

DECONSTRUCTED DECENTRALIZATION AND ETHNIC CONFLICT

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Doctor of Philosophy

By

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## DEDICATION

This dissertation is dedicated to the brave, the kind,  
the generous Kurdish people, my *heval*, my friends.  
Thank you for welcoming me into your homes and  
hearts. Thank you for encouraging and supporting  
my interest in your inspiring, sorrowful, colorful  
Kurdish experience and struggle. Her biji Kurdistan!

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## **ABSTRACT**

Decentralization, particularly federalism, is often presented as an institutional solution for ethnic conflict. Yet, the literature on decentralization and conflict is inconclusive; some scholars argue that decentralization contains conflict, others argue that it exacerbates conflict, and more recent studies shed light on decentralization's varying impact on ethnic conflict. After identifying conceptual inconsistencies throughout this research, this dissertation presents the Deconstructed Decentralization Model (DDM), a comprehensive framework for assessing decentralization. This framework disaggregates decentralization into three dimensions: political, fiscal, and administrative decentralization. Additionally, the DDM incorporates two subregional levels of decentralization: the subregional state level and the local, municipal level. Using the DDM and a time-series cross-national dataset spanning 52 countries, a statistical analysis of the relationship between deconstructed decentralization and ethnic conflict is presented. This analysis yields a nuanced set of findings regarding the relationships between regional and local levels of political, fiscal, and administrative decentralization and disaggregated ethnic conflict. Importantly, this study sheds light on the potential of local-level administrative decentralization for containing violent ethnic conflict for countries of varying democracy levels, a timely finding in light of the increasing global appeal of administrative decentralization. This study concludes with a qualitative analysis of deconstructed decentralization in the Kurdistan Region of Iraq, which reveals challenges to the authentic implementation of decentralization. These findings shed light on possible factors to consider in order to continue refining the conceptualization, measure, and impact of decentralization.

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## CHAPTER 1

### INTRODUCTION

In Southeastern Turkey, there is a small, dilapidated town named Dara that was once a Mesopotamian fortress of the Roman Empire. At the dusty entrance to its ruins, four little girls run to welcome *yabancı*s, foreigners. One of the girls has emerald eyes that brighten when she is asked to sing a song. The girls sing in Turkish, and proudly in English, and one even knows a French song. But, to so many this is Kurdistan, and they are Kurdish girls, so perhaps they could sing a song in Kurdish? They stare in shock. It is not a common request, but they happily oblige. *Welatê me Kurdistan e*, they sing, *cîh û meskenê me Kurdan e...our homeland is Kurdistan, our land and our country is Kurdish*.

Not long ago, little girls singing in Kurdish could be imprisoned for supporting Kurdish terrorism against the Turkish state.

\*\*\*

The ongoing Turkish-Kurdish conflict in Turkey began in the 1980s and has since then claimed the lives of thousands and displaced millions.<sup>1</sup> Such cases of ethnic conflict have consistently plagued the post-Cold War world (Bakke, 2015; Bermeo, 2002; Center for Systemic Peace, 2015). Worse, internal ethnic conflict appears to be the most difficult conflict to contain (Kaufman, 1996; Fearon and Laitin, 1999; Hechter, 2000; Bermeo, 2002). Perhaps as a direct consequence of this difficulty, ethnic conflict also tends to last longer; on average, interstate wars last three years, civil wars last five, but ethnic conflicts

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<sup>1</sup> Nick Danforth, "When Peace is Bad Politics" *Foreign Policy*, February 18, 2016, available at <http://foreignpolicy.com/2016/02/18/when-peace-is-bad-politics-turkey-kurds-akp-pkk/> (last accessed March 11, 2016).

last ten years (Center for Systemic Peace, 2015). These protracted conflicts wreak havoc on societies; first, governments face grave security threats and millions of deaths and must then confront diseases, shortened life expectancies, economic struggles and infrastructure destruction (Bakke, 2015). Naturally, urgent calls for a means to contain ethnic conflict echo throughout academic, governmental, and humanitarian dimensions. Decentralization, particularly federalism, is often presented as an institutional solution for containing conflict. Indeed, decentralization and federalism echo as “key words” throughout the ethnic conflict sphere; children, like the four little girls from Dara, and families alike dream and sing of “their” land, ethnonationalist leaders demand decentralization for greater autonomy, ethnic minorities uphold the merits of federalism, politicians take stances on decentralization, and policy-makers debate it.<sup>2</sup> Within academia, a robust research agenda addresses the relationship between decentralization and ethnic conflict; this literature can be divided into three major branches. The first two branches, which I will refer to as the traditional literature throughout this dissertation, make up the bulk of this research and generally conceptualizes decentralization as either peace-conducive or peace- negating (Bakke and Wibbels, 2006). Some scholars of this approach argue that federalism is “good” because it can protect minorities from the tyranny of the majority and assuage conflict (Lijphart, 1977, 1996; Tsebelis, 1990; Horowitz, 1991; Ornstein and Coursen, 1992; Narang, 1995; Kaufman, 1996; Stepan, 1999; Gurr, 2000; Bermeo, 2002; Lustik et al., 2004). On the other hand, others argue that federalism is “bad” because it exacerbates

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<sup>2</sup> Recent and current debates about federalism and decentralization pertain to Syria, Ukraine, and Libya. See “Why Talk of Federalism Won’t Help Peace in Syria,” *Foreign Policy*, March 18, 2016, available at <http://foreignpolicy.com/2016/03/18/why-talk-of-federalism-wont-help-peace-in-syria-assad/> (last accessed April 4, 2016). Debates on decentralization and federalism to contain conflict are also observable in relation to Bosnia, Colombia, Cyprus, Indonesia, Iran, Iraq, Nigeria, Pakistan, South Africa, Sri Lanka, Sudan, and the United Kingdom (Bakke, 2015).

conflict and even leads to state dissolution (Dikshit, 1975; Lijphart, 1977; Duchacek, 1987, 1988; Elazar, 1987; Burgess, 1993; Narang, 1995). In contrast, more recent studies depart from this binary conceptualization of decentralization and explore the potentially variant nature of decentralization's impact. In these studies, which I refer to in this dissertation as the conditional literature, decentralization is theorized to interact with different contextual factors, rendering variation in decentralization's potential impact on ethnic conflict (Bakke and Wibbels, 2006; Brancati, 2006, 2009; Bakke, 2015; Cederman et al., 2015; Siroky and Cuffe, 2015).

Overall, however, the literature on decentralization and ethnic conflict remains inconclusive. On the one hand, the traditional literature has produced two main, and discordant, conclusions: that federalism leads to more ethnic conflict and state dissolution, and that federalism successfully contains ethnic conflict (Bakke and Wibbels, 2006).<sup>3</sup> On the other hand, the relatively fewer studies in the recent conditional literature have produced more nuanced findings in relation to different characteristics of decentralization across different contexts (Amoretti and Bermeo, 2004; Hale, 2004; Bakke and Wibbels, 2006; Brancati, 2006, 2009; Bakke, 2015; Cederman et al., 2015; Siroky and Cuffe, 2015). Yet, there is no agreement in the recent conditional literature as to what aspects of decentralization matter-and in what way- for ethnic conflict (Treisman, 2007). In sum, whether or not decentralization, or federalism, "works" to contain conflict remains a complex debate.

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<sup>3</sup> For arguments and findings of federalism as peace-negating, see Dikshit (1975), Horowitz (1991), Lijphart, et. al. (1993), Hardgrave (1994), Cohen (1997), Kymlicka (1998), Bunce (1999, 2004), Cain and Dougherty (1999), Leff (1999), and Snyder (2000). For arguments and findings of federalism as peace-conducive, see Riker (1964), Nordingler (1972), Tsebelis (1990), Weingast (1998), Stepan (1999, 2009), Gurr (2000), Hechter (2000b), Lustik, et al. (2004), Ahuja and Varshney (2005), Amoretti (2004), and Bermeo (2002).

In this dissertation, I address the relationship between decentralization and ethnic conflict. Stemming from an in-depth analysis of the literature's three branches noted above, the first foundational question of this dissertation is: why is the literature divided? Are there aspects of research up to this point that have contributed to this inconclusive state? In other words, is this research agenda consistent in its conceptualization of decentralization? I argue that the answer to this question is a resounding "no;" the literature varies widely along issues relating to the conceptualization, measure, and classification of decentralization. This argument is premised on this dissertation's analysis of the literature, which reveals that the traditional literature varies in its definition and measure of decentralization, but most often utilizes the term, and a binary measure of, federalism to for this research question (e.g. Lijphart, 1977, 1996; Stepan, 1999; Gurr, 2000; Hechter, 2000b; Bermeo, 2002; Lustik, Miodownik, and Eidelson, 2004). Additionally, I reveal that the more recent conditional literature also varies greatly in its approach to defining and measuring decentralization. For example, the most recent publication within the conditional approach up to this point, Bakke (2015), utilizes disaggregated decentralization, including policy, political, and fiscal decentralization, in relation to state-contextual factors, including ethnicity and inequality. On the other hand, Brancati (2006, 2009) analyzes decentralization defined as both federalism as well as an index of political decentralization factors. Along with this type of inconsistency in the conceptualization of decentralization in the conditional literature, I argue that there is another conceptual inconsistency which relates to the notion of federalism. I assert that, as is the case with the traditional literature, decentralization in the conditional literature also appears to be conceptually tied to the notion of federalism in. This is the case because decentralization

is usually discussed in characteristics that are or approximate federal arrangements, or is assessed across federal states. In other words, I argue that even in the conditional literature, where decentralization is of interest, it seems as if federalism is automatically of interest as well. In this dissertation, I argue that the tendency to conflate the notion of decentralization with the federalism significantly contributes to the inconsistency in decentralization's conceptualization in both the traditional and the conditional approaches. Thus, along with asking whether the conceptualization of decentralization varies, in this dissertation I also question what appears to be an assumption that federalism and decentralization are the same, or interchangeable, even.

These types of questions pertaining to the conceptualization of decentralization make up the first component of this dissertation, where the aim is to understand what, exactly, decentralization is. In 1981, American fiction writer Raymond Carter wrote a series of short-stories titled *What We Talk About When We Talk About Love*. Similarly, in this dissertation, I ask: what do we talk about when we talk about decentralization? As noted above, different studies use different conceptualizations, and many studies conceptualize decentralization within the sphere of federalism. Given the nebulous nature of the literature, I propose that arriving at conceptual consistency and standardization within this research agenda is not only crucial for better analyses, but also helpful for policy and political spheres as well. Currently, conceptual variation regarding decentralization is reflected in policy and political realms; for example, current discussions of future autonomy for the Kurds in Syria approach the notion of federalism.<sup>4</sup> On the other hand, World Bank decentralization data and initiatives focus on fiscal decentralization as well as

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<sup>4</sup> See "Syria Conflict: Kurds Declare Federal System" BBC, March 17, 2016, available at <http://www.bbc.com/news/world-middle-east-35830375> (last accessed April 5, 2016).

political decentralization.<sup>5</sup> It appears, therefore, that there is no agreement in any sphere about “what we talk about when we talk about decentralization.” Instead, the discussion and analysis of decentralization seems to weave through different notions of decentralization, including concepts such as federalism, decentralization, delegation, fiscal decentralization, policy decentralization, and more.

In response to the conceptual inconsistency issue that plagues decentralization research, this dissertation sets forth a comprehensive conceptualization of decentralization that can serve as a standardized and inclusive conceptualization of this institution. This framework, labeled the Deconstructed Decentralization Model (DDM), disaggregates decentralization into fiscal, political, and administrative dimensions. Accordingly, in this dissertation, decentralization is defined as *a decrease in the level of power held by the central government in a state via the bolstering of sublevel political, administrative, and financial autonomy*.

Each of the DDM’s decentralization dimensions is individually defined and is captured by unique corresponding factors. These measures are drawn mostly from World Bank databases. The disaggregated nature of the DDM renders it a comprehensive conceptualization able to assess the wide scope of decentralization. Furthermore, this model does not reject previous conceptualizations, but instead captures them across the three dimensions. In this regard, this dissertation departs from previous studies, which tend to utilize a unidimensional conceptualization, by allowing for the simultaneous presence of multiple decentralization dimensions in a state. For example, whereas some studies

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<sup>5</sup> The World Bank (2001, 2012), offers two sets of decentralization data, one containing political indicators and the other containing fiscal indicators. A great number of the recent World Bank publications regarding decentralization, moreover, feature fiscal decentralization (e.g. Bahl and Martinez-Vazquez, 2006; Yilmaz, Aslam and Gurkan, 2010; Skoufias, Narayan, and Kaiser, 2011).

utilize political or fiscal decentralization concepts to assess its impact on conflict, the DDM allows for political, administrative, and fiscal decentralization to be simultaneously, and independently, assessed. States' decentralization thus falls in gradients along multiple dimensions, instead of as only either decentralized (federal) or not (unitary). Consequently, richer comparison dynamics are possible.<sup>6</sup> Moreover, another advantage of the DDM is that it includes federalism as a factor of one dimension, political decentralization, instead of upholding federalism as decentralization per se. Another important characteristics of the DDM is that it incorporates the local, municipal level of governance into the decentralization sphere. Up to this point, the literature has only analyzed decentralization at the subregional state, or provincial, level. This dissertation's analysis of municipal-level decentralization dynamics thus contributes a new angle to this analysis. In sum, the DDM framework provides a sound, multi-dimensional alternative to the previous approaches to decentralization that addresses the highlighted issues regarding the conceptualization of decentralization.

Utilizing the DDM framework, the second thrust of this dissertation addresses the relationship between decentralization and ethnic conflict. Specifically, the underlying empirical question is not the commonly pursued "how does decentralization impact ethnic conflict?" Instead, this dissertation asks the following: "how do different types of decentralization impact conflict?" This question is addressed with a statistical analysis of the impact of the DDM dimensions on ethnic conflict. Utilizing a cross-sectional time-series (CSTS) dataset spanning 52 countries and 15 years, I present statistical models that

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<sup>6</sup> For example, Brancati (2006, 2009) uses measures of political decentralization to assess the impact of decentralization on ethnic conflict. The frequency of this type of singular specification is presented and discussed in-depth in Chapter 2 of this dissertation.

reveal the separate impact of political, fiscal, and administrative decentralization on ethnic conflict. Importantly, this analysis incorporates factors representing two levels of decentralization: the subregional state level and the subregional municipal level. Moreover, this analysis also disaggregates ethnic conflict, so that different types of decentralization are assessed in relation to different manifestations of ethnic conflict. Three types of ethnic conflict are utilized: anti-regime conflict, anti-regime protest, and intercommunal conflict. The decentralization and ethnic conflict configurations are assessed across both federal and unitary countries in order to draw conclusions and policy implications about decentralization that are not limited to federal states only, as is the norm. Decentralization's impact is also assessed across different country profiles, such as advanced democracies, authoritarian regimes, and wealthy countries. The result of this analysis is a nuanced matrix of findings that reveals the nature of multiple decentralization and ethnic conflict interactions. I find, for example, that fiscal decentralization is associated with increased ethnic anti-regime rebellion and protest. On the other hand, I also find that local-level administrative decentralization lowers anti-regime conflict, while subregional state-level administrative decentralization does not. Alternatively, political decentralization is associated with both increases and decreases in ethnic conflict at different subregional levels. Such findings lend support for the analytical shift this dissertation sets forth in order to assess the relationship between decentralization and ethnic conflict in terms of separate impacts relative to political, fiscal, and administrative decentralization dimensions. Through its nuanced approach, this dissertation contributes in-depth insights to the understanding of decentralization and its impact on ethnic conflict which provide useful policy implications for countries and governments seeking to contain conflict. These



contributions exemplify how the DDM framework can continue to serve as a cohesive, standardized conceptualization for future research.

### **1.1 The argument: political, fiscal, and administrative decentralization's impact on ethnic conflict**

The overarching thrust of this dissertation is that different dimensions of decentralization impact ethnic conflict differently. Accordingly, I present a set of arguments about the interaction between political, fiscal, and administrative decentralization and ethnic conflict elements. These arguments involve disaggregated ethnic conflict, including anti-regime rebellion, anti-regime protest, and intercommunal, or group, conflict concepts. Anti-regime rebellion, the most common measure of ethnic conflict, consists of violence directed against a state (see Boswell and Dixon, 1990, p.540). On the other hand, anti-regime protest consists of generally less violent mobilization, including demonstrations, rallies, riots, and petitions directed against governments in the name of minority group interests (MAR, 2009). Anti-regime rebellion and anti-regime protest are treated as similar dynamics in this study because they both involve collective action against the state. In contrast, intercommunal conflict entails conflict among ethnic minority groups and between minority and majority groups that does not involve the state (Marshall and Jagers, 2002; MAR, 2009). Given the different nature of the grievances and dynamics present among anti-regime conflict and intercommunal conflict types, some of the arguments presented vary along this dimension.

#### **1.1.1 Political decentralization increases ethnic conflict**

I argue that political decentralization can increase ethnic conflict where it results in the reinforcement of ethnic identities, which fuel mobilization against the state. I argue that

the factor of political decentralization that enables this mechanism is subregional state-level elections. This is because ethnic minority elites operating at this subregional level (as opposed to the subregional municipal, or local, level) may have the opportunity to access, and benefit from, the higher resources available at this level. In turn, the subregional state level poses a greater incentive for ethnic elites to foster ethnic salience in order to then capitalize on ethnic ties and gain access to lucrative political offices. This is especially the case in resource-rich states involving greater wealth levels, which enhance the elites' incentive to access such resources. Examples of the material gain that regional ethnic elites can access at the subregional state level, and the associated instrumentality of ethnicity, can be seen in the case of Nigeria. The vast regional oil wealth that regional ethnic elites in Nigeria have been able to access is cited as an incentive for regional ethnic elites' common use of ethnic ties to win subregional state elections (Suberu, 2001; Ikpe, 2009). In the Nigerian political sphere, ethnicity is not the end but the means because ethnic elites rely on mobilization of ethnic sentiments and solidarity for electoral support or political blackmail (Ibid.). Some elites, for example, hand out political fiefdoms to ethnic patrons (Ibid.). This wealth dynamic is also evident in the federal Kurdistan Region of Iraq, and the great wealth that the elite of the ruling Kurdish party, the Kurdistan Democratic Party (KDP), has accrued from its access to the region's oil resources (Hassan, 2015).

Brancati (2006) finds cross-national evidence of the connection between instrumental ethnicity in relation to subregional state elections; subregional state elections are found to reinforce ethnic identities by enabling the participation of ethnoregional parties. The argument is that whereas it is difficult for ethnoregional parties to succeed electorally nationally, they have more opportunity to succeed electorally when there are

subregional elections for them to compete in (Ibid.). The presence of ethnoregional parties in the electoral sphere, in turn, increases the saliency of ethnicity and reinforces ethnic identities (Ibid.). In sum, subregional state elections serve as a platform for ethnic elites to foster ethnic salience in order to capitalize on ethnic ties to serve their interests.

The connection between this instrumental ethnicity element and ethnic conflict is as follows: as ethnic elites' foster ethnic ties in pursuit of their interests, ethnic identities are reinforced, which fuels mobilization against the state and increases conflict. This effect is demonstrated by findings in Brancati (2006, 2009) indicating that when ethnic identities are reinforced via the presence of regional parties, ethnic mobilization and conflict increases. Brancati (2009) argues that conflict increases where regional parties pursue their own agendas instead of the public or collective good, such as the "rigid and uncompromising" agendas of Czechoslovakia's regional parties, which are attributed to the dissolution of the state. I incorporate this type of elite-led dynamic into my hypothesis regarding regional elections. The crux of my argument is that political decentralization, via subregional state elections, allows for ethnic elites to foster the salience of ethnic identity in order to capitalize on it to secure access to regional resources and power. As a result, ethnic identity is reinforced, emphasizing the "us vs. them" perception of ethnic minorities in relation to their minority status and the state. As political elites' political movements are mostly driven by the economic incentives of the subregional state level, their capacity to serve constituents and address their grievances is undermined. Instead, ethnic reinforcement dominates the political horizon and fuels mobilization, increasing anti-regime conflict. As such, political decentralization via subregional state election dynamics can capture the role that ethnic elites, especially in pursuit of wealth from high resource

levels, have in the ethnic conflict dynamic. Within this context, I hypothesize the following:

H1a: The political decentralization factor of subregional state elections is likely to increase ethnic elites' incentive to utilize ethnicity for their gain, which is likely to result in the mobilization-fueling reinforcement of ethnic identities, which is likely to increase anti-regime conflict.

### **1.1.2 Political decentralization decreases conflict**

On the other hand, I argue that political decentralization can also lower ethnic conflict via the element of ethnic minority representation. Basically, political decentralization can enable the recognition and representation of ethnic identity by increasing the opportunity for the representation of ethnic minorities in the political sphere. Ethnic identity representation is more likely in politically decentralized states because as more political power and representation is delegated from the central sphere, more political offices and other representative venues are available for ethnic minorities to participate in. As scholars (e.g. Gurr, 2000) uphold that much of the grievances that minorities hold against states involve the recognition of their unique identity and its representation in the political sphere,<sup>7</sup> I argue that political decentralization's provision of ethnic identity recognition and representation lowers ethnic conflict by addressing these grievances.

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<sup>7</sup> In the globalization-oriented communitarian theory literature, one of the driving desires of national groups is to achieve recognition of their identity (e.g. Taylor, 1997).

Specifically, the representative capacity of political decentralization is optimal in its factors of federalism and municipal elections.

The ethnic-identity representation effect of federalism stems from the symbolic recognition of ethnicity that is likely to occur along with the general federal aim of delegating power to regions.<sup>8</sup> This dynamic can be observed in the case of Iraq, which adopted federalism in 2005 (Danilovich, 2014). The federal Kurdistan Region was able to hold regional elections, which resulted in the election of renowned Kurdish tribal leader Massoud Barzani as the President of the federal Kurdistan Region.<sup>9</sup> The ethnic recognition provided by federalism in this case is highlighted by the celebration of Kurds outside of Iraq and within Turkey for the leadership role gained by their Kurdish counterparts in Iraq. Barzani's customary Kurdish attire at national and international events continues to demonstrate the relevance of his Kurdish ethnic identity in his political role. In this manner, federal design can enable the recognition of ethnic identity and provide representation of ethnic identity and interests in the political sphere. In turn, this recognition and representation of ethnic identity can alleviate minority grievances against the state. Currently, for example, the Kurds of Iraq are not likely to form grievances about their inability to express their Kurdish identity within Iraq. This is not the case, however, of the Kurds in non-federal Turkey, where expressions of Kurdish identity were traditionally severely repressed and have accordingly dominated the tone of protests and rebellion (McDowall, 1996; Romano, 2006). Thus, I hypothesize that:

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<sup>8</sup> The recognition of cultural and ethnic identity possible from federal structures is a characteristic scholars often label ethno-federalism. For example, Safran (2000, p. 14) has outlined a set of preconditions that would entail a group to have federal autonomy, including cultural benefits being more important than economic benefits and serious threat to cultural identity under current (non-federal) arrangements. For more on federalism's role in ethnic identity recognition and cultural rights, see McGarry (2008, p. 57).

<sup>9</sup> "Iraqi Kurdistan Leader Sworn In" *BBC*, June 14, 2005, available at [http://news.bbc.co.uk/2/hi/middle\\_east/4092926.stm](http://news.bbc.co.uk/2/hi/middle_east/4092926.stm) (last accessed March 17, 2016).

H1b: Federalism, by providing ethnic recognition and cultural rights, is likely to assuage anti-regime minority grievances, which in turn may decrease ethnic conflict.

Also, I argue that subregional municipal elections may increase ethnic minority representation by increasing the amount of available electoral positions at the subregional level, which increases the electoral, and thus representative, opportunities of minorities. Consequently, ethnic minorities perceive greater opportunity for representation of their identity and interests.<sup>10</sup> A heightened perception of ethnic representation in the political sphere, in turn, may alleviate minority grievances. The minority representation dynamic is exemplified in the case of Nigeria; Suberu (2001) argues that the presence of intermediary government allows for local-level issues and grievances to be addressed at the local level, blocking them from rising to the national sphere and becoming a source of national-level contention. However, given the possibility of ethnoregional parties and elites operating at the subregional state level capitalizing on ethnic identity for their own benefit, as argued above, it is possible that the more authentic representation of elite identity and interests expected with subregional election dynamics may be precluded by the elite dynamic at the subregional state level. In other words, as ethnic elites at the state level may be pursuing their own interests in relation to potentially high resources available at the subregional state level, their political movement may not be reflective of the greater collective good of the ethnic minority. However, as the municipal sphere involves smaller-scale political dynamics and less resources, I expect the municipal level elections to be more likely to

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<sup>10</sup> The assumption being that ethnic minorities are not precluded from participation in subnational elections.

deliver the representative capacity of political decentralization. For example, in a meeting with municipal representatives in Halfeti, Turkey, a Kurdish city in Eastern Turkey, I found that the (Kurdish) leadership, including the mayor, were inclined to discuss items relevant to Kurdish identity and interests; Kurdish municipal mayors in the region often express support for policies and causes in the interests of the Kurdish community. On the other hand, provincial leaders, which are appointed by the central sphere, usually echo national-level interests and tend to refrain from even alluding to Kurdish identity or culture. The representatives from Halfeti I spoke with described the provincial level officers (ethnic elites) as “belonging to the AKP,” or the ruling party in the national sphere.<sup>11</sup> These dynamics demonstrate that the municipal level electoral sphere can serve as a better platform for local political movement to represent the identity and interests of minority ethnic groups. As such, I hypothesize that:

H1c: Municipal elections, by increasing ethnic representation, are likely to assuage ethnic grievances. Representation is likely to increase because municipal elections are less likely to be associated with lucrative electoral benefits than subregional state-level elections. Higher ethnic representation, in turn, may decrease ethnic conflict.

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<sup>11</sup> Part of the Kurdish local perceptions of elite allegiance to the central sphere lies in the collective belief that the provincial level officers are in the “pocket” of the corrupt central sphere. See, “17 Aralık'ta ve sonrasında ne oldu?” Son Dakika Haberleri, February 2016, available at <http://www.onyedyirmibes.com/gundem/17-aralikta-ve-sonrasinda-ne-oldu-h48945.html> (last accessed April 30, 2016).

### **1.1.3 Fiscal decentralization's variant impact on anti-regime mobilization**

I argue that fiscal decentralization can decrease ethnic conflict where the primary tone of grievances against the state involve issues of ethnic identity, such as recognition and cultural rights. This argument is consistent with the Primordialist perspective, which holds that ethnic identity is an innate concept instilled in infancy that is characterized by attachment to a specific territory (Taras and Ganguly, 2002). Consequently, minority groups assert the right to rule themselves as a distinct “people” (Kymlicka, 1998, p.140). This results in nationalist-oriented mobilization aimed at independence. Within this context, the conventional argument is that decentralization equips nationalist leaders with patronage and other resources that can be mobilized for nationalist ends (Meadwell, 1993, p.200; Roeder, 1991). To this end, I argue that the most crucial element in this primordial mobilization argument is not the pursuit of independence per se, but the pursuit of what independence and autonomy are perceived to guarantee: recognition of ethnic identity and the freedom to express this ethnic identity and associated culture. As such, I argue that the primary grievance underlying this mobilization is the denial of identity recognition and cultural rights, and the primary aspiration is securing these elements. In this case, fiscal decentralization can fuel mobilization and increase conflict. As previously noted, fiscal decentralization increases subregional allocation of resources, which increases local minorities' access to resources. In turn, access to resources fuels ethnic leaders' mobilization efforts to pursue identity recognition and cultural rights. Higher mobilization towards this aspiration increases ethnic conflict. Importantly, I argue that this increase in ethnic conflict will not occur uniformly; I do not expect this effect in states where identity and cultural rights cannot be the primary grievance because ethnic minorities already have



cultural and political rights. In a federal state, for example, where ethnic minority populations can assert their ethnic identity and cultural practices, I do not expect fiscal decentralization to increase ethnic conflict in this manner. Therefore, I hypothesize that:

H2a: Where the primary minority grievances pertain to identity and cultural rights, fiscal decentralization may fuel mobilization, which is likely to increase anti-regime ethnic conflict.

I provide an alternative argument, however, in the case that the primary grievances are not related to ethnic recognition and rights, and the minority aspiration is not primordial in nature. An alternative mechanism can take place if the underlying aspirations intertwined with ethnic salience is the economically-driven agenda of ethnic elites. In other words, mobilization can be primarily fueled by ethnic elites who capitalize on ethnic identity salience in order to catalyze mobilization that ultimately benefits them. This argument of instrumental ethnicity is often proposed in the literature and holds that ethnic identity is a means employed by individuals, groups, or elites to achieve a larger, usually material, gain (Lake and Rothchild, 1998). An example of this dynamic can be seen in the “patrimonial state” in Nigeria, where political elites mobilize ethnic identity as a means to state offices. In fact, scholars argue that the most reliable strategy for accruing political support for political elites in Nigeria is appealing to ethnic solidarity (Suberu, 2001; Ikpe, 2009). Where the primary motivation is instrumental ethnicity catalyzed by ethnic elites, I argue that fiscal decentralization may equip ethnic leaders with more resources, but it will not

automatically foster mobilization against the state if the economically-driven ethnic elites perceive that the status quo benefits them more than mobilization and independence.

Such ethnic elite reticence against mobilization can be observed in the case of the Kurds of Iraq. While the Kurdish public traditionally expresses a desire for an independent Kurdistan,<sup>12</sup> the Kurdish elite have not made concrete movements to mobilize towards independence. Even after the structural vacuum in place after Saddam's fall in 2003, Kurdish leadership "carefully framed their movements as Iraqi movements... rather than Kurdish movements wanting to separate from Iraq" (Romano, 2006: 212). Later, Kurdish leader Talabani stated that Kurds aimed for a federation within a democratic Iraq (Charountaki, 2011, p.30). Recently, Kurdish officials' rhetoric has appeared to shift; in 2014, Kurds began to speak about holding a possible independence referendum in the region (Solomon, 2014). In Washington D.C. in May of 2015, Massoud Barzani famously stated that "the independent Kurdistan is coming (Kumar Sen, 2015). In June of 2015, Barzani again hinted at the referendum by stating in a CNN interview that the "time is here for the Kurdistan people to determine their future and the decision of the people is what we are going to uphold" (Krever, 2015). While this rhetoric has conveniently generated popular support for Kurdish leadership in the region, I argue that it does not reflect Kurdish mobilization towards independence. None of the allusions to the referendum have specified a working timeframe for independence and resultant institutional, economic, and political transitional objectives for the region; moreover, the absence of an *actual* assertion of independence from any Kurdish official in any platform, as well as the absence of an actual

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<sup>12</sup> See for, example, the public support for independence manifested into the Kurdistan Referendum Movement (Halkawt, 2006).

referendum, indicate a lack of concrete elite will to push for independence.<sup>13</sup> Elites may lack the will to declare independence due to the favorable financial benefits they can access from the current federal arrangement (Le Billon, 2015, p.73). In other words, independence does not serve the political and material interests of the Kurdish leadership. The elites of the Kurdistan Region, including the leaders of the KDP party headed by Massoud Barzani, have gained access to tremendous wealth via the region's wealth from oil revenues. The Kurdistan Regional Government (KRG), however, is very dependent on Baghdad for access to this wealth (Natali, 2010). These Kurdish interests require,

...maintaining open borders for commercial benefits, assuring external patronage for recognition, and guaranteeing international support for ongoing legitimacy and necessary resources. These objectives have reconfigured the Kurdish nationalist agenda, created new demands for negotiation with the central government, and compromised the notion of a Kurdistan Region apart from Iraq (Natali, 2010, p. 126).

This dynamic exemplifies how the primary motivation underlying ethnic saliency and mobilization can be economic, and not primordial, aspirations. I argue that where ethnic

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<sup>13</sup> The lack of a full mobilization movement by Kurdish leadership in Iraq contrasts to the mobilization movement of the Kurds in Turkey. Characterized by mass dissent and insurgency against the state, the Kurdish mobilization in Turkey is led by the Marxist-Leninist ideology of its leadership, the Kurdistan Workers' Party (PKK), headed by Abdullah Ocalan (Romano, 2006, p. 25-66). Calls for Kurdish independence and autonomy pervade the history of the movement.

salience and ethnic mobilization is primarily driven by the material agenda of ethnic elites, fiscal decentralization will fuel anti-regime mobilization and increase ethnic conflict only if potential autonomy would economically behoove the leading ethnic elites. If extending or securing autonomy does not benefit ethnic elites, then they will not foster mobilization to this end, and ethnic conflict will not increase. Therefore, I argue the following:

H2b: Where the primary motivation underlying ethnic mobilization is the economic agenda of ethnic elites, fiscal decentralization will not likely significantly impact ethnic conflict. However, if the ethnic elites perceive potential mobilization and/or independence as serving their interests, then fiscal decentralization may increase the likelihood that fiscal decentralization serves to enable ethnic elites to catalyze mobilization, which in turn may increase conflict.

#### **1.1.4 Fiscal decentralization decreases intercommunal conflict**

I argue that fiscal decentralization has a different interaction with intercommunal conflict through its impact on inequality between different groups. This is premised on the argument that in tensions involving two or more groups within a state, the associated grievances are related to the distribution of resources between groups, which competition can render unequal. This argument asserts that ethnic violence and conflict is the result of minority grievances stemming from uneven development (e.g. Horowitz, 2000). These grievances appear because modernization incentivizes people to desire the same goods,

which leads to competition and conflict over resources (Tellis et.al, 1997). Yet, competition usually renders an asymmetric development course, to the detriment of ethnic minorities (Ibid.). Competition between groups for resources, therefore, results in grievances regarding the nature of distribution of government resources among groups.<sup>14</sup> Thus, in this type of conflict, the primary motivator for mobilization is groups' desire to gain or improve their access to resources. Fiscal decentralization can address these economic grievances and lower conflict by increasing the efficiency of good distribution. Because fiscal decentralization aims to allocate a higher proportion of resources at the subregional level, efficiency increases as the distance between goods and regional demands decreases, enabling more distribution to take place at the subregional level. In turn, more distribution at the subregional level increases subregional groups' access to resources, countering the development asymmetry and inequality between groups. For example, within a pluralistic society consisting of various minority groups, a fiscally decentralized system would allocate more funds to be distributed at subregional levels, where the presence of local minorities is more visible than their presence in the national sphere. The higher visibility of these groups at the subregional level is more likely to yield distribution patterns that allow smaller minority groups better access to subregional resources. Hence, I hypothesize that:

H2c: Fiscal decentralization, through increased distributive efficiency, is likely to increase minority groups' access to resources. Receiving more access to resources is likely to

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<sup>14</sup> For more on the "Hobbesian" nature of group conflict, see Rabushka and Shepsle (1972, p. 67-69).

reduce group perceptions of relative inequality and disadvantage, which may assuage grievances and may contain intercommunal conflict.

#### **1.1.5 Administrative decentralization and anti-regime mobilization**

In this dissertation, administrative decentralization is specified in terms of subregional fiscal autonomy and in terms of local (municipal) administrative agency autonomy. As the former captures subregional fiscal access dynamics, the argument about administrative decentralization in terms of subregional fiscal autonomy echoes the arguments regarding fiscal decentralization. Assuming that the primary grievance against the state pertains to a lack of cultural and ethnic rights, I argue that administrative decentralization can also increase ethnic conflict. I argue that while fiscal decentralization increases subregional allocation of resources, which may increase local minorities' access to resources, administrative decentralization increases both minority access and autonomy over subregional finances. Therefore, I submit that:

H3a: Administrative decentralization, in terms of subregional fiscal autonomy, may provide regional ethnic leaders with resources and autonomy over spending of such resources. Equipped with more resources and spending autonomy, elites are more likely to be able to engage in mobilization efforts, which is likely to increase ethnic conflict.

### **1.1.6 Administrative decentralization and intercommunal conflict**

In terms of intercommunal conflict dynamics, however, I argue that administrative decentralization can reduce conflict by enhancing the opportunity for groups to access the decision-making sphere regarding subregional spending. In turn, their demands and interests are likelier to be addressed, assuaging grievances. As previously noted, tensions involving two or more groups within a state may stem from inequality in the distribution of resources between groups (Tellis, et. al., 1997; Horowitz, 2000). In this context, therefore, the primary motivator for mobilization is groups' desire to participate in decision-making of subregional spending in order to improve their economic condition. To this end, administrative decentralization, in terms of greater subregional spending autonomy via subregional tax expenditures, can counter these economic grievances by increasing the opportunity for groups' demands to penetrate the decision-making sphere. This is a function of administrative decentralization's increased subregional spending autonomy; if the subregional level as a whole has more autonomy over fiscal decision-making in relation to central mandates and oversight, then the opportunity for subregional groups to assert demands regarding spending is increased. In turn, this increases the likelihood that groups' interests are served in contrast to the likelihood of groups' interest being served if asserted within the national decision-making sphere. An example of this dynamic is observable within the educational sphere of the US. The educational budget of the federal state of Texas, for example, consists of some federal funding, but its greatest revenue source is the state's independent revenue, including its subregional taxation.<sup>15</sup> Texas has, therefore, more autonomy over its educational funding decision-making than it

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<sup>15</sup> For more information, including data, pertaining to Texas' education funding, see "Public Education Funding in Texas," available at <http://fastexas.org/about/funding.php> (accessed April 16, 2016).

would have were its educational funding mostly derived from central government grants.<sup>16</sup> As a result, Texas' relatively high educational funding autonomy renders decision-making that is amenable to demands and interests from within the subregional sphere, instead of from overhead central sphere mandates. Consequently, considerations regarding the unique educational obstacles that minority groups in Texas, including Hispanics and Blacks, face are evident in the nature of its education programs and policies. For example, in 2009, the governor of Texas established the Texas Early Learning Council, an advisory council, which is tasked with setting forth recommendations for developing student school readiness. Many of the resultant initiatives of the council aimed to counter obstacles faced by minority children and families, including resources for students and families in Spanish, for example.<sup>17</sup> Given this type of dynamic, I argue that:

H3b: Administrative decentralization, in terms of subregional fiscal autonomy, is likely to increase the opportunity for minority groups to participate in spending decision-making. Greater minority participation in fiscal decision-making, in turn, may increase the likelihood of decision-making output serving their interests. As minority group interests are more effectively served, their grievances

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<sup>16</sup> The assumption, covered in-depth in later chapters, is that federal funds entail spending mandates or requirements, restricting decision-making autonomy over them.

<sup>17</sup> For more information regarding the initiatives of the council, see <http://earlylearningtexas.org/> (accessed April 15, 2016).



regarding inequality are likely to be assuaged, which may reduce intercommunal conflict.

#### **1.1.7 The local effect: municipal-level administrative decentralization and ethnic conflict**

Administrative decentralization is also conceptualized in terms of the subregional autonomy of the bureaucratic sphere in this study. Bureaucratic agencies are important because they make the daily decisions that affect individuals, including ethnic minorities, most closely as they shape many areas of public policy, including health, welfare, and education (Kaufman, 1969; Meier, 1993; Shumavon and Hibbeln, 1986). A federal budget for welfare services set by the central government, for example, remains an abstraction in relation to the interaction that takes place between a local welfare agency employee and an individual applying for benefits. Administrative decentralization in this context entails a greater local administrative sector and more autonomous municipal-level administrative agencies. The connection between these traits and ethnic conflict dynamics lies in administrative decentralization's representative capacity. The concept of representative bureaucracy holds that administrative policy can be more responsive to public interests if the staff represents the race, ethnicity, or gender of the public that they serve (Rourke, 1978; Denhardt and DeLeon, 1999). This representative capacity is especially relevant for dynamics involving ethnic minorities. First, it has been shown that minority communities want administration that is representative and attuned to their interests (Karnig and McClain, 1988). Secondly, research reveals that bureaucrats can deliver ethnic representation; administrative employees are more likely to actively represent minorities when they work and interact more with minorities (Thompson, 1976). Also, a higher

proportion of minority employees in an agency can lead to greater confidence in pursuing policies responsive to minority interests (Ibid.). For example, the employment of minorities of the (US) Farmers Home Administration is linked to an active representation of minority interest in the decisions of the agency (Coleman, 1998). This mechanism involves the assumption of a minority representative role by public administrators, which increases the likelihood that those officials will make loan decisions favoring minority applicants (Thompson, 1976; Selden, 1997, 1999).

I argue that administrative decentralization can increase this representative capacity of the local administrative sector. First, by expanding administration into the subregional level, more agencies operate at the local level and more positions become available. As decentralization entails greater subregional agency autonomy, agencies are more likely to have hiring autonomy instead of having central oversight of employment decision-making or appointment of positions from the central sphere. In turn, more local ethnic minorities can enter the public sector via agency positions. As a result, there is a higher representation of ethnic minorities in the administrative sector. Also, more ethnic minorities in the administrative sector can yield policy and practices that are more favorable to the interests of ethnic minorities. To this end, I hypothesize the following:

H3c: Local, municipal-level administrative decentralization, in terms of bureaucratic autonomy, is likely to increase the representativeness of the local administrative sector. As the local sector interacts most closely and frequently with individuals, it may serve as a platform for increased

representation; in turn, this may increase minorities' perceptions of their representation in the government sphere. As a result, minority grievances stemming from perceptions of unserved interests, underrepresentation, and employment discrimination are likely to decrease. Less grievances are likely to result in less anti-regime mobilization efforts, and consequently, ethnic conflict may decrease.

Figures 1.1, 1.2, 1.3 and 1.4 represent the presented arguments relating to political, fiscal, and administrative decentralization and ethnic conflict.

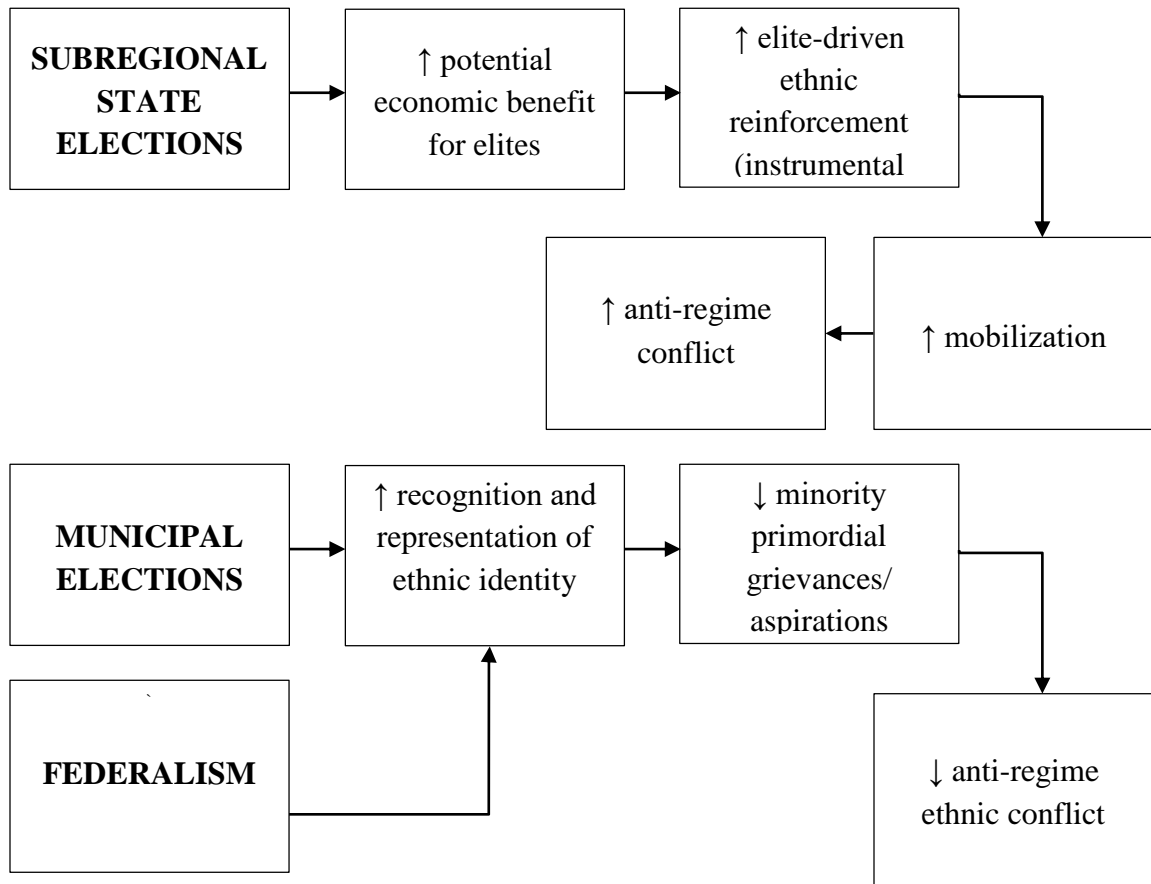


Figure 1.1 Overview of political decentralization theories.

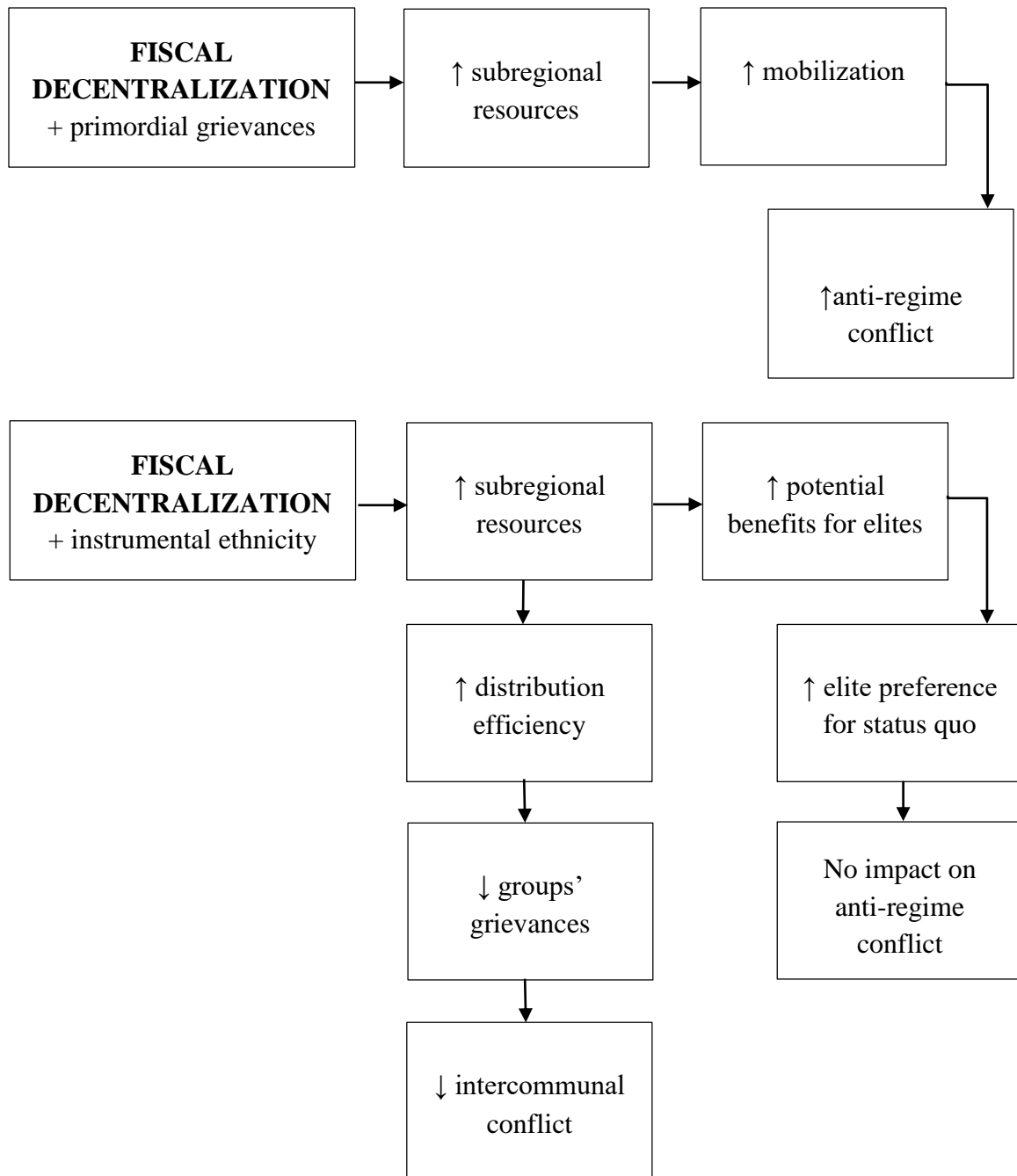


Figure 1.2 Overview of fiscal decentralization theories

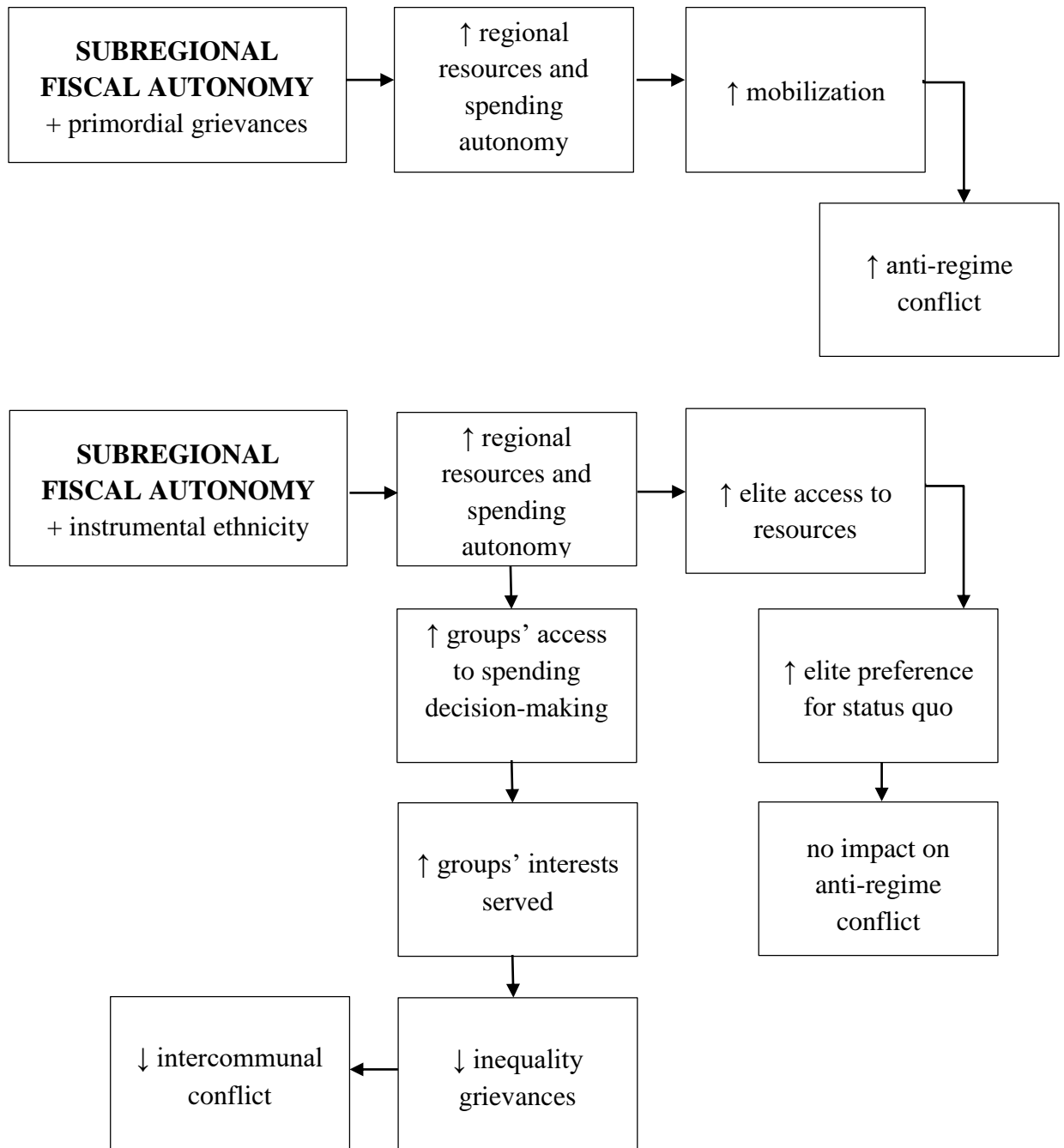


Figure 1.3 Overview of subregional state-level administrative decentralization theory

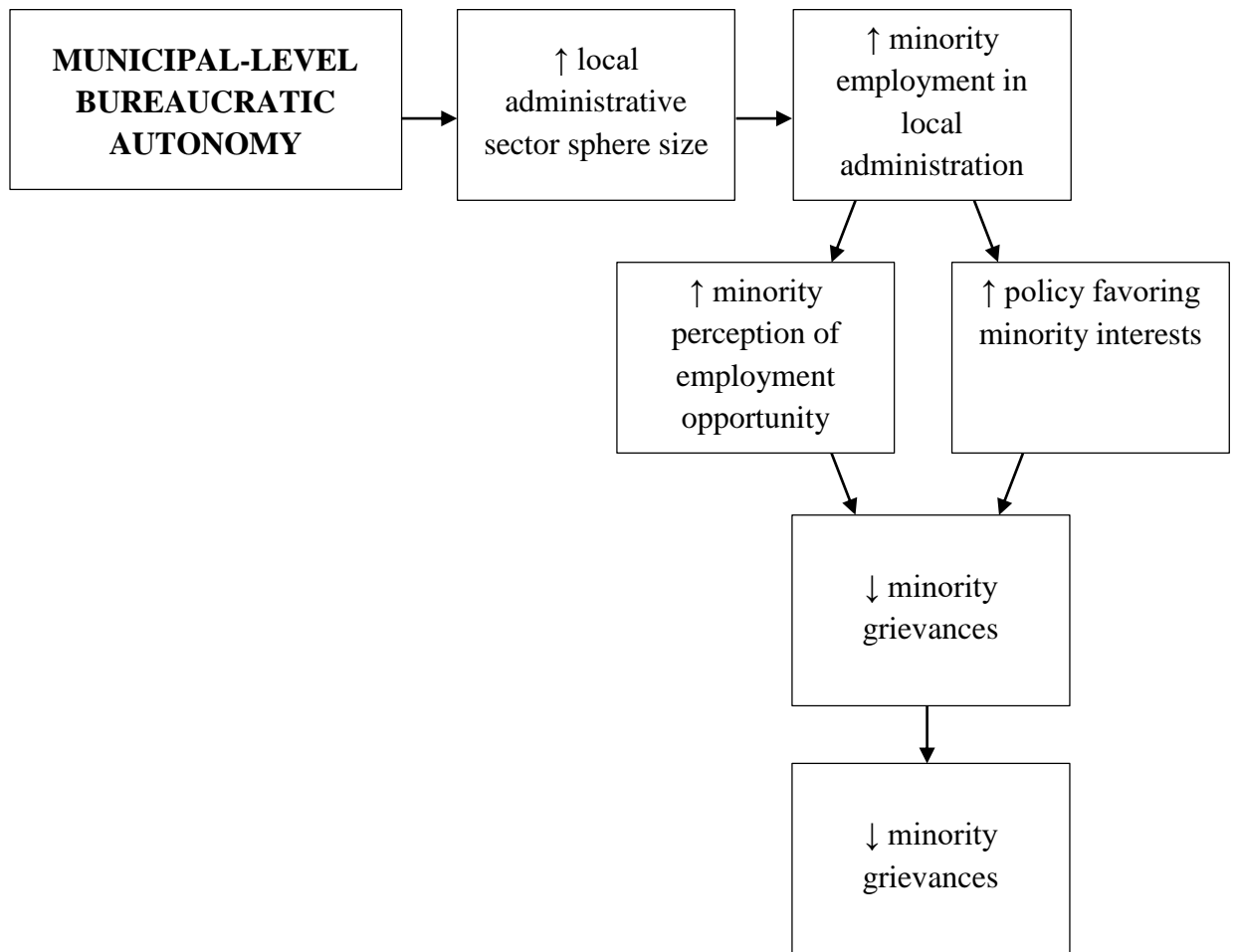


Figure 1.4 Overview of municipal-level administrative decentralization theory

## **1.2 Research Design**

This dissertation has four main components. First, I identify a measurement puzzle in the literature stemming from inconsistency in the conceptualization of decentralization. Secondly, I set forth an alternative, comprehensive conceptualization of decentralization, the Deconstructed Decentralization Model (DDM). This framework deconstructs decentralization into political, fiscal, and administrative decentralization dimensions. This conceptualization also distinguishes between subregional, state-level decentralization and local, municipal-level decentralization. Thirdly, I assess the impact of the deconstructed decentralization subtypes on ethnic conflict via statistical analysis utilizing a time-series cross-sectional dataset including 52 countries and spanning 15 years. The fourth component is a qualitative analysis of the authenticity of decentralization in practice via a case study of decentralization in Iraq's Kurdistan Region. This last component returns to this dissertation's first aim of accurately capturing decentralization dynamics. These four main components are highlighted in the following sections, which provide an overview of the remaining chapters in this dissertation.

### **1.2.1 Conceptual concerns**

Chapter 2 of this dissertation presents a review and analysis of the literature on decentralization and ethnic conflict, which is divided into three branches. The first branch asserts that decentralization contains conflict, while the second branch asserts that it is conducive to conflict. I refer to these two branches as the traditional literature, and this traditional approach makes up the bulk of this research. I demonstrate that the traditional literature is characterized by a tendency to conceptualize decentralization as either "good" or "bad" for ethnic conflict. The third branch of literature consists of a recent cluster of



studies that conceptualize variation in decentralization's impact on ethnic conflict. Because this variation hinges on various contextual conditions, I refer to this literature as the conditional literature.

I argue that these three approaches suffer from a debilitating measurement puzzle: there is no clear and consistent conceptualization of decentralization. What is decentralization, exactly? Is it interchangeable with federalism? How is it measured? The nature of this inconsistency across the three branches is assessed by analyzing the different definitions utilized throughout the literature and their distributions across studies. In the case of the traditional literature, this analysis reveals how decentralization is defined in a variety of different ways, including federalism, fiscal decentralization, administrative decentralization, constitutional arrangement, or even, in some cases, undefined. Moreover, it is demonstrated that the bulk of this literature utilizes a binary specification to classify states as federal or unitary, and therefore decentralized or centralized, respectively, and to assess decentralization's impact. This analysis also reveals the conceptual inconsistencies present within the more recent conditional literature, which also utilizes various definitions of decentralization including federalism, fiscal federalism, and disaggregated decentralization. I argue that the conditional literature also has an attachment to the notion of federalism, where studies either define decentralization as federalism or as a measure that approximates federalism or alternatively, decentralization is assessed only in the context of federal states. This is the case in Bakke (2015), the most recent and detailed publication on decentralization and ethnic conflict up to this point, which disaggregates decentralization but assesses this measure only across federal states.

Within this context, I argue for a stronger conceptual distinction between federalism and decentralization, so that when decentralization is at issue, federalism is not also automatically at issue. I argue that this distinction is crucial because the common binary measure of federalism, in which a state is either federal or unitary, is insufficient to fully capture decentralization for various reasons. For example, this measure is based only on a state's constitutional arrangement, which does not capture all the dimensions of decentralization, and this classification undermines attention to the presence of decentralization in non-federal countries. Moreover, a state's federal constitutional arrangement may not be consistent with its actual level of decentralization. Consequently, this dissertation rejects the common reliance on federalism to sufficiently capture or assess decentralization. To this end, the "takeaway" of this chapter is that throughout the literature, decentralization is ambiguously conceptualized and dominated by an attachment to the notion of federalism, and therefore, a comprehensive, standard conceptualization of this institution is needed.

Accordingly, a new, deconstructed conceptualization of decentralization is presented in Chapter 3. Drawing from Schneider (2003), I set forth the Deconstructed Decentralization Model (DDM), a comprehensive decentralization framework consisting of political decentralization, fiscal decentralization, and administrative decentralization dimensions. Each of the decentralization dimensions captures different types of decentralization possible in a state and includes different corresponding measures. Briefly, political decentralization is captured by local and municipal elections as well as federalism. Fiscal decentralization, on the other hand, is operationalized as the proportion of subregional expenditures. Administrative decentralization is assessed via subregional

taxation and bureaucratic agency autonomy variables. The DDM and its measures depart from Schneider (2003) and the few recent studies that deconstruct decentralization because these studies do not incorporate federalism into the disaggregation of decentralization (e.g. Treisman, 2007; Brancati, 2009; Siroky and Cuffe, 2015; Bakke, 2015). In contrast, the DDM incorporates federalism within the framework as one factor of the political decentralization dimension; this characteristic renders it the only framework that includes federalism as an aspect of decentralization but does not uphold it as the sole measure of decentralization. The DDM is also unique in its incorporation of two subregional levels of decentralization: the regional state level and the local municipal level. Up to this point, decentralization dynamics have been assessed only in terms of the subregional state level, rendering this local-level component of the DDM an innovative and timely development. The overall “takeaway” of Chapter 3 is the presentation of a new, comprehensive conceptualization of decentralization consisting of political, fiscal, and administrative decentralization dimensions that addresses the concerns raised about previous conceptualizations and can be utilized to more effectively assess decentralization’s impact.

### **1.2.2 The impact of decentralization**

The next section of this dissertation utilizes the DDM to empirically assess the relationship between decentralization and ethnic conflict in terms of what type of decentralization matters for the containment of ethnic conflict. In Chapter 4, I present a theoretical framework regarding the possible interactions between political, fiscal, and administrative decentralization and ethnic conflict. Importantly, in this dissertation, ethnic conflict is disaggregated into three types, anti-regime rebellion, anti-regime protest, and intercommunal conflict, in order to better outline the causal mechanisms between groups’

grievances, decentralization, and conflict.<sup>18</sup> While the first two conflict types capture dynamics involving a minority group with grievances against the state, intercommunal conflict entails tensions between two different groups that do not involve the state. Utilizing disaggregated ethnic conflict, this dissertation contributes the first set of theories that explore the relative impact of political, fiscal, and administrative decentralization on different types of ethnic conflict. In contrast, previous work on decentralization and ethnic conflict generally presents hypotheses in terms of the impact of decentralization in general (e.g. Brancati 2006, 2009). Alternatively, previous research tends to hypothesize about decentralization as a singular concept, including but not limited to federalism (e.g. Bunce, 1999, 2004; Siroky and Cuffe, 2015). The theories in this dissertation, on the other hand, do not attribute any impact to decentralization per se, but instead specify particular relationships involving different types of decentralization. Within the presented hypotheses in this study, the theories presented in previous studies are incorporated where they “fit” within the different decentralization type and conflict configurations. In other words, this dissertation does not reject previous arguments about general decentralization dynamics that may be consistent with elements of the DDM framework.

The set of theories presented in this dissertation are tested in Chapter 5, which presents a statistical analysis utilizing a time-series cross-sectional (TSCS) data set covering 52 countries. This analysis reveals that different decentralization subtypes and different decentralization levels have different impacts on ethnic conflict. For example, political decentralization is found to decrease conflict; specifically, political

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<sup>18</sup> These conflict types correspond to, and are operationalized, as the rebellion, protest and intercommunal variables in the Minorities at Risk Dataset (MAR, 2009). These ethnic conflict types and data are discussed more in-depth in Chapter 4 and Chapter 5.

decentralization factors such as federalism and municipal elections are associated with a decrease in anti-regime rebellion. On the other hand, fiscal decentralization appears to increase conflict in wealthier states. The models in this analysis also reveal that administrative decentralization increases anti-regime protest levels. The models also reveal that decentralization impacts different manifestations of ethnic conflict differently. Additionally, the models shed light on the different impacts associated with local-level, municipal decentralization. Lastly, this analysis yields findings that shed light on the decentralization and ethnic conflict dynamic in relation to different contextual conditions, including the unitary or federal structure of states, as well as the wealth and democracy levels of states. The many findings derived from different combinations of decentralization dimensions, governance level, and ethnic conflict elements in this framework combine to yield a central “takeaway” of this dissertation: decentralization is not a unitary dimension with a single impact on ethnic conflict. Instead, the dynamic between decentralization and ethnic conflict is a complex set of interrelationships involving different dimensions and levels of decentralization and ethnic conflict. The magnitude and direction of decentralization’s impact on ethnic conflict, therefore, varies, and nuanced policy implications can be derived in accordance to the different decentralization dimensions and levels and the different types of ethnic conflict at issue in a country.

### **1.2.3 A closer look at administrative decentralization**

Chapter 6 delves deeper into the DDM’s administrative decentralization dimension in relation to the local level of governance. This is an important contribution given that the

notion of administrative decentralization is entirely absent from ethnic conflict research.<sup>19</sup> In this chapter, the conceptual scope of administrative decentralization is first expanded from the fiscal autonomy scope presented in Chapter 3 to include the delegation of bureaucratic autonomy from the central sphere to local governments.<sup>20</sup> I argue that administrative decentralization has a unique local-level representative capacity, and I hypothesize that this characteristic can assuage minority grievances and contain ethnic conflict. This theory is tested utilizing local-level administrative autonomy variables from a recent municipal-level dataset created by Yvanyna and Shah (2014). The findings confirm this theory, revealing the powerful, conflict-containing role of local-level administrative decentralization. Specifically, the findings indicate that local-level administrative hiring autonomy reduces ethnic conflict across countries of varying wealth and development levels. In fact, there is no evidence that local administrative decentralization exacerbates conflict in any of the modeled contexts. Indeed, the findings in this chapter may indicate that local-level administrative decentralization could most approximate the policy panacea that this research agenda has struggled to identify. Moreover, the findings are especially timely given that administrative decentralization is increasingly being implemented around the world, especially in developing countries. Accordingly, the many important “takeaways” of this chapter include the identification of decentralization’s different impact on ethnic conflict across the subregional state versus local level. Additionally, the local level is revealed to be a consistently effective

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<sup>19</sup> While Treisman (2007) invokes the notion of administrative decentralization in the opening discussion of decentralization’s definition, the ensuing chapter on decentralization and ethnic conflict does not include administrative decentralization as a factor, but instead discusses political decentralization or decentralization in general only.

<sup>20</sup> The bureaucratic perspective is drawn from Cohen and Peterson (1997).

decentralization tool for containing ethnic conflict and a prime policy option for states at all levels of development and wealth.

#### **1.2.4. Decentralization in Iraq**

The final component of this dissertation returns to the initial aim of clarifying what decentralization is and entails. Up to this point, this dissertation has contributed various valuable insights towards this aim; Chapter 2 clarifies the distinction between decentralization and federalism, Chapter 3 provides the DDM, a clearly defined and comprehensive conceptualization of decentralization, and Chapters 5 and 6 reveal the presence of decentralization's subregional level dynamics. Yet, one important aspect remains to be addressed: the possible gap between institutional design and implementation. The DDM sets forth a framework that captures the scope of decentralization as it is theorized and designed to be. Yet, as with any institution, practice may deviate from design, and I argue that the extent of this deviation, which I term the "authenticity" of decentralization, needs to be considered for better research.

In Chapter 7, I seek to catalyze assessment of decentralization's authenticity. I argue that the authenticity of decentralization in a country can be challenged by obstacles to implementation. Accordingly, the aim of this chapter is to identify possible obstacles to political, fiscal, and administrative decentralization. To this end, a qualitative analysis of decentralization in Iraq in relation to its Kurdistan Region is presented. For this case study, I develop a framework of qualitative measures that correspond to the DDM framework in order to analyze the presence of decentralization in the Kurdistan Region and identify factors that challenge the authenticity of decentralization. This analysis yields nuanced findings about the types of political and economic factors that undermine (or promote)

decentralization efforts in Iraq. For example, the analysis reveals that intragroup conflict and dominant regional elites obstruct political decentralization in the Kurdistan Region. Additionally, regional economic dependence on the central sphere challenges fiscal decentralization, while the lack of local autonomy over regional resources, including foreign aid, inhibits authentic administrative decentralization in the Kurdistan Region.

Together, the findings from this case study contribute to the understanding of decentralization in various ways. First, the analysis reveals aspects of decentralization that are not currently captured by the common statistical measures of decentralization, including those incorporated into the DDM. This signals against overreliance on statistical variables for the assessment and classification of decentralization. In addition, the analysis provides a powerful indication of future variables that can be added to enrich the DDM. Moreover, this analysis, while based on Iraq, reveals obstacles to decentralization that can be present in decentralization efforts in other countries, especially countries in the Middle East region and resource-rich countries. Finally, this study supports the argument presented in Chapter 2 that a federal constitutional arrangement does not capture the extent and the authenticity of decentralization in a state due to the fact that Iraq's current federal structure is associated with inauthentic decentralization in many ways. Thus, this case study's "takeaway" is that identifying challenges to political, fiscal, and administrative decentralization is an essential addition to this research agenda to facilitate understanding of the conceptualization, measurement, and classification of decentralization, which in turn is invaluable for a more accurate understanding of its impact on ethnic conflict.

### **1.3 Conceptual contributions**



Together, the conceptual, theoretical, quantitative, and qualitative components of this dissertation make various contributions to the study of decentralization and ethnic conflict. The contributions at the theoretical level regarding the conceptualization of decentralization include:

### **1.3.1 The Deconstructed Decentralization Model (DDM)**

This dissertation contributes the DDM, a standard, comprehensive conceptualization of decentralization. The DDM deconstructs decentralization into three dimensions of decentralization: political, administrative, and fiscal decentralization. Also, the DDM spans two levels of subregional governance: the subregional state level, and the subregional municipal level. The incorporation of the municipal level contributes a completely new level of analysis to this research agenda. Moreover, the DDM is unique in its inclusion of federalism as a factor of disaggregated decentralization, allowing for federal dynamics to be captured as a potential manifestation of decentralization while at the same time allowing for decentralization dynamics to be assessed in non-federal states.

### **1.3.2. Rejection of attachment to federalism**

In the DDM, the concept of decentralization is not automatically associated or interchangeable with the concept of federalism. The rejection of the notion that federalism is interchangeable with decentralization and the notion that federalism is the dominant factor or characteristic of decentralization is one of this dissertation's greatest points of departure from previous studies. In this conceptualization, all three decentralization dimensions can be present in a state regardless of whether there is a federal presence. This characteristic allows the inclusion of unitary states into this type of analysis, as well as prevents the automatic assumption of authentic decentralization given the presence of

federalism. Yet, federalism is not excluded from the conceptualization of decentralization; instead, federalism is included as a factor of one of the three dimensions of decentralization, political decentralization.

### **1.3.3 Comparable decentralization conceptualization**

As noted by Treisman (2007), most previous research does not allow for states to be compared in terms of decentralization level(s). In this dissertation, the outlined definitions and factors associated with the DDM's political, administrative and fiscal decentralization dimensions allow for effective cross-national classification and analysis of decentralization dynamics. Within the DDM framework, higher decentralization across the three decentralization dimensions renders a country more decentralized. On the other hand, lower decentralization across the three dimensions renders a country less decentralized. Importantly, the DDM permits countries to range along different decentralization dynamics; for example, a country can be highly fiscally decentralized while at the same time less politically decentralized. The comparative benefits of this nuanced approach prevent this conceptualization and analysis from being bound to binary dynamics of states as decentralized or not decentralized, and decentralization's impact as either peace-conducive or peace-negating only.

### **1.3.4 Decentralization does not uniformly impact ethnic conflict**

This dissertation utilizes the three-dimensional conceptualization of decentralization to associate different potential impacts of decentralization in relation to political, fiscal, and administrative decentralization. Consequently, in contrast to the dominant question of interest in this research agenda, which is "how does decentralization

impact ethnic conflict?” The question conceptualized and pursued in this dissertation becomes “how do political, fiscal, and administrative decentralization impact ethnic conflict?”

### **1.3.5 Disaggregation of ethnic conflict**

In this dissertation, ethnic conflict is disaggregated in order to differentiate between levels of ethnic mobilization as well as different targets of mobilization. Ethnic conflict is disaggregated into anti-regime rebellion, anti-regime protest, and intergroup conflict variables. This disaggregation allows this analysis to assess the impact of different types of decentralization on different manifestations of ethnic conflict. The disaggregation of ethnic conflict bridges two current trends in conflict analysis: the division of conflicts into tactics (violent and non-violent) and into targets (the state or communal groups).

## **1.4 Research findings**

Following the conceptual contributions highlighted above, the quantitative analyses presented in this dissertation contribute the following nuanced conclusions to this research agenda:

### **1.4.1 Political, fiscal, and administrative decentralization impact ethnic conflict differently**

The findings in this study echo the common denominator among the more recent “conditional” studies: the argument that decentralization’s impact is not best captured in terms of a singular “good” or “bad” impact on conflict but instead as a spectrum of potential impacts. More precisely, the statistical findings presented in this dissertation reveal that each of the three decentralization dimensions can either stimulate or assuage conflict in

different contexts. For example, it is revealed that fiscal decentralization increases anti-regime rebellion in unitary, less democratic, and less wealthy states and increases anti-regime protest in wealthy states. On the other hand, the models also demonstrate that fiscal decentralization reduces intercommunal (inter-group) conflict. Similarly, administrative decentralization is found to have both directions of impact on ethnic conflict. On the one hand, the models demonstrate that administrative decentralization increases anti-regime protest and rebellion in less democratic countries, but decreases group conflict in wealthy and unitary countries. In fact, throughout the various models in this analysis, the only findings that demonstrate more uniformity in terms of direction of impact pertain to political decentralization are municipal elections and federalism. Both of these factors are consistently associated with decreases in ethnic conflict. Another factor of political decentralization, state elections, on the other hand, is associated with both positive and negative impacts on ethnic conflict in different contexts. In light of its array of findings, one of the overarching conclusion in this dissertation is that political, administrative, and fiscal decentralization can impact different types of ethnic conflict differently in different types of states. Therefore, nuanced policy recommendations for the containment of conflict can be derived from this analysis by first identifying the type of country and the type of ethnic conflict it is aiming to contain.

#### **1.4.2 Decentralization's impact on ethnic conflict varies across country types**

The findings from the statistical models in this dissertation reveal that political, fiscal, and administrative decentralization's impact on ethnic conflict depends on various state characteristics. Specifically, the models in this analysis reveal that wealth and democracy play a role in decentralization's impact on ethnic conflict. For example, the

models demonstrate that fiscal decentralization increases anti-regime protest only in wealthy countries, and it increases anti-regime rebellion in less democratic and less wealthy countries. On the other hand, wealth seems to matter for fiscal decentralization's impact on group conflict, because it increases intercommunal conflict in wealthy democracies but decreases it in less wealthy states. Subregional state-level administrative decentralization, on the other hand, increases anti-regime protest only in democratic countries whereas it increases rebellion only in less democratic countries. Additionally, state elections, a factor of political decentralization, only decrease anti-regime protest in wealthier countries. These types of results place this study within the sphere of the recent conditional literature on decentralization and ethnic conflict, which accounts for contextual influence on decentralization's capacity to contain conflict.

#### **1.4.3 Different types of ethnic conflict are impacted differently by decentralization**

This dissertation's disaggregation of ethnic conflict into anti-regime protest, anti-regime rebellion, and intercommunal conflict allows for the identification of different collective action dynamics at play between the conflict types and decentralization. This disaggregated approach is useful in terms of policy implications because policy decision-making can be tailored to conclusions regarding specific manifestations of ethnic conflict. For example, findings reveal that state elections, a factor of political decentralization, have opposite directions of impact on anti-regime protest and anti-regime rebellion. Thus, subregional state elections may be a recommendable decentralization option for states facing anti-regime protest, but not for states facing anti-regime rebellion. And, while federalism, a factor of political decentralization, has no impact on anti-regime protest, it does impact anti-regime rebellion. Thus, states wishing to assuage rebellion mobilization

would benefit from a federal structure, whereas states attempting to lower protest levels would not. Additionally, this dissertation reveals a distinction between ethnic conflict subtypes that involve the state (anti-regime protest and anti-regime rebellion) and conflict that does not involve the state but instead different groups (intercommunal conflict). For example, while fiscal decentralization is associated with increases in models of anti-regime protest and anti-regime rebellion, it is associated with decreases in group conflict.

#### **1.4.4 Municipal-level decentralization more effectively contains conflict**

This dissertation contributes a unique conceptualization and assessment of decentralization at two implementation levels: subregional state-level decentralization, and municipal-level decentralization. Moreover, this distinction, which has not been explored up to this point, is revealed to matter for conflict. The difference between state and municipal decentralization can be observed within the dimension of political decentralization via the state elections and municipal elections variables of the presented analysis. For example, local-level political decentralization, municipal elections, lowers anti-regime protest, whereas state-level subregional state-level elections do not. And, in the case of anti-regime rebellion, municipal elections lower conflict whereas state elections exacerbate it. Within the realm of administrative decentralization, regional state-level decentralization and local-level municipal administrative decentralization have different impacts as well. For example, local-level administrative decentralization lowers anti-regime conflict, while subregional state-level administrative decentralization does not. Moreover, within federal countries as well as in less wealthy countries, local administrative decentralization decreases anti-regime protest, but regional level administrative decentralization does not. One crucial takeaway from these findings is that the local-level

of decentralization appears to hold promise as an institutional “key” for reducing conflict, perhaps in the manner that federalism was conventionally thought to be. Importantly, these findings demonstrate that local-level decentralization as a tool for containing conflict is not a privilege for more democratic or developed countries only.

#### **1.4.5 Decentralization matters for unitary states**

Decentralization is a growing global reality, and as highlighted in Chapter 6, administrative decentralization is trending. This trend embodies this dissertation’s argument against overreliance on federalism in terms of the conceptualization of decentralization because administrative decentralization’s appeal is not only in context of federal states, but is increasingly being adopted in non-federal states as well. Yet, up to this point, studies have typically explored decentralization’s impact across federal states. Brancati (2006, 2009) explores decentralization across both unitary and federal states. Yet, no studies have examined the impact of decentralization on only unitary states. In contrast, the analysis in this dissertation includes models that assess decentralization’s impact across only unitary states. These models reveal that decentralization dimensions have a significant role in ethnic conflict dynamics in unitary states. I find, for example, that local-level political decentralization, municipal elections, lowers anti-regime protest and anti-regime rebellion in unitary states. Fiscal decentralization, on the other hand, increases anti-regime rebellion in unitary states. Yet, fiscal decentralization and subregional state-level administrative decentralization decreases group conflict in unitary states. One of the most significant findings of this analysis given the growing appeal of administrative decentralization around the world is that local-level administrative decentralization lowers

anti-regime rebellion, the most intense and detrimental ethnic conflict type, in unitary states.

#### **1.4.6 Administrative local decentralization matters for federal states**

Naturally, this analysis models the impact of deconstructed decentralization on federal states as well. The findings reveals that for federal countries, only one factor of decentralization impacts ethnic conflict: local administrative decentralization. With a strong negative impact on both anti-regime rebellion and anti-regime protest in federal countries, local administrative decentralization can be upheld as a helpful next “step” for countries that may be perceived as “already decentralized” and yet struggling to contain ethnic conflict.

#### **1.4.7 Federalism does not increase ethnic conflict**

The analytical findings indicate that where federalism has an impact on ethnic conflict, it is only a negative impact. There is no evidence that federalism increases any type of ethnic conflict. This finding counters one of the dominant conventions about decentralization, the argument that federalism exacerbates conflict. On the other hand, as this analysis does not yield a finding of federalism as having a sweeping, uniform ability to contain all types of ethnic conflict, the alternative conventional argument of federalism as a panacea for ethnic conflict is also not supported. As with the other nuanced implications of this dissertation, the impact of federalism is also demonstrated to be a complex interaction between decentralization and its contextual factors.

### **1.5 Specification contributions**



Finally, the qualitative analysis in the case study of Iraq presented in this dissertation contributes various insights for better understanding the nature of decentralization and for more accurately assessing its impact. These insights, relevant for future research, are presented below.

#### **1.5.1 The authentic presence of decentralization cannot be assumed**

This analysis demonstrates that, as expected, decentralization initiatives in practice fall short of their intended scope or design. This case study reveals that throughout Iraq's experience with semi-autonomous arrangements and even federalism, decentralization in Iraq is not authentically present in various aspects along political, fiscal, and administrative dimensions. Such gaps between institutional design and practice must be taken into consideration for better classification and measurement of decentralization dynamics. Specifically, this analysis identifies possible challenges to political, fiscal, and administrative decentralization that can in turn be utilized to continue to develop more accurate measures of the decentralization dimensions.

#### **1.5.2. Additional factors of decentralization**

The case study of the Kurdistan Region of Iraq reveals additional factors of political decentralization, including regional foreign policy activity and the independence of regional representative bodies from the central sphere. Especially relevant for developing or post-conflict countries, an additional factor to consider within the dimension of fiscal decentralization is foreign aid. In terms of administrative decentralization, this analysis reveals that the dominance of regional elites is a factor to account for.

#### **1.5.3 There are various challenges to authentic implementation of decentralization.**

This case study reveals that challenges to political decentralization in Iraq include remnant rebellion against the state, intragroup conflict, and dominance of regional elites. Challenges to fiscal decentralization include low development, lack of economic diversity, lack of regional access to regional resources, and economic dependence on the central sphere. On the other hand, administrative decentralization is challenged by a lack of local access to regional resources, institutional weakness, economic dependence, lack of control over foreign aid, and regional elite control of subregional tax revenues. Moreover, the element of regional elite dominance appears to be especially problematic, even leading to an ironic intra-regional centralization. While these factors are particular to the Kurdistan Region of Iraq, these findings can be utilized generally in assessments of decentralization dynamics, particularly in countries with similar political and economic dynamics.

## **1.6 Policy contributions**

The insights and findings of this study demonstrate the value of nuanced approaches to the analysis of decentralization and ethnic conflict. This dissertation serves the policy sphere by departing from overly broad conceptualizations of decentralization as “good” or “bad” for ethnic conflict, and instead revealing what types and aspects of decentralization are relevant for particular ethnic conflict dynamics. The statistical models applied to the hypotheses regarding political, fiscal, and administrative decentralization and ethnic conflict yield various findings useful for policy design. The most pressing policy question regarding conflict is, naturally, how can a country utilize the institutional tool of decentralization to contain conflict? This dissertation’s answer to this question is provided in Table 1.1, which presents the specific recommendations for containing different types of ethnic conflict for different country profiles. Specifically, different decentralization

dimensions and factors are indicated as recommended for states for containing conflict. On the other hand, I also recommend which decentralization options particular states should avoid in their effort to contain ethnic conflict. These recommendations are derived from the findings in the statistical models presented in this dissertation; where the findings indicate that a particular decentralization dimension factor decreases ethnic conflict, the factor is “recommended” to the corresponding state type. Factors found to increase ethnic conflict, on the other hand, are “not recommended” for those states.

<b>State type</b>	<b>Ethnic conflict type</b>	<b>Recommended</b>	<b>Not Recommended</b>
Unitary	Anti-regime rebellion	Municipal elections, local admin. decentralization	Fiscal decentralization
	Anti-regime protest	Municipal elections	
	Intercommunal conflict	Fiscal decentralization, admin. Decentralization	
Federal	Anti-regime rebellion	Local administrative	
	Anti-regime protest	Local admin. Decentralization	
	Intercommunal conflict		
Democratic	Anti-regime rebellion	Municipal elections, federalism	Admin. decentralization
	Anti-regime protest	Municipal elections	Admin. decentralization
	Intercommunal conflict		
Less democratic	Anti-regime rebellion		Admin. Decentralization, municipal elections, fiscal decentralization
	Anti-regime protest	Local admin. decentralization	
	Intercommunal conflict	Fiscal decentralization	
Wealthy	Anti-regime rebellion	Federalism, local admin. decentralization	
	Anti-regime protest	State elections	Fiscal decentralization
	Intercommunal conflict	State elections	
Wealthy democracy	Anti-regime rebellion	Federalism	
	Anti-regime protest	State elections	
	Intercommunal conflict	Admin. decentralization, state elections	Fiscal decentralization
Less wealthy	Anti-regime rebellion	Local admin. decentralization	Fiscal decentralization
	Anti-regime protest	Municipal elections	
	Intercommunal conflict	Fiscal decentralization, federalism	

Note: administrative decentralization pertains to subregional, state-level fiscal autonomy, whereas local administrative decentralization refers to subregional, municipal-level administrative agency autonomy

Table 1.1: Recommended decentralization policy by state type

Perhaps one of the most useful findings in this dissertation is the revelation of local-level administrative decentralization as a powerful tool for containing anti-regime ethnic conflict. It is perhaps this local aspect, which up to this point has not been studied in relation to ethnic conflict, which has promise for being the long sought-after institutional panacea for states combatting ethnic conflict. Along with these nuanced types of findings and recommendations, I hope that the decentralization framework and analytical approach set forth in this study can be useful for designing policy aiming to foster peace in conflict-ridden societies.

## **CHAPTER 2**

### **WHAT DO WE TALK ABOUT WHEN WE TALK ABOUT DECENTRALIZATION?**

This dissertation seeks to assess the impact of decentralization on ethnic conflict. I argue that this aim is challenged by a lack of clarity regarding what, exactly, decentralization is. This chapter analyzes the literature's conceptualization trajectory and reveals its ambiguity. This ambiguity is a function of two characteristics across this body of work: varying definitions and measures of decentralization and the dominance of the notion of federalism. While variation in the measurement of an institution is to be expected in research, the extent of inconsistency that plagues the concept of decentralization is problematic. Classification of countries varies, and findings cannot be adequately compared across discordant conceptualizations of decentralization. In order to more adequately assess decentralization's impact on ethnic conflict, therefore, resolving the surrounding ambiguity of its conceptualization is necessary. To this end, this chapter presents a careful analysis of the conceptualization of decentralization across the traditional literature and the more recent conditional literature. Central to this component is the identification of the literature's reliance on the notion of federalism. This dissertation rejects the use of federalism as fully representative of decentralization. Overall, the literature review and analysis in this chapter signals the need for a clearly defined, standard approach to decentralization for the advancement of this research agenda.

#### **2.1. Defining decentralization**

What is decentralization? In general terms, decentralization entails that power is taken away from the central government (Schneider, 2003). Decentralization can thus be

defined as a reduction of the role of the state by “fragmenting central authority and introducing more intergovernmental competition and checks and balances” (Bardhan, 2002, p.185). Yet, neither this definition, nor any other definition, is consistently upheld throughout the literature on decentralization and ethnic conflict. In other words, when we talk about decentralization, we talk about many concepts, including federalism, fiscal decentralization, policy delegation, and more. This chapter reveals the ambiguous state of decentralization’s conceptualization via a literature review and analysis of the three main branches of this research agenda. The first two branches, which I refer to together as the traditional literature, are revealed as most often conceptualizing decentralization in terms of federalism, which is argued to be either peace-conducive or peace-negating. On the other hand, the third, more recent group of studies, which I refer to as the conditional literature, examines the potential variation in decentralization’s impact on ethnic conflict and utilizes definitions of decentralization apart from federalism. Yet, the analysis in this chapter reveals that this group is also characterized by variation in the definition and measurement of decentralization and that this approach has not overcome the conceptual attachment to the notion of federalism. Overall, therefore, what decentralization is across the literature up to this point remains variant and often correlated with federalism.

## **2.2 The traditional approach**

The bulk of the literature on decentralization and ethnic conflict consists of studies that define and measure decentralization in different ways but typically in terms of federalism. Moreover, this federal approach is mostly via a binary classification, where states are either federal or unitary, decentralized or centralized. Consistent with this binary theme, the traditional literature can be divided into two branches regarding federalism’s

impact: studies that uphold federalism as peace-conducive and studies that uphold federalism as peace-negating. The following sections reviews the studies in these two branches and analyzes how federalism is defined and the frequency of the definitions. This analysis reveals that while these studies utilize the notion of federalism, there is considerable variation in how federalism is conceptualized and measured. Thus, while the traditional literature on decentralization and ethnic conflict is consistent in its tendency to conceptualize decentralization as federalism, it is ultimately inconsistent because its definition and measure of federalism varies.

### **2.2.1 Federalism as peace-conducive**

One branch of the traditional literature argues that federalism promotes accommodation in diverse states (Bermeo, 2002; Stepan, 1999; Hechter, 2000b; Lijphart, 1977, 1996; Lustik, Miodownik, and Eidelson, 2004; Gurr, 2000).<sup>21</sup> The related theories relate to federalism's impact on ethnonationalism levels. For example, it is argued that federalism provides self-governance opportunities for nations via the structural devolution of decision-making to localities, which better satisfies the demands of nations within the existing state, reducing ethnonationalism (Hechter, 2000b, p. 317; Kaufman, 1996).<sup>22</sup> From a collective goods perspective, it is argued that federalism allows for the provision

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<sup>21</sup> Accommodation generally refers to "the capacity of states to contain conflict within the mechanisms and procedures embedded in existing institutional arrangements." It has three dimensions, including minimizing violence and extrainstitutional mobilization, minimizing alienation or hostility to the state itself, and separatist party support (see Amoretti and Bermeo, 2004, p.2). This is found to be the case for both advanced industrial societies and developing societies (2002, p. 97-98).

<sup>22</sup> According to Hechter (2000b, p.316), since federalism "is a form of indirect rule, it ought to reduce the demand for sovereignty." And, "since sovereignty is neither more nor less than self-governance, it follows that to the degree federation increases a nation's self-governance, it's demand for sovereignty must be correspondingly reduced" (Hechter, 2000b, p.317). Studies on specific states exemplify this dynamic, including in Spain and Belgium, France, and Switzerland (Forsythe, 1989; Savigear, 1989; Smith, 1995; McGarry, 1993, cited in Hechter, 2000b, p.318). For more on the case of Switzerland, see Bachtiger and Steiner (2004). For more on the case of India, see Ahuja and Varshney (2005).



of the goods that are uniquely valued by nations, such as language education.<sup>23</sup> Moreover, Bermeo (2002, p. 99-100) argues that the additional “layers” of government inherent in a federal structure provide additional opportunities for peaceful bargaining.<sup>24</sup> Similarly, in terms of collective action, Gurr (2000), Stepan (2001), and Saideman (2002) argue that decentralization provides a means to channel mobilization into forms of protest that are within politically legitimate bounds.<sup>25</sup> Also, federalism is upheld as a means to check the powers of the central government and protect minority groups from the “tyranny of the majority” (Riker, 1964; Weingast, 1998; Stepan, 1999).<sup>26</sup> For example, it is argued that federalism reduces grievances stemming from political discrimination because representatives in regional governments have a higher incentive to protect minority rights in order to prevent sanctions.<sup>27</sup>

### **2.2.2 Federalism as Peace-Negating**

In contrast, other studies find that federalism does not contain conflict, and can even exacerbate it (Hardgrave, 1994; Kymlicka, 1998; Dikshit, 1975). To this end, it is argued that federalism’s failure to contain ethnic conflict is due to its reinforcement of factors that yield conflict. For example, it is asserted that federalism reinforces ethnic identities<sup>28</sup>

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<sup>23</sup> Goods valued by particular segments of the population are better provided locally than by the central government (Oates, 1972, cited in Hechter, 2000b, p.317). “Local provision of these goods is superior because it increases the likelihood that the right mix of goods will be produced-the mix that is most congruent with the distinctive values of the national group” (Hechter, 2000b, p.317).

<sup>24</sup> Also, federalism gives regional elites a stake in existing political institutions (Bermeo, 2002, p.99).

<sup>25</sup> Accordingly, Hechter (2000b) finds that decentralization lessens nationalist violence, but not nationalist mobilization. Similarly, Cohen (1997), finds that federalism increases protests while reducing rebellion.

<sup>26</sup> This is also observable in the gradient-based classification scheme of federal structures derived by Stepan (1999) in which federal structures can either be *demos-constraining* or *demos-enabling*; the constraining-type federalism often provides means against the central government via traits such as a closed agenda, diffusion, self-binding constitutions, and complexity.

<sup>27</sup> Especially in the case of territorially-concentrated minorities.

<sup>28</sup> This argument could apply to both primordial and modernist interpretations of ethnic conflict, as the relevant dynamic is that it catalyzes ethnic identity identification.

(Hardgrave, 1994; Kymlicka, 1998; Dikshit, 1975). Alternatively, it is argued that federalism produces discriminatory legislation towards ethnic minorities (Horowitz, 1991; Lijphart, Rogowski and Weaver, 1993; Nordlinger, 1972; Suberu, 1994).<sup>29</sup>

Also, it is argued that federalism provides nationalist sectors with resources for mobilization, enabling regional separation (Bunce, 1999; Kymlicka, 1998; Leff, 1999; Snyder, 2000; Roeder, 1991).<sup>30</sup> To this end, some argue that greater local autonomy equips regional elites with greater power, which incentivizes them to make more radical claims because they can make them more credibly” (Treisman, 1997; Hale, 2000). According to Gorenburg (1999), autonomy equips regions with “a more robust set of the sociopolitical institutions that served to cultivate ethnic identity and facilitate mobilization” (Gorenburg, 1999, cited in Hale, 2004, p. 49). On the other hand, other theories revolve around the resultant inefficiency stemming from federalism’s devolution of power. Cain and Dougherty (1999) argue that enhanced regional power generates difficulty for coordination at the national level in response to national challenges. Alternatively, Spiller and Tommasi (2006) argue that federalism constrains policy change, inducing short political time lengths for local politicians and leads to decades of instability and intermittent violence.

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<sup>29</sup> The “greater the level of discrimination, the greater the propensity to secede” (Mitra, 1995, cited in Hale, 2000, p.35, footnote 15).

<sup>30</sup> Specifically, Bunce shows that federalism, combined with economic decline and state repression, promotes the construction of sub-national consciousness in conflict with the state (Bunce, 1999). Kymlicka (1998, p.216) argues that federal arrangements are at best a temporary “stepping stone” to secession as regional governments are “available for capture and utilization as electorally and constitutionally legitimated platforms for pressing demands and pursuing authoritative negotiation with the center and with other republics.” Roeder (1999, p.210) describes the rise of “professional elites” at the regional level that monopolized mobilization resources. It should be noted that all these scholars’ studies are based on the Soviet ethnofederal case. This is echoed by Eaton’s (2005) work on Colombia, where decentralization helped rebels obtain higher financing, minimized the capacity of the central government, and led to the creation of “parallel states” across ideological extremes within the country; this establishes that decentralization might offer regional groups a window of opportunity to mobilize resources and institutions against the state.

### 2.2.3 What is meant by “federalism?”

The traditional literature highlighted above usually conceptualizes decentralization as federalism, rendering the dominant, binary research trajectory of federalism as “peace-conducive” or “peace-negating.” The two branches consist of varying theories about the impact of federalism. However, as scholars have noted, there is considerable ambiguity surrounding the concept of federalism itself as well (e.g. Converse, 1986; Cohen, 1999). Eaton (2008) argues that it is difficult to classify countries as federal or not, and that the different conceptualizations affect the assessment of theories about federalism’s impact. In this section, I analyze the manner in which the studies in the traditional literature define and measure federalism.

Most often, federalism is defined along one dimension: constitutional arrangement. Usually, this dimension draws upon Riker’s definition of federalism as featuring an intermediate government with non-trivial powers (Riker, 1964, 1975; Elazar, 1994; Watts, 1996; Lijphart, 1999; Fan, Lin and Treisman, 2002; Bakke and Wibbels, 2006; Templeman and Selway, 2012). This definition is associated with the common binary measurement of federalism, which classifies states as either binary or unitary.<sup>31</sup> Some scholars, such as Watts (1999), extend this binary approach and identify hybrid federal systems. Yet, studies such as Templeman and Selway (2012) often recode hybrid systems as nonfederal and maintain the binary standard.

Riker’s emphasis on regional governments is consistent with the conventional view of federalism as a “spatial or territorial division of power in which the component units are

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<sup>31</sup> The traditionally identified federal states according to this definition are: Argentina, Australia, Austria, Belgium, Brazil, Canada, Czechoslovakia, Ethiopia, Germany, India, Malaysia, Mexico, Nigeria, Pakistan, Russia, the Soviet Union, South Africa, Spain, Switzerland, the United States, Venezuela, and Yugoslavia.

geographically defined” (Lijphart, 1999, p.186-187). Territorial divisions, in turn, can vary along the characteristics utilized for demarcation. In the congruent/incongruent conceptualization, for example, congruent federations are composed of territorial units with a social and cultural character that is similar in each of the units and in the federation as a whole. On the other hand, incongruent federations have units “with social and cultural compositions that differ from one another and from the country as a whole” (Carlton, 1965, p. 868, cited in Lijphart, 1999, p.195). In the context of ethnic conflict, this classification is relevant to the regional concentration of ethnic minorities.

Alternatively, Elazar (1997, p. 239) conceptualizes federalism as “noncentralization” of power, the “fundamental distribution of power among multiple centers” and not “the devolution of powers from a single center or down a pyramid.” For Duchacek (1979, p.188-275), the “yardsticks” of federalism include a bicameral legislature with a strong federal chamber (to represent regions), a written constitution that is difficult to amend, and a supreme court or special constitutional court that can protect the constitution by means of its power of judicial review.” According to Lijphart (1999, p.188), however, these characteristics ensures the entrenchment of federalism, but the actual primary characteristics of federalism are: noncentralization and decentralization. Based on these characteristics, (Lijphart, 1999, p.189, Table 10.1) offers a classification system of degrees of federalism and decentralization in thirty-six democracies.

Another nuanced approach is Dahls’ semi federal classification, in which states are “sociologically federal.” In states I including Belgium, the Netherlands, and Israel, the “central governments... have long recognized, heavily subsidized, and delegated power to private associations with important semipublic functions, especially in the fields of

education, culture, and health care, established by the major religious and ideological groups in these societies” (Lijphart, 1999, p. 191).

This variation in the definitions of federalism across this research agenda is observable in Table 2.1 and Table 2.2. These tables classify the studies concluding that federalism is peace-conducive, and the studies concluding that federalism is peace-negating, along with the definition of federalism that is utilized in each study, if any. The tables reveal that the definition of federalism used in the traditional literature varies greatly along political, contractual, and territorial-based definitions.

Study	Conceptualization/measurement
Bunce (1999, 2004)	Political/ binary
Cain and Dougherty (1999)	Political/binary
Cohen (1997)	Political/ categorical
Dikshit (1975)	Agreed-on compact with undefined features
Hardgrave (1994)	Political/territorial division of powers
Horowitz (1991)	Political/administrative: division into units
Kymlicka (1998)	Sociological/ polyethnic and multinational
Leff (1999)	Political/ recognition of republics
Lijphart, et. Al. (1993)	Political/ binary
Roeder (1991)	Administrative
Snyder (2000)	Political/ ethnolinguistic concentrations
Suberu (1994)	Undefined, mentions fiscal federalism definition

Table 2.1: Literature arguing federalism exacerbates conflict

Study	Conceptualization/Measurement
Ahuja and Varshney (2005)	Political/division of powers
Amoretti (2004)	Political/antimajoritarian institutional tools
Bachtinger and Steiner (2004)	Political/ undefined
Bermeo (2002)	Political/ layer of institutions between a state's center and its localities
Gurr (2000)	Political/ autonomy agreements
Hechter (2000b)	Fiscal
Horowitz (1991)	Political/ devolution of power from center
Kaufman (1996)	Undefined
Lijphart (1977, 1996)	Linguistic
Lustik, et al. (2004)	Political/ semi-autonomous institutions
Nordinger (1972)	Political/ division of powers
Ornstein and Coursen (1942)	Political
Riker (1964)	Political/ binary
Saideman (2002)	Political/ binary
Stepan (1999, 2009)	Political/ constitutional arrangement
Tsebelis (1990)	Political/administrative
Weingast (1998)	Political/ early American federal structure

Table 2.2: Literature arguing federalism exacerbates conflict

Table 2.1 and Table 2.2 reveal that the concept of federalism is not consistent across traditional studies, even among scholars advancing similar arguments about federalism's capacity to contain conflict. Therefore, the traditional literature cannot be presented or used for comparison as a uniform approach to decentralization.

### **2.3 The conditional decentralization literature**

In contrast to the traditional literature, where decentralization (most often federalism) is argued to either “work” or “fail” to contain conflict, recent studies address with a more nuanced approach. Overall, these studies examine the conditions in which decentralization can work or not, allowing for variation in decentralization's impact (Amoretti and Bermeo, 2004; Hale, 2004, Bakke and Wibbels, 2006; Brancati, 2006, 2009; Bakke, 2015; Cederman et al., 2015; Siroky and Cuffe, 2015). This approach is described in Bakke (2015), which begins by:

...[emphasizing] that institutions do not work in isolation from the societies they (are meant to) govern... the very same institutions may have widely diverging effects, depending on society's ethnic and economic characteristics...decentralization can, indeed, be peace preserving at times, but there is no one-size fits all decentralized fi to divided societies. In contrast to the dominant debate in the literature, [the author does] not

analyze decentralization in either/or terms, as either “good” or “bad” at containing violent conflict and preserving peace. Rather, [the author argues] that, while decentralization may help preserve peace in one country or in one region, it may have just the opposite effect in a country or region with different social and economic characteristics (Bakke, 2015, p. 4).

In contrast to the traditional literature, these studies are not characterized by the use of a binary, federal approach to decentralization. Instead, these studies utilize a wide range of definitions and measures of decentralization. Some of these studies are internally inconsistent, defining decentralization in various ways within the same analysis. For example, Treisman (2007, p.28) begins by defining three types of decentralization: administrative, political, and fiscal. However, these definitions are kept “purposefully simple,” and reference is made to Rodden (2004) and Schneider (2003) for more on the “meaning of decentralization” (Treisman, 2007, p. 26). Moreover, throughout the book, Treisman (2007) does not consistently identify a specific decentralization type, often utilizing only the term “decentralization.” Moreover, the chapter dedicated to the impact decentralization can have on ethnic conflict is not explored in terms of the three defined types of decentralization.<sup>32</sup> Instead, an anecdote of Iraqi federalism is presented in the beginning of the chapter, and then arguments related to political decentralization are outlined and discussed. Yet, political decentralization is not defined, and the word

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<sup>32</sup> See “Ethnic conflict and secession,” Chapter 10.



decentralization, political decentralization, and federalism are used interchangeably throughout the chapter.

Other definitions of decentralization are presented in this literature. Bakke (2015) defines decentralization in terms of policy, fiscal, and political decentralization (Bakke, 2015, p. 12). Siroky and Cuffe (2015) conceptualize decentralization in terms of autonomy “states” of groups, classifying groups as currently autonomous, never autonomous, or as having lost autonomy.<sup>33</sup> The authors argue that the three autonomy states have a varying impact on collective action, and find that groups that have lost autonomy have the capacity and motivation to mobilize. On the other hand, Miodownik and Cartrite (2010) argue that decentralization’s impact is nonlinear and find that moderate levels of decentralization encourage ethno-political mobilization while higher levels decrease it. Cederman et al. (2015, p. 360) examine variation in decentralization via the political inclusion and access to power of ethnic groups; in other words, decentralization is defined in terms of whether or not groups have “political relevance,” so that groups are “active in national politics and/or discriminated against by the government.”<sup>34</sup> Brancati (2009) utilizes both a binary measure that approximates the traditional federal measure and an index of decentralization to assess the impact of decentralization on ethnic conflict in relation to regional party strength. These studies are characterized by a wide range of conceptualizations of

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<sup>33</sup> In this study, autonomy is defined as “internal self-determination that provides a group with actual powers and resources for self-governance within a state” (Siroky and Cuffe 2015 p. 4). To this, Wolff’s (2013, p.5, cited in Siroky and Cuffe, 2015) definition of “territorial self-governance” which his “legally entrenched power of territorially delimited entities within the internationally recognized boundaries of existing states to exercise public policy functions independently of other sources of authority in this state, but subject to its overall legal order” is added. Also, Stepan’s (1999) asymmetric characteristic, where the devolved powers do not have to apply to all of the groups within the state, is added.

<sup>34</sup> Accordingly, decentralization is coded as whether a group rules alone, shares power, or is excluded from executive power, and whether groups are included or excluded is interacted with the presence or absence of regional autonomy.

decentralization, echoing the conceptual inconsistency of the traditional literature. The next section reviews another similarity the conditional literature shares with the traditional literature, which is the conceptual attachment to the notion of federalism.

### **2.3.1 Federalism in the conditional approach**

While this literature's movement towards a more nuanced approach to decentralization's impact has contributed greatly to the understanding of decentralization's impact, I argue that these works also tend to conceptualize decentralization within the sphere of federalism in two ways. First, many of these studies define decentralization as federalism or in a manner that approximates a federal conceptualization. Alternatively, these studies may utilize alternate definitions of decentralization, but they explore its variation only in federal countries. Thus, federalism remains the dominant conceptualization of decentralization.

Some of the conditional decentralization studies remain within the sphere of federalism because they directly explore variation in federalism's ability to contain conflict. For example, Bakke and Wibbels (2006) examine how federalism interacts with a series of contextual political and economic factors and impacts conflict in differing ways. Brancati (2006, 2009) utilizes two measures of decentralization, including federalism. Within the political economy literature, Hale (2004) examines federalism in relation to the economic context of market-driven trends towards integration and analyses Canadian federalism to assess the economic and political factors that constrain and enable federal leadership of various policy spheres. Similarly, Rodden and Wibbels (2010) "analyze the sensitivity of provincial governments to regional business cycles in [seven] federations: Argentina, Australia, Brazil, Canada, Germany, India and the United States" (Rodden and

Wibbels, 2010, p. 38).<sup>35</sup> Most recently, Bakke (2015) conceptualizes decentralization as policy, political, and fiscal decentralization to assessing the impact of decentralization on conflict in relation to contextual ethnicity and wealth, but the empirical models and case studies span across federal states only.

On the other hand, Wibbels (2006) reviews comparative federalism and decentralization research, but the term “federalism” and “decentralization” are used interchangeably throughout the study. The interchangeability of federalism and decentralization in this study exemplify how this research agenda maintains a reliance on federalism in the conceptualization of decentralization.

## **2.4 Rejection of federalism to capture decentralization**

Despite its popularity, utilizing federalism to assess decentralization is a flawed approach in many ways. First, federalism typically entails a binary measure premised on a single factor: a federal constitution. In this perspective, non-federal countries are classified as centralized. Yet, decentralization is an entire institution with manifestations in fiscal and policy spheres possible in non-federal states.<sup>36</sup> On the other hand, a federal constitution does not automatically guarantee that decentralization will be implemented. For example, Venezuela is a federal state but it is continually becoming more centralized (Levine, 1989, p.273, cited in Lijphart, 1999, p.190).<sup>37</sup> The main argument here, therefore, is that

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<sup>35</sup> These two studies do not directly assess the impact of federalism on ethnic conflict per se, but nevertheless demonstrate the analysis of decentralization’s varying impact potential in terms of federalism.

<sup>36</sup> For example, the fiscal decentralization trend in South America includes initiatives in Colombia, a unitary state.

<sup>37</sup> Also, Iraq’s 2005 federal constitution provides provinces with access to mobilize for more self-rule, but none of the provinces (excluding the provinces of the already semi-autonomous Kurdistan Region) have done so.

federalism does not sufficiently capture the wide scope of decentralization practice and policy that can take place in a state.

Additionally, the extent of federalism is not uniform across states, such as the difference between highly-decentralized Switzerland versus Venezuela. Part of this variation may stem from disagreement about what federalism entails. Some argue that federalism requires that subnational governments have both fiscal and administrative powers, while others argue that neither fiscal nor administrative powers are necessary (Eaton, 2008). Others argue that bicameralism, judicial review, and the power of the central and constituent governments to make final decisions is also part of federalism (Eaton, 2008). As such, a federal constitution is not an appropriate threshold for decentralization.

## **2.5 Takeaway**

This chapter reviews and analyses the literature on decentralization and ethnic conflict, and reveals that there is great variation in the conceptualizations of decentralization, as well as a conceptual attachment to the notion of federalism. Yet, I argue that federalism is insufficient to represent and capture decentralization because it is inconsistently conceptualized, and because it fails to capture the full scope of decentralization. Together, the inconsistencies regarding the conceptualization of decentralization signal a need for a comprehensive standard approach to decentralization. Accordingly, the following chapter presents a new conceptualization of decentralization.

## **CHAPTER 3**

### **THE DECONSTRUCTED DECENTRALIZATION MODEL**

This chapter presents an alternative framework for assessing decentralization, the Deconstructed Decentralization Model (DDM). In the previous chapter, the literature's reliance on federalism as representative of decentralization is noted and rejected. Instead, I argue that a more comprehensive and nuanced framework is needed to properly capture and assess decentralization and its impact on ethnic conflict. Drawing from theory by Schneider (2003), I set forth the DDM, which “deconstructs” the notion of decentralization along three dimensions: administrative, fiscal, and political decentralization. I expand upon Schneider by incorporating federalism as a factor of the political decentralization dimension in the DDM. Therefore, I retain federalism as a means to assess decentralization, but it is not the sole conception of decentralization.

This chapter begins with a definition of decentralization, and then defines the unique scope and measures associated with the DDM's political, fiscal, and administrative decentralization dimensions. I then demonstrate the utility of the DDM approach via the case of Spain. The takeaway of this chapter is the DDM and its utility for effectively assessing the wide scope of decentralization via its political, fiscal, and administrative decentralization dimensions. In sum, the DDM can capture the range of possible decentralization in a state, including federal arrangements, but also other realities such as fiscal decision-making autonomy.

### **3.1 The Deconstructed Decentralization Model (DDM)**

If decentralization is beyond federalism, what is it? In general terms, decentralization can be defined as power being taken away from the central government (Schneider, 2003). Decentralization is a reduction of the role of the state by “fragmenting central authority and introducing more intergovernmental competition and checks and balances” (Bardhan, 2002, p.185). To capture this broad dynamic and provide a more appropriate analytical framework, I draw from Schneider (2003) to develop a new approach, which I will refer to as the Deconstructed Decentralization Model (DDM). Schneider (2003) argues that decentralization occurs through political, fiscal, and administrative decentralization. I utilize Schneider’s three-dimensional conceptualization to define decentralization as *a decrease in the level of power held by the central government via the bolstering of sublevel political, administrative, and financial autonomy*. Therefore, decentralization is conceptualized as a deconstructed concept of three dimensions of decentralization, which encompass different manifestations of decentralization and can independently vary in degree. Thus, decentralization is not a singular conceptualization captured by one variable, such as federalism, but instead decentralization is a state’s combined configuration of three subtypes of decentralization, each with corresponding measures and variables. The following section presents each of the DDM’s decentralization subtypes’ unique scope and measure.

### **3. 2 Political Decentralization in the DDM**

Schneider (2003, p. 39) addresses political decentralization in terms of mobilization and collective action. In politically decentralized systems, “citizens define interests and form identities on the basis of local concerns, and organizations such as parties and social

movements operate locally and compete over local issues and in local elections” (Ibid., p. 40). Schneider’s (2003) indicator for this local-level concern representation is state-level or municipal-level elections;

Local elections indicate that some portion of representative activity is being undertaken at the local level, forcing parties to organize for local contests. Candidates must compete and make appeals to citizens in local jurisdictions. Citizens may organize and participate through non-electoral channels, but there are harder to characterize, and probably do not have as direct impact on representation (Ibid., p.40).

Local elections foster decentralization by allowing for “political actors and issues [to be] significant at the local level and...partially independent from those at the national level” (Fox and Aranda, 1996, cited in Schneider 2003, p.39).

I deviate from Schneider, however, because I also include federalism as a factor of political decentralization. This is because the notion of political representation includes federalism. While it is true that unitary states, such as France and the Netherlands, have implemented municipal elections and local politics, it is federal design that tends to emphasize the implementation of such representative avenues. For example, Hulst (2005, p.117) notes that (non-federal) France and the Netherlands feature “indirect” local elections that “hamper” decision-making and representativeness at the local level, especially the regional level. In fact, these problems in relation to the decentralization efforts of unitary

states been used to call for regional government across Europe (Hulst, 2005, p. 118). In this dissertation, I argue that federalism is an indicator of authentic political decentralization because federalism institutionalizes regional government, enabling direct local elections and allowing for subnational issues to be addressed more so than unitary states.<sup>38</sup> By including federalism within the DDM approach, I am bridging the literature's dominant conceptualization of decentralization (federalism) with Schneider's identification of decentralization in terms of political, fiscal, and administrative spheres. Indeed, by incorporating federalism into the DDM framework, I am able to retain a variable, federalism, that is seemingly essential to the dynamic of decentralization and ethnic conflict, and also uphold a more comprehensive conceptualization of decentralization involving three distinct subtypes.

### **3.2.1 Measure of Political Decentralization**

The DDM includes three measures of political decentralization. The primary measure of political decentralization in the DDM is the binary federal measure that is often used to capture decentralization as a whole. As argued in Chapter 2, however, it is possible that federal arrangements alone do not effectively capture actual decentralization dynamics. In terms of political decentralization as defined above, it follows that federalism may not effectively bolster the power and significance of local actors and issues in relation to the central sphere. This can take place if elections are not fully free, for example, as was the case with the federal Soviet Union's appointed regional leadership (Bunce, 1999).

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<sup>38</sup> See Suberu (2001) for an example of this dynamic in Nigeria. Suberu argues that Nigeria's federal structure allows for local-level grievances and political dynamics to be "captured" at the regional level. In turn, this allows them to be addressed at the regional level, so that they do not need to rise to the national sphere. In sum, local politics are allowed to rise to prominence at the regional level.



Because the central sphere assigned regional leaderships, federalism was not associated with bolstered power and significance of subregional actors. In such cases, political decentralization is not automatically present due to federalism. For this reason, federalism alone may not sufficiently capture a state's political decentralization level. Thus, the DDM follows Schneider's (2003) theory and utilizes subregional election indicators. Therefore, political decentralization is also assessed via the presence of municipal and state government elections. In Chapter 5, which presents models of the DDM, I utilize the political decentralization indicators provided by the World Bank Group. This includes the binary federalism indicator, which indicates whether a state is federal or unitary, as well as indicators of local municipal elections and subregional state elections. Chapter 5 provides more information regarding these indicators.

### **3.3 Fiscal decentralization in the DDM**

The aim of fiscal decentralization is to locate resources at the government level that improves public welfare (Schneider, 2003, p. 36; Musgrave, 1958). This often involves locating resources at the subnational level; in fiscally decentralized systems, subnational governments have a significant role in the process of administering taxes, providing public services, and financing programs (Escobar-Lemmon, 2001). By allotting this responsibility over fiscal resources to regional government levels, fiscal decentralization can create a more responsive government as resources can be distributed and utilized in a manner that is more attuned to local dynamics and therefore is more favorable towards public welfare. In contrast to political decentralization, which concerns access to political representation, fiscal decentralization captures access to fiscal goods and resources. The intention of fiscal decentralization in terms of this access is that the public's access is increased as resources

are shifted away from the central government sphere and allocated at the subregional government level; literally, therefore, resources are brought “closer” to the public.

### **3.3.1. Measure of fiscal decentralization**

The DDM upholds 2 commonly-used indicators of fiscal decentralization. As the bulk of “fiscal activity” consists of expenditures and revenues, fiscal decentralization is often measured as the share of subnational expenditures and revenues (Schneider 2003, p. 36; Lijphart, 1999, p.192; Escobar-Lemmon, 2001).<sup>39</sup> Whereas “expenditures focus on the amount of government activity that governments undertake,” “revenues focus on the quantity of resources that pass through them” (Schneider, 2003, p. 37). Subnational revenues include “all cash inflows to subnational governments, including taxes, loans, and grants;” the associated indicator is subnational revenue as a percentage of total government revenue (Ibid.). Similarly, the indicator of subnational expenditures is the percentage of subnational expenditures as a percentage of total expenditures (Ibid.). With both measures, a larger share of funds at the subnational level indicates that more fiscal impact has shifted away from the central government (Schneider, 2003, p. 37). For the DDM models presented in Chapter 5, I utilized the subnational expenditure share indicator from the World Bank Group’s Fiscal Decentralization Indicators, which are drawn from the International Money Fund (IMF’s) *Government Finance Statistics*. More information regarding this indicator is provided in Chapter 5.

These measures are optimal because they offer the best available cross-national measures without requiring detailed study of each country; also, using both expenditures

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<sup>39</sup> An alternative to this fiscal instruments approach is to use regulatory or financial policies that states use to impact the amount and distribution of wealth (Schneider, 2003, p. 36). These measures are not utilized because they are complex and specific to content and country (Ibid.).

and revenues captures the main aspects of fiscal decentralization: the fiscal impact of subnational government relative to the central government (Schneider, 2003, p. 36). The fiscal instruments approach, however, still poses challenges: data is often self-reported, possibly leading to inaccuracies, and what may be measures as a local expenditure or revenue in one context can be classified as nationally controlled in another (Ibid.). Additionally, relying solely on this indicator does not tap into the level, if any, of autonomy of the subnational units' ability to make independent decisions regarding the spending of their subnational resources. This is because generally, subnational expenditures are largely drawn from funds transferred by the national government, which have attached mandates or expectations for how the funds should be spent (Escobar-Lemmon, 2001). This potential autonomy gap is addressed with the administrative decentralization measure featured later in this section.

### **3.4 Administrative Decentralization in the DDM**

Administrative decentralization involves local jurisdiction's level of autonomy relative to central control (Schneider, 2003, p.37). This autonomy stems from authority over policy making, (bureaucracy) personnel control, and control over public finances (Rondinelli, 1984, cited in Schneider, 2003, p.37). Thus, administrative decentralization is an effort to decentralize the bureaucracy and involves the distribution of power and functions between the central and sublevel governments (Cohen and Peterson, 1997). Administrative tasks, and the autonomy to effectively accomplish them, are transferred to the subnational arena, usually to subnational agencies and ministries.

Variation in degree of administrative decentralization has been outlined in terms of "deconcentration," "delegation," and "devolution" (Rondinelli, 1990, cited in Schneider,

2003, p. 38).<sup>40</sup> Briefly, deconcentration refers to a “central government that disperses responsibility for a policy to its field offices;” this entails a shift in the physical distribution of authority, but not necessarily the autonomy of the receiving (subnational) entity (Schneider, 2003, p. 38). Delegation, on the other hand, transfers “policy responsibility to local governments or semiautonomous organizations that are not controlled by the central government but remain accountable to it” (Ibid.). Finally, devolution takes place when the “central government allows quasi-autonomous local units of government to exercise power and control over the transferred policy” (Ibid.). This aspect provides the highest level of autonomy for the subnational level, because it holds that “the local unit is only accountable to the central government insofar as the central government can impose its will by threatening to withhold resources or responsibility from the local unit” (Schneider, 2003).

In addition to upholding the scope and characteristics of administrative decentralization outlined by Schneider, the DDM also greatly expands the scope of administrative decentralization in two important ways. First, the DDM considers aspects beyond structural variables such as structural design and incorporates the context surrounding administrative decentralization by considering the intervening impact of countries’ development levels on administrative decentralization. Given that developing countries may not have the necessary capacity and infrastructure to achieve the idealized gains of efficiency and efficacy from decentralization efforts, decentralization’s gains can vary with a country’s level of development (Escobar-Lemmon, 2001). This implies that the resultant extent of administrative decentralization depends on the country’s level of

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<sup>40</sup> The variation among these levels stems from the nature of the relationship between the central government and the subnational entity receiving power and resources (Schneider, 2003, p.38).

development. As such, a relevant variable included in the DDM framework includes development, essentially a control variable. More information on this factor, and other relevant control variables, is presented in Chapter 5.

The second manner in which I expand upon the administrative decentralization conceptualization is by extending its scope beyond the subregional state level to also include the subregional city or municipal level. This aspect of administrative decentralization is not addressed in Schneider (2003) or in any other studies. As this very unique “local” factor is a significant extension of the administrative decentralization concept that involves its own intra-framework of theory and indicators, this additional component of the DDM’s administrative decentralization subtype is presented as a separate chapter and analysis in Chapter 6 of this dissertation.

### **3.4.1. Measure of Administrative Decentralization**

The DDM features two types of indicators for administrative decentralization. The first indicator is consistent with Schneider (2003), and the second set of indicators corresponds to the extended scope of administrative decentralization that I incorporate into the DDM. In this section, I will present the former only, and the latter is addressed and presented in Chapter 6.

Schneider (2003) and other scholars measure administrative decentralization as the control exercised over local revenue. To this end, the percentage of local revenues from taxes has been used to indicate the degree of subnational control over resources (Schneider, 2003). Taxes offer the best measure of administrative autonomy because grants and loans are most likely to come with conditions or earmarked expenditures (Schneider, 2003). In other words, the percentage of local revenues from taxes captures the degree of subnational

control over resources. This continuous measure effectively encompasses the fact that administrative decentralization exists in degrees of autonomy as highlighted above, ranging from the low “deconcentration” to the highly autonomous devolution. For the DDM models presented in the Chapter 5, I use a sub-national tax indicator from a database produced by the International Monetary Fund (IMF) in conjunction with the World Bank. The higher the percentage of local revenue derived from taxes, the higher the degree of autonomy is that characterizes the administrative jurisdictions.<sup>41</sup> More information regarding this indicator is provided in the Chapter 5.

### **3.4.2. Differentiating between fiscal and administrative decentralization**

Because administrative decentralization involves government finances, it is similar to fiscal decentralization, but it is distinguishable from it in an important manner. Administrative decentralization revolves involves granting local jurisdictions autonomy from central control (Schneider, 2003). Here, this autonomy is derived from control over public finances (Rondinelli, 1984). This is different than the opportunity for financial resources to be delegated to the subregional level, which is captured by fiscal decentralization. In short, a distinct concept and measure of administrative decentralization is necessary because of the differences in available autonomy that subregions have for the spending of fiscal resources. For example, whereas some local governments are given funds with “strings” attached from the central government, such

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<sup>41</sup> An alternative measure of subnational autonomy, not used in this study, is the percentage of total grants and revenues not accounted for by transfers, including taxes, loans, fees, sales of assets, or informal contributions (Schneider, 2003). Indicators used for future research could be the percentage of total grants and revenues not accounted for by transfers (calculated by sub-national tax-transfers to subnational governments from other levels of government).

as mandates as to how to spend it, other local governments receive funds with less restraints on them, or raise their own revenue. Therefore, the difference between administrative and fiscal decentralization lies in the degree of autonomy available to local jurisdictions for the spending of substate funds.

### **3.5. The utility of the DDM**

The overarching utility of the DDM model for research on decentralization and ethnic conflict is its use as a standardized, comprehensive conceptualization of decentralization. The DDM's components of political, fiscal, and administrative decentralization incorporate the many different definitions and measures of decentralization utilized up to this point, including the dominant federalism conceptualization. Importantly, however, the DDM breaks from the traditional attachment to federalism as the sole conceptualization and measure of decentralization. This characteristic renders the DDM a measure that extends beyond a state's constitutional structure, unlike the constitution-limited federalism approach. Yet, the DDM still incorporates federalism as a component of decentralization by featuring it as an important indicator of its political decentralization subtype.

Given its comprehensive characteristic, the DDM yields an alternative classification of countries in terms of decentralization that contrasts sharply with the usual classification, which divides countries into federal and unitary states. This can be observed in the dataset utilized in later chapters of this dissertation. This data set includes 52 countries representing different world regions and development levels. In Table 3.1, the countries of this dataset are classified along the traditional federalism classification, as either unitary or federal. As this data is drawn from the World Bank, the countries are

identified as federal or unitary utilizing the World Bank political decentralization federalism indicator. As with most federalism indicators, a state's federalism classification is premised on its constitutional structure. Thus, Table 3.1 represents how these states would most likely be classified in terms of decentralization in accordance with traditional approaches.

Unitary	Federal
Albania	Argentina
Azerbaijan	Belgium
Bahrain	Brazil
Belarus	Canada
Bolivia	Germany
Botswana	India
Bulgaria	Malaysia
Chile	Mexico
Costa Rica	Russia
Croatia	S. Africa
Czech Republic	Switzerland
Dominican Republic	US
Estonia	
Ethiopia	
France	
Guatemala	
Hungary	
Indonesia	
Iran, Islamic Rep.	
Israel	
Italy	
Kazakhstan	
Kenya	
Kyrgyz Republic	
Latvia	
Moldova	
New Zealand	
Nicaragua	
Panama	



Paraguay  
 Peru  
 Philippines  
 Romania  
 Slovak Republic  
 Spain  
 Sri Lanka  
 Tajikistan  
 Thailand  
 United Kingdom  
 Zimbabwe

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Table 3.1. States classified according to traditional binary classification

In Table 3.1, Spain is classified as unitary. Within the traditional approach, Spain is classified as a unitary country because as it is a unitary parliamentary constitutional monarchy. Therefore, in a typical assessment of decentralization, Spain would be associated with the absence of decentralization, and with observations and conclusions associated with a unitary country identification. The problem is that despite its unitary constitutional structure, Spain is “easily identifiable as a country of countries, or a nation of nations” that has undergone “inductive” decentralization (Moreno, 2001, p. 399-400). And, the federal measure does not capture this reality. Thus, the traditional approach fails to capture the known decentralization elements in countries such as Spain. It is likely, therefore, that given this type of classification scheme, the drawn conclusions may not be accurate reflections of decentralization given that decentralization itself is not adequately measured and identified.

In contrast, if the DDM framework is applied to the case of Spain, the assessment of Spain’s decentralization is not limited by the single indicator of federalism. Instead, Spain can be examined via political, fiscal, and administrative decentralization subtypes. As Spain’s unitary constitutional structure only relates to one of the DDM’s three factors

of political decentralization only, this feature does not preclude the DDM from capturing other decentralization factors present in Spain. When the DDM is applied to Spain, in fact, it can be observed that Spain's decentralization levels vary along the fiscal, political, and administrative subtypes. First, its strong political decentralization presence is captured by the regional and municipal election indicators. Yet, the DDM's disaggregation of decentralization can also identify that fiscal decentralization in Spain is relatively lower than the other decentralization types. This is consistent with the fact that tax collection is centralized in Madrid; constitutionally, the tax collection system falls under the jurisdiction of the (central) state and is not linked to each territory, with the result that the autonomous communities are unable to assume joint responsibility for taxation (GINI Country Report Spain 2003).

The theorized connection between fiscal decentralization and the better provision of social welfare encompassed in the DDM's fiscal decentralization dimension is demonstrated in this case as well; in Spain, the centralized fiscal system has resulted in an allocation of resources that is not adapted in relation to the population of the "nation," or region, at hand; this is inefficient given the varying immigration, health, and other realities across Spain's many "nations" (De la Fuente, 2008). For example, one of the most populous regions, Catalonia, has not received funds from the European Structural Funds, the Inter-territorial Compensation Funds of the central government, or direct investments from the central sphere, and it receives one of the lowest average infrastructure investment per inhabitant rates (Ibid.). Not surprisingly, for years, Catalonia has been demanding for more financial autonomy (Gali, 2006). These grievances shed light on the lack of fiscal and administrative decentralization in Spain that is revealed when the DDM's more

nuanced approach to decentralization is applied. Where this state to be classified as only either unitary or federal consistent with the traditional approach, these dynamics involving Spain's fiscal realities would not be captured.

### **3.6 Takeaway**

Following the previous chapter's rejection of the federalism framework for assessing decentralization, this chapter sets forth the DDM framework, which conceptualizes decentralization in terms of political, fiscal, and administrative decentralization subtypes. This chapter demonstrates that each of the decentralization subtypes captures different manifestations of decentralization in a country, and combined, can render a more nuanced, inclusive assessment of a country's decentralization extent. Additionally, the differences in the assessment of Spain's decentralization via the traditional and the DDM approach indicate that the DDM can shift the discussion of decentralization from the presence or absence of a federal constitution to decentralization in terms of:

1. What types of decentralization are present in a country?
2. To what extent is a country decentralized along political, fiscal, and administrative subtypes?

For the study of decentralization and ethnic conflict, the DDM approach provides a standardized measure of decentralization that can be utilized for cross-national research. This measure is optimal for cross-national research as it can be applied across federal and unitary state types.

## **CHAPTER 4**

### **DECONSTRUCTED DECENTRALIZATION AND ETHNIC CONFLICT**

The previous chapter presented the DDM as a comprehensive conceptualization of decentralization, consisting of political, fiscal, and administrative decentralization subtypes. This chapter utilizes the DDM framework to theorize about the relationship between the decentralization subtypes and ethnic conflict. This theoretical framework begins by first defining ethnic conflict. In this study, ethnic conflict is also “deconstructed” into anti-regime rebellion, anti-regime protest, and intercommunal, or inter-group, conflict subtypes. I then argue that these conflict subtypes can be impacted differently by the decentralization subtypes. Specifically, I most often distinguish between dynamics involving collective action against the regime versus action between groups that do not involve the state. The latter includes intercommunal conflict, and the former include anti-regime rebellion and anti-regime protest. Intercommunal conflict, unlike anti-regime rebellion and anti-regime protest, does not involve grievances against the state. I expect decentralization to interact differently with grievances that are against the state versus grievances that do not involve the state. Accordingly, some of the hypothesized causal mechanisms between decentralization dimensions and ethnic conflict are presented in relation to anti-regime versus intercommunal conflict realities. Also, many of the hypotheses set forth in this chapter incorporate theories about decentralization drawn from the literature. For example, a theory from the literature about federalism’s impact on ethnic conflict may be here incorporated into hypotheses about political decentralization since the DDM features federalism as a factor of the political decentralization dimension.

In this chapter, the theorized impact of political decentralization on anti-regime rebellion and anti-regime protest is set forth in terms of ethnic minority representation and instrumental ethnicity. Secondly, the theorized impact of fiscal decentralization on anti-regime rebellion and anti-regime protest is set forth in terms of instrumental identity and primordial aspirations. In contrast, the impact of fiscal decentralization on intercommunal conflict is conceptualized in terms of intergroup inequality. Finally, the potential impact of administrative decentralization on conflict is addressed. The reader will recall that the DDM's administrative decentralization dimension as presented in Chapter 3 entails autonomy over fiscal resources. This chapter presents theory regarding the administrative decentralization from this perspective; this scope is later expanded upon in Chapter 6 of this study. In this chapter, hypotheses about administrative decentralization's impact on anti-regime rebellion and anti-regime protest is set forth in terms of primordial mobilization aspirations and instrumental ethnicity. Additionally, the hypothesized impact of administrative decentralization on inter-communal conflict is set forth in terms of decision-making autonomy.

The underlying argument of this chapter is that the relationship between decentralization and ethnic conflict is not a singular dynamic. Instead, I argue that the relationship between decentralization and ethnic conflict should be considered in terms of: what type of decentralization impacts what type of ethnic conflict? The resultant set of theories offer a more nuanced approach to understanding the complex mechanisms between decentralization institutions and ethnic conflict

#### **4.1 Defining ethnic conflict**

Taras and Ganguly (2002, p.2) note the “explosion” of ethnopolitical conflicts since the end of the Cold War, which is held by observers as “the most serious challenge to the post-Cold War international order.” Ethnic conflict is generally associated with violent clashes between minority groups and national governments, such as the previously highlighted Kurdish Issue in Turkey, or the recent wave of protests and tension associated with the “black lives matter” movement in the US.<sup>42</sup> The literature addressing such conflicts broadly defines ethnic conflict as conflict between different ethnic groups (Horowitz, 1985). In this study, an ethnic group is defined as a group that belongs to a certain ascriptive category, including race, ethnicity, language, tribe, and religion (Brancati, 2006, p.654). The salience of ethnic identity is emphasized in ethnic conflict, so that “strong ethnic allegiances permeate organizations, activities, and roles to which they are formally unrelated” and ethnicity finds “its way into a myriad of issues: development plans, educational controversies, trade union affairs, land policy, business policy, tax policy” (Horowitz, 2000, p. 45). Such identity politics are based on grievances about inequalities and past wrongs (Gurr, 2000). Premised on these grievances, the mobilization aims in ethnic conflict dynamics are control of the state, control of *a* state, and exemption from control by others (Horowitz, 2000). In this dissertation, I conceptualize these dynamics across three manifestations of ethnic conflict: anti-regime rebellion, anti-regime protest, and intercommunal conflict, presented in the following section.

#### **4.1.2 Disaggregated ethnic conflict**

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<sup>42</sup> “Ferguson unrest: From shooting to nationwide protests” *BBC*, August 10, 2015, available at <http://www.bbc.com/news/world-us-canada-30193354> (last accessed March 12, 2016).

This dissertation disaggregates conflict into anti-regime rebellion, anti-regime protest, and intercommunal, or group, conflict. Anti-regime rebellion is a common approach to conceptualizing ethnic conflict as a singular dynamic, where it refers to conflict between minority groups and states and between minority groups and dominant groups that hold state power (Marshall and Jagers, 2002). In this dissertation, anti-regime rebellion is utilized to capture the element of violence in ethnic conflict, and defined as “a high level of political violence directed against a state” by ethnic minority groups (Boswell and Dixon, 1990, p.540). On the other hand, anti-regime protest refers to mobilization that is generally less violent, including demonstrations, rallies, riots, and petitions directed against governments in the name of minority group interest (MAR, 2009). Anti-regime protest can capture secessionism, which Hechter (1992) defines as group desire for an independent state, because secessionism is not “necessarily” associated with violence or ethnic conflict (Brancati, 2006, p.654). In this dissertation, I generally uphold anti-regime rebellion and anti-regime protest as similar ethnic conflict subtypes because they both involve collective action against the state, and only differ in terms of degree, where the violent element captured by anti-regime rebellion renders it more intense.

In contrast, intercommunal conflict entails conflict among ethnic minority groups and between minority and majority groups (Marshall and Jagers, 2002). The distinctive characteristic of intercommunal conflict is that it does not involve mobilization against the central sphere or state. An example of intercommunal conflict is the ongoing tensions and conflict between minor ethnic groups in Nigeria, groups that are not part of the dominant Igbo or Yoruba tribes, and who are not in possession of regional or national power (see Suberu, 2001).

## **4.2 Political decentralization and ethnic conflict**

This section sets forth theory regarding the relationship between political decentralization and ethnic conflict. Hypotheses are presented in relation to the DDM's three factors of political decentralization: municipal elections, state elections, and federalism. I argue that political decentralization's impact on ethnic conflict depends on the dominant motivations underlying ethnic mobilization, which I conceptualize as either primordial or instrumental in nature. I hypothesize that the interaction between political decentralization and instrumental ethnicity increases conflict, whereas political decentralization's capacity for ethnic recognition and representation can lower conflict stemming from primarily ethnic grievances and primordial aspirations.

### **4.2.1 Political decentralization increases conflict**

I argue that political decentralization can increase ethnic conflict where it results in the reinforcement of ethnic identities, which fuel mobilization against the state. I argue that the factor of political decentralization that enables this mechanism is subregional state-level elections. This is because ethnic minority elites operating at this subregional level (as opposed to the subregional municipal, or local, level) may have the opportunity to access, and benefit from, the higher resources available at this subregional level. The opportunity to access these greater resources fosters a greater incentive to foster ethnic salience in order to capitalize on ethnic ties to gain access to political office. This is especially the case in resource-rich states, where greater subregional state wealth proportions are possible, enhancing the elites' incentive to access such resources. Examples of the material gain that regional ethnic elites can access at the subregional state level and the associated instrumentality of ethnicity can be seen in the case of Nigeria. The vast regional oil wealth



that regional ethnic elites in Nigeria have been able to access is cited as an incentive for regional ethnic elites' common use of ethnic ties to win subregional state elections (Suberu, 200; Ikpe, 2009). Ethnicity is not the end but the means because ethnic elites rely on mobilization of ethnic sentiments and solidarity for electoral support or political blackmail (Ibid.). Some elites, for example, hand out political fiefdoms to ethnic patrons (Ibid.). This extreme level of available subregional state-level wealth from oil is also evident in the federal Kurdistan Region of Iraq and the great wealth that the elite of the ruling Kurdish party, the KDP, has accrued due to its access to the region's oil resources (Hassan, 2015).

Brancati (2006) finds cross-national evidence of the connection between instrumental ethnicity in relation to subregional state elections; subregional state elections are found to reinforce ethnic identities by enabling the participation of ethnoregional parties. The argument is that whereas it is difficult for ethnoregional parties to succeed electorally nationally, they have more opportunity to succeed electorally when there are subregional elections for them to compete in (Ibid.). The presence of ethnoregional parties in the electoral sphere, in turn, increases the saliency of ethnicity and reinforces ethnic identities (Ibid). In sum, subregional state elections serve as a platform for ethnic elites to foster ethnic salience in order to capitalize on ethnic ties to serve their interests.

The connection between this instrumental ethnicity element and ethnic conflict is as follows: as ethnic elites' foster ethnic ties in pursuit of their interests, ethnic identities are reinforced, which can fuel mobilization against the state and increase conflict. This effect is demonstrated by findings in Brancati (2006, 2009) indicating that when ethnic identities are reinforced via the presence of regional parties, ethnic mobilization and conflict increases. Brancati (2009) argues that conflict increases where regional parties

pursue their own agendas instead of the public or collective good, such as the “rigid and uncompromising” agendas of Czechoslovakia’s regional parties, which are attributed to the dissolution of the state. I incorporate this type of elite-led dynamic into my hypothesis regarding regional elections. The crux of my argument is that political decentralization, via subregional state elections, allows for ethnic elites to foster the salience of ethnic identity in order to capitalize on it to secure and maintain access to regional resources and power. As a result, ethnic identity is reinforced, emphasizing the “us vs. them” perception of ethnic minorities in relation to their minority status and the state. As political elites’ political movements are mostly driven by the economic incentives of the subregional state level, their capacity to serve constituents and address their grievances is not fulfilled. Instead, the reinforced identities and tensions fostered in electoral dynamics remain and fuel mobilization, increasing anti-regime conflict. In sum, political decentralization via subregional state election dynamics can capture the role that ethnic elites, especially in pursuit of wealth from high resource levels, have in the ethnic conflict dynamic. In this context, I hypothesize that:

H1a: the political decentralization factor of subregional state elections may increase ethnic elites’ incentive to utilize ethnicity for their gain, which is likely to result in the mobilization-fueling reinforcement of ethnic identities, which may in turn increase anti-regime conflict.

#### **4.2.2 Political decentralization decreases conflict**

On the other hand, I argue that political decentralization can also lower ethnic conflict via the element of ethnic minority representation. Basically, political

decentralization can allow for the recognition and representation of ethnic identity by increasing the opportunity for the representation of ethnic minorities in the political sphere. Ethnic identity representation is more likely in politically decentralized states because as more political power and representation is delegated from the central sphere, more political offices and other representative venues are available for ethnic minorities to participate in. As scholars (e.g. Gurr, 2000) uphold that much of the grievances that minorities hold against states involve the recognition of their unique identity and its representation in the political sphere, I argue that political decentralization's provision of ethnic identity recognition and representation lowers ethnic conflict by addressing these grievances. Moreover, the representative capacity that political decentralization can deliver is optimal in its federalism and municipal election factors.

The ethnic-identity representation effect of federalism first stems from the symbolic recognition of ethnicity that occurs with the federal aim of delegating power to regions.<sup>43</sup> This dynamic can be observed in the case of Iraq, which adopted federalism in 2005 (Danilovich, 2014). The federal Kurdistan Region was able to hold regional elections, which resulted in the election of renowned Kurdish tribal leader Massoud Barzani as the President of the federal Kurdistan Region.<sup>44</sup> The ethnic recognition provided by federalism in this case is highlighted by the celebration of Kurds outside of Iraq and within Turkey, for example, for the leadership role gained by their counterpart Kurdish population in Iraq. Barzani's customary Kurdish attire at national and international events continues to

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<sup>43</sup> The recognition of cultural and ethnic identity possible from federal structures is a characteristic scholars often label ethno-federalism. For example, Safran (2000, p. 14) has outlined a set of preconditions that would entail a group to have federal autonomy, including cultural benefits being more important than economic benefits and serious threat to cultural identity under current (non-federal) arrangements. For more on federalism's role in ethnic identity recognition and cultural rights, see McGarry (2008, p. 57).

<sup>44</sup> "Iraqi Kurdistan Leader Sworn In," *BBC*, June 14, 2005, available at [http://news.bbc.co.uk/2/hi/middle\\_east/4092926.stm](http://news.bbc.co.uk/2/hi/middle_east/4092926.stm) (last accessed March 17, 2016).

demonstrate the relevance of his Kurdish ethnic identity in his political role. In this manner, federal design can enable the recognition of ethnic identity and provide representation of ethnic identity and interests in the political sphere. In turn, I argue that this recognition and representation of ethnic identity can alleviate minority grievances against the state.<sup>45</sup> Currently, the Kurds of Iraq, for example, are not likely to form grievances about their inability to express their Kurdish identity within Iraq. This is not the case, however, of the Kurds in non-federal Turkey, where expressions of Kurdish identity were traditionally severely repressed and have naturally dominated the tone of protests and rebellion (McDowall, 1996; Romano, 2006). Thus, I hypothesize that:

H1b: federalism, by providing ethnic recognition and cultural rights, can assuage anti-regime minority grievances and decrease ethnic conflict.

One caveat, however, is the challenge to federalism's capacity for ethnic identity and interest representation in the case of inauthentic delegation of power to the subregional sphere. For example, in the cadre system under the federal Soviet Union's *korenizatsiia* indigenization policy, the ethnic leadership of federal states were assigned cadres that held a monopoly over resources within the ethnic community and determined when the ethnic

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<sup>45</sup> In the globalization-oriented communitarian theory literature, one of the driving desires of national groups is to achieve recognition of their identity. In other words, the recognition of their identity is the priority among groups, and this priority should not be conflated with secessionism. This motivation can be assumed to be present in the vast distribution of states riddled with ethnic tensions and conflict in which demands for identity, language, and culture pervade so much of the protests and demands of ethnic minorities against the state. If this recognition is the primary motivator for these groups' clashes against the state, then receiving recognition of their ethnic identity can satiate their incentives to rebel against the state.

group could be mobilized (Roeder, 1991). Thus, the Soviet system used federalism to eliminate mobilization opportunities for independent ethnic protest (Ibid.). In this context, ethnic minorities are not likely to perceive authentic recognition and representation of their ethnic minority identity and interests, and the grievance-assuaging potential of federalism is not likely.

Also, I argue that subregional municipal elections increase ethnic minority representation opportunity by increasing the amount of available electoral positions at the subregional level, which increases the electoral, and thus representative, opportunities of minorities. Consequently, ethnic minorities perceive more structural opportunity for representation of their identity and interests.<sup>46</sup> A heightened perception of ethnic representation in the political sphere, in turn, may alleviate minority grievances. The minority representation dynamic is exemplified via the case of Nigeria; Suberu (2001) argues that the presence of intermediary government allows for local-level issues and grievances to be addressed at the local level, blocking them from rising to the national sphere and becoming a source of national-level contention. However, given the possibility of ethnoregional parties and elites operating at the subregional state level capitalizing on ethnic identity for their own benefit, as argued above, it is possible that the more authentic representation of elite identity and interests expected with subregional election dynamics may be precluded by the elite dynamic at the subregional state level. In other words, as ethnic elites at the state level may be pursuing their own interests in relation to potentially high resources available at the subregional state level, their political movement may not be reflective of the greater collective good of the ethnic minority. However, as the municipal

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<sup>46</sup> The assumption being that ethnic minorities are not precluded from participation in subnational elections.

sphere involves smaller-scale political dynamics and lesser resource levels, I expect the municipal level elections to better deliver the representative capacity of political decentralization. In Turkey, for example, in a meeting with municipal representatives in Halfeti, Turkey, a Kurdish city in Eastern Turkey, I found that the (Kurdish) leadership, including the mayor, were inclined to discuss items relevant to Kurdish identity and interests. Kurdish municipal mayors in the region often express support for policies and causes in the interests of the Kurdish community. In contrast, provincial leaders, which are appointed by the central sphere, usually echo national-level interests and tend to refrain from even alluding to Kurdish identity or culture. The representatives from Halfeti described the provincial level officers (ethnic elites) as “belonging to the AKP,” or the ruling party in the national sphere.<sup>47</sup> These dynamics demonstrate that the municipal level electoral sphere can serve as a better platform for local political movement to represent the identity and interests of minority ethnic groups. Recently, allegations against provincial officials in the Kurdish regions have surfaced that accuse them of sabotaging the electoral success of the HDP party, which is the party currently most representative of Kurdish identity and interests.<sup>48</sup> The HDP has achieved increasing local support and municipal-level success in the Kurdish region of Turkey with its strong advocacy for the rights of Kurds and other minorities in Turkey, winning the most votes in the predominantly Kurdish

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<sup>47</sup> Part of the Kurdish local perceptions of elite allegiance to the central sphere lies in the collective belief that the provincial level officers are in the “pocket” of the corrupt central sphere. See, “17 Aralık'ta ve sonrasında ne oldu?” Son Dakika Haberleri, February 2016, available at <http://www.onyedyirmibes.com/gundem/17-aralikta-ve-sonrasinda-ne-oldu-h48945.html> (last accessed April 30, 2016).

<sup>48</sup> See, “Governor tells subordinates to work against HDP ahead of elections” *Cihan*, October 15, 2015, available at <https://www.cihan.com.tr/en/governor-tells-subordinates-to-work-against-hdp-ahead-of-elections-1908250.htm>.

eastern region in the 2014 municipal elections.<sup>49</sup> These dynamics demonstrate that the municipal level electoral sphere can serve as a platform for local political movement to represent the identity and interests of minority ethnic groups. As such, I hypothesize that:

H1c: municipal elections, by increasing ethnic representation, may assuage ethnic grievances and decrease ethnic conflict.

#### **4.3. Fiscal decentralization and ethnic conflict**

In this section, I argue that fiscal decentralization can also both increase and decrease ethnic conflict. In terms of anti-regime mobilization, I argue that whether or not fiscal decentralization increases or decreases conflict hinges on the primary characteristic fueling current grievances and mobilization, which can be either primordial aspirations of identity and nationhood, or ethnic elites' economically-driven agenda. In the former, ethnicity is the aspiration itself as recognition and cultural rights are the aspiration, whereas in the latter reality ethnicity is instrumental, a means. Fiscal decentralization, I argue, impacts these two dynamics differently, and results in both increased and decreased conflict. In regards to intercommunal conflict, I argue that fiscal decentralization can decrease conflict by alleviating perceptions of inequality between competing groups.

##### **4.3.1. Fiscal decentralization's variant impact on anti-regime mobilization**

Fiscal decentralization can decrease ethnic conflict where the primary tone of grievances against the state involve issues of ethnic identity, such as recognition and

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<sup>49</sup> Municipal election results are available at <http://www.resmigazete.gov.tr/eskiler/2014/05/20140506M1-1.pdf>

cultural rights. In essence, this argument captures the primordial argument about the causes of ethnic conflict. The Primordialist perspective holds that ethnic identity is an innate concept instilled in infancy that is characterized by attachment to a specific territory (Taras and Ganguly, 2002). Consequently, minority groups assert the right to rule themselves as a distinct “people” (Kymlicka, 1998, p.140). This results in nationalist-oriented mobilization aimed at independence. Within this context, the conventional argument is that decentralization equips nationalist leaders with patronage and other resources that can be mobilized for nationalist ends (Meadwell, 1993, p.200; Roeder, 1991). I incorporate this general argument within the dimension of fiscal decentralization as conceptualized in this dissertation. First, I argue that the most crucial element in this primordial mobilization argument is not the pursuit of independence per se, but the pursuit of what independence and autonomy are perceived to guarantee: recognition of ethnic identity and the freedom to express this ethnic identity and associated culture. As such, I argue that the primary grievance underlying this mobilization is the denial of identity recognition and cultural rights, and the primary aspiration is securing these elements. In this case, fiscal decentralization can fuel mobilization and increase conflict. As previously noted, fiscal decentralization increases subregional allocation of resources, which increases local minorities’ access to resources. In turn, access to resources fuels ethnic leaders’ mobilization efforts to pursue identity recognition and cultural rights. Higher mobilization towards this aspiration increases ethnic conflict. Importantly, I argue that this increase in ethnic conflict will not occur uniformly. Specifically, I do not expect this effect in states where identity and cultural rights cannot be the primary grievance because ethnic minorities already have cultural and political rights. In a federal state, for example, where



ethnic minority populations can assert their ethnic identity and cultural practices, as is the case with the Kurds of Iraq for example, I do not expect fiscal decentralization to increase ethnic conflict in this manner. On the other hand, in non-federal Turkey, where Kurds have traditionally experienced the denial of their unique ethnic identity and where their freedom to express Kurdish cultural accoutrements was traditionally prohibited, it is likely that Kurdish grievances greatly relate to issues of ethnic identity, and fiscal decentralization would provide mobilization fuel for primordial aspirations, and increase ethnic conflict. Therefore, I hypothesize that where the primary grievances pertain to identity and cultural rights, fiscal decentralization can fuel mobilization and increase anti-regime ethnic conflict.

I provide an alternative argument, however, in the case that the primary grievances are not related to ethnic recognition and rights, and the minority aspiration is not primordial in nature. An alternative mechanism can take place if the underlying aspirations intertwined with ethnic salience is the economically-driven agenda of ethnic elites. In other words, mobilization can be primarily fueled by ethnic elites who capitalize on ethnic identity salience in order to catalyze mobilization that ultimately benefits them. This argument of instrumental ethnicity is often proposed in the literature and holds that ethnic identity is a means employed by individuals, groups, or elites to achieve a larger, usually material, gain (Lake and Rothchild, 1998). An example of this dynamic can be seen in the “patrimonial state” in Nigerian, where political elites mobilize ethnic identity as a means to state offices. In fact, scholars argue that the most reliable strategy for accruing political support for political elites in Nigeria is appealing to ethnic solidarity (Suberu, 2001; Ikpe, 2009). Where the primary motivation is instrumental ethnicity catalyzed by ethnic elites, I argue

that fiscal decentralization may equip ethnic leaders with more resources, but it will not automatically foster mobilization against the state if the economically-driven ethnic elites perceive that the status quo benefits them more than mobilization and independence.

Ethnic elite reticence against mobilization can be observed in the case of the Kurds of Iraq. While the Kurdish public traditionally expresses a desire for an independent Kurdistan, the reality is that the Kurdish elite have not made concrete movements to mobilize towards independence. Even after the structural vacuum in place after Saddam's fall in 2003, Kurdish leadership "carefully framed their movements as Iraqi movements... rather than Kurdish movements wanting to separate from Iraq" (Romano, 2006: 212).<sup>50</sup> Later, Kurdish leader Talabani stated that Kurds aimed for a federation within a democratic Iraq (Charountaki, 2011, p.30). Recently, Kurdish officials' rhetoric has appeared to shift; in 2014, Kurdish began to speak about holding a possible independence referendum in the region (Solomon, 2014). In Washington D.C. in May of 2015, Massoud Barzani famously stated that "the independent Kurdistan is coming (Kumar Sen, 2015). In June of 2015, Barzani again hinted at the referendum by stating in a CNN interview that the "time is here for the Kurdistan people to determine their future and the decision of the people is what we are going to uphold" (Krever, 2015). While this rhetoric has conveniently generated popular support for Kurdish leadership in the region, I argue that it does not reflect Kurdish mobilization towards independence. None of the allusions to the referendum have specified a working timeframe for independence and resultant institutional, economic, and political transitional objectives for the region. Secondly, there has been no *actual* assertion of

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<sup>50</sup> While this is the Kurdish leadership's stance, more public support for independence was strongly voiced at the local level and manifested into the Kurdistan Referendum Movement (Halkawt, 2006). The incongruence between Kurdish leadership and the Kurdish public, and its implications, is highlighted later in this section.

independence from any Kurdish official in any platform, and no actual referendum, indicating a lack of concrete elite will to push for independence.<sup>51</sup> Elites may lack the will to declare independence due to the favorable financial benefits they can access from the current federal arrangement (Le Billon, 2015, p.73). In other words, independence does not serve the political and material interests of the Kurdish leadership. The elites of the Kurdistan Region, including the leaders of the KDP party headed by Massoud Barzani, have gained access to tremendous wealth via the region's wealth from oil revenues. The Kurdistan Regional Government (KRG), however, is very dependent on Baghdad for access to this wealth (Natali, 2010). These Kurdish interests require,

...maintaining open borders for commercial benefits, assuring external patronage for recognition, and guaranteeing international support for ongoing legitimacy and necessary resources. These objectives have reconfigured the Kurdish nationalist agenda, created new demands for negotiation with the central government, and compromised the notion of a Kurdistan Region apart from Iraq (Natali, 2010, p. 126).

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<sup>51</sup> The lack of a full mobilization movement by Kurdish leadership in Iraq contrasts to the mobilization movement of the Kurds in Turkey. Characterized by mass dissent and insurgency against the state, the Kurdish mobilization in Turkey is led by the Marxist-Leninist ideology of its leadership, the Kurdistan Workers' Party (PKK), headed by Abdullah Ocalan (Romano, 2006, p. 25-66). Calls for Kurdish independence and autonomy pervade the history of the movement.

This dynamic exemplifies how the primary motivation underlying ethnic saliency and mobilization can be economic, and not primordial, aspirations. I argue that where ethnic salience and ethnic mobilization is primarily driven by the material agenda of ethnic elites, fiscal decentralization will fuel anti-regime mobilization and increase ethnic conflict only if potential autonomy would economically behoove the leading ethnic elites. If extending or securing autonomy does not benefit ethnic elites, then they will not foster mobilization to this end, and ethnic conflict will not increase. Therefore, I hypothesize that:

H2a: where the primary motivation underlying ethnic mobilization is the economic agenda of ethnic elites, fiscal decentralization will not significantly impact ethnic conflict, unless the elites themselves would benefit from independence.

#### **4.3.2 Fiscal decentralization decreases intercommunal conflict**

Alternatively, however, I argue that fiscal decentralization has a different interaction with intercommunal conflict; it can reduce intercommunal conflict through its impact on inequality between different groups. This is premised on the argument that in tensions involving two or more groups within a state, the associated grievances are related to the distribution of resources between groups, which competition can render unequal. This argument echoes scholars such as Horowitz (2000), who asserts that ethnic violence and conflict is the result of minority grievances stemming from uneven development. These grievances appear because modernization incentivizes people to desire the same goods,

which leads to competition and conflict over resources (Tellis et.al, 1997). Yet, competition usually renders an asymmetric development course, to the detriment of ethnic minorities (Ibid.). Competition between groups for resources, therefore, results in grievances regarding the nature of distribution of government resources among groups.<sup>52</sup> Thus, in this type of conflict, the primary motivator for mobilization is groups' desire to gain or improve their access to resources. Fiscal decentralization can address these economic grievances and lower conflict by increasing the efficiency of good distribution. Because fiscal decentralization aims to allocate a higher proportion of resources at the subregional level, efficiency increases as the distance between goods and regional demands decreases, enabling more distribution to take place at the subregional level. In turn, more distribution at the subregional level increases subregional groups' access to resources, countering the development asymmetry and inequality between groups. For example, in Northern Iraq, there are various ethnic groups that cohabite with the dominant Kurdish group, including Turkmen, Arabs, and Assyrians. Whereas a very centralized distribution system in this type of context is likely to focus on distribution across national departments and ministries and provinces, a fiscally decentralized system would allocate more funds to be distributed at subregional levels, where the presence of local minorities is more visible. The higher visibility of these groups at the subregional level, combined with the distribution and administration of resources at the subregional level, is more likely to yield distribution patterns that allow smaller groups such as the Turkmen better access to these resources. In this context, **I hypothesize that as groups' access to resources increases due to fiscal**

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<sup>52</sup> For more on the "Hobbesian" nature of group conflict, see Rabushka and Shepsle (1972, p. 67-69).

**decentralization initiatives, grievances stemming from competition and inequality are assuaged, and conflict is reduced.**

#### **4.4 Administrative decentralization and ethnic conflict**

In the DDM framework presented in this study, the administrative decentralization dimension includes two factors spanning two subregional governance levels. The first factor pertains to fiscal resources; administrative decentralization in this context involves an increase in the autonomy over subregional fiscal decision-making. The second factor involves autonomy within the municipal level bureaucratic sphere, and this factor is discussed and analyzed in Chapter 6 of this dissertation. This section discusses the administrative decentralization factor of subregional tax expenditures. Subregional tax expenditures represent subregional autonomy over fiscal resources because it involves subregional spending of funds that are independent of the central sphere. Whereas central sphere grants and budget allocations tend to involve central sphere mandates about how funds should be spent, it is more likely that the subregional level has more decision-making autonomy over resources drawn from its own tax system (Rondinelli, 1984; Escobar-Lemmon, 2001; Schneider, 2003). This dynamic is very similar to the fiscal decentralization dimension, but differs in an important way. In contrast to fiscal decentralization, which involves an increase in the proportion of resources allocated to the subregional level and essentially means that the subregional level distributes a higher share of resources, this dimension captures the subregional level's ability to decide how to spend resources (Schneider, 2003). In other words, administrative decentralization represents the dynamic that fiscal decentralization, because of the heavy central oversight over allocated funds from the central sphere, cannot assume to reach: decision-making

control over subregional spending. In essence, whereas fiscal decentralization potentially increases the efficiency of distribution, administrative decentralization over fiscal resources goes “further” in extending autonomy to the subregional level by providing spending autonomy. This section, therefore, explores the mechanisms discussed in the fiscal decentralization dynamic with the added consideration of subregional autonomy. I argue that this aspect of administrative decentralization can increase anti-regime mobilization by equipping ethnic leadership with resources and the freedom to spend them for mobilization efforts. On the other hand, I argue that this aspect of administrative decentralization can lower intercommunal conflict by enhancing the opportunity for subregional groups to demand and access fiscal resources. The following sections outline these two dynamics.

#### **4.4.1 Administrative decentralization and anti-regime mobilization**

As administrative decentralization in terms of subregional tax revenue approximates the notion of subregional allocation fostered by fiscal decentralization, the dynamics proposed in this section echo the dynamics proposed in the fiscal decentralization section above. Assuming that the primary grievance against the state pertains to a lack of cultural and ethnic rights, I argue that administrative decentralization can increase ethnic conflict similar to fiscal decentralization’s impact. I argue that fiscal decentralization increases subregional allocation of resources, which increases local minorities’ access to resources. On the other hand, administrative decentralization increases the proportion of resources that the subregional level has autonomy over. It is possible, however, that the ethnic leaders may have more direct access to funds, and their administration, their decision-making over their expenditure is limited due to central government mandate or

oversight. This may prevent leaders from utilizing these funds to fuel mobilization. On the other hand, administrative decentralization increases the decision-making autonomy over subregional spending, directly providing ethnic leadership with not only access but choice over spending. For this reason, I argue that administrative decentralization is more likely to provide resources that subregional leadership can utilize for mobilization efforts in order to pursue ethnic identity and culture aspirations. Therefore, I hypothesize that:

H2b: if the primary aspiration is the extension of cultural and ethnic rights, administrative decentralization in terms of subregional tax expenditure which provide regional leaders with resources and autonomy to utilize them for mobilization efforts, which will increase ethnic conflict.

#### **4.4.2 Administrative decentralization and intercommunal conflict**

In terms of intercommunal conflict dynamics, however, I argue that administrative decentralization can reduce conflict by enhancing the opportunity for groups to access the decision-making sphere regarding subregional spending. In turn, their demands and interests are likelier to be addressed, assuaging grievances. As previously noted, tensions involving two or more groups within a state may stem from inequality in the distribution of resources between groups (Tellis, et. Al., 1997; Horowitz, 2000). In this context, therefore, the primary motivator for mobilization is groups' desire to participate in decision-making of subregional spending in order to improve their economic condition. To this end, administrative decentralization, in terms of greater subregional spending



autonomy via subregional tax expenditures, can counter these economic grievances by increasing the opportunity for groups' demands to penetrate the decision-making sphere. This is a function of administrative decentralization's increased subregional spending autonomy; if the subregional level as a whole has more autonomy over fiscal decision-making in relation to central mandates and oversight, then the opportunity for subregional groups to assert demands regarding spending is increased. In turn, this increases the likelihood that groups' interests are served in contrast to the likelihood of groups' interest being served if asserted within the national decision-making sphere. An example of this dynamic is observable within the educational sphere of the US. The educational budget of the federal state of Texas, for example, consists of some federal funding, but its greatest revenue source is the state's independent revenue, including its subregional taxation.<sup>53</sup> Texas has, therefore, more autonomy over its educational funding decision-making than it would have were its educational funding mostly derived from central government grants. As a result, Texas' relatively high educational funding autonomy renders decision-making amenable to demands and interests from within the subregional sphere, instead of from overhead central sphere mandates. Consequently, considerations regarding the unique educational obstacles that minority groups in Texas, including Hispanics and Blacks, face are evident in the nature of its education programs and policies. For example, in 2009, the governor of Texas established the Texas Early Learning Council, an advisory council, which is tasked with setting forth recommendations for developing student school readiness. Many of the resultant initiatives of the council aimed to counter obstacles faced

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<sup>53</sup> For data pertaining to Texas' education funding, see "Public Education Funding in Texas," available at <http://fastexas.org/about/funding.php> (accessed April 16, 2016).

by minority children and families, including resources for students and families in Spanish, for example.<sup>54</sup> Given this type of dynamic, I hypothesize that:

H3a: administrative decentralization in terms of subregional fiscal autonomy increases the opportunity for minority groups to participate in spending decision-making, which increases the likelihood that the resultant expenditures serve their interests. As minority group interests are more effectively served, their grievances regarding inequality will be assuaged, reducing intercommunal conflict.

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<sup>54</sup> For more information regarding the initiatives of the council, see <http://earlylearningtexas.org/> (accessed April 15, 2016).

## CHAPTER 5

### THE EMPIRICAL RELATIONSHIP BETWEEN DECONSTRUCTED DECENTRALIZATION AND ETHNIC CONFLICT

This chapter presents an empirical assessment of the relationship between the Deconstructed Decentralization Model (DDM) subtypes and ethnic conflict. As outlined in Chapter 2, past research on decentralization and ethnic conflict has been largely composed of case studies or based on regional assessments. And, while some cross-national analysis has been utilized, decentralization has been largely operationalized as a singular fixed concept, federalism. Alternatively, more recent cross-national studies have utilized more nuanced conceptualizations of decentralization. Yet, an approach including political, fiscal, and-especially-administrative decentralization has not been applied up to this point.

For this study, a time-series cross-sectional (TSCS) data set covering 52 countries from 1985 to 2000 is utilized.<sup>55</sup> The countries included in the data set are presented in Appendix A.<sup>56</sup> The countries vary across world regions as well as development, democratization and decentralization levels. This dataset was created by building upon the dataset developed by Brancati (2006) and includes variables from sources including MAR data, the World Bank, and IMF statistics.<sup>57</sup> The greatest challenge to the compilation of

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<sup>55</sup> The time span of 16 years is sufficient as a minimum number of repeated observations needed for TSCS data for averaging operations to “make sense” (Beck, 2001, p.272). Beck (2001) warns of datasets with less than 10 repeated observations. Additionally, Beck (2001, p. 274) notes that TSCS methods do not require a large N, rendering the 54 countries in this analysis sufficient.

<sup>56</sup> Following Brancati (2006, p. 664) these countries all feature regionally concentrated ethnolinguistic groups because of the assumption that decentralization cannot reduce conflict and grievances where the groups are not concentrated because it cannot provide the groups with autonomy over their political, social, and economic affairs.

<sup>57</sup> Brancati’s (2006) study was utilized because it also assesses the relationship between decentralization and conflict utilizing conflict variables from the MAR dataset; specifically, a decentralization index is analyzed in relation to anti-regime rebellion and group conflict, the latter which are drawn from the MAR dataset. Two major issues arose with this replication, however. First, careful inspection of the dataset for consistency with

this dataset is the lack of availability of data at both sides of the decentralization and conflict mechanism. Often, there is no conflict or decentralization data available for any years, and for many countries, neither indicators are available. This is an unfortunate consequence of the well-known data challenges in both the decentralization as well as conflict spheres. Especially as interest in decentralization continues to grow, it is hoped that this dataset can be further expanded with time. More details pertaining to issues involving TSCS data are presented in the Appendix section. All data is available for replication in the research section of the author's homepage.

### **5.1 Dependent conflict variables**

Three ethnic conflict indicators are used as dependent variables in this analysis: antiregime rebellion, antiregime protest, and intercommunal (group) conflict. The dependent conflict variables are drawn from the Minorities at Risk (MAR, 2003) data set which provides data on conflict and secessionism related to “at risk” minority groups within countries on a yearly basis. At-risk groups are “all non-state communal groups that collectively suffer or benefit from systematic discriminatory treatment vis-à-vis other groups and or groups that collectively mobilize in defense or promotion of their self-defined interests” (Ibid.). This data set is a uniquely nuanced source because it reports different types and magnitudes of conflict; other conflict sets report aggregated conflict data that report whether or not a civil war has occurred in a country, without distinguishing

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the MAR dataset revealed various years of missing data for the conflict variables of various countries. Yet, some of this data was available in the MAR dataset. Secondly, some of the data were inconsistent with the corresponding MAR data. Therefore, I utilized the original MAR dataset to input missing data available in the MAR database. The data updates are reported in Appendix B. Additionally, I added an additional conflict variable, protest, also drawn from the MAR dataset. Also, while Brancati (2006) includes only 32 democracies, I globalized the dataset and expanded it to include 52 countries representing a variety of democratic and development levels.

between lower and higher violence levels and types. For example, anti-regime rebellion includes only violent secessionism, whereas protest can capture behavior that is not violent. Additionally, this data set is premised on the “at risk” minorities’ agitation and grievances in relation to states, more effectively capturing the unique dynamics associated with ethnicity, as reviewed in the previous chapter.

Anti-regime rebellion, anti-regime protest, and intercommunal conflict are ordinal variables, presented in Table 5.1 below. Antiregime rebellion is defined as “all conflicts between minority groups and states and between minority groups and dominant groups exercising state power” (MAR, 2009). This variable is divided into seven categories, ranging from low to high levels of rebellion. Secondly, intercommunal conflict is used, defined as “any and all incidences of open conflict among minority groups and between minority and majority groups” (Ibid.) This variable is divided into 6 categories, ranging from low to high. Finally, protest is “initiated by organizations that claim to represent the group’s interests and directed against governments that claim to exercise authority over the group.” (Ibid.)

Anti-Regime Rebellion
0. None evident
1. Political banditry and sporadic acts of terrorism
2. Sustained campaigns of terrorism
3. Local rebellions
4. Small-scale guerilla activity
5. Intermediate forms of guerilla activity
6. Large-scale forms of guerrilla activity
7. Protracted civil war
Anti-Regime Protest
0. None reported
1. Verbal opposition

2. Symbolic resistance	
3. Small demonstrations	
4. Medium demonstrations	
5. Large demonstrations	
<hr/>	
Intercommunal Conflict	
<hr/>	
0. None manifest	
1. Acts of harassment	
2. Political agitation	
3. Sporadic violent attacks	
4. Anti-group demonstrations	
5. Communal rioting	
6. Communal warfare	
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Table 5.1: Disaggregated ethnic conflict indicators

## 5.2 Independent decentralization variables

The independent variables in this analysis include indicators of political, fiscal and administrative decentralization corresponding to the DDM framework, as well as some important control variables. The variables of most interest are the indicators of political, fiscal, and administrative decentralization. The reader will recall that the different scopes and definitions associated with each of these decentralization subtypes are outlined in Chapter 3. The decentralization measures were drawn from the World Bank Group political and fiscal decentralization data sets (World Bank, 2012, 2013). Political decentralization is measured with three binary variables indicating the presence of subregional state elections, municipal elections, and federalism (World Bank Group Political Decentralization Indicators).<sup>58</sup> Fiscal decentralization is measured as the percentage of total

<sup>58</sup> It should be noted that close inspection of the federalism data supports the argument that federalism alone is an insufficient measure of decentralization because many countries coded as unitary feature significant decentralization presence. For example, the United Kingdom is classified as unitary systems, but the UK could be considered to be decentralized starting in 1998 with the devolution to the Scottish parliament (World Bank). Also, Spain's decentralized nature, highlighted in Chapter 3, is also not captured with this variable. Similarly, Italy is also classified as unitary but it has been decentralizing for 20 years (Ibid).

government expenditures executed at the subnational (state plus local) level (World Bank, 2012). Administrative decentralization is measured as the percentage of local revenues from taxes (Ibid).<sup>59</sup>

Additionally, the log of a country's GDP (in US dollars) is used to control for economic development (Ibid).<sup>60</sup> To control for the impact of ethnicity, ethnolinguistic heterogeneity is used (Ethnolinguistic Fractionalization Index, 1985 wave). Regime type is controlled for using the Polity IV (2014) index.<sup>61</sup> A presidential system is believed to increase ethnic conflict and secessionism because executives in presidential systems of government are less likely to represent multiple ethnic groups than executives in parliamentary systems of government, in which the executive branch can include more than one ethnic group through coalition governments (Brancati, 2006).<sup>62</sup> Electoral system is controlled for by including dummy variables for majority and proportional systems (World Bank, 2012).<sup>63</sup>

Variable	Mean	Std.deviation	Min.	Max.
Anti-regime rebellion	1.251034	2.042474	0	7
Anti-regime protest	2.210678	1.280829	0	5
Intercommunal conflict	1.744015	1.919707	0	6

<sup>59</sup> The mean VIF value for the independent variables is 2.01, which does not indicate multicollinearity among these indicators. The VIF estimates are presented in Appendix D.

<sup>60</sup> Economic development may impact conflict by increasing states' capacity of repressing insurgencies. Alternatively, it may reduce ethnic conflict by improving education and welfare, which tends to make people less vulnerable to extremist ideologies. (Lipset, 1963) On the other hand, development can increase conflict if it is uneven. The log of wealth is used because it is the standard variable used in previous literature (see Brancati, 2006).

<sup>61</sup> It is expected that conflict and secessionism should be less intense in countries that are more democratic and feature greater political and civil right protections (Brancati, 2006).

<sup>62</sup> This is a dummy variable, coded as 1 if citizens directly elect the chief executive and 0 if otherwise.

<sup>63</sup> Proportional electoral systems are thought to reduce ethnic conflict and secessionism more than plurality or majority systems because they are more inclusive of small parties that represent minority groups (Brancati, 2006). Alternatively, proportional systems may stimulate conflict by allowing regional parties more access.

Fiscal decentralization: subregional expenditures	20.87392	14.47775	1.49	59.72
Admin. decentralization: subregional tax revenues	44.63835	21.00824	0.91	88.0633
Political decentralization: municipal elections	0.9901823	0.9232722	0	2
Political decentralization: state elections	0.9401114	0.8777625	0	2
Political decentralization: federation	0.2513736	0.4341011	0	1
GDP, log	24.49848	2.078692	20.38	29.9617
Presidential system	0.5137363	0.5001549	0	1
Majoritarian system	0.6386555	0.4807269	0	1
Proportional system	0.6602659	0.4739691	0	1
Democracy	4.556319	6.151871	-10	10
Ethnic fractionalization	0.4886277	0.2269067	0.013	0.886

Table 5.2: Descriptive statistics

### 5.3 Analysis

The models of this analysis are estimated with ordered logistic regression as the dependent variables in this dataset are ordinal. Currently, there is a lack of knowledge regarding the proper assessment of TSCS data with ordered dependent variables (Beck, 2001). Related issues are addressed in Appendix B. The independent decentralization indicators are aggregated to the national level using the maximum value of conflict in a country per year. Tables 5.3, 5.4 and 5.5 present the results of the empirical assessment of the DDM's impact on anti-regime rebellion, anti-regime protest, and intercommunal conflict, respectively. Table 5.3 presents the ordered logit results for anti-regime rebellion. Model 1 tests the effect of the three decentralization subtypes on antiregime rebellion



controlling for the various social and economic variables.<sup>64</sup> Political decentralization in terms of municipal elections and federalism decreases anti-regime rebellion, whereas the subregional state elections increases it. The additional models estimate the impact of decentralization on country subsets, including federal, unitary, democratic, less democratic, wealthy, poor, and wealthy- democratic countries. Table 5.4 and Table 5.5 present the corresponding base and subset models for anti-regime protest and intercommunal conflict, respectively.

	1	Federal	Unitary	Democratic	Less democratic	Wealthy	Less Wealthy	Wealthy democracies
<b>Fiscal Decentralization</b>	0.0141 (0.0144)	0.0717 (0.0688)	0.0513** (0.0188)	0.0275 (0.0188)	0.0963* (0.0397)	0.00378 (0.0273)	0.0545** (0.0179)	0.0174 (0.0381)
<b>Administrative Decentralization</b>	0.00308 (0.00650)	-0.0430 (0.0415)	0.00726 (0.0106)	0.00540 (0.00958)	0.0421* (0.0169)	-0.00988 (0.0172)	0.0134 (0.0128)	-0.00682 (0.0237)
<b>Municipal Elections</b>	-0.335** (0.126)	0.180 (0.312)	-0.329* (0.159)	-0.484** (0.165)	1.579* (0.779)	-0.397 (0.221)	-0.209 (0.171)	-0.259 (0.320)
<b>State elections</b>	0.501* (0.232)	-3.290 (2.060)	0.530 (0.283)	0.619* (0.291)	-0.0582 (0.704)	0.411 (0.662)	0.381 (0.367)	0.811 (0.850)
<b>Federalism</b>	-1.333* (0.583)			-2.615** (0.880)	0.0690 (0.996)	-1.422 (0.780)	0.817 (1.286)	-2.587* (1.048)
GDP, log	0.101 (0.0945)	0.223 (0.381)	0.101 (0.162)	0.233 (0.199)	-0.488 (0.297)			
Presidential system	0.0796 (0.342)	3.349** (1.262)	-0.478 (0.584)	0.536 (0.336)	-2.393** (0.905)	0.227 (0.600)	-0.0553 (0.658)	0.0303 (0.680)
Majority system	0.239 (0.357)	1.654* (0.682)	-0.371 (0.470)	0.680 (0.508)	-1.106 (0.736)	1.807** (0.657)	-0.203 (0.576)	1.867* (0.952)
Proportional system	-0.0433 (0.318)	2.446** (0.746)	-0.654 (0.343)	0.486 (0.443)	-0.558 (0.649)	0.682* (0.294)	-1.163* (0.500)	0.269 (0.401)
Democracy	0.0349	-0.163	0.0589			-0.00544	0.132*	-0.481*

<sup>64</sup> I assessed the fit of the model via the McKelvey and Zavoina statistic, which is the closest approximation to an  $R^2$  statistic for ordered logit (Long and Freese, 2006). The McKelvey and Zavoina statistic for the base models of anti-regime rebellion, anti-regime protest, and group conflict are 0.795, 0.579, and 0.741, respectively.

	(0.0319)	(0.119)	(0.0490)			(0.0525)	(0.0613)	(0.245)
Ethnic fractionalization	1.631 (0.837)	3.143 (3.989)	3.185** (1.066)	1.490 (1.418)	4.079* (2.019)	1.807 (1.780)	1.517 (1.245)	1.704 (2.279)
Lagged Rebellion	1.866*** (0.334)	1.153* (0.507)	1.917*** (0.409)	2.513*** (0.542)	1.303*** (0.301)	1.868*** (0.408)	1.769*** (0.530)	1.991*** (0.478)
N	395	121	274	292	116	195	200	156

Standard errors in parentheses  
\* p<0.05 \*\*p<0.01 \*\*\*p<0.001

Table 5.3: Effect of DDM on anti-regime rebellion

	1	Federal	Unitary	Democratic	Less democratic	Wealthy	Less Wealthy	Wealthy democracies
<b>Fiscal Decentralization</b>	0.00527 (0.0136)	0.0967 (0.0642)	0.00152 (0.0185)	0.00874 (0.0146)	0.0248 (0.0344)	0.0455** (0.0166)	0.00148 (0.0172)	0.101 (0.0610)
<b>Administrative Decentralization</b>	0.0141* (0.00576)	-0.0229 (0.0376)	0.00674 (0.00770)	0.0192* (0.00787)	0.0160 (0.0117)	-0.00729 (0.0131)	0.00295 (0.00947)	-0.0349 (0.0258)
<b>Municipal Elections</b>	-0.315* (0.139)	-0.0538 (0.392)	-0.425* (0.176)	-0.331* (0.144)	0.214 (0.367)	-0.192 (0.176)	-0.477** (0.180)	-0.327 (0.445)
<b>State elections</b>	0.0187 (0.149)	-0.875 (0.514)	0.295 (0.214)	-0.0378 (0.156)	0.0438 (0.540)	-0.525* (0.264)	0.339 (0.283)	-1.307* (0.630)
<b>Federalism</b>	-0.238 (0.438)			-0.475 (0.581)	-0.176 (0.809)	-0.151 (0.501)	-1.420 (1.063)	-0.576 (0.978)
GDP, log	0.269*** (0.0707)	0.994** (0.351)	0.130 (0.0911)	0.277* (0.126)	0.313 (0.219)			
Presidential system	-0.423 (0.257)	-0.554 (0.808)	-0.579 (0.319)	-0.512 (0.300)	-0.242 (0.501)	-0.102 (0.539)	-0.633 (0.346)	-0.119 (0.638)
Majority system	0.269 (0.289)	0.616 (0.589)	-0.0911 (0.349)	0.264 (0.328)	-0.505 (0.496)	1.362** (0.490)	-0.00643 (0.345)	1.473** (0.547)
Proportional system	0.930*** (0.281)	1.982** (0.743)	0.735* (0.342)	0.773* (0.378)	0.657 (0.464)	0.566 (0.466)	0.678 (0.481)	-0.0395 (0.636)
Democracy	-0.00646 (0.0209)	-0.390* (0.182)	0.0189 (0.0212)			-0.0777* (0.0366)	0.0334 (0.0259)	-0.368 (0.426)
Ethnic fractionalization	1.288* (0.565)	0.474 (1.951)	2.229*** (0.605)	1.399* (0.672)	2.015 (1.144)	-0.865 (1.078)	2.114** (0.715)	-2.498 (1.985)

	1.429***	1.143***	1.370***	1.452***	1.217***	1.390***	1.480***	1.338***
Lagged Protest	(0.179)	(0.166)	(0.227)	(0.205)	(0.265)	(0.197)	(0.221)	(0.192)
N	366	107	259	263	116	166	200	127

Standard errors in parentheses

\* p<0.05 \*\*p<0.01 \*\*\*p<0.001

Table 5.4: Effect of DDM on anti-regime protest

	1	Federal	Unitary	Democratic	Less democratic	Wealthy	Less Wealthy	Wealthy democracies
<b>Fiscal Decentralization</b>	-0.0102 (0.0145)	0.00709 (0.127)	0.0498** (0.0181)	-0.0166 (0.0203)	-0.107* (0.0491)	0.0481 (0.0246)	-0.0624* (0.0256)	0.207** (0.0660)
<b>Administrative Decentralization</b>	-0.00906 (0.00716)	0.0349 (0.0634)	-0.0213* (0.00903)	-0.0127 (0.00904)	0.0213 (0.0284)	-0.0255 (0.0148)	-0.0207 (0.0122)	-0.103*** (0.0232)
<b>Municipal Elections</b>	-0.290 (0.222)	-0.890 (0.621)	-0.322 (0.277)	-0.448 (0.303)	-0.764 (1.107)	-0.184 (0.295)	-0.329 (0.399)	-0.910* (0.383)
<b>State elections</b>	-0.131 (0.178)	0.810 (1.194)	0.106 (0.160)	-0.148 (0.228)	0.284 (0.786)	-0.989** (0.350)	0.209 (0.245)	-3.077*** (0.736)
<b>Federalism</b>	-0.329 (0.554)			0.283 (0.828)	0.102 (1.148)	-0.913 (0.684)	14.36*** (1.471)	-1.515 (1.309)
GDP, log	0.296** (0.105)	1.759** (0.662)	0.229* (0.112)	0.303 (0.159)	0.410 (0.304)			
Presidential system	0.230 (0.360)	-0.534 (0.905)	0.323 (0.468)	0.171 (0.452)	2.009 (1.441)	0.529 (0.506)	-0.0142 (0.696)	0.441 (0.590)
Majority system	-0.147 (0.285)	-0.373 (0.572)	-0.348 (0.315)	0.0450 (0.417)	-2.278* (0.903)	0.140 (0.410)	-0.304 (0.355)	1.202* (0.570)
Proportional system	0.448 (0.335)	4.506** (1.538)	0.0872 (0.328)	0.525 (0.556)	-0.158 (1.042)	0.378 (0.441)	-0.277 (0.688)	-0.268 (0.587)
Democracy	-0.0245 (0.0287)	-0.193 (0.270)	-0.0547 (0.0366)			0.0218 (0.0325)	-0.0321 (0.0706)	-0.982* (0.410)

Ethnic fractionalization	0.518 (0.682)	6.616 (4.316)	-0.745 (0.758)	0.130 (0.914)	1.486 (1.372)	-1.068 (1.296)	-1.007 (1.238)	-6.477*** (1.494)
Lagged Group Conflict	1.421*** (0.191)	1.348*** (0.378)	1.289*** (0.244)	1.408*** (0.245)	1.269*** (0.288)	1.261*** (0.246)	1.646*** (0.316)	1.062*** (0.275)
N	257	71	186	206	62	118	139	97

Standard errors in parentheses

\* p<0.05 \*\*p<0.01 \*\*\*p<0.001

Table 5.5: Effect of DDM on intercommunal conflict

In the base model of anti-regime rebellion, only political decentralization indicators have a significant impact. Municipal elections appear to decrease rebellion. These findings are consistent with the argument posited by Suberu (2001), where the presence of intermediary government allows for local-level issues and grievances to be addressed within the region instead of “rising” to the national sphere, where they exacerbate ethnic tensions and increase conflict. In this sense, municipal elections and federalism perform as authentic political decentralization by functioning as an opportunity to address local grievances.

On the other hand, state elections appear to increase rebellion. This finding is consistent with Brancati’s (2006) argument: decentralization can enhance ethnic identities by enabling the participation of ethnoregional parties; in turn, the enhancement of ethnic identity stimulates conflict. This argument is supported by Brancati’s (Ibid., p. 677) finding that the likelihood of experienced protracted civil war increases as regional party vote increases. In this analysis, the presence of state and provincial subregional elections increases the opportunity for ethnoregional parties to participate; in turn, ethnic identity is reinforced and rebellion increases. Similarly, the models reveal that in federal states, proportional representation also increases anti-regime rebellion. Proportional systems are

more inclusive of parties representing minority interests; this characteristic invokes the ethnic identity dynamic because as more minority parties enter the political sphere, ethnic identity can become more salient, increasing rebellion. This finding contrasts with the conventional argument in the literature regarding representative systems; proportional systems are thought to reduce ethnic conflict and secessionism more than plurality or majority systems because they are more inclusive of small parties that represent minority groups (Brancati, 2006, 2009).

As previously noted, municipal elections, unlike state elections, lower anti-regime rebellion and anti-regime protest. This relationship also invokes ethnic identity dynamics. Specifically, instrumental ethnicity explains the discrepancy between the state level of elections and municipal level elections. The instrumental ethnicity argument holds that ethnic identity is a means employed by individuals, groups, or elites to achieve a larger, usually material, gain (Lake and Rothchild, 1998). In state elections, therefore, ethnicity is utilized for electoral gain. For example, in Nigeria, it is common for “politicians to engage in ‘categoric politics’ whenever they compete for power.” This “means the mobilization of ethnic groups and other primordial sentiments by political leaders right from formation of parties to canvassing for votes” (Ikpe, 2009). Thus, “political elites rely on mobilization of ethnic sentiments and solidarity for electoral support or political blackmail” (Ibid.). Yet, why are state elections susceptible to this instrumentality? I argue that the instrumentality of ethnicity is more prevalent at the subregional level than at the local municipal level for two reasons. First, there is more competition at the state level because the aggregate constituency is wider, and candidates from multiple groups may seek office. Secondly, there is more competition as officials have a higher opportunity to gain materially at the

state level than the municipal level, increasing electoral incentive. This is because typically, more resources are available at the state level.<sup>65</sup> The case of Nigeria also demonstrates a link to patronism; regional elites are motivated by the wealth of state resources (Ibid.). Overall, there is higher electoral incentive from potential material gain at the state or provincial level; in turn, there is a higher incentive to utilize ethnicity for electoral gain. Thus, while at the municipal level ethnic grievances might be salient and minority representation may assuage them, ethnicity itself becomes salient at the state level and can inflame conflict.

Also, fiscal decentralization appears to increase anti-regime rebellion in unitary, less democratic, and less wealthy states. One common conventional argument against decentralization, particularly federalism, is that it will equip minorities with resources to mobilize “for nationalist ends” (Hechter, 2000; Meadwell, 1993, p.200; Roeder, 1991).<sup>66</sup> In this case, it appears that fiscal decentralization fuels mobilization in states where there

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<sup>65</sup> For example, Canada is typically cited as an example of a highly decentralized fiscal system, yet the framework primarily functioned between the central and provincial government levels, with reform towards distribution to municipalities initialized in 2002 after decades of demands, with the case of the Gas Tax Fund (Adams and Maslove, 2009).

<sup>66</sup> According to the primordialist school, this is because national minorities have an ever-present belief in their right to rule themselves because they see themselves as a distinct “people” (Kymlicka, 1998) Because of the belief in their inherent right to self-government, a decentralized system that “delivers” goods for minorities at the regional level is in essence enabling their long-term vision of a separate state. In other words, the access to fiscal resources will provide “fuel” for mobilization and collective action against the state. It is important to note, however, that because this belief of the right to self-govern is more likely to be held by minorities who have been present within the borders of a state since, or in many cases, before, the creation of the present state, such as the case of the Kurds, this dynamic cannot be expected in multi-ethnic states where the plurality stems primarily from (recent) immigration, such as Yugoslavians in Switzerland. In other words, recent immigrants to a state are more likely to have short-term plans about their residence within the borders of the state, such as is the case with illegal Mexican immigrants to the United States (Kymlicka, 1998). These kinds of immigrants are not likely to believe that they are a distinct people with a long-standing and inherent right to self-govern themselves apart from the current state. Thus, this dynamic between fiscal decentralization and anti-regime rebellion is tangent to the concept of identity from what is termed the Primordialist perspective, in which ethnic identity is a “natural” concept instilled in infancy and childhood and is attached to a specific territory (Taras and Ganguly, 2002).

may be more to mobilize against, be it identity recognition and rights in unitary states or less democratic states, and economic grievances in less wealthy states. Similarly, administrative decentralization increases anti-regime protest. As administrative decentralization in these models captures subregional control over subregional fiscal resources, this is another means through which minorities are able to better access fiscal resources with which to mobilize.

Also, fiscal decentralization appears to increase anti-regime protest in wealthy states. Horowitz (2000) argues that ethnic violence and conflict is the result of minority grievances stemming from uneven development. This is because modernization incentivizes people to desire the same goods, which leads to competition and conflict over resources (Tellis et.al., 1997). Yet, competition usually renders an asymmetric development course, often to the detriment of ethnic minorities.<sup>67</sup> In wealthier states, the asymmetry may be more pronounced, enhancing the propensity for minority grievances. Moreover, the control variable for wealth (GDP) also increases protest and rebellion. The relationship between wealth and protest or rebellion can also be explained in terms of the positive impact of wealth on democratic values; disadvantaged minorities may be more disposed to form grievances against the state in this context.

Interestingly, fiscal decentralization seems to have the opposite effect on group conflict. This makes sense in light of the difference between nationalist aspirations and group conflict dynamics. Whereas in nationalist spheres the ultimate “solution” to grievances can be freedom or independence from the central sphere or state,<sup>68</sup> the dynamics

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<sup>67</sup> For example, inequality in infrastructure and development investments in Turkey’s eastern, Kurdish region.

in group conflict do not involve the state at all.<sup>69</sup> In this sense, fiscal decentralization may serve its intended purpose of increasing the efficiency of good distribution, allaying tension between groups regarding competition over resources.

In addition to the findings regarding election dynamics, political decentralization via the federalism indicator decreases anti-regime rebellion. This supports theories from the communitarian theory literature that one of the driving desires of national groups is to achieve recognition of their identity (Taylor, 1992).<sup>70</sup> If this recognition is the primary motivator for grievances against the state, then receiving recognition of their ethnic identity can contain protest and rebellion.

#### **5.4. Policy implications**

These findings demonstrate the value of nuanced approaches to the analysis of decentralization and ethnic conflict. These findings contribute to the policy sphere by departing from overly broad conceptualizations of decentralization as “good” or “bad” for ethnic conflict, and instead revealing what types and aspects of decentralization are relevant for particular ethnic conflict dynamics. The statistical models applied to the hypotheses regarding political, fiscal, and administrative decentralization and ethnic conflict yield various findings useful for policy design. The most pressing policy question regarding conflict is, naturally, how can a country utilize the institutional tool of decentralization to contain conflict? This dissertation’s answer to this question is provided in Table 1.1, which presents the specific recommendations for containing

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<sup>69</sup> As conceptualized in this dissertation and as reflected by the utilized group conflict variable (MAR, 2009).

<sup>70</sup> The reality of identity negation is fairly common; for example, in Turkey, Kurds were labeled as “mountain Turks” since the creation of the modern-day republic in 1923. Turkey’s constitution still does not recognize the Kurdish identity (Gunes and Zeydanlioglu, 2013).



different types of ethnic conflict for different country profiles. Specifically, different decentralization dimensions and factors are indicated as recommended for states for containing conflict. On the other hand, I also recommend which decentralization options particular states should avoid in their effort to contain ethnic conflict. These recommendations are derived from the findings in the statistical models presented in this dissertation; where the findings indicate that a particular decentralization dimension factor decreases ethnic conflict, the factor is “recommended” to the corresponding state type. Factors found to increase ethnic conflict, on the other hand, are “not recommended” for those states.

State type	Ethnic conflict type	Recommended	Not Recommended
Unitary	Anti-regime rebellion	Municipal elections, local admin. decentralization	Fiscal decentralization
	Anti-regime protest	Municipal elections	
	Intercommunal conflict	Fiscal decentralization, admin. Decentralization	
Federal	Anti-regime rebellion	Local administrative	
	Anti-regime protest	Local admin. Decentralization	
	Intercommunal conflict		
Democratic	Anti-regime rebellion	Municipal elections, federalism	Admin. decentralization
	Anti-regime protest	Municipal elections	Admin. decentralization
	Intercommunal conflict		
Less democratic	Anti-regime rebellion		Admin. Decentralization, municipal elections, fiscal decentralization
	Anti-regime protest	Local admin. decentralization	
	Intercommunal conflict	Fiscal decentralization	
Wealthy	Anti-regime rebellion	Federalism, local admin. decentralization	
	Anti-regime protest	State elections	Fiscal decentralization

	Intercommunal conflict	State elections	
Wealthy democracy	Anti-regime rebellion	Federalism	
	Anti-regime protest	State elections	
	Intercommunal conflict	Admin. decentralization, state elections	Fiscal decentralization
Less wealthy	Anti-regime rebellion	Local admin. decentralization	Fiscal decentralization
	Anti-regime protest	Municipal elections	
	Intercommunal conflict	Fiscal decentralization, federalism	
Note: administrative decentralization pertains to subregional, state-level fiscal autonomy, whereas local administrative decentralization refers to subregional, municipal-level administrative agency autonomy			

Table 4.1: Recommended decentralization policy by state type

## 5.5 Takeaway

The results from these models support the general thrust of this dissertation: different types of decentralization have different impacts on ethnic conflict. Political decentralization is the most effective decentralization subtype for containing ethnic conflict. Two factors of political decentralization, municipal elections and federalism, reduce anti-regime rebellion. The presence of these two elements of political decentralization provide venues for local-level grievances and to be addressed at the subregional level, and are thus prevented from “rising” to the national sphere where they can exacerbate ethnic tensions and conflict. However, political decentralization does not serve to contain conflict where, instead of assuaging grievances by providing opportunity for them to be addressed, grievances are bolstered because ethnic identities are reinforced. This analysis reveals that this impact takes place when political decentralization entails subregional state elections. This finding is consistent with findings by Brancati (2006) indicating the presence of this identity-reinforcing dynamic which can take place as

ethnoregional party presence increases. Consistent with Brancati's (2006) finding, this analysis reveals that political decentralization at the subregional state level, via the presence of subregional state level elections, serves as a platform for the ethnic identity-reinforcement of regional parties, which in turn exacerbates conflict. Thus, one important takeaway of political decentralization's impact on ethnic conflict is that its capacity for addressing grievances can be undermined at the subregional state level when state elections are conducive to ethnoregional parties' ethnic identity reinforcement. This distinction between political decentralization factors' impact on ethnic conflict is relevant for understanding the contradictory findings associated with federalism and ethnic conflict. Federalism can enable or be associated with both subregional state and municipal level elections. Yet, as these two factors can have opposite impacts on ethnic conflict, assessments of political decentralization captured by federalism per se may be capturing either of these dynamics, or both, undermining the accuracy and consistency of the conclusions made about political decentralization and conflict. This analysis demonstrates, therefore, that distinguishing between the levels of political decentralization's implementation sheds light on the multi-dynamic nature of the relationship between political decentralization and conflict.

Additionally, this analysis reveals that unlike some factors of political decentralization, fiscal decentralization may increase ethnic conflict. However, this finding is not significant for states that are federal. This is an important observation in light of the conventional association of federalism as equipping states with the resources to mobilize. As fiscal decentralization in federal states is not significantly associated with an increase in ethnic conflict, this analysis counters this argument surrounding federalism's role in

ethnic conflict. Instead, fiscal decentralization is shown to increase conflict in states that are unitary and less democratic; in other words, it appears that fiscal decentralization enables mobilization in states that are less likely to recognize ethnic minority identities and grievances, and not in states that may be more likely to recognize ethnic minorities, such as federal states or more democratic states. This finding indicates that fiscal decentralization, instead of automatically inducing ethnic conflict per se by equipping minorities with access to mobilization resources, can be utilized to mobilize in states where ethnic identity and rights are not addressed. In other words, this analysis yields no evidence that fiscal decentralization as an institution automatically generates ethnic conflict. Because the mobilization argument is often cited as a conflict-enabling attribute of federalism, this component also serves to counter dynamics that may have been erroneously attributed to the institution of federalism up to this point. Finally, administrative decentralization, assessed in this chapter via the fiscal autonomy factor used in some of the limited previous studies, is associated with an increase in anti-regime protest, but not anti-regime rebellion, in this analysis. The difference in findings associated with the different ethnic conflict types reveals that administrative decentralization's provision of subregional fiscal autonomy may increase mobilization of protest, or may promote the mobilization of minority voice or resistance, but it does not promote violent manifestations of conflict such as anti-regime rebellion. This finding also counters the conventional argument of decentralization as enabling conflict and state dissolution by equipping minorities with mobilization resources. The relationship between administrative decentralization and ethnic conflict is addressed more in-depth in the next chapter.

Overall, the most important takeaway from this chapter's analysis is that the discussion and the policy implications regarding decentralization and ethnic conflict cannot be framed as a singular dynamic because there is no uniform impact of decentralization on conflict. Thus, the discussion on decentralization and ethnic conflict should not be framed in terms of "how does decentralization impact ethnic conflict?" Instead, this is a discussion that is most accurate in terms of specified decentralization across different ethnic conflict types. The set of findings relating different types of relationships between the decentralization subtypes and conflict presented in this chapter, moreover, justify the deconstructed approach offered by the DDM framework as a better means to assess these dynamics.

## **CHAPTER 6**

### **ADMINISTRATIVE DECENTRALIZATION: LOCAL REPRESENTATION**

The analysis presented in Chapter 5 demonstrates that different types of decentralization impact ethnic conflict differently. In this chapter, I extend the analysis by taking a closer look at administrative decentralization. It is crucial to understand more about the impact of administrative decentralization for two main reasons. First, up to this point, this subtype of decentralization has never been examined in relation to ethnic conflict. Yet, the findings presented in Chapter 5 indicate that administrative decentralization does matter for ethnic conflict. Secondly, across the globe, administrative decentralization is being increasingly implemented. This trend, in light of the rising ethnic conflict reality, renders an analysis to advance our understanding of administrative decentralization and its impact on ethnic conflict timely. To this end, this chapter has three main components. First, the DDM's scope of administrative decentralization is expanded to include the autonomy of municipal-level bureaucracy. The notion of municipal-level administrative autonomy is developed using the Type-Function Framework for administrative decentralization outlined in Rondinelli, et al. (1983). Secondly, I present an argument regarding the impact of local-level administrative decentralization on ethnic conflict. I argue that the unique representative capacity of municipal-level administrative decentralization reduces ethnic conflict. The third component of this chapter is an analysis of this local-level mechanism by adding local-level administrative decentralization variables to the previous chapter's analysis. These variables include the share of local administrative sector employment, as well as local administrative employment autonomy.

This analysis contributes the first assessment of local-level decentralization on ethnic conflict. Previous research only utilizes subregional state-level measures of decentralization, such as the fiscal decentralization and administrative decentralization measures analyzed in the previous chapter. In this dissertation, therefore, I refer to subregional fiscal autonomy as subregional-state level administrative decentralization, and municipal administrative agency autonomy as municipal, or local-level, administrative decentralization.

The results of this analysis confirm the theory that decentralized administration functions as a vessel for higher representativeness at the local level and reduces ethnic conflict levels. Importantly, this impact is consistent across low, mid, and high levels of democracy within states, contributing to our understanding of administrative decentralization's impact on ethnic conflict. Additionally, the results provide support for the global administrative decentralization trend, particularly in developing countries. Importantly, these results signal that local-level analysis in the study of decentralization and its impact on conflict is a promising new research area.

### **6.1 Administrative decentralization in terms of administrative agency autonomy**

Echoing the nebulous nature of decentralization and federalism first addressed in this dissertation, it is also not clear in the literature what administrative decentralization entails. The DDM presented in Chapter 3 features administrative decentralization in terms of fiscal autonomy, following Schneider (2003). This chapter draws from the administration literature and extends the conceptualization of administrative decentralization beyond the fiscal sphere by incorporating the bureaucratic sphere, enriching the DDM framework.

### **6.1.1 What is administration?**

Broadly, administration is the bureaucratic body that implements and regulates government policy (Pierre and Peters, 2012). This implementation occurs at federal, state, and local levels. Examples of federal administrative agencies include national departments of agriculture, commerce, defense, and health. Examples of state and local administrative actors include departments of budget, city clerks, personnel, planning, social services, substance control boards, and cooperative extension services (Selden, 1999). Beyond agencies and departments, the administrative sphere also includes occupational groups, such as loan officials, personnel administrators, school administrators, public health employees, and public managers (Johnson, 1973; Marshall and Steward, 1981; Nalbandian, 1981; Palumbo, 1969; Selden, 1997).

### **6.1.2 Administrative decentralization**

Accordingly, administrative decentralization is an effort to decentralize the bureaucracy and involves the distribution of power and functions among the central and sublevel governments (Cohen and Peterson, 1997). Administrative tasks, and the autonomy to accomplish them, are transferred to the subnational arena (Ibid.). Most often, the receiving subnational bodies include local government agencies and ministries (Ibid.). Administrative decentralization fosters subnational autonomy because public administrators participate in policy-making and exercise considerable discretion (Selden, 1999). Bureaucratic discretion even plays a part in the formulation of specific statutes, executive orders, and judicial edicts (Selden, 1999). As public administrators' decision-making is not contained to fiscal matters, administrative decentralization here is considered beyond autonomy over fiscal resources.



### **6.1.3 Bringing in the local level**

A central thrust of this dissertation is the assertion that not all decentralization is equal, not only in terms of subtypes, but also in terms of implementation. Accordingly, administrative decentralization should not be assumed to be uniformly implemented but may vary along implementation challenges, etc.<sup>71</sup> In this chapter, I also connect variation in administrative decentralization to levels of governance. Basically, I argue that the “lower” the reach of administrative decentralization in terms of government levels, the more authentically decentralized it is. This is because more subregional autonomy is delegated as decentralization extends to lower levels of government. Thus, administrative decentralization implemented at the subregional local, municipal level is more decentralized than administrative decentralization implemented only at the subregional state level. This connection between administrative decentralization and the local subregional level necessitates assessing this mechanism at the local level, which I address with the empirical analysis presented in this chapter. In the next section, I provide a brief review of what variation in administrative decentralization “looks like” in a state.

## **6.2 Levels of administrative decentralization**

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<sup>71</sup> It is possible that administrative decentralization only engenders more bureaucracy and is actually less efficient. Bureaucracies are often criticized as uncoordinated and inefficient (Kaufman, 1969). Relevant to ethnic conflict, the professionalization of the administration can insulate bureaucrats from party politics, which can reduce the influence of regional ethnic parties (Kaufman, 1969). Worse, developing countries traditionally prefer centralization (Rondinelli et al., 1983). This is because administrative decentralization has a high cost, and unless the central government creates fiscal incentives, subnational governments are unlikely to be interested in assuming additional responsibilities (Faust and Harbers, 2012). Another obstacle is the lack of accountability for public administrators because they are not elected<sup>71</sup> (Coleman, 1998). Finally, administration’s representative capacity may be blocked. For example, in the US during the 1960s, ethnic minorities demanded decentralization of the New York state’s public school system via calls to appoint to boards and commissions individuals enjoying the confidence of minority interests, but were opposed by the City Board of Education (Kaufman, 1969).

This section reviews variation in administrative decentralization via the Type-Function Framework, which classifies 3 levels of administrative decentralization: deconcentration, delegation, and devolution (Rondinelli, et al., 1983; Schneider, 2003). This nuanced approach extends the scope of administrative decentralization as a DDM subtype beyond fiscal autonomy towards bureaucratic autonomy as well as towards the municipal subregional level. Later, I utilize this expanded conceptual scope to identify unique aspects of administrative decentralization that may be relevant for ethnic conflict. The following sections outline the different levels of administrative decentralization-in terms of bureaucratic autonomy- possible in a state.

### **6.2.1 Deconcentration**

Deconcentration, the minimal level of administrative decentralization, occurs when a central government assigns responsibility for a policy to its field offices. Importantly, only the physical distribution of authority changes, not the *autonomy* of authority (Schneider, 2003). Decision-making authority remains within the jurisdiction of the central government (Cohen and Peterson, 1997). Deconcentration, therefore, is not authentic administrative decentralization. Deconcentration is common in developing countries and usually involves giving field agents some discretion to plan and implement programs and projects or to alter central instructions to local conditions within guidelines provided by the central ministry or agency head office (Cheema, 1983).<sup>72</sup> For example, in the 1970s, Sri Lanka established district development councils. Coordinating committees were created and set within the direction of a central government agent. This resulted in strong

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<sup>72</sup> One signal of deconcentration is financial grants from the central governments to provincial, district, or local administrative units (Cheema, 1983).

central government overhead; the local central-government representative retained power for reconciling and integrating the local development agenda with the central administrative sphere (Wanasinghe, 1982).

### **6.2.2 Delegation**

The next level of administrative decentralization is delegation, which transfers policy administration to local governments or semiautonomous organizations that, while not controlled by the central government, remain accountable to it (Schneider, 2003; Cohen and Peterson, 1997). Delegation is most common in semi-autonomous organizations not wholly controlled by the government but accountable to it legally (Cohen and Peterson, 1997). This includes state-owned enterprises and urban or regional development corporations. Globally, there is a trend towards state delegation of tasks such as waste collection and infrastructure repair by contract to private firms (Cohen and Peterson, 1997). For example, in Malaysia, the task of improving the access of poor Malay farmers to agricultural markets was delegated to the Federal Agricultural Marketing Authority (FAMA) (Rondinelli et al., 1983). Delegation was chosen because the central government could not control the markets directly, and the private sector was dominated by an ethnic group uninterested in serving the indigenous. FAMA was given the task of establishing marketing, processing, and grading centers, expanding markets for agricultural products of smallholders, and purchasing from and selling the goods of all poor farmers who had difficulty marketing them (Nor Ghani, 1982).

In India, during the severe food crises of the 1960s, the central government set up semiautonomous units to carry out integrated rural development programs (Rondinelli et al., 1983). Later, when it became clear that poor farmers were not benefitting

proportionately from the Green Revolution during the 1970s, the government established the Small Farmer's Development Agency (SFDA) to provide subsidized credit in rural areas in an attempt to reduce the growing income disparities between large and small-scale cultivators (Rondinelli et al., 1983). The SFDA was organized as semiautonomous registered societies at the district level (Mathur, 1982).

### **6.2.3 Devolution**

Devolution provides semi-autonomous local units of government power over the transferred policy (Cohen and Peterson, 1997). This is the most authentic level of administrative decentralization because it provides the highest level of autonomy to the subnational level; the local administrative unit is only encroached upon by the central government in the case that the government threatens to withhold resources or responsibility from the local unit (Schneider, 2003). Thus, local units of government are autonomous and independent, and their legal status distinguishes them from the central government<sup>73</sup> (Cheema, 1983). Such optimized decentralization, in turn, best captures the efficiency aim of administrative decentralization as more policy is designed and implemented at the local, subnational level. This can be observed in development projects, which often target rural area development. A centralized system's ministry of agriculture will likely apply crop production quotas to all areas of the country without taking regional variations in soil and climate conditions into account, hindering production and wasting resources (Rondinelli et al., 1983). Similarly, when central administrative employees in the national capital design rural development projects without completely understanding local,

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<sup>73</sup> These are governmental units that hold corporate status granted under state legislation (Cohen and Peterson, 1997).

social, economic, physical, and organization conditions, they often stimulate opposition among local groups or encounter high levels of apathy, rendering the projects destined to fail (Rondinelli et al., 1983). In contrast, administrative decentralization provides for a more optimal provision of services and goods to citizens.<sup>74</sup>

Devolution is observable in Algeria's establishment of chartered municipal authorities in its land reform process (Cheema, 1983). Elected communal popular assemblies were assigned the responsibility of designating beneficiaries of the land reform process, both because these bodies had the necessary local knowledge and because the central authorities considered the issue too polemical to get involved in (Cheema, 1983).

In Sudan, provincial councils and provincial commissioners were given administrative discretion for almost all public functions except national security, posts and communications, foreign affairs, banking, and the judiciary (Rondinelli et al., 1983). The state was divided into administrative regions, each with a governor and regional assembly with semiautonomous legislative and executive responsibilities, including authority to collect local taxes and fees, maintain law and order, finance public projects, prepare annual budgets, recommend development projects to central government agencies, and establish and administer self-financing development activities (Rondinelli et al., 1983). Moreover, the local government units supervised the work of central ministries and government departments within each province (Rondinelli et al., 1983).

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<sup>74</sup> More examples of this feature can be found in Rondinelli et al. (1983), which highlights the implementation of administrative decentralization for development agendas in Indonesia's Provincial Development Program, Morocco's local government reform, efforts to decentralize in Thailand, Pakistan and Tunisia, and other cases which show that administrative decentralization improved resource distribution, local participation, extension of public services to rural areas, project identification and implementation, and employment generation.

### **6.3 Administrative decentralization and federalism**

Devolution in federal Sudan highlights the connection between federalism and devolution. Federalism's establishment of subnational governance provides a platform for subnational decision-making, enabling administrative decentralization. Often, however, the devolved powers can be constrained (Cohen and Peterson, 1997). One limitation is the weak central governments of transitional and developing countries, which usually aim to avoid losing political or administrative control to local governmental units (Cohen and Peterson, 1997; Rondinelli et al., 1983). For this reason, it should not be assumed that a federal state features authentic administrative decentralization.

### **6.4 The local reach of administrative decentralization and ethnic conflict**

In this section, I argue that the unique local characteristic of (authentic) administrative decentralization, devolution, is relevant for ethnic conflict. First, administrative decentralization's local "reach" increases bureaucratic involvement in the local sector and thus increases interaction between government and local residents. In turn, the representative capacity of administrative agencies increases. I present these characteristics and mechanism in the following section.

#### **6.4.1 Administration is "closer to the people"**

The administrative body of a country is the sector of the government that is "closest" to the people. Kaufman (1969) notes that it is the administrative agencies that make the daily decisions that affect individual citizens most closely. The close interaction between administrative agencies occurs as they shape many areas of public policy, including health, welfare, and education (Kaufman, 1969; Meier, 1993; Shumavon and Hibbeln, 1986). A federal budget for welfare services set by the central government, for

example, remains an abstraction in relation to the interaction that takes place between a welfare agency employee and a citizen applying for benefits. Additionally, the reach of administration extends beyond the national sphere of government to subfederal arenas because administrative agencies can be established at the state, municipal, and city level. The local presence of administrative agencies increases the interaction between agencies and local residents, rendering administration closer to the people.

#### **6.4.2 The administration sphere's representative capacity**

The study of administration includes the concept of representative bureaucracy (Denhardt and DeLeon, 1999). This idea holds that administrative policy can be more responsive to public interests if the staff represents the race, ethnicity, or gender of the public that they serve (Rourke, 1978). While political decentralization delivers representation via subnational elections, the greater amount of individuals employed by the administrative sector increases the opportunity for representation.

This representative capacity is especially relevant for ethnic minorities. It has been shown that minority communities want administration that is representative: that is attuned to their needs and that advocates for their interests (Karnig and McClain, 1988). And, research reveals that bureaucrats can deliver ethnic representation; administrative employees are more likely to actively represent minorities when they work and interact more with minorities (Thompson, 1976). Also, a higher proportion of minority employees in an agency can lead to greater confidence in pursuing policies responsive to minority interests (Thompson, 1976). More recently, the employment of minorities of the (US) Farmers Home Administration is linked to an active representation of minority interest in the decisions of the agency (Coleman, 1998). This mechanism involves the assumption of

a minority representative role perception by public administrators<sup>75</sup> (Thompson, 1976). Assuming this role increases the likelihood that those officials will make loan decisions favoring minority applicants<sup>76</sup> (Thompson, 1976; Selden, 1997, 1999).

In sum, administrative decentralization can expand the opportunity for ethnic representation. By creating opportunity for more administrative agencies to operate at the local level, more local citizens can be employed, allowing more ethnic minorities to enter the public sector. I argue this is especially the case in states where ethnic minorities are regionally concentrated. The higher representation of ethnic minorities in the administrative sector, combined with the generation of more representative decision-making made possible by these public sector employees can yield policy and practices that are more favorable, or at least less discriminatory, to ethnic minorities. The representation-conducive potential of administrative decentralization is especially salient due to the common lack of representation of minority groups. For example, Adeney (2009) describes the privileged access and representation favoring some groups in Pakistan's state institutions.

## **6.5 Administrative decentralization lowers ethnic conflict**

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<sup>75</sup> Other factors found to affect adherence to a minority representative role among the sample of FMHA administrators include education, age, party identification, years employed by the federal government, and perceived work obligations (Thompson, 1976). Nevertheless, for the purposes of this study, the important factor is not what elements combine to form a minority representative role, but instead the fact that within administrative agencies, employees are assuming this role and doing so influences their decision-making.

<sup>76</sup> In another study of the possible roles that administrative employees assume, Selden (1999) finds that employees who assume one particular role labeled "stewards of the public interest" are more committed to serving public interest and social equity principles than to policy efficiency. Moreover, these employees view themselves as serving the public and the public's interests independently of the agenda of the overhead elected officials or management (Selden, 1999). This finding supports the minority representation capacity of the administrative sphere because employees who assume the role of stewards of the public interest and who belong to an ethnic group may consider and try to advance the social and political goals of their group, justifying their choices on the grounds of social equity.



I argue that administrative decentralization can decrease ethnic conflict by increasing the representative capacity of the local administrative sector. First, by expanding administration into the subregional level, more agencies operate at the local level and more positions become available. As decentralization entails greater subregional agency autonomy, agencies are more likely to have hiring autonomy instead of having central oversight of employment decision-making or appointment of positions from the central sphere. In turn, more local ethnic minorities can enter the public sector via agency positions. As a result, there is a higher representation of ethnic minorities in the administrative sector. Also, more ethnic minorities in the administrative sector can yield policy and practices that are more favorable to the interests of ethnic minorities. I hypothesize that:

H3b: the increased representativeness of the local administrative sector, the sector that interacts the most with individuals, can assuage minority grievances regarding perceptions of absent minority representation in government, unserved interests, and employment discrimination, which decreases anti-regime mobilization and ethnic conflict.

## **6.6 Analysis**

This analysis extends the assessment of the DDM presented in Chapter 5 by incorporating more factors of administrative decentralization into the DDM conceptualization. These factors capture local-level dynamics of administrative

decentralization and ethnic conflict. This analysis utilizes the same TSCS data set used for the estimations presented in Chapter 5, which spans 16 years (1985-2000) and covers 52 countries of varying democracy levels and regions, presented in Appendix A.

### **6.6.1 Dependent conflict variables**

The dependent conflict variables in this analysis are the same as the dependent variables in the analysis presented in Chapter 5. Drawn from the Minorities at Risk (MAR, 2009) data set, three conflict indicators are used: antiregime rebellion, anti-regime protest, and inter-group conflict

### **6.6.2 Local level administrative decentralization**

Of primary interest in this analysis' expansion of the administrative decentralization DDM subtype is the local level of administrative decentralization. This analysis incorporates two measures of local-level administrative decentralization from a recent dataset from Yvanyna and Shah (2014) in conjunction with the World Bank.<sup>77</sup> These measures include local government control over local employment and the share of local employment (Ibid.). Local government control over local employment relates whether local governments are able to conduct their own policies regarding hiring, dismissing, and setting terms of local employment. This indicator captures the level of autonomy of the administrative sphere at the local level; more decision-making autonomy entails more decentralization than municipalities and agencies with overhead control over employment

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<sup>77</sup> Multicollinearity is not an issue between these different measures of administrative decentralization. First, the administrative data spans two levels of government, the substate (subregional tax revenue) and the local/municipal (local share of employees). The local level variables also relay different features of administrative decentralization; the local share of employees relates the local representative capacity of administration, whereas the hiring autonomy relates independence from central government oversight. Additionally, the VIF estimations do not signal the presence of multicollinearity. These estimates are presented in Appendix C.

practices. The distribution of this variable indicates why it is necessary to avoid assuming uniform, authentic decentralization; out of 158 countries, only 43 of countries allow their local governments full discretion regarding whom and at what terms to hire or fire. Europe, North America, Australia, and Latin America rank highly on this indicator. Many more countries (77) make these kind of decisions only at the central level, even for local employees. The tendency for the central sphere to restrain the reach of administrative decentralization into the local level, therefore, is a relevant consideration for the assessment of administrative decentralization. Secondly, this analysis incorporates the share of local employment in general government employment.<sup>78</sup> This indicator captures the local representative space available in these agencies. A higher local employment share indicates more administrative employment opportunities for local ethnic minorities.

In addition to these municipal level variables, the DDM's decentralization variables are also used in this analysis. Administrative decentralization as the percentage of subnational revenues from taxes; this indicator is drawn from the World Bank's decentralization indicators (World Bank). Fiscal decentralization is measured as the percentage of total government expenditures executed at the subnational level. Political decentralization indicators include a binary federalism measure as well as the presence of local elections at the state and municipal levels. Table 6.1 presents the summary statistics for the independent variables and control variables in the study.

The models control for the same various socioeconomic factors utilized in the Chapter 5 analysis, including economic development, which may impact conflict by increasing states' capacity of repressing insurgencies. Alternatively, it may reduce ethnic

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<sup>78</sup> This is exclusive of health, education, and police sectors.

conflict by improving education and welfare, which tends to make people less vulnerable to extremist ideologies (Lipset, 1963). On the other hand, development can increase conflict if it is uneven. Economic development is measured as the log of a country's GDP in US dollars. Additionally, ethnolinguistic heterogeneity is controlled for via the ELF index (Roeder, 2001). Because it is expected that conflict and secessionism should be less intense in countries that are more democratic and feature greater political and civil right protections, democracy is controlled for using the Polity IV index.

Variable	Mean	S. deviation	Min.	Max.
Anti-regime rebellion	1.251034	2.042474	0	7
Anti-regime protest	2.210678	1.280829	0	5
Intercommunal conflict	1.744015	1.919707	0	6
Fiscal Decentralization:	20.87392	14.47775	1.49	59.72
Admin. decentralization: state	44.63835	21.00824	0.91	88.0633
Admin. decentralization: local gov. employment	0.2895628	0.2053231	0	0.8
Admin. decentralization: local hiring autonomy	0.6170663	0.4000062	0	1
Political decentralization: municipal elections	0.9901823	0.9232722	0	2
Political decentralization: state elections	0.9401114	0.8777625	0	2
Political decentralization: federation	0.2513736	0.4341011	0	1
GDP, log	24.49848	2.078692	20.38	29.9617
Presidential system	0.5137363	0.5001549	0	1
Majoritarian system	0.6386555	0.4807269	0	1

Proportional system	0.6602659	0.4739691	0	1
Democracy	4.556319	6.151871	-10	10
Ethnic fractionalization	0.4886277	0.2269067	0.013	0.886

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Table 6.1: Descriptive statistics

In addition, the model controls for presidential system, which is believed to increase ethnic conflict and secessionism because executives in presidential systems of government are less likely to represent multiple ethnic groups than executives in parliamentary systems of government, in which the executive branch can include more than one ethnic group through coalition governments. Finally, the model controls for proportional electoral systems, which are thought to reduce ethnic conflict and secessionism more than plurality or majority systems because they are more inclusive of small parties that represent minority groups. Alternatively, proportional systems may stimulate conflict by allowing regional parties more access.

## 6.7 Results

Tables 6.2, 6.3, and 6.4 present the results of the ordinal logistic regressions for the impact of local-level administrative decentralization across different conflict types. Table 6.2 demonstrates the impact of the local-level of administrative decentralization on anti-regime rebellion. Table 6.3 and Table 6.4 demonstrate the impact of local-level administrative decentralization on anti-regime protest and group conflict, respectively.

Each table presents estimations for a base model as well as subsequent models of subset country types.<sup>79</sup>

	1	Federal	Unitary	Democratic	Less democratic	Wealthy	Less Wealthy	Wealthy democracies
Administrative Decentralization	0.00310 (0.00770)	-0.127 (0.126)	0.0144 (0.0129)	0.00716 (0.0127)	0.0386 (0.0270)	-0.00521 (0.0157)	0.0232 (0.0192)	0.0128 (0.0238)
<b>Local employment</b>	-0.119 (0.878)	20.27 (13.65)	0.160 (1.540)	0.518 (1.906)	0.652 (2.390)	-0.839 (1.465)	0.832 (2.664)	-1.423 (2.751)
<b>Local hiring autonomy</b>	<b>-0.924*</b> (0.416)	<b>27.19*</b> (13.80)	<b>-1.547**</b> (0.587)	-0.724 (0.562)	-1.063 (1.301)	<b>-2.332*</b> (1.154)	<b>-2.037*</b> (0.919)	-3.208 (1.825)
Fiscal decentralization	0.0239 (0.0156)	0.0639 (0.116)	0.0698** (0.0252)	0.0329 (0.0269)	0.0903 (0.0629)	0.0145 (0.0461)	0.0920** (0.0331)	-0.0183 (0.0464)
Municipal elections	-0.438** (0.168)	0.338 (0.328)	-0.394 (0.212)	-0.536* (0.220)	1.474 (0.776)	-0.647 (0.341)	-0.0729 (0.290)	-0.388 (0.288)
State elections	0.660** (0.242)	-5.079 (3.776)	0.869** (0.326)	0.670 (0.342)	0.404 (1.706)	0.810 (0.714)	0.660 (0.383)	1.752 (0.896)
Federalism	-1.559** (0.475)			-2.782* (1.188)	-0.142 (1.864)	-1.348 (0.781)	0.829 (1.678)	-1.282 (1.024)
GDP, log	0.0852 (0.146)	-2.245 (1.321)	0.0222 (0.198)	0.229 (0.302)	-0.480 (0.370)			
Presidential system	0.278 (0.325)	11.69 (6.630)	-0.303 (0.567)	0.639 (0.580)	-2.115 (1.103)	0.469 (0.730)	-0.285 (0.736)	0.0320 (0.758)
Majoritarian system	0.353 (0.334)	12.71* (6.333)	-0.215 (0.687)	0.837 (0.480)	-1.129 (1.306)	2.122** (0.776)	0.233 (0.572)	2.785** (1.051)
Proportional system	-0.214 (0.389)	-2.091 (2.225)	-1.031* (0.510)	0.448 (0.901)	-0.879 (1.885)	0.221 (0.434)	-1.313 (0.844)	-0.353 (0.698)
Democracy	0.0362 (0.0350)	0.609* (0.294)	0.0654 (0.0481)			-0.00291 (0.0782)	0.145* (0.0591)	-0.368 (0.256)
Ethnic Fractionalization	2.132* (0.974)	8.922 (5.258)	4.250* (1.862)	1.860 (1.916)	3.849* (1.870)	2.527 (1.618)	3.251 (2.288)	2.691 (1.965)

<sup>79</sup> I assessed the fit of the models via the McKelvey and Zavoina statistic, which is the closest approximation to an R<sup>2</sup> statistic for ordered logit (Long and Freese, 2006). The McKelvey and Zavoina statistic for the base models of anti-regime rebellion, anti-regime protest, and group conflict are 0.797, 0.589, and 0.748, respectively.

Rebellion, lagged	1.785*** (0.282)	0.596 (0.364)	1.866*** (0.320)	2.464*** (0.460)	1.263*** (0.293)	1.758*** (0.366)	1.814*** (0.433)	1.888*** (0.388)
N	385	120	265	292	106	195	190	156

Standard errors in parentheses  
 \* p<0.05 \*\*p<0.01 \*\*\*p<0.001

Table 6.2: The effect of local-level administrative decentralization on anti-regime rebellion

	1	Federal	Unitary	Democratic	Less democratic	Wealthy	Less Wealthy	Wealthy democracies
Administrative decentralization	0.0130* (0.00553)	-0.0233 (0.0347)	0.00677 (0.00767)	0.0145 (0.00757)	0.0166 (0.0124)	-0.0193 (0.0149)	0.00399 (0.00790)	-0.0354 (0.0234)
<b>Local employment</b>	-1.016 (0.675)	-2.833 (3.181)	-0.357 (0.894)	-1.879 (1.120)	-0.172 (2.353)	-0.361 (1.441)	-1.366 (1.487)	-3.747 (2.471)
<b>Local hiring autonomy</b>	-0.284 (0.266)	<b>-7.808**</b> (2.924)	-0.243 (0.295)	-0.165 (0.389)	<b>-1.500*</b> (0.615)	-3.238 (1.859)	-0.210 (0.320)	-2.580 (2.178)
Fiscal Decentralization	0.0169 (0.0133)	0.0411 (0.0818)	0.00993 (0.0173)	0.0293 (0.0165)	0.0299 (0.0527)	0.0619 (0.0349)	0.0233 (0.0243)	0.0716 (0.0596)
Municipal elections	-0.336* (0.155)	-0.299 (0.497)	-0.446* (0.208)	-0.376* (0.173)	-0.0561 (0.360)	-0.418 (0.331)	-0.434 (0.226)	-0.390 (0.419)
State elections	0.0101 (0.193)	0.199 (0.897)	0.287 (0.252)	-0.0483 (0.213)	0.247 (0.966)	-0.290 (0.439)	0.393 (0.302)	-0.516 (0.759)
Federalism	-0.267 (0.399)			-0.324 (0.579)	0.664 (1.795)	0.488 (0.916)	-0.576 (0.889)	1.301 (1.402)
GDP, log	0.274** (0.0857)	1.181*** (0.341)	0.129 (0.0987)	0.195 (0.112)	0.345 (0.264)			
Presidential system	-0.559 (0.290)	-0.648 (0.685)	-0.638 (0.419)	-0.620 (0.346)	-0.489 (0.895)	0.0974 (0.532)	-0.578 (0.474)	-0.0983 (0.676)
Majoritarian system	0.231 (0.240)	3.478** (1.271)	-0.125 (0.326)	0.356 (0.306)	-1.208 (0.983)	2.344** (0.784)	-0.0544 (0.356)	2.673** (1.000)
Proportional system	0.853** (0.277)	0.665 (0.807)	0.705 (0.382)	0.394 (0.393)	0.314 (0.654)	-0.319 (0.558)	0.533 (0.476)	-0.984 (0.824)
Democracy	-0.0134 (0.0253)	0.0467 (0.287)	0.0196 (0.0291)			-0.0395 (0.0738)	0.0336 (0.0332)	-0.159 (0.340)

Ethnic fractionalization	1.068 (0.561)	1.642 (2.291)	2.075** (0.776)	0.626 (0.819)	-0.109 (1.596)	-1.466 (1.329)	1.073 (1.393)	-2.065 (1.878)
Lagged protest	1.406*** (0.175)	0.597 (0.388)	1.331*** (0.224)	1.434*** (0.189)	1.084** (0.362)	1.180*** (0.272)	1.468*** (0.254)	1.052*** (0.316)
N	356	106	250	263	106	166	190	127

Standard errors in parentheses  
\* p<0.05 \*\*p<0.01 \*\*\*p<0.001

Table 6.3: The effect of local-level administrative decentralization on anti-regime protest

	1	Federal	Unitary	Democratic	Less Democratic	Wealthy	Less Wealthy	Wealthy democracies
Administrative decentralization	-0.00645 (0.00838)	0.0395 (0.0604)	-0.0153 (0.0101)	-0.0133 (0.00940)	0.0538* (0.0272)	-0.0225 (0.0145)	-0.0140 (0.0118)	-0.106** (0.0346)
<b>Local employment</b>	0.582 (1.033)	-1.666 (2.984)	1.197 (1.507)	-0.142 (1.238)	5.905 (3.873)	0.898 (1.672)	0.365 (1.467)	0.573 (1.717)
<b>Local hiring autonomy</b>	0.141 (0.452)	0.565 (3.008)	0.0179 (0.520)	-0.379 (0.525)	2.865 (1.690)	-1.132 (1.498)	0.592 (0.731)	-0.0509 (2.332)
Fiscal decentralization	-0.0157 (0.0255)	0.0107 (0.167)	-0.0531 (0.0390)	-0.00781 (0.0306)	-0.0364 (0.0955)	0.0384 (0.0425)	-0.0691 (0.0433)	0.210* (0.0959)
Municipal elections	-0.320 (0.180)	-0.810 (0.745)	-0.298 (0.201)	-0.457* (0.217)	0.0662 (0.920)	-0.352 (0.425)	-0.238 (0.328)	-0.971* (0.463)
State elections	-0.126 (0.226)	1.036 (1.024)	0.196 (0.307)	-0.145 (0.257)	-0.0712 (1.163)	-0.851 (0.507)	0.309 (0.536)	-3.168* (1.317)
Federalism	-0.252 (0.841)			0.284 (1.195)	1.238 (3.463)	-0.386 (1.289)	11.67*** (1.902)	-1.524 (2.228)
GDP, log	0.331* (0.135)	1.699** (0.605)	0.303 (0.165)	0.268 (0.196)	0.318 (0.384)			
Presidential system	0.285 (0.435)	-0.606 (1.119)	0.703 (0.733)	0.130 (0.536)	0.414 (1.970)	0.575 (0.631)	0.423 (1.136)	0.481 (0.712)
Majoritarian system	-0.216 (0.349)	-0.377 (1.221)	-0.527 (0.447)	0.0700 (0.405)	-2.210 (1.220)	0.572 (0.737)	-0.453 (0.541)	1.232 (1.281)
Proportional system	0.617 (0.543)	4.507** (1.685)	0.251 (0.640)	0.361 (0.804)	1.665 (1.929)	0.274 (0.684)	-0.442 (0.966)	-0.230 (0.758)
Democracy	-0.00419	-0.153	-0.0305			0.0558	0.0285	-1.019*



	(0.0449)	(0.455)	(0.0617)			(0.0717)	(0.0896)	(0.452)
Ethnic	0.385	7.381	-1.231	-0.113	1.439	-1.336	-2.138	-6.800*
fractionalization	(0.709)	(4.179)	(1.667)	(0.982)	(2.090)	(1.707)	(3.316)	(2.706)
Lagged Group	1.441***	1.332***	1.300***	1.395***	1.451**	1.235***	1.792***	1.052***
Conflict	(0.188)	(0.314)	(0.238)	(0.213)	(0.523)	(0.231)	(0.315)	(0.256)
N	253	71	182	206	58	118	135	97

Standard errors in parentheses

\* p<0.05 \*\*p<0.01 \*\*\*p<0.001

Table 6.4: The effect of local-level administrative decentralization on intercommunal conflict

Local hiring autonomy is consistently associated with a significant decrease in anti-regime rebellion across the various models. The marginal effect estimations indicate that a 1 standard deviation increase in local hiring autonomy results, on average, in almost a tenth standard deviation decrease (-.09) in the log odds of anti-regime conflict.<sup>80</sup> These results support the theory that administrative decentralization increases the representative capacity of local administrative institutions and thus assuages grievances and conflict. The magnitude of the negative impact of local administrative decentralization on anti-regime rebellion is presented in Table 6.5, which presents the predicted probabilities of anti-regime rebellion across constructed state ideal types. The ideal types vary along levels of democracy and administrative decentralization, so that the impact of subregional level administrative decentralization can be compared with the impact of local level administrative decentralization across democracy levels. The ideal types were constructed by manipulating the following variables: democracy (PolityIV score), substate administrative decentralization (local tax revenue), and local administrative decentralization (local employee share). The democracy score is varied to correspond to

<sup>80</sup> The likelihood estimates via marginal change were calculated by standardizing the estimated standard deviation of y\* (Long and Freese, 2006).

the PolityIV thresholds for full democracy, democracy, anocracy, and autocracy regime types. High subregional state-level administrative decentralization and high subregional local-level administrative decentralization are constructed by setting the variables to their maximum value.

State types	No conflict	Rebellion
Full Democracy	0.46	0.54
With high subregional decentralization	0.43	0.57
With high local decentralization	0.54	0.46
Democracy	0.50	0.50
With high subregional decentralization	0.46	0.54
With high local decentralization	0.58	0.42
Anocracy	0.54	0.46
With high subregional decentralization	0.51	0.49
With high local decentralization	0.62	0.38
Autocracy	0.60	0.40
With high subregional decentralization	0.57	0.43
With high local decentralization	0.68	0.32

Table 6.5: Predicted probabilities of anti-regime rebellion across constructed state ideal types

Table 6.5 reveals that local-level administrative decentralization reduces the probability of anti-regime rebellion in a state by about 8% across all regime types. This lends support not only to the implementation of local level administrative decentralization policies even in developing and transitional states that may not have full democracy levels. Interestingly, however, subregional administrative decentralization actually increases the probability of conflict in a state, consistently across regime types. This signals that mechanisms involving decentralization at the local versus the state or provincial level are not homogenous. These findings suggest that administrative autonomy at the subregional level functions as a mobilization-fueling dynamic. This echoes the observation made in Chapter 5 regarding the presence of higher gains available to ethnic elites at the subregional level, which can obstruct decision-making that behooves the collective minority interest. Similarly, the subregional-local discrepancy may be also attributed to the difference between the goods of fiscal resources versus representation, where fiscal resources render an opportunity for personal gain that induces the instrumentality of ethnicity and fuels conflict, and representation induces pro-ethnicity decision-making that assuage grievances. Hiring autonomy data for the subregional level and fiscal autonomy data for the local level are needed to further explore these mechanisms. Regardless, it can be concluded that states seeking to reduce anti-regime conflict levels can employ greater hiring autonomy as an effective component of administrative decentralization initiatives. Table 6.6 presents the predicted probabilities of anti-regime rebellion along the same constructed ideal types as presented in Table 6.5, but for federal states. Table 6.6 reveals that federal states can benefit

from local level administrative decentralization as local hiring autonomy is consistently associated with a reduction in conflict across democracy levels. Importantly, subregional decentralization also appears to increase the probability of conflict in contrast to the local mechanism. This finding is relevant in light of the conventional argument against federalism for the containment of conflict; perhaps the exacerbating effects stem from the level of decentralization being implemented and not from the federal framework itself. This is potentially useful for reconciling contradictory findings regarding federalism as conflict-enabling or conflict-containing.

Federal States	No conflict	Rebellion
Full Democracy	0.71	0.29
With high subregional decentralization	0.69	0.31
With high local decentralization	0.78	0.22
Democracy	0.74	0.26
With high subregional decentralization	0.72	0.28
With high local decentralization	0.80	0.20
Anocracy	0.78	0.22
With high subregional decentralization	0.75	0.25
With high local decentralization	0.83	0.17
Autocracy	0.82	0.18
With high subregional decentralization	0.80	0.20
With high local decentralization	0.86	0.14

Table 6.6 Predicted probabilities of anti-regime rebellion along constructed ideal federal state types

Local administrative decentralization also reduces anti-regime protest; the coefficient for local hiring autonomy is consistently negative across the models previously presented in Table 6.3, and is significant for federal states and for less democratic states. The predicted probabilities estimations for the impact of local hiring autonomy on anti-regime protest likelihood in federal states across democracy levels are presented in Table 6.7.

Federal States	No conflict	Protest
Full Democracy	0.02	0.98
with high subregional decentralization	0.01	0.99
with high local decentralization	0.03	0.97
Democracy	0.02	0.98
with high subregional decentralization	0.01	0.99
with high local decentralization	0.03	0.97
Anocracy	0.02	0.98
with high subregional decentralization	0.01	0.99
with high local decentralization	0.02	0.98
Autocracy	0.02	0.98
with high subregional decentralization	0.01	0.99

with high local decentralization	0.02	0.98
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Table 6.7 Predicted probabilities of anti-regime protest along constructed ideal federal state types.

Table 6.7 indicates that the impact pattern of local administrative decentralization on anti-regime protest is not as dramatic as the impact on anti-regime rebellion. In other words, increasing local level administrative decentralization in federal states does not entail a sharp decrease in the presence of protest within a federal state. It seems as if, moreover, federal states per se have a high presence of anti-regime protest. The difference between federalism's dynamics involving anti-regime rebellion versus anti-regime protest lend support to the utility of disaggregating ethnic conflict. Distinguishing between anti-regime protest and anti-regime rebellion, here, indicates that they are not uniformly present, nor are they uniformly contained. Perhaps states with high protest, moreover, are less concerned about protests than are the legislators and policymakers of countries dealing with anti-regime rebellion are. The difference between rebellion and protest dynamics revealed in this study support the value of disaggregating ethnic conflict into different types and extents of ethnic conflict.

Similarly, Table 3 demonstrates that local-level administrative decentralization does not impact group conflict. This finding serves to counter the argument posited by scholars such as Horowitz (2000) stating that when minorities access decision-making, they produce discriminatory policy towards other groups. In other words, if this were the case, more hiring autonomy would increase the opportunity for individuals in

administrative agencies to engage in discriminatory decision-making towards other groups, exacerbating tensions and increasing group conflict.

It is important to note that the alternative indicator of local administrative decentralization, the local share of total government employment utilized in this study, does not appear to impact ethnic conflict dynamics. This could mean that it has no impact on ethnic conflict, or that the specification was not ideal. To this end, I note that one potential issue with this indicator is that it is relatively less reliable and is associated with a great deal of volatility for most developing nations (see Shah and Ivanyna, 2014, p.10). Secondly, the share of local level government employment in relation to general government employment may capture more of the size of local administration instead of the autonomy of local administration. The size of local administration cannot be expected to increase the representativeness of the local administrative sphere if the employment opportunity for ethnic minorities does not increase along with the expansion of municipal administration. In other words, while more administration may shift to the local level, the decision-making control may remain within the central sphere. As highlighted in the beginning of the chapter, this retention of power by the central government is common, particularly in developing countries. In this case, the higher minority representation mechanism attributed to local administrative decentralization in this chapter is not realized. For this reason, I argue that this indicator should not be relied on as a measure of authentic administrative decentralization.

## **6.8 Takeaway**

The local hiring autonomy variable in these models captures two intertwined aspects of the administrative decentralization sphere: the municipal level implementation

of decentralization and consequently, the authenticity of administrative decentralization. As previously highlighted, most states implement the “deconcentration” or “devolution” extent of administrative decentralization, which are characterized by central state overhead of the administrative sphere, particularly in developing countries. When local administrative agencies have more hiring autonomy, the central sphere is prevented from limiting the autonomy of local-level administrative agencies. In turn, these agencies are able to make hiring decisions that can reflect local interests, such as hiring employees from the local, surrounding population (in contrast to the common practice of appointing employees from the central sphere to these posts). The result is the presence of authentic administrative decentralization in terms of the “delegation” type reviewed earlier in this chapter. The ability to classify authentic administrative decentralization is helpful for assessing the impact of administrative decentralization on conflict. This analysis demonstrates that when it is authentic, administrative decentralization decreases ethnic conflict by increasing the representativeness of the local administrative sector. The resultant decision-making in this context is likely to be more attuned to the demands and needs of the local population, including minority populations. In turn, grievances decrease, and conflict is contained.

Empirically, this analysis takes advantage of a local-level administrative decentralization data that catalyzes assessment of local-level dynamics of decentralization. The significant findings associated with administrative local hiring autonomy highlights the importance of this level of analysis to the study of decentralization and lends support for more cross-national data collection at this level.



Perhaps the most encouraging aspect of this analysis is the revelation that administrative decentralization can lower conflict levels across low, medium, and high levels of democracy. This is an important finding in relation to the current reality of increased decentralization efforts in transitional countries. Indeed, the findings justify the continuation of the global trend of administrative decentralization, especially in developing countries.

## **CHAPTER 7**

### **CASE STUDY: DECENTRALIZATION IN THE KURDISTAN REGION OF IRAQ**

The previous chapters in this dissertation have contributed to the understanding of decentralization in various ways. Chapter 3 presents the DDM, which expands the traditional conceptualization of federalism to encompass more decentralization realities. The analysis presented in Chapter 5 demonstrates that the DDM's political, administrative, and fiscal decentralization subtypes impact conflict in different ways, revealing that mechanisms involving decentralization are a complex set of relationships, and not a uniform causal arrow. Chapter 6 contributes to the understanding of decentralization by expanding the conceptual scope of one DDM subtype, administrative decentralization, to include local level dynamics and the bureaucratic sphere.

In this chapter, I seek to enrich the DDM conceptualization of decentralization by accounting for what the DDM subtypes "look like" in practice within a country. As with any institution, it is likely that the intended design or implementation of decentralization is different than its attributes when implemented in a country. Accordingly, what the DDM subtypes entail as a conceptualization may not be paralleled in practice in a state. One source of this discrepancy can be obstacles to decentralization, which render decentralization in a state inauthentic or to a lesser degree. To this end, in this chapter I seek to shed light on possible obstacles to the implementation of political, fiscal, and administrative decentralization. In other words, I seek to examine what decentralization "looks like" in a state to reduce discrepancy between decentralization in theory versus decentralization in practice.

This chapter presents a case study of Iraq's decentralization trajectory in relation to its Kurdish population.<sup>81</sup> The Kurds are Iraq's largest ethnic minority, numbering around 6 million (Romano, 2006). The "Kurdish Issue," involving the Kurdish populations of Iraq, Turkey, Iran, and Syria, has become increasingly salient both within the Middle East region and on the international stage (Romano, 2006; Charountaki, 2011; Danilovich, 2014). The Kurdish populations have demanded varying levels of autonomy, including federalism, rendering analysis of decentralization across the "host" states timely. Thus, this chapter contributes a valuable institutional angle to the understanding of the salient "Kurdish Issue."

To examine political, fiscal, and administrative decentralization realities in Iraq, I develop a qualitative DDM framework. This qualitative framework is not only helpful to enrich the quantitative DDM elements, but it serves as a means to assess decentralization in the various countries where decentralization data is unavailable. Thus, this framework offers a means to assess political, fiscal, and administrative decentralization in many countries where data challenges have prevented any assessment of decentralization. Data limitations are especially common for MENA countries, and have led to a large gap regarding this region in decentralization research. Moreover, even if decentralization data is available, its reliability might be questionable. For example, the World Bank data utilized in the previous analyses is self-reported by states. Given the inchoate status of

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<sup>81</sup> Other ethnic minorities are present in Iraq. In this analysis I focus solely on decentralization in relation to the Kurds, however. This is because the Kurds are the largest group and territorially concentrated, and have been in conflict against the state since its establishment. Moreover, while the current federal constitution of Iraq permits other provinces to assert more autonomy, none have done so, so attempting to assess decentralization via these other regions is not optimal.

decentralization data availability and reliability, therefore, a qualitative framework is a necessary complement to apply the DDM approach.

To build this framework, I selected various unique factors that correspond to each of the DDM subtypes that can shed more light on decentralization dynamics. For example, political decentralization is assessed beyond constitutional arrangement and subregional elections and includes the presence of local parties and movements as well as the independence of the regional political actors and issues from the national sphere. Fiscal decentralization is assessed via factors such as foreign aid to the region. Administrative decentralization includes aspects such as representation in the administrative sector via the institutionalization of the regional military forces.

I assess the presence of these factors in Iraq's Kurdistan Region across three time periods to understand whether, and how, the presence of the decentralization subtypes in Iraq varies across time. This analysis reveals shifting distributions in the types and levels of decentralization in the Kurdish region, often affected by the aid, conflict, and oil realities in the region. For example, while great quantities of aid were granted to the Kurdistan region at some points, the region did not have decision-making power over a large proportion of it, challenging autonomy. Importantly, I find that a current lack of local-level political elections and movements challenges the authenticity of political decentralization, despite the federal context. Also, the findings demonstrate shifting levels of political, fiscal, and administrative decentralization in Kurdistan across time.

The takeaway of this chapter is that decentralization in practice is likely to be present to a lesser degree or inauthentic in relation to decentralization as intended and conceptualized in theory. Thus, the DDM framework's accuracy is improved by

incorporating a parallel qualitative framework that assesses decentralization in practice, especially obstacles to decentralization. This chapters findings reveal shifting types and levels of political, fiscal, and administrative decentralization in Iraq, impacted by various contextual and structural realities. These findings reveal the fluidity of decentralization and undermine its common frame as a static institution. Also, this case study provides helpful insight on the relationship between federalism and decentralization; Iraq had a decentralization presence before being a federal state, and also federalism has not automatically rendered authentic decentralization. In Chapter 3 I rejected the interchangeability of federalism and decentralization, and these findings lend support to this argument.

## **7.1. Chapter structure**

This analysis consists of three components. First, I outline the factors utilized to assess define political decentralization in this qualitative framework. These factors are then used to assess political decentralization in the Kurdistan Region across three time periods. Next, the factors utilized to assess fiscal decentralization in the region are presented, and utilized in the same manner. The third component follows the same approach in terms of administrative decentralization. The time periods are defined in the following section.

### **7.1.1 Iraq's decentralization trajectory**

Relative to its counterparts in Turkey, Syria, and Iran, the Kurdish region in Iraq has been associated with independence and autonomy even before its current, semi-independent federal state. For this analysis, I divide this decentralization trajectory across three consecutive phases. Phase I begins with the 1970 agreement between Saddam

Hussein and Mustafa Barzani, which recognized Kurdish as an official language and nationality.<sup>82</sup> Phase II stems from UN Resolution 688 and begins with the creation of a military exclusion zone and a no-fly zone in the Kurdish region by the U.S. and the UK in April 1991.<sup>83</sup> Phase III begins with the establishment of the present Iraqi constitution in 2005, which officially designates Iraq a federal state (Danilovich, 2014). The phases are presented in Table 7.1 below.

Phase 1	1970-1990	Barzani/Saddam agreement
Phase 2	1991-2004	No-fly zone establishment
Phase 3	2005-present	Iraq's federal constitution

Table 7.1: Decentralization phases in the Kurdistan Region of Iraq

## 7.2 Political decentralization in Kurdistan

As presented in Chapter 3, political decentralization entails that political actors and issues are independent from the national level and parties and social movements function and compete at the local level (Schneider, 2003). I capture political decentralization in Iraq via three factors: constitutional federal design, the presence of local parties and elections, and the independence of regional political actors and issues. As previously noted, constitutional design is the common, and often only, empirical measure utilized to classify states. Here, overreliance on this single factor is avoided by the descriptive elements of

<sup>82</sup> This agreement was never formally implemented as it was rejected by Barzani in 1974. Disputes relate to the identification of areas to be designated Kurdish, i.e. Kirkuk (MERIP).

<sup>83</sup> S/RES/688 (1991). The safe haven was “an ad hoc response by the UK, U.S., and Turkey to the presence in Turkey and Iran of over two million refugees who had fled from Saddam’s revenge on Kurdish and Shi’a rebels”(O’Leary et al., 2005).

local movement presence and its independence. While the DDM includes subregional elections as a means to capture the former, the independence of local politics is a unique element in this analysis. As independence of local political movements is ultimately the essence of political decentralization, this element is crucial.

Factor	Elements
Constitutional design	Is a federal structure outlined?
Movements and elections	Are there functioning parties and/or movements at the local level?
	Are there local elections?
Independence of local actors and issues	Are political parties and actors independent?
	Are there political issues that are independent from national-level issues?

Table 7.2. Political Decentralization Factors in the Kurdistan Region of Iraq

Table 7.2 presents the three factors of political decentralization and the elements considered to assess each factor. The next section utilizes these elements and reveals that Kurdistan experienced no political decentralization in Phase I, and some, but not full, political decentralization in Phase II and Phase III. Interestingly, the findings indicate that the independent foreign policy exercised by the Kurdistan Regional Government (KRG) increases the extent of political decentralization. Additionally, despite Iraq's adoption of

federalism in Phase III, the lack of municipal political elections and representation in the Kurdish region challenges political decentralization in Kurdistan region.

### **7.2.1 Political decentralization in Phase I**

**Constitutional design.** This period features a Ba'ath offer to the Kurds in 1970 that was the “most far-reaching autonomy agreement yet seen anywhere in Kurdistan” (Romano, 2006, p. 192). Yet, this agreement was not a federal arrangement and was never officially implemented (Ibid.). The at-best symbolic nature of this agreement does not qualify as a federal constitutional design.

**Local parties and social movements.** This phase features the rise of two, rival regional parties: the Patriotic Union of Kurdistan (PUK) and the Kurdistan Democratic Party (KDP) (Romano, 2006). These two parties are in fierce competition for control of the Kurdish region (Ibid). This competition, however, is armed conflict; there are no elections. I do not classify this party presence as an element of political decentralization, therefore, as they are not politically competing but instead engaged in a fierce intra-communal conflict for control of the Kurdish region.

**Independence of actors and issues.** In Phase I, Kurdish political actors and issues were precluded from maintaining independence from the national level in two ways. First, the Kurdish elites' agenda was directly intertwined with the national sphere as the goal was rebellion against the national sphere (McDowall, 2003).<sup>84</sup> Secondly, the Kurdish intra-regional conflict invited national-level actors into the regional level, including cross-

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<sup>84</sup> The party movements and leaders represented elite tribal (KDP) and civil (PUK) interests, whereas the rural class remained largely uninvolved and unrepresented (McDowall, 2003).



cutting alliances between many Kurdish tribes and Baghdad in the conflict (Romano, 2006). Similarly, national-level issues devolved to the local level as the Kurds became involved in the national war against Iran (Ibid.). These dynamics prohibited the independence of local actors and issues from the national sphere.

**Political Decentralization “Score” for Phase I.** In this phase, none of the political decentralization factors are present, rendering no political decentralization. The absence of authentic political decentralization during this phase is evident in Saddam Hussein’s bold encroachment into the regional sphere; for example, he redrew the borders of the region in 1976 after changing the administrative boundaries of these three provinces in favor of adjacent Arab districts (Ahmed, 2012).

### **7.2.2 Political decentralization in Phase II**

**Constitutional Design.** In Phase II, there is no constitutional federal arrangement; instead, the semi-autonomous Kurdistan Region is the *de facto* establishment after Iraqi forces withdrew from the area in 1991 (Romano, 2006).

**Local parties and social movements.** This phase is characterized by Kurdish calls for federalism in Iraq. The nascent KRG even set forth a constitution for a federal Kurdish state within Iraq (Ahmed, 2012; Romano, 2006). The priority of armed rebellion against Baghdad gives way to matters of governance, institutions, and legal frameworks that amount to party and social movement presence in the region. Also, the KDP and the PUK held the first regional free elections in the three provinces of Kurdistan in 1992 and established the Kurdistan Regional Parliament (KRP) (O’Leary et al., 2005; Ahmed, 2012; Natali, 2010). These elections demonstrate the presence of local parties and social

movements that characterize political decentralization that would not be captured if federalism was the only indicator.

**Independence of political actors and issues.** As in Phase I, the ongoing conflict between the PUK and the KDP continues to block Kurdistan's political independence from the national level. For example, in 1996 "the KDP invited in Saddam's forces to temporarily help it against the PUK [and] Saddam Hussein's forces took advantage of the opportunity to enter the Kurdish Autonomous Zone" (Romano, 2006, p. 210).

**Political Decentralization "Score" for Phase II.** Political decentralization increases in this phase via the presence of local parties competing in elections and the overall shift of the political movement sphere from only rebellion against Baghdad to consideration of matters within the region.

### 7.2.3 Political Decentralization in Phase III

**Constitutional Design.** Phase III begins with a federal arrangement in the new Iraqi constitution, fulfilling the constitutional component of political decentralization.<sup>85</sup>

**Local parties and social movements.** Iraq's federal arrangement could be expected to enable the presence of local parties and movements. This section reveals, however, that this is not the case, particularly in terms of elections. While Phase III features intermittent (2005, 2009, and 2013) elections in the Kurdish National Assembly (KNA), the regional executive elections and municipal elections have not been a consistent presence. Regional presidential executive elections were only held in 2009; they were scheduled various times beginning with 2013 and into 2015, but have not yet been realized, and do not appear to be imminent. The last presidential election was scheduled for August

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<sup>85</sup> *Constitution of the Republic of Iraq* [Iraq], 15 October 2005.

2015, but have been postponed due to current security concerns as well as legal and party conflict over the potential of a third presidential term for Massoud Barzani. Additionally, there is a lack of local municipal elections. First, municipal councils (referred to as governorate councils) experienced a long electoral hiatus between the elections of 2005 and the more recent ones held in 2014.<sup>86</sup> Secondly, municipal executive elections for city governors are nonexistent; the current Erbil governor has served by appointment since 2004, before Phase III commenced.<sup>87</sup> The absence of consistent elections throughout the Kurdistan region is accruing to an ironic intra-centralization within Kurdistan. While relative to the central Iraqi government sphere there is a regional presence of elections and political movement in the Kurdistan region, I do not classify this presence as strong. This is because the authenticity of the local movements and elections factor is increasingly threatened as regional elites become more dominant in Kurdistan, undermining the subregional political movement that political decentralization aims to foster.

**Independence of political actors and issues.** On the other hand, Phase III features a unique assertion of regional independence via the KRG's strong independent exercise of foreign policy. This foreign policy activity includes the establishment of KRG diplomatic missions in countries such as Australia, Austria, the European Union, France, the United States, the United Kingdom, and Spain (see Danilovich, 2014, Ch. 4). This unique presence of regional independence is another example of political decentralization elements beyond the federalism indicator.

**Political Decentralization "Score" for Phase III.** Political decentralization increases in this phase via the presence of regional party and issue independence as the

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<sup>86</sup> (<http://www.ekurd.net/mismas/articles/misc2014/5/state8008.htm>).

<sup>87</sup> The last municipal elections were held in 2000 (PUK administration) and 2001 (KDP administration).

KRG asserts diplomatic independence. However, the absence of full electoral dynamics within the region threaten the authenticity of political decentralization in the region and demonstrate that federal structures do not automatically extend political decentralization in this context.

### **7.3 Fiscal decentralization in Kurdistan**

The central aim of fiscal decentralization is to locate government resources at the government level that optimizes social welfare (Musgrave, 1958). In fiscally decentralized states, subnational governments play a significant role in the process of tax collection, public service provision, and program financing (Escobar-Lemmon, 2001). The DDM uses a common fiscal decentralization measure: the proportion of total government revenues and expenditures executed at the subnational level. This type of data is not available for Iraq, and many other developing countries. In this chapter, I assess fiscal decentralization in the Kurdistan region using factors that reflect two fiscal decentralization dynamics premised on the definition above. The first factor is the presence of government resources at the subregional level-i.e. Whether or not the Kurdish Regional Government (KRG) has resources. The elements I consider for this factor include sources of subregional government revenue: government transfers, natural resources, agriculture and production, and foreign aid. Secondly, I consider whether low development levels challenge subregional government ability to collect and distribute resources. These factors are presented in Table 3 below.

Factor	Elements
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Subregional revenue sources	Fiscal transfers
	Natural resources
	Agriculture/Production
	Foreign Aid

Table 7.3: Fiscal Decentralization Factors in the Kurdistan Region of Iraq

Along with revenue sources, I also consider the level of institutional development, which can impact the regional leadership's ability to redistribute and utilize revenue and play the significant regional role that characterizes fiscal decentralization.

### 7.3.1 Fiscal decentralization in Phase I

**Government Transfers.** In this phase, the Ba'ath transition of the Iraqi economy from a semi-free market to centralized planning nationalized private-sector business and local industries so that all financial transfers to governorates would stem from only Baghdad (Alnasrawi, 1991; Natali, 2010). This centralization was inspired by the regime's "pragmatic identification with the Soviets and socialism [that] extended to the government's budgetary process" (Savage, 2013, p. 34). There is no evidence of budget transfers to the Kurdistan region under this extremely centralized system.

**Agriculture/Production.** The national industrialization of Iraq in Phase I at first expanded the agricultural sector via investment of technical aid to for it, and it was the

primary source of economic activity in the Kurdish region.<sup>88</sup> However, soon after, the petroleum-based industrialization of Iraq destroyed the agricultural sector because the resultant oil revenues were used by Baghdad to create a food distribution system featuring subsidized food imports, which replaced demand for agricultural product (Natali, 2010; Kirk and Sawdon, 2002; Alnasrawi, 1991; Mahdi, 2002). Then, the collapse of the Barzani revolution, the Kurdish exodus, the expulsion of Kurdish villages, and the Anfal campaign further disintegrated the Kurdish agrarian economy; by 1989, its wheat production had decreased by 50 percent (Natali, 2010). The drastic reduction of agricultural production precludes agriculture and production from remaining a significant subregional resource.

**Natural Resources.** In 1977, Saddam Hussein gained control over the distribution of Iraq's oil revenues (Savage, 2013). Consequently, Kurdistan had no direct access to oil revenue from its fields. In fact, Baghdad was so intent on retaining all levels of control over oil that it even refused to build a (more efficient) local refinery in oil-rich Kirkuk, preferring to send the petroleum to the non-Kurdish Salahaddin governorate for refining (Natali, 2010). In this context, it follows that Kurdistan could only access oil revenue allocated from Baghdad. There is no evidence of revenue allotments to the Kurdistan region at this time, but the extreme lack of infrastructure and development in the region signals a lack of revenue allocation to Kurdistan. Moreover, the lack of institutional capacity in the extremely underdeveloped and conflict-ridden Kurdistan region at the time would have made autonomous production impossible.<sup>89</sup> (Natali, 2010). Therefore, even if

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<sup>88</sup> During this time, more than half the Kurdish population was dependent on the agricultural sector and the region produced as much as 45 percent of Iraq's wheat needs (Natali, 2010; Stansfield, 2003).

<sup>89</sup> By the late 1980s, most Kurdish villages and key towns had been destroyed and their populations transferred to collective towns (Natali, 2010). Thus, even before the Anfal campaign, the region was incapacitated.

Kurdistan had an opportunity to access its oil revenues, its institutional weakness would preclude generating this resource. Thus, this significant potential source is not an element of subnational revenue in this phase. This reality highlights the potential incongruence between oil resources and oil revenues; regional resources cannot be assumed to be directly available to the subnational regional governments. In fact, such resources can incentivize fiscal centralization as the national sphere seeks to retain control.

**Foreign Aid.** Kurdish revenue from foreign aid was sporadic and limited during Phase I. Moreover, aid from Israel, Iran, and the United States “was clandestine and temporary [...and] driven by the strategic interests of foreign governments that continued to focus on petroleum revenues in the sovereign Iraqi state, no matter how illegitimate it had become, and not the unrecognized Kurdistan Region” (Natali, 2010, p.27). International technical assistance was used by Iraqi officials to industrialize the state, which strengthened the central government; at the same time, the asymmetrical development induced the Kurdish region to engage in complex socioeconomic activities outside of the Kurdish region, furthering the economic isolation of Kurdish cities. This is exemplified in the relationship between Dohuk with Mosul; while only two factories were created in Dohuk in the 1980s, great numbers of Kurds moved from Dohuk to Mosul to access jobs and housing. Most of the employees of Mosul’s large factories were Kurds, and Kurdish businessmen sent their agricultural products to Mosul for production and sales (Natali, 2010).<sup>90</sup> In this phase, therefore, foreign aid is not a source of revenue for the Kurdistan region, but a drain of economic activity that left it dependent, weak, and isolated. Admittedly, some assistance was provided to the Kurdish region, which provided unofficial

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<sup>90</sup> A similar dynamic is echoed in the commercial ties between Sulaimania and Kirkuk, Khanquin, and Iranian Kurdistan (Natali, 2010).

external recognition, increased Kurdish military strength, and semi-legitimized the Kurdish leadership and political parties (Natali, 2010). Yet, since this aid was utilized for bolstering elite-level political action via Kurdish military strength and leadership, it was not utilized for the distribution of goods and resources throughout the region, which is the aim of fiscal decentralization.

### **7.3.2 Fiscal Decentralization in Phase II**

**Government transfers.** The failed uprising against Saddam Hussein in April 1991 resulted in state sanctions against the Kurdish region and the end of state welfare assistance to the Kurdish region, leaving foreign aid to be the most important source of the region's external finance (Natali, 2010).

**Agriculture/Production.** Agriculture was revived during Phase II, once again becoming a source of regional revenue. Agricultural production was bolstered by the U.S. wheat "buy-back" program which purchased the maximum amount of the wheat harvest of local farmers (Natali, 2010).<sup>91</sup> Between 1990 and 1995, the purchase price of wheat increased by 50 percent and the area cultivated with grain increased by 50 percent (Natali, 2010; Kirk and Sawdon, 2002; Barwari, 2002; Stansfield, 2003).

**Natural Resources.** The international sanctions on Iraq continued the inability of the Kurdish region's capitalization of oil revenues.

**Foreign Aid.** The nature of foreign aid is nonlinear during this period, characterized by an initial increase in revenue from aid followed by a demise in aid levels as chaos ensued in Iraq and states refrained from financially supporting Kurdish separatist

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<sup>91</sup> A total of 10 million US dollars was available for this program (Natali, 2010).



aspirations.<sup>92</sup> Initially, Kurdistan received a dramatic increase in revenue as foreign assistance targeted the Kurds as victims of Saddam Hussein. These waves of aid become the primary source of the region's external aid. For example, from 1991 to 1996, Kurdistan was allotted two thirds of total aid assistance, more than 1 billion US dollars in goods and services (Natali, 2010; Carapico, 2002; Graham-Brown, 2002; Stansfield, 2003; USAID, 2003). The British Overseas Development Administration allocated 78 percent to its Iraq program budget to the Kurdish region, and only 22 percent to southern and central Iraq, and the UN allocated 65 percent of its total Iraq budget to the Kurdish region (Graham-Brown, 2002).<sup>93</sup> In this phase, the aid is used for basic humanitarian purposes, fulfilling the distributive essence of fiscal decentralization. The aid was used to construct schools and hospitals, procure educational materials and medicines, pay teachers, implement school meal programs, rebuild roads, and resettle refugees (Natali, 2010). Later, funding continued similarly with the Oil for Food Program (OFFP) (Natali, 2010, p.52).<sup>94</sup>

However, towards the end of Phase II, this source of regional aid began to decrease as aid shifted to address the less stable central Iraq sphere (Natali, 2010). For example, by May 2003, "most INGOs were stationed in Baghdad, while only six individuals were responsible for the seven northern governorates, the majority of which were secondarily

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<sup>92</sup> Aid revenues were increasingly used as a means of depriving the Kurdish rebellion. When the USAID arrived in Iraq in June 2004, it took 500 million US dollars of the 600 million US dollars targeted to the Kurdistan Region and reallocated it to other regions in Iraq, particularly in Sunni Arab regions (Katzman, 2005, p.30). The aim was to concentrate U.S. funds on troubled regions (Natali, 2010, p.80).

<sup>93</sup> By 1994-95, after having refused to sign the Memorandum of Understanding (MOU) with the Iraqi government, about fifty INGOs were working in the Kurdistan Region, while only four were established in southern and central Iraq (Graham-Brown, 2002, p.271-73).

<sup>94</sup> The "program placed particular attention on the special rehabilitation needs of the three northern governorates. Although the OFFP allocated 59 percent of its revenues to central and southern Iraq, the cash component provided 35 percent more per capital to the Kurdish north than to the rest of the country. UNICEF, for instance, had its largest budget and highest annual procurement in the northern region" (Natali, 2010; UNICEF, 1998; UNICEF, 2002).

military experts” (Natali, 2010). The percentage of Iraq’s reconstruction aid allotted to the Kurdish region was less than 4 percent, and of the 18.6 billion US dollars earmarked for Iraq reconstruction, less than 4 percent, or about \$1 billion US dollars were allocated to the Kurdistan Region (Natali, 2010). Low development plays a role in this dynamic;<sup>95</sup> had the heightened aid period been coupled with a higher level of institutional development, sustainable development projects and institutions could have perhaps withstood the later reduction in aid.

### **7.3.3 Fiscal Decentralization in Phase III**

**Government transfers.** The federal institution implemented in Phase III establishes a legal framework for budget transfers (Article 117). This framework extends subregional resource availability because it legally equips the region with an allocated budget in contrast to the previous centralization arrangement, which only guaranteed that the region’s income was subject to the whims of Saddam Hussein. Per the federal constitution, the Kurdish region is allotted an annual capital investment budget of 17 percent of the federal budget, which after deductions started at 2.5 billion US dollars and increased to over 6 billion US dollars in 2009 (Natali, 2010).

Earlier in Phase III, the 17 percent budget allotment to the Kurdish region resulted in constitutionally-derived fiscal decentralization as oil revenues yielded large amounts of revenue for the KRG to utilize. However, recently, the KRG has not consistently received its allotted federal share of oil revenue, a tremendous blow to the fiscal decentralization of the federal arrangement. As a result, the KRG demands “the establishment of a mechanism

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<sup>95</sup> Continued lack of development in the Kurdish region-including a legitimate education system, health care, and a skilled administration- due to war, Anfal operations, and infrastructural neglect (Rondinelli, 1987; Natali, 2010).

for the automatic allocation to subfederal entities of their share of the federal budget” (Morelli, 2014). Should Baghdad acquiesce to this demand and provide the funds, the presence of fiscal decentralization will resume.

**Agriculture/Production.** Phase III features the development of the business sector in Kurdistan, especially trade with Turkey and Iran, and much of it catalyzed by a liberal investment law passed in 2006 (Natali, 2010). Taxation revenue is available via the large construction sector; from 2006 to 2008, the KRG approved more than 4 billion US dollars in private development projects, mostly in construction. Agriculture also increases during this period, especially wheat production and vegetable cultivation (Natali, 2010). The distributive element of this resource factor of fiscal decentralization is evident in the KRG’s greatly expanded social welfare function; by December 2008, the KRG ministry of health procured about 70 percent of essential medical items, equipment, and technology through private tenders and funded new hospitals, medical specialists, continuing medical education centers (CME), oxygen factories, and medical equipment and supplies to the disputed areas (Natali, 2010).

**Natural Resources.** The greatest challenge to Kurdistan’s access to revenues from its oil resources lies in the dispute over them between the KRG and Baghdad. Much of the conflict stems from the Iraqi constitution’s vague wording. The constitution gives ownership of all resources in all of Iraq to all the people of Iraq; this language “neither vests ownership of oil and gas in the federal government nor allocates the resources to particular regions or governorates” and renders oil resources as “shared competencies” (Nelson, 2010). In regards to the management of oil, and the distribution of its revenues, the Iraqi constitution is similarly vague because it states that the federal government- in

cooperation with the “producing governorates and regional governments”- will manage oil. Yet, it does not specify “how or by whom the gas will be managed nor how its revenues will be distributed” (Nelson, 2010, p. 4). For most of Phase III, Baghdad has interpreted the constitutional terms in its favor, and has controlled oil revenues from Kurdistan.

**Foreign Aid.** Phase III is characterized by a more comprehensive aid regime that continues to extend the level of fiscal decentralization in the region. The aid administered during this phase moves beyond short-term relief efforts and bolsters local infrastructure (Natali, 2010). It must be noted, also, that the centralization of aid that characterized the end of Phase II is not continued in Phase III; the Iraqi reconstruction budget, for example, allotted funds directly to construction efforts in the Kurdistan Region, US \$602 million (Natali, 2010).

#### **7.4 Administrative decentralization in Kurdistan**

The aim of administrative decentralization is to grant autonomy to the subnational level of government (Schneider, 2003). This includes subregional government control over public finances (Rondinelli, 1984). Accordingly, the DDM utilizes subregional taxes, a common indicator of administrative autonomy, because they are subregional funds that are not subject to the conditions that grants from the national government often come with (Schneider, 2003). Also, Chapter 6 revealed the relevance of administrative decentralization’s representative capacity. Accordingly, I assess administrative decentralization in Kurdistan via two factors: the presence of regional taxation, and the presence of representative regional administrative bodies, presented in Table 7.4.

Factor	Elements
Subregional Autonomy	Regional taxation
	Representative administrative bodies
	Development

Table 7.4 Administrative Decentralization Factors in the Kurdistan Region of Iraq

#### 7.4.1 Administrative Decentralization in Phase I

**Regional taxation.** In Phase I, there was no taxation mechanism in the Kurdistan region. In fact, this phase features an inversion of this factor of decentralization because the Kurdistan region became wholly fiscally dependent on Baghdad as the Ba'ath regime pursued Soviet-style economic policy. The Kurdistan region transitioned from being self-sufficient from agricultural production to a welfare dependent of the Iraqi state (Natali, 2010).

**Representative administration.** The Law of Self Rule (1974) provided an administrative body in the region via its establishment of a twelve-member Executive Council equipped with both legislative powers and a Legislative Assembly that advised the council, and initially and in theory, local representation seemed to be institutionalized (for an outline of the jurisdictions of decision-making and powers, see Yildiz, 2004). But, in practice, this council offered Kurds no authentic representation of their interests. First, the chairman of the Executive Council was appointed by Saddam Hussain and could be

dismissed by the President at any time (Yildiz, 2004; Article 13). Additionally, Article 17 ensured that the state was able to intrude into the administration by providing that policy and security bodies were overseen by their corresponding directorates in the national Ministry of Interior. Moreover, Article 19 stipulated that the legality of the decisions of the administrative body would be supervised by the Iraqi Supreme court of Appeals (Yildiz, 2004). Later, administrative autonomy was reduced more with restrictions on who could be elected to the Legislative council; candidates had to be supporters of the Ba'ath Party, and candidate lists needed central government approval (Yildiz, 2004).

#### **7.4.2 Administrative decentralization in Phase II**

**Regional taxation.** In Phase II, the Kurdistan region's KDP party leadership gained full control of the illegal oil smuggling trade that Saddam Hussein had established in the Kurdish territory. This allowed the ruling KDP to derive tremendous sums of money in taxation from the trade's crossing point between the rest of Iraq and Kurdish territory, and then into Turkey (Anderson and Gareth, 2004). This tax revenue, however, does not constitute the regional taxation factor of administrative decentralization because of the high level of patrimony associated with these funds. Even if the tax revenue was intended to be used for distributive purposes in the region, the ensuing civil war between the KDP and the PUK imposed military expenditures.

Some may argue that the Kurdistan region's foreign aid source should be considered in this category because the region could have decision-making authority over these funds. However, while foreign assistance to Kurdistan increased in amount and was even more direct in nature during this phase, autonomy was not available to the Kurds

because the aid programs were designed to foster the territorial integrity of Iraq.<sup>96</sup> The Kurds did not have the autonomy to use the funds to develop their region: to invest in the region, build technology, stimulate local production, engage in trade, or develop tax programs (Natali, 1999; Gazdar and Hussain, 2002, p. 40). The lack of autonomy can be observed in the wheat procurement process, in which donor firms gave CARE Australia the authority to store, measure, and distribute the wheat (Natali, 2010). This obstructed local contractors from bidding because one of the requirements of the program was that contractors had to have a Turkish bank account (Ibid.). Additionally, the firms set local purchase prices for the wheat in accordance with international market prices without full knowledge of the local context and impact (Ibid.).

**Representative administration.** Kurdistan's administrative sphere in Phase 2 was divided into the PUK administration and the KDP administration based in Erbil. In terms of representation, this allowed more representation because it allowed for the entrance of officials and employees from the two major interests of Kurdish society, instead of the alternative of a (most likely KDP) single-party hegemony of the administrative sphere. In this sense, the Kurdish region had a unique, horizontal administrative decentralization.

Also, the lack of representation that characterized Phase I was countered in Phase II with the overthrow of Saddam Hussein in 2003. The Kurds' representation increased because Kurdish political actors entered the national administrative sphere. Kurdish officials were appointed to high-level government positions; Hoshyr Zibari became foreign minister, Nasreen Barwari became minister of public works, Barham Salih became minister

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<sup>96</sup> "Whereas conditionalities of the previous aid programs prohibited INGOs, UN agencies, and foreign governments from working directly with the KRG, the democracy mission permitted direct funding and support to the Kurdistan Region as part of a federal Iraq" (Natali, 2005, p.82).

of planning and vice prime minister, and Jalal Talabani became president. Kurds also accessed high administrative posts in disputed territories. The CPA even appointed Kurds to political and administrative leadership in areas where they were a minority, such as Tel Afar, Nineveh, and Kirkuk (Natali, 2010). Importantly applicable to the Kurdish provinces, the Transitional Law for the Administration of Iraq (TAL) created provincial councils equipped with the local autonomy to make political decisions, allocate resources, and appoint administrative posts<sup>97</sup> (Natali, 2010).

**Peshmerga.** During Phase II, the Peshmerga became the official defense forces of the region and established their political role in the administrative sphere of the Kurdish region. They became a salaried force of 80, 000 administrative employees with official uniforms, and an administrative role comparable to that of a police agency. The Peshmerga defense ministry developed bureaucratic leadership structures and a standardized protocol (Lortz, 2005; McDowall 2003). The tensions between the KDP and the PUK led to a division between their respective Peshmerga forces, emphasizing the Peshmerga institution's capacity to represent local movements.

#### **7.4.3 Administrative Decentralization in Phase III**

**Regional taxation.** The federal Iraqi constitution equips the Kurdish region with the legal status to generate taxable income. This dynamic can be observed in the dramatic growth of Foreign Direct Investment (FDI) flows to the Kurdish region that accompanied the transition to federalism. In this context, the Kurdish region exercised its jurisdictional

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<sup>97</sup> Yet, the TAL did not establish representative distribution mechanisms such as proportional representation, affirmative action, or quotas in public positions (see O'Leary et al., 2005, p.5). This prevented the practice of what Chapter 6 reveals as perhaps the most important for effective administrative decentralization: local level representation.



powers and passed the liberal Law of Investment (2006), which aimed to remove any legal obstacles to foreign investment, and allowed the investment of national and foreign capital jointly or separately into various development projects that contribute to the economic development process of the region (Heshmati, 2010). This law provides investment incentives in the forms of facilities and tax exemptions. Heshmati (2010) presents the number of foreign companies registered as operating in Erbil across the transition: 4 companies in 2003, 108 in 2004, and 296 in 2005 (Heshmati, 2010, p.151).

But, the Kurdistan Region's greatest potential source of taxable income is its oil revenues. Yet, Kurdistan faces two obstacles in this regard. First, it has no autonomy to tax its oil revenues. Instead, as previously outlined, the oil revenues are managed by the central sphere. Moreover, Kurdistan's lack of autonomy over its oil revenues negatively affects the investment environment it can foster. This is because the investment law noted above stipulates legal guarantees to investors (Article 7): it accounts for insurance, employment, repatriation of profits, money transfers, and issues of security (Heshmati, 2010). As the KRG revenues are dependent on transfers from Baghdad, the recent lack of transfers has made it difficult to deliver on this promise to investors, polluting the business climate.

Kurdistan's dependence on Baghdad instead of being able to rely on its oil resources for income has reduced Kurdistan's fiscal autonomy in other ways. While the initial grants from Baghdad raised the income level and the purchasing power of the regional government, the ensuing rapid development structure harmed the local production sphere (Heshmati, 2010). Thus, the capacity of the region to build a stable economy and develop its financial autonomy is crippled. Sambanis (2009) asserts that regions that rely

on central government transfers are less independent because they cannot rely on being able to spend in the future given that the center might change the amount.

The only way for Kurdistan to gain more autonomy over fiscal resources is if the KRG receives more power over the oil revenue stemming from its territory; the KRG must have the opportunity to generate revenue from its oil resources by producing and selling it. Kurdistan has catalyzed this shift in this phase; the KRG asserted autonomy over Kurdish oil resources and passed its own hydrocarbons law in 2007, followed by the entering of contracts with international oil companies. With these actions, the KRG assigned itself responsibility for oil management, increasing fiscal decentralization. The KRG's assertion of this independence in this manner with its independent sale of oil, such as to Turkey, satisfies this condition but only precariously as this independence is not legally protected and it has not been consistently maintained. This protection was almost provided when Al-Maliki conceded that the KRG could enter into its own contracts where it could pay oil companies on a shared profit basis. Maliki justified his support on decentralization justifications, noting that the nature of the extraction in Kurdistan is different from that of other regions. However, this route was not supported and was discarded. The more recent agreement between the KRG and Al-Abadi is a step backwards on this end as it is essentially an oil for cash agreement where the KRG agrees to provide Baghdad with a set amount of oil in exchange for its 17 percent installment.

**Representative administration.** Bolstered representation via the local sphere is supported in this phase by the foreign aid programs' aim of fostering the local level of the Kurdish region, including governance, public participation, civil society, and decision

making.<sup>98</sup> Additional local-level bolstering policy implemented in this phase is the Advanced Development Provincial Reconstruction (ADPR) budget program. Beginning in 2006, the ADPR budget for the three Kurdish governorates had increased from US 130 million to 395 million by 2008 (Natali, 2010).

Also, the administrative body of the KRG provides a high representation opportunity for residents via its employment. In this phase, the unified KRG has become the largest employer in the region; by 2008, it provided monthly employment stipends to an estimated 1.5 million people in the public sector, or about 76 percent of the population (Natali, 2010, p.91). Currently, “about 68% of the public budget is spent on payments to public employees” (Heshmati, 2010, p.153).

**Peshmerga.** In terms of representation in administration, the Kurdish security forces, the Peshmerga, are perhaps one of the most interesting factors of administrative decentralization in Phase III. As noted by Danilovich (2014, p.65), the presence of these forces is unique in comparison to other federal states, and could be construed to be unconstitutional if framed as an ethnic militia. The Iraqi constitution lends support to the presence of the forces by outlining that the regional government is responsible for all administrative requirements of the region, *particularly* “the establishment and organization of the internal security forces for the region such as police, security forces and guards of the region” (Article 121). Yet, the high military power of the Peshmerga obviously surpasses that of forces such as police officers; no “federal country comes to mind where regions, provinces, or states possess independent regional troops strong enough to stand up

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<sup>98</sup> “National capacity building projects supported by the USAID Regional construction Team (RRT) and the World Bank focused on local governance, policy reform, service delivery, public participation, civil society, decision making, and infrastructure building in the Kurdish north” (Natali, 2010, p.84).

to the national Army. In fact, the very idea of federalism has been specifically set forth to avoid such scenarios” (Danilovich, 2004, p.67). But, whether or not the Peshmerga are overly strong or not does not negate the legal constitutionality of their presence. Thus, within this analysis I argue that the Peshmerga’s strength is one of the features that makes the Peshmerga institution such a strongly representative administrative agency. It is widely recognized both within and outside the Kurdish region that the Peshmerga represent Kurdish identity and the Kurdish cause. As phrased by Danilovich “the Iraqi federation offers the Kurds a golden opportunity for fostering their identity and culture” (2014, p. 68). In the US, the civil rights movement catalyzed calls for the inclusion of more blacks in administrative institutions, including the police force. The ability for the security institutions to be vessels of local representation, then, is not new. Interestingly, the opposite can be observed in Turkey, where the military gendarme forces institutionalized in the Kurdish region has been criticized for not being representative and for serving only the interests of the central sphere to the detriment of the local Kurd minority in the areas that they have been placed. The Peshmerga, along with the inclusive regional administration bolsters the administrative decentralization in this phase, although this extent is precariously perched on the lack of autonomy in regards to Kurdistan’s lack of control over its oil revenues.

### **7.5 The decentralization trajectory of the Kurdistan Region**

In order to examine the decentralization trajectory of the Kurdistan region over time, I map the relative levels of these indicators in order to track variation of the decentralization types in the Kurdistan region across the three selected time periods. For each time phase, I indicate whether the factor was present at a “low,” “medium,” or “high”

level, reflecting on the assessments presented in the previous sections regarding the decentralization factors across time in the Kurdistan Region. Naturally, this “scoring” system remains exploratory at best as it is a very simple assessment. Nonetheless, it is useful for identifying the general relative decentralization patterns in the region throughout time, as well as for identifying the greater concentrations of present and absent decentralization in Kurdistan.

Political Decentralization		Phase 1	Phase 2	Phase 3
Constitutional design		none	none	high
Local Parties/movements	Elections	none	medium	medium
	Parties/movements	none	high	medium
Actors and issue independence	Party/movement independence	none	none	high
	Issue independence	none	none	high
Fiscal Decentralization		Phase 1	Phase 2	Phase 3
Subregional revenues	Government transfers	medium	none	low
	Natural resources	none	none	none
	Agriculture/production	low	medium	medium
	Foreign aid	none	low	medium
Administrative Decentralization		Phase 1	Phase 2	Phase 3

Subregional Autonomy	Regional taxation	none	none	low
	Representative administration	none	medium	high

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Table 7.5: The decentralization trajectory of the Kurdistan Region of Iraq

## 7.6 Takeaway

The findings in this analysis reveal that overall, decentralization increased in the Kurdistan Region over time in terms of the presence of political, fiscal, and administrative decentralization elements. The sharpest increase in decentralization appears to be in Phase 3, which lends support to the utility of a federal structure for overall decentralization efforts. However, the trajectory into a federal system does not seem to entail a full presence of decentralization, either. This highlights the fallacy of assuming that federal states are authentically decentralized. One important element that can preclude authentic decentralization is the subregional control over natural resources. Even when Iraq adopted a federal structure, this element remained absent in the Kurdistan Region in relation to its lack of control or access to regional oil resources.

This case study not only provides a framework for assessing decentralization in countries with no data, or imperfect data, but it also provides different elements to take into account for the development of more accurate future decentralization data. One of the most unique elements is foreign aid. Natali (2010) observes that,

While structural legacies and ethnic traditions have historically defined the relationship between the Kurds and the central government, external aid has created new dependencies and interdependencies, and avenues for conflict and cooperation. A key variable is the nature of aid, which can change over time and have difference consequences on local development and political processes (Anderson, 1999, p. 34). Aid programs can favor some groups over others, create new linkages within and between regions, and enforce rivalries where they may not have arisen (Natali, 2010, p. Xx).

The interdependencies fostered by aid in the Kurdistan Region have been shown to impact the decentralization dynamics in the region. This impact, however, would not be captured with the decentralization variables currently collected and utilized in cross-national contexts. The continued effort to understand and assess decentralization adequately can be improved as more of these types of realities are identified and accounted for through careful qualitative and quantitative analysis.

## CHAPTER 8

### CONCLUSIONS

In Erbil, the capital city of the semi-autonomous Kurdistan Region of Iraq, inside the cafeteria of the University of Kurdistan-Hewler, there is a large map-mural of a united Kurdistan, with no trace of Iraqi, Iranian, Turkish, or Syrian borderlines. This mural depicts all the Kurdish cities, from Hewler (Erbil) to Amed (Diyarbakir) to Kobanî. To the far left is the town of Halabja; the word *Halabja* universally evokes painful memories for Kurdish people, recognition of the tragic Halabja chemical attack that took place on March 16, 1988. Part of Saddam Hussein's Al-Anfal campaign, and recognized as an act of genocide, the attack resulted in the deaths of over 5,000 Kurds, mostly women and children.

Since the Cold War, millions of people around the world have died in internal ethnic conflicts (Center for Systemic Peace, 2015). In these struggles, mobilized groups engage in resistance, often violent, against governments. The involved animosities and grievances steep into generations, yielding protracted war cycles. Such struggles wreak havoc on societies through population displacement, poverty, famine, crime, and infrastructure destruction (Bakke, 2015). This dissertation addresses these conflicts, and the potential role of decentralization in the pursuit of peace in this context. I catalyze this study with the argument that a better understanding of decentralization's impact on ethnic conflict requires a better understanding of this institution itself, which can be achieved with an analytical shift that examines not decentralization per se, but instead the unique scope and role of different dimensions of decentralization: political, fiscal, and administrative.



The role that decentralization, especially federalism, can play in containing, or exacerbating, conflict is a salient debate across political, policy, and academic spheres. Currently, for example, debates about this institution are taking place in Syria, Ukraine, and Libya. Scholars have produced a trajectory of varied, and often contradictory findings on the role of decentralization in such conflict-ridden societies (Bakke and Wibbels, 2006; Brancati, 2006, 2009; Bakke, 2015). As a result, there is lack of clarity and consistency among the policy indications regarding decentralization's potential for the containment of conflict (Treisman, 2009).

This dissertation demonstrates that taking a nuanced, multi-dimensional approach to decentralization yields detailed insights that can serve to understand the decentralization and ethnic conflict relationship in terms of a subset of specific dynamics that contrasts sharply with the more typical approach in the literature of assessing the singular impact of decentralization per se, especially the impact of federalism. Specifically the presented set of insights are a function of a theoretical framework and statistical analysis of the relationships between political, fiscal, and administrative decentralization and three different manifestations of ethnic conflict. In sum, the perspective catalyzed by this dissertation stems from the question of *what type or aspects of decentralization* serve as tools for peace, instead of whether decentralization per se preserves peace.

In order to assess the impact of different types of decentralization on ethnic conflict, this dissertation sets forth the Deconstructed Decentralization Model (DDM) as a comprehensive, standard framework for decentralization. This framework disaggregates decentralization into political, administrative, and fiscal dimensions, and these dimensions are assessed at both the subregional state level and the subregional municipal level of

implementation. Utilizing the DDM to conceptualize and analyze the relationship between decentralization and ethnic conflict, my response to the overarching question of *what type of decentralization matters for ethnic conflict*, is that different types and levels of decentralization may contain different types of ethnic conflict occurring within different regime and country types. For example, what “works” to contain conflict in a federal country may differ from what “works” in a non-federal country. In sum, there is no single, general dynamic between decentralization and ethnic conflict, but instead I find evidence of many interactions between this institution and states facing ethnic conflict realities.

For example, one of the aspects of decentralization that is revealed to “work” for containing conflict in this dissertation is the local, municipal level decentralization factor. Specifically, the revelation of the powerful peace-promoting role of municipal administrative decentralization is one of this dissertation’s most unique components as this dynamic has not been explored up to this point. I find that at its most local level, decentralization is a strong tool against conflict. I argue, and find empirical support, that local-level administrative decentralization increases the opportunity for ethnic minority representation in the governmental and policy sphere, which in turn assuages minority grievances, and lessens conflict. Thus, states aiming to contain conflict can benefit from adopting decentralization initiatives in the administrative sphere, which I find can be achieved by increasing the autonomy of municipal agencies so that they, and not the central sphere, have power of employment decision-making. When hiring autonomy increases, ethnic minority representation opportunity increases, and resentment against the state is assuaged, lowering conflict.

Such findings indicate that decentralization can indeed be an effective institutional tool against decentralization. Yet, I conclude by reviewing possible directions of future research in order to continue to tease out the nuances of the decentralization and ethnic conflict dynamic. Among the various directions for further research, I propose that further developing the conceptualization of decentralization itself is needed. Specifically, more work is needed to close the gap between decentralization as designed or as an aspiration, versus decentralization in practice and implementation. This dissertation reveals various factors that preclude the authentic implementation of decentralization, including the dominance of regional elites and economic dependence on the central sphere. Consequently, the next step in advancing the DDM is to incorporate these factors into its matrix of measures. Additionally, I propose that analysis of the local-level of fiscal decentralization may be beneficial to this research agenda.

## **8.1 Argument**

This dissertation holds that decentralization that certain dimensions and aspects of decentralization can help contain ethnic conflict depending on the particular manifestations of conflict and country characteristics. This argument involves the contribution of a new framework to assessing decentralization in states, the DDM. The DDM incorporates three dimensions of decentralization: political, fiscal, and administrative. Federalism, the concept most commonly associated with decentralization, is incorporated as one factor of political decentralization in this model. Additionally, the DDM distinguishes between the presence of decentralization at two subregional levels: state and municipal. This argument and approach to decentralization contrasts with the bulk of the decentralization and ethnic

conflict literature, which tends to view decentralization as unidimensional and usually in terms of federal arrangements.

## **8.2 Political decentralization and ethnic conflict**

In this dissertation, political decentralization involves the independence of local movements and actors. The factors of political decentralization in the DDM are municipal and state elections as well as federalism. The inclusion of federalism as one factor contributing to political decentralization, instead of as a representation of decentralization in its entirety is one of the most unique aspects of this dissertation's approach to decentralization. While incorporating insights and an institution obviously associated with decentralization, this treatment of federalism also enables this analysis to refrain from weighing federalism disproportionately within the decentralization dynamic. Importantly, this classification renders the DDM approach useful for assessing decentralization in unitary states, which up to this point has not been directly addressed.

I argue that the relationship between political decentralization and ethnic conflict hinges on two dynamics: ethnic identity reinforcement and ethnic representation. The aspiration of political decentralization involves the extension of representation to ethnic minorities via the delegation of political power away from the central sphere; in essence, more political opportunities, such as political office, available at the subregional level increases the representation capacity available to ethnic minorities (Schneider, 2003; Schneider and Wiesehomeier, 2008). The perception of representative amenability assuages ethnic minority grievances regarding lack of political voice or representation. The problem is that political decentralization can either deliver more representation, or it can

serve as a platform for the reinforcement of ethnic identities.<sup>99</sup> The latter takes place if regional ethnic elites, incentivized by the resources available from elected office positions, seek to maximize their access to these resources and capitalize on ethnicity to gain and maintain office, resulting in collective ethnic identity reinforcement, which fuel grievances and tensions (Brancati 2006, 2009). Where political decentralization fosters ethnic identity, therefore, ethnic tensions can be expected.

The findings in this dissertation regarding the political decentralization factor of state and municipal elections reveals this divergent effect of political decentralization. While I find that municipal elections consistently decrease ethnic conflict, state-level, regional elections are revealed to increase ethnic conflict in some cases. I argue that, in contrast to subregional state dynamics, which have a higher propensity to be dominated by regional ethnic elites with economic and political maximization agendas, the smaller pool of resources at the municipal level do not have the lure of the much higher regional-level resources (especially in resource-rich countries) which activate the minority elites' pursuit of personal gain. Instead, the local-level political decentralization sphere allows for the intended delegation of representation and power of decentralization to take place. Municipal elections, therefore, increase the opportunity for ethnic minorities to elect leaders that represent their ethnicity, which enhances collective minority perception of their political representation, directly addressing the common minority grievance of a lack of political voice.

The findings also reveal the impact of federalism as a structure designed to foster political decentralization by structuring subregional political presence. I argue that this aim

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<sup>99</sup> In regards to the latter, see Brancati (2006, 2009).

of federal design delivers as an abstract notion per se the perception of political and identity representation opportunity to ethnic minorities. For example, the opportunity for Kurdish regional leader Barzani, elected prime minister of the Kurdistan Region of federal Iraq, and to express his representative Kurdish identity within this role, differs from the counterpart Kurdish dynamic in non-federal, very politically centralized Turkey, where the subregional electoral sphere continuously shrinks; for example, the most recent local government “re-organization” of 2014, which significantly decreased the number of elected official positions and resulted in allegations of electoral fraud and intimidation against the government and the ruling AKP party.<sup>100</sup>

The findings regarding federalism are an important contribution to this research agenda given that the bulk of studies directly or indirectly address federalism’s capacity to contain conflict and have rendered contradictory findings (Bakke and Wibbels, 2006; Brancati 2006, 2009). I find that federalism decreases the most intense ethnic conflict type, anti-regime rebellion. Moreover, across the three types of ethnic conflict utilized in this analysis, I find no evidence that federalism increases conflict. These findings lend support to the argument that federalism is peace-conducive (e.g. Bermeo, 2002; Stepan, 1999; Hechter, 2000b; Lijphart, 1977, 1996; Lustik, Miodownik, and Eidelson, 2004; Gurr, 2000).

### **8.3 Fiscal decentralization and ethnic conflict**

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<sup>100</sup> See “Turkish civic society mobilizes against election fraud,” Al-Monitor, May 28, 2015, available at <http://www.al-monitor.com/pulse/originals/2015/05/turkey-civic-society-mobilizes-against-election-fraud.html> (last accessed March 19, 2016).

The second decentralization dimension explored in this dissertation is fiscal decentralization. Conceptualized as an increase in the proportional allocation of resources at the subregional level, this dimension involves distribution dynamics. Fiscal decentralization aims to increase the efficiency of distribution of resources by allocating a greater share to be administered at the subregional level. In this dissertation, the DDM's fiscal decentralization dimension captures one of the conventional arguments against decentralization as an accommodative institution. The argument is that decentralization equips ethnic minorities with the resources with which to mobilize against the state (Horowitz, 2000). This type of argument is premised on the view that mobilization is driven by primordial desires for autonomy and independence (Taras and Ganguly, 1998). I argue that by delegating the administration and allocation of resources to the subregional level, fiscal decentralization can trigger mobilization in this manner. The findings, however, do not substantiate this argument uniformly. First, generally, fiscal decentralization is not found to be associated with an increase in ethnic conflict. Yet, there is evidence of this impact in the context of unitary, as opposed to federal, states. I find that in unitary states, fiscal decentralization increases anti-regime rebellion, whereas in federal states, it does not. It appears, therefore, that fiscal decentralization fuels mobilization only where minorities may still have political and cultural grievances against the state (likelier to be the case in a unitary state), but not where they have secured political and cultural rights (likelier to be the case in federal states). In sum, fiscal decentralization per se does not fuel ethnic conflict in terms of ethnonationalist aspirations, possibly leading to a push for independence and state dissolution, but it can mobilize minorities with grievances against the state stemming from a lack of political and cultural autonomy. One of the more salient insights from these

findings, therefore, is the counterweight it offers to arguments of federalism as the “stepping” stone to state dissolution.

#### **8.4 Administrative decentralization and ethnic conflict**

The third dimension in the DDM framework is administrative decentralization, which refers to the notion of subregional autonomy from the central sphere. This autonomy is explored across two areas in this dissertation: subregional autonomy over fiscal resources, and subregional autonomy of administrative agencies. In terms of fiscal resources, I argue that, in contrast to fiscal decentralization, which only increases the allocation of resources at the subregional level, administrative decentralization, which I capture as subregional tax revenue, may allow higher subregional autonomy over expenditure decision-making. The higher autonomy over regional expenditure decisions, in turn, may increase the adoption of policies and programs more attuned to the local population, assuaging grievances and lowering conflict. One example of this dynamic is within the US educational sphere, in which federal contributions are a relatively smaller proportion of states’ educational budgets. The US states’ significant autonomy over this budget is evident in the resultant variation in educational systems, particularly in relation to the accommodation of minority students. States such as Texas and Arizona, with significant minority Hispanic populations, have developed dual-language education programs that accommodate and promote the Spanish language. I find evidence of this type of dynamic in relation to unitary states; specifically, I find that an increase in administrative decentralization reduces intercommunal conflict. By empowering the subregional level with autonomy over fiscal decision-making, it is likely that the opportunity for decision-making that reflects the interests of local groups increases. Since this finding pertains to



the presence of competing groups in conflict, this finding could counter arguments against decentralization which cite the possibility that if groups are given decision-making power, they will utilize it to develop discriminatory policies and legislation, fueling intergroup tensions and conflict. Instead, it appears that access to decision-making is more likely to be utilized to primarily serve group interests.

As with the local-level political decentralization findings involving municipal elections, I also find a strong impact of local-level administrative decentralization on conflict. I assess the local-level administrative dimension dynamics within the realm of bureaucratic agencies, utilizing a new, innovative dataset of local-level decentralization characteristics by Yvanyna and Shah (2014). I argue that local level administrative decentralization heightens the representative capacity of local-level bureaucratic agencies. This takes place as delegation of decision-making power and responsibility increases municipal level administrative agencies' autonomy in relation to the central sphere. In turn, agencies' higher autonomy enables them to employ local minorities, instead of centrally-appointed employees, and prevents overhead pressure on decision-making at the agencies. This increased autonomy increases the ability of the decision-making in agencies to behoove the interests of the local minority population. These resultant policies and decisions address and assuage minority grievances, and lessen conflict. This argument is strongly supported by the findings in this analysis. I find that local agency hiring autonomy decreases anti-regime rebellion across both federal and non-federal countries, and also in wealthy as well as less wealthy countries. Moreover, with predicted probability estimations derives across a set of both unitary and federal country ideal types varying along democracy levels from I find that local level administrative decentralization uniformly and

consistently decreases the likelihood of anti-regime rebellion. This sweeping conflict-containing impact of local level administrative decentralization is an encouraging revelation of the fact that this powerful tool is not exclusive to advanced democracies only. Moreover, given the already-present global appeal of administrative decentralization, this finding provides further support for states' administrative decentralization initiatives and indicates a specific area of implementation that can help combat ethnic tensions. The local-level decentralization component of this dissertation is one of its major contributions. First, it offers an unprecedented angle on decentralization; previous research on decentralization and conflict has only assessed the relationship at the subregional state or provincial level. Additionally, this component reveals that the most local level of decentralization is perhaps the most powerful for the containment of conflict. A specific policy implication is thus offered for countries striving for peace, and they are likely to benefit more from continued research along the local aspects of political, fiscal, and administrative decentralization.

## **8.5 Contributions and policy perspectives**

These arguments and findings highlight the overall thrust of this dissertation, which is that different types of decentralization impact ethnic conflict differently. The contributions to the understanding of decentralization and its impact on ethnic conflict that this dissertation makes lie in the identification of what types and aspects of decentralization matters for which states. In turn, a nuanced set of policy recommendations for states seeking to contain ethnic conflict is derived.<sup>101</sup> For example, the findings indicate that for unitary states seeking to contain anti-regime rebellion, avoiding the implementation

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<sup>101</sup> For a visual presentation of all recommendations for various country profiles, please see Table 1.1 in Chapter 1 or 4.1 in Chapter 4).

of fiscal decentralization and instead implementing political decentralization via municipal elections and/or federalism is recommended. On the other hand, for unitary states seeking to address anti-regime protest, implementing municipal elections (political decentralization) is recommended. For unitary states seeking to contain intercommunal conflict, both fiscal and subregional state-level administrative decentralization are recommended. States that face anti-regime rebellion but are less democratic, however, would worsen tensions and conflict by pursuing political decentralization, fiscal decentralization, and subregional state-level administrative decentralization. Instead, the only decentralization tool effective for this profile is local, municipal-level administrative decentralization. However, if this type of country seeks to ameliorate intercommunal conflict, fiscal decentralization is recommended.

The findings indicate, moreover, that for both unitary and federal states seeking to contain anti-regime rebellion, local, municipal-level administrative decentralization can assuage grievances and lessen conflict.

## **8.6 Future research**

This dissertation's wide conceptual, theoretical, and empirical scope yields various possible avenues for further research. The findings in this dissertation indicate that the nuanced DDM conceptualization of decentralization is a fruitful approach for understanding decentralization and its impact on ethnic conflict. Specifically, this study's revelation of the decentralization dimensions' multiple types and directions of impact suggests that deconstructing decentralization along the dimensions of political, fiscal, and administrative decentralization is effective for this analysis. A beneficial next step involves the enrichment of the DDM framework with the inclusion of additional factors within the

dimensions. Especially, the case study of the Kurdistan Region in Iraq reveals a set of factors that can challenge the authenticity of decentralization, and these factors can be incorporated into the DDM's corresponding variable set. For example, ethnic elite dominance is found to threaten the representative capacity of political decentralization. Accordingly, this factor can be captured following the approach and findings of Brancati (2006, 2009), for example, where regional elite dominance is captured via regional ethnic party strength. On the other hand, the case study reveals that an important variable within the fiscal dimension, especially for developing countries, is foreign aid. It is possible that, especially in a conflict-ridden developing states, foreign aid is a substantial, or the major, resource. At issue, however, is whether foreign aid "reaches" the subregional level; as occurred with Iraq, foreign aid was sometimes provided to Iraq's central sphere, and in other cases it was directly allocated to the Kurdistan Region. This has implications for the administrative dimension, moreover, as the subregional level's decision-making autonomy over its allocated foreign aid expenditure may be restricted, challenging the authenticity of administrative decentralization in terms of fiscal autonomy. Accordingly, the foreign aid factor can be an additional variable of administrative decentralization along with the current subregional tax revenue indicator.

Additionally, further analysis of the local, municipal level aspect of decentralization, revealed to be a powerful conflict-containing tool within the political and fiscal dimensions, is likely to yield more insights about decentralization's capacity for containing conflict. This dissertation explores the local aspects of political and administrative decentralization; naturally, exploring the local aspect of fiscal decentralization would be consistent with this important component. Particularly,

exploring the municipal level's capacity for efficient distribution, and its implications for popular grievances, should provide additional insights in terms of the set of local-level decentralization tools that states in pursuit of peace can consider.

The future trajectory of research within the deconstructed approach presented in this dissertation echo the underlying conclusion of this dissertation, which is that decentralization does not have a unidimensional and uniform impact on ethnic conflict, but instead the relationship between decentralization and ethnic conflict is a complex, multi-dimensional set of dynamics from which particular conflict-containing institutional capacities can be drawn.

## **APPENDIX A**

### **LIST OF CASES IN DATA SET**

Albania, 1985-2000  
 Argentina, 1985-2000  
 Azerbaijan, 1991-2000  
 Bahrain, 1985-1995; 1997-2000  
 Belarus, 1985-2000  
 Belgium, 1985-2000<sup>102</sup>  
 Bolivia, 1985-2000  
 Botswana, 1985-2000  
 Brazil, 1985-2000  
 Bulgaria, 1985-2000  
 Canada, 1985-2000  
 Chile, 1985-2000  
 Costa Rica, 1985-2000  
 Croatia, 1991-2000  
 Czech Republic, 1993-2000  
 Dominican Republic, 1985-2000  
 Estonia, 1991-2000  
 Ethiopia, 1985-1990  
 France, 1985-2000  
 Germany, 1990-2000  
 Guatemala, 1986-2000  
 Hungary, 1985-2000  
 India, 1985-2000  
 Indonesia, 1985-2000  
 Iran, Islamic Rep., 1985-2000  
 Israel, 1985-2000  
 Italy, 1985-2000  
 Kazakhstan, 1991-2000  
 Kenya, 1985-2000  
 Kyrgyz Republic, 1991-2000  
 Latvia, 1991-2000  
 Malaysia, 1985-2000  
 Mexico, 1985-2000  
 Moldova, 1991-2000  
 New Zealand, 1985-2000  
 Nicaragua, 1985-2000  
 Panama, 1985-2000  
 Paraguay, 1985-2000  
 Peru, 1985-1999  
 Philippines, 1985; 1987-2000  
 Romania, 1985; 1987-2001  
 Russia, 1992-2000  
 Slovak Republic, 1991-2000  
 South Africa, 1985-1991; 1994-2000

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<sup>102</sup> Belgium is not included in the MAR dataset. The dependent variable observations are drawn from Brancati (2006, p.664, footnote 59).

Spain, 1985-2000  
Sri Lanka, 1985-2000  
Switzerland, 1985-2000  
Tajikistan, 1991-2000  
Thailand, 1985-2000  
United Kingdom, 1985-2000  
United States, 1986-2000  
Zimbabwe, 1985



## **APPENDIX B**

### **STATISTICAL NOTES REGARDING TSCS DATA**

Time-series cross-sectional (TSCS) data, also sometimes referred to as pooled data, panel data or longitudinal data, is associated with a number of issues. This appendix will discuss how I addressed some of these issues in relation to the TSCS data set utilized in the analyses presented in Chapter 5 and Chapter 6.

### **B.1 Missing observations**

The utilized data set has missing data within the dependent conflict variables. Table 1 presents the variation in missing data across the three conflict indicators: anti-regime rebellion, anti-regime protest, and intercommunal conflict.

Dependent Variable	Missing	Total	Percent Missing
Anti-Regime Protest	141	834	19.9
Anti-Regime Rebellion	109	834	13.1
Intercommunal Conflict	291	834	34.9

Table B.1 Missing conflict observations

Missing data is a common reality of conflict and cross-national research. In some cases, it suffices to assert it implies a selection bias where results pose implications restricted only to the sample (Beck, 2001, p. 273; Heckman 1979; Signorino, 2002, p. 96). Opting for an “intact” fitted regression function using only non-missing observations can erroneously conflate the behavioral parameters of interest with the function’s parameters determining entrance into the sample (Heckman, 1979). In other words, the presence of missing data can shed light on the dynamics at play involving the independent variable. This utility, however, hinges on the case that missing observations are missing at random (MAR)

(Signorino, 2002). This is because there is no risk of bias if the selection mechanism is only correlated with an explanatory variable (King et al., 1994). In the case of MAR, missing data is “ignorable” because it does not impact the conclusions made about the relationship between the independent and dependent variables and the estimated linear regression produces coefficients that are the same as the “true” model (Signorino, 2002).

In this dataset, however, it is reasonable to suspect that the missing data is not MAR, but could be missing due to conflict itself and the difficulties it can pose for data-collection. This leads to possible inference bias due to the fact that the missing observations are missing as a result of “selection” in a manner that is related to or correlated with the dependent variable (Signorino, 2002; Heckman, 1979). To address this potential selection bias, I employ a Heckman two-step selection model (Signorino, 2002). I utilize this method for the three conflict variables: anti-regime rebellion, anti-regime protest, group conflict. Briefly, the Heckman method involves specifying a selection equation that models whether the observations are missing as a function of a set of covariates. The selection equation is then inserted into the outcome equation and a probit estimator is used to model the expected value of  $y$ , conditional on its being observed. This method identifies whether selection bias is present, as well as the factors that lead to this selection bias. In turn, this method serves to control for the effect of non-random selection by including both the observed and the unobserved factors that may impact whether observations are missing. The estimates of the decentralization variables generated with the Heckman method are not substantially different when compared with the outcome equation’s estimates, indicating that selection bias is not a concern.

### **B.1.1 Selection model estimation**

Because this estimator requires a binary outcome variable, a “missingness” variable was generated and coded as 1 if the dependent variable was observed, and 0 if it was not observed, for anti-regime rebellion, anti-regime protest, and intercommunal conflict.

The covariates of the selection equation utilized for the models include logged GDP, democracy, and ethnic fractionalization. These three are consistent with the control variables utilized in the base outcome equations throughout the models. A unique covariate utilized only in the selection equation is an indicator for the time (in hours) that it takes to prepare taxes in a state’s public sector. This indicator is drawn from the World Bank’s Public Sector indicators and is used to relate government hesitancy to report data. Missing observations were imputed using the observations for later years (2005-2013); as this variable remains virtually static over decades, there is no concern with inaccuracy. The countries for which this variable was imputed include:

1. United States, from 2013
2. Mexico, from 2013
3. Brazil from 2011
4. Russia, from 2013
5. Bahrain, from 2007
6. India, from 2013
7. Indonesia, from 2013

Table B.2 presents the probit estimations for the selection equation models and the outcome models. As there are no substantive differences in the corresponding coefficients across models, there is no indication of significant selection bias due to missing observations among the dependent variables of this analysis.

Independent Variable	Without Sample Selection			With Sample Selection		
	Anti-Regime Rebellion	Anti-Regime Protest	Group Conflict	Anti-Regime Rebellion	Anti-Regime Protest	Group Conflict
Fiscal decentralization	0.0125 (0.00873)	0.00569 (0.00753)	-0.00407 (0.00875)	0.0124 (0.00872)	0.00732 (0.0101)	-0.0134 (0.0108)
Administrative decentralization	0.00321 (0.00409)	0.00819 (0.00345)	-0.00618 (0.00411)	0.00318 (0.00414)	0.00850 (0.00374)	-0.00803 (0.00427)
Political decentralization: municipal elections	-0.246 (0.0904)	-0.182 (0.0813)	-0.217 (0.125)	-0.245 (0.0901)	-0.175 (0.110)	-0.199 (0.150)
Political decentralization: state elections	0.239 (0.153)	0.0305 (0.0866)	-0.0604 (0.103)	0.238 (0.154)	0.0390 (0.0999)	0.0236 (0.0972)
Political decentralization: federalism	-0.824 (0.341)	-0.232 (0.243)	-0.245 (0.330)	-0.817 (0.346)	-0.230 (0.243)	-0.243 (0.347)

Note: Panel-clustered standard errors for both models are in parentheses.

Table B.2 Sample selection results

## B.2 Fixed effects

In regards to heterogeneity in TSCS data, scholars advocate the use of fixed effects (Hsaio, 1986, p. 41-43, cited in Beck, 2001, p.284). However, fixed effects are not appropriate for in this analysis because the variables of interest are institutions, which are static or change slowly; this is because fixed effects estimations are collinear with independent variables that are unchanging attributes of the units and this causes these variables, which are of interest, to be dropped (Beck, 2001, p.285). As a result, the fixed effects “soak up” the explanatory power of the institutional variables (Ibid.). The cost to the explanatory power of the primary variables of interest in this model is higher than the potential omitted variable bias from omitting fixed effects. The other option, random

effects, utilized often in panel data, is not appropriate for TSCS data; “random effects model is appropriate if one thinks of the observed units as a sample from a larger population and if one wants to make inferences about the larger population. In TSCS data, the units (countries) are fixed and we are not interested in extending inference to a larger, hypothetical population of similar countries” (Beck, 2001, p.284). Instead, to counter the risk of sum of squared errors inflation, cluster-robust standard errors are estimated.

### **B.3 Serial correlation**

In terms of efficiency, serial correlation is traditionally expected for conflict dependent variables. However, the risk of inefficiency is more applicable to long time series, over 20-30 years, and not a problem for micro panels utilized in the models of this analysis (which span 16 years and 10 years) (Torres-Reyna). Regardless, I applied the Wooldridge-Drukker (2003) test for autocorrelation and find no evidence of serial indication in the anti-regime rebellion model, but indication of potential serial correlation in the protest and group conflict models. Consistent with the traditional approach in the literature, I address underestimation of the standard errors by lagging the dependent conflict variables; it is “often the case” that including a lagged dependent variable eliminates almost all serial correlation of the errors (Beck and Katz, p. 11). Additionally, also consistent with other studies,<sup>103</sup> I generate robust standard errors by clustering by group.

However, while the use of lagged dependent variables is a common approach in the literature, this option generates other concerns. Achen (2010, p.4) notes that the problem with the “dominant” nature of lagged dependent variables is that they can “bias substantive

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<sup>103</sup> E.g. Bakke and Wibbels (2006).

coefficients towards negligible values” while simultaneously inflating the impact of the lagged variable.” Achen asserts that this problem is most likely in the case of serial correlation (p. 6-7) When there is serial correlation, the lagged dependent variable picks up the effect of unmeasured variables in a rather extreme manner, “picking up the effect, not only of excluded variables, but also of the included variables if they are sufficiently trended...[and] the impact of the included substantive variables is reduced, sometimes to insignificance” (p.7) As potential serial correlation is present in this data, the lagged variables could be quite “dominant” in this analysis. However, as these models utilize micro panels, which I noted are associated with less inefficiency, this could be a lesser concern. In fact, in separate models estimated without the lagged dependent variables, I do not find much substantive change, with the exception of a few cases of changes in significance, assuaging this concern.

Alternatively, I address time dependency by following Signorino (2010).

## **APPENDIX C**

### **Addressing possible multicollinearity**



Variable	VIF value
Fiscal decentralization: subregional expenditures	1.38
State admin. decentralization	1.7
Local admin. decentralization: local government employment	1.35
Local admin. decentralization: local hiring autonomy	2.82
Political decentralization: municipal elections	2.02
Political decentralization: state elections	2.46
Political decentralization: federation	2.91
GDP, log	3.16
Presidential system	1.93
Majoritarian system	1.54
Proportional system	1.66
Democracy	1.69
Ethnic fractionalization	1.48
Mean VIF	2.01

Table C.1 Collinearity diagnostics

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