

Georgia State University

ScholarWorks @ Georgia State University

Political Science Faculty Publications

Department of Political Science

2010

Decentralization, Governance, and the Structure of Local Political Institutions: Lessons for Reform?

Charles R. Hankla

Georgia State University, chankla@gsu.edu

William M. Downs

Eastern Carolina University, downsw14@ecu.edu

Follow this and additional works at: https://scholarworks.gsu.edu/political_science_facpub



Part of the [Political Science Commons](#)

Recommended Citation

Hankla, Charles R. and Downs, William M., "Decentralization, Governance, and the Structure of Local Political Institutions: Lessons for Reform?" (2010). *Political Science Faculty Publications*. 14.
https://scholarworks.gsu.edu/political_science_facpub/14

This Article is brought to you for free and open access by the Department of Political Science at ScholarWorks @ Georgia State University. It has been accepted for inclusion in Political Science Faculty Publications by an authorized administrator of ScholarWorks @ Georgia State University. For more information, please contact scholarworks@gsu.edu.

Decentralization, Governance, and the Structure of Local Political Institutions: Lessons for Reform?

Charles R. Hankla
polcrh@langate.gsu.edu

William M. Downs
polwmd@langate.gsu.edu

Department of Political Science
Georgia State University
Atlanta, GA 30302
USA

Forthcoming from *Local Government Studies*

Abstract

Many governments are devolving power to elected local councils, hoping to improve service delivery and citizen representation by bringing officials closer to the people. While these decentralization reforms hold the promise of improved governance, they also present national and sub-national leaders with a complex array of options about how to structure newly empowered local political institutions. This article draws on cross-national experience and the latest research to identify the trade-offs inherent in structuring local political institutions. The study's specific interest is in the impact of strong, locally elected councils on governance and representation. Proceeding from an empirical basis that competitive elections are vital for the legitimacy and efficiency of local political institutions, the analysis first questions the impact of four institutional features – central versus local control, local executive versus local council authority, local council structure, and the role of parties – on service provision and fiscal solvency. The article's second section analyses the impact of decentralization on political representation, with a particular focus on the role of institutional design in combating the threat of extremist parties. A final section summarizes empirical findings and advances some policy-relevant conclusions.

Acknowledgements

We would like to thank Jorge Martinez-Vazquez for his invaluable advice. We have also benefited from financial support from the US Agency for International Development for work under contract to the International Studies Program at Georgia State University.

Many governments are devolving power to elected local councils, hoping to improve service delivery and citizen representation by bringing officials closer to the people. While these decentralization reforms hold the promise of improved governance, they also present national and sub-national leaders with a complex array of options about how to structure newly empowered local political institutions. Because the experiences of decentralized countries around the world vary so dramatically these choices matter, and they may well make the difference between a successful and a failed reform program. This article draws on cross-national experience and the latest research to identify the trade-offs inherent in structuring local political institutions. Specifically, it focuses on the impact of strong, locally elected councils on governance quality and representation. While much of the extant literature has either weighed the advantages and disadvantages of decentralization itself or focused on the fiscal structure of local government, the present study seeks to link the success of decentralization reforms more clearly with discrete institutional choices.

The article addresses the following research question: which types of local political institutions will tend to produce the best governance outcomes? While national context is obviously a critical consideration when designing institutions, the purpose here is to identify any broader, cross-national patterns that may inform these decisions. The article's first section makes the case that competitive elections are vital for both the legitimacy and the effective functioning of local political institutions. It then moves to an examination of four institutional features – central versus local control, local executive versus local council authority, local council structure, and the role of parties – and their effects on governance quality and macroeconomic discipline. The focus is on these two outcomes because they are, perhaps, the most commonly used to judge the performance of government at the local level, both by scholars

and by citizens. As elaborated below, studying governance quality and macroeconomic discipline effectively encompasses additional issues such as local preference representation and corruption. In its second section, the article analyses the impact of decentralization on political representation, with a particular focus on the threat of extremist parties. A final section summarizes the key findings and conclusions.

Local Government Structure, Governance Quality, and Macroeconomic Discipline

It is important to define the structures of sub-national government and to clarify what is meant by “quality governance” and “macroeconomic discipline.” The local council is defined as the supervisory-legislative body charged with such tasks as passing ordinances and approving budgets. By contrast, the local executive, which may be popularly elected or chosen by the council, is responsible for such functions as implementing council decisions and drafting budget proposals. Quality governance occurs when government officials focus on providing citizens with the public goods that they desire. Doing so first requires governments to discern the preferences of the local electorate, so that the appropriate level and type of public goods can be provided. It also requires officials to prioritize the provision of these public goods (such as education or health care) over the distribution of particularistic goods (such as subsidies or transfers) that use taxpayer money to benefit only a small group of influential citizens. It is here that political institutions can be decisive, for they help determine whether officials have electoral incentives to serve the public will or to pay off supporters. Macroeconomic discipline is manifested when local governments do not systematically run budget deficits. Occasional deficits can be a rational response to unusual local challenges, such as natural disasters, but they

should not be sustained over the long run. Such fiscal irresponsibility can lead to contracted local savings and reduced future income (Gale and Orszag 2003).

The Role of Democratic Elections

Researchers largely agree that local democratic elections are necessary to realize the benefits of decentralization. Decentralization is said to be advantageous because local governments are in a better position than national or provincial authorities to target public goods to the preferences of local citizens. Without elections it is impossible to make local governments accountable to these citizens, reducing the probability of effective targeting (see Manor 1999, Bird and Vaillancourt 1998). To take just one example, Enikolopov and Zhuravskaya (2007), in a quantitative analysis of 75 developing and transitioning countries, found that administrative decentralization alone did not improve service delivery or reduce corruption.

There is also a broad consensus among scholars that electoral competitiveness, by threatening dishonest or incompetent officials with removal, tends to improve fiscal responsibility and governance quality. In a study of Western European countries, Hallerberg (2004) found a link between high electoral competitiveness and lower budget deficits. Similarly, Wibbels (2003) found that US states with greater electoral competitiveness were less likely to seek federal bailouts, although Remmer and Wibbels (2000) qualify that finding by arguing that competition only provides governance benefits in two-party and not multiparty systems. Competitive local government elections are certainly not the only means of inducing responsibility and accountability; indeed, other forms of citizen participation--e.g., referenda, e-government, citizens panels, focus groups, public meetings, satisfaction surveys—may also

provide incentives for good governance and fiscal discipline (Wilson 1999). Elections are, though, the most potent.

The beneficial effects of competition are most fully realized within the context of a stable party system. Numerous studies have found a relationship between budget deficits and high turnover in the parties that control government. When parties expect to lose their seats in an upcoming election, they have an incentive to overspend public money and leave the harmful effects of deficits to their successors (Roubini and Sachs 1988, Grilli, Masciandaro, and Tabellini 1991, Franzese 2002). As a result, to encourage budgetary responsibility, competition should be strong enough to threaten dishonest officials with removal, but not so strong that successful parties have little hope of reelection.

Local versus Central Control

Assuming, then, that local governments are elected, should central governments interested in improving service delivery delegate more authority to local officials? Tiebout launched the modern study of decentralization in 1956 by arguing that, if different local authorities prefer different fiscal policies, the devolution of some power to sub-national government should be efficient. Which policy powers should be retained by the centre and which should be provided to sub-national authorities? Oates (1972) famously argued that control over specific public goods should be delegated to the lowest tier of government where they do not produce significant cross-constituency spillover effects. In Western Europe there are certain functions controlled at the local level virtually everywhere. These include water supply, tourism, roads, building permits, sewage, trash, and libraries. Other functions are controlled at the local level in the more decentralized states, and not in other states. These functions include secondary

education (where personnel, buildings, and curriculum may be controlled at different levels, as in France), electricity, hospitals, and disaster response (Norton 1991). In the recent South African reforms, which many observers consider successful, policies such as unemployment insurance, immigration, and defense are retained by the centre, education, health, and roads are shared by the centre, the province, and the locality (with the local authority's role primarily in administering programs), and water, sewage, and refuse are left solely to the locality (Wehner 2000).

For sub-national governments to be sufficiently independent to generate the benefits of decentralization, it is necessary for reformers to get the fiscal system right. For local governments to have any authority, they must at a minimum have control over their budgets. In other words, if local authorities are receiving their funding from central or regional governments, these higher authorities must not constantly tie the funding to mandates, but rather leave some discretion to local officials. More complete local independence requires not only spending autonomy, but also taxation autonomy. If local governments have the freedom to raise their own revenues, not only can they target spending decisions to local preferences, but they can also adjust the size of government and balance the desire for spending against a willingness to pay the tax necessary to finance that expenditure (see von Hagen 2003, Rodden 2002).

The governance implications of genuine decentralization continue to generate controversy, however, and empirical studies on both sides of the issue abound. To provide some representative examples, Lewis (1998) found that decentralization improved water services in Kenya, while Parry (1997) found no improvement after the decentralization of education in Chile. Huther and Shah (1998) associated decentralization with reduced corruption, while Triesman (2002, 2007) found no impact. Von Braun and Grote (2002) argued that more

decentralization reduces poverty, but Davoodi and Zoe (1997) linked decentralization with slower growth. Wibbels (2000) found that federated states are likely to experience higher inflation, whereas Estache and Sinha (1995) concluded that fiscal decentralization tends to increase both total and subnational spending on public infrastructure.

Increasingly, scholars are eschewing categorical statements about the benefits and harms of decentralization in favor of seeking to identify the conditions under which decentralization best lives up to its potential. Summarizing the state of the literature, Hankla (Forthcoming) identified nine conditions under which decentralization should provide benefits, all other things being equal. These conditions included democratic elections, sub-national budgetary and expenditure freedom, sub-national access to administrative resources, and regional equity transfers by the centre. Rodden (2006) argued that the potential risk of fiscal indiscipline can be greatly ameliorated by central governments either by restricting local government borrowing or by imposing a credible no bailout policy. Treisman (2000) argued that decentralization, by producing more “veto players” who must be consulted before policy can be changed, tends to lock in preexisting rates of inflation, whether high or low. In a similar analysis, Nooruddin (2008) showed that the increasing influence of state governments in India reduced growth rate volatility by allowing the country to commit to policy stability. Rodden (2003) argued that clearly delineated responsibilities between the central and sub-national governments should improve governance by clarifying which level of government is responsible for specific policy decisions.

Clearly, there is no consensus as to the general impact of decentralization on governance, and scholars are beginning to recognize the important mediating role played by the social, economic, and institutional characteristics of individual countries. The theoretical case for the

benefits of decentralization remains strong, however, and the devolution of central authority seems to have been beneficial in certain national contexts. To the extent that we can draw a conclusion from the literature, therefore, it is that decentralization holds out the promise of improved governance, but that its specific structure must be tailored to individual national circumstances.

Local Council versus Local Executive Dominance

If national or provincial officials decide to delegate authority to the local level, what is the best way to structure the political institutions that will exercise this authority? At issue, first, are the sorts of powers that might strengthen a local council vis-à-vis a local executive. Most clearly, stronger councils will have significant authority over the budgetary process, with the power to initiate or amend taxation and spending proposals. Furthermore, local councils are stronger when the reversion budget--the budget that is implemented when the executive and the legislature fail to agree--is either the prior year's budget or the council's preferred budget. When the reversion budget is the executive's proposal, local councils must agree on an alternative or allow the executive to dictate (Baldez and Carey 1999). To be strong, local councils should also have sufficient resources, access to information, and expertise to oversee the bureaucracy operating within their purview (USAID 2000). For example, the question of local council authority over the civil service has been a contentious one in India, where local councils in most states find themselves unable to oversee the actions of the district magistrates assigned to their constituencies.

A second source of authority for local councils is the power to select and remove the local executive. When councils enjoy this authority, local government, to borrow a term

generally used at the national level, is “parliamentary” in form. The primary advantage of this form of government, from the perspective of the local council, is that executive authority is directly responsible to the elected body. In practice, the threat of central or provincial intervention makes it rare for local councils to summarily remove executives, even when they have the power to do so. Nevertheless, appointment power and (where present) removal power can be significant sources of authority for local councils. This is not to say that local councils in “presidential” systems, where the local executive is popularly elected, are always helpless. While councils in some systems enjoy the authority to remove an executive, those in a greater number enjoy sufficient power over the municipal or district budget to compel attention. Based primarily on analyses of the national level, much of the literature in political economy finds that the presence of strong elected executives tends to improve both governance and macroeconomic discipline. There is, however, another strong current in the literature that highlights the benefits of more collegial forms of executive authority.

The logic supporting executive authority is straightforward, but differs slightly for each outcome. Strong executives are said to improve governance because they represent a broader constituency than members of the legislature, providing them with an incentive to provide public over particularistic goods. While individual legislators (or, by extension, local council members) represent only a portion of the nation (or locality), executives are accountable to the entirety. They should therefore be less inclined to cement their authority with patronage and particularistic goods because of the difficulties of paying off all the relevant interests. Furthermore, executives (at least unitary executives) should be less susceptible to the kind of vote trading and logrolls that can drive up patronage spending in legislatures or councils.

Similarly, strong executives should improve macroeconomic discipline by using their authority to overcome the common pooled resource problem inherent in budgetary politics. Where legislatures or councils have budgetary authority, such a problem materializes when each member internalizes all of the political benefits of directing public spending to supporters but accepts responsibility for only a portion of the harms resulting from unbalanced budgets (e.g., Roubini and Sachs 1989). As a result, just as competing ships have an incentive to over-fish, legislators and council members with different interests have an incentive to overspend. Strong executives can help rein in this spending by setting spending caps or negotiating among competing interests.

One potential consequence of these arguments is that local executive authority should generally be identified with a single individual. In his study of institutional design at the local level, Blair (1991) argued that strong local executives, whether directly elected, elected by the council, or chairing a committee of aldermen, tend to improve the locality's financial balances. The focus of Blair's study is to critique the British system (also used in Norway) of collegial executive authority vested in the local council itself. Further, much research at the national level has found that collegial executives (found principally in coalition parliamentary and divided semi-presidential systems) are associated with budget imbalances (Roubini and Sachs 1988, Roubini and Sachs 1989, Volkerink and de Haan 2001, Hallerberg and von Hagen 1999, Kontopoulos and Perotti 1999). The logic here is the same as that outlined above – members of a collegial executive will represent particularistic interests and will have an incentive to direct resources to them at the expense of the collective. For similar reasons, collegial executives may be less likely, other things being equal, to provide quality governance. For example, Ehrlich (2007) found that countries with collegial executives tend to be more susceptible to special

interest pressure in formulating their trade policies. Similarly, in a comparison of Indian states, Mukherjee (2003) showed that an increase in the number of legislative parties (which is associated with government coalition size) led to more subsidies and fewer public goods.

What does it mean to be a strong, unified executive? Focusing on the national level, some scholars prefer presidential to parliamentary systems. For example, Cheibub (2006) found that presidential systems are more likely to balance their budgets because voters can easily assign the blame for overspending to directly elected executives. Most studies, however, simply emphasize the importance of a strong executive, however constituted. Baldez and Carey (1999), in a close study of Chile, found that the president's power to propose a budget, and the rules which make this budget law unless the legislature actively objects, have made the country one of Latin America's most fiscally responsible. Hallerberg and Marier (2004), examining Latin American presidential democracies more broadly, showed that strong presidents are able to rein in spending more effectively. Finally, Haggard and Kaufman (1995) and Wade (1990) argued that economic reform is more likely to be successful in states with strong executives.

Organizing local government around a strong government is not, however, without its drawbacks. One potential concern is that a strong executive may weaken local democracy and thereby undercut the responsiveness that motivates decentralization in the first place. Can a strong executive represent the preferences of local citizens as effectively and fully as in a more council driven system? Such a question should not be taken lightly. For example, one could argue that collegial local government would bring more perspectives into the mix, producing highly quality policy outcomes. Once a decision has been made, mutual pressures from council members to maintain single voice could then damper any vocal opposition. A more collegial approach could also help ensure that a broader swath of the population supports any policy

changes, giving the action of the local government more legitimacy (see, for example, Gerring, Thacker, and Moreno 2006, Baylis 1980, Goodsell 1981).

There are also several alternatives to executive strength, at least for ensuring macroeconomic stability. Careful central or provincial government controls can also help local authorities overcome the common pooled resource problem even in the absence of a strong local executive. These controls might include limits on the ability of local governments to borrow on private markets or a credible no bailout policy (Rodden 2006). Strict budget rules can also be a substitute for executive strength. A large literature has found a link between such rules, including agenda control, a strong finance minister, and inter-party pacts to balance the budget, and fiscal solvency (see Hallerberg 2004, Hahm, Kamlet, and Mowery 1996, and Döring 2001). To take an example, Poterba (1994) found that American states with no-budget-carryover rules were better able to adjust to the fiscal shocks of the 1980s.

Based on these considerations, reformers on the ground are likely to be in the best position to judge whether the benefits of strong executive authority outweigh the strengths of more collegial systems. Even in the context of executive strength, it is important to make clear that influential legislatures are vital components of good governance and democratic oversight. Despite the advantages of a strong executive, it is not enough simply to have an elected executive who runs local government alone. Local councils provide an important oversight function, verifying that executives are carrying out their responsibilities honestly and effectively and making sure that all voices are heard. They also add stability to the political system by increasing the number of “veto players” who must concur with policy change, contributing to a stable economic environment (see Tsebelis 1995, Haggard and McCubbins 2001, Hellman 1996, Gehlbach and Malesky 2008).

Structure of the Local Council

Is there an optimal number of elected members in a local council? Past research gives us little guidance, but it identifies two potential trade-offs that should be considered. First, there is a trade-off between representation and efficiency. Given a particular municipality or district size, large local councils will be more representative because each member will stand-in for the interests of fewer constituents. More voices can be heard and can have an influence on policy. On the other hand, large local councils will have more difficulty coordinating their members to produce policy decisions, making them less efficient (see Shugart and Carey 1992). A second size trade-off concerns the balance between a local council large enough to oversee all facets of local government but small enough to minimize facility and staff costs (Nijzink et al. 2006). Central and provincial officials seeking to decentralize will have to make a political judgment about the relative importance of cost and efficiency on the one hand and representation and capability on the other.

The size of local councils will be related to the population of the municipality or district that they oversee, a decision that entails yet a third trade-off. Placing a local council over a large population increases the probability that the council (and the local executive) will have sufficient administrative support to carry out its functions. The problem is that councils governing a large population will be less representative, even if they are comparatively large. Such councils will be less able to target fiscal policy to the specific desires of the population because these desires will be more diverse.

A second issue concerns the electoral rule by which members of the council are chosen. At the local level, a system of proportional representation (PR) would normally mean taking the

entire locality as the electoral district and allocating seats to each party on the basis of the percentage of votes it received. In a majoritarian system, the local unit would normally be divided into a multitude of districts, each of which would elect a single representative (or, rarely, multiple representatives). What are the advantages and drawbacks of each approach?

Proportional systems will generally lead to multiparty councils, as the threshold for winning seats in such systems is lower than in majoritarian systems (which Duverger 1954 famously associated with two parties). The party system of a country will generally react to the electoral system at the national level, so the number of parties competing in local elections may be the same regardless of the local electoral rule. To the extent that PR systems allow more parties to be represented in the local council, however, it may create coordination problems as representatives loyal to divergent parties try to overcome their differences. Such a divergence of interest may be particularly serious if the executive is independently elected or appointed by the centre, as the pressure to choose an executive could help members overcome their differences (see Mainwaring 1993). Because each local council member under PR will represent the entire district, however, they may be more likely to support public over private goods than would a member elected under majoritarian rules (see Rogowski 1987). This disadvantage of majoritarian systems, however, can be partially overcome through the election of a few “at large” members to represent the entire locality.

More generally, PR systems will tend to represent divergent groups or interests more completely than majoritarian systems, as each can express its interests through a party.

Majoritarian systems, on the other hand, are better able to represent geographical diversity as each member is responsible to a smaller constituency. Majoritarian systems may thus be more

appropriate for geographically diverse but ideologically homogenous localities, and PR systems for the opposite.

Two more implications of electoral system choice should be noted. First, political parties will generally play a major role in proportional electoral systems, and candidates elected under these systems will generally be responsive to the dictates of national party leaders. Open list or single transferable vote systems of PR will tend to ameliorate these effects and provide greater incentives for candidates to pay attention to local interests. The Iraqi national assembly recently voted to move from closed to open list provincial elections probably for this reason. National parties may also play a major role in majoritarian systems, especially if they control nomination powers (rather than having the decision made through a primary). On the other hand, majoritarian systems, unlike PR systems, will facilitate the participation of independent candidates, and can even be made non-partisan (Carey and Shugart 1995). The implications of these choices will be elaborated more fully in the next section on parties.

One final point about the determinants of national party influence on local elections-- national political concerns can often come to dominate local elections, sometimes turning them into little more than referenda on the performance of the central government. Remmer and Gélinau (2003) found that sub-national elections in Argentina reflect voter preferences about the national level, and Rodden (2003) found similar results for Germany. National politics will be especially significant in local elections when two conditions hold. First, national trends are much more likely to matter when the national party system is replicated at the local level, either explicitly or implicitly. Second, it is probable that when national and sub-national elections occur at the same time, the outcome of the sub-national election will be heavily influenced by national politics (see Weaver 2002). In such a circumstance, voters are thinking about the

performance of the central government when they go to vote, and the coattail effects of co-partisan national candidates should be significant.

A second implication of electoral system choice relates to redistricting and vote counting. On these scores, PR systems may have the edge because they do not require any districting or redistricting (at least when the entire locality makes up the electoral district). Majoritarian systems, by contrast, will carve the local unit into electoral districts, the borders of which will have important implications for who wins the election. As a result, the creation of these districts will be contested politically, a fight that will reoccur if population shifts require changing the borders in the future (Horowitz 2003). Additionally, because an entire election in a majoritarian system hinges on the preferences of a single individual, the ideologically “median” voter, close elections in these systems can generate political fights that would be absent in proportional systems (see Downs 1957).

The Role of Parties

Is national party involvement in local elections good for governance and fiscal responsibility? There are at least three reasons to think the answer is “yes”. First, there is an emerging literature that links strong parties with quality governance and the provision of public over special interest benefits. Parties are strong when central party leaders are able to discipline elected office-holders, often using their control over candidate nominations (Carey and Shugart 1995). Hankla (2006) and Nielson (2003) have shown that countries with stronger political parties tend to have less particularistic trade policies, while Hallerberg and Marier (2004) have demonstrated that strong parties promote fiscal discipline, especially when executives are weak.

Ames (1995), in an examination of Brazil, confirmed the role of weak parties in encouraging government to enact policies in the private rather than the national interest.

The logic of these arguments is straightforward. When parties are strong, national party leaders have significant influence over the decision-making of elected party officials at all levels of government. These national leaders have an incentive to think about the national electoral prospects of the party, and therefore should be more responsive to the broad national interests than independently elected officials would normally be. To the extent that these party leaders are able to dissuade elected officials from using the public treasury to pay off their supporters, and instead encourage them to provide public goods that may benefit the party as a whole, party strength should improve governance. Among these public goods is fiscal discipline. Just as strong executives have an incentive to rein in spending because they take all the blame for budget deficits, national party leaders understand that their organization as a whole will be punished at the ballot box for the irresponsibility of individual elected representatives. When these national leaders are empowered to encourage fiscal propriety, they will. As discussed briefly below, however, in the context of decentralization such “encouragement” could unfortunately take the form of national interference in local budgetary decision-making.

Much of the research that tackles the impact of party strength on governance focuses on the centre. At that level, the question is whether parties are strong or weak, whereas at the local level the issue is more often whether national parties will become involved in elections or not. We addressed the institutional determinants of national party involvement in the previous section, asserting that partisan competition and synchronized election timing at both tiers should encourage the “nationalization” of local elections. What will be the consequences of this nationalization? If central parties are strong, their involvement should improve both governance

and fiscal responsibility for the reasons highlighted above. Central party involvement in provincial German elections has been shown to improve fiscal solvency (Rodden 2004). Even involvement by weak national parties may improve local governance by directing attention to the broader implications of local policies.

There are two additional benefits of national party involvement in local elections. First, this involvement has the potential to increase the representation of local interests at the national level. This representation should be especially apparent when central party leaders have risen from local politics or currently maintain local power bases, as in the French system of *cumul des mandats* (Loughlin and Seiler 2001). Indeed, integrated parties can serve as effective means of communicating national interests to local authorities and local interests to national authorities, improving governance at all levels. Second, national party influence in local elections may help to preserve the country's territorial integrity by discouraging the rise of regional parties that seek independence or autonomy from the central government (see Weaver 2002). Integrated national parties can play a significant role in binding together the various tiers of political authority in a decentralized country (Filippov, Ordeshook and Shevtsova 2004).

If national party leaders have too much influence over the local authority, however, it will negate the benefits of decentralization by erasing the local accountability of elected officials. As a result, in creating local political institutions, it is important for reformers to strike a balance between national party involvement and local autonomy. Doing so may be a challenge, but one approach (among many) would be to allow national parties to compete in local elections while giving voters some influence over the specific candidates that are elected.

Political Representation, Extremism, and Social Divisions

Decentralization to responsive local institutions carries with it the possibility of enhancing efficiency and increasing citizen participation through greater proximity to decision makers; it can, however, also bring new threats to political stability. Creating or redesigning local councils typically elevates those territorial assemblies to a new status as meaningful political prizes. In competitive party systems, empowered local, provincial and/or regional councils can then become windows of political opportunity for groups stuck in national opposition or excluded entirely from parliamentary representation. New political formations will seek entry to local councils as a means of securing legitimacy and as a springboard for launching campaigns to enter national office. Territorially-based ethnic minorities may look to local councils as opportunities for voice and some modicum of self-determination.

Alongside the many gains that derive from the innovative redesign of local institutions comes the possibility of emboldening the centrifugal forces of localism. Importantly, the risks associated with decentralization should not become a convenient justification for avoiding it; to the contrary, their recognition must simply guide those with power to shape and reshape local political institutions. This section addresses two potential threats to political stability that may result from how citizens are represented at the local level – e.g., extremism and social divisions. Most of the literature on decentralization and extremism focuses on Western Europe, and it is from this continent that we draw most of our conclusions.

Guarding Against Local Political Extremism

Among the most important political challenges in decentralizing countries is the rise or resurgence of organized extremism. In many decentralized political systems, especially those in

parliamentary democracies, sub-national authorities have found it increasingly necessary to confront the question of how to respond to political extremism. “Extremism” is a term that may in part be defined by local context; indeed, extremism is ironically somewhat like beauty – existing mainly in the eye of the beholder. For present purposes, we therefore adopt Powell’s definition:

The extremist party represents a demand for major transformation of the society, either towards some future vision or back to an idealized past. Such demands diverge from the general, current policy consensus; their presence severely strains the ability to reconcile expressed interests in the political system. From this point of view, extremist parties are those parties promoting clearly articulated issue proposals that are at odds with those promoted by most other parties (1996, 359).

Local councils that enjoy some measure of discretionary fiscal authority and whose members are elected in competitive systems can be alluring prizes for any political grouping, including pariah or fringe parties. In anticipation of this reality, institutional designers and political party strategists can seek to mitigate the threat that could arise from the potential entry by extremists into the council chamber. The relevant question here is whether institutional reformers in one system can derive lessons from experiences elsewhere.

How do local councils mitigate the negative effects of entry by extremists? The essential dilemma is whether local councils will erect institutional or legal barriers to isolate and contain extremists or whether they will instead facilitate access to local power for extremists by encouraging coalition executives. Institutional choices privilege certain party strategies, and scholars mapping the fortunes of political extremists in local authorities should seek to

understand when and why parties will (1) ignore political extremists in the hope they will simply go away, (2) isolate extremists through legal and political means, (3) co-opt their policies, and/or (4) allow extremists to share some governing responsibility.

Ignore Political Extremism and It Will Go Away? Local elections based on majoritarian rules are more likely to insulate councils from party-based extremism. Electoral systems based on proportionality with low thresholds for entry, however, present greater opportunities for small, new, or fringe parties. If local executives are selected in a bottom-up parliamentary fashion, then extremists can play decisive roles (especially where rules dictate a proportional distribution of portfolios). Alternatively, where local executives are directly elected or are selected in top-down fashion by central government, it becomes easier to ignore threats from the margins. Local authorities faced with the entry of pariah or extremist parties via elections can in such cases opt for institutional inaction or a “do nothing” strategy. By ignoring the extremists, local elites can attempt to starve them of both attention and the legitimacy they crave. Moderates can step back and ignore—or at least quietly tolerate-- the extremists’ presence, hoping that incumbency will give the pariah the rope with which it will ultimately hang itself. This approach is best articulated by George H. Hallett, Jr. who, writing in 1940, spoke directly to the opportunities provided to extremists by proportional electoral systems:

P. R. is often objected to on the ground that it will help extreme parties or groups with particular fads that might not otherwise have had a chance of electing anyone. That P. R. may give representation to such groups is not to be denied. But it will not do so unless they have a substantial part of the votes.... If an extremist group does have a substantial

part of the votes, denying it representation is as silly as an ostrich's sticking his head in the sand.

However, institutional inaction and a “do nothing” strategy run some real risks. Although the ultimate objective is the local extremist’s demise, it is also possible that the failure to acknowledge conditions that bred a threatening party’s success will likewise fail to reverse the flight of voters away from a more moderate local political establishment. If moderate parties turn a strategic blind eye it may simply open the door for a fringe party to become a kind of local kingmaker, courted by parties across the political spectrum for support in achieving majority status or legislative victory. Finally, ignoring political extremism invites the local moderate party’s voters, the media, central party headquarters, and the international community to reprimand it as being derelict in its “democratic duties” (Downs 2002).

Legal and Political Isolation. An alternative is to pursue legal, institutional, or political means for isolating any party whose credentials for participating in the local assembly appear dubious. Imposing legal restrictions on select local parties can take the form of outright bans, creating or elevating thresholds for representation in electoral laws (for example, a 5% minimum vote share as condition for entry), denying state subsidies for local campaigns, and restrictions on voice. Using legal means to muzzle a party that gains voice through accepted institutional channels for a message deemed distasteful by some may, however, itself be seen as inconsistent with democratic process. Such an approach may, then, risk further alienating a portion of the electorate already suspicious of the establishment (Downs 2001, 27). Indeed, Harris—drawing from the work of Parekh—observes that this strategy stands to produce “a new breed of professional martyrs” who go around drawing attention to themselves (1994, 209).

Containing local political extremism can also be achieved through political isolation--i.e., the construction of a political *cordon sanitaire*. Local councils designed to allow a formal post-election coalition formation process can produce broad “blocking” or “grand” coalitions that include most or all of the local authority’s established parties could seek to exclude targeted groups from any share of executive authority (Downs 1998). The *cordon sanitaire*’s intended payoff is the formation of a clear front in opposition to electorally successful political extremism. When, for example, electoral mathematics suggested in 1992 the possibility of a governing coalition with the far-right Republikaner Party in Germany’s Baden-Württemberg regional assembly (*Landtag*), the moderate conservative Christian Democrats opted instead for *Große Koalition* with their chief rivals in the Social Democratic Party. The liability of any such alliance among normal political antagonists is that there is little to bond the disparate parties except their aversion to a common enemy. If as a consequence the effort to combat local extremists through blocking coalitions yields policy gridlock and partisan infighting, then such a strategy may serve only to feed the perception of local governing elites as detached, nonresponsive and ineffective, causing the populist appeal of the extremists to expand.

An illustrative example of the dangers of using a post-election coalition formation process to isolate threatening parties at the local level is provided by city government in Antwerp, Belgium. Belgium’s more moderate Flemish political parties have consistently employed a strategy of political isolation against the far-right Vlaams Belang. In Antwerp an awkward alliance of Socialists, Christian Democrats, Liberals and ecologists has sought to maintain a broad, anti-VB blocking coalition in the city government. Electoral and institutional rules predisposing the local authority to post-election coalition formation raise the spectre of the VB as kingmaker or governing partner, prompting defensive strategies by

moderate parties. While aggressively touting their clean hands to the voters, the local Antwerp party establishment has nevertheless proven largely ineffective in coping with the core polarizing policy issues that mobilize VB voters (e.g., immigration, employment, law and order, and housing). A concerted effort at excluding the VB at all costs has, therefore, made little dent in the VB's ability to retain its voters. Indeed, "the stability of the VB's support at successive elections is remarkable" (Swyngedouw 2000, 139). While the October 2006 municipal elections did not hand the mayor's portfolio to the Vlaams Belang (as some had anticipated), the party has more than proved its staying power. Majoritarian local systems—and those that assign local power from the top-down or via a strict proportional distribution of portfolios—preempt much of this strategic maneuvering by moderate parties; where rules allow for formal coalition formation analogous to that at national level, however, the risky game of isolating and blocking becomes possible.

Co-optation. While some local systems can allow or even encourage the ignoring, banning, or blocking of extremist challengers, others can produce incentives for local political elites to co-opt the very policy positions that won extremist parties their seats in local councils. Local councils elected in majoritarian systems are more likely to reward centre-seeking parties, with those on the extremes forced to moderate policy positions in order to win. Alternatively, local councils emerging from proportional rules tolerate centre-fleeing, and centrist parties hoping to woo back voters lost to the extremes may have to cherry-pick policies from their adversaries. Such a strategy is consistent with the classic Downsian (1957) rational calculation that parties advance policies to win elections, rather than win elections in order to advance policies. Shifting the party's programmatic agenda to tackle head-on the issues that fueled the extremist party's

electoral success will, presumably, win back some of those voters who had fled to the fringe in protest. In co-opting more extreme policy positions to retain local office, however, established incumbent parties could open themselves up to charges of extremism and stand to lose core constituents. In the lexicon of spatial models of multiparty competition this reorientation from “policy-seeking” to “vote maximizing” office-seeking strategies draws the condemnation of ideological purists as well as observers in the capital.

Collaboration-- Should Local Authorities Grant Pariah Parties Governing Responsibility?

Among the challenges faced by institutional engineers and party strategists is that of granting meaningful shares of governing power to party groups that are both electorally successful and judged by the rest of the party system as anti-democratic or anti-system. How easy should it be for local councilors from moderate parties to collaborate and share power with extremists in order to realize office-seeking motivations? Clearly, those systems in which governors, prefects or other central (or regional) government officials retain supervisory powers over local authorities are more likely to see the composition of local executives shaped or otherwise annulled from above. Such is more likely to also be the case in centralized party systems, where national party elites exercise control over the behavior of their local units. Alternatively, building locally autonomous and parliamentary-style councils in decentralized party systems based upon proportional representation replicates the democratic dilemma facing moderate parties in national assemblies—collaborate, or keep clean hands.

Collaboration can emerge in one or more forms: legislative, executive, and electoral. Legislative collaboration takes place normally on an ad hoc basis, with mainstream parties pooling votes together with an otherwise objectionable party either in support of or against

particular pieces of council legislation. Such cooperation may subsequently extend to the executive level, with moderate parties agreeing to govern together in coalition with the new entrant. If collaboration at the legislative and/or executive levels produces policy successes and public acceptance, then the relationship can stretch into the electoral arena with moderate parties creating cartels to contest jointly future local elections with the pariah party. Clearly, the risk for the moderate party is that in securing short-term electoral, legislative, or executive gains via collaboration with local extremists the party appears to voters as having conceded its agenda to the exigencies of gaining power. Additionally, fallout from a local party choosing to collaborate in some fashion with a pariah at municipal, provincial, or regional level can affect party fortunes at the national level. Sub-national decisions to collaborate with local extremists, therefore, are often subject to disciplinary action by central party headquarters.

According to one logic, the responsibility of governing in any democratic system will temper the rhetoric and policy positions of political extremists and may even sow the seeds of their self-destruction. If incumbency matters in this complex calculus, then it may well be because of what Heinisch (2003) calls the “filtration effect.” Radical local parties or individual politicians may gain some measure of governing responsibility by joining as junior members of coalitions with more mainstream parties. As the price for entry into coalition, extremists “will invariably be pressured to tone down the radicalness of their agenda and political presentation” (Heinisch 2003, 101). We can see the willingness by established parties to allow entry conditioned upon good behavior as a conscious, if less than ideal, strategic choice. Perceptions (real or otherwise) that such pressures for moderation are effective will prompt new internal rifts (or exacerbate existing ones) between ideological fundamentalists and pragmatic realists within the local pariah party. Those with some measure of governing responsibility will have to narrow

and prioritize the agenda to focus on those policy priorities that have a realistic chance of being achieved. Pledges of good behavior and the necessitated separation of reckless rhetoric from achievable policy will likely prompt greater internal challenges if the strength and electoral success of the party varies across regions of the country.

The experience of a range of local governments in established western democracies (such as Belgium's response to the Vlaams Belang in Antwerp or the French reaction to a proliferation of electoral successes by Front National) as well as in transitioning systems (such as Bosnia's struggle with the Croatian Democratic Union and the Serbian Democratic Party) suggests that no single strategy holds the key to combating local political extremism and threats to stability in local authorities. Heightening institutional barriers to keep extremists out of the council or its executive, as well as political strategies of isolation, ostracism and demonization, can prove surprisingly ineffective at rolling back or containing threats to the established order from party-based extremism. Designing ways to suppress electorally successful local parties—be they in Belgium or in Algeria—can backfire on those seeking to enhance local stability and democratic performance. Further, erecting a *cordon sanitaire* around local extremist parties may give mainstream politicians the ability to present their clean hands to the voters; however, “doing the right thing” often yields its own unintended and undesired consequences. Likewise, ignoring political extremists can produce notably inconsistent results.

An alternative framework of constructive engagement, manifested as the local institution's relative openness to granting some form of incumbency to those deemed extremists and then pursuing “castration through cooptation,” may—somewhat awkwardly and ironically—prove more successful. Cross-national experience indicates that democracies should allow entry to party representatives legally chosen by voters in free and fair elections, regardless of how

unsavory their message. Two-party majoritarian systems such as that in the United States may breed confidence that no real extremist party will capture incumbency; however, erecting barriers to entry does not eliminate extremism, and recent American history may suggest that it only causes extremism to fester and seek out extra-institutional expressions. While 2% or 5% thresholds are justifiable for democracies wishing to minimize the representation of fringe parties, electoral systems that systematically exclude those parties consistently gaining 10% or more of the vote will likely cultivate resentment and thus prove counterproductive. Local political institutions can, though, manage the message of challengers as well as its messengers by holding them strictly to the rules of legislative and constitutional order, by holding them to public account and intensive scrutiny and exposure, by addressing (rather than sanitizing) pressing policy problems embraced by extremists without necessarily co-opting their solutions, by creating grand coalitions of parties to govern without the pariah (but only when such is a viable vehicle for something other than simply blocking the out-party, i.e., the grand coalition should have real policy-making capacity).

Overcoming Social Divisions

In highly-divided societies, the decentralization of authority to local institutions inevitably gives rise to questions about representation. Will these newly-empowered local governments fairly represent the interests of all ethnic (or class or ideological) groups in society? Will decentralization contribute to overcoming social divisions or merely exacerbate them? Will citizens ultimately be satisfied with the quality of their representation? A full review of this important subject is beyond the scope of this article, but it is worthwhile to provide a summary of our current state of knowledge.

Scholars have long debated the relative merits of different electoral systems for promoting social accommodation. Consociationalists (e.g. Lijphart 1977) advocate closed-list proportional representation, while centripetalists (e.g. Horowitz 2003) prefer the majoritarian system of alternative vote and the proportional system of single transferable vote. The consociational position is that list-proportionality, by reducing the barriers to gaining legislative or council seats, ensures that all groups in society will be represented in the corridors of government. Centripetalists object that this approach merely freezes divisions into parties and does nothing to overcome them. They prefer electoral mechanisms that consider voters' second choice preferences and thus encourage candidates to make broad appeals across groups. Extending these arguments to legislative-executive relations, consociationalists prefer parliamentary systems because they facilitate inter-party (and thus inter-group) bargaining in forming the executive. Centripetalists are more likely to support directly electing executives using the alternative vote system. Pure first-past-the-post systems, where the candidate receiving the most votes is automatically elected, receive little support in the literature.

The best approach to designing local councils will depend on a number of country-specific conditions. In countries where groups are geographically segregated, local electorates may be homogenous and the issue may be mute. In such systems decentralization itself can be thought of as a way to accommodate geographically distinct groups that demand self-government within the same state (although care must be taken here to avoid state breakdown). In countries where localities are mixed, by contrast, list PR will tend to be better when (1) there are a smaller number of groups, (2) group divisions are fixed, and (3) elites are more moderate than voters. In societies (such as Papua New Guinea) where there are numerous different groups with somewhat

fluid identities, alternative vote or single transferable vote systems may be preferable (see, for example, Reilly 2002).

A host of other factors may well intervene to shape the satisfaction that citizens in socially fragmented societies have for the design of their local government institutions and the quality of their representation. Mouritzen (1989) finds that, all else being equal, citizens in small jurisdictions consistently hold more favourable attitudes towards participation and democracy. DeHoog, Lowery, and Lyons (1990) demonstrate the range of individual-level, jurisdiction-level, and city- and neighborhood-specific factors that can influence satisfaction and can help overcome social divisions. They, like Mouritzen, find that structural factors independently promote citizen satisfaction. In particular, there is support for the public choice literature's contention that citizens in smaller local units operating under fragmented arrangements will experience higher levels of service and accessibility, thereby boosting satisfaction.

Summary and Conclusions

Many states are in the process of devolving important powers to local political institutions, but the question of how to structure these institutions has received surprisingly little attention. We have argued here that the careful design of local political institutions can significantly increase the probability that decentralization reforms will succeed.

For decentralization to realize its potential for improving governance, it is necessary for local governments to be elected. The electoral process ensures that local officials are not only aware of citizen preferences, but that they also have an incentive to deliver on them. Electoral competition also tends to improve governance by threatening incompetent officials with removal, although this competition should happen within a stable party system to avoid political instability

and budget deficits. Not least, democratic elections can help ensure that all major interests and ideologies within society are represented, strengthening the legitimacy of local institutions and encouraging even extremists to moderate and work within the system. Cross-national experience warns against efforts to exclude anti-system parties from government participation, as this approach has tended to strengthen such parties in a number of countries.

When elected local governments are empowered, there is a fairly strong consensus among scholars that strong executive authority should be coupled with effective local council oversight. Strong executives, representing the entire locality, should have a greater incentive than local council members to provide public goods. They should also be in a position to overcome the common-pooled-resource problem and rein in overspending by the local government. Strong local executives also put a face on local government, strengthening its legitimacy and concentrating responsibility in a single individual. Whether local executives should be indirectly elected by the local councils or directly elected by the people has received little attention, but it seems likely that either system can be made to work. Local government accountability, however, cannot be maintained without robust council oversight. Local councils should have sufficient administrative and informational resources to ensure that local executives are governing honestly and effectively and to provide representation for their constituents. Reformers designing these institutions must balance strong executive power with genuine local council accountability. This balance can be struck in many different ways, and the extant literature provides little guidance as to which approach is best. The strongest local councils exercise legal control over the budget, elect the executive, and enjoy freedom from the strictures of party discipline. The weakest councils have little control over the budget, do not select the executive, and are bound by the dictates of party leaders. Neither extreme is likely to be ideal.

In designing the structure of local councils themselves, reformers face a series of key trade-offs. Large councils are likely to be more representative and more capable of providing robust oversight, but are also likely to be less efficient at decision-making and more costly to maintain. In any case, it is vital that local councils form effective committees to develop expertise and monitor the actions of the executive, and that they control sufficient resources and raise sufficient taxation to perform their representative functions.

Another question, vital to any consideration of the structure of local government, concerns the role that national parties should play in local elections. National party involvement may encourage local officials to prioritize public over particularistic goods, help to bind the various tiers of the political system together, and promote the territorial integrity of the state. On the other hand, if this involvement is too overbearing, it may negate the benefits of decentralization by effectively recentralizing the political system. Again, institutional reformers have to strike a balance between shutting out national parties from local politics and allowing them to dictate terms to local officials. This balance can be struck by manipulating the electoral and candidate nomination processes at the local level.

Finally, selecting local electoral institutions involves a trade-off between the effects of proportional systems (representing ideological over geographic interests, generating multiparty councils, endowing council members with broader interests, increasing the role of national parties, reducing the chances of districting and vote-controversies, increasing the probability of extremist parties winning seats) and the effects of majoritarian systems (representing geographic over ideological interests, generating less divided councils, endowing council members with more particularistic interests, reducing the chances of national party intervention in local elections, potentially creating districting and vote counting controversies, excluding all but the

largest extremist parties). The choice between list proportional representation and the alternative or single transferable vote for overcoming social divisions will depend on the number of groups within society and their rigidity.

Analysis of the scholarly literature, along with a look at international experience, can help provide some guidance to reformers considering decentralization. With careful analysis and the balancing of divergent interests, leaders should choose those institutional reforms that will ultimately improve governance and representation for their citizens.

References

- Ames, Barry. 1995. Electoral Rules, Constituency Pressures, and Pork Barrel: Bases of Voting in the Brazilian Congress. *Journal of Politics* 57 (2): 324-343.
- Baldez, Lisa and John M. Carey. 1999. Presidential Agenda Control and Spending Policy: Lessons from General Pinochet's Constitution. *American Journal of Political Science* 43 (1): 29-55.
- Baylis, Thomas A. 1980. Collegial Leadership in Advanced Industrial Societies: The Relevance of the Swiss Experience. *Polity*, Vol. 13, No. 1: 33-56
- Bird, Richard M. and Francois Vaillancourt. 1998. Fiscal Decentralization in Developing Countries: An Overview. In Richard M. Bird and Francois Vaillancourt, eds. *Fiscal Decentralization in Developing Countries*. New York: Cambridge University Press.
- Blair, Philip. 1991. Trends in Local Autonomy and Democracy: Reflections from a European Perspective. In *Local Government in Europe: Trends and Developments*. Edited by Richard Batley and Gerry Stoker. London: McMillan Press.
- Carey, John M and Matthew Soberg Shugart. 1995. Incentives to Cultivate a Personal Vote: A Rank Ordering of Electoral Formulas. *Electoral Studies* 14(4): 417-439.
- Cheibub, José Antonio. 2006. Presidentialism, Electoral Identifiability, and Budget Balances in Democratic Systems. *American Political Science Review* 100 (3) : 353-368.
- Davoodi, Hamid and Heng-fu Zou. 1998. Fiscal Decentralization and Economic Growth: A Cross-Country Study. *Journal of Urban Economics* 43: 244-257.
- DeHoog, Ruth Hoogland, David Lowery and William E. Lyons. 1990. Citizen Satisfaction with Local Governance: A Test of Individual, Jurisdictional, and City-Specific Explanations. *Journal of Politics* 52 (3): 807-837.
- Döring, Herbert. 2001. Parliamentary Agenda Control and Legislative Outcomes in Western Europe. *Legislative Studies Quarterly* 26 (1): 145-165.
- Downs, Anthony. 1957. *An Economic Theory of Democracy*. New York: Harper & Row.
- Downs, William M. 1998. *Government, Subnational Style: Multiparty Politics in Europe's Regional Parliaments*. Columbus: Ohio State University Press.
- Downs, William M. 2001. Pariahs in their Midst: Belgian and Norwegian Parties React to Extremist Threats." *West European Politics* 24 (3): 23-42.

- Downs, William M. 2002. How Effective is the Cordon Sanitaire? Lessons from Efforts to Contain the Far Right in Belgium, France, Denmark and Norway. *Journal für Konflikt- und Gewaltforschung* 4 (1): 32-51.
- Duverger, Maurice. 1954. *Political Parties: Their Organization and Activity in the Modern State*. New York: John Wiley & Sons, Inc.
- Ehrlich, Sean. 2007. Access to Protection: Domestic Institutions and Trade Policy in Democracies. *International Organization* 61 (3): 571-605.
- Enikolopov, Ruben and Ekaterina Zhuravskaya. 2007. Decentralization and Political Institutions. *Journal of Public Economics* 91: 2261-2290.
- Estache, Antonio and Sarbajit Sinha. 1995. Does Decentralization Increase Public Infrastructure Expenditure? In *Decentralizing Infrastructure: Advantages and Limitations*. Edited by Antonio Estache. Washington, DC: World Bank, pp. 63-80.
- Filippov, Mikhail, Peter C. Ordeshook, and Olga Shvetsova. 2004. *Designing Federalism: A Theory of Self-Sustainable Federal Institutions*. New York: Cambridge University Press.
- Gale, William G. and Peter R. Orszag. 2003. Economic Effects of Sustained Budget Deficits. Working Paper, Tax Policy Center, the Brookings Institution, Washington, DC.
- Gehlbach, Scott and Edmund Malesky. 2008. The Role of Veto Players in Economic Reform. Paper Presented at the Annual Meeting of the Midwest Political Science Association, Chicago.
- Gerring, John, Strom C. Thacker and Carola Moreno. 2005. Centripetal Democratic Governance: A Theory and Global Inquiry. *The American Political Science Review*, Vol. 99, No. 4: 567-581
- Goodsell, Charles T. 1981. Collegial State Administration: Design for Today? *The Western Political Quarterly*, Vol. 34, No. 3: 447-4
- Haggard, Stephan and Robert R. Kaufman. 1995. *The Political Economy of Democratic Transitions*. Princeton: Princeton University Press.
- Haggard, Stephen and Matthew D. McCubbins, eds. 2001. *Presidents, Parliaments, and Policy*. New York: Cambridge University Press.
- Hahn, Sung Deuk, Mark S. Kamlet, and David C. Mowery. 1996. The Political Economy of Deficit Spending in Nine Industrialized Parliamentary Democracies: The Role of Fiscal Institutions. *Comparative Political Studies* 29: 52-77.
- Hallerberg, Mark. 2004. *Domestic Budgets in a United Europe*. Ithaca: Cornell University Press.

- Hallerberg, Mark and Patrik Marier. 2004. Executive Authority, the Personal Vote, and Budget Discipline in Latin American and Caribbean Countries. *American Journal of Political Science* 48 (3): 571-587.
- Hallerberg, Mark and Jürgen von Hagen. 1999. Electoral Institutions, Cabinet Negotiations, and Budget Deficits within the European Union. In Poterba and von Hagen 1999, 209-32.
- Hallett, Jr., George H. 1940. *Proportional Representation: The Key to Democracy*. Washington, D.C.: National Municipal League.
- Hankla, Charles R. 2006. Party Strength and International Trade: A Cross-National Analysis. *Comparative Political Studies* 39 (9): 1133-1156.
- Hankla, Charles R. Forthcoming. When is Fiscal Decentralization Good for Governance? Forthcoming at *Publius*.
- Harris, Geoffrey. 1994. *The Dark Side of Europe: The Extreme Right Today*. Edinburgh: Edinburgh University Press.
- Hecock, R. Douglas. Electoral Competition, Globalization, and Subnational Education Spending in Mexico, 1999-2004. *American Journal of Political Science* 50 (4): 950-961.
- Heinisch, Reinhard. 2003. Success in Opposition—Failure in Government: Explaining the Performance of Right-Wing Populist Parties in Public Office. *West European Politics* 26 (3), 91-130.
- Hellman, Joel. 1996. Constitutional and Economic Reform in Postcommunist Transition. *East European Constitutional Review* 5 (1): 46-57.
- Horowitz, Donald L. 2003. Electoral Systems: A Primer for Decision Makers. *Journal of Democracy* 14 (4): 115-127.
- Huther, Jeff and Anwar Shah. 1998. Applying a Simple Measure of Good Governance to the Debate on Fiscal Decentralization. Washington, DC: The World Bank.
- Kontopoulos, Yianos and Roberto Perotti. 1999. Government Fragmentation and Fiscal Policy Outcomes: Evidence from OECD Countries. In Poterba and von Hagen 1999, 81-102.
- Lewis, B. 1998. The Impact of Public Infrastructure on Public Municipal Development: Evidence from Kenya. *Review of Urban and Regional Development Studies* 4.
- Lijphart, Arend. 1977. *Democracy in Plural Societies*. New Haven: Yale University Press.

- Loughlin, John and Daniel-L. Seiler. 2001. France: Between Centralization and Fragmentation. In John Loughlin, ed. *Sub-National Democracy in the European Union*. New York: Oxford University Press.
- Mainwaring, Scott. 1993. Presidentialism, Multipartism, and Democracy: The Difficult Combination. *Comparative Political Studies* 26 (2): 198-228.
- Manor, James. 1999. *The Political Economy of Democratic Decentralization*. Washington, DC: The World Bank.
- Mukherjee, Bumba. 2003. Political Parties and the Size of Government in Multiparty Legislatures: Examining Cross-Country and Panel Data Evidence. *Comparative Political Studies* 36 (6): 699-728.
- Mouritzen, Poul Erik. 1989. City Size and Citizens' Satisfaction: Two Competing Theories Revisited. *European Journal of Political Research* 17 (6): 661-688.
- Daniel L. Nielson. 2003. Supplying Trade Reform: Political Institutions and Liberalization in Middle-Income Presidential Democracies," *American Journal of Political Science* 47 (3): 470-491.
- Nijzink, Lia, Shaheen Mozaffar, and Elisabete Azevedo. 2006. Parliaments and the Enhancement of Democracy on the African Continent: An Analysis of Institutional Capacity and Public Perceptions. *Journal of Legislative Studies* 12 (3-4): 311-335.
- Nooruddin, Irfan. 2008. Economic Performance Across the Indian States. Paper Presented at the Annual Meeting of the Midwest Political Science Association, Chicago.
- Norton, Alan. 1991. Western European Local Government in Comparative Perspective. In *Local Government in Europe: Trends and Developments*. Edited by Richard Batley and Gerry Stoker. London: McMillan Press.
- Oates, Wallace E. 1972. *Fiscal Federalism*. New York: Harcourt, Brace, Jovanovich.
- Parry, T. 1997. Achieving Balance in Decentralization: A Case Study of Education Decentralization in Chile. *World Development* 25 (2): 211-225
- Poterba, James. 1994. State responses to fiscal crises: The effects of budgetary institutions and politics. *Journal of Political Economy* 102 (4): 799-821.
- Poterba, James and Jürgen von Hagen, eds. 1999. *Fiscal Institutions and Fiscal Performance*. Chicago: University of Chicago Press.
- Powell, G. Bingham. 1996. Extremist Parties and Political Turmoil: Two Puzzles. *American Journal of Political Science* 32 (2): 357-378.

- Reilly, Benjamin. Electoral Systems for Divided Societies. *Journal of Democracy* 13 (2): 156-170.
- Remmer, Karen L. and François Gélinau. 2003. Subnational Electoral Choice: Economic and Referendum Voting in Argentina, 1983-1999. *Comparative Political Studies* 36 (7): 801-821.
- Remmer, Karen L. and Erik Wibbels. 2000. The Subnational Politics of Economic Adjustment: Provincial Politics and Fiscal Performance in Argentina. *Comparative Political Studies* 33 (4): 419-451.
- Rodden Jonathan. 2002. The dilemma of fiscal federalism: Grants and Fiscal Performance around the World. *American Journal of Political Science* 46(3):670–687.
- Rodden, Jonathon. 2003. Soft Budget Constraints and German Federalism. In Jonathan Rodden, Gunnar S. Eskeland, and Jennie Litvack, eds. *Fiscal Decentralization and the Challenge of Hard Budget Constraints*. Cambridge, MA: MIT Press.
- Rodden, Jonathan. 2006. *Hamilton's Paradox: The Promise and Peril of Fiscal Federalism*. New York: Cambridge University Press.
- Rogowski, Ronald. 1987. Trade and the Variety of Democratic Institutions. *International Organization* 41 (2): 202-223.
- Roubini, Nouriel and Jeffrey Sachs. 1988. Political and Economic Determinants of Budget Deficits in the Industrial Democracies. Working Paper No. 2682. National Bureau of Economic Research, Cambridge, MA.
- Roubini, Nouriel and Jeffrey Sachs. 1989. Government Spending and Budget Deficits: Industrial Democracies. Working Paper No. 2919. National Bureau of Economic Research, Cambridge, MA.
- Shugart, Matthew Soberg and John M. Carey. 1992. *Presidents and Assemblies*. New York: Cambridge University Press.
- Swyngedouw, Marc. 2000. Belgium: explaining the relationship between Vlaams Blok and the city of Antwerp. In *The Politics of the Extreme Right: From the Margins to the Mainstream*. Edited by Paul Hainsworth. London: Pinter.
- Tiebout, C.M. 1956. A Pure Theory of Local Expenditure. *Journal of Political Economy* 64: 416-424.
- Treisman, Daniel. 2000. Decentralization and Inflation: Commitment, Collective Action, or Continuity? *American Political Science Review* 94(4): 837-858.

- Treisman, Daniel. 2002. Decentralization and the Quality of Government. Unpublished manuscript, University of California Los Angeles.
- Treisman, Daniel. 2007. *The Architecture of Government: Rethinking Political Decentralization*. New York: Cambridge University Press.
- Tsebelis, George. 1995. Decision Making in Political Systems: Veto Players in Presidentialism, Parliamentarism, Multicameralism, and Multipartyism. *British Journal of Political Science* 25 (3): 289-325.
- USAID Handbook on Legislative Strengthening. 2000. Technical Publication Series, Document # PN-ACF-632.
- Volkerink, Bjørn and Jakob de Haan. 2001. Fragmented Government Effects of Fiscal Policy: New Evidence. *Public Choice* 109: 221-242.
- Von Braun, Joachim and Ulrike Grote. 2002. Does Decentralization Serve the Poor? In Ehtisham Ahmad and Vito Tanzi, eds. *Managing Fiscal Decentralization*. New York: Routledge.
- Von Hagen Jürgen. 2003. Fiscal Federalism and Political Decision Structures. In *Federalism in a Changing World: Learning from Each Other*, Blindenbacker Raoul, Koller Arnold, eds. Ithaca: McGill-Queens University Press.
- Wade, Robert. 1990. *Governing the Market: Economic Theory and the Role of Government in East Asian Industrialization*. Princeton: Princeton University Press.
- Weaver, R. Kent. 2002. Electoral Rules and Governability. *Journal of Democracy* 13 (2): 111-125.
- Wehner, Joachim. 2000. Fiscal Federalism in South Africa. *Publius* 30 (3): 47-72.
- Wibbels, Erik. 2000. Federalism and the Politics of Macroeconomic Policy and Performance. *American Journal of Political Science* 44(4): 687-702.
- Wibbels, Erik. 2003. Bailouts, Budgets, and Leviathans: Comparative Federalism and Lessons from the Early United States. *Comparative Political Studies* 36 (5): 475-508.
- Wilson, David. 1999. Exploring the Limits of Public Participation in Local Government. *Parliamentary Affairs* 52 (2): 246-259.