

[Jean-Paul Faguet](#), Ashley M. Fox, and Caroline Pöschl Decentralizing for a deeper, more supple democracy

Article (Published version) (Refereed)

Original citation:

Faguet, Jean-Paul, Fox, Ashley M. and Pöschl, Caroline (2015) *Decentralizing for a deeper, more supple democracy*. [Journal of Democracy](#), 26 (4). ISSN 1045-5736

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Available in LSE Research Online: October 2015

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DECENTRALIZING FOR A DEEPER, MORE SUPPLE DEMOCRACY

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Can decentralization strengthen democracy, or is it doomed to weaken the state?¹ Since the 1970s, decentralization has been widely advocated as a means of strengthening democracy in developing countries. Scholars and policy advisors have promoted decentralization as a way of ensuring political pluralism and enhanced accountability in service provision. Over the past three decades, most of the world's countries have experimented with some form of decentralization.

Yet many analysts worry that decentralization could weaken the state. Strong states are typically characterized as capable of establishing authority over their territory and population. This implies maintaining national unity, enjoying legitimacy while preventing internal conflict or secession, and providing public services and responding to citizens' needs. Strong states were traditionally understood as unitary rather than federal, with power concentrated in the executive branch. Centralized states were generally considered superior in exerting authority over their territories and populations, formulating policy independently, ensuring conformity with legal mandates, and concentrating power at the top of the chain of command.

The appeal of the “strong state as centralized state” idea faded during the 1990s, as decentralization reforms cascaded throughout the world. While centralized states are strong in some respects, they can be “brit-

tle” in others. They may feed tensions among fractious groups, leading to violence. They may be unresponsive, inefficient, or wasteful in the use of public resources. And they may facilitate a tyranny of the majority or elite state capture on a national scale.

Just as the flexibility of an aircraft’s wings increases its resilience through their capacity to dissipate shocks, decentralizing a state may increase its democratic strength by making it more “supple.”

A surge of new evidence from diverse countries provides a basis for settling some of these disagreements, and also for correcting some of the fundamental misunderstandings of how decentralization affects democracy and state strength. Here, we use such evidence to reconceptualize some of the key tradeoffs affecting decentralization, democracy, and state strength, and then offer practical guidance to assist policy makers and scholars in navigating the promises

and pitfalls of reform. In order to determine how decentralization may weaken or strengthen the state, we focus on five key questions: Does decentralization 1) encourage secession or help to hold diverse populations together; 2) exacerbate or mitigate internal conflict; 3) weaken or strengthen the state’s ability to formulate policy autonomously and compel compliance with the law; 4) improve public-service delivery; and 5) encourage social learning?

Most of the answers are contingent. We argue that decentralization—if properly designed—can deepen democracy without compromising state strength. Well-designed decentralization can foster higher levels of participation and legitimacy, which lower the costs of maintaining order, compel respect for the law, and reduce the need to project power. The ability to mobilize resources and provide services in a context of low opposition and modest transaction costs will bolster the legitimacy of the democratic practices that underpin these results. Lastly, decentralization can increase social learning, producing a dynamic that strengthens the state from the grassroots upward.

Just as the flexibility of an aircraft’s wings increases its resilience through their capacity to dissipate shocks, decentralizing a state may increase its democratic strength by making it more “supple.” By increasing the density of government structure in terms of elected local and regional representation, decentralization can generate more feedback loops and increase the overall level of accountability to which government is subject. This serves to increase both the state’s sensitivity to local complaints and conditions and its options for response via overlapping responsibility and multiple redundancies in the policy realm. Simply put, in a centralized system citizens have one authority to appeal to. In a decentralized system, they have several, each with its own powers

and independent incentives to listen. All else being equal, citizens are more likely to get satisfaction for at least some of their concerns in a decentralized system. Additionally, by bringing government “closer to the people,” decentralization may increase participation in state-building processes from the ground up.

Maintaining National Unity

A key component of state strength is the ability to exert authority over a territory and its population. Many developing states were born out of international agreements, often with arbitrarily defined borders based on colonial partition and with little to hold them together beyond guarantees by the international community. They exist *de jure*, but unlike European states, in which power over a territory and its population generally came first and sovereignty and international recognition followed, the states in many developing countries have yet to achieve the internal consent or territorial reach necessary to exert authority over their entire dominion.²

Many developing countries are made up of different ethnic groups, sometimes spread over vast geographic areas, each with its own customs, language, and culture. A national consciousness is often lacking. Citizens do not feel represented by the government, and perceive that leaders cater mainly to people of their own tribe or region, rather than to all citizens equally. In addition, parallel or rival forms of authority, such as traditional chiefs, religious leaders, or even drug lords, may supersede the authority of the state. As a result, many states suffer from disunity within, sometimes resulting in violent conflict or secession.

How does decentralization affect national unity? By dispersing power from the center to many subnational units, decentralization could reinforce local cultural or ethnic identities, thereby deepening divides between groups and undermining efforts to build a single national identity. Decentralization might also give subnational leaders the necessary resources and “institutional weapons” to mobilize the local population and demand more political power from the center, raising the prospect of secession. Beyond using such resources to fund political parties and campaigns, these leaders could support armed insurgencies and invest in the sorts of violence against civilians that peace talks cannot later reconcile. The recent history of the Balkans richly and sadly illustrates this dynamic.

Decentralization might also lead restive groups to demand more autonomy. With more power and independence, and with subnational leaders more experienced in governing, decentralized areas could decide that they can manage their affairs better on their own. For these reasons, former British prime minister John Major of the Conservative Party refused to devolve powers to Scotland, claiming that devolution

was a “Trojan horse to independence.”³ The Labour government that succeeded him did devolve powers, and a referendum for full Scottish independence indeed followed (though it failed). In a number of other countries, regions have seceded after first setting up decentralized institutions. South Sudan is one recent example.

Other arguments, however, assert that by bringing government “closer to the people,” decentralization will strengthen state authority. When small subnational governments with decision-making powers exist throughout a country, citizens can more easily raise concerns with public officials. Those officials, in turn, will be more likely to work with the people. Thus decentralization could give the state greater presence and reach, thereby ensuring that the interests of citizens in every corner of the country are reflected in policy and public services.

Similarly, bringing locally elected subnational leaders from different segments of the country into government may make formerly excluded parts of the population feel better represented. Where divisions are defined territorially, decentralization is said to promote the formation of multiple but complementary identities, meaning that citizens can simultaneously identify both with an ethnic group and with the polity as a whole. By giving territorially concentrated groups the power to make their own decisions about the issues that most interest them, decentralization can accommodate diversity and protect groups against abuse or neglect from the center or from one another. In other words, decentralization can act as a pressure valve for nationalist aspirations. In Canada and Spain, for example, decentralization has been deemed a success in keeping the fractious provinces of Quebec and Catalonia, respectively, from seceding. In the United Kingdom, the devolution of regional powers to the Northern Ireland Assembly was the critical element that made possible successful peace talks with the Irish Republican Army.

Can decentralization be designed in a way that holds fractious groups together rather than promoting secession? Yes—by decentralizing power and authority to a level *below* that of major ethnic, linguistic, or other identity groups. In this way, empowered subnational units will avoid being associated with group identity or privilege and will not stoke divisive tensions. In a country where an ethnic minority is concentrated in one region, decentralizing to the *regional level* is far more likely to reinforce ethnic divisions and place authority and resources in the hands of those with the most to gain from national breakup. Decentralizing to the *local level*, however, will create many units of any given ethnicity, and most likely some that are mixed. As a result, government will not be associated with any particular ethnicity, nor with ethnicity per se; rather, service provision will be the main measure by which government is judged. Nigeria offers a good example of the benefits of drawing boundaries in this way.

Complementary reforms that promote a single internal market for

goods and services nationwide can also help by preventing the rise of elites with region-specific economic interests who might gain from a national schism. Elites whose economic interests are multiregional instead would have a strong interest in national integrity and growth, even if their assets or historical bases are in a particular region. Specific measures such as improved infrastructure and transport links, which also facilitate the flow of people and ideas across an economy, can help to bring a multiregional outlook.

Mitigating Internal Conflict

By empowering a new set of players, decentralization tends to shift the intrastate balance of power. This can be dangerous. Power shifts and disruptions in political settlements can cause conflict, which in turn can be stoked in order to further shift the balance of power. Yet power shifts can also be used to end conflict. Where conflict already exists, decentralization can be designed in ways that either mitigate or inflame violence. The difference depends on the specific country's balance of power and on the political bargains and settlements of the players involved.

Decentralized governments that are responsive to national minorities will defuse tension within the polity. But local governments that become "little tyrannies," ignoring or oppressing local minorities, will ignite tensions. In some cases, decentralization has produced local leaders who discriminate against minorities in their regions. For instance, in 1999 parts of northern Nigeria began adopting their own (*shari'a*) law. When the Christian minority has been forced to comply, tensions have risen between the Christian and Muslim communities.⁴

To prevent potential conflicts, decentralization should be designed with strong local-accountability mechanisms that align local leaders' incentives with the will of local citizens and allow voters to hold politicians responsible for their decisions. Additionally, the central government should enact strong national safeguards of minority rights, to which individuals and groups in any locality can appeal.

Decentralization can play a major role in power-sharing arrangements that settle power struggles between different groups in society. By creating new forums for political competition, and hence new prizes over which opposing parties can compete, decentralization solves the winner-takes-all problem inherent in centralization, where parties in government wield vast resources and reap huge rewards while opposition parties are left to wither. In a federal system, opposition parties can win power over states and local governments, giving such parties a voice in national debates and opportunities to show their competence.⁵ Moreover, the penalty of losing national elections is not as steep, which reduces the temptation to win at any cost. This dynamic can starve vio-

lence of the oxygen that feeds it and help to cement the peace in post-conflict environments.

For exactly this reason, decentralization was advocated in both Iraq and Afghanistan, but the results so far are unconvincing. In Ethiopia, by contrast, reform has produced material, though not democratic, progress. Decentralization was a key component of the settlement that ended the country's seventeen-year civil war in 1991: A victorious coalition of regional militias agreed to divide the country into eleven federal regions, each dominated by a party linked to one of the militias. Although this divided the political opposition and helped the ruling party to maintain its grip on power, it also secured the peace and paved the way for an economic recovery that eventually made Ethiopia the fastest-growing economy in Africa.⁶ Regional and local governments became important conduits for investments in education, agriculture, and health. Thus decentralization in Ethiopia has been a doubled-edged sword—crucial for maintaining peace, but also a means for oligopolizing power and perpetuating the rule of a dominant coalition.⁷

In some cases, decentralization might merely shift conflict downward rather than eliminating it altogether. Uganda's government under President Yoweri Museveni implemented a decentralization program in 1986 in order to reduce national-level conflict. While successful in this regard, the ultimate effect was arguably to replace conflict at the top with conflict at the local level.⁸

How can decentralization be designed in ways that promote power-sharing? A properly operating decentralized system should naturally lead to the sharing of powers that have been devolved to different subnational levels of government. Few additional reforms are required beyond the avoidance of electoral and fiscal distortions. Electoral-finance laws that promote a level political playing field are particularly important in this regard, as one of the most powerful and prevalent ways in which democracy is distorted is through the flow of money into campaigns. Where political competition is open to new entrants and the playing field is level, elections will usually be fought over issues of substance to local voters, and political conflict and violence will be transformed into electoral contestation.

Making and Enforcing the Law

A strong state should be able to formulate policy goals autonomously and compel compliance with its policies and law without succumbing to pressures from particular groups or competing authority structures. This implies independence from powerful interests not just of politicians, but also of the bureaucracy that implements policy decisions. The latter is typically achieved by putting in place an organized, professional cadre of civil servants who can maintain policy continuity and make decisions

for the general interest of society rather than for the benefit of specific groups or individuals. States possessing such characteristics are likely to retain broad legitimacy in the eyes of citizens.

When the “rules of the game” keep changing, it undermines confidence in the state, which in turn undermines the state’s ability to generate shared behavioral expectations that shape and strengthen political structures.

By contrast, the inability to implement goals, to police effectively, or to prevent the subversion of policy objectives by government agents is indicative of a weak state. States with such characteristics often feature personalized rule and systemic privatization of public assets and benefits. States are also considered weak if their political institutions—in particular, their constitutions and electoral rules—are often altered or ignored. When the “rules of the game” keep changing, it undermines confidence in

the state, which in turn undermines the state’s ability to generate shared behavioral expectations that shape and strengthen political structures.

Does decentralization improve a state’s ability to make and implement autonomous decisions? At first blush, the answer would seem to be no. Decentralized countries tend to involve more players, some of whom may have veto powers over policy decisions. In centralized countries, the command structure is cleaner and simpler, and decisions can be executed more easily and quickly. Decentralization can lead to a loss of control at the top, and an inability to act quickly or in concert. It might weaken coherence between local and national policies. For example, a central government that has granted spending powers to subnational governments may find it more difficult to exercise fiscal discipline. This can create serious macroeconomic problems, as it did in Argentina and Brazil in the 1990s.

In policy debates on this issue, proponents of decentralization typically reply that having more players involved in the decision-making process is actually an asset that yields greater policy stability, thus making the state stronger. Because dramatic policy switches would require coordination among more independent agents, they are harder to achieve and thus less likely. A deeper analysis tells us that decentralization should be viewed not as a simplistic choice between a “weak” devolved government and a “strong” centralized one, but rather as a move from a centralized command structure that is streamlined but brittle to one that is more complex but supple.

Such a system has many actors with overlapping sources of authority, and for it to operate well, coordination and cooperation are more important than command and control. The resulting suppleness means that failings on the part of the national government (due to corruption or

ineptitude, for example) that would have serious local consequences in a centralized system can be attenuated or even undone by regional or local authorities in a decentralized system, as recent evidence from India, Bolivia, and Colombia shows.⁹

A better way to frame the key tradeoff is as one between the strength of the leader and the strength of state institutions. Where the leader has vast discretion to make sweeping changes to public policy and organizations, that leader is stronger at the expense of the state. But where the leader's discretion is circumscribed by rules, procedures, and the need to agree on decisions with other independent actors in order to proceed, the state is stronger and more stable at the expense of the leader. By increasing the number of independent actors and requiring a measure of consensus among them, decentralization weakens central leaders and creates or empowers subnational leaders. This dynamic increases the strength of the state by strengthening it institutionally.

At the same time, under decentralization the local political process might in some cases be more vulnerable to capture by local interest groups, resulting in a distortion of political representation. In other words, small local interest groups could gain decisive influence over local government, giving them disproportionate advantages. Local civil society and local governments will often be too weak to oppose local elites, and may even internalize elite priorities as their own. If decentralization produces weak local governments that are cowed and captured by local elites, then policy autonomy is lost. In Indonesia, for instance, authoritarian local elites collude with political bosses to capture local governments and resources.¹⁰

While the local-capture argument has much merit, it underplays the comparative threat that elite capture poses at the national level, where the rewards are considerably larger. The richest interest groups invest enormous sums to capture national government. When successful, these groups gain powers and privileges far greater than anything available through local capture, with potentially deleterious effects for the entire nation. Elite capture is a real threat. But it is a threat for all kinds and levels of government. Central policy making is not necessarily autonomous policy making. Combating elite capture both nationally and locally requires effective accountability and transparency measures. But achieving transparent, accountable government is a difficult long-term project that requires sustained action and constant vigilance. The September 2014 "disappearance" of 43 students in Guerrero, Mexico, by corrupt local officials in league with the police reminds us just how big that challenge is and how difficult implementing these ideas can be.

A centralized state's efficiency in making policy does not necessarily translate into efficient policy implementation, particularly when policies designed centrally are ill-suited to local conditions. By contrast, a decentralized government grants opportunities for participation in poli-

cy design to regions and local governments, enabling more precise and dynamic policy responses to diverse local conditions. Such policies tend to be regarded as more legitimate, and they are likely to gain greater compliance from civic actors. Decentralized decision making may be slower, but the resulting decisions are more likely to “stick.”

Finally, in many highly centralized states local-government structures are simply nonexistent. Exposure to vibrant new local governments can strengthen the state by expanding its presence and providing citizens with more direct interactions with government and elections, thereby improving the perception of state responsiveness and enhancing the legitimacy of national governments. For example, prior to decentralization in 1994 most of the Bolivian countryside lacked any form of local administration that provided services or represented citizens. Following decentralization, elected local governments accountable to voters sprang up throughout the country. In countless interviews, when asked how decentralization had affected their lives, poor rural citizens said that they finally felt Bolivian, that decentralization had given citizenship meaning, and that at last there was evidence that they mattered and the state cared for them.¹¹ Thus in Bolivia the spread of local governments and bureaucracies, and the services that they provide, have clearly strengthened the state in citizens’ eyes.

Accountable Public-Service Delivery

Another marker of a strong state is the ability to carry out smart policies that meet public needs. Providing basic services to the population is a primary function of the state. States that do this well will be regarded as more legitimate and authoritative, making them stronger. One of the most frequently cited and powerful arguments in favor of decentralization is that it will improve government responsiveness to citizen demands. By enabling government to tailor decisions to the specific needs of the local population, decentralization facilitates a more precise and cost-effective matching of resources to needs. Moreover, competition between subnational governments for residents and investment can serve as an incentive to improve services.

Under decentralized government, public services should also improve as a result of greater government accountability. Bringing decision-making power closer to citizens and creating popularly elected positions at the local level transforms incentives for accountability: Rather than being accountable mainly to superiors in higher levels of government, local officials become accountable to their constituents, on whom they depend for votes and tax revenue.

In addition, citizens can more easily monitor and make demands of a nearby local administration than the central government in a faraway capital. In both Bolivia and Colombia, for example, shifts in incentives

and accountability relations have altered investment decisions nationwide, resulting in significant improvements in basic service delivery.¹² In Ethiopia, too, decentralization in the 1990s devolved spending powers to the regions, allowing funds to reach many previously neglected local governments for the first time. The resulting shift in spending decisions markedly improved health and education indicators in these localities.¹³

A related argument is that decentralized structures can leverage local social capital to improve government performance. A high density of civic organizations, which encourages people to work together and build trust, can foster behaviors conducive to better performance. Where social trust and civic organization are present, local government tends to respond to citizens' needs more effectively and with less waste and corruption than it otherwise would. This appears to have been the case in northern and central Italy after decentralization in the early 1970s, as well as in many parts of Bolivia after 1994.¹⁴ Scholars are skeptical that this type of social capital can be developed under centralized government.¹⁵

Not everyone agrees that decentralization will improve government performance. In addition to raising concerns about the loss of economies of scale and the possibility of elite capture, opponents of decentralization argue that it will increase the discretion of local elites in the distribution of public goods, thereby strengthening patron-client relationships. Moreover, subnational governments may not have the technical or human capacity to provide the level of services that the central government can. Studies of federal systems have tended to find that central governments are more effective at making equitable allocation decisions, especially for assisting the poor. This is important because politically induced interregional inequality can lead to conflict and weaken the state.

Another risk of decentralization is overspending by subnational governments. Overspending can cause fiscal imbalances and macroeconomic problems that threaten state strength and stability. Decentralizing taxation (in addition to spending), prohibiting bailouts, and setting hard budget constraints will help to mitigate these risks. Such measures are likely to increase incentives for local government to tailor policies and services to taxpayers' priorities, and citizens will have a greater incentive to monitor the use of funds.

Fiscal problems are not a result of decentralization *per se*, but of badly designed decentralization. They can be remedied by altering rules and the subnational incentive structure. Likewise, decentralization that loses important economies of scale is a badly designed reform. Any rational decentralized system will involve continuing coproduction of public goods and services at the central, regional, and local levels. Goods with large economies of scale should be produced centrally, while those

that have significant heterogeneity or require local informational inputs should be produced locally.

Social Learning

Of all the ways in which decentralization affects state strength, social learning may be the most powerful, not least because it operates through each of the components discussed above, as well as in other ways. Because social learning happens over time, understanding it requires dynamic analysis rather than the kind of comparative static analysis that is used to study decentralization's effects on policy or governance-related issues. Social learning can be thought of as a dynamic view of social capital. It hearkens back to Tocqueville's exploration of the role of civil society in democracy and his celebration of America's vibrant associational life.¹⁶

Decentralized government accelerates social learning over time in a way that centralized government does not. Whereas regional and national governments operate through elected or delegated representatives, decentralized government operates at a community level that is susceptible to personal action and initiative. The small scale of local politics allows citizens to become political actors either individually or through civic organizations. Such organizations are often informal, with small or no budgets, and rely on volunteers to staff critical positions. They are ideal entry points for citizens to have their first encounter with politics, gain exposure to political debate and public decision making, and become politically engaged.

Social learning is learning by doing. As such, it relies on interactions among citizens and between citizens and their government. In a decentralized system, ordinary people can have repeated interactions with local government on matters of public policy and resources, either directly or indirectly through civic organizations that debate positions and compete with firms, other interests, and one another to influence government. Such access would not be possible at the level of central government, given its high resource thresholds, professionalized organizations, formal and intricate rules and norms, and obscure jargon.

To better understand social learning, it is helpful to consider some elemental, yet commonly overlooked, tasks that are crucial to democracy. For a democracy to represent and then act on the will of its citizens in a way that is fair and responsive, it must be able to 1) identify and articulate shared preferences and opinions; 2) aggregate shared preferences; and 3) enforce accountability.

How does a new policy idea arise in society? Some, but not all, of a citizen's many needs and preferences will overlap with those of other citizens. In order to be elected, a politician must identify those needs that are shared by the most voters, articulate them in ways that voters

find convincing, and then propose viable policy solutions. By showing citizens that certain demands are shared, politicians convert private preferences into public ones, creating political voice where before there was none.

Once the public has been convinced that certain policy ideas are important, society must weigh competing demands (and the tradeoffs that they imply), and choose which options to pursue. This is where the political process and government come in, negotiating the needs and demands of different groups, firms, and organizations in the search for something like a social optimum. This occurs most obviously through elections, when individuals vote for competing candidates who offer different policy platforms, and the most preferred candidate wins. In a well-functioning democracy, policy decisions are arrived at in many other ways as well, continually and at all levels of society.

Once a polity has expressed its preferences, formed them into political options, and chosen which of these it wishes to pursue collectively, it requires mechanisms for holding politicians to account. In a democracy, citizens must have levers of influence over elected officials to ensure that socially preferred bundles of policies are implemented with reasonable efficiency. Absent accountability, all the preceding is for naught—a mere illusion of democratic choice that confers little voice and no power to the people. Regular elections, through which citizens can vote out unsatisfactory officials, are the most obvious accountability mechanism. But, again, there are others.

Why does decentralization matter? Because scale is determinant and its effects are nonlinear. The large scale of central government demands disproportionately greater resources and levels of organization for effective engagement than does local government. Hence, the autonomous organizations that populate the space between politicians and voters are open to citizen participation and agency at the local level, but closed to most citizens at the central level, confining them to the role of voters, onlookers, and perhaps dues-payers.

In a decentralized government, by contrast, opportunities to participate in public decision making abound. Thus experience accrues and learning occurs among individual voters and their small-scale collectives (civic groups, local lobbies). Participation in local government leads naturally to social learning around narrow questions of effectiveness, but also higher-order learning about fellow citizens' needs, resource constraints, and the efficacy of public versus private action for certain classes of problems.

The experience of working together teaches people to work together better. This leads to a gradual convergence of individuals' perspectives around local needs and standards of service delivery, generating greater political legitimacy. An inclination toward conflict and contestation can be transformed into regularized interaction and cooperation, helping to

build stores of trust that can be drawn on if conflict threatens in the future. The workings of central government, by contrast, tend to reinforce the organizational, technical, and financial advantages of highly professionalized groups, thus deepening the chasm between policy making and the ordinary citizen.

Decentralization and local government can thus promote political legitimacy and long-term state-building from the grassroots up in a way that centralized government cannot. This is the deeper meaning of a state that is “democratically supplied.” Beyond just having “more elected officials,” it means that democracy as a method of choosing leaders and arriving at collective decisions is deepened, substantively improved, and made more legitimate in the eyes of voters who engage in it directly at the local level.

Designing Reform

The dynamic described above should operate naturally in a truly decentralized system; little more is required in terms of complementary reforms or institutions than the absence of active distortions. Based on our analysis, we recommend that reformers decentralize to government units small enough for individuals and their voluntary organizations to actively participate in decision making and regularly affect outcomes. The resource and organizational thresholds required for effectiveness will vary by country and by level of development. But for a “typical” developing country, a local government in which citizen participation is viable might number in the tens of thousands of inhabitants. It should also be geographically compact enough that an ordinary citizen at one end of a local-government district has some direct knowledge of how an ordinary citizen at the other end lives.

The existence of small units with populations under a hundred-thousand does not imply the abolition of larger units that provide services and mediate between citizens, localities, and the central government. It does imply, however, that the principle of decentralizing to small units should apply equally to the developing world’s megacities, with their ten-million-plus inhabitants, as well as to rural areas. In order to reap the full benefits of reform, suitable services such as trash collection, street lighting, and primary education should be further decentralized below city level—to boroughs, local councils, and the other submetropolitan units that naturally occur in most countries. This has worked in La Paz and in London, for example. City and state governments can retain dominant roles in coordinating across the subunits, as well as in financing and managing more sophisticated services such as tertiary education, healthcare, urban transport, and most environmental protection. But residing in a megacity such as Mumbai rather than a village should not prohibit a citizen from meaningful political participation.

While consensus on the advantages and disadvantages of decentralized government remains elusive, we believe that the case in favor of decentralization is strong. Although it entails risks, the potential for decentralized government to bolster democracy is greater than these dangers. Real policy experiments in various countries over the past several decades show that well-planned decentralizing reforms can have a positive impact on five key elements of state strength—national unity, conflict mitigation, policy autonomy, responsive service delivery, and social learning.

A well-designed reform that decentralizes power and resources to a level below that of major social or regional cleavages is most likely to foster local governments concerned with efficiency and service provision rather than with social identity and grievance. Moreover, such a reform not only would strengthen government institutions at the expense of central leaders' discretion; by putting in place a system in which there are many actors with overlapping authority, it would also prevent the capture of government by a small urban elite. Likewise, a well-designed reform—for example, one that decentralizes only activities with low economies of scale, devolves taxation, and bars bailouts and subnational debt—should foster better public-service provision. Finally, social learning, which promotes political legitimacy, long-term state-building, and democratic suppleness, is likely to accelerate in a decentralized environment, where the small scale of politics allows citizens to participate either individually or through their civic organizations.

The key takeaway from all this is that decentralization's most powerful impact on state strength comes not through its direct effects on the structure of government, but rather through its effects on the democratic norms and practices that underpin the state. Even where decentralization's first-order effects on governance are indeterminate or negative, they are outweighed by its positive second-order effects on democratic participation, transparency, and legitimacy. The promise of decentralization is not so much that it alters the state as that it deepens democracy. And deeper democracy makes the state stronger and better.

NOTES

1. Although the scholarly literature distinguishes several types of decentralization, we focus on the variant that we consider analytically most powerful: a reform that establishes or increases the political power of subnational governments via the devolution of power and resources to locally elected subnational officials. This is different from administrative deconcentration, where the central government delegates functions to local agents but retains decision-making control; or delegation, where managerial responsibility is transferred to organizations outside the regular bureaucratic structure; or privatization, where state assets and responsibility for service delivery are transferred to the private sector.

2. Robert H. Jackson and Carl G. Rosberg, "Sovereignty and Underdevelopment: Ju-

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3. Quoted in Dawn Brancati, *Peace by Design: Managing Intrastate Conflict through Decentralization* (Oxford: Oxford University Press, 2009).

4. See Brancati, *Peace by Design*.

5. Kathleen O’Neill, “Decentralization as an Electoral Strategy,” *Comparative Political Studies* 36 (November 2003): 1068–91.

6. Adnan Q. Khan et al., “Decentralization’s Effects on Education, Health and Agriculture Outcomes, and on Distribution: Evidence from Ethiopia,” paper presented at the first Annual Bank Conference on Africa, Paris, June 2014.

7. Elliott Green, “Decentralization and Political Opposition in Contemporary Africa: Evidence from Sudan and Ethiopia,” *Democratization* 18, no. 5 (2011): 1087–1105; Khan et al., “Decentralization’s Effects”; René Lefort, “The Theory and Practice of Meles Zenawi: A Response to Alex de Waal,” *African Affairs* 112, no. 448 (2013): 460–470; Adnan Q. Khan et al., “The Triumph of Upward Accountability: Federalism and Inequality in Ethiopia,” Department of International Development Working Paper, London School of Economics, 2015.

8. Elliott Green, “Decentralization and Conflict in Uganda,” *Conflict, Security and Development* 8 (December 2008): 427–50.

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