

GOVT 20.4 FEDERALISM AND DECENTRALIZATION

Mondays, Wednesdays, and Fridays, 11:15 AM - 12:20 PM

Instructor: Jason Sorens

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Blitz for appointment, 209 Silsby

Course Description

In this course, we consider arguments for and against federalism and the territorial decentralization of power, taking into account economic, security, and sociocultural aspects. Some scholars argue that federalism can provide a “credible commitment” to market incentives, boosting economic growth. Others claim that decentralization can prevent or settle ethnic and secessionist conflicts. Still others provide a skeptical case against these alleged benefits. Sophisticated advocates of federalism argue that decentralized institutions must be designed well in order to work properly, and so we will pay careful attention to the different forms and dimensions of decentralization around the world.

We will consider the following questions, among others:

1. Do federal grants to state and local governments undermine fiscal rectitude and local autonomy?
2. Does the ability to “vote with your feet” discourage political malfeasance in a decentralized system?
3. When does federalism reduce or inflame ethnic tensions and secessionism?
4. What causes federalism to persist, to erode over time, or even to collapse?
5. How well do decentralized systems respect civil and personal liberties and promote democratic accountability?
6. What about “federalizing up”? Does the deepened European Union on balance represent a new competitive-federal or cartel-federal system?

This topic is very timely with the ongoing debates over the Patient Protection and Affordable Care Act and the Supreme Court decision in *NFIB v. Sebelius* striking down “coercive” federal matching grants to the states, as well as with growing movements abroad for autonomy and independence, in places such as Catalonia, Scotland, and Flanders.

The goals of the course are as follows:

1. To understand the different facets of decentralization and how the world’s federations vary along those dimensions;
2. To understand the theoretical intuition behind different models of decentralized governance, such as Tiebout sorting, market-preserving federalism, and cartel federalism;
3. To know the broad outlines of the evolution of federalism in the United States and to understand political explanations of that evolution;

4. To be able to critique and advance your own arguments about federal reforms using sound evidence and social-scientific logic.

Course Requirements and Grading

Assignments

Class will combine lectures and discussion sessions, and attendance is required. You must do *all* the reading for a particular class meeting before that class. Class participation (criteria discussed in class) comprises 20% of your course grade. There are two 1600-word essays on assigned topics, which will count as 12.5% of your grade each. There will be two short-answer quizzes, worth 10% of your grade each. There will be a take-home essay final exam, due Tuesday September 1 at 4 PM at my office (209 Silsby), which counts for 35% of your course grade. Like the short papers, this exam must meet all the requirements of a standard academic paper, including citations of sources.

Absences, Late Work

Excused absences from in-class assignments must be discussed with the instructor. In the case of a scheduled, College-sponsored or College-recognized, extracurricular event, you must inform me at least a week in advance to make alternative arrangements. For family and medical emergencies, you must obtain documentation and contact me as soon as practicable after returning to campus. For take-home assignments, I do not offer extensions except in extraordinary cases of family and medical emergencies, but you may obtain permission to submit an assignment electronically.

Work that is late without an excuse will be deducted half a letter grade up to a week, a letter grade at a week, and another letter grade at each week thereafter.

Topics and Readings

Concepts

- Beramendi, Pablo (2007), "Federalism" in Carles Boix & Susan C. Stokes (eds.), *The Oxford Handbook of Comparative Politics* (Oxford, UK: Oxford University Press), pp. 752-759. **(Friday 6/26)**

Class canceled Saturday 6/27 - meet during X hour Tuesday 6/30

- Hooghe, Liesbet, & Gary Marks (2003), "Unraveling the Central State, but How? Types of Multi-Level Governance," *American Political Science Review* 97 (2): 233-243, pp. 233-241. **(Monday 6/29)**
- Anderson, George (2010), *Fiscal Federalism: A Comparative Introduction* (Oxford, UK: Oxford University Press), pp. 1-8, 79-90. **(Tuesday 6/30)**

- Rodden, Jonathan (2004), “Comparative Federalism and Decentralization: On Meaning and Measurement,” *Comparative Politics* 36 (4): 481-500, pp. 481-492. **(Tuesday 6/30)**

Economic Effects of Federalism and Decentralization

Theory

- Beramendi, “Federalism,” pp. 759-769. **(Wednesday 7/1)**
- Stepan, Alfred (2004), “Toward and New Comparative Politics of Federalism, Multinationalism, and Democracy: Beyond Rikerian Federalism” in Edward L. Gibson (ed.), *Federalism and Democracy in Latin America* (Baltimore: Johns Hopkins University Press), pp. 29-84: pp. 29-49 only. **(Wednesday 7/1)**

No class Friday 7/3 (holiday)

- Anderson, *Fiscal Federalism*, pp. 9-49. **(Monday 7/6)**
- Brennan, Geoffrey, & Buchanan, James M. (1980), *The Power to Tax: Analytical Foundations of a Fiscal Constitution* (Cambridge, UK: Cambridge University Press), pp. 173-184. **(Monday 7/6)**
Quiz #1
- Anderson, pp. 50-67. **(Wednesday 7/8)**
- Weingast, Barry R. (1995), “The Economic Role of Political Institutions: Market-Preserving Federalism and Economic Development,” *Journal of Law, Economics, and Organization* 11 (1): 1-31, pp. 1-9, 24-28. **(Wednesday 7/8)**
- Treisman, Daniel (2007), *The Architecture of Government* (New York: Cambridge University Press), pp. 75-87, 99-103. **(Friday 7/10)**
Short paper #1 topic announced

Recommended reading:

- Oates, Wallace (1999), “An Essay on Fiscal Federalism,” *Journal of Economic Literature* 37 (3): 1120-49, pp. 1120-1141.
- Prud’homme, Rémy (1995), “The Dangers of Decentralization,” *World Bank Research Observer* 10 (2): 201-20, pp. 201-212.

Historical Perspectives

- Kohn, Meir (2013), Commerce, Predation, and Production: A New Theory of Economic Progress (unpublished manuscript, Dartmouth College Department of Economics), ch. 11, pages 27-48, and ch. 12, pages 1-30. **(Monday 7/13)**
- *The Federalist*, no. 39. **(Monday 7/13)**

Europe and Canada

- Sorens, Jason (2014), “Fiscal Federalism, Jurisdictional Competition, and the Size of Government,” *Constitutional Political Economy* 25: 354-75, pp. 354-361, 372-374. **(Wednesday 7/15)**

Recommended reading:

- Obinger, Herbert (1998), “Federalism, Direct Democracy, and Welfare State Development in Switzerland,” *Journal of Public Policy* 18 (3): 241-63, pp. 241-243, 245-259.
- Döring, Thomas, & Stefan Voigt (2006), “Reforming Federalism German Style: A First Step in the Right Direction,” *Intereconomics* 41 (4): 201-08 (all).
- Bird, Richard M., & Almos Tassonyi (2003), “Constraining Subnational Fiscal Behavior in Canada: Different Approaches, Similar Results?,” in Jonathan Rodden, Gunnar S. Eskeland, & Jennie Litvack (eds.), *Fiscal Decentralization and the Challenge of Hard Budget Constraints* (Cambridge, Mass.: MIT Press), pp. 85-132 (all).

United States

- Greve, Michael S. (2012), *The Upside-Down Constitution* (Cambridge, Mass.: Harvard University Press), pp. 36-86. **(Friday 7/17)**
- Greve, pp. 177-220. **(Monday 7/20)**
- Figure: Federal, State, and Local Own-Source Revenue in the United States, 1907 to present. **(Wednesday 7/22)**
- Siegel, Neil (2013), “Competitive Federalism and Collective Action Federalism,” Balkinization, <http://balkin.blogspot.com/2013/06/competitive-federalism-and-collective.html> (June 18). **(Wednesday 7/22)**

Developing World

- Qian, Yingyi, and Barry R. Weingast (1997), “Federalism as a Commitment to Preserving Market Incentives,” *Journal of Economic Perspectives* 11 (4): 83-92, pp. 85-90. **(Friday 7/24)**
Short paper #1 due
- Rodden, Jonathan A. (2006), *Hamilton’s Paradox: The Promise and Peril of Fiscal Federalism* (New York: Cambridge University Press), pp. 75-82, 88-98, 116-117. **(Monday 7/27)**
- Albornoz, Facundo, & Antonio Cabrales (2013), “Decentralization, Political Competition, and Corruption,” *Journal of Development Economics* 105: 103-11, pp. 103-104, 109. **(Monday 7/27)**

Recommended reading:

- Careaga, Maite, & Barry R. Weingast (2003), “Fiscal Federalism, Good Governance, and Economic Growth in Mexico” in Dani Rodrik (ed.), *In Search of Prosperity: Analytical Narratives on Economic Growth* (Princeton, N.J.: Princeton University Press), pp. 399-435: pp. 399-422 only.
- Rao, M. Govinda, & Nirvikar Singh (2005), *The Political Economy of Federalism in India* (Oxford, UK: Oxford University Press), pp. 46-61, 136-144.

Security and Social Effects of Federalism and Decentralization

Theory and Overview

- Somin, Ilya (2014), “Foot Voting, Federalism, and Political Freedom,” in James Fleming & Jacob Levy (eds.), *NOMOS XLV: Federalism and Subsidiarity*, pp. 110-54: pp. 110-133 only. **(Wednesday 7/29)**
- Tolnay, Stewart E., & E.M. Beck (1990), “Black Flight: Lethal Violence and the Great Migration,” *Social Science History* 14 (3): 347-70 (all). **(Wednesday 7/29)**
Short paper #2 topic announced
- Kymlicka, Will (1998), “Is Federalism a Viable Alternative to Secession?” in Percy B. Lehning (ed.), *Theories of Secession* (London: Routledge), pp. 111-127, 142-147 (notes). **(Friday 7/31)**
- Levy, Jacob T. (2007), “Federalism, Liberalism, and the Separation of Loyalties,” *American Political Science Review* 101 (3): 459-477, pp. 459, 464-473. **(Friday 7/31)**
- Lake, David A., & Donald Rothchild (2005), “Territorial Decentralization and Civil War Settlements” in Philip G. Roeder & Donald Rothchild (eds.), *Sustainable Peace: Power and Democracy After Civil Wars*, pp. 109-132 (all). **(Monday 8/3)**

Recommended reading:

- Treisman, *Architecture of Government*, pp. 165-168, 193-200.
- Brancati, Dawn (2010), *Peace by Design: Managing Intrastate Conflict Through Decentralization* (Oxford, UK: Oxford University Press), pp. 29-61.

Western Europe and United States

- Guibernau, Montserrat (2006), “National Identity, Devolution, and Secession in Canada, Britain, and Spain,” *Nations and Nationalism* 12 (1): 51-76 (all). **(Wednesday 8/5)**

Recommended reading:

- León, Sandra (2012), “How Do Citizens Attribute Responsibility in Multilevel States? Learning, Biases, and Asymmetric Federalism. Evidence from Spain,” *Electoral Studies* 31: 120-30, pp. 120-124, 128-129.

- Flores Juberías, Carlos (2013), “The Autonomy of Catalonia: The Unending Search for a Place Within Pluralist Spain” in Yash Ghai & Sophia Woodman (eds.), *Practising Self-Government: A Comparative Study of Autonomous Regions* (Cambridge, UK: Cambridge University Press), pp. 228-57 (all).

Developing World

- Bunce, Valerie (1999), *Subversive Institutions: The Design and the Destruction of Socialism and the State* (Cambridge, UK: Cambridge University Press), pp. 130-142. **(Friday 8/7)**
- Horowitz, Donald L. (2003 [1985]), *Ethnic Groups in Conflict*, 2nd ed. (Berkeley: University of California Press), pp. 602-628. **(Monday 8/10)**

Recommended reading:

- Brancati, *Peace by Design*, pp. 122-153.

Causes of Federalism and Decentralization

- Beramendi, “Federalism,” pp. 769-775. **(Wednesday 8/12)**
Short paper #2 due
- Ziblatt, Daniel (2004), “Rethinking the Origins of Federalism: Puzzle, Theory, and Evidence from Nineteenth-Century Europe,” *World Politics* 57 (1): 70-98, pp. 70-80. **(Friday 8/14)**
- Gerring, John, et al. (2011), “An Institutional Theory of Direct and Indirect Rule,” *World Politics* 63 (3): 377-433, pp. 377-380, 383-389, 399-404, 407-415. **(Monday 8/17)**
- O’Neill, Kathleen (2005), *Decentralizing the State: Elections, Parties, and Local Power in the Andes* (Cambridge, UK: Cambridge University Press), pp. 14-43. **(Wednesday 8/19)**
- Sorens, Jason (2012), *Secessionism: Identity, Interest, and Strategy* (Montreal: McGill-Queen’s University Press), pp. 49-50, 139-152. **(Wednesday 8/19)**
- Rodden, Jonathan (2003), “Federalism and Bailouts in Brazil” in Jonathan Rodden, Gunnar S. Eskeland, & Jennie Litvack (eds.), *Fiscal Decentralization and the Challenge of Hard Budget Constraints* (Cambridge, Mass.: MIT Press), pp. 213-48 (all). **(Friday 8/21)**
Quiz #2

Frontiers in Federalism

- de Schutter, Helder (2011), “Federalism as Fairness,” *Journal of Political Philosophy* 19 (2): 167-89 (all). **(Monday 8/24)**

- Weingast, Barry (2009), “Second Generation Fiscal Federalism: The Implications of Fiscal Incentives,” *Journal of Urban Economics* 65: 279-93, pp. 279-280, 283-290.
(Wednesday 8/26)
Final exam distributed

Recommended reading:

- Frey, Bruno S., & Reiner Eichenberger (1996), “FOCJ: Competitive Governments for Europe,” *International Review of Law and Economics* 16: 315-27 (all).