

REMARKS FOR THE LOCAL SELF-GOVERNMENT FORUM IN LVIV, MARCH 27, 2014
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Thank you for inviting me to speak to your important conference on local government reform.

Critical problems in Ukraine today call for urgent consideration of basic constitutional reform. A nation may be weakened by excessive centralization of power, just as by excessive decentralization. I speak as one of many economists and political scientists who have written on the potential importance of a well-designed decentralization reform for Ukraine.

Our concerns begin with a unique provision in Ukraine's constitution, which gives the president the power to appoint and dismiss all local governors. Such presidential power over local officials is extremely unusual among parliamentary democracies. This centralized control of local government may have worsened regional tensions and hindered the development of trusted democratic leadership in Ukraine.

A straightforward solution could be that the elected local councils, which already exist in the provinces and districts of Ukraine, should have the power to choose their own governors, under a normal system of parliamentary responsibility at the local level. These local councils and their designated officials should have clear responsibility for serving the people of their province or district, within their scope of authority as defined by law.

Any decentralization reform should make it clear that local councils can act only within the scope allowed to them under national law. For example, a decentralization reform could include a provision that, if a council or its governor was found to have acted inconsistently with the laws of Ukraine, then the Verkhovna Rada could vote to terminate the local council's authority, call a special local election, and direct the President to appoint an acting governor until a new council can take appropriate responsibility for local self-government.

I would emphasize two important benefits of a decentralization reform. It could help to strengthen democracy in Ukraine, and it could help to reduce regional tensions in Ukraine. Let me explain each of these points, starting with the strengthening of democracy.

Democracy is about voters having a choice among alternative candidates who are trusted to exercise power responsibly. When such trusted leadership is lacking, democracy is disappointing and fragile. A presidential election can give prestige to its winner, but it does nothing to develop the broader supply of trusted alternative candidates on which the success of democracy will ultimately depend.

This essential supply of trusted democratic leadership can develop best in responsible institutions of local government where successful local leaders can prove their qualifications to become strong competitive candidates for higher office. In many countries, trusted candidates for national leadership are regularly found among governors and mayors who have proven their abilities by delivering better public services in local government.

But an incumbent president is the national politician who would have the most to lose from the development of more trusted competitive candidates for high office. So when the president picks the governors, we should expect them to be regularly chosen from among the president's loyal supporters who are unlikely to develop any independent reputations of trust with the voters. Thus, presidential control of local government in Ukraine has tended to block the development of leadership trusted by the people.

Decentralization could also help to reduce critical tensions between the regions of Ukraine and strengthen local commitment to Ukraine's political system in all parts of the country. The devolution of some real authority to locally elected officials can guarantee that policies of local government will be responsive to preferences of local residents, and will not just depend on which group can get a national majority in a presidential election.

Furthermore, decentralization can help to guarantee that popularly supported local leaders in every part of the country should know that they have some real stake in the political system of Ukraine, regardless of which group wins power at the national level. When the constitution of Ukraine gives local leaders more authority, these local leaders gain a greater incentive to support this constitution when it needs defending.

Political decentralization involves a complex assignment of public responsibilities to different levels of government, and this assignment may be arranged differently in different countries. Reformers should consult with experts on public administration in several countries that have well-functioning systems of power-sharing between national and local governments. I have cited Austria as one good example where about 25% of public funds are spent by provincial governments, about 10% by municipalities, and about 65% are managed by the central government.

But these proportions and the specific responsibilities associated with them are key variables that may well be chosen differently in Ukraine. Some might reasonably suggest, for example, that an appropriate balance in Ukraine should assign more responsibilities to lower-level district and municipal governments and correspondingly less perhaps to provincial governments.

In any case, the main benefits of decentralization depend on giving locally elected officials some clear opportunity to show the public what they can accomplish within some well-defined scope of authority, without interference or supervision by a nationally appointed governor or prefect. Local leaders can earn public credit for better local government only when they have full responsibility for the quality of their local government, good or bad.

But some who hope to gain national presidential power might be tempted by the prospect of appointing dozens of supporters to powerful offices that supervise local governments throughout the country. At this difficult time, however, such vested interests in centralization should not block a careful consideration of the potential benefits of decentralization to people throughout Ukraine.

It is good that competing proposals of decentralization reform for Ukraine are being advanced by multiple expert groups and political parties. In order to make the right choices, people in Ukraine need the clearest possible understanding of what a well-designed decentralization reform could mean for their nation. I greatly appreciate the privilege of speaking to you today, to try to help advance that understanding.

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