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Merilee S. Grindle: Going Local

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Chapter 1

GOING LOCAL

Governance on the Line

THIS IS A STUDY of decentralization from the perspective of its local consequences. The book ventures inside town hall, exploring the diverse activities of public officials as they seek to manage a variety of tasks amidst conflicting pressures and new expectations for local government. It explores how, why, and when better local governance emerges—or doesn't—and the implications of structural change for achieving the public good.

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In April 2004, angry residents of Ilave, Peru lynched the town's mayor and threw his body under a bridge. Less than two months later, citizens of Ayo Ayo in Bolivia dragged their mayor from his home and set him on fire; newspapers carried photographs of his charred remains. Over a number of years, people in Santo Domingo Tehuantepec, Mexico grew accustomed to gathering outside town hall to chant epithets and hurl rocks at the building until incumbent mayors were forced to resign. The people of Santiago Atitlán in Guatemala remember the events of 1997, when the town hall was burned down during a dispute with their mayor. In a more legal vein, seven mayors in the Philippines were taken to court for electoral fraud in 2004, and local party leaders in Gulbarga, India threatened action against two former mayors. The following year, the mayor of Blantyre, in Malawi, was sentenced to three years in prison for stealing funds meant for road repairs. Behind these acts of civic violence and conflict were charges of corruption, malfeasance, lack of accountability, fraud, and failure to respond to the needs of local residents.¹

Elsewhere, however, local officials were lauded for the innovations they introduced in the governance of their communities and the new spaces they created for civic participation. In a range of countries, mayors became popular candidates for president, and in places as diverse as Argentina, Brazil, Canada, Chile, India, Mexico, the Philippines, South Africa, and the United States, annual awards celebrated local governments that

had taken on difficult problems and found inventive ways of resolving them. In some cases, governments became world famous for such innovations, as did Pôrto Alegre, Brazil when it introduced a participatory budgeting process. In Mexico, cities such as Monterrey, León, and Aguascalientes became well-known models for efficient and responsive governance. In municipalities in Kenya, India, the Philippines, South Africa, and elsewhere, citizens shared information, made decisions about resource allocation, monitored policy implementation, and envisioned improvements that would alter the future of their communities.²

Why such contrasting experiences? Those who have promoted decentralization during the past quarter century would not predict that places such as Ilave and Pôrto Alegre would be so different in the quality of government that characterized them. These differences matter, because local governments have become newly relevant to the lives of hundreds of millions of people across the globe. Over a span of two and a half decades of decentralization, local levels of government in many countries acquired new responsibilities and more resources for carrying them out. Public officials and public agencies assumed new roles in these governments. Political parties that had long focused on national electoral contests became active in campaigns for the leadership of towns and cities. Citizens increasingly looked to local governments in their aspirations for better and more secure neighborhoods, better health and education services, and programs to enhance economic opportunities.

The rhetoric and theory of decentralization promise better governance and deeper democracy as public officials are held more directly accountable for their actions and as citizens become more engaged in local affairs. Practice over more than two decades, however, suggests that new experiments with decentralization can result in unfulfilled expectations and the emergence of unanticipated problems. Experiences as distinct as those of Ilave and Pôrto Alegre signal the potential for diverse outcomes in local political contexts increasingly characterized by more responsibilities, resources, political competition, and citizen demand making.

In the following chapters, I seek to find answers to several questions: When local governments are charged with new responsibilities and provided with new resources, how are new policy and program agendas set and carried out? How is local governance affected by the dynamics of political competition, the capacity of leaders to mobilize resources for change, the modernization of public administration, the demands and participation of civil society? What is the meaning of decentralization for democratic governance? To find answers to these questions, I use data from a random sample of thirty medium-sized municipalities in a single

country, measure their performance as units of government, and seek to explain why they perform as they do.

The findings shed light on complex changes introduced by decentralization and democratization. Together, these two processes increased competition for electoral office in the research municipalities, which in turn provided greater opportunities for the circulation of political leadership. With changes in political leadership came opportunities to initiate improvements in the management of town affairs. Weak institutions of local governance increased the ability of public leaders to introduce significant change in short order, even while the same institutional weakness undermined the sustainability of reform. Thus, electoral calendars often marked the introduction of governance reforms—and their demise. Meanwhile, well-known repertoires for participation made it easier for citizens to extract resources from government than to hold public officials and agencies accountable for their actions. Inside town hall, then, much was set in motion by decentralization and democratization.

Good governance, this book attests, is not simply a function of the structure of intergovernmental relationships. It is, rather, the consequence of new opportunities and resources, the impact of leadership motivation and choices, the influence of civic history, and the effect of institutions that constrain and facilitate innovation. The research reported in the following chapters shows the daily life of municipal governments, public officials, and citizens as they adjusted to complex new roles and realities that were simultaneously political, technical, and historical. The impact of decentralization was tangible in the research communities and, although its impact was not always positive, it held out some promise for better governance in the future.

This work is relevant for researchers and practitioners alike. For those who are concerned about theories that accurately capture political dynamics in new institutional settings, the research reported in this book clarifies the origins of change, adaptation, and the process of political, administrative, and fiscal transitions. Similarly, it illuminates how democratization, accountability of local officials, and participation are encouraged or discouraged by contextual factors at the local level and legacies from the past. For those most concerned about applying the insights of research to real-world conditions, this book suggests ways to redress governance shortfalls in decentralized settings. The site of my research is Mexico, but I believe that the findings of the study are relevant to many other countries that have experienced the consequences of structural change in government and wish to understand its impact on the quality of local governance and democracy.

THE DECENTRALIZATION REVOLUTION

In country after country from the 1980s to the mid-2000s, national governments decentralized.³ Fiscally, they insisted that subnational authorities become responsible for managing budgets, generating revenue, and rendering appropriate accounts. Politically, they legislated that hitherto appointed officials in provincial and local governments would now be elected by popular mandate. Administratively, they distributed responsibilities for the provision of health and education services to state and local bureaucracies and gave local governments increased duties for physical and social infrastructure. Indeed, decentralization was so widely adopted that it amounted to a structural revolution in the distribution of public responsibilities and authority in large numbers of countries. Like new structures of international governance attendant upon globalization, decentralization helped redefine the role of central government in the development process.⁴

Even though this process of decentralization brought significant new resources and power to local decision makers, it also brought headaches and dilemmas. Long bereft of authority and resources by highly centralized political systems, localities throughout the world grappled with how to take on responsibilities for routine administration, public service provision, and economic development. Institutions for local decision making, in some cases atrophied from decades of centralization, had to be revived to take on complex problems. Service-providing organizations had to be created or restructured; employees needed to be trained and new procedures put into effect. Fiscal management became more exacting even as citizens were increasingly aware that local officials could be appealed to, blamed, or supported for the delivery of a range of public services.

Of course, decentralization can be put into effect in different ways—through devolution, delegation, or deconcentration.⁵ While distinctions among forms of decentralization are important in defining the relationship of the center to the periphery and for the management of particular programs and functions, most local governments experience all three types of decentralization at the same time.⁶ Thus, for example, a local government may be coping with a devolved education system that continues to vest authority over standards and testing in a national ministry; a deconcentrated health system that requires local governments to be responsible only for the maintenance of local clinics; the full delegation of property tax collection; and the devolution of responsibility over sanitation within norms set by national or provincial governments. Each of these activities involves local officials in redefined relationships with other levels of government, at the same time that it prescribes particular roles for local government.

Thus, from the perspective of local officials and agencies, decentralization means not only a complex of new responsibilities but also a series of different relationships with other levels of government that have to be managed simultaneously. In their terms, then, various types of decentralization are part of a difficult new arena in which they are expected to perform—with new mandates and new rules of the game for being successful. In this context, it may matter less what kind of decentralization characterizes specific policy areas than how local governments and local officials adapt to new demands and expectations and how they manage the full complex of decentralized responsibilities.

Even before the decentralization revolution, of course, local governments often had a range of responsibilities. These tended to be humble ones—garbage collection, parks, road maintenance, local traffic and animal control, school repair. Nevertheless, these services directly affected the quality of life of local residents as well as their sense of order and security. During the period between 1980 and 2005, the new wave of decentralization assigned less humble functions to local governments—education, public health, environmental management, crime prevention and control, local economic development, water supply. Such undertakings had significant ramifications in terms of the opportunities available to poor and middle-income households for social and economic mobility. Structural change meant that local interactions between citizens and the state became more important and more critical to the present life conditions and future opportunities of millions of citizens.

Historically, this era was not the first in which decentralization was advocated as a way to improve political and economic performance; nor was this structural reform without its opponents.⁷ Indeed, the histories of numerous countries are punctuated by controversy and even wars over the distribution of power among levels of government.⁸ Nevertheless, recent decentralizing initiatives were more widely advocated and more widely adopted than was the case in prior periods, and the emphasis on its promise of improved efficiency, effectiveness, and responsiveness was more marked. Among the most fervent advocates were international financial institutions, particularly the World Bank, which was at the forefront of encouraging governments to devolve authority to local governments, delegate activities and services to quasi-independent organizations or the private sector, and deconcentrate the central delivery of services.

The promise and the practice of decentralization. Scholarship on decentralization initiatives between 1980 and 2005 provides important insights into their central political and economic dynamics. The motivations behind national decisions to decentralize have been assessed and credited to

factors as diverse as pressures from international financial institutions, the electoral logic of declining parties, career aspirations of politicians, levels of economic development, and the ideological rationale of neoliberalism.⁹ The sometimes surprising reluctance of local and regional governments to take on new responsibilities has been contrasted with the commitment of central politicians to push forward with their reform agendas.¹⁰

Some research addresses the national consequences of decentralization—the extent to which fiscal discipline may have been imperiled, the degree to which inequality may have increased among regions and localities, and the wins and losses of national political parties in local elections.¹¹ Others have focused attention on the strategic choices that national states make about the sequence of fiscal, political, and administrative decentralization and their consequences for the effectiveness of such policies.¹² A number of studies illuminate how decentralization can set in motion new conflicts between central and more local levels of government, particularly over demands for increases in power and revenue.¹³ Such studies have improved our understanding of why rational politicians would decide to share power downward in their political systems; the factors that combined to create a worldwide trend toward structural reform in government; and the national political and economic effects of this trend.

Yet it is also important to understand the ways in which local governments became new arenas for politics, policy decision making, and governance. A number of studies have broken important ground in this rich field of study. Robert Putnam (1993), for example, explored the causal mechanisms behind good governance in Italy's regions; Judith Tandler (1997) laid out the complex interaction of state and local organizations that contributed to innovative community programs in Brazil; Peter Ward and Victoria Rodríguez (1999) assessed the impact of political competition on the management of cities in Mexico; Blair (2000) explored the extent to which local democracy promoted participation and accountability in several countries; and Stoner-Weiss (1997) described the contextual factors that explained why some regional governments in Russia performed better than others in the wake of decentralization. From such work, we are beginning to understand the divergence between the promise of decentralization and its real-world consequences.

As the decentralization revolution got under way in the 1980s, academics and practitioners alike believed that this structural change was an important way to ensure good governance. Economists, for example, built on the work of Tiebout (1956), Coase (1960), and Oates (1972, 1977) to argue that decentralization would increase allocative efficiency by subjecting public spending priorities to local demand. They indicated that because information on the performance of government institutions

is more readily available to citizens in decentralized systems, they are in the best position to make demands for effective services and to reward and punish local politicians; information on local preferences is also more available to decision makers because they are in daily contact with citizens. Moreover, when citizens are taxed for local services, they will have incentives to insist on good-quality services and hold officials and service providers accountable for their actions. For similar reasons, proponents of neoliberal economic reforms argued that decentralization would increase the efficiency of government, mobilize additional public resources, and improve fiscal decision making; it was seen as an important means to redress decades of statist development strategies that had resulted in low growth rates and high levels of corruption in the production of public services.¹⁴

Political scientists also became advocates for the benefits of decentralization. In the distant past, some had argued in favor of centralization as a response to the threat of participation “overload” and the destructive power of centrifugal conflicts and loyalties in nation building.¹⁵ By the early 1980s, however, many found important reasons for citizen participation in local elections and government decision making as a palliative to overcentralized and authoritarian governments.¹⁶ More effective democratic states needed strongly participatory local democracy, they argued; as citizens have opportunities to participate, they become more effective at rewarding and punishing the behavior of local officials. As a consequence, rational politicians have incentives to be responsive to local needs and local concerns. This kind of participation is, furthermore, an effective “school” for democracy, providing an arena for learning skills of deliberation and the rules that structure conflict resolution in democratic systems.¹⁷ Thus, political decentralization, referring primarily to the popular election of local decision makers and representatives but also incorporating new mechanisms for citizen participation in local government, was expected to promote stronger and better democracies. Among others promoting decentralization for similar reasons were political activists, nongovernmental organizations, and human rights groups. They were vocal in arguing that decentralization increases the ability of citizens to select responsive public officials and hold them accountable for their performance, as well as to participate more effectively in public decision-making arenas.¹⁸

Similarly, disciples of public management anticipated that decentralization would produce more responsive decision making, higher quality services, and public administrators who would be motivated to perform well.¹⁹ When government administration is brought closer to those who receive services, they argued, beneficiaries of these services would become active in demanding good quality. Because those responsible for the

quality of services are local, citizens will be more motivated to complain and demand improvements if services fail or decline in quality. Moreover, civil servants will have incentives to orient their behavior toward good service provision because of the potential for public disruption and complaints from dissatisfied “customers.” Corruption would also be more visible at local levels and thus easier to control. Public sector reformers agreed with fiscal decentralizers that services would become more efficient if they were paid for by local taxes and fees. The task for improving government, then, was to strengthen the institutions of local governance, provide local public officials with greater capacity to take on new responsibilities, and develop mechanisms to improve performance and accountability.

Not surprisingly, these high expectations for the decentralization revolution were likely to be disappointed when policies were put in practice to restructure the locus of government decision making and operational responsibility—practice rarely lives up to theory. And indeed, by the early 1990s, those concerned about public finance began to fear that decentralization could lead to increased fiscal deficits and imperil macroeconomic stability.²⁰ In some cases, local government debt burdens became the responsibility of national governments, causing central bankers to have second thoughts about the wisdom of local officials. Those responsible for national fiscal health often responded to the unanticipated consequences of decentralization by putting in place mechanisms to tighten up central oversight of local revenue and expenditure management. In addition, economists were often disappointed that local governments were not more proactive in generating local revenues. Instead of increasing the robustness of local taxation, many subnational governments increased their demands on central governments for more revenue sharing.²¹

In politics, the practice of decentralization also brought mixed reviews. In some cases, evidence surfaced that local elites could benefit inequitably from decentralization. Scholars found evidence of considerable potential for interest group capture in small electoral arenas and they raised questions about the survival of “authoritarian enclaves” in local settings.²² Others demonstrated that local governments often reflected the social, political, and economic conflicts that divided local communities; they questioned the view of those who believe that decentralization means more power and equity for ordinary citizens.²³ Some came to the conclusion that there was no inherent reason why decentralized governments should be any more democratic than centralized ones nor any a priori reason why local elections should guarantee the emergence of more effective leadership.²⁴ Although theoretically citizens should have greater say in the policy and programmatic choices of government under decentral-

ized arrangements, practice suggested that this was not necessarily the case.²⁵ Instead of a consistent pattern of more responsive and participatory local governments, researchers found wide variability across them in terms of democratic practice.

Those who focused on public management found that the quality of decentralized services also varied significantly across localities. They discovered that the incentive structures of local institutions were not necessarily aligned with pressures to improve performance. Indeed, research indicated that elected municipal authorities were not necessarily motivated to perform any better than their central counterparts in prior periods.²⁶ Moreover, local corruption could be as invidious and difficult to root out as central corruption. The expectation that privatization and contracting out of local public services would automatically result in great improvements was also dashed; such experiences were often fraught with conflict, performance problems, and corruption.²⁷ In addition, in the wake of decentralization, citizens, parties, legislatures, and politicians had to sort out many ambiguities in the power relationships and administrative responsibilities among national, state, and local governments.²⁸ Debates about redefined relationships slowed the impact of change and often left citizens, politicians, and administrators frustrated.

Yet, while expectations about decentralization's benefits for developing countries were modified during a quarter century of experience, the promise of improved governance and democracy was certainly not abandoned. The structural changes introduced through decentralization remained largely in place in the mid-2000s—and they were significant. Power was shared much more widely among levels of government than in the past. Many more officials were elected at state and local levels than was true in prior periods. Political parties were paying more attention to competing in local elections and aspiring politicians saw advantages in beginning or promoting their careers by running for local office. Governors and mayors—and the associations that represented them—became a force that presidents, ministers, and national legislators could ignore only at their peril.²⁹ They, as well as local and regional legislators and administrators, became more important as front-line representatives of the state when citizens interacted with the political system. Citizens seemed gradually to be developing greater trust in their local governments.³⁰ While decentralization could be reversed, as it had been in the past history of a number of countries, decentralization and the power and responsibilities that it distributed to local governments were vital economic, political, and administrative realities in the early twenty-first century.³¹ These realities had very diverse consequences for local governments.

EXPLAINING DIVERSE OUTCOMES: FOUR PROPOSITIONS

I use the concept of decentralization throughout this book to refer to the formal and informal mechanisms and rules that allocate authority and resources downward among different levels of government.³² I am most interested in local (as opposed to regional, provincial, or state) level governments and how they have responded to new responsibilities and expectations. The research reported here confirms that decentralization is a process that unfolds over time; more important, it is neither a linear process nor one that necessarily results in similar outcomes. Decentralization can mean progress toward improved governance and democracy as well as the erosion of local conditions of well-being. My primary goal is to account for these diverse outcomes through the exploration of different causal explanations.

At least four hypotheses have been advanced to explain why local governments might respond differently to new opportunities. These hypotheses center on political competition, public sector entrepreneurship, administrative modernization, and civil society. Each provides a distinct explanation of the factors that encourage and discourage better governance practices in developing country contexts. Because decentralization is a process that proceeds at different paces in different countries, among different policy sectors, and across local governments with distinct histories and competencies, this study sheds light on the conditions under which some hypotheses provide more robust explanations than others.

Political competition. The dynamics of party competition and elections are at the core of one approach to explaining variations in the performance of local government. In this view, democratization and greater competition among political parties to win local mayoral and council elections increase the pressure on incumbents to perform effectively while in office. According to this perspective, where local elections are competitive and opposition parties have real opportunities to win positions of authority, incumbents will be motivated to prove their competence in the management of public affairs and will seek to find new ways of addressing important problems. In the case of Mexico, the site of the research for this book, Rodríguez and Ward have been important proponents of this view.³³

If partisan political pressures are important in accounting for better governance, it is reasonable to expect that politicians in less competitive environments will rely on traditional methods of mobilizing support—clientelism, accommodation to elite interests, and “jobs for the boys,” for example—rather than seeking to improve the way local government

works. And, if partisan-political pressures are an important source of performance gains, then we might expect electoral contests to feature promises for improved governance, political discourse to link the quality of governance to particular parties, and to observe some instability in policies and practices when the partisan identity of incumbents changes. We would expect to see considerably less improvement occurring in localities that are less politically competitive.

State entrepreneurship. Another way to explain variations across localities in responding to new mandates and relationships focuses on the activities of agents in public positions of authority who develop ideas, mobilize coalitions, and make strategic choices about how to advance new organizational or policy agendas, regardless of political opposition, public apathy, or capacity constraints. In this view, the state, in the guise of reform leaders and their teams, identifies particular problems and promotes policy, programmatic, or organizational solutions to them, even in the absence of party support or future electoral opportunities and incentives. Ideas, leadership skills, and the strategic choices made to promote a reform agenda and acquire resources play a central role in such an approach.³⁴

Public officials and their strategic behavior thus explain what issues are taken up and the political dynamics of promoting them, from agenda setting through decision making to implementation.³⁵ In this hypothesis, what is adopted as a public initiative would be the result of the behavior and concerns of public officials, the outcome of the motivations of specific individuals, and the extent to which those who are reform-minded select appropriate strategies to move ahead with their ideas. Similarly, it could be anticipated that there would be instability in the focus of change initiatives as those in positions of public leadership come and go, regardless of their partisan identity.³⁶

Public sector modernization. Alternatively, variations across local governments might emerge when new incentives for public officials are introduced and when organizations are restructured, governments downsized, services privatized or contracted out, and training and technology introduced to build local public sector capacity. This is, for example, the expectation of the innovations characterized by the New Public Management that has swept countries from New Zealand to Brazil.³⁷ In this perspective, performance can be expected to reflect inputs for capacity building, organizational reengineering, and restructuring how public services are delivered, regardless of electoral calendars and the partisan identities of incumbents. Where such inputs are missing, we can expect to see poorer performance.

Implicit belief in this public sector modernization model often stimulates international development agencies and central and provincial governments to invest heavily in technical assistance, capacity building, new technologies, and training for local governments.³⁸ To the extent that such investments are critical for more effective government, a relatively planned, phased, and cumulative process of improvements could be anticipated, mirroring inputs in technology, organizational changes, and training over time. Local governments that are less affected by these interventions could be expected to perform consistently less well. By extension, larger and better off municipalities might be expected to perform better than smaller and poorer ones, on the assumption that they would have more access to technology, well-qualified public officials, training opportunities, and other such inputs.

Civil society activism. A fourth possible way to explain variations in the performance of local government is the extent to which local citizens are mobilized to participate and demand accountability. Thus, according to this perspective, social groups in the local community exert pressure on the public sector to provide better services or more opportunities for participating in policy processes. These groups not only demand good performance, they can also provide models of how improvements can be made, participate in decision making and implementation activities, and take an active role in monitoring the performance of elected and administrative officials—and sanctioning and rewarding them at election time. Through extension of this argument, localities without active civil societies are less likely to take on difficult tasks of providing better services, innovating in their activities, or being responsive to local needs.

Robert Putnam (1993) and others have demonstrated that local government performance is a function of the type and depth of social capital in the community and the extent to which it is mobilized around the idea of good governance.³⁹ In Mexico, Jonathan Fox and Josefina Aranda (1996) have argued that civil society engagement in local development projects contributes to the positive impact of those initiatives.⁴⁰ The assumptions in the model are particularly popular with development practitioners in the NGO (nongovernmental organization) community and with community activists. If such a view reflects the reality of local political dynamics, good governance would be sustained over time due to community pressure and support, and changes would be particularly responsive to the priorities of organized groups in the local community. In communities in which there is little organized pressure, demand making, or efforts to ensure accountability of local officials, we would expect to find much less competent and responsive local governments.

TABLE 1.1
States and Municipalities Selected for Study

<i>State</i>	<i>Region of Mexico</i>	<i>Municipality</i>	<i>Population (2000)</i>	<i>Area (km²)</i>
Guanajuato	West Central	Abasolo	79,093	534.9
		Manuel Doblado	38,309	801.1
		San Luis de la Paz	96,729	1,816.8
		Santa Cruz de Juventino Rosas	65,479	394.4
		Yuriria	73,820	788.8
Oaxaca	South	Acatlán de Pérez Figueroa	44,579	933.9
		San Juan Guichicovi	27,399	563.9
		Santiago Juxtlahuaca	28,188	583.1
		Santiago Pinotepa Nacional	44,193	719.6
		Santo Domingo Tehuantepec	53,229	965.8
Puebla	East Central	Chignahuapan	49,266	591.9
		Coronango	27,575	37.0
		Ixtacamaxtitlán	28,358	614.9
		Libres	25,719	304.9
		San Pedro Cholula	99,794	51.0
Sinaloa	West	Escuinapa	50,438	1,633.2
		Mocorito	50,082	2,405.5
		Rosario	47,934	2,723.3
		Salvador Alvarado	73,303	1,197.5
		San Ignacio	26,762	4,651.0
Tamaulipas	North	Aldama	27,997	3,655.7
		González	41,455	3,399.1
		Miguel Alemán	25,704	649.4
		San Fernando	57,412	6,096.4
		Tula	27,049	2,660.6
Yucatán	Gulf	Oxkutzcab	25,483	512.2
		Progreso	48,797	270.8
		Ticul	32,776	355.1
		Umán	49,145	434.3
		Valladolid	56,776	867.8

Source: INAFED, Dirección del Sistema Nacional de Información Municipal.



Photo by Xóchitl León.