

DECENTRALIZED DEMOCRACY IN POLITICAL RECONSTRUCTION¹

by Roger B. Myerson²

Introduction

I am a game theorist. I use mathematical models to probe the logic of constitutional structures, which define the rules of the game that politicians must play to win power. Also, I am an American who believes in democracy but who was deeply affected in 2003 by the unjustified invasion and disastrously mismanaged occupation of Iraq. From this perspective, I will propose here a fundamental principle for decentralized balancing of foreign assistance.

Too often, bright hopes for new democracies have faded, and we need to understand why. In Egypt, for example, public demands for democratically accountable government in 2011 were followed by elections to choose a national assembly and a president in 2012. But then the 2012 constitution offered only a vague promise to introduce elected local governments some time in the next decade. The downfall of the elected president in 2013 has led to questions about what went wrong in the process of building a new democracy in Egypt. Many have asked whether the nation might have moved too quickly into a presidential election, but few have asked whether the move to introduce democratic local government was too slow.

In this talk, I want to address questions such as this, about the potential importance of local democracy in post-conflict political reconstruction. I will argue that, for the foundations of democratic political reconstruction, elections for local councils may be at least as important as elections for leadership of the national government. People who have no local political power must look for others from afar to protect their basic rights.

A common tendency to focus only on development of national democracy may have several causes. News media regularly focus on national elections as the most important political events in established democracies, and so they may naturally focus also on national elections in a newly democratic state. Coordinators of international assistance programs are accustomed to working with national governments, and so they may put priority on establishing a national

¹ This paper was prepared for presentation at the High Level Meeting of Experts on Global Issues and their Impact on the Future of Human Rights and International Criminal Justice at ISISC in Siracusa, Italy, 3-7 September 2014. I am very grateful to Professor Cherif Bassiouni for the privilege of addressing this important meeting.

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government to be their partner. Most importantly, the major leaders who hope for national power in the newly reconstructed state may acquire a vested interest in the centralization of power, and so they may resist any devolution of power to independently elected local governments.

I am speaking here about general principles of democratic development. Of course, every nation's political development must depend on its own traditions and culture. In this regard, the most important aspect of culture is what people expect of their leaders. In a nation where history has led people to expect that any political leader would maintain a corrupt patronage network that may violate laws with impunity, this low expectation is likely to be fulfilled. For a successful transition to democracy, people must somehow come to expect better public service from those whom they will recognize as their leaders.

But an incumbent national leader has no incentive to raise voters' expectations, and voters have no reason to believe promises of better government from a candidate who has never exercised power. An incentive to raise expectations may be combined with the potential to do so only when voters allocate power at two or more levels of government, so that elected officials at lower levels can hope for election to higher office if they demonstrate an ability to serve the voters better. This is my basic argument for democratic decentralization.

Effective democratic competition requires more than just elections

An economist must note that the general argument for democracy can be expressed by analogy with competition in markets. As profits motivate economic production in markets, so privileges of power can motivate political efforts in government. But even a benevolent autocrat would find it difficult to resist his supporters' urge for greater privileges if further exploitation of the public would entail no risk of losing power. Thus, one may argue that, as competition among firms in markets can reduce profits and yield better values for consumers, so competition among political parties in a democracy should reduce elite privileges and yield better government services for the public.

Even with free elections, however, a corrupt political faction could win re-election from the voters and maintain its grip on power if the voters believed that other candidates would not be any better. Thus, a successful democracy requires more than just elections. For democracy to be effective, voters must have a choice among qualified candidates with proven records of public

service who have developed good reputations for exercising power responsibly.

However, a nation that has just emerged from autocratic rule and violent conflict is unlikely to have many widely trusted political leaders with reputations for good public service. When trusted alternative leadership is lacking, national elections may become exercises in ratifying the authority of incumbent leaders, with little effect on their incentives to serve the public better. A presidential election by itself 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 depend.

The 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. When locally elected leaders have real responsibility for successes and failures of local administration, then those who succeed will enlarge the nation's vital supply of popularly trusted leaders. Thus, democratic decentralization can be an effective way to ensure that national elections are truly competitive and that their winners must act to earn the voters' trust.

As an application of this point, consider a situation where a new state has been established by a foreign state-building intervention, and the foreign interveners have guided the selection of the new state's initial provisional leadership. If the first national leader is the only one in the new state who has had any opportunity to oversee public services and develop a patronage network, then his victory in the first presidential election would be very likely. People could then understand, however, that their national leader has achieved supreme power, not by earning broad popular trust, but by foreign influence. Thus, in such a situation, a national presidential election alone cannot prove that a state-building mission has established a truly sovereign democratic state.

To avoid such a result, foreign interveners who have pledged to rebuild a nation as an independent democratic state should act to develop the nation's supply of trusted democratic leadership. They should do so by giving substantial responsibilities to elected local governments as soon as possible in the transitional regime.

I have written elsewhere a more comprehensive proposal of standards for state-building

interventions.³ These suggestions may be seen particularly as a response to Paul Bremer's disastrous decree, in June 2003, that prohibited any local elections in Iraq until a national constitution could be formulated by his hand-picked committee. (Others have focused more on de-Baathification and dissolution of Iraq's military, but I see this as his most disastrous decree.)

Advantages of democratic decentralization

I have argued that local democracy can help to make national democracy more competitive, as a record of using public resources responsibly in local government can qualify a local leader to become a competitive candidate for power at higher levels of government. In effect, local democracy can reduce barriers against entry into national democratic competition. (Economists understand that barriers against new entrants can be important determinants of the level of profit-taking by suppliers in an imperfectly competitive market.) From this perspective, an ideal system of federal democracy should have several levels of sub-national governments, so that elected offices at different levels could form a ladder of democratic political advancement that effective leaders can climb from local politics to provincial and national politics.

I have not claimed that local politics are better than national politics. But the threat of local governments becoming dominated by small unrepresentative cliques can be countered by the involvement of national political parties in local politics. Local political bosses should know that, if they lose popular support, they could face serious challengers supported by a rival national party.

Thus, the introduction of democracy in different levels of government, from local to national, can strengthen democratic competition at all levels. This is my main point. A multi-party national assembly and elected local councils can together provide the institutional pillars on which a strong democratic system can be built.

Also, democratic decentralization can help economic development by providing better mechanisms for local public investment. Furthermore, when a state constitutionally devolves a share of power to locally elected officials, it gives these local leaders a stake in the national

³ See "Standards for state-building interventions" at <<http://home.uchicago.edu/~rmyerson/research/std4sb.pdf>>, which has been published in *Economics for the Curious*, edited by Robert Solow and Janice Murray (Palgrave Macmillan, 2014), pp 174-188. For other related references, see also my paper "Democratic decentralization and economic development" <<http://home.uchicago.edu/~rmyerson/research/decent.pdf>>, which is to appear in *Oxford Handbook of Africa and Economics*, edited by Justin Yifu Lin and Celestin Monga.

political system. Thus, democratic decentralization can actually strengthen a state against insurgency by ensuring that, throughout the nation, there are local leaders who have a substantial interest in defending the state and who (by the fact of their election) have a proven ability to mobilize local residents for political action.

Forces against decentralization

In spite of the advantages of democratic decentralization that I have listed, there can be powerful forces against the introduction of democratic local government in nations where it has not previously existed. The potential of autonomous subnational governments to become sources of new competition for national power is an important reason why established national leaders might not want to share power with locally elected governors and mayors. Indeed, a national leader is likely to find particularly strong opposition to political decentralization among his most important supporters, those who may hope someday to be appointed to an office of mayor or governor as a highly valued reward for their political support. Any move to let local voters select their own mayors and governors would, from the perspective of these key supporters, be a disappointing diminution of their potential rewards. It is risky for any political leader to do anything that would so disappoint such important supporters.

Thus, we have basic reasons to expect that political decentralization may often be undersupplied, relative to what would be best for the general population, because it runs against the vested interests of those who hold power at the national level. Much evidence can be found to support this prediction. In Pakistan, elected politicians of national and provincial government have three times dissolved institutions of local democracy that had been created by military rulers. In Egypt, three constitutions in row (those introduced under Sadat, under Morsi, and under Sisi) promised an eventual devolution of power to locally elected councils but then allowed the current national leaders to postpone such decentralization and continue the centralized appointment of local governors.

Problems of separatism and ethnic violence⁴

We must acknowledge a risk that the introduction of local democracy could exacerbate

⁴ This section could not be read at the Siracusa conference because of the late hour. But I indicated in the talk that the written version would include this section, which considers the risk of local democracy exacerbating ethnic tensions, and which tries to suggest structural remedies for reducing such risk.

ethnic tensions. There are many parts of the world where traditional autocratic regimes have long relied on ethnic or tribal leaders to provide basic justice and security within their local communities. When such local authority is transferred to the office of a locally elected mayor whose jurisdiction covers all citizens in a district, at most one ethnic leader can win election to mayor. Then there can be a danger that the traditional leaders of other ethnic groups may react against local democracy if they feel that it threatens them with a loss of power to serve their traditional constituents.

This risk of inciting ethnic violence could be reduced by vesting local power more broadly in a council where leaders of all traditional groups could expect to win seats. That is, where local ethnic tensions are a problem, it may be better to let an elected local council choose the mayor or head of local government by a local version of the normal parliamentary system, rather than allocating such a powerful local office by a winner-take-all popular election.

There may also be concerns about decentralization exacerbating regional separatism. In fact, separatist movements are often caused by a history of oppressive centralized rule that leaves no place for local leadership. Election to local offices can actually give local leaders more interest in preserving the political status quo due to concerns that the next successor state might reduce or redistribute their local powers. In a province that is large enough to stand alone against the rest of the nation, however, provincial leaders could perceive some chance of gaining sovereign power by cultivating a separatist movement. Thus, where separatism is a concern, political decentralization may be better limited to local councils for small districts.

Establishing a stable federal division of powers

A constitutional system with democratic local government can become politically stable once it is established. When governors and mayors have been locally elected, they become local power-brokers from whom national politicians must regularly seek support in competition for national power. So it then would be very costly for any national leader to threaten the constitutional powers of these elected local officials.

Thus, a transition to a decentralized federal democratic system, once achieved, can be self-sustaining. In political reconstruction, international assistance organizations may appropriately aim to support a balanced development of democracy across different levels, from municipal and provincial governments to national government. This balance could be upset by

urging national elections before local elections, or by providing foreign support for political leaders only at the national level. International donors might better support balanced democratic development by insisting that some share of foreign assistance funds should be allocated directly to autonomously elected institutions of provincial and municipal governments.

One might argue that, to demonstrate an appropriate respect for national sovereignty, foreign supporters of a new state should try not to influence its constitutional structure. However, when foreign military or economic support is needed to maintain a national leader's authority, the offer of foreign support itself may affect the state's constitutional development. If there were no foreign support, the national leader could hope to gain effective national authority only by negotiating more political deals with local leaders. Thus, a greater centralization of power may itself be a result of foreign support. In this case, the constitutional impact of foreign support could actually be reduced when foreign supporters press national leaders to accept more political decentralization, even as such decentralization could reduce the state's costly dependence on its foreign supporters.

Let me offer one observation as a specific application of this point. While ISIS advanced across western Iraq this year, the US government's response was long stalled by an understanding (at last) that increasing American support for Al-Maliki's national government would have decreased its incentive to share power with local leaders in Iraq's Sunni provinces. We should all understand that the breakdown of federal power-sharing in Iraq was of the essence of the matter, as it left local leaders in Al-Anbar and Ninawa provinces feeling that they could trust an alliance with murderous fanatics in ISIS more than constitutional power-sharing with the national government in Bagdad. A more timely effective international response might have occurred if policy-makers in America and other countries could have considered offering assistance, not only to the national government in Bagdad, and not only to the autonomous Kurdish regional government, but also directly to the legitimately elected provincial governments in Al-Anbar and Ninawa provinces.

So please now let me offer my proposed principle for balanced foreign assistance (even if it might be viewed as a fundamental challenge to concepts of national sovereignty since the 1648 treaty of Westphalia): *Any nation which accepts international support should, as a general principle, accept that its foreign donors may also offer support of equal value to legitimately elected subnational governments, provided that such support is completely open with full public*

accounting.

Conclusions

Let me conclude. After conflict or breakdown of the state, successful democratic development will require an ample supply of leaders who have good reputations for responsible public service that can benefit all citizens. This essential supply of trusted democratic leadership can develop in responsible institutions of democratic local government, where successful local leaders can prove their qualifications to compete for higher office. If a transition to democracy begins with only national elections, however, then the winners will acquire a natural interest in centralizing power around themselves, and so political decentralization thereafter may become more difficult. Thus, those who would support the development of a new democracy should recognize the potential advantages of decentralizing some power to elected local governments and should be able to offer balanced support to legitimately elected subnational governments as well as to the sovereign national government.

Finally, at this meeting, let me observe that the empowerment of local communities may be the best guarantee of their members' basic rights.

<http://home.uchicago.edu/~rmyerson/siracusa.pdf>