dandelon.com
© 2008 AGI-Information Management Consultants
May be used for personal purposes only or by
libraries associated to dandelon.com network.

The Architecture of Government

RETFIINKING POLITICAL DECENTRALIZATION

DANIEL TREISMAN
University of California, Los Angeles

CAMBRIDGE
UNIVERSITY PRESS

Contents

List of Figures and Tables $P^a g^e$ xi

Preface xiii

Glossary of Main Notation Used xv

1 INTRODUCTION 1
- 1.1 A Quick Look Back 6
- 1.2 The Arguments 11
- 1.3 A Note on Methods: Formal Modeling 15
- 1.4 Overview 19

2 THE POLITICAL PROCESS 21
- 2.1 Defining Decentralization 21
- 2.2 Modeling Politics 27

3 ADMINISTRATIVE EFFICIENCY 53
- 3.1 Optimal Scale 55
- 3.2 Heterogeneous Tastes and Policy Differentiation 59
- 3.3 Costs of Organization 62
- 3.4 Conclusion 72

4 COMPETITION AMONG GOVERNMENTS 74
- 4.1 Competing for Mobile Residents 75
- 4.2 Competing for Mobile Capital . 87

5 FISCAL POLICY AND REDISTRIBUTION 104
- 5.1 The "Common Pool" 106
- 5.2 The "Soft Budget Constraint" 108
- 5.3 Decentralizing Redistribution 131

6 FISCAL COORDINATION AND INCENTIVES 137
6.1 Vertical "Overgrazing" 139
6.2 Fiscal Decentralization and Incentives 146

7 CITIZENS AND GOVERNMENT 156
7.1 Civic Virtue 156
7.2 Accountability 164
Appendix: Modeling Retrospective Voting with Distributive Politics 184

8 CHECKS, BALANCES, AND FREEDOM 193
8.1 Freedom 194
8.2 Policy Stability 201

9 ACQUIRING AND USING KNOWLEDGE 209
9.1 Information 209
9.2 Policy Experimentation 222

10 ETHNIC CONFLICT AND SECESSION 236
10.1 Satisfying Limited Demands for Autonomy 238
10.2 Splitting the Prizes of Politics 242
10.3 Restraining the Central Government 243
10.4 Socializing Politicians 244
10.5 Stimulating Growth of Small Ethnic Parties 244
10.6 Conclusion 245

11 DATA TO THE RESCUE? 247
11.1 The Quality of Government 251
11.2 Economic Performance 258
11.3 Ethnic Conflict 262
11.4 Democracy 264
11.5 Stable Policies 267
11.6 Conclusion 268

12 CONCLUSION: RETHINKING DECENTRALIZATION 270
12.1 Possible Objections 275
12.2 Explaining Decentralization's Appeal 283
12.3 A New Agenda? 289

References 295

Index 321