Budgeting for Accountability
– A Comparative Study of Budget Reforms of
Progressive-Era United States and Contemporary China

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ABSTRACT

Public budgeting was created in Western Europe in the early 19th century as a tool for democratic governance; budgeting promotes democracy through its procedures and mechanisms that are designed to hold elected as well as appointed officials accountable to taxpayers/citizens. The budgeting-accountability connection establishes the concept that modern government is “of, by, and for” the people.

This article focuses on the connection between budgeting and accountability. By tracing the creation of public budgeting in Western Europe from the perspective of the recent discourse on accountability (Schedler, 1999), we will set up an analytical framework of accountability systems that comes with public budgeting. Our framework will center on two accountability mechanisms – top-down vertical accountability and horizontal accountability. We will then apply this framework to a comparative analysis of the USA progressive budgeting reform at the turn of the 20th century and China’s current budget reform. Although the two countries fundamentally differ in many aspects, “significant historical parallels” (Yang 2004, 299) exist between current China and the United States of the Progressive era (Wang 2000).

Section two will examine the process of introducing budgeting into the United States at the turn of the 20th century: Why it was not done at the founding of the nation and how it was done during the Progressive Era? The case of the American Budgetary Reform provides the argument that electorate accountability alone could not guarantee government accountability if proper budgeting institutions are absent; it also illustrates that without an effective top-down vertical accountability, horizontal accountability could not function well, which explains why the American budgeting reform during the progressive era centered on the executive budget.

So far, the budgeting literature has been exclusively on western, developed countries where a mature electoral system has been a priori for assuring budgetary accountability, the implicit assumption being that open, general elections are prerequisites for public budgeting. Section three presents the advance of government budgeting reform in China at the turn of the 21st century, which is two centuries behind Europe and one century behind America but offers an opportunity to observe whether accountability can establish before the priori. We argue for an alternate route to accountability before the establishment of open elections. While it is not possible to change the key players via election, changing the budget rules can, to a certain extent, achieve accountability. We will identify three patterns in China’s endeavor to establish a similar accountability system and point out the political constraints of this effort in a non-electoral context.

Such a study carries significant theoretical and practical implications. This comparative study will fill in the niche in the budgeting literature on alternate routes to accountability; it will also contribute to the democratic governance literature on whether developing or transitional countries can catch up with developed countries in
democratic governance. The article will conclude with directions for further research and potential implications for other transitional / developing countries.