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## REVIEW ESSAYS

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### DECENTRALIZATION AND ITS DISCONTENTS

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**Local Governments and Rural Development: Comparing Lessons from Brazil, Chile, Mexico, and Peru.** By Krister Andersson, Gustavo Gordillo de Anda, and Frank van Laerhoven. Tucson: University of Arizona Press, 2009. Pp. xxi + 232. \$45.00 cloth. ISBN: 9780816527014.

**Decentralization and Subnational Politics in Latin America.** By Tulia G. Falletti. New York: Cambridge University Press, 2010. Pp. xxv + 285. \$85.00 cloth. \$26.99 paper. ISBN: 9780521736350.

**Decentralisation Meets Local Complexity: Local Struggles, State Decentralisation, and Access to Natural Resources in South Asia and Latin America.** Edited by Urs Geiser and Stephan Rist. Bern: Perspectives of the Swiss National Centre of Competence in Research North-South, University of Bern, 2009. Pp. 310. €25.00. ISBN: 9783905835106.

**Going Local: Decentralization, Democratization, and the Promise of Good Governance.** By Merilee S. Grindle. Princeton, NJ: Princeton University Press, 2009. Pp. xvii + 228. \$21.95 paper. ISBN: 9780691140988.

**Governing the Metropolis: Principles and Cases.** Edited by Eduardo Rojas, Juan R. Cuadrado-Roura, and José Miguel Fernández Güell. Washington, DC: Inter-American Development Bank; Cambridge, MA: David Rockefeller Center for Latin American Studies, Harvard University, 2008. Pp. xx + 296. \$26.95 paper. ISBN: 9781597820707.

**Decentralization, Democratization, and Informal Power in Mexico.** By Andrew Selee. University Park: Pennsylvania State University Press, 2011. Pp. xi + 191. \$65.95 cloth. ISBN: 9780271048437.

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**Governance in the Americas: Decentralization, Democracy, and Subnational Government in Brazil, Mexico, and the USA.** By Robert H. Wilson, Peter M. Ward, Peter K. Spink, and Victoria E. Rodríguez. Notre Dame, IN: University of Notre Dame Press, 2008. Pp. xiii + 337. \$35.00 paper. ISBN: 9780268044114.

For years, great ideas have promised to solve the problems of Latin America. To a Latin Americanist such as I, who has been studying the region for a very long time, it appears that each decade or era has produced a great idea to pull Latin America out of underdevelopment and into the so-called developed world. In the late nineteenth and early twentieth centuries, there was export-led development. Then, in response to the Great Depression and the dislocations of World War II, there was import substitution industrialization. After the war, there was modernization theory and, for the first time, a rival great idea—dependency theory—which promoted state-centered development. These theories were followed by a push for regional integration and a period of military authoritarianism focused on internal security rather than development. Then, toward the end of the Cold War, most of Latin America rejected authoritarianism in favor of democracy, a transition accompanied by a rush to neoliberal economic reforms. This combination of democratic governance and opening local markets to the world was supposed to solve Latin America's problems.

In the 1990s, with democratic governments in virtually all countries of Latin America and macroeconomic stability the norm, expectations for the region were higher than at any time in a generation, yet this magical combination also disappointed. So the focus shifted to how to make democracy better. There were second-generation reforms of political parties, institutions, and the rule of law. Then, civil society became the flavor of the month. On the economic side, there was some concern for the financial shocks suffered in the region and the pain that these undeniably caused to society. The total collapse of the state and economy in Argentina in 2001 was only the most extreme example of how far short the region still fell from solving its problems.

For the past few years, the great idea has been decentralization. Led by academics and specialists in development, decentralization has gathered adherents throughout the region and in multilateral agencies and the national aid agencies of developed countries. This lemminglike trend is particularly evident in the World Bank, the Inter-American Development Bank, and the US Agency for International Development, which, with their enormous resources and huge cadres of specialists, churned out reports, studies, and advice trumpeting the virtues of decentralization. More to the point, these agencies gave financial support to the great idea.

In what seemed to many observers a fortuitous juxtaposition, discussions of democratic governance and of neoliberal economic reforms came together to support the decentralization of authority, responsibility, and resources, a program that would—according to its proponents—simultaneously improve democratic governance by bringing government closer to the people and make accountability more likely. At the same time, they argued, the use of scarce state resources would

become more efficient by responding faster and more effectively to the needs of citizens. In short, decentralization was predicted to improve or strengthen civil society; increase local capacity; and make governments more accountable and responsive, able to use resources to satisfy citizen needs.

Now, just in time, we have a set of books on how decentralization has actually worked. These empirical studies allow us to say, in the most general terms, that decentralization, like all the great ideas that preceded it, has been helpful, but is not a silver bullet to solve the region's problems. As one author, Merilee S. Grindle, notes, several factors will determine whether decentralization does all, or even any, of the things anticipated (185). Or, to use a popular phrase, the relationship between decentralization and good governance is complicated. On balance, despite their criticisms, the books under review consider decentralization to have been, and to be, good for Latin America. And they offer suggestions on how to get decentralization right.

If I were to recommend one book from this group, I would suggest that you start with the volume, available in paperback, by Grindle. It shows a master at work. Grindle builds her arguments slowly and carefully in clear language. With a team of researchers, she studies thirty midsize municipalities in Mexico, interviewing hundreds of officeholders, civil society leaders, common citizens, members of various political parties, and officials in state and national government to see how decentralization is working and—just as important—how it is perceived to have worked. In addition to the central questions of democratic governance, Grindle examines the main neoliberal argument for decentralization: that it can build capacity and satisfy more citizen demands with fewer resources because of increased government efficiency plus the perception of greater government accountability. In doing so, Grindle distinguishes political and administrative decentralization from fiscal decentralization. What she finds may be a bracing bath of cold water for the most optimistic decentralizers. But, to her credit, she is brave enough to suggest how one might get the most good out of the process.

Grindle does not spend much time on how decentralization began, seeing it as the product of two separate reform efforts—democratization and accountability—which came together as a consequence of fiscal crisis, at the end of the Cold War, and increasing external pressure to open Mexico's political system. She finds that political and administrative reforms occurred slightly ahead of fiscal reform but that the time lag is not sufficient to warrant much concern.

For Grindle, the key to "going local" is instead leadership. But, she points out, weak institutions can frustrate even good leadership. Although good leaders can take advantage of weak institutions to innovate in local government, that same institutional weakness makes it difficult to sustain change. The key to successful innovation is to gain access to resources and maintain their flow. Against the obstinacy of multilaterals in applying a single solution to diverse problems that only appear to be the same, Grindle points out that, although building capacity is necessary for effective governance, it is by no means a panacea. She asserts, for example, that administrative modernization is a function of leadership preferences, "not an independent source of improved performance that could be effective regardless of these preferences" (108). And in opposition to the idea that

electoral competition improves governance, she insists that it is not competition per se, but instead leadership values and initiatives, that are responsible. Further, local activists (civil society) are tools of effective leadership, not independent factors of change (121). At every turn, we are brought face-to-face with the concept of agency in democratic governance. Participants—whether as voters, civil society organizations, or officials—must have a sense of themselves as players in the system and have a will to act in the system. Grindle concludes optimistically, despite all her reservations, that the trend is “in a positive direction” (185), and she calls for local leaders and activists to work harder to fashion inclusive processes of decision making, to identify the public purpose of government, and to adhere to rules that make it possible to resolve conflict. In methodological terms, these factors interact; the power or influence of one depends on the presence and impact of the others. It is beyond the capacity of most aid agencies to deal with this sort of contingency.

As the title suggests, Andrew Selee’s *Decentralization, Democratization, and Informal Power in Mexico* nicely, if not deliberately, complements Grindle’s work. This excellent first book focuses on the cities of Tijuana, Ciudad Nezahualcōyotl, and Chilpancingo, each of which is larger than the municipalities that are the domain of Grindle’s research. These three cities were chosen because they are governed by different political parties, a circumstance that allows Selee to test the roles of ideology and links between local officials and the central government. He also provides useful background on the stages of decentralization in Mexico, noting that it began as the economic crisis of the 1980s undermined the legitimacy of the then current political order, and that the ruling Partido Revolucionario Institucional (PRI) and the main opposition parties saw it as a benefit because it would allow them more space, give citizens more autonomy, and deflect demands to local government and away from the central state. Selee also maintains that municipal, state, and central authorities are still negotiating the legal scope of decision-making power, with municipalities still dependent on the discretionary transfer of funds from other levels of government. The useful discussion of how federalism facilitated decentralization relies on the theoretical or constitutional existence of state and local governments, which were in fact weak and essentially without resources of their own when decentralization began. Still, federalism is a key element of the puzzle.

Selee’s most important contribution is his careful description of a “system of hierarchical power relations based on patronage and informal intermediation that serves as an organizational structure linking citizens and groups in society to the state” (12). It is also helpful that he names names in talking about political parties and how they differ in their approaches to governance. If the earliest decentralization initiatives of the PRI were supported by the Partido Acción Nacional and the Partido de la Revolución Democrática because of self-interest, this ended when these opposition parties failed to consolidate their local cadres into an effective party structure in the boondocks. The PRI, in contrast, never relinquished its local machinery and networks. As Selee points out: “What some observers have called ‘corruption’ or the ineffectiveness of the Mexican state is actually an inherent part of its design” (170). In other words, where institutions

are weak, as in Mexico and most countries in Latin America, informal networks will continue to be important, and the nature of those networks is a key variable in understanding how policies of decentralization actually play out in different nations or even, as Selee demonstrates, in different cities. As Grindle put it, weak institutions hamper innovation in good governance, a point made in several of the other studies. This helps explain why it has been so difficult to inculcate a sense of citizenship, and of agency, among Mexicans. In Mexico, it is easy to talk about indirect citizenship.

The authors of the other books under review put this issue into perspective. Unlike Grindle and Selee, they either put several nations in a comparative perspective (Wilson, Ward, Spink, and Rodríguez), or focus on process (Falletti) or outputs (the collections edited by Andersson, Gordillo de Anda, and van Laerhoven; Geiser and Rist; and Rojas, Cuadrado-Roura, and Fernández Güell). Decentralization can look different from a comparative or systemic standpoint. Falletti, for example, uses intergovernmental relations to explain the variance in timing among processes of decentralization, an approach Grindle rejects as meaningless in the case of her exclusively Mexican municipalities.

Federalism is the core of the book by Wilson and colleagues. Although they insist that they include the United States as a point of comparison and not as a benchmark, their two Latin American cases, Brazil and Mexico, cannot help but seem deficient in various regards as a result. Argentina and Venezuela are left out of the study because they do not have all three levels of government—municipal, state, and central—and because the latter is allowed to intervene in local affairs. Despite these theoretical disadvantages, I believe that these cases are in fact more relevant than the United States to the analysis of trends in Brazil and Mexico. For example, the authors cannot avoid commenting that civil society has a long history in the United States, and is broad and deep, whereas in Brazil and Mexico it is growing rapidly. Yes, but is it growing faster in those two countries than elsewhere in Latin America just because they are federal? And is it growing faster in one or the other of these countries because of the strength of state and local institutions?

To their credit, the authors do note great elasticity in federalism. They expect it to bring a broadening of intergovernmental institutional design, an expansion of public spaces for minority groups, the rise of identity rights, and a growing intersection of the local and the transnational. In such a scenario, federalism definitely offers considerable advantages over alternative presidential systems and systems that inhibit local innovation.

Tulia G. Falletti's case studies of Argentina, Brazil, Colombia, and Mexico are a valuable counterpoint to Grindle's work on Mexico. Her focus is the human ecology of the areas in which decentralization takes place. In her view, a "sequential theory of decentralization," together with the "intergovernmental balance of power," explains the nature and relative success of the process of decentralization (4). She views Argentina as having followed a top-down or national dominance path; Brazil, a subnational dominance path in a federal country; and Colombia, a subnational dominance path in a unitary country. Finally, Mexico is characterized by a subnational response to exogenous forces, which reverses the path origi-

nally taken. The key for Falleti is the sequence in which administrative, political, and fiscal reforms occur. If administrative reform comes first, it will reproduce the power of the central executive. If political reform comes first, it will create self-reinforcing policies that further strengthen the ability of subnational actors to negotiate with other levels of government (232). Agency is taken as a given, although it is assigned a backseat to the significance of the sequence of reforms and territorial interests in each locality. This is a problematic choice, for agency should never be taken as given, a point that Grindle, Selee, Andersson, and Rojas make, as well as a raft of studies of civil society.

To keep this theoretical model clean and clear of complications, Falleti chooses to ignore the dark side of decentralization in Colombia. Her chronology begins with the initiative taken by reform-minded mayors, who recognized that the central state was tightly focused on dealing with the twin threats of drug traffickers and control of a large part of the country by the Revolutionary Armed Forces of Colombia (Fuerzas Armadas Revolucionarias de Colombia). These mayors struck a deal with the national executive to take over responsibility for the efficiency and safety of their cities. They would provide effective and accountable governance within the city limits and leave the rest of the country to the central government. This draconian deal worked, if one does not look too closely at the weakness of the legislative branch of Colombia's national government, at the lack of control over paramilitaries, or at the millions of displaced persons, most of whom were ethnic-minority women whose husbands and children had been killed with impunity. It requires a poker face to talk about decentralization in such a context.

The collection of essays edited by Krister Andersson and colleagues looks at decentralization from the perspective of a single policy issue and output: rural development and the alleviation of rural poverty. Focusing tightly on the quality of public services, the contributors do not question how decentralization started or the importance of the sequence in which reforms were enacted. Their cases are drawn from Brazil, Chile, Mexico, and Peru, with the latter as a pre-decentralization baseline. They begin by asserting that the delivery of public services ultimately results from a local process of government involving a variety of actors, and they find enormous variations in the quality of such services in decentralized regimes. Further, they assume that high-quality public services will alleviate rural poverty and that greater participation at the local level leads to more services (3–4). These are assumptions with which Grindle and Selee would take issue in the case of Mexico, and the data of Andersson and colleagues, as we shall see, suggest that they ought to be revisited.

The contributors to *Local Governments and Rural Development* conducted more than one thousand interviews in nearly four hundred municipalities to construct a huge data set used in an impressive series of statistical exercises that are also provided to readers. They conclude that local institutional incentive structures offer the best explanation for variations in the delivery of public services. The degree of decentralization and the capacity of local governments are not crucial to rural development, in their view, nor are intergovernmental relations a very important variable. In contrast, local demands play a key role, although the authors confess that they cannot say why demands are made in some situations and not in

others. For answers to this question, one might consult Grindle and Falleti, who discuss how local coalitions negotiate access to resources and which conditions serve as catalysts in the formation of coalitions.

Poor Peru—so great are its differences vis-à-vis Brazil, Chile, and Mexico in the volume's pre-decentralized baseline (by every measure the least successful data set) that the authors pull back from the idea that decentralization would improve the quality of life in that country to then suggest, almost timidly, that cross-national differences in inequality may account for differences in the quality of services. This cannot be correct. At the beginning of their study, the authors aver that Brazil is the most unequal country in Latin America, even though it is the most decentralized and has some of the best public services. Today, it is not as unequal as it was. Does the quality of local public services improve as inequality declines, or are the authors using code to suggest that significant discrimination against rural indigenous communities is responsible for the low quality of the public services offered by a centralized state? If local demands were crucial as a catalyst for reforms to policy, this scenario would not be surprising.

The volume of essays put together by Urs Geiser and Stephan Rist bluntly states that the blueprint method—imposition of a standard model of decentralization from the top down—cannot improve democratic governance. Nor can it increase the likelihood of sustainable development or improve access to resources. In the authors' view, the goal of reforms is instead empowerment and agency. They are skeptical of decentralization precisely because it is top down and often the result of external pressure (7–9).

*Decentralisation Meets Local Complexity's* eight case studies—from Mexico, Argentina, Bolivia, Pakistan, India, and Nepal—are offered with the intent to “deconstruct the mainstream decentralisation discourses as based on a functionalist ontology” (15). Using a simplifying, neo-Marxist state technique, and state-in-society approaches, the contributors accordingly set out to show that decentralization is not a managerial issue but instead political, influenced by interests and agency, and thus contingent. This is a conclusion that would not disturb Grindle, despite her functionalist ontology.

The most notable contribution of the volume is its focus on the environment, that is, on an output of decentralization. In this sense, a policy issue is used as a fulcrum around which to balance a set of theoretical questions, much as does *Local Governments and Rural Development* in dealing with rural poverty. This can lead to some interesting observations that may be taken as cautionary notes in examining broader, more theoretical arguments, such as those in the books by Wilson and colleagues and Falleti. For example, Cheryl André de la Porte, Luis M. Martínez R., and Peter R. W. Gerritsen suggest that intermunicipal cooperation is key to more effective and sustainable water management in the municipality of El Grullo, in western Mexico. This appears to support the proposal, made in *Governance in the Americas*, that intergovernmental cooperation can help promote nonsavage negotiations among local governments.

Intergovernmental cooperation is also a theme in the volume of essays on metropolises—monster cities or megacities—put together by Eduardo Rojas and his team of researchers, which would otherwise be an outlier in this review of

recent works on decentralization. For the authors, decentralization is an invitation to disaster. They want instead to expand the geographic reach of urban government so as to centralize authority, decision making, and resources in the larger territorial unit of the metropolis, especially in the frequent case of countries where the megacity is dominant, a phenomenon termed *macrocephaly*. As a result, the authors' posture in regard to the utility of decentralization is understandably a bit defensive. (This volume was produced by the Inter-American Development Bank, after all.) Nevertheless, Jeroen Klink concedes that "there is widespread, intuitive evidence that certain relationships between decentralization, local democracy, accountability, and efficiency are valid" (82).

Without reading too much into the various chapters of *Governing the Metropolis*, I would summarize the authors' thought as a sort of compromise with the forces of decentralization. They are all in favor of democratic governance, accountability, local participation, and other such good stuff. However, as good urbanists, they want the managerial or administrative centralization needed, in their view, to fashion good metropolitan governments of the sort able to put product and process together (267–271). To accomplish this hybrid, it is necessary both to have good leadership and to build legitimacy and identity for the metropolis; otherwise, decentralization will prevail, and the goal of an effective, healthy, and inclusive city will be impossible to attain. In the metropolis we confront the ultimate irony: to achieve good governance, we must learn to combine local accountability and participation with the centralized distribution of resources and administrative coordination. This ain't gonna be easy.

Three points may be made as an afterthought. First, it is too easy to criticize multilateral aid agencies. It is more important to understand why they use cookie-cutter solutions: they must because they are institutions that cannot be seen as intervening in the domestic affairs of any single member state or as providing services or benefits to one state and not to another that is held to be equally deserving. It is better for the academic community to learn to work with these institutions to improve the quality of life and governance in Latin America. Second, recent work on Latin America and other regions suggests that decentralization has generated enough momentum that it is highly likely that its reforms will continue through the current decade. However, as Wilson and colleagues point out, this is not the first time that there has been a move toward decentralization, and it is almost certain that at some point in the near future the pendulum will swing back toward centralized authority and responsibility in the framework of democratic governance. Third, the course of decentralization in Latin America—at least in the areas of local agency, accountability, and the formation of local-interest coalitions—has been and will continue to be shaped by the intervention and influence of international, civil society activists. It is impossible to imagine the defense of indigenous rights in the negotiation of peace agreements in Guatemala and El Salvador without an international human rights community that has worked and continues to work with indigenous groups. The same sort of external actors are present today in Peru under the newly elected president Ollanta Humala. Advocacy groups on behalf of Mexican migrants to the United States are playing an important role in shaping the struggle for local authority in



Mexico. Vicente Fox recognized this and created a cabinet-level position in his government to deal with this new binational community. The later government of Felipe Calderón lost this link. In the coming presidential campaign in Mexico, this issue will almost certainly return. In an analogous and unanticipated manner, the expansion of Brazil's economy has made it an international actor to the extent that "traditional" Brazilian corruption has become the subject of national and international denunciations and embarrassed President Dilma Rousseff. This internationalization of governance issues will not diminish in the future.