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Defining and measuring decentralisation: a critical review

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Abstract – This paper presents a conceptual analysis of terms belonging to the semantic field of state restructuring. The analysis aims to critically reviewing different terms focusing the attention both to the definitional and to the measurement sides. Different “types of decentralisation” are separately presented before reviewing a generalised approach aiming both at conceptualising and operationalising “regional authority” inside the internal structure of the state. In the final part the discourse is further generalised in order to take into account also *external* actors linking the analysis with the analytical framework of globalisation. The analysis confirms the persistence of a strong potential for confusion generating from the multitude of meanings attached to the term “decentralisation” and its related terms. However, having assembled terms together contributes to clarify and to interpret them more critically and in a more focused way. Moreover, the attention paid to the measurement side of the issue contributes also critically to interpret empirical analyses already realised in literature and, in perspective, could be a promising starting point for more focused future research.

JEL: H11, H77, R51

Keywords: decentralisation, conceptual analysis, federalism, regionalism

1. Introduction

Beginning from the 1970s increasing pressures towards a “state-rescaling” process – generally characterised by a transfer of power and resources from central to lower levels of government but also to external actors - have been registered as global trend linked to globalization (Jessop, 2002; Rodríguez-Pose and Gill, 2005; Rodríguez-Pose and Ezcurra, 2009) and to the neoliberal argument that a rescaled state will reduce the state’s intervention

and unleash market forces¹ (Jessop, 2002; Lobao and Hooks, 2003; Brenner, 2004; Harvey, 2005).

In order to interpret and (to some extent) steer this process since 1950s a vast body of literature has been developed by academic and practitioners drawing on different fields of social science - economics (Tiebout, 1956; Oates, 1999, 2006), politics (Loughlin, 2001; Keating et al., 2009), geography (Jones et al., 2005), sociology, history, anthropology, and, planning (Houghton, 2005) - often conflating the analysis with other issues such as democracy (Drèze and Sen, 2002) and market reforms or marketisation (Lobao et al., 2009).

This multidisciplinary interest in this rescaling process aiming to analyse its determinants and its link to state's outcomes (primarily) measured in terms of growth, inequality, and political stability led to a deeper understanding of this multifaceted phenomenon. However, the stratification of researches belonging to different *traditions* raises also several methodological issues² (Cohen and Peterson, 1996). To the case at hand, the variety of approaches followed across different studies contributed to “attach a startling diversity of definitions and measures to the decentralisation concept [so that] there is little agreement about what constitutes an example of decentralization, what causes decentralization, or what effects it is likely to have” (Schneider, 2003, p. 32 and 33).

The effects of this proliferation of definitions and measures are *ex ante* unclear. On the one hand, it could be intended as a resource in order to better take into account a different forms, varieties or variegation of decentralisation from different perspectives both conceptually and empirically. On the other hand, there is the risk that, as a result of the lack of a (clear) and shared definition, analyses become less precise, difficult to compare each other, and, in turn, less effective. Put differently, it could be said that in the case of decentralisation, in Lakoff (1987)'s terms, it is not clear whether a problem of under-specification or over-specification arises.

Not only different meanings have been attributed to “decentralisation” (administrative, fiscal, political, spatial), but also many different terms are often used in order to refer to changes involving the balance of power and competencies between central government and other actors both at sub-national and supra-national level often generating conceptual confusion. Hand in hand with research progress in this field a set of “de-terms” (or related as federalism and regionalism) came into the limelight: deconcentration, delegation, denationalisation, destatisation, and, devolution.

This circumstance makes it worth developing a conceptual analysis on different terms utilised across studies aiming to highlight differences between them at the same time as explicitly reconstruct their common denominator. A related issue not yet explicitly well

¹ Forms of decentralisation closely linked to market arguments are marketisation, and spatial decentralisation where the former refers to the process by which the supply side and the demand side are made closer in order to capture individuals' preferences. This process is linked to recent trends toward economic liberalization, privatization, and the demise of command economies. While the latter refers to regional planning policies aiming at reducing excessive urban concentration in a few large cities by promoting regional growth poles that have potential to become centres of manufacturing and agricultural marketing.

² According to the Authors in addition to careless use of conceptual definitions, these include misconceptions and unrealistic expectations, unsystematic presentations, an overemphasis on cases of failure, lack of comparability among diverse case studies, neglect of historical patterns that generate complexity, inappropriate linear assumptions, and ideological arguments that bureaucracies should be dramatically reduced and power and responsibility for public sector tasks be transferred to local communities, private sector firms, and organizations.

considered, despite its importance in terms of (re)interpretation of results already obtained in the literature, concerns how different concepts are translated into empirical analysis. In Brenner's words there is the need for

greater attention to question of method - specifically to the mediation linking abstract concepts to concrete, contextually specific investigation. Careful exploration of such mediations could facilitate analytically robust, intellectually challenging lines of concrete research, which might then be mobilized as a basis for refining and/or critically re-evaluating some of the literature's core theoretical categories, arguments and generalizations (2009, p. 123).

Bearing these issues in mind, in what follows, a brief review of different terms related to state rescaling is presented aiming at filling the conceptual gap between studies developed from different perspectives by proposing a synoptic view of meanings developed over them. In particular, this paper performs a conceptual analysis of terms related to this restructuring process highlighting that, despite their "startling diversity" (Schneider, 2003), the crucial common point of different terms concerns the balance of power, responsibilities, and competencies between the central state and *other* entities. This circumstance justifies the research toward a common analytical framework for considering these terms, while differences between terms could be traced in directions, degree, and/or type, extent, and nature of attributions involved.

Given the empirical attention devoted to the issue of spatial transformation of the state and its effects, the conceptual analysis is linked, for each term, with the critical consideration of additional issue concerning how concepts have been translated into empirical analysis (i.e. measurement issue).

The paper is organised as follows. Section 2 presents different types of decentralisation considering them separately. Section 3 focuses on three types of administrative decentralisation: deconcentration, delegation, and devolution. Section 4 deals with the related term "federalism". Section 5 proposes a generalised approach based on "regional authority". Section 6 shifts the attention to the international perspective of state restructuring process. Section 7 develops some concluding remarks.

2. Decentralisation

Decentralisation is a rather elusive term affected by a generalised confusion about its meaning which is subject to change according to different perspectives of analysis. Although there is persistent confusion, a general agreement is achieved about its *negative definition*. In other words, it is well known what *is not* decentralisation but there is no agreement on what it actually is. Indeed, "most would agree that transferring power and resources to national governments is not decentralisation" (Schneider, 2003, p. 33). Moving from this last point, a shared *positive* element of decentralisation focuses on the transfer of power and resources away from the central government.

Indeed, in public planning, management and decision-making it is defined as "the transfer of authority and power from higher to lower levels of government or from national to subnational levels" (Rondinelli et al., 1984; Collins and Green, 1994; Mills, 1994).

Therefore, it is worth stressing that decentralization and centralization represent two ends of a single continuum so that it is possible focusing on institutions *receiving* power or resources or, by contrast, on power and resources that are taken away *from* central governments (Schneider, 1993). A peculiar feature that is also worth stressing is that decentralisation refers to a transfer of power that happens in a political-administrative and territorial *hierarchy* in the sense that decentralized authorities are upwardly accountable to central government (Agrawal and Ribot, 1999, Crook and Manor, 1998). In Sherwood (1969)'s terms, decentralisation (as opposed to devolution) involve the creation of units of governance under the *direct control* of central authority. At the macro-level of analysis, should be noted that decentralization has both a state and a process dimension. The latter refers to a dynamic consideration of the phenomenon in order to analyse its evolution over time (consider, for example, the recent work of Karanikolas and Hatzipanteli (2010) with respect to rural development policy in Greece). Intended as a state (i.e. at a fixed point according to a time dimension) decentralisation can be analysed focusing both on level and degree. Referring to the former, decentralization may occur at system as a whole or at the organizational level. It is said that it happens at the organisational level – and not in the system as a whole - when it involves the distribution of power over the decision-making process *inside* a single organisation (Mintzberg, 1979). Figure 1 aims at synthesise macro-categories presented above.

INSERT FIGURE 1 AROUND HERE

With particular regard to degree, moving also from the assumption that “decentralization is not an end in itself but rather should be designed and evaluated for its ability to achieve broader objectives of [...] equity, efficiency, quality and financial soundness” (Bossert, 1998, p.1513), it is easy to recognise that in order to analyse and compare different experiences of decentralisation a crucial point is represented by the empirical representation of it.

The empirical representation (or *measurement*), in turn, is also clearly linked to the process side of the phenomenon since *repeated* measurement over time could return a crude measure of its evolution. Nevertheless, decentralisation, in its broader sense is impossible to measure according to a single – simple - metric, and, in turn, decentralisation as a whole risks having no significant explanatory power. Indeed, from its nature of complex multilevel phenomenon concerning several administrative, fiscal, and political dimensions, arise the difficulty to adopt analytic criteria able to capture all dimensions in a single metric able to quantify concepts as autonomy, accountability, power, and responsibility.

For example, widespread measures of decentralisation have been developed on fiscal basis. Nevertheless, as discussed before, those types of fiscal measures could be misleading measures of power and authority for several reasons.

Therefore, rather than measuring decentralisation scholars refer to *dimensions* of it (Schneider, 2003). In other words, what is needed our approaches allow us to disaggregate the dimensions over which local authorities have a defined range of power, avoiding seeing decentralization as a single transfer of a block of authority and responsibility.

Following this tuck, in a principal-agent approach applied to the health system, Bossert (1998, p. 1518) proposes the concept of “decision space” defined as “the range of effective choice that is allowed by the central authorities (the principal) to be utilized by local

authorities (the agents)". Decision space is defined in terms of functions and degrees of choice over which local authorities, in case of decentralisation, will have increased power. Five functions are considered: (i) finance, (ii) service organization, (iii) human resources, (iv) access rules, and, (v) governance rules. Each function is, in turn, divided into "choices". For example, regarding the finance function, three choices are proposed: source of revenue, allocation of expenditure, fees, and, contracts. Quantifiable indicators are proposed for each choice. In the case of the finance example the three choices are respectively quantified as "intergovernmental transfers as percent of total local health spending", "percent of local spending that is explicitly earmarked by higher authorities", "range of prices local authorities are allowed", and, "number of models allowed" Bossert (1998, p.1519). Complete and exhaustive description of the methodology goes further this paper's purpose. Interested readers are addressed to following table 1 for further details, two final considerations are still important developing here about the approach under discussion.

INSERT TABLE 1 AROUND HERE

First, since it focuses on static measures, it considers decentralisation as a "state" rather than as a process, capturing synthesised *decentralised* function "one shot" rather than following its evolution during time. Second, in terms of the continuum between centralisation and decentralisation, its point of view is based on power and resources *received* by lower-level institution. A different perspective is proposed by Schneider (2003) which aims to measure decentralisation in terms of the degree to which power and resources are *taken away* from central governments, based on the consideration that "all forms of decentralization, regardless of the recipient, involve shifting power and resources away from the central government" (Schneider, 2003, p.35). Furthermore, Schneider (2003)'s main contribution to the decentralisation measurement issue consists in clearly considering a tripartite (fiscal, administrative, political) dimension of decentralisation empirically (testing and) supporting the assumption that these dimensions could be considered independent (or orthogonal). Indeed, according to arguments mentioned above regarding the methodological difficulty to use a single metric to deal with decentralisation, these dimensions have been considered independently by many studies and are worth reviewing separately.

Fiscal decentralisation

Fiscal decentralisation (or fiscal federalism) refers to "how much governments cede fiscal impact to non-central government entities" (Schneider, 2003, p. 33). A more articulated definition is provided by pointing out that, from a broader economic perspective, the scope of state rescaling involves four main activities; namely, regulation, financing, administration, and service delivery (Philip, 1954). However, panel data on regulation can not easily be used for cross-countries studies. Therefore, this concept is of little significance in empirical studies. Analysis based on remaining three roles of government can be synthesised as the analysis of the scope of the relative roles of levels of government in financing, administration, and service deliver. Furthermore, these processes are "encapsulated" in the state's activities dealing with revenue collection and public expenditure. Hence, according to Martinez-Vazquez and Timofeev (2009, p. 86) fiscal decentralization consists of an increased role of sub-national governments "in the vertical government distribution of powers for raising and spending public resources".

The latter definition of fiscal decentralisation addresses directly the issue of its measurement. Indeed, a common measure of fiscal decentralisation is represented by the ratio of subnational government spending to general government spending (Rodríguez-Pose and Gill, 2004; Oates, 2006). This choice is made also in order to take into account that frequently different functions, rather than being exclusive responsibility of a single jurisdiction, are shared across different jurisdictions. Thus, the underlying idea is that the more a jurisdiction has decision-making power the higher its share in total expenditure.

From a different perspective fiscal decentralisation is measured in literature as the ratio of locally generated revenue to the general government revenue. Also a mixed (considering together expenditure and revenue measures) proxy is proposed by Boetti et al. (2010) defining fiscal *autonomy* “as the percentage of current expenditures in selected functions covered by local taxes” in order to capture the incentive scheme arising under devolution. The underlying idea of measures considering the revenue side is based on how much local government are responsible for financing public goods delivery. Both indicator based on expenditure and on tax revenue present, however, several drawbacks. Indeed, the subnational expenditure ratio of total expenditure (i) is not able to distinguish between tax and non-tax revenue sources, at the same time as (ii) it does not capture the type and proportion of intergovernmental transfers that could negatively affect the real degree of *separateness* enjoyed by lower level of government in case where it is constrained to act as a spending agent of the upper-level governments (Ebel and Yilmaz, 2002; Martinez-Vazquez and Timofeev, 2009); in addition, such a measure (iii) does not take into account efficiency (so that increased subnational expenditure, rather than registering higher importance in service provision, could reflect lower levels of efficiency) population structure and, especially in the case of sector-based expenditure, local preferences (Martinez-Vazquez and Timofeev, 2009).

Furthermore, simply considering the share of local expenditure does not allow to consider the structure and the development of production process involving devolved public goods and could be misleading if the division of tasks between central/local government is consistent with a capital/labour intensive production function criterion. According to “Baumol (1967)’s disease”, as a result of the technological progress, goods characterised by a labour intensive production function will register increased (relative) production costs. Therefore, the level of government responsible for the production of goods characterised by a labour intensive process (e.g. education, amusement) will require (and manage) a higher amount of resources without increasing to any extent its relative power.

Fiscal decentralization measured as a ratio of locally generated revenues to the general government revenue, for its part, helps to overcome the first problem of expenditure measures complementing them in the sense that it takes into account how much local governments finance their functions independently. However, this second measure of fiscal decentralization presents a problem which is to some extent symmetric to the second problem presented discussing about the expenditure side. That is to say, (a) it could overestimate central government’s role if a large portion of revenue is *collected* centrally and *transferred* to lower level governments. In this case central government does act as collection agent of the lower level of government.

An additional problem related to this measure that has not been explicitly considered interpreting different measures of decentralisation based on tax revenue lies on the (potential) difference between *formal* assignment of resources and the *real* amount that a local

government could manage adopting a strategic behaviour³ in presence of “soft budget constraints” (Kornai, 1979; Kornai et al., 2003).

In short, if local government acts under the expectation that its (eventual) fiscal deficit will be covered by a higher level (often the central) government, then the total amount of resources formally devolved to local government in order to delivery its policies (independently from the centre) is only a part of the story because the real amount of resources might be much higher. The issue is posed by Oates (2006) in terms of “raiding of the fiscal commons” pointing out that, rather than being an hypothetical case, this could happen even in presence of a formal statement of central state asserting that it will not come to the fiscal rescue of lower levels⁴. Hence, the local/total generated revenue ratio clearly underestimates the power of local government in rising resources.

For reasons aforementioned a single decentralization ratio is not able to capture the whole distribution of powers between different levels of government. Nonetheless, opportune transformations of measures proposed above have been proposed in order to better capture partial aspects overcoming some of problems presented above. At this purpose Martinez-Vazquez and Timofeev (2009) develop modified decentralization ratio measures in order to capture three state’s activities separately: financing, administration, and, service delivery. Consequently, the authors measure responsibility for *financing* public services as total expenditures of a given government *net* of received grants. The power of administration is measured as the total expenditures of a given government *net* of grants provided to other governments. Finally, public expenditure of a government *net* of grants and contracts awarded to private contractors can be view as a measure of the responsibility for service delivery.

Regarding contracts with private sector, should be noted that even if they represents a form of “delegation”, typically, subnational governments maintain their responsibility for the final service delivery outcomes as part of the retained power of service administration (Martinez-Vazquez and Timofeev, 2009). Regarding other measures, although (as noted by the authors) these measures could be further refined given data availability, all “modified” measure will share the same underlying idea that is worth stating explicitly: due to several reasons (fiscal competition, tax exporting, uneven territorial tax base distribution, inter-jurisdictional externalities, redistributive objectives, imposition of minimal standard services supply like *essential assistance levels* in health, satisfaction of special interest groups or leviathan concerns for the regional governments) transfers, both general and in-kind, have a crucial role in financing lower levels of government.

Hence, bargaining over transfer involving different levels of government is a sensitive field in the federal fiscal setting which outcome could have strong consequence both in distributive and efficacy terms. The issue has been addressed in literature both assuming benevolent government-Nash players and assuming that actors can strategically use transfers for re-election or even for subsidizing special interest groups (Boadway and Flatters, 1982; Bordignon et al., 1996; Keen, 1997; Barette et al., 2000; Caplan et al., 2000; Adelberger, 2001; Pitlik et al., 2001; Lucas, 2004). Consequently, considering grants together with tax

³ Differences due to shocks and related to the “insurance role” of the state (Lockwood, 1999) are not relevant to the case at hand since they rather than being systematic will appear just occasionally

⁴ Rodden et al. (2003) basing their analysis on case-studies, highlight several causes of this phenomenon: fiscal institutions, the structure of the political system, the absence (or weakness) of certain key markets, and, the specific history of intergovernmental fiscal relations in the country.

revenue and expenditure institutionally imputed to lower levels of government contributes to take into accounts a network of financial relations (reflecting a setting of powers) that otherwise would be neglected or misinterpreted. A further criticism addressed to all measures based on financial data – despite consisting in *shares* – consists in being unable, in general, to distinguish among levels of subnational government (Marks et al., 2008)⁵.

In conclusion it is forth stressing that fiscal federalism refers to the spatial distribution of power over financial activity of the state. Along this dimension, all decentralisation's alternative measures share the methodological aspect of being ratios between *local* and *national* datum. However, none of several measures proposed by different studies is able to capture all aspects of the fiscal impact of the state and each measure offers only a partial view of the whole set of powers.

Administrative decentralisation

Continuing to follow Schneider (2003, p. 33), administrative decentralisation “refers to how much autonomy non-central government entities posses relative to central control”. More precisely, moving from Rondinelli et al. (1984), autonomy could be articulated in decisionmaking authority, personnel control, and, control over public finance. Treisman (2002) aiming to develop a “global perspective on decentralisation” deals with the meaning and measurement of the three dimensions.

To begin with, the author points out that *decisionmaking decentralisation* “focuses on how the authority to make political decisions is distributed among different tiers” (Treisman 2002, p. 6). At this regard, decentralisation could be considered among two dimensions: (i) how rights to decide on specific questions are distributed among tiers, or (ii) how decision-making takes place on a given question.

Similarly, according to Marks et al. (2008)'s general formalisation is a matter of territory in which governments exercise authority; the depth of that authority; and the spheres of action over which they exercise authority. Constitutions are the *locus* in which these relationships are formally defined. Therefore, the issue could be addressed in terms of constitutional *concurrent* (legislative) powers and *exclusive* competencies. Indeed, in decentralised setting, central level of government has the primary responsibility but lower levels of it have the power to change central government's low if they want. Furthermore, *decisionmaking decentralisation* is also enhanced if subnational actors have – to some extent - the right to shape central decisions like when an upper house of parliament that represents subnational governments or electorates is constituted.

Although the theoretical framework is fascinating clear, “the problems defining and measuring decisionmaking decentralization are so daunting that, were decisionmaking not the crucial question in debates over decentralization, it would be tempting to abandon the concept” (Treisman, 2002, p. 8). In order to take into account both legislative power and subnational representation in central decisional bodies, Treisman (2002)'s approach considers, in addition to “autonomy” (referring to situations in which subnationa tier has exclusive competency), “weak autonomy”, “residual authority”, and, “subnational veto” categories.

⁵ Regarding this issue readers are addressed to section 5.

Weak autonomy characterises cases in which constitution reserves exclusive right to legislate on at least one specific policy area to subnational legislatures and/or subnational legislatures have “residual authority”. *Residual authority* refers to cases in which constitution gives subnational legislatures exclusive right to legislate on policy areas not specifically assigned in constitution. *Subnational veto* labels situations in which regionally-chosen upper house of parliament has constitutional right to block legislation. Thus, “residual authority” is a subset of “weak autonomy” and together account for legislative power at lower level of government, while “subnational veto” is used to measure lower levels’ power at central (level of) government.

Regarding the second dimension of administrative decentralisation introduced above - i.e. *personnel decentralisation* – it refers to how administrative resources are distributed across tiers of government in the sense that the greater the share of administrative personnel employed at lower tiers, the greater is personnel decentralisation. As Treisman (2002, p. 13) pointed out “the distribution of manpower can become as politically charged as the distribution of decisionmaking authority”. This was the case, for example, in the debates over the draft US constitution with the antifederalists sustaining the argument that a well-staffed central government might overawe the state governments (Rossiter, 1961). The measure proposed consists in the share of subnational governments in total government administration employees.

From a different perspective Schneider (2003) points out that administrative decentralisation could be interpreted as a matter of *control over resources*. Therefore, coherently with this perspective, a different way to measure levels of local administrative autonomy is proposed by the Author based on the control exercised over local revenue. More precisely, the proposed measure consists in the percentage of local revenues from taxes. In order to properly understand this measure should be noted that taxes substantially differ from resources. Indeed, if resources considered as a whole including also transfers, grants, and loans represent an indicator of wealth, taxes, being characterised by the higher level of discretionary power, measure the autonomy enjoyed by lower-level governments in collecting their own resources independently from conditions and limits (often applied to transfer and grants) posed by central government.

However, measure other than taxes, consistently with the main idea of measuring administrative decentralisation as control over resources, could be used to compute a second measure of subnational autonomy defined as the percentage of total grants and revenues not accounted for by transfers. Certainly, excluding the whole category of transfers is not a refined criterion as it does not distinguish between transfers assigning certain resources under the total control of the lower level of government and transfers that act as central government’s *instrument* to achieve its own *objective* (e.g. earmarked transfers or transfers that require certain behaviours by subnational governments). Nevertheless, this second measure considering taxes, loans, fees, sales of assets, and informal contributions takes into account the degree to which subnational governments raise their own funds in a broader way with respect to the previous one based only on taxes.

To summarise: administrative decentralisation, considered along its three main dimension consisting of decision making and control both over personnel and financial resources, has been measured in terms of constitutional setting (decision making power) and, as for fiscal decentralisation, in terms of ratio between local and national values of respective variables. However, measures presented above, especially those based on resources, once

more, offers only a partial picture of the phenomenon sharing with fiscal decentralisation the weakness of not considering the political dimension of the process of state rescaling. Indeed, democratic representation is a crucial issue at this regard labelled as “political decentralisation” which is the object of next section.

Political Decentralisation

Similarly to the case of fiscal decentralisation, political decentralisation could be analysed according to spatial distribution of (political) functions. In fact, all political systems perform six main processes (i.e. mobilization, organization, articulation, participation, contestation, and aggregation of interests) with different territorial scope. According to this perspective decentralized political systems are those characterised by intensive (and at least partially independent from those at the national level) exercise of these functions at the local level (Fox and Aranda, 1996; Schneider, 2003).

Referring to this issue Treisman (2002, p. 11) talks about *electoral decentralisation* “to mean the proportion of tiers at which direct elections are held to pick executives (or legislators who then choose an executive from their number)”. Thus, on the measurement side, the degree of decentralisation is conducted to a single metric by measuring it in terms of representation intended as the way political institutions map the multiplicity of citizen interests onto policy decisions (Litvack et al., 2000); the proxy utilised consists in some measure of the existence of elections at local level (Schneider, 2003).

At this regard it is worth stressing that the existence of election at lower level of government is not simply an issue of democracy, rather it looks at the manner in which local political actors are selected. The underlying idea is that institutions are the tool by which public interests are mobilised, organised, and articulated in order to be translated in policy (Berger, 1983). Although there are many forms in which this process of translation of interests into policy takes place (e.g. NGOs, social movement, interest organisation, political parties, corporations, etc.), when elections occur at local level competitors are “forced” to tailor their platforms to local concerns. Hence, in presence of elections at local level both the political debate and subsequent policies are developed at local level as well.

Certainly, this proxy is not exhaustive of all forms of political decentralisation. For example, as mentioned above, participation could have different forms unrelated to elections. Moreover, according to the different scale involved in the elective process decentralisation could achieve different degree of importance and such a measure based merely on a dichotomised (existence or inexistence) approach is not able to capture this dimension effect⁶. However, has been pointed out that “electoral components are the most valid indicator [...] as they tap into fundamental aspect of political authority” (Schneider, 2003, p. 40). Therefore, considering elections means considering the way in which local interests gain representation and, in turn, executive power.

3. Deconcentration, Delegation and Devolution

The issue of conceptualisation of deconcentration, delegation, and devolution has received different solution over time. Indeed, if they was initially intended as three distinct categories

⁶ Even considering the *proportion of tiers* does not mean taking into account their dimension and relative importance to the national context.

belonging to administrative decentralisation (Rondinelli, 1990), subsequently (Cohen and Petterson, 1996; Schneider, 2003) they was intended as “nothing more than points along a continuum of administrative autonomy” (Schneider, 2003, p. 38) indicating different configurations of central-local relationships associated with a hierarchical distribution of authority. Nevertheless, this paper, without challenging the current mainstream approach, presents them separately from administrative decentralisation with the purpose of a clearer exposition.

Deconcentration

Cohen and Petterson (1996, p. 10) define deconcentration as “the transfer of authority over specified decision-making, financial, and management functions by administrative means to different levels under the jurisdictional authority of the central government” pointing out that, from the point of view of the hierarchical distribution of power, this type of decentralisation is the *least extensive* one characterising late developing countries. Similarly, Schneider (2003, p.38) talks about a *dispersion of responsibility* that “changes the spatial and geographical distribution of authority, but does not significantly change the autonomy of the entity that receive the authority”. Thus, deconcentration could be intended just as an act of exercise of central government’s authority along its hierarchical channel, which is by no means transferred to the local one.

Delegation

“Delegation refers to the transfer of government decision-making and administrative authority and/or responsibility for carefully spelled out tasks to institutions and organizations that are either under its indirect control or independent” (Cohen and Petterson, 1996, p. 11). Under delegation central government establish a contractual relationship with an external body often charged to deal with technical issues which enjoy a level of autonomy higher than in the case of deconcentration (Central Banks are typical examples). Indeed, it worth stressing that in case of delegation, receiving institutions are not under the direct control of central government, rather they remain accountable to it.

Empirically, the delegation process often involves transfer of responsibility to state owned enterprises and urban or regional development corporations. Moreover, central and local government are delegating tasks, such as refuse collection and road repair, by contract to private firms. Usually this process is modelled in terms of politicians (principal) assigning competencies and ceding part of their authority in certain fields to bureaucrats (agents) for several reasons such as technical nature of the issue, time constraint, asymmetrical information, transaction costs, timeliness necessities, unwillingness to adopt unpopular policies, risk transfer, credibility, and efficiency.

Hence, this circumstance and its related consequences in terms of effects both on policy and outcome have been systematically addressed by the body of literature labelled “bureaucracy theory”. From a normative point of view, Weber (1972) argues that the selection and appointment process allow politicians (principals) to exert an effective (even if) indirect control over deputed actors, assuring, in turn, that agents’ objective coincide with the principal’s ones. Nevertheless, on the positive ground, Weber (1972)’s argument have been challenged in favour of the existence of strategic behaviour between the two parts. Indeed, although argument based on bureaucrat perfect self-determination has been questioned

(Breton and Wintrobe 1975)⁷, there are authors (often adopting a neoclassical approach) arguing that under delegation public officials could prosecute their own objectives that not necessarily match those of their principals. Niskanen (1975) assumes that budget's size is the real objective of the bureaucrat. Following this hypothesis he argued that due to asymmetrical information in favour of the bureaucrat, this latter could obtain a budget that is oversized with respect to the optimal one. Migué and Bélanger (1971) enlarge the view allowing the bureaucrat to have, in general terms, additional objective with respect to budget size. As a result, in their model, bureaucrats strategically using their "managerial discretion" achieve an intermediate outcome (in terms of budget size) between optimal and Niskanen (1975)'s maximum size⁸.

Going further into this field is beyond this paper's purpose; however, it is worth noting that moving from argument developed above, this process could have important effects in terms of policy delivery and democracy.

Devolution

"Under devolution, the central government allows quasi-autonomous local units of government to exercise power and control over the transferred policy" (Schneider, 2003, p. 38).

Moreover,

Devolution requires that local governments be given autonomy and independence, and be clearly perceived of as a separate level over which central authorities exercise little or no direct control. Local governments should be given clear and legally recognized geographical boundaries over which they exercise authority, and within which they perform public functions (Rondinelli et al., 1989, p.75).

Often, "devolution" is used as a synonym of "decentralisation" both in the academic and political debate and is also interchanged with it. For example, Rodríguez-Pose and Gill (2004), analysing the existence of a global link between inequality and "devolution", even clearly pointing out that "devolutionary initiatives often assume legislative and administrative characteristics and are not necessarily fully reflected in quantifiable fiscal resource decentralization" (Rodríguez-Pose and Gill, 2004, p. 10), use the share of subnational government in total national public expenditure as proxy of fiscal *devolutionary* development. Nevertheless, Rodríguez-Pose and Ezcurra (2009) referring to "decentralisation" use the same measure, the subnational share in total government expenditure, clearly labelling it as a proxy of fiscal "decentralisation".

Indeed, sharply divide the two terms is rather trouble. Yet, a possible way to *separate* the two terms consists in approaching the issue in terms of degree of autonomy related to each one. Thus, if decentralisation is a general term referring to the transfer of responsibility and power with no precise reference to the degree of autonomy, devolution is a more narrowed term belonging to the *administrative* type of it and, in particular, among the three types of administrative decentralisation considered in this section, devolution could be

⁷ Bureaucrats compete each other to obtain funds, while politicians are accountable to citizen by mean of the electoral moment. This competition is able to provide a setting able to exert a control similar to the market one.

⁸ Formally, the bureaucrats will choose that point on their budget line where the marginal rate of substitution between formal output and other expenses equals the slope of their budget line.

distinguished by other forms because is characterised by the highest degree of autonomy assigned to lower-level receiving unit(s). According to the “devolution setting” central government has a only a limited range of actions in order to limit local government autonomy. Essentially they are based on resources control (threat of withhold) and (change in the distribution of) responsibility. Regarding its measurement, as for the measurement of deconcentration and delegation, in literature, to the best of our knowledge, there are no attempts to measure this forms of decentralisation separately from (fiscal) decentralisation.

Table 2 aims to summarise different forms and measures of decentralisation presented above.

INSERT TABLE 2 AROUND HERE

4. Federalism, federal political system and federations

Federalism, federal political system and federations are terms often utilised in the literature on state rescaling especially in the form of *fiscal federalism*. In this regard it is worth noticing that, despite the evident fortune of the term “federalism” as formula in the political and academic discourse, similarly to “de-term” discussed above, there is a conceptual debate about also concerning its definition.

As noted by Sepos (2003) a first distinction was made by King (1982) between the normative term “federalism” and its positive meaning “federation”. The former referring to the set of argument in favour of multi-tiered government, and the latter referring to the empirical realisation of a particular setting of multi-tiered institutional relationship. Therefore, federalism, as normative principle, represents the theoretical framework aiming at combining unity and diversity by the perpetuation of both union and non-centralization at the same time. “Federations” refer to a constitutional setting in which neither the federal nor the constituent units of government - directly elected by its citizens - are subordinate to the other in the exercise of legislative, executive and taxing powers. This circumstance is often expressed in terms of sovereign powers derived from the constitution rather than another level of government (Sepos, 2003).

More deeply, federations are characterised by: i) two orders of government each acting directly on their citizens; ii) a formal constitutional distribution of legislative and executive authority and allocation of revenue resources between two orders of government ensuring some areas of genuine autonomy for each order; iii) provision for the designated representation of distinct regional views within the federal policy-making institutions, usually provided by the a supreme, written constitution not unilaterally amendable and requiring the consent of a significant proportion of the constituent units; iv) an umpire (in the form of courts or provision for referendums) to rule on disputes between governments; v) processes and institutions to facilitate intergovernmental collaboration for those areas where governmental responsibilities are shared or inevitably overlap (Watts, 1996).

Furthermore, Watts (1996) proposed a tripartite distinction: federalism, federal political systems, and federations. According to this approach between “federalism” and “federations” (intended as above) a third concept – federal political system - has to be inserted in order to refer to a broad category (or *genus*) of political systems characterised by

the existence of two (or more) levels of government which combine elements of *shared rule*⁹ through common institutions and *regional self-rule* for the governments of the constituent units.

However, for Elazar (1987, 1994) and Burgess and Gagnon (1993), both federalism and federation are descriptive terms. According to them, the difference lies in the fact that while “federalism” refers to a *genus* of political organization, federations belong to its species comprising confederacies, associated statehoods, unions, leagues, condominiums, constitutional regionalization, and constitutional 'home rule'. Similarly, Riker (1975, p. 101) asserted that “federalism is a political organization in which the activities of government are divided between regional governments and a central government in such a way that each kind of government has some activities on which it makes final decision”.

It is worth stressing that in so doing, “federalism” is deprived of any normative meaning and, as a result, assumes only a descriptive nature. Therefore, without a clear specification, it is unclear if using the term “federalism” one is referring to its normative meaning - based also on a certain scale of values - or to an empirical realisation of it.

On the measurement side, as noted by Blume and Voigt (2008), the most often utilised measure of federalism consist in a dummy variable (Elazar, 1995; Kearny, 1999; Watts 1999; Derbyshire and Derbyshire, 1999) assuming value “1” for federal systems. Therefore, on the measurement side researchers follow a dichotomist approach that does not allow us to capture different shades in the federalist structures of different states involving both their internal structure and the cross-country dimension. This last issue will be addressed in next section reviewing Marks et al. (2008)’s approach based on “regional authority”. Indeed, the following approach focus on the “region” as the sub-national unit even if many other levels of analysis (e.g. city-regions and sub-regions) have been used in literature, attempting to highlight the internal (regional) structure of the state allowing different “degree” of regional authority.

5. Regionalisation

The approaches developed above based either on financial data or on some structural (considered) fixed characteristic have been questioned by Marks et al. (2008). In particular, regarding widespread measures based on financial data it was argued that they are unable to capture the real degree of autonomy enjoyed by lower level of government. Moreover, such a measure is not able to distinguish between lower levels of government treating them as a whole¹⁰. Regarding other measures based on institutional characteristics, an important disadvantage pointed out by the Authors consists in adopting a dichotomist (centralisation/decentralisation) static approach.

Indeed,

⁹ For “shared rule” and “self-rule” terms, coined by Elazar (1987), see section 5.

¹⁰ This argument is valid though exception should be registered among innovative source of data. For example the Italian databank “*Conti Pubblici Territoriali*” (i.e. Regional Public Accounts) provides data in which both expenditure and revenue of lower levels of government are divided into national, regional, local public administration (essentially municipalities), national public corporation, and local public corporations. Therefore, such a system provides an important level of detail regarding the level of government involved in the financial flows under consideration. However, to the case at hand should be noted that despite these data are consistent with the COFOG international standard, in the lack of similar data available for other countries their significance will be of little moment due to the impossibility to use them for international comparison.

these data are direct, but relatively crude, measures of the number of subnational levels, and categorizations of, for example, federal versus non-federal systems, whether or not subnational governments have residual powers, whether or not the central state can veto subnational decisions, whether or not subnational executives are elected, and whether or not subnational governments have revenue-raising authority” (Marks et al., 2008, p.112).

The criticism developed against this approach is based on the argument that, in so doing, they “tap the extent to which the national state monopolizes authority, but they do not tell us how government below the national level is structured, [...] [because] they conceive government within countries in unidimensional terms as the ‘other’, the ‘not central state’” (Marks et al., 2008, p. 112). Furthermore, it was argued that measures under consideration are biased against temporal variation (Rodden, 2004).

These are serious limitation in order to empirically analyse cases since they miss to capture the “massive variation—over historical time and cross-sectionally—in the shape of government” (Marks et al., 2008, p. 112)

In order to overcome problems developed above the authors propose an approach based on “regional authority”. Regional authority is conceptualised along two main dimensions: self rule and shared rule. Self rule refers to the independence of a regional government from central domination and the scope of regional decision making. Shared rule refers to the capacity of a regional government to shape central decision making. Each dimension is then operationalised according to four distinct observable characteristics.

Self-rule is operationalised as the extent to which a regional government has an independent executive, the scope of its policy competencies, its capacity to tax, and the extent to which it has an independent legislature. Shared rule is operationalised by dividing central government decision making process into four areas, namely normal legislation, executive policy, taxation, and constitutional reform. Finally, for each observable a subset of empirical situation are coded in order to assign a numeric value to them.

To summarise: regional authority is thought as composed by self rule and shared rule. Both self rule and shared rule are operationalised according to four dimensions each. These dimensions, in turn, receive a numerical value according to a codification system. A complete and exhaustive description of methodology is beyond this paper’s purpose; however tables 2 and 3 aim at better clarifying how it works.

Table 3 below presents the four main dimension of shared and self rule.

INSERT TABLE 3 AROUND HERE

While the following table 4 shows how numeric values are assigned to the first dimension of self rule (i.e. institutional depth).

INSERT TABLE 4 AROUND HERE

According to the authors this methodology should be able to disaggregate regional authority, in order to measure it against observable variation among regions in a wide range of developed societies, at the same time as to encompass what is meant by regional authority.

In so doing, they propose a general measure of regional authority synthesising different kind of “decentralisation” measures separately considered across studies reviewed above. Moreover, that measure has also a general validity in the sense that can be used as an ordinal measure of regional authority; as an interval measure of regional authority; and as an absolute measure of institutional reform.

However, even if the approach based on regional authority, as said, propose a general perspective, it does not take into account how globalisation affect the (structure of the) national state. Indeed, the structure of the state is not only affected by an *internal* restructuring process, but also by general trends involving (formal or informal) transfers of authority *external* forces and actors. Next section will review how this issue has been addressed in literature.

6. Denationalisation, Destatisation and Internationalisation

In addition to trends involving the internal distribution of power and competencies which have been treated above, states’ transformations involve also forces and actors external to state apparatus intended in the traditional meaning. At this regard it is worth stressing that, especially under the “glocalisation”¹¹ (Robertson, 1992) process, forms (i.e. central-local balance between resources and responsibilities) and outcome of decentralisation can be influenced by actors at both national and sub-national level (Rodríguez-Pose and Gill, 2005)

In order to take into account in a general manner these phenomena Jessop (2002) individuates three main trends: denationalisation, destatisation, internationalization of policy regimes.

Denationalisation refers to the 'hollowing out' of the national state apparatus with old and new state capacities being reorganized territorially and functionally on subnational, national, supra-national, and trans-local levels. Therefore, in addition to the devolution of authority to subnational levels of government and to “the development of transnational but inter-local policy making”, the concept of denationalisation encompasses the loss of formal sovereignty in favour of *supranational* bodies¹².

Destatisation “is reflected in a shift from *government* to *governance* on various territorial scales and across various functional domains”. Hence, destatisation consists in a generalised erosion of the central role of the state as political institutionalised actor in favour to partnership between governmental, para-governmental and non-governmental actors. As a result of this process the state is to become “first among equals” (Jessop, 2002).

Internationalisation refers to the fact that the international context of domestic state action has extended to include a widening range of extra-territorial or transnational factors and processes; and it has also become more significant strategically for domestic policy. The key word here is “international competition”. The term refers to the circumstance that pursuing this objective, pushed by neoliberal thinking, foreign agents and institutions have gained a role as source of policy ideas, policy design and implementation (Gourevitch, 1978; Doern et al., 1996).

¹¹ The term is used to refer to the phenomenon where globalization and localization forces act simultaneously in determining state policies and outcome.

¹² According to the author, on the empirical side this process is clear at the EU level , but also affects NAFTA and other intergovernmental regional blocs.

Thus, the three terms together offer a general view of the phenomena of state restructuring considering both internal (to its structure and territory) and external shifts of authority. However, on the measurement side, apart from Martinez-Vazquez and Timofeev (2009, p. 91) that measure destatisation intended as “diminishing role of the state vis-à-vis the private sector” in terms of government revenue or consumption relative to GDP, this generality is not accompanied by a clear system and methodology able to give a “numerical” dynamic representation of ongoing processes which would be a powerful tool in order to develop empirical analysis in this field.

Table 5 summarises general forms of state restructuring process treated in sections 4, 5, and 6.

INSERT TABLE 5 AROUND HERE

7. Concluding Remark

This paper presented a conceptual analysis of terms belonging to the semantic field of state restructuring according to a synoptic perspective and with particular attention paid to concepts expressing forms, types and extent of decentralisation.

The analysis aimed at reviewing different terms focusing the attention both to the definitional and to the measurement moment. In particular, it moved from separately considering “types of decentralisation” towards a generalised approach aiming both at conceptualising and operationalising “regional authority” inside the internal structure of the state.

In so doing, it has been shown that despite the huge diversity involving meanings and measures, deriving also from the multidisciplinary interest in this field, the research of a common analytical framework could be grounded on the conceptualisation and measurement of the balance of power, responsibilities, and competencies between central state and other bodies both at sub-national and international level.

While methodological and conceptual differences focus on direction of change, degree, type, and nature of attribution involved. According to this argument, after dealing with the main issue of defining and measuring decentralisation, in the final part the discourse is further generalised in order to take into account also *external* actors linking the analysis with the analytical framework of globalisation.

The analysis confirms the persistence of a strong potential for confusion generating from the multitude of meaning attached to the term “decentralisation” and its related terms. However, having assembled (without any claim of completeness) terms together contributes to clarify and to interpret them more critically and in a more focused way. Moreover, the attention paid to the measurement side of the issue contributes also critically to interpret empirical analyses already realised in literature and, in perspective, could be a promising starting point for more focused future research.

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Figures and Tables

Figure 1. Decentralisation categories.

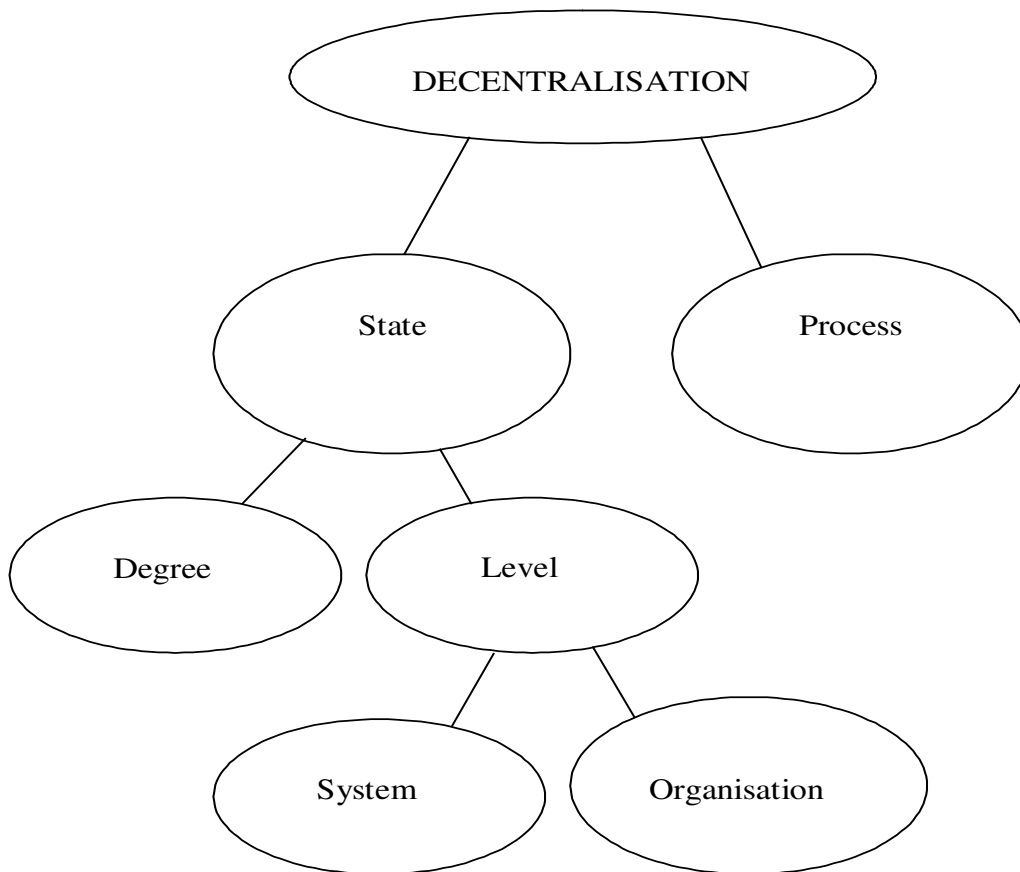


Table 1 – Indicators for mapping decision space. Source: adapted from Bossert, 1998)

Function	Indicator	Range of choice		
		Narrow	moderate	wide
Finance				
Source of revenue	intergovernmental transfers as % of total local health spending	high %	mid%	low%
Allocation of expenditure	% of local spending that is explicitly earmarked by higher authorities	high%	mid%	low%
Fees	range of prices local authorities are allowed to choose	no choice or narrow range	moderate range	no limits
Contracts	number of models allowed			
Service organization				
Hospital autonomy	choice of range of autonomy for hospitals	defined by low or higher authority	several models for local choice	no limits
Insurance plans	choice of how to design insurance plans			
Payment mechanisms	choice of how providers will be paid (incentives and non-salaried)	rigid norms	flexible norms	
Required programs	specificity of norms for local programs			few or no norms
Human resources				
Salaries	choice of salary range	defined by low or higher authority	moderate salary range defined	no limits
Contract	contracting non-permanent staff	none or defined by higher authority	several model for local choice	no limits
Civil service	hiring and firing permanent staff	national civil service	local civil service	no civil service
Access rules				
Targeting	defining priority populations	law or defined by higher authority	several model for local choice	no limits
Governance rules				
Facility boards	size and composition of boards			
District offices	size and composition of local offices	law or defined by higher authority	several model for local choice	no limits
Community participation	size, number, composition, and role of community participation			

Table 2 - Decentralisation concepts and measures. Source: author's research.

Decentralisation						
refers to a central government that disperses responsibilities for a policy to its field offices in a political-administrative and territorial hierarchy						
	Fiscal	Political	Administrative	Deconcentration	Delegation	Devolution
Definition	<i>refers to</i> how much central governments cede fiscal impact to non-central government entities	<i>refers to</i> the degree to which central government allow non-central government entities to undertake the political functions of governance; degree to which political actors and issues are significant at the local level and are at least partially independent from those at the national level.	<i>refers to</i> how much autonomy non-central government entities possess relative to central control	<i>refers to</i> a central government that disperses responsibility for a policy to its field offices; powers are transferred to lower-level actors who are accountable to their superiors in a hierarchy	transfer of policy responsibility to local government or semiautonomous organizations that are not controlled by the central government but remain accountable to it.	the central government allows quasi-autonomous local units of government to exercise power and control over the transferred policy.
Measurement	(simple or modified measures of) ratio of subnational government spending/revenue to general government datum	existence of elections at the municipal level or at the state/provincial level	percentage of local revenue from taxes; percentage of total grants and revenue not accounted by transfer	Forms of administrative decentralisation not individually measured		
Main references	Oates (1972); Zhang and Zou (1998); Davoodi and Zou (1998); Schneider (2003); (Rodríguez-Pose and Ezcurra 2009) Martinez-Vazquez and Timofeev (2009):	Schneider (2003)	Schneider (2003)	Schneider (2003); Rondinelli (1983)		

Table 3 – Dimensions of Regional Authority

Self-rule	The authority exercised by a regional government over those who live in its territory	
institutional depth	the extent to which a regional government autonomous rather than deconcentrated.	0-3
policy scope	the range of policies for which a regional government is responsible.	0-4
fiscal autonomy	the extent to which a regional government can independently tax its population.	0-4
representation	the extent to which a regional government is endowed with an independent legislature and executive	0-4
Shared rule	Authority exercised by a regional government pr its representative in the country as a whole	
law making	the extent to which regional representatives co-determine national legislation.	0-2
executive control	the extent to which a regional government co-determines national policy in intergovernmental meetings.	0-2
fiscal control	the extent to which regional representatives co-determine the distribution of national tax revenues.	0-2
constitutional reform	the extent to which regional representatives co-determine constitutional change.	0-3

Source: adapted from (Hooghe, Marks et al. 2008)

Table 4 – Institutional depth coding scheme

Institutional depth
0: no functioning general-purpose administration at the regional level;
1: a deconcentrated, general purpose, administration;
2: a non-deconcentrated general purpose, administration subject to central government veto;
3: a non-deconcentrated general purpose, administration <i>not</i> subject to central government veto;

Source: adapted from (Hooghe, Marks et al. 2008)

Table 5 - General forms of state spatial rescaling and related concepts. Source: author's research.

	Federalism	Federal political system	Federation	Regionalisation	Denationalisation	Destatisation	Internationalisation
Definition	<p><i>As normative principle.</i> Set of arguments in favour of multi-tiered government aiming at combining unity and diversity by the perpetuation of both union and non-centralization at the same time.</p> <p><i>As positive terms.</i> Political organization in which the activities of government are divided between regional governments and a central government in such a way that each kind of government has some activities on which it makes final decision</p>	Genus of political systems characterised by the existence of two (or more) levels of government which combine elements of shared rule through common institutions and regional self-rule for the constituent units	Constitutional setting in which neither the federal nor the constituent units of government - directly elected - are subordinate to the other in the exercise of legislative, executive and taxing powers	<p><i>As self-rule.</i> Rising autonomy and scope of regional government decision making with respect to central government.</p> <p><i>As shared rule.</i> Rising capacity of a regional government to shape central decision making.</p>	Hollowing out of the national state apparatus with old and new state capacities being reorganized territorially and functionally on subnational, national, supra-national, and trans-local levels	Generalised erosion of the central role of the state as political actor in favour to partnership between governmental, para-governmental and non-governmental actors	Extension of the international context of domestic state to include a widening range of extra-territorial or transnational factors and processes.
Measurement		Dummy variables		Self-rule and shared rule are operationalised along dimensions each and translated into numerical values according to a codification scheme.		<p>general government revenues relative to GDP;</p> <p>general government consumption relative to GDP.</p> <p>general government revenues relative to GDP;</p> <p>general government consumption relative to GDP.</p>	
Main references	King (1982); Watts (1996); Elazar (1987, 1994, 1995); Burgess and Gagnon (1993); Riker (1975); Blume and Voigt (2008), Kearney (1999); Watts (1999); Derbyshire and Derbyshire (1999)			Marks et al (2008)	(Jessop 2002; Martinez-Vazquez and Timofeev 2009)		