(Abstract)
Making Local Governments Work: How Political Decentralization Affects Municipalities’ Institutional Capacity and Performance in Mexico
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Political decentralization is supposed to bring elected representatives “closer to the people” and make local governments more accountable to their constituencies. This, in turn, can create incentives for representatives to improve local institutional capacity and performance. Empirical evidence, however, shows that this does not always occur..

Drawing on a substantial 2008 decentralization reform in the Mexican state of Nayarit, the dissertation examines if and how political decentralization affects local governments’ institutional capacity and performance. The reform made Nayarit the only Mexican state to decentralize within local governments, allowing citizens to vote directly for individual candidates from particular constituencies rather than only for party lists of candidates representing an entire municipality.

This dissertation includes three related papers. The first brings together two literatures that have developed separately—mainstream theories of democratic decentralization and alternative theories on non-democratic behavior, such as clientelism. The paper demonstrates that both can be valid in the same place and considers how this may be relevant for the Nayarit reform. Using a natural quasi-experiment, the second paper applies a difference-in-differences model to study the effects of the Nayarit reform. Some findings emerge to support both conventional and clientelistic theory. The internally decentralized Nayarit municipalities, for example,
tend to increase service delivery in the newly represented constituencies but raise less revenue than municipalities where reform did not occur. Finally, using a qualitative case study of the Jala municipality, the third paper finds that the incentives faced by elected representatives varied across policy areas, leading to different types of behavior consistent with the different conceptual approaches.

The papers collectively demonstrate that the use of two seemingly inconsistent theories can help to explain the relationship between political decentralization and local governance better than using either alone. In fact, these theories are in some respects complementary—the results expected by each can be realized under the same reform when certain conditions differ. This work lays a foundation for further research not only in Mexico, but also in other countries undertaking political decentralization reforms.