revenue producing character, some of which revenue may be applied to debt service.

5) The provision of advisory services and training assistance in all municipal matters including such activities as: Drafting of municipal charters and ordinances; election procedures and archives and records administration; general administration; accounting, budgeting and financial administration; personnel administration including training

of personnel; technical advice and aid in such matters as cadastral surveys, statistical services; purchasing, storage and maintenance of supplies and equipment, city planning and engineering advisory services.

The nature of the national institutions that will render these forms of aid to municipal development will vary greatly from country to country, depending on varying national needs and practices. The general services of a technical or advisory character will often be performed as a new unit of an existing ministry, which has a body of experience on local government matters. Grants-in-aid programs are often assigned to a number of ministries in accordance with the purposes of the grant. A number of countries have had success with the creation of autonomous agencies which make loans to municipalities, and some of these also render advisory services. Examples of this type of institution are: Fundación para el Desarrollo de la Comunidad y Fomento Municipal in Venezuela (FUNDACOMUN), the Guatemalan Institute, and the Banco Municipal Autónomo in Honduras. One of the advantages of these national municipal credit banks is that they provide a channel, by which smaller municipalities, which are not equipped to apply directly, may thereby be given access to resources of credit available in the World Bank or in the Interamerican Development Bank. In the personnel field a suggestion that has been made and a plan that has had success in other continents, is the establishment of a national municipal career service. If such a service can provide recruitment on a merit basis, with adequate salaries and pensions, and chances for able people to advance by training, experience, transfer and promotion, the competence and integrity of municipal personnel might be greatly enhanced.

To bring about the creation of sympathetic and constructive central services to municipalities will require almost a revolutionary change in viewpoints both at the national and local levels. In many quarters it will be regarded as a kind of municipal heresy to assert that the old abstract slogans of "municipal home rule" and "municipal autonomy", although not to be discarded, are no longer sufficient remedies to a realistic process of governmental decentralization. Without a viable structure of local government and administration, without financial resources, without trained personnel and technical skill, no measurable progress will be made in upgrading the competence of municipal government in the Americas. National governments, in adopting the new viewpoint, must adopt a policy of decentrali-

zation of their unmanageable workloads, must accept the local authorities as partners-progress, and enlist them development. Above all they must overcome their traditional fears and suspicions of strong and efficient local governments.

Local authorities on the other hand must change their habitual viewpoints. They must look beyond their attachments which are today largely obsolete to forms of government suitable only for the tiny rural pueblo and they must not continue to assume that able national agencies, devoted to the cause of municipal development will inevitably impinge upon, rather than strengthen, their independence and authority. Furthermore by joining and supporting vigorous national municipal associations they can help insure that the movement follows the right lines.

An indispensable first step is to achieve an awareness that in the modern world there is a growing interdependence of all units of government, local, state, national, and even international. Intergovernmental cooperation is increasingly needed to accomplish large programs of economic and social development. There is a growing of this inter-

dependence in the so-called "developed" countries, in North America and in Western Europe. Local authorities, in many countries, have not only accepted national, and in federal countries, state assistance but often through their municipal associations have petitioned national governments to provide new forms of financial and technical aid (3).

The late Professor Grodzins graphically described the intergovernmental relations in the U.S.A. as no longer being a hierarchical vertical relationship as in a "layer cake", but being more in the nature of an intertwining of relationships, as in the case of a "marble cake" (4).

Both new institutions, and new viewpoints, I conclude, are needed for the achievement of great national aspirations and goals, for raising the standards of human dignity, for the rendering, justly and equitably, of adequate services to the citizens by the strengthening of local government throughout the Americas, and, for that matter, throughout the world.

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Intermunicipal Cooperation in the United States of America

A description of intermunicipal cooperation in the United States of America must be considered in the light of the unique structure of government in this country. Unlike most other countries of the world, this is a federation of autonomous, independent states, bound together by mutual consent under a constitution which delegates certain powers to the national government and reserves all other powers to the individual states. Because of the federation aspect the national government is referred to as the «federal» government. The states, in turn, create the local government within their borders and delegate such powers, responsibilities, and authority as they see fit, either as specified by the constitution of each state or by laws enacted by the state legislature matters which were *not* delegated to the national government.

Coincident with the rapid growth of population and industrialization that took place

following the Civil War of the 1860's, cities grew in size and number. However, state governments were slow to respond to the needs of their cities, and, in fact, imposed severe limitations on the ability of cities to govern themselves, both in matters of structure and functions as well as in the matter of granting them financial aids or power to finance themselves. The government of some of the big cities became notoriously inefficient and corrupt.

However, the beginning of an awakening to civic duty on the part of the citizens took place during the last decade of the 19th Century, and with it came the movement for the selection of city officials who could and would serve

(3) Humes Samuel and Martin, Eileen M.; *The Structure of Local Governments throughout the World*; International Union of Local Authorities; Martinus Nijhoff, The Hague, 1961.

(4) Grodzins, Morton: *The American System: A New View of Government in the United States*; Rand, McNally & Company, Chicago, 1966.