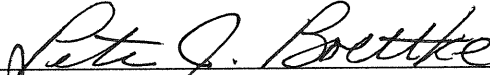


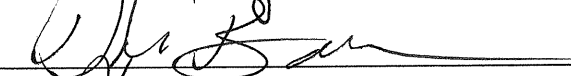

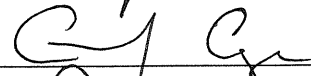
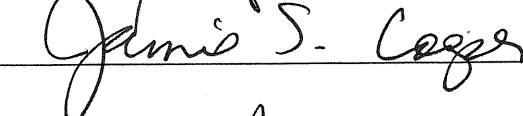


AID AND THE ROLE OF EXTERNAL INFLUENCE IN POLYCENTRIC
INSTITUTIONS

by

Liya Palagashvili
A Dissertation
Submitted to the
Graduate Faculty
of
George Mason University
in Partial Fulfillment of
The Requirements for the Degree
of
Doctor of Philosophy
Economics

Committee:

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Spring Semester 2015
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A Dissertation submitted in partial fulfillment of the requirements for the degree of
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Master of Arts
George Mason University, 2012

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DEDICATION

This dissertation is dedicated to my family. To my father and mother, Eric and Marina Palagashvili, for sacrificing so much for me and giving me everything they could in order for me to pursue my dreams. To my brother, Givi Palagashvili, for his continual support and companionship. And to my wonderful aunt, Renata Palagashvili, for pushing me to never give up.

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ABSTRACT

AID AND THE ROLE OF EXTERNAL INFLUENCE IN POLYCENTRIC INSTITUTIONS

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Dissertation Director: Dr. Peter J. Boettke

How can government leaders be made more accountable to their citizens? Polycentricism and federalism are often used as examples of institutional structures that align the interest of political leaders with that of citizens and thereby facilitate better “governance” services. I extend the framework by Vincent and Elinor Ostrom on polycentricism and analyze how the mechanisms inherent in these structures can break down. First, this can occur through external funds softening the budget constraint of local governance providers and severing the link between the providers of governance service, the customers paying for the service, and the recipient of the payments. Second, this can occur when external aid or influence reduces political competition between governance providers through limiting the supply of governance service providers or increasing the costs of voice and exit. Softening the budget constraint and reducing political competition thus alter the incentives of government actors to provide better-quality governance. I

apply this framework to understanding how such things as federal (central government) aid to localities, colonial rule, and any other forms of external influence or aid can weaken these mechanisms and thus lead to lower quality of governance services. The first essay introduces the concept of polycentricism and argues that because of the nature of my inquiries, the most appropriate way to analyze these questions is this through the use of case studies and/or fieldwork. The second essay applies the framework and examines how federal funds to local police departments in the United States broke down the mechanisms inherent in community-policing solutions. The third essay identifies the mechanisms by which colonialism severed the link that aligned the incentives of government to its citizens in West African chiefdoms. The fourth and last essay concludes and provides further areas of application by discussing foreign aid to developing countries and European Union aid to its member states as preliminary case studies using this framework.

INTRODUCTION

How can government leaders be made more accountable to their citizens?

Research in development economics discusses the predatory aspects of governments that keep many parts of the world undeveloped. In order to spur the path to development or maintain a well-developing economic system, there need to be mechanisms that incentivize governments to align their interests with the overall interests of society. In other words, are there institutional structures that will lead predatory (or unresponsive) governments to become more responsive to their citizens?

Polycentric institutions, federalism, and other forms of competitive governance structures have important mechanisms that align the interest of political leaders with that of citizens and thereby facilitate better “governance” services. However, the mechanisms present in all of these systems of governance that incentivize leaders to abide by their constitutional agreements can break down or become severely weakened. The purpose of this dissertation is to analyze how these mechanisms breakdown. First, this can occur when the link is severed between the providers of governance service, the customers paying for the service, and the recipient of the payments through external funds coming from the central (or external) government and thus softening the budget constraints of local governance providers and reducing the incentive to provide better-quality

governance.¹ Second, these mechanisms can be broken by reducing the competitive environment within which these governance services exist by weakening both citizen exit and voice. Utilizing this framework, this dissertation then applies it to two case studies: (1) the impact of U.S. federal government aid to local police departments and (2) the impact of British colonial rule on chiefdoms in West Africa. It then concludes with discussion of further applications of foreign aid to developing countries and European Union aid to its member states as preliminary case studies using this framework. While these all may seem like different approaches or policies, they are conceptually similar in the mechanisms that lead to a breakdown of better governance services.

The first essay (and second chapter) in this dissertation, “Riding in Cars with Boys: Elinor Ostrom’s Adventures with the Police” (co-authored with Peter Boettke and Jayme Lemke) outlines the Ostrom framework and methodology that I use to approach this question. This essay argues that because the nature of the questions I am attempting to analyze are about democratic self-governance and accountability of government to citizens, the appropriate way to analyze is this through case studies and/or fieldwork.

The third chapter, “Re-evaluating Community Policing in a Polycentric System,” (co-authored with Peter Boettke and Jayme Lemke) examines how federal funds to local police departments in the United States broke down the mechanisms inherent in community-policing solutions. Federal funds for the war on drugs and war on terror changed the incentives for community policing as police officers shifted their accountability from the citizens to the federal government.

¹ Kornai (1986) introduces term of ‘softening of budget constraint’ when local governments get additional funds from a higher-level government budget.

The fourth chapter, “Colonial Impact on Governance in West African Chieftaincies,” identifies the mechanisms by which colonialism severed the link that aligned the incentives of government to its citizens. This happened by reducing political competition and softening the budget constraints of the chiefs. The outcome was the breakdown of incentives for “good governance,” which resulted in widespread corruption of leaders and poorer governance services.

The fifth chapter, the conclusion, ties the different case studies together and discusses how federal government aid to localities, colonial rule, European Union aid to member countries, and foreign aid to developing countries are all similar in the ways in which they can alter the incentives of political and government leaders in power. Today, although much aid rhetoric stems from the necessity to provide public goods in these countries in order to meet the demands of the citizens, rhetoric does not equal reality. In reality, scholars should consider how aid impacts the institutional structures of the incentives of government leaders to provide those public goods and the incentives to be responsive to their citizens. Thus, if we understand the problems of unresponsive governments in terms of the incentives that political leaders face and the mechanisms that lead to these incentives, it can shed light on the importance of particular institutional arrangements for better economic outcomes.

RIDING IN CARS WITH BOYS: ELINOR OSTROM'S ADVENTURES WITH THE POLICE

1 Introduction

Riding as an observer in a patrol car in the central district of a large American city at midnight on a Saturday evening, one sees different patterns of human interaction than in a suburb on a weekday afternoon when school is letting out. In both cases, one observes the production of a public good—local safety—by an official of a local government. Others who are involved in each situation differ in regard to age, sobriety, why they are there, and what they are trying to accomplish. And this context affects the strategies of the police officer one is observing. (E. Ostrom, 2010: 645)

By the nature and construct of their inquiries, Elinor Ostrom (1933-2012) and her colleagues pursued a lifetime of research and analysis that was rich in detail and historical context. In order to understand the diversity of institutional arrangements, the mechanisms of on-the-ground rule making, and the self-governing capacities of citizens, Elinor's research demanded that she utilize fieldwork and comparative case studies. The use of fieldwork enabled Elinor to address questions of public organization and institutional development using locally self-determined welfare criteria rather than the more common apparatus of technical efficiency. From our perspective, this emphasis on the individual actor as an unvarnished, fallible individual is the defining characteristic of Elinor's research legacy and should be regarded as such. Further, in this paper, we aim to advance the idea that the multiple-methods approach is best employed within the framework of a thorough and well-constructed analytic narrative based on in-depth fieldwork in whichever of its manifestations is most appropriate for the question at hand.

Elinor Ostrom spent much of her career trying to get her colleagues in the social sciences to appreciate the tremendous institutional diversity of human societies. Early in her career, her interest in institutional development by local actors within a polycentric governance structure led to her involvement in the 1960s metropolitan reform debates over the best way to deliver local public goods and services. During this debate, the consolidationists employed arguments about technical efficiency in the production of local public goods to argue that polycentric provision was wasteful and unnecessary. In making this argument, they neglected the role of self-determination in the measurement of welfare and the role of polycentric systems to respond to the policy preferences of the local population. Consolidated and centralized governmental production and provision of public goods, the polycentric model predicted, would become “insensitive and clumsy in meeting the demands of the local citizens for the public goods required in their daily life” (V. Ostrom, Tiebout, and Warren, 1961: 837). In addition to jurisdictional choice as exercised through migration, Elinor’s research placed a particular emphasis on active citizen participation and the exercise of voice as important tools available to citizens for the discipline of governmental actors. As such, it is impossible to fully appreciate the argument made on behalf of polycentricity without placing it in the broader Tocquevillian task of crafting a new science and art of association.²

² Elinor Ostrom in one interview states the following: “one of our greatest priorities at the Workshop has been to ensure that our research contributes to the education of future citizens, entrepreneurs in the public and private spheres, and officials at all levels of government. We have a distinct obligation to participate in this educational process as well as to engage in the research enterprise so that we build a cumulative knowledge base that may be used to sustain democratic life. Self-governing, democratic systems

What ultimately matters for the Tocquevillian project is the cultivation of citizens capable of democratic self-governance, and collective decision processes that respect the great diversity and desires of local communities. The presence of lots of governments, from this perspective, is not a problem to be overcome, but a characteristic of vibrant democratic self-governance. In order to incorporate this concept of self-determination while still engaging the consolidationists on their own terms, Elinor Ostrom sought to empirically demonstrate that not only did a polycentric system better respond to diverse local populations, but that in doing so it produced and/or provided local public goods more effectively than consolidated governmental units. Towards this goal, Elinor engaged in several on-the-ground field studies in the 1960s-1970s. She rode in cars with police, she visited neighborhoods, and she listened to citizens in diverse communities. In the 1980s-1990s, she extended this on-the-ground methodology to the study of the management of common-pool resources and the institutional analysis of development in general.

The value of studying local public economics through fieldwork is best understood in the context of the specific analytical assumptions adopted by Ostrom and her colleagues. First, changes in welfare can only be self-determined by the community in question. Efficiency experts from afar are to be checked by the criteria of responsiveness to the demands for public goods by local communities. Second, only the voluntary collective action of citizens seeking to improve their lives and communities can

are always fragile enterprises. Future citizens need to understand that they participate in the constitution and reconstitution of rule-governed politics. And they need to learn the 'art and science of association.' If we fail in this, all our investigations and theoretical efforts are useless." See Aligica and Boettke (2009: 159).

reveal whether or not any given public good is worth the cost of production. It is the on-the-ground political economy of everyday life in communities that is the subject of study, and not some abstract notion of optimal social choice. Local consent and local control work hand in hand to make sure that the various local communities within a municipality will be serviced.

A life-long learner, Elinor Ostrom studied formal game theory with Richard Selten in Germany, and deepened her knowledge of complex-systems analysis with the scholars at the Santa Fe Institute; she traveled to less developed regions to study irrigation systems, read detailed histories on mountain grazing and forestry management in varied settings from Switzerland to Japan, and even studied Pacific salmon fisheries and lobster harvesting in Maine. She focused her analytical attention on how diverse populations in a variety of cultural and historical circumstances engaged in on-the-ground constitution making in order to overcome social dilemmas and learn to live better together. Some of these solutions were new and extremely novel, some proved to be only of fleeting effectiveness and broke down into situations of conflict, but more were examples of long and enduring social institutions. In a very real sense, Elinor Ostrom's great contribution to human understanding was to document in detail how imaginative human beings are at finding ways to turn social conflicts into opportunities for social cooperation. Communities demonstrate a great ability to devise rules that align incentives among the various parties so that resource depletion and violent conflict is avoided and groups can reasonably manage common-pool resources and organize their collective choices in a self-governing manner. Elinor Ostrom's presidential address to the

American Political Science Association sums up her position: “A Behavioral Approach to the Rational Choice Theory of Collective Action” (E. Ostrom, 1998). Elinor Ostrom studied rational actors as if they were human choosers—fallible but capable. And she studied social institutions as if history mattered—contextual and contingent.

Our purpose in this essay is not to survey once again Elinor Ostrom’s vast contributions to the discipline of political economy that she made throughout her work on local public economies, common-pool resource management, and the economics of self-governance.³ Instead our purpose is to focus on her methodological contributions. Elinor Ostrom was a champion of what she termed “multiple methods methodology”, and in particular the combination of fieldwork with formal theory, experimental methods, and computer simulation. She explicitly argued that one of the main threats to scientific progress is the excessive energy devoted to methodological fights with the goal of proving that one approach is right and that other approaches are wrong (see E. Ostrom, 2006). But, we argue that for all her methodological promiscuity, her core contributions reflect a deep appreciation for on-the-ground fieldwork and detailed case studies.⁴ It is

³ For overviews of the Ostrom research project see Boettke, ed. (2005) “Polycentric Political Economy: Essays in Honor of Elinor and Vincent Ostrom,” *Journal of Economic Behavior & Organization*; Aligica and Boettke (2009); Aligica and Boettke (2010); Aligica and Boettke (2011). Also see Aligica (forthcoming).

⁴ Elinor Ostrom often argued that while multiple methods and multiple disciplines were necessary to make progress, she also argued that each individual scholar/scientist must develop methodological expertise and disciplinary training in their chosen field in order to be able to offer something valuable in the intellectual division of labor that collaborative research constitutes. It is important to note that from the beginning the Workshop in Political Theory and Policy Analysis was built on the collaboration of scholars/scientists from across the arts and sciences.

this aspect of her work that, we fear, is at greatest risk in the assessments of her scientific legacy to political economy.

Though ironic, this risk is understandable because while the formal game-theoretic presentation, experimental testing of the game concepts, and development of complex adaptive agent based models to simulate the social dynamics appear to conform to modern *science* as defined by our current scientific culture, fieldwork and case studies are often perceived to be unscientific and therefore less valuable. In this sense, despite Ostrom's warnings about engaging in methodological battles, a rigorous defense of fieldwork and case studies must be offered and similarly a critical assessment of the applicability of alternative methods to the questions the Ostrom's project raises must be made. It is a serious mistake on the part of scientific critics to "conflate methodological practice with the method itself, arguing that examples of poor application discredit the method. A method need not be abandoned because it has been poorly utilized, it makes more sense to encourage greater methodological awareness and better practice" (Poteete, Janssen and Ostrom, 2010: 4).

The case for a renewed defense and demand for better practice of the methodology of fieldwork and case studies is most important if that approach is integral to the purpose of the research project in the first place. What if, we want to ask, fieldwork and case studies are not just immature explorations that had to be supplanted by more rigorous and mature scientific treatments in formal theory and controlled experimentation, but instead the very foundation for the new science of politics that Vincent and Elinor Ostrom sought to establish with their work at the Workshop? If that

is the case, then the disregard for fieldwork and case studies in the quest for scientific precision by her intellectual heirs will derail the quest for human understanding and institutional diversity that was so critical to the Ostroms' joint project. Elinor Ostrom's own argument was that "we do not slip from 'my research methods is the best and only' to 'anything goes.'" Every research method can be undertaken with rigor or sloppily. Let us not confuse a sloppy case study, survey, or game-theoretical analysis with what we can learn from all of these approaches when undertaken with care and conclusions are modestly framed" (E. Ostrom, 2006: 4).

Further, case studies and field research do not merely hold their own as methods. In complex social environments, the so-called qualitative methods can often illuminate consequences and motivations that are disguised by more aggregative methods. The most obvious way in which this is true is that in-depth fieldwork or case study may reveal a factor to be at play that the researcher would never have considered if they were less familiar with their subject. Chamlee-Wright (2010: 23-35) discusses the revelation of alternative theories for the slow post-Katrina recovery of particular neighborhoods in New Orleans through conversations with residents, describing fieldwork as a process of trial and error for the researcher in which many ideas are explored before those with the greatest relevance are identified. This particular learning process would not have occurred if she had instead chosen to employ statistical analysis. The product of the fieldwork could not have been duplicated by any other method.

Case studies and fieldwork can also generate unique value by enabling the researcher to grapple with questions of greater social complexity than aggregation will

allow. The most sophisticated measure of the rule of law will not be able to capture the inarticulable norms and personal circumstances that affect the incentives of any given individual actor. Case studies enable a more narrow identification of the relevant actors and incentives, enabling the researcher to ask questions that would otherwise be unexplored due to data limitations. In the natural sciences as well, case studies are often the best mechanism through which scientists are able to gain understanding and make advances in their research. A prime example of this is Darwin's contributions to evolutionary theory; engaging in detailed investigations led him to develop the theory of natural selection. Hodgson applies these findings in evolutionary theory to the social sciences and explains how the nature of these questions necessitates the use of case studies. He discusses how human sociality involves "complex causal interactions" and they are the "basis of emergent social properties. These properties have to be described and analyzed before they play their part in theory of socioeconomic evolution" (Hodgson, 2005: 910). In order to understand these interactions, we need to investigate such things as customs, language, and culture, which can only be done using extensive case studies and fieldwork.

This value in fieldwork providing often-overlooked, yet important details and theoretical realities is best exemplified in Elinor's work on the commons and collective action solutions. Through her fieldwork, Elinor was able to understand how, for example, farmers in Nepal solved irrigation problems and how individuals were able to design rules that enabled self-monitoring mechanisms (E. Ostrom, 1990). Studying on-the-ground rule formation enabled Elinor to compile a set of design principles that greatly

enhanced our understanding of how tragedy of the commons problems can be solved through collective action. These principles could not have been captured quantitatively. In this sense, Elinor's theoretical contributions to the social sciences were only made possible through the use of case studies and fieldwork. We extend this argument to the study of police services in Section III and explain how quantitative statistics, such as the usage of crime or arrest rates, miss the significant interactions, relationships, and incentives at play that reveal how public safety is produced in a given area.

Elinor Ostrom's own scientific tastes were broader than her colleagues, let alone the scientific culture in general. She was comfortable in a variety of disciplines as well as respecting a variety of analytical and empirical methods. But we think it is fair to say that she was most intellectually comfortable with the blending of theory with detailed case studies. Conceptual clarity and comparative case study analysis drawing on knowledge not only from politics, economics, history, but ecology, geography, cultural history and evolutionary theory characterize her work over the years. It would indeed be an intellectual loss if this effort to integrate multiple disciplines and multiple methods was blocked by an obsession over a certain conception of scientific method. In this sense, we will just be witness to another case of scientism killing scientific inquiry. It is our hope to push against the scientific trend, and to provide a defense of fieldwork and case-study methodology in the discipline of political economy. If we are successful in our effort, then the reader will see the intimate connection between the broad social philosophic project of Tocquevillian democratic self-governance and the methodological

approach of the Ostroms that sought to give priority to the on-the-ground words and deeds of the citizens who are crafting the rules by which they live together.

2 The Methodological Landscape in Contemporary Social Science

Elinor Ostrom (1982) argued that some intellectual eras come to an abrupt end, while others have a slow and whimpering end. She argues that the age of logical positivism in the social sciences was experiencing such a whimpering end in the late 1970s and 1980s. As she often did in her intellectual negotiations, she complained that the older debate between those who engaged in qualitative analysis and those who pursued quantitative analysis had grown stale and unproductive and that it was time for scholars to transcend this debate and move forward. The naïve acceptance of the positivist philosophy of science had failed to produce the expected intellectual returns as several decades of improved rigor in empirical analysis had not resulted in the accumulation of knowledge into a coherent body of theory. Ostrom likens the positivist era of the discipline to that of the defiant teenager who rebels against their elders, but as maturity is reached such easy dichotomization is rejected and instead a blending between of the fresh ideas of the new generation and the best ideas of the old generation is achieved. Translated into the social-scientific realm, this was Elinor's way to carve out an intellectual niche for the qualitative and case-study approach within the scientific realm of new theories and new technologies of empirical exploration that had evolved during the positivistic reconstruction of political science and its neighboring disciplines.

In that same volume, Larry Kiser and Elinor Ostrom (1982) provide what could be termed a post-positivist defense of an actor-centered analysis in political and economic

analysis. By synthesizing the work of diverse thinkers such as Kenneth Arrow, James Buchanan, John R. Commons, Anthony Downs, Frank Knight, Mancur Olson, Vincent Ostrom, William Riker, Herbert Simon, Thomas Schelling, Gordon Tullock, and Oliver Williamson, they argue that there are three levels of analysis that are involved in a rational-actor approach to institutional analysis: the operational level, the collective-choice level, and the constitutional level. Our purpose here is not to explore this analytical perspective, but to explicate the methodological implications.

One way to understand those methodological implications is to segment aspects of the analytical synthesis offered. Each of the names listed provide multiple possible research directions depending on what one emphasizes from their work. Yet, there is also something to be gained by the list of names, as they are identified with certain conceptual ideas. Herb Simon, for example, is usually identified with the concept of satisficing in human decision making. Simon's model fits with what we termed above as Elinor's emphasis on rational choosers as if they were human, and thus were fallible but capable choosers. This can be seen through Simon's analogy of human decision making as a pair of scissors (Simon 1990). The blades of the scissors are defined by cognitive capabilities on the one hand, and the contextualized situation on the other. In other words, what is "rational" is a function of the institutional context within which the decision is made. Abstract and formal models of choice which decontextualize the situation provide a poor model of human decision making.

Similarly, from Thomas Schelling one thinks not just of focal points, but dynamic causal processes of adaptation and selection, not always for human betterment as in his

model of racial segregation. For our purposes, it is useful to think about the analytical framework that results from simply combining Simon and Schelling. You start with a rational actor (not a robot chooser) whose choices are made within a specified institutional context, and the logic of that interaction between preferences and situation results in alternative patterns of behavior.⁵

The methodological question such a method of analysis raises is how do we gain access to the constituent components in the analysis empirically. To come back to our main point, this is where the methodological focus on fieldwork and case studies enters.

Elinor Ostrom’s work occupies a unique place in the methodological landscape in the social sciences. Consider the following matrix of social scientific methodology.

	Clean Empirical Analysis	Dirty Empirical Analysis
Thin Description	Mainstream Textbook Economics	Institutional Analysis of Development & “Analytic Narratives”
Thick Description	Statistical Sociology	Anthropology

Figure 1 Methodological landscape of the social sciences

⁵ In their tribute to Elinor Ostrom, Robert Herzberg and Barbara Allen (2012: 266) provide the following very interesting depiction of Lin’s work. “Anyone who spent the time in the field that Lin had would understand the importance of variety in institutional forms and, as such, would reject efforts to generalize using the precise models of public choice. But Lin *did not* take this route. Instead she took the middle way, looking for methods to merge the complexity she knew with the precise language and structure of public choice.” (emphasis added) This depiction of her research efforts and methodological perspective fits with the landscape we lay out in Figure 1.

Economists have a penchant for thin description, e.g., textbook models of maximizing and perfect competition, and clean empirical work, e.g., sophisticated tests of statistical significance. On the other hand, anthropologists have practiced since the beginning of the discipline dirty empirical work, e.g., fieldwork in an exotic location, and prefer thick description as their guiding theoretical framework. Anthropology and history are the domain of small-N fieldwork, archival scholarship, and case-study methodology. Under the influence of positivist philosophy of science and the belief that science means measurement, political scientists and sociologists in the mid-20th century attempted to pursue large-N statistical analysis along the lines first developed in economics, but guided not by the rational-actor model of economists but the thick description of political and sociological institutionalism. This leaves one possible underexploited cell in the matrix of social-scientific analysis left in the contemporary landscape. That cell is the one that combines the economists' and political economists' theoretical apparatus of a rational-choice framework with institutional analysis using the empirical methods of anthropologists and historians. This is the methodological cell that Elinor Ostrom occupied as she produced her most well-known work in economics and political economy.

To bring to life the project of contextualized choice and process tracking that one gets from the synthesis of Simon and Schelling, one must gain empirical knowledge of the on-the-ground situation that the various actors face in making decisions privately and collectively. Drain the analysis of context and processes and what remains provides the analyst with little to no insight into the way human beings devise rules to overcome

social dilemmas and realize the gains from social cooperation. The effort to force the contributions of the Ostroms (Vincent as well as Elinor) exclusively into the thin/clean cell for scientific precision reasons results, we contend, in losing the unique insights that were found in that research effort to understand institutional diversity and the foundations of democratic self-governance among diverse populations. To put this another way, our contention is that the Kuhnian loss in this paradigmatic translation will be (and is) significant. Thus, we fear a great deal of the intellectual legacy of the Workshop is at risk if it turns out that the costs associated with small-N fieldwork are taken to be so prohibitive as to discourage scholars from pursuing them in exclusive favor of the more “scientific” methods associated with large-N studies, including formal theory, experimental testing in the lab, or computer simulation.

To give a conceptual example, in her examination of the rules of property use within a community, Elinor distinguished between rules in use and rules in form, and we would like to stress as well the function, or reason, of rules. What matters for human conduct are the rules in use as that is where the functional significance of any rule is determined. In many circumstances the rules in use are at odds with the rules in form that are formally adopted. When the formal rules are either not enforced or in conflict with the informal rules in use, social intercourse is plagued with social tensions and ambiguities. These will either be worked out in specified contexts, or the lack of

enforcement will result in social conflict. Again the only way to gain access to this is through on-the-ground fieldwork and detailed case studies.⁶

Elinor Ostrom's method of analysis was grounded in the rational-actor model and institutional analysis of the precursors of New Institutionalism and the leading figures in that intellectual movement in the 1960s-1980s from Alchian, Buchanan, and Coase to Olson, North, and Williamson.⁷ Her methodology of empirical inquiry required on-the-ground knowledge and historical specificity (including not just recognition of cultural beliefs in practice, but detailed knowledge of the physical realities of the situation as well). Methodologically, and as a matter of normative principle, Elinor gave priority to the people that were on-the-ground solving social dilemmas in their unique way, rather than the usual one-size-fits-all solutions offered by experts from afar.

From the vantage point of her mature methodological writings inspired by her work on common-pool resources and the institutional analysis of development more

⁶ In the first third of *Working Together*, Poteete, Janssen and Ostrom (2010) repeatedly stress the need for on-the-ground study and the appropriateness of the case study methodology when researching topics such as informal institutions, subnational organizations, and nonelite populations.

⁷ In *Governing the Commons* (1990: 216) she links deeper in the history of political and social thought and argues that "We need to appreciate the analytical power that can be derived from the prior intellectual efforts of important contributors such as Hobbes, Montesquieu, Hume, Smith, Madison, Hamilton, Tocqueville, and many others. Contemporary studies in the theory of public and social choice, the economics of transaction costs, the new institutional economics, law and economics, game theory, and many related fields are making important contributions that need to be carried forward in theoretically informed empirical inquiries in both laboratory and field settings." If you follow the footnotes in this passage you will see her indebtedness to Vincent Ostrom as well as to Buchanan, Coase, North, Shepsle and Williamson. There should be no doubt about where Elinor Ostrom's intellectual sympathies were located in economics and political economy, and political and social philosophy.

generally, we are going to cycle back now to see what lessons one can glean from Elinor's work on police services.

3 Community Control and Governmental Responsiveness

In the work of police services, Elinor and her colleagues apply locally self-determined welfare criteria to the question of public safety. In order to gauge the self-governing capacities of citizens under various institutional arrangements and inquire into whether *citizens* are better off under polycentric or consolidated police departments, Elinor and her team engaged in various field studies and on the ground research—taking advantage of “natural experiments” as they arose. One of the first research initiatives of the Workshop was a field study comparing areas in Indianapolis that had consolidated the provision of police services to areas that had remained autonomous. This study found that the residents under the localized jurisdiction were more satisfied with police services than residents of the large consolidated region (Ostrom et al., 1973). Further similar studies in Chicago, Grand Rapids, Nashville-Davidson County, and St. Louis validated the original finding that small police departments with a high degree of community involvement were able to leverage important personal knowledge and local ties to improve community satisfaction with the police (Ishak, 1972; Ostrom & Whitaker, 1976; Parks, 1979; and Rogers & Lipsey, 1974). One survey designed to document and evaluate police services in eighty metropolitan areas found that smaller departments were no less effective than larger departments (Ostrom et al., 1978). Another study found that in metropolitan areas where a greater proportion of citizens were served by a single, larger police department, there were a smaller proportion of police officers on the street at any one time as

compared to smaller police departments (Parks, 1985: 172-180). Overall, the findings of the research team led by Elinor Ostrom challenged the popular belief that consolidation and centralization of services was the only way to effectively provide citizens with public goods. Rather, police and citizens engaging in the coproduction of public safety could serve as a mechanism sufficient to overcome the collective action problem of maintaining public safety.

In the biographical sketch Elinor provided for the Nobel Prize website, she states the following about that original research initiative: “The first 15 years of my research career at Indiana University were focused on studying police industries across the United States. Unfortunately, many scholars had confused multiplicity of units serving the same metropolitan area with a chaotic distribution of services. Not that all multiunit service delivery arrangements are effective, but the arrangements we studied in metropolitan areas across the United States were far more effective than the scholarly criticism. We never found a large police department with over 100 officers able to outperform a small- to medium-size department (25–50 officers) in producing direct services including patrol, traffic control, response services, and criminal investigation” (E. Ostrom, 2009). In coming to understand why the smaller police departments so consistently did better than the larger, more professionally trained, and well-financed departments, Elinor Ostrom and her colleagues focused on the idea of the coproduction of public services.

Coproduction takes place when the producers and consumers of the public good must work in tandem in order to generate the desired outcome. Consequently the concept of coproduction is linked to the capability of citizens to engage in self-governance and as

such the art and science of association. Another way to restate the coproduction conjecture is that those communities that are best policed are those that police themselves. Effectiveness of policing outputs on public safety is not only a function of policing inputs, but of the behavior of the citizens being policed themselves. Locking doors, avoiding certain areas and activities, respecting others property, treating neighbors with dignity and respect, and a willingness to work with police in reporting and identifying wrong-doers in the community all impact the measured effectiveness of police outputs on public safety.

The timing of the police studies is an important factor to keep in mind in modern US political and social history. Not only was the 1970s a period of consolidation and professionalization of local public economies due to the state-led activism of the “War on Poverty”, but it came on the heels of the Civil Rights Act and racial tensions and social unrest due to the Vietnam War. Working on urban political economy at that time entailed more than just the assessment of the technical efficiency of public goods provision, but went to the core issues of the viability and vulnerability of democratic governance. Problems in black communities of the unresponsiveness of police, police brutality, and police corruption, for example, jumpstarted the study in Chicago on the case of black neighborhoods. Elinor Ostrom and Gordon Whitaker (1974) point out that “Police are among those officials often thought to be least responsive to citizens. Black citizens are among the constituents cited as least satisfied with the performance of local police and other public officials. Because of the controversy surrounding neighborhood police

service to urban black Americans, this area is particularly appropriate for inquiry into the effects of community control” (1974: 203).

The question Elinor Ostrom and her team sought to answer in their comparative case studies of police services among urban populations was whether or not community control is conducive to greater governmental responsiveness. What they found out was that in contrast with the conventional expert policy advice to modernize and professionalize police services, Elinor Ostrom and her colleagues argued that “Professionalization alone does not appear to provide sufficient controls so that police will be responsive to [black citizens] needs for protection and respect. Community control places that responsibility on the people themselves and provides them with mechanisms by which to exercise it” (1974: 226).

In conducting this research the Workshop research teams utilized surveys and on-the-ground research to determine local populations’ perceptions of government responsiveness. Serious thought was put into case selection as well, with an effort to identify “natural experiments” between independent communities and consolidated districts that could be compared. Because of the interest in services provided to citizens, they utilized survey methods to obtain two types of indicators of police output. The first type of indicator evaluated respondents’ experiences with the police. Levels of criminal victimization and the quality of a variety of police actions are assessed in this way. The second type of indicator consists of citizens’ evaluations of service levels. They found that Chicago police spent almost 14 times the dollar amount that the independent police departments did—but despite this differential in expenditure, citizens in the smaller

communities received the same or higher level of services. The similar studies done in Indianapolis, Grand Rapids, and Nashville-Davidson County in Tennessee yielded the same results—smaller, independent police departments either outperformed or performed equally as well as the large consolidated police departments at much lower cost (Ishak, 1972; Ostrom & Whitaker, 1976; Parks, 1979; and Rogers & Lipsey, 1974).

This result is not easily captured in the sort of large-N statistical data that is officially tracked either by the FBI or internal to police departments themselves.

The FBI crime index as a measurement is unreliable, and measuring police inputs does not address the relevant research question concerning governmental responsiveness and citizen control. As Elinor Ostrom and Gordon Whitaker (1973: 180) argued, “None of the records which are routinely maintained by the police departments themselves enable analysts to compute easily the effectiveness of a particular police force. The internal records of most police departments consist mainly of workload data: rates of reported crime, traffic citations, and clearance of reported cases, for example.”

When data is difficult to collect or unreliable, then on-the-ground fieldwork is a necessity for conducting research, not a luxury. In *Working Together*, Poteete, Janssen and Ostrom state that they “are particularly concerned with research on topics for which data are scarce, difficult to collect, and not readily comparable” (2010: 5). Policing services were an excellent learning experience for Elinor Ostrom in how to overcome these challenges and make scientific progress. Police goods and services are not priced on the market, so the value of outputs is not obtainable, and various measures of the value of inputs does not provide any reliable information on the value of the output produced by

those inputs. Furthermore, a significant problem with using input data is also that top police officials place an emphasis on improving performance as measured by the internal indicators (e.g., workload, reported crimes, traffic citations, and clearing of reported cases) and thus police have incentive to inflate the data to improve performance assessment. Again, this misses the fundamental point that the Ostrom-led researchers are attempting to measure, which was how satisfactorily alternative institutional arrangements for the delivery of local public goods meet the basic objectives of the government—to serve the people. Thus, due to the reliability of the data, the availability of the data, and the purpose of the study, the closest measure was to “get on the ground” and survey the people.

It is important for our purposes to link this episode of Elinor Ostrom’s research career back to the theoretical framework of polycentric political economy and democratic self-governance that Vincent Ostrom had separately and in collaboration with Elinor developed in the 1960s-1980s (see, e.g., V. Ostrom 1972a, 1972b, 1997). Consider the general framework developed by Vincent and Elinor Ostrom in their essay “Public Goods and Public Choices” (1977). In this framework, the nature of the public good under examination must be clarified, the organization of the local public economy must be specified, and the financing, production, and delivery of the public good must be analyzed. At each stage of the analysis actors are playing various different social games which are nested within other games that are going on simultaneously. The structure of incentives, the flow of information, and the feedback loop in each game must be examined. As discussed above, this is how the Institutional Analysis of Development

(IAD) framework emerged through the synthesis of Simon’s context-dependent model of human decision-making and Schelling’s process-tracking analysis of social dynamics. This analytic framework is then deployed as a guiding tool of discovery and interpretation of the lived reality of the political economy of everyday life. And, it brings into analytical focus the preconditions for democratic self-governance, and thus serves as the basis for the “new” science of association and democratic citizenship. Following this model, it is important to remember that the examination of local public economies requires that the analyst consider not just efficiency, but the sense of control, representation, and self-determination in community affairs.

From a polycentric political economy perspective, the examination of police services begins with describing the public service production process: organizational arrangements and inputs are turned into police activities (patrolling, investigating cases), and these activities convert inputs into outputs. Outputs consist of such things as number of arrests, number of traffic accidents investigated, number of cases filed, etc. The problem is that in the nested game of the local public economy police outputs may have little impact on the citizens who are supposed to benefit from the public service production. Thus, Elinor Ostrom and her research teams want to analyze the *consequences of* outputs, which they call *outcomes*, as a basis for evaluation of public organizations.

The outcomes are divided into objective and subjective outcomes. Objective outcomes are defined as the impact on general community conditions such as crime rates—but the outputs of police agencies are not the only factors affecting objective

outcomes. Socioeconomic status, unemployment, and income all impact crime rates, and thus they conclude, “Objective outcomes, then, result from many factors that make assessment of the unique impact of police output on objective community conditions quite difficult” (Ostrom et al., 1979: 66). To address the criteria of control, representation, and responsiveness, the research had to gain access to some measure of subjective outcomes as the impact of public agency outputs as well as the objective outcomes on a citizen, and hence the use of survey instruments to gauge the subjective outcomes on the diverse communities that were the subject of the fieldwork.

The importance of democratic self-governance is captured to some extent in the subjective evaluation of the sense of self-determination among the select population. This again links back to the concept of coproduction as an important determinant in the effectiveness of the production of public safety.

Citizen activities will affect the output and outcomes of public efforts at policing. The way citizens behave affects victimization rates, and thus objective outcomes as well a subjective criteria of satisfaction with police services. Citizen activities supplement police activities in the production of police outputs, e.g., consider arrests -- citizens talk to police and give them evidence that leads to arrest. Thus, both police and citizen activities operate to produce outputs like arrests. Arrest could involve reporting crime by citizens, provision of information, responding honestly to police questioning, etc. But none of that is likely to occur unless citizens perceive that the police are responsive to the needs of the local community and that they are partners in the democratic process of ensuring public safety.

Elinor Ostrom (2011: 372) summed up her research on police services and its relationship to democratic constitution making from the ground up, as opposed to from the top down approach that standard political theory and policy analysis stresses. “I have kidded people sometimes,” she said, “that I have ridden in more police cars than most scholars. I have also visited many jails. Most important, I have seen the ways that police officers serving an independent community, where local citizens have constituted it, deal with citizens. Citizens are treated differently when you live in a central city served by a metropolitan police department. Many of the officers in very big departments do not see themselves as responsible to citizens. They are on duty for specific hours and with an entirely different mentality.” As those supposedly serving the neighborhood become more distant their ability to meet local citizens demands for public safety become problematic. “When you are in a police car for eight hours with officers from a big department, you learn that they really do not know the area they are currently serving since they rotate so frequently. When I was in a police car with an officer from a moderately sized department, they would start telling me about the local community, where there are trouble spots, and where few problems occur. They watch trouble spots that they see potentially emerging. They would sometimes take a juvenile to their home in order to discuss problems they are observing. They do not put kids in jail the first time they observe behavior that is problematic. In the big cities, officers tend to charge juveniles who have been seen to commit small offenses right away. Many jails are overcrowded with juveniles in large cities. Problems of law enforcement in central urban

districts have grown over time and are linked to the way urban governance has been shifted to ever-larger units.”

What Elinor is doing in this summary of her studies on police service acquired through the lengthy rides in cars with police, the visits to jails, and on-the-ground discussions and surveys with local populations is giving concrete evidence of one of Vincent Ostrom’s main insights about the nature of public administration: “A system of public administration operating through a multiplicity of jurisdictions subject to strong democratic controls, to adjudication of interjurisdictional conflicts and to competitive rivalry under quasi-market conditions engenders patterns of democratic administration that have radically different characteristics from those of bureaucratic administration” (1972: 73).

4 Conclusion

We have argued that Elinor Ostrom’s adventures in the field and in her extensive case studies gave concrete meaning to the polycentric political economy she and Vincent had worked so diligently to develop throughout their respective careers. This is true whether we are talking about Elinor Ostrom’s examination of water districts, urban politics, or common-pool resources. There are many aspects of Elinor Ostrom’s career as a researcher and teacher that set her apart from her peers in modern economics and political economy. We would like to stress the fundamental commitment analytically, methodologically, and philosophically to the Tocquevillian project of democratic self-governance.

This commitment requires the analyst to reject any pretense of paternalism or presumption of expertise in social arrangements. Institutional problems demand institutional solutions, but those solutions must come from the people themselves. Rule systems will only function based on the self-understanding of those on-the-ground anyway. As she argued, “A major question to be pursued is how institutional arrangements help to structure decision situations in complex arenas so that individuals are able to achieve productive outcomes even when we cannot derive analytic solutions.” And she was concerned that methodological straight-jackets “may continually fail to show how *different* institutional arrangements help fallible and less than fully informed persons to achieve relatively satisfactory outcomes” (Kiser and Ostrom, 1982: 218).

“Understanding how individuals solve particular problems in field settings,” Elinor Ostrom (1990: 45-46) would write in a different context, “requires a strategy of moving back and forth from the world of theory to the world of action. Without theory, one can never understand the general underlying mechanisms that operate in many guises in different situations.” On the other hand, she continues, “If not harnessed to solving empirical puzzles, theoretical work can spin off under its own momentum, reflecting little of the empirical world.” Theoretical construction and empirical examination worked together to unlock the underlying mechanism that enables diverse groups to cope with difficult situations, to avoid conflict, and realize the gains from social cooperation. It is in fieldwork and small-N case studies that the analyst is able to gain access to the necessary knowledge of the workings of these mechanisms (see Poteete, Janssen and Ostrom, 2010: 51).

Elinor Ostrom wanted to see how institutions worked in practice, not just study how they might work in theory. As Herzberg and Allen (2012: 267) put it: “Hers was not a quest for an idealized model, but realized ways of life. She sought to identify the process of discovery and dialogue that might reveal the collective interest in the midst of any community dilemma. Discovery required communication and acceptance of the validity of others’ views with respect to their own goals—every person is the best judge of his/her own interest.” This philosophical commitment translated into a fundamental belief in the capacity of average individuals to find creative ways to engage in effective democratic self-governance even in the most difficult of situations. Just because those creative ways are not necessarily our ways doesn’t mean that they are any less effective or important for resolving the social dilemmas those populations must confront.

Fieldwork and case studies no doubt have serious costs (e.g., language, travel, etc.) and the methodology no doubt has a certain messiness associated with it that formal theory and large-N statistical testing appears to eschew. But if the goal of the research project is to unearth the underlying mechanism by which diverse populations transform situations of social conflict into opportunities for social cooperation, then the gains from formal theory and sophisticated statistical analysis may be illusory, and what we may need instead is an approach that provides the necessary depth and detail to discuss complex problems of social dilemmas in a sophisticated way.⁸ As Elinor Ostrom (1990: 214-215) warned us:

⁸ See, e.g., Ostrom and Basurto (2011) for a discussion of the effort to developing analytical tools approach for studying situations of institutional change.

When one chooses to model relationships, one can include only a subset of variables, and even then it is usually necessary to set some of these equal to zero or to an absolute value. The typical assumptions of complete information, independent action, perfect symmetry of interests, no human error, no norms of reciprocity, zero monitoring costs and enforcement costs, and no capacity to transform the situation itself will lead to highly particularized models, not universal theories. It is as essential to map the terrain for a family of modes as it is to develop specific models. If the social sciences are to be relevant for analyses of policy problems, the challenge will be to integrate efforts to map the broad terrain and efforts to develop tractable models for particular niches in that terrain. ... The intellectual trap in relying entirely on models to provide the foundation for policy analysis is that scholars then presume that they are omniscient observers able to comprehend the essentials of how complex, dynamic systems work by creating stylized descriptions of some aspects of those systems. With the false confidence of presumed omniscience, scholars feel perfectly comfortable in addressing proposals to government that are conceived in their models as omniscient powers able to rectify the imperfections that exist in all field settings.

Elinor Ostrom, on the other hand, strove to develop a political economy that accounted for imperfect human actors interacting in imperfect institutions that nevertheless stumbled upon or discovered through reflection and choice rules that would enable them to live better together than apart.

As a life-long learner, Elinor Ostrom is an exemplary scholar/scientist for subsequent generations to imitate. She learned from formal theory, experimental social science, computer simulations, as well as history, geography, ecology and evolutionary theory in addition to her disciplinary grounding in economics and political economy. But throughout her various efforts, she sought to constantly learn from the artisans of everyday life. These efforts took her all over the world as she studied both the on-the-ground crafting of rules designed to realize gains from peaceful and productive cooperation and the all too common external imposition of impediments to the formation of those rules. Riding in cars during her adventures with the police was part of the

formative period of Elinor Ostrom's lifetime of scholarship into polycentric political economy and democratic self-governance, and this context should not be overlooked.

RE-EVALUATING COMMUNITY POLICING IN A POLYCENTRIC SYSTEM

1 Introduction

The dominant view of public administration scholars prior to the 1970s was that the institutions of local government were “chaotic and incomprehensible”, and thus many policy analysts recommended the centralization of public goods provisions, including policing (Ostrom 1983, 2). Elinor Ostrom and her colleagues in The Workshop in Political Theory and Policy Analysis at Indiana University in Bloomington (hereafter “The Workshop”) countered that a polycentric, community-based approach to the provision of public goods would make better use of localized knowledge and generate an incentive structure better suited to the maintenance of public safety. In order to empirically test this theory, scholars at The Workshop conducted field studies in Indianapolis, Chicago, Grand Rapids, Nashville-Davidson County, and St. Louis and concluded that the independent communities were more satisfied with police services than residents of the large consolidated region.

At the time, the findings of The Workshop dealt a blow to the popular belief that consolidation and centralization of services was the only way to effectively provide citizens with public goods. The idea that police and citizens engaging in the coproduction of public safety could serve as a mechanism sufficient to overcome the collective action problem of maintaining public safety began to capture the imagination of scholars and policymakers alike. As a result, popular support for community policing surged

beginning in the 1980s, putting the findings of Ostrom and her colleagues in The Workshop to the test.

Advocates of community-based reforms placed an emphasis on decentralizing police bureaucracy, engaging in proactive rather than reactive problem-solving strategies, and developing strong relationships between police and community members (Greene 2000). Some early efforts to institutionalize community policing were considered successful, especially in their initial iterations (see for example McElroy et al. 1993 and Skogan 1992). However, the widespread movement of community policing failed to deliver the hoped-for revolution in policing practices and outcomes. Many of the more notable early programs are no longer in operation, and the genuine coproduction of public safety through police-community partnerships appears to be in decline (Mastrofski and Willis 2010; Mastrofski et al. 2007; Robin 2000; and Rosenbaum 1994).

In short, the large-scale implementation of community policing programs did not live up to the expectations established by the early theoretical and empirical literature. Efforts to explain the puzzle have proven incomplete; citing that police did not embrace the philosophy of community policing and failed to engage in true implementation strategies begs the question.⁹ *Why* did police embrace the philosophy in the earlier efforts, but not the latter? *Why* did police departments choose not to implement community policing? These explanations of “implementation failure” are superficial: they

⁹ See for example, Cordner (2004) and Rosenbaum and Lurigio (1994) discussing the failure of implementation. Other studies, such as Morabito (2010), which discuss the factors that led to law enforcement agencies to request the Community-Orientated Police grants, do not address the question of why genuine police-citizen relationships were not created and thus do attempt to tackle the puzzle.

cannot explain differences in community policing implementations and they lack an analysis of individual incentives. We fill the gap in this literature and extend the Ostrom framework to evaluating modern policing efforts by providing a detailed analysis of how the institutional structures and policies alter the incentives that police face in implementing community policing efforts.

We argue that policing takes place within a system of nested games that has increasingly prioritized federal initiatives over community safety. Since fewer members of the community are able to participate when decision-making takes place at the federal level, federal policies can impose significant external costs on local communities. Specifically, federal policy over the last thirty years has subsidized local police involvement in federally based anti-drug and anti-terrorism initiatives, resulting in a set of perverse incentives that has directed the efforts of local police agencies away from community safety and towards a different set of objectives. The result is increasingly militaristic local police forces that do not have the motivation or capacity to participate in community-based solutions to the collective action problem of ensuring that government-funded police and their resources continue to act in the best interests of the community.

Apart from the theoretical literature on public goods and policing, no extensive studies have been done to evaluate modern policing within a polycentric system by analyzing the interplay between federal, state, and local jurisdictions and the specific incentives the police face. Thus, we contribute to both filling the gap in the community-policing puzzle and to a broader understanding of policing incentives and accountability

to the citizens that can also be used to analyze further contemporary policing issues, such as police brutality and abuse.

In section two of this paper, we present the theoretical argument for evaluating community policing in the context of the nested, polycentric structure in which public safety is produced. In section three, we survey the empirical results of the scholars at The Workshop and subsequent studies of community policing, demonstrating that widespread implementation of community policing has not proven as effective as early research suggested it could have been. In section four, we discuss the reasons for this failure in the context of federal incentives that are increasingly incompatible with the objectives of community policing. We conclude that the perverse incentives established by national policies have crippled the ability of most localities to engage in community policing. This not only explains the past failures of community policing, but suggests that future efforts will likely be similarly unsuccessful unless they are preceded by significant changes in federal policy.

2 Collective Action in a Polycentric Framework

2.1 Community Policing and Polycentricity

Public safety is, at least in part, a non-rivalrous and non-excludable service of community-wide interest that generates significant positive externalities. As such, autonomous individuals left to their own devices may need to be induced to contribute in order to generate optimal levels of public safety. This phenomenon is most commonly known as the collective action problem. In order to solve a collective action problem, a group of individuals can form a collective arrangement in which they agree to reward

those who provide public goods and/or punish those who fail to contribute. If rewards are sufficiently high and punishments sufficiently severe, the public good is produced at the desired level and the collective action problem resolved.

Scholars from a variety of fields of specialization have sought to understand this process by studying how it is that individuals might come together to form collective institutions. One way a public good can be provided is for a government actor to coordinate collective action by regulating or passing laws that mandate participation in the production of the good. Though perhaps the most commonly thought of, government action is not the only way to solve a collective action problem. Theoretical and experimental literature shows that individuals will collaborate to solve collective action problems even in the absence of coercive pressure to do so (Frey and Meier 2004, Martin and Randal 2005, and Sugden 1984). Empirical literature has validated these findings by showing that individuals in diverse circumstances have realized the capability to solve collective action problems through the creative design of rules and the strategic use of social sanctions (Gibson, Williams, and Ostrom 2005; Ostrom 1990, and Bloomquist and Ostrom 1992).

The Workshop has contributed to the discussion of how individuals work together to solve collective action problems through their contributions to the study of self-governance within a polycentric system. A system can be categorized as polycentric if “multiple public and private organizations at multiple scales jointly affect collective benefits and costs” (Ostrom 2012, 355). Implicit within this statement is that the patterns and rules within these systems emerge through the purposive and voluntary exercise of

individual autonomy—in other words, the members of the “multiple public and private organizations” are self-governing. The choices of individuals within this system not only take place within a pre-existing framework of common rules and norms, but also influence the development of that system of rules. The influence of individuals on the structure of the polycentric system can be fundamental—even the scale and scope of jurisdictions is formed by individuals weighing the costs and benefits of consolidation against the costs and benefits of dispersion of authority, which can change over time. The possibility of change on such a fundamental level is why Hooghe and Marks (2003) consider flexibility to be a characteristic that distinguishes polycentrism from other more hierarchical forms of multi-level governance, such as federalism.

Another point of differentiation is the way in which knowledge is used in a polycentric system. DeCanio (forthcoming) observes that choosing between different political platforms is epistemically complicated even under the most ideal conditions. First, since democratic choice bundles many diverse policies together into one platform, the expression of political preferences through voting conveys little information about how voters feel about any one particular policy. Second, all-or-nothing choices are made between unrealized counterfactuals. This makes democratic choice very different than market choice, in which individuals can allocate expressed preferences over observable market alternatives by choosing a mix of products to consume. Quasi-market political systems in which residents are expected to vote with their feet can then exacerbate these knowledge problems by asking voters to understand not one but many counterfactuals (DeCanio forthcoming, 9). However, in a system where public goods are provided by

local organizations dedicated to a small set of tasks, bundling may present less of a problem. The fewer goods provided by a given political unit, the stronger the connection between a vote and either approval or disapproval for a policy. In this way, autonomous overlapping jurisdictions can contain feedback mechanisms, e.g. between community and police, superior to those of other types of political institutions.

Perhaps the most operationally significant characteristic of polycentricity is that the organizations within the system have some degree of usable autonomy. If there is only one individual or organization with decision-making power, the system is monocentric rather than polycentric. The particular polycentric system in which public safety is produced in the United States is such that most organizations have only partial autonomy. Smaller localized law enforcement agencies do effectively operate of their own authority in many respects. However, agencies established at the state and federal level have the power to constrain that authority; a local law enforcement agency cannot operate in violation of state or federal law. One feature of this structure in which the authority of local organizations is partially subsumed by the authority of others is that strategic behavior at the local level occurs within a nested game.

Long (1958, 254) notes that even the simplest of political tasks are undertaken within an ecology in which outcomes emerge from interactions between “the players of a wide range of games.” Consequently, strategic decision-making within the political arena takes the form of playing a game that is nested within a broader system of games, each of which has its payoffs determined by the outcome of games being played at other levels of decision-making (Tsebelis 1988). Every political actor is playing multiple games at once,

and they are playing with other actors who may have a different set of objectives or may be playing a different set of games entirely. In the realm of public safety, this means that actions taken by policy-makers and agencies at the federal level can alter the choice set and associated payoffs faced by a local law enforcement agent.¹⁰ By altering the payoffs associated with different law enforcement strategies, actions taken at the federal level shape the incentives for collective action at the local level.

Resolving the collective action problem will be an easier task when the incentives of the broader institutional arrangement serve to reinforce cooperation. Legal rules and social norms that reward cooperation and impose costs on individuals for failing to contribute will encourage resolution of the collective action problem. Conversely, if the relevant set of political, social, and economic institutions fosters perverse incentives or discourages cooperation, finding a solution to the collective action problem can be impeded or even prevented entirely (Ostrom et al. 2002). As the social-political-economic system evolves, so do the incentives and the extent to which they encourage cooperative solutions. For example, when a new layer of interaction is introduced to an already existing nested system, the addition of the new game “may influence decision-making in other policy games by increasing the quantity and quality of information, clarifying common objectives, building social capital (i.e., networks and trust), and providing grant funding that might not be available in other games” (Lubell, Henry, and McCoy 2010, 290). In other words, the time, energy, and physical resources demanded

¹⁰ This effect can also run in the opposite direction. Scholz and Wang (2006), for example, note that the incentive structure established by local political institutions can affect the way that actors within a particular institutional system interact with state and federal agencies.

by a local police department's participation in a particular federal initiative will necessarily affect investment in other endeavors.

2.2 Community Policing and Self-Government

The effectiveness of any particular solution to a collective action problem is a function of the extent to which the incentives required to enforce the proposed solution are compatible with the incentives of the broader institutional structure. Consolidation and community-policing are two potential solutions to the particular collective action problem of the provision of public safety. Understanding the relative incentive compatibility of these alternative solutions—and consequently their relative ability to resolve the collective action problem—requires evaluating the payoffs of consolidation and community-policing strategies as nested within a larger polycentric system. The incentives established in one layer of the polycentric system will affect both the theoretical desirability and the short-term feasibility of attempts to either consolidate or decentralize police services.

By articulating the specific authorities granted to government and assigning those authorities to particular branches or levels of government, constitutions and other procedural rules establish the nested structure within which collective decision-making takes place. These formative rules define what safety issues are of public concern, who gets to decide when and how to act in the interest of safety, and what tools those actors are allowed to use. For example, rules about searches of individual property establish some types of searches as unconstitutional, such as general warrants of entire neighborhoods. Other types of searches are limited legislatively by state governments,

and others are left to the discretion of local law enforcement. By establishing the limits of authority, clearly defined rules can facilitate cooperation, constrain police power, and prevent external interests from unduly influencing a community's public safety.

However, constitutional rules can also establish an institutional structure that limits the autonomy of local actors or discourages cooperation. Consequently the feasibility of local solutions to collective action problems hinges on whether or not it is possible to design a constitution that will effectively enable self-government and limit political action that interferes with the plans and intentions of local community members.

Vincent Ostrom seeks to address this question by turning to the words and actions of experts who "know what they are doing" when it comes to constitutional design (Ostrom 2008, 5). In doing so, Ostrom explores under what conditions self-government may be possible. In the process he reveals a number of ways in which perverse incentives can infiltrate a constitutional structure, chief among them the problem of the tyranny of the majority. Whenever decision-making power is turned over to a subset of the population, as it must be in collective arrangements in order to overcome the difficulty associated with trying to get a large group to make a unanimous decision, those in the minority have no recourse against any degree of expropriation the majority may choose (Ostrom 2008, 73-85). This is particularly problematic within organizations that have a higher level of authority. Broadening the scope of a governing unit's authority enables controlling groups to intervene in more distant communities whose costs they will never see or understand.

Buchanan and Tullock (1962) outline a framework through which alternative sets of constitutional rules, such as the rules governing the provision of public safety, can be evaluated. Like Ostrom (2008), Buchanan and Tullock begin the analysis of constitutional rules with the presumption that the institutions of government are created by autonomous individuals with their own interests in mind. Sets of decision-making rules, such as those establishing police powers, define the conditions under which individuals grant agents of government the power to make decisions on their behalf. Decision-making rules may also establish that individuals must make particular decisions for themselves within certain arenas. For example, the policing of a child's respect for the property of others may be enforced by the police while that same child's respect for their parent's property is left to the enforcement of the household.

In the Buchanan and Tullock (1962) framework, constitutions are conceived of as voluntary and mutually beneficial agreements between individuals. This conception, though not a historically accurate description of most known governments, has the virtue of enabling the analyst to evaluate the welfare properties of changes in constitutional rules without resort to social welfare functions. If a change would be approved by unanimous consensus, then enacting it would be a Pareto improvement. Likewise a set of constitutional rules can be declared superior to another if the political structure it generates is unanimously preferred. However, since the unanimity rule is prohibitively costly, determining the relative costs of different social arrangements in practice is complicated by the fact that the full costs of different paths are obfuscated by complexity and the inherent uncertainty of the future. Consequently, the Buchanan and Tullock

framework cannot be used to validate or condemn any particular collective arrangement, but it does provide some broad parameters within which we can begin to evaluate changes in systems of rules.

When deciding between two sets of decision-making rules, there are two types of costs that must be taken into account—decision-making costs and external costs. Decision-making costs are the costs of coming to agreement. Transitioning the provision of public safety from local to state or federal authority may increase or decrease decision-making costs depending on whether decisions are being made under conditions of unanimity or conditions of representative democracy as realized in a particular time and place. Under conditions of unanimity, decision-making costs will approach infinity as the number of people required to consent increases because of the difficulty of bargaining in large groups and the potential that some may hold out and refuse to come to any sort of consensus. However, in the world of real politics, whether decision-making costs will be higher or lower at the federal level depends on the structure of different agencies.

The second type of costs that will vary under different sets of decision-making rules are external costs, or externalities imposed on others as a result of the decision. External costs are expected to decrease as more people are required to give their consent to a particular course of action, approaching zero if the unanimous consent of the entire social group is required. Under idealized conditions of decision making by unanimous consent, action at the federal level might be expected to be associated with lower external costs than decisions made at the state level because the social accounting is more complete. However, decisions over police power are never made by unanimous consent.

Consequently, it is possible for individuals acting in the name of government to make decisions that impose external costs (Buchanan and Tullock 1962, 62-3). As in the realm of private decision making, the marginal cost facing a decision maker acting on behalf of a collective is still only a fraction of the marginal costs facing all members of the society. The less accountable the public safety decision maker and the more people he is allowed to choose for, the more likely he is to make decisions that impose high external costs.

Further, the fact that decision making is taking place within a nested institutional structure introduces an additional layer of complication. Lubell, Henry, and McCoy (2010, 288) observe that actors in one game often do not account for the externalities that their actions may impose on other games within the same system. This takes place not only because externalities by their nature are costs that are not born by the decision maker, but also because gathering knowledge about those externalities tends to be prohibitively costly if not impossible. For these reasons, an increase in the authority of federal agencies is expected to result in greater external costs under real world conditions of representative decision making.

It is this increase in external costs as a result of the increasingly centralized origin of many public safety directives that is our primary concern in this paper. There are two ways in which federal interventions in public safety are associated with greater external costs than local choices. First, federal public safety initiatives are influenced by a wider range of interests than local initiatives. Consequently there will be a greater array of groups willing to impose dispersed costs in order to gain a concentrated benefit. In practice, this means that instead of a local police department being influenced by interests

across the city and perhaps surrounding localities, the local police department can be subject to decisions pushed for by pressure groups across the country. Second, the opinion of the majority at the national level will likely be different than the majority at the local level, unless the locality happens to constitute a perfectly representative sample of the nation as a whole. Consequently even decisions that satisfy a system-wide majority may not satisfy the local majority, which should be of particular concern in the provision of public safety given the great variety in the nature of public safety problems across communities. Therefore a shift towards federal decision making is expected to be associated with higher external costs within particular communities as the marginal costs to individual community members become an increasingly less important part of the decision making process.

3 Community Policing in Practice

Proponents of consolidation argue that duplication of services by neighboring local governments is inefficient, and the consolidation of local public economies into a single larger unit of government is proposed as a preferable solution to the collective action problem (see Anderson and Weidner 1950 and Zimmerman 1970). Ostrom and her colleagues argued that every locality was unique in both its policy preferences and demand for local public goods, and that the variety of solutions and services offered by the multiple, overlapping jurisdictions within the metropolitan area enabled localities to better satisfy the needs of diverse communities. Further, jurisdictions could actually be more efficient when unconsolidated because of competition and incentive and

information advantages to the localized delivery of public goods (Bish 1971, Aligica and Boettke 2009, Boettke et al. 2011, Buchanan and Tullock 1962, and Ostrom et al. 1973).

Ostrom and her colleagues empirically tested the effectiveness of community-policing using a multiple methods approach with an emphasis on fieldwork. In one of their first studies, they compared three Indianapolis area communities that had their own independent police departments to three other demographically similar areas in Indianapolis that were served by the larger consolidated city police department. Ostrom found that police performance as measured by citizen satisfaction was more highly rated in the smaller police departments (Ostrom and Whitaker 1973). Similar studies in St. Louis, Missouri (Parks and Oakerson 1988), Grand Rapids, Michigan (Ishak 1972), Nashville-Davidson County, Tennessee (Rogers and Lipsey 1974), and Chicago, Illinois (Ostrom and Whitaker 1974) similarly concluded that larger police departments were producing an inferior product when compared to smaller scale alternatives (Ostrom 1999). A survey of 80 metropolitan area police services across the nation found that it is in smaller police departments that general patrolling and coproduction occur. Ostrom concludes that larger police departments are “more thinly spread” and “opportunities for citizen control and participation are enhanced in smaller jurisdictions” (Ostrom et al. 1978, 94; Ostrom et al. 1973, 16).

The practice of community-policing became popular in the early 1980s, providing more opportunities for empirical testing. There are three generally accepted tenets of community policing initiatives: 1.) the focus of policing should be community building through crime prevention, 2.) decision making and assessment should take place within a

co-productive framework, with police and the community sharing responsibility, and 3.) police departments should be small, decentralized, and autonomous, with strong linkages to the community (Greene 2000). In order to operationalize these principles, police departments were advised to put police officers and community members in closer proximity by creating police “substations” and requiring police departments to have officers on foot patrol. These changes were intended to modify the existing conception of police as outsiders or threats and give better ground for community-police relationships. Another popular action was to hold community-police meetings so that the community could meet the officers and the officers could better understand the needs of the community. Theoretically, community-policing strategies should be able to better serve the heterogeneous needs of the community by revealing information about those needs, by creating police and citizen accountability, and by engaging community members in the coproduction of public safety by motivating them to take on simple but important tasks like locking doors and honestly sharing their knowledge of criminal activities.

As observed by Levitt (2004), there have been few compelling studies of policing strategies due to a lack of reliable data on when and where given strategies are being employed in reality rather than simply in rhetoric. Those empirical studies of community-policing that have been conducted have found mixed and sometimes contradictory results (Reisig 2010). For example, a study by Muhlhausen (2001) found that COPS grants for hiring and redeployment had no obvious effect on violent crime, whereas miscellaneous grants for specific programs did reduce violent crime by 16.2 incidents per 10,000

residents for every dollar in per capita spending. A follow up study confirmed the original assessment of the COPS grants as largely ineffectual (Muhlhausen 2006).

In contrast, a study conducted the next year found that for cities of more than 10,000 people, the COPS hiring grants reduced both violent crimes and property crimes (Zhao et al. 2002). They attribute the difference between their findings and Muhlhausen's to the fact that Muhlhausen used county-level data whereas Zhao et al. used more highly specified city level data that was able to isolate jurisdictions receiving COPS grants with greater accuracy (Zhao et al. 2002, 26-27). Muhlhausen (2002) responded that Zhao et al.'s study—itsself financed by two COPS grants—excluded data on other sources of funding for local law enforcement, thereby producing inflated estimates of the COPS program's effectiveness. After extending the time period of Zhao et al.'s study to before the creation of the COPS program and controlling for pre-existing trends in police spending, Worrall and Kovandzic (2007) concurred that the COPS grants did not demonstrably reduce crime.

Those that do find community policing to have an effect on crime rates generally find that effect to be small relative to other factors. The U.S. Government Accountability Office (2005) evaluation concluded that the COPS program did reduce crime rates but could only explain about 5% of the dramatic 26% decrease in the crime rate that occurred between 1993 and 2000. In a similar analysis, Evans and Owens (2007) find that the average COPS hiring grant results in a 3.7% reduction in the violent crime rate and a 1% reduction in the property crime rate, and that COPS grants for other miscellaneous programs had no discernable effect on the crime rate (Evans and Owens 2007, 195-196).

Worrall and Kovandzic (2007) observe that neither the GAO (2005) nor Evans and Owens (2007) control for other forms of police funding, suggesting that even these modest results may be overestimates.

Several studies suggest that the reduction in the crime rate is primarily due to a trend towards larger police forces that has little to do with the adoption of any particular policing strategy. Levitt (2004, 177) finds that police officer growth between 1991 and 2001 alone explains approximately 10-20% of the reduction in observed crime, and that the rest can be explained by decreases in the number of individuals likely to commit criminal activity, brought about by factors that have nothing to do with policing strategy. Sharp (2006) finds that the growth in the size of police forces since 1980 is more the result of past racial violence than the adoption of community policing. Similarly, a study by Hawdon, Ryan, and Griffin (2003) of 41 neighborhoods in South Carolina found that community policing strategies do not improve the perceived legitimacy of police after controlling for police visibility, again suggesting that brute quantity of police has played more of a role in reducing crime than the tactics adopted by officers.

The scholars at The Workshop considered measured crime rates to be unreliable and incomplete indicators of public safety, and as such preferred to consider citizens experiences with the police and personal evaluations of police services (Ostrom et al. 1973). There is some evidence that community policing strategies can improve residents' perceptions of safety when properly implemented. Sadd and Grinc's (1994) survey of

Innovative Neighborhood Oriented Policing programs¹¹ found that sometimes reported positive impacts on perceptions of drug trafficking and drug-related crime, fear of crime, police/community relationships, and community involvement, though these results were mixed. Reisig and Parks (2004) use cross sectional survey data to compare citizen perceptions of the quality of community-police partnerships to reported quality of life measures. They find that residents who rate community-police partnerships positively are less likely to report feeling like they are unsafe or living in an uncivil, disorderly environment. And Weisburd and Eck's (2004) review of the literature on the effectiveness of different policing strategies concludes that even though community-based strategies have no obvious causal impact on crime and disorder, community policing can reduce fear of crime.

New York City's experiences with community policing illustrate the importance of altering citizen perceptions. The program began in 1984 and ended in 1994 after a set of memos released by the police chief, which revealed the problems of implementation and concluded that "the program has fallen short on nearly every front: putting cops on the beat, clearing the streets of small-time crooks, involving community" (quoted in Robin 2000, 88). There was some improvement in police-citizen relationships, although for the most part this pertained to specific officers. Overall the residents of New York viewed CPOP as having little impact on drug trafficking, drug related crimes, and fear of crime (McElroy et al. 1993 and Rosenbaum 1994). This evidence of unsuccessful

¹¹ Programs funded by the BJA in eight cities: Hayward, CA; Houston, TX; Louisville, KY; New York, NY; Norfolk, VA; Portland, OR; Prince George's County, MD; and Tempe, AZ

implementation led New York, considered by many to be a flagship community-policing program, to end the program.

In sum, the empirical evidence suggests that although there is hope that the techniques of community policing could be effective, their implementation leaves much to be desired. The following section uses the polycentric framework to explain why community-based policing strategies have failed to live up to their theoretical promise.

4 Federal Interventions in Local Jurisdictions

Since the early 1980s, decisions about the provision of public safety have increasingly been made at higher levels of the nested institutional structure within which public safety is provided. Specifically, decisions are now being made by federal rather than local law enforcement agencies. Since fewer members of the community are able to participate when decision making takes place at the federal level, federal policies can impose significant external costs on local communities (Buchanan and Tullock 1962). These external costs have manifested themselves in two ways: the adoption by local law enforcement of federally subsidized strategies that communities view as undesirable, and the simultaneous rejection of genuine community-police partnerships.

One of the key findings of Elinor Ostrom's years of research into collective action problems is that rationality within a collective action setting is not homogeneous. Communities are heterogeneous and face unique problems that require unique solutions. This inherent heterogeneity is further complicated by subjectivity in individual evaluation of both the current state of affairs and the desirability of alternative solutions (Aligica and Tarko 2013). Further, the actual individuals attempting to solve the public safety problem

will be different at different times and places. Some people are extraordinarily willing to cooperate in the provision of public goods. Others are more narrowly self-interested and unlikely to participate in either manner. Communities will vary in the distribution of these and other personality types, and consequently will vary in the extent to which any given community-based solution to the collective action problem of public safety will be effective (Ostrom 2000).

The heterogeneity of personality types and their distribution within a given community is important because of another one of Ostrom's empirical findings—that the solution to a collective action problem is more likely to persist when individuals have participated in designing the system. This is important for reasons of knowledge and of incentive compatibility. Individuals not only have better knowledge of their own circumstances and so can design better rules, but they are also more likely to perceive rules of their own design as fair and worth following (Ostrom 1990 and Ostrom 2000). In Ostrom's words, "Allowing citizens to form neighborhood-level collective consumption units encourages face-to-face discussion and the achievement of common understanding" (Ostrom 2011, 372). Further, the nature of some goods and services—including policing—is such that output depends not only on the producers supplying the service, but also on the active engagement of the consumer (Bish and Ostrom 1973). The inputs of producer and consumer are interdependent, and coproduction is necessary in order to ensure a high-quality outcome.

In the theory of coproduction, the absence of input and action on the part of citizens impedes the ability of the police to ensure public safety. For example, adding

more police officers to patrol the streets may have little impact if citizens fail to lock their own doors or refuse to communicate with police officers (Bish and Ostrom 1973, 41-43). Further, the interdependence of inputs into the production function means that the effect of adding or reducing one input can only be determined in the context of the level of other inputs. This means that the predictability of any given attempt to increase the total production of public safety is dependent upon an incentive structure that encourages cooperation and supports rather than inhibits communication (Ostrom 1998 and Parks et al. 1981). In short, the benefits of community policing are largely the result of its unique capacity to utilize local knowledge and establish an incentive structure that harnesses the benefits of coproduction.

However, the widespread implementation of community policing initiatives across the country in the 1980s and 1990s often originated as a result of subsidization rather than community demand. The federal program most directly focused on community policing is the Community Oriented Policing Services (COPS) program, which was created as part of the Violent Crime Control and Law Enforcement Act of 1994 (VCCA). The VCAA allocated 8.8 billion dollars in COPS grants to be distributed over five years to local police agencies for the development of community policing programs (Robin 2000).¹² Before the creation of the COPS program, about forty percent of law enforcement agencies in the United States were said to be engaging in community policing strategies. After passage, the number of agencies practicing community policing doubled (Morabito 2010 and Trojanowicz et. al 1998). By 2002, more than 12,000 law

¹² Violent Crime Control and Law Enforcement Act of 1994, H.R. 3355, Title 1.

enforcement agencies had received a COPS grants and over 116,000 police officers had been hired as part of designated community policing programs (Robin 2000).

COPS grants are far from the only source of federal funding for local police departments. Direct federal subsidization of state and local law enforcement originated with the creation of the Law Enforcement Assistance Administration (LEAA) through the Omnibus Crime Control and Safe Streets Act of 1968. This direct subsidization gave the LEAA the ability to threaten to pull financial support from state and local agencies that were unwilling to cooperate with favored initiatives (Balko 2013, 64-67). The trend of federal spending to combat local crime continued through the 1980s in the name of the war on drugs and associated initiatives designed to address related violence.¹³ These grants are still available today through Byrne JAG, the State Criminal Alien Assistance Program, the Victims of Crime Act, the Juvenile Justice and Delinquency Prevention Act, the Violence Against Women Act's STOP program, and other initiatives designed to address crime. Total federal funding to state and local police services is presented in Figure 2, and total federal funding as a percentage of state and local police expenditures is presented in Figure 3.

¹³ Russell-Einhorn, Ward, and Seeherman (2000) provide an accounting of such programs from the years 1982 through 1999.

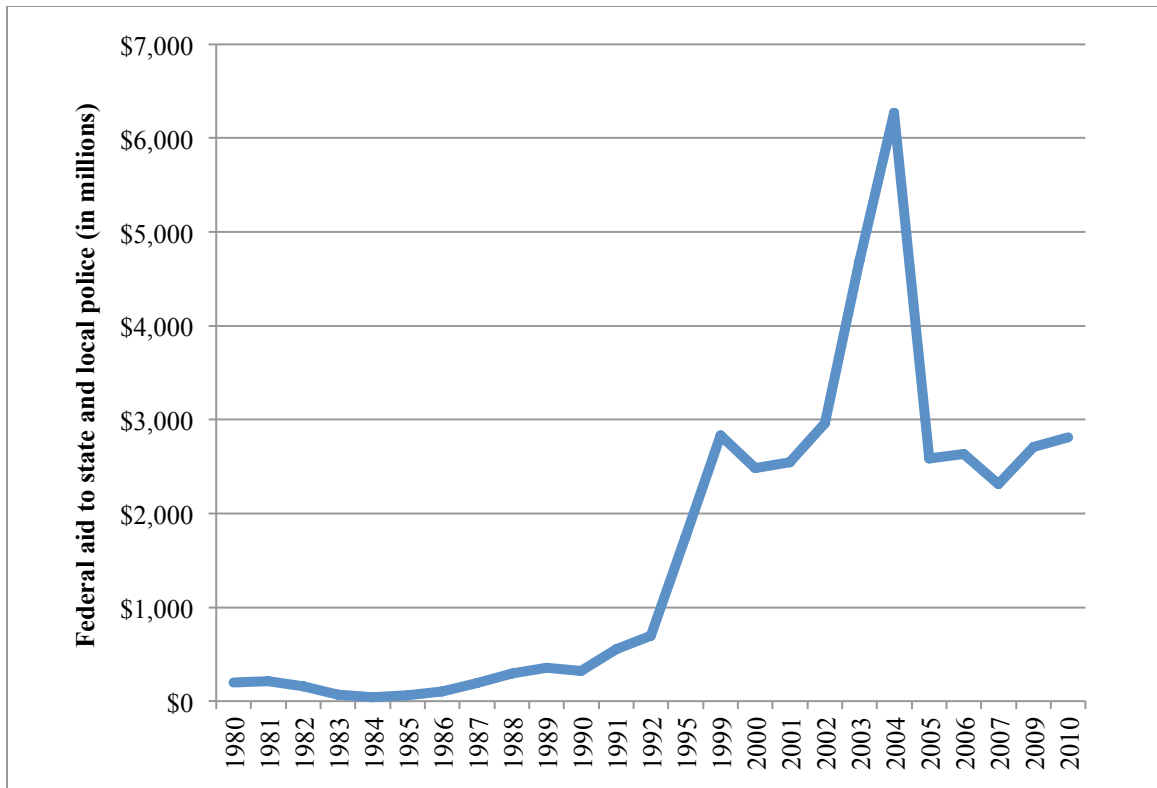


Figure 2 Federal aid to state and local police services¹⁴

¹⁴ Data compiled from Bureau of Justice Statistics using the Justice Expenditure & Employment Extract Series. Missing years: 1993, 1994, 1996, 1997, 1998. Federal aid to state and local police services is measured by the 'Federal intergovernmental expenditure on police services' for each year.

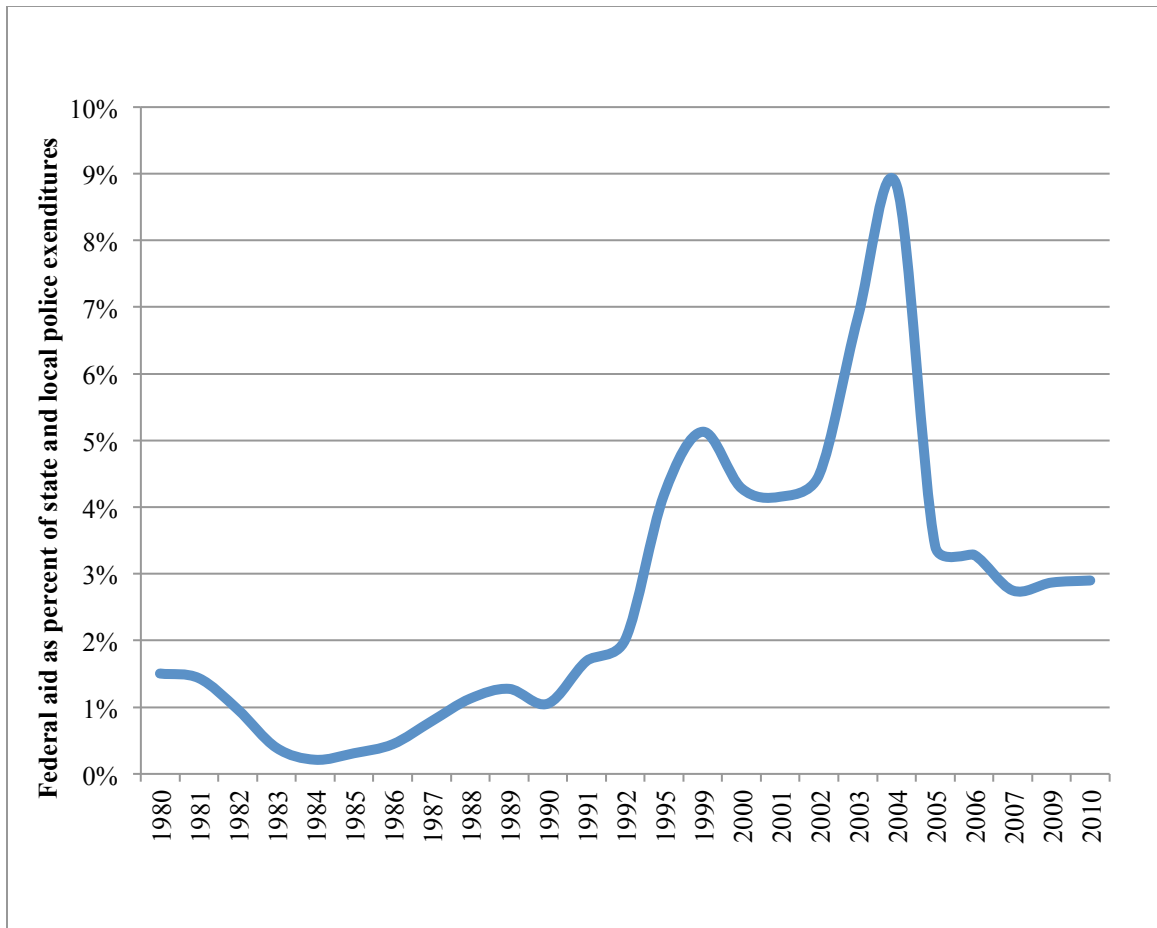


Figure 3 Federal aid as percentage of state and local police expenditures¹⁵

The higher level of federal funding for community based policing initiatives has a number of implications. Most obviously, it is a clear indicator that local police are working in service of federal policymakers and bureaucrats rather than community members. The subsidization of particular policing strategies drives a wedge between the costs that strategy imposes on community members and the costs that will be felt by the

¹⁵ Data compiled from Bureau of Justice Statistics using the Justice Expenditure & Employment Extract Series. Missing years: 1993, 1994, 1996, 1997, 1998. Federal aid to state and local police services is measured by the 'Federal intergovernmental expenditure on police services' for each year and is then taken as a percentage of the state and local police expenditures for that same year.

decision-makers at local law enforcement agencies. As a result, community-based solutions that were previously optimal become relatively more costly to the police department and therefore less utilized.

In addition to direct funding that drew the immediate attention of local police departments, there was a good deal of indirect subsidization in the form of changes in law that encouraged local police to act in the service of federal objectives. For example, the Comprehensive Crime Act of 1984 mandated that local police department cooperating with federal drug investigations would receive a share of any associated asset forfeitures. Benson, Rasmussen, and Sollars (1993) find that local police departments were able to generate increases in their discretionary budgets by taking advantage of this new procedure and confiscating assets during the process of investigating drug-related crime. Although no direct subsidy is awarded, local police departments are being financially rewarded for directing a greater proportion of their assets towards cracking down on drug-related crime—and consequently any department choosing not to place a greater emphasis on drug related crime would be foregoing income, regardless of the community's actual public safety needs.

The increasing trend towards the militarization of the police is another force that distracts police from their roles as community partners in the provision of public safety. Police forces, like the military, derive authority from their government-sanctioned ability to employ physical force. In this sense the police have always been to some degree militaristic (Kraska 2007). The question is to what extent militarism—the adoption of the mental models and technologies of the military—has become a dominant force shaping

and attitudes and practices of local law enforcement (Kraska 2001; and Mastrofski and Willis 2010).

In 1981, the Military Cooperation with Law Enforcement Act authorized the Department of Defense to provide state and local law enforcement with operational advice, physical facilities, and equipment—even continued maintenance of that equipment if it was being used for an approved set of purposes (Hall and Coyne 2013, 495). The availability of military technologies for domestic use expanded in 1997 with creation of Program 1033, designed to put excess military equipment to use by transferring it to state and local government agencies. Equipment distributed through Program 1033 includes “body armor, aircraft, armored vehicles, weapons, riot gear, watercraft, and surveillance equipment” (Hall and Coyne 2013, 497). These transfers subsidize the use of militaristic strategies and as such inevitably discourage communities from finding alternative solutions to public safety problems.

One of the most visible signs of the militarization of the police has been the increased formation and use of police paramilitary units (PPUs), groups of police officers who are specially trained and organized in a militaristic fashion and equipped with military grade weapons and technology. The use of PPU in domestic settings in the United States is attributed to Los Angeles police officer Daryl Gates, who developed the Special Weapons and Tactics (SWAT) team in response to his experiences as a police officer during the Watts Riots. The first SWAT team was deployed in 1969. Although at first SWAT teams would be used sparingly, the use of military technology and tactics in domestic situations soon became common (Balko 2013, 43-80.) Kraska and Kappeler

(1997) find a 50% increase in the number of PPUs and a fivefold increase in the deployment of those units between 1980 and 1995.

Since PPUs are designed for action in high risk situations where the police department wishes to exert extreme force, this increase in their utilization implies a diversion of resources away from community policing and towards militaristic action by the police. Further, although PPUs were initially created to take on situations such as violent riots, PPUs have since been formed for the purposes of combating gangs, narcotics distributors, and even police patrol in high risk areas (Kraska and Kappeler 1997). As of the year 2000, more than 80% of the deployments of PPUs were in the name of the war on drugs. At the dawn of the community policing movement, no-knock and quick-knock raids were essentially unheard of (Kraska 2007). Today popular news stories of mistaken innocent shootings, SWAT team raids gone wrong, and police brutality and abuse continue to emerge across the nation (Hall and Coyne 2013).

Another finding from the Kraska and Kappeler (1997) survey is that 63% of police departments view PPU's as an important part of their community policing strategies. A police commander is quoted as saying:

What normally happens in our community is that something (i.e., a project) comes in and you just start to get the feel of it, and then it's pulled out...normally what happens in the East Harlem community is that programs come in and you start to warm up to them, and you start to develop a relationship with them, but they get pulled out. So that creates skepticism in the community because you don't know if you want to participate or not because you don't know how long it's going to be there or not (quoted in Grinc 1994, 453).

This uncertainty about the durability of community policing initiatives lowers the expected return on investment to community members who are considering participating, thereby lowering the likelihood of effective coproduction.

Seattle's experiment with community policing provides another illustration of how important it is for police to credibly commit to good faith coproduction with the community. Seattle's attempts at community policing were successful in the late 1970s and early 1980s when they were driven primarily by concerned citizen activists. However, over time, the city began to send fewer beat police and more bureaucrats to community meetings, and participation waned as citizens began to feel as if the purpose of the meetings had shifted from learning about citizen concerns to persuading the community to support traditional police action. A prominent black minister is quoted saying "The African-American community is reluctant to talk about increasing policing, because we have police on every street corner as it is... The crime prevention councils serve more to justify police actions and act more as agents of the city than agents of the community" (quoted in Lyons 2002, 533). In other words, the community policing initiative had transformed from a partnership with the community to just another extension of the police department itself.

The general lack of community support no doubt contributed to the failure of many community policing initiatives originated by bureaucracies in various levels of government. Especially in minority communities, citizens were often fearful of the police and expressed concern about reprisals. This is particularly concerning given that "growing evidence demonstrates that when the police are able to gain wider legitimacy among citizens and offenders, the likelihood of offending will be reduced" (Weisburd and Eck 2004, 59). One community leader in Hayward said, "People on this block will not get more involved because they are afraid" (quoted in Grinc 1994, 447). Another

resident in Norfolk expressed, “I find that most community people are fearful [of reprisals]. A lot a fear comes from...when you call the police...then the officers come to your house, and people would say that you’re with the police and label you [a snitch]. And you know, with all the drugs and things around here, you hate to be labeled as calling the police” (quoted in Grinc 1994, 447).

In order for communities to resolve the collective action problem, the incentive structure must be such that cooperation between the relevant parties is encouraged and /or the failure to cooperate is punished. However, the culture of distrust of the police serves to incentivize a lack of cooperation and directly undermines the ability of the community to engage in the coproduction of public safety. As described by a resident of Louisville, “There has been such a negative view of the police. People don’t trust them...and most of those who are policing don’t live in our area so, therefore, and they don’t understand what we’re going through...so there’s a lot of misunderstanding, and no communication at all” (quoted in Grinc 1994, 450). No communication means no coproduction.

As a result of the strong incentives for police to be nationally rather than locally focused and the lack of incentives for community members to participate in coproduction, police departments have demonstrated a failure to be truly community orientated even when adopting the rhetoric of community policing. Community policing has existed in many jurisdictions in name only, and many law enforcement agencies implemented community policing strategies without taking the necessary first step of embracing the culture (Rosenbaum and Lurigio 1994; Rosenbaum 1994, 177-179; and Robin 2000, 89-94). Consequently, the recent history of community policing should not

be interpreted as policing through self-government as proposed by the Workshop. Instead, modern experiences with community policing demonstrate the sensitivity of community-based initiatives to action at higher levels within the nested structure of a polycentric system.

5 Conclusion

One of the virtues of a federal system is that it enables individuals to choose at which level of government they would like to contract for provision of a particular service (Ostrom 2008, 9). Rational individuals will allocate a particular power to the federal government if and only if the federal government is believed to be the least cost provider of the service in question (Buchanan and Tullock 1962, 47-57). However the reality of the recent history of American policing is that the transition to increasing federal control has in fact been rather costly.

This should perhaps not be surprising. The analytical tools of the Bloomington school are built around the presumption that individuals can be and are self-governing. As such these tools require modification when applied to collective action that bears more strongly the hallmarks of government by others than government by the self. In the case of public safety, the necessary modification is to account for increasing federal influence on police officers. With so few agencies making decisions for so many local police departments and their customers, less and less account has been taken of the costs of public safety borne by members of the community who have little to no influence in the process. In this way, the approach taken in our paper is fundamental to understanding policing as it analyzes the incentives for community collective action and closes the gap

in the literature on the perceived failures of community policing efforts. The application of this framework contributes to broader research areas not only in policing, but also in other collective action situations where federal aid can shape the failures or successes of public goods provision by localities.

The increasingly hierarchical and militaristic nature of the provision of public safety carries with it a set of risks that should not be underestimated. Vincent Ostrom, cautioned that

...democracies are in serious difficulties when a sickness of the people creates a dependency, a form of servitude, in which the people no longer possess the autonomous capabilities to modify their constitutional arrangements and reform their system of government in appropriate ways (Ostrom 1997, 17).

Militarization and centralization of the police make it increasingly difficult for individuals within a community to exert any sort of influence in the local provision of public safety. Instead, control rests in the hands of officers who are accountable to external forces rather than individuals within the community they are intended to serve. In removing accountability to the community, centralization breeds the ground for misconduct, abuse, and in general prevents the resolution of an important collective action problem now and in the future.

COLONIAL IMPACT ON GOVERNANCE IN WEST AFRICAN CHIEFTAINCIES

1 Introduction

How can government leaders be more accountable to their citizens? The literature in development economics identifies predatory governments and weaknesses of institutional constraints on government actors as causes of underdevelopment, especially in sub-Saharan Africa (Bates 1981; Sandbrook 1985; Scully 1988; Young 1994; Weingast 1995; Boettke 2001; Boettke et al 2005; Deaton 2013; Easterly 2001, 2013). In order to spur the path to development, there need to be mechanisms that constrain governments from engaging in rent-seeking and acting in predatory ways. The economics and political science literature has recognized the institutional structures of polycentricism and federalism for containing important mechanisms that can align the incentives of leaders to their citizens and thereby incentivize government actors to be more responsive to their citizens (Tiebout 1956; Ostrom, Tiebout, and Warren 1961; Ostrom 1972; Ostrom 1991; Boettke 1994; Buchanan 1995; Weingast 1995; Leeson 2011).

In this chapter, I study the political structures of chiefdoms in the late pre-colonial era and analyze the impact of external institutions (British colonialism in this case) on the institutional constraints faced by the chiefs and their subsequent delivery of governance services. Chiefs in African societies are political and religious leaders who govern over

their respective tribes and provide judicial services, raise taxes, and allocate land. Pre-colonial West Africa was characterized by multiple and overlapping systems of chiefdoms that had similarities to a polycentric system or to a system of clubs. The institutional structures aligned the incentives of the chiefs to be accountable and responsive to their citizens. This existed because of a high degree of competition between chiefdoms and because political leaders were effectively the residual claimants on revenues generated for providing governance services to the citizens. In the mid-to-late 19th century, the British began to colonize parts of West Africa and in doing so, altered the club-like and competitive features of the chiefdoms. Specifically, I identify the mechanisms by which colonialism severed the link that aligned the incentives of government to its citizens. British Indirect Rule did this by reducing political competition and softening the budget constraints of the chiefs. Toward the end of colonial rule, chiefs became less accountable to their people as evidenced by the widespread corruption and extortion by the chiefs and by their unprecedented violation of the constitution and abuses of their power. The contribution of this paper is twofold: 1). It provides a specific case study of how the institutional structures were altered in West Africa by the British that led to unaccountable chiefs and 2). It provides a general understanding and framework for how the mechanisms in polycentric or federal institutions can break down with external influence.

My analysis complements several studies outlining the widely held belief that colonialism created unaccountable chiefs, which has negatively impacted economic development in Africa. Acemoglu, Reed, and Robinson (2014) find that chiefs who were

elected in areas with greater ruling families have significantly better development outcomes today than chiefs elected in areas with fewer elite families. They ascribe the mechanism to the presence of political competition and constraints faced by the chiefs: more ruling families means there will be greater political competition that will constrain the chiefs in their quests to rent-seek and extort the citizens. Their investigation begins in the early 20th century when the British colonized Sierra Leone. Thus, they analyze the variations between already-colonized chiefdoms in Sierra Leone, whereas my analysis is an event study on the chiefdoms across West Africa in pre-and-post British rule. Ashton (1947), Mamdani (1996) and Crowder and Ishmine (1970) also document the impact of British colonialism on strengthening the power of the chiefs, weakening tribal opinion, and contributing to problems in development.¹⁶ These studies attribute a number of different reasons as to why the chiefs began to abuse their power—and some do speculate it was because of “government support” (meaning support of the British administration). I add to these studies by introducing both a framework and empirical support for understanding exactly how external government support alters the incentives of chiefs to be accountable to their citizens. My paper evaluates the mechanisms that were in place that made chiefs accountable to their citizens before colonial rule and then analyzing exactly how the British administration broke down these mechanisms.

In doing so, I am also extending our general understanding of the mechanisms operating in polycentric institutions and federalism that constrain government actors and how these can break down with external influence or aid. There are many studies done in

¹⁶ See also Crowder (1968), Hill (1963), Ayittey (1992; 2006); Berry (1993) for more discussion on colonialism creating unaccountable chiefs and discussion of consequences for development

this area that investigate how central government aid breaks down these features of a federal system. For example, Kornai (1986) discusses the concept of the “soft budget constraint” and how this can lead to careless spending in both firms and local governments. Greve (2012) analyzes how the features of competitive federalism in the United States became eroded with aid and “intergovernmental schemes.” Boettke, Lemke, and Palagashvili (2014) provide a case study of how federal aid to local police departments in the United States contributed to unaccountable police. While the discussion between federal government support in the United States and British government support (or colonialism) in West Africa may seem oceans apart, they are tied together by analysis of their mechanisms and the consequences on their respective institutional structures. Both the literature on U.S. federalism and my analysis in West African chiefdoms emphasize that although the institutional structures of federalism and polycentricism have important mechanisms that incentivize governments to be more responsive actors, these mechanisms can easily be broken by externally imposed institutions, external funds to political leaders, or other forms of “government support.”

This paper does not discuss all the nuances of colonialism and the problems of poverty and growth in Africa. The literature on the causal links between colonialism and poverty in Africa are too vast to be addressed here. Thus, I do not tackle the effects of colonialism on ethnic fractionalization, on civil war and political unrest, on creating a culture of mistrust and mistreatment, and the effects of setting-up “extractive” institutions

by the colonizers, or a host of other consequences from colonialism in Africa.¹⁷ Instead, my intention is to offer insight regarding an equally important effect of colonialism on the institutional structures of chiefdoms and the incentives of political leaders to be accountable to their citizens. In analyzing this case study, I am also providing a framework from which to understand similar dynamics and problems.

Furthermore, I am not addressing all of the benefits of colonization in this paper, since it is not my intention to do a cost-benefit calculation of whether colonization was “good” or “bad” for economic development in Africa. There are a number of studies documenting the beneficial aspects of colonization on economic development (Glaeser et al 2004; Easterly and Levine 2014), on opening trade and providing access to European markets (Bauer 1954), and on creating water supplies, railroads, and other important infrastructure (Colby 1938, 127-162). I am not disputing that these factors of colonization were helpful for the process of economic development in Africa. Instead, I am offering insight regarding an important effect of colonial institutions on the institutional structures of chiefdoms and therefore on chief behavior, which sheds some light on understanding the problems of unaccountable chiefs and Africa’s growth problem today.

Unfortunately, there is not sufficient quantitative data that appropriately measures chief accountability to their citizens between pre-and-post colonial rule. This makes it difficult to perform an econometric analysis, and I therefore rely on historical accounts to investigate this question. These historical accounts—coming from primary sources such

¹⁷ See for example, Michalopoulos and Papaioannou (2011) on creating civil wars and political unrest, Acemoglu et al (2001) for extractive institutions, Nunn and Wantchekon (2011) for a culture of mistrust, and Leeson (2005) for the effects on ethnic fractionalization. There are countless more studies on the direct and negative consequences of colonialism.

as British colonial officers in the field and also from recognized West African historians—provide significant insights into pre- and post-colonial institutions, the structures of chiefdoms, and chief accountability. Furthermore, my analysis does not survey the entirety of all the tribes and chiefdoms on the African continent, but instead focuses on a number of chiefdoms that were located around the areas of modern-day Nigeria and Ghana. All of the chiefdoms surveyed in this paper were later colonized by the British. I do not address French colonization because the way the French colonized parts of West Africa involves a different set of mechanisms than the way British colonized West Africa.¹⁸ Even though my analysis is focused on one particular region of British colonization, the framework and insights are also applicable to other parts of Africa where the British colonized the chiefdoms in similar ways. For example, Ashton's (1947) discussion of how the British colonized parts of South Africa and Botswana is very similar to what I find on how the British colonized parts of West Africa.

The chapter will proceed as follows: Section 2 will introduce the framework for understanding these mechanisms and the means by which they can breakdown. Section 3 will describe the political institutions in late pre-colonial West Africa and show how the political environment and organization of these chiefdoms and kingdoms aligned the incentives of the chief to their people. Section 4 introduces British colonization and analyzes how the mechanisms in the pre-colonial system were altered and the consequences it had on chief behavior. Section 5 concludes.

¹⁸ The French engaged in Direct Rule, which effectively made the chief an agent of the French administration and stripped him of his powers. This was the opposite of British Indirect Rule, which gave more power and discretion to the chief.

2 Self-Enforcing Mechanisms for Governance Accountability

The institutional structures of polycentricism and federalism are identified as key structures that incentivize government actors to be more responsive to their citizens. The economic growth and development in England in the 18th century and the United States in the 19th century has been attributed, in part, to their federal structures that allowed for competition among local governments and also constrained political leaders in their quests to abuse their powers (Weingast 1995). Other scholars discuss the polycentric environment in Europe as being fundamental for the competition that occurred between various city-states and monarchies to attract citizens. This competition was key to constraining political leaders and allowing for “good” rules to emerge and sparking the process for development.

Polycentricism describes a system with many centers of decision-making units that are formally independent of each other, which involves multiple, overlapping systems of autonomous governments (Ostrom, Warren, Tiebout 1961; Ostrom 1972).¹⁹ The main advantage of a polycentric system is through its ability to generate a government that is governed by the people—that is, one where government actors are responsive to citizen demands. Vincent Ostrom explains that it is a system “operating through a multiplicity of jurisdictions subject to strong democratic controls, to adjudication of interjurisdictional conflicts and to competitive rivalry under quasi-market conditions (V.Ostrom 1972, 73).

¹⁹ Frey (2001) has a similar analysis of what he refers to as ‘functional, overlapping, competing jurisdictions.

A federal structure has similarities to a polycentric system of government. Federalism refers to a hierarchic structure of government that allows for considerable autonomy and competition between lower-levels of government. Federalism allows for citizens to “vote with their feet” and generates incentives for localities to compete for citizens (Tiebout 1956). The main difference between a traditional federalist structure of government with polycentricism is that a federalist structure creates a contract that has a central government with many sub-governments while polycentricism does not necessarily involve having to contract to a central government. Polycentric systems describe areas of many, autonomous competing governments.

Leeson (2011) identifies the exact mechanisms in these institutional structures that have similarities to a system of clubs, which, he argues, can generate incentives for government leaders to be accountable to their citizens. In this framework, clubs are a provider of governance and club owners become residual claimants on revenues they generate through providing the governance services that members want. Because people pay fees to join the club, club owners’ interests become directly tied to satisfying his customers and attracting more customers to join the club. If club owners renege on their promises to its members or provide a poor quality of governance, they will lose members, and club owners have to internalize the loss of this action. Thus, because club owners’ revenues are directly generated from satisfying their customers, clubs have an incentive to be responsive to theirs members. These mechanisms also work because of the competitive nature within which clubs exist—there are a variety of governance selections available to citizens. This means that the consumer’s threat of exit can constrain club’s

owners if they do not satisfy their customers. If club owners begin to extort their members, members can exit, and club owners have to internalize this loss. If for example, there was one club that had a monopoly on providing governance, the consumer exit option would be severely diminished and the self-enforcing aspects of clubs would be reduced. The competitive nature of clubs and the ability of consumers to exit is what align the interest of the club owners' to their members.

These mechanisms in a system of clubs operate in a similar respect (although not perfectly) within a polycentric system of governance, and to a lesser extent in federalist structures.²⁰ Each unit of government receives its revenue from the members (citizens) that choose it as its governance provider. In this sense, the political leaders on the local governance level will be the residual claimants on the services received from their members. In this type of setting, there is a high degree of Tiebout competition that can effectively act as a check on governments. This exit power allows citizens to incentivize government officials to provide governance services that are best suited for their needs, or else they will relocate their “payments” to other suppliers of governance. This exit power will make lower units of government compete for residents by providing better governance services. Furthermore, what is important to emphasize in this model is the concept of a “hard budget constraint” that localities face. If the localities’ only source of revenue is from the payments for the services it provides to its citizens, the local unit of government is faced with a “hard budget constraint.” The implications of having local governments with hard budget constraints is that they will provide better governance

²⁰ Leeson (2011, 302, fn 3) also explains “The system of clubs may be seen as a more radical or extreme form of the polycentric political system.”

services. In other words, their payments are directly coming from citizens who want to purchase their governance services—this thereby incentivizes governments to provide better services in order to increase revenues. This analysis has similarities to McGuire and Olson (1996) who contend that governments view their citizens as their tax bases and this incentivizes political leaders to better provide public goods and protection of property rights to increase their own revenues.²¹ McGuire and Olson argue that governments are guided by the “invisible hand” to be less tyrannical and provide a decent environment for people to produce.

The bottom line summarizing this line of work is that while such things as constitutions may stipulate how governments should interact with their citizens, whether political leaders abide by these rules and maintain accountability to their people will depend on their incentives to actually do so. I analyze how the mechanisms identified by Leeson (2011) can break down or become severely weakened, and thus alter the incentives of rulers to maintain accountability to their citizens. These mechanisms can break down or be severely weakened in two main ways.

First, this can occur when the link is severed between the providers of governance service, the customers paying for the service, and the recipient of the payments. When external funds are available from a federal government, this can “soften

²¹ Maximizing tax-revenues are an important way to understand how governments are the residual claimant on revenues generated through increasing the productivity of its' citizens. However, in terms of understanding government accountability to citizens, tax-revenues are not sufficient. This is because, as Leeson (2011) explains, responsiveness to citizens may include implementing minimal taxes or not implementing productivity-enhancing policies. While a government may be a residual claimant on revenues from citizens as outlined by McGuire and Olson, he is not a residual claimant on supplying governance services.

the budget constraints” of local governance providers and reduce the incentive to provide better quality governance. Kornai (1986) introduces the concept of a “soft budget constraint” and applies it to understanding how firms may be unproductive or unresponsive to consumer demand. If firms are receiving bailouts or financial assistance from the government, they can act more “carelessly” (Kornai 1986, 22). Kornai offers that this concept can be applied to understanding local governments: “If a local government gets additional funds from a higher-level government budget, then a soft budget constraint situation may evolve” (23). One of the main conditions of this model is for firms or local governments must expect “with high subjective probability” that it will receive external assistance (22). Consider an example of a police department, which receives its payments directly from its citizens. External funds to police departments (occurring on a regular basis) can break the link between police and citizens and thereby break their “hard budget constraints.” Without the external funds from the centralized government, payment to the police departments came directly from providing “good” governance services for the citizens within its domain. There was no other way to generate revenue. With external funds from a higher level of government, police now have another revenue source and this may reduce the incentive to which they provide better quality governance to their citizens. There is still an incentive to provide governance, but the quality of governance may fall if police departments now have an external source of revenue—a “slush” fund.

The second way these mechanisms can be broken or weakened is by reducing the competitive environment within which these governance services exist. This can occur

by limiting the suppliers of governance services and by removing the possibility of contestability between governance service providers. For example, the centralized government can reduce the competitive nature of local government units by contracting more of the governance services at the centralized level instead of allowing for local government units to provide those services. In this way, consumers would have a smaller selection in choosing between governance service suppliers and the margins at which local governments could compete on for citizens would be reduced. Consumers would also be faced with less competitive governance suppliers because they can no longer opt-out of a city that, for example, imposes high taxes if all taxes become uniform. Political competition can also be weakened if citizens no longer have an opportunity to choose a different political leader. This is referred to as reducing citizen “voice” (Paul 1992). If there is only one person who can run as local leader and he cannot be eliminated, then the citizen’s threat of exercising voice and eliminating the leader is no longer a constraint on the ruler. In these ways, the competitive nature of governance suppliers can be weakened, and the self-enforcing aspects of a responsive government can disappear.

It is important to note that these mechanisms all interact with each other and a situation in which there is high degree of political competition with soft budget constraints will have less of an effect on reducing government responsiveness than when soft-budget constraints are coupled with reduced political competition. For example, in the face of soft budget constraints and high political competition, there will still be decent quality governance services local units of government will want to compete for customers. With both soft budget constraints and reduced political competition, though,

governmental units are no longer faced with competitive pressures that align their interests with members of the community and this can significantly reduce the quality of its governance services. In the remainder of this paper, I apply this framework and the mechanisms described to understanding the impact of the colonial regime on the changing the institutional structures of chiefdoms and alerting the incentives of the chiefs in West Africa.

3 Political Institutions in Pre-Colonial West Africa

Pre-colonial West Africa was commonly portrayed as isolated, primitive, and uncivilized—i.e. the “Dark Continent.”²² But before European colonization,²³ tribes formed their own political institutions and mechanisms of private ordering, institutions of contract and property rights protection existed in various forms, and there were systems and associations of insurance, credit, and trade among heterogeneous groups (Crowder 1968; Cohen 1969; Gellar 2005; Ayittey 1996, 2006; Davidson 1965, 1970; Leeson 2005). This section is not meant to romanticize pre-colonial West Africa—as civil wars, the slave trade, and poverty were characteristic of the area for major periods of its history. Instead, I aim to describe the political organizations of chiefdoms and kingdoms in the late pre-colonial time period and provide an analysis of the mechanisms within the political organizations that have led historians to describe that a vast majority of

²² The following quote by a historian was illustrative of the perception of pre-colonial Africa: “Perhaps in the future there will be some African history to teach. But at present there is none; there is only the history of the Europeans in Africa. The rest is darkness...and darkness is not the subject of history” (Hugh Trevor-Roper 1962, as quoted in Crowder 1968, 10).

²³ The time period of European colonization is the mid-to-late 19th century until 1950-1970s when African states gained independence. The pre-colonial time period I study is from the mid-18th century until European colonization. This is referred to as the late pre-colonial time period.

kingdoms and chiefdoms were constitutionally constrained and subject to their citizens (Davidson 1992, 5-8; Mamdani 1996, 40-48; Ayittey 1992, 37-77; Crowder 1968; Busia 1967, 27-31; Ayittey 2006). Accounts from colonial officers working in West African regions also vastly document the awe at which traditional structures of governance constrained the power of the chiefs.²⁴ One political officer even notes: “No more did [Europeans] understand the somewhat constitutional quality of this royalty: the expression ‘negro-king’ in our language suggests an unbridled despot, whereas the most bloody and, to our eyes, the most barbaric Dahomey kings, for example, were in a certain sense far more subjected to popular control than Queen Victoria to say nothing of other contemporary European sovereigns” (Alexandre 1970, 38).

3.1 Overview of Structure and Organization

Throughout the continent (and specifically in West Africa), there were a vast number of “governments” with a variety of different forms of organization. Some forms of governance were stateless societies, which were a collection of various tribes that existed as autonomous political entities without any one ruler as the head of the society. Other tribes were organized into smaller or larger chiefdoms (large chiefdoms were often considered kingdoms). The main characteristic of a chiefdom or kingdom was that there was some recognized leader or “head” of the tribal grouping. These chiefdoms, kingdoms, and stateless societies all co-existed together—providing a unique historical illustration of a polycentric system of governance: an environment of multiple, overlapping systems of governance.

²⁴ See for example the accounts given by Pierre Alexandre and John Smith in *West African Chiefs: Their Changing Status under Colonial Rule and Independence* (1970)

Furthermore, the internal political organization of chiefdoms and kingdoms took two main forms: 1) federated or pyramidal governments or 2) centralized monarchies. The federated kingdoms (also known as *constitutional monarchies*) consisted of a recognized head of the state with many subgroups that were given significant autonomy. Each subgroup consisted of a leader and these leaders formed an inner council that was the major decision-making body and chose the king (and could also dethrone him). This federated type of organization and rule was the most common in the late pre-colonial era. The centralized monarchy had a highly consolidated political administration that ruled over various communities and gave them limited political autonomy. The king was the head of the state and had an inner council that was *chosen by him*. This type of political organization was most commonly used by the Islamic empires, such as Mandinka, Fulani, and Hausa empires.²⁵ For the purposes of this paper, I choose to narrow my analysis onto the *chiefdoms* and *federated kingdoms*. I do this for two main reasons: First, my examination is how the role of the leader (king or chief) had changed after colonization. Because stateless societies did not have a “leader,” they are not relevant for the specific analysis provided in the paper. Second, for the most part, I leave out the centralized monarchies because they were the least common form of organization. But even with centralized monarchies, historians have also documented that over the period of colonization, the king also became more corrupt than he was during the late pre-colonial

²⁵ However, even within specific kingdoms, the political organization changed over time. One kingdom may have been more centralized in the early pre-colonial period, but became more like a constitutional monarchy in the late pre-colonial time period.

period.²⁶ The focus on federated kingdoms allows me to provide a better illustration of the incentives faced by the chiefs or kings and how colonial institutions altered these incentives within a federated system of political organization.

In African societies, political organization began at the lineage or village level. Each lineage chose a head for their group and when different lineages came together to form a village (or tribe), they chose a chief to be the leader of the tribe. Each head of the different lineages in this tribe would then serve on the *council of elders* for the chief.²⁷ The chief was seen as both the religious leader of the tribe and living representative of the ancestral spirits, and the governance leader who is responsible for maintaining order and acting as the decisive authority in matters affecting the welfare of the tribe. In his role as leader of the tribe, the chief was assisted by the council of elders, which consisted of all the headmen of the lineages in the tribe, and hence were influential members of the community. The main function of the council of elders was to prevent the chief from abusing his powers and to assist the chief in governing the tribe.

The Council was the representative body of the commoners. Without this council, the chief was powerless and could not make laws. Generally, the elders tended to be only interested in the welfare of their lineages... Council approval or unanimity was needed on all matters affecting the community. The chief could not dismiss the councilors, since those officers were hereditary and restricted to non-royal lineages. In other words, the chief could not use family ties to suborn the councilors. The officers came from different lineages (Ayttey 2006, 163)

In addition to the council of elders, a group called the inner council also assisted the chief in governance. The inner council consisted of influential members of the community or

²⁶ See for example, the discussion of the Fouta-Djalou kingdom (Suret-Canale 1970)

²⁷ Busia (1951, 14) describes this relationship between the chief and the council of elders: "The chief was bound by his oath to consult the elders on all matters, and to obey their advice. The government thus consisted of the chief and the elders."

relatives and friends of the chiefs. They did not have power to override the chief, but they acted as counselors and informed the chief about what was going on in the tribe. Lastly, there was the village of the commoners, which consisted of village meetings with the councilors, advisers, and the people of the community. The village commoners served as a final resort to disputed issues that did not reach agreement between the chief and the council of elders. In the village meetings, community members and leaders would discuss the proposed changes and the final decision would be made by majority opinion. Chiefs *could* act contrary to the public opinion, but this was rarely the case as this could lead to conflict within the tribe and the removal of the chief. In this most basic form just described, this was the political organization of a typical chiefdom.

When different chiefdoms came together, they formed a federated kingdom. In these kingdoms, the chiefs were still the leaders of their tribes and served similar functions. Just as the heads of each lineage served on the council of elders for the chiefs, the various chiefs formed the inner council for the king. Historians have documented that the tribes within a kingdom enjoyed significant autonomy and resembled the structure of chiefdoms discussed above. For example, in the Ekiti Confederacy of Southwest Nigeria, the king (referred to as the qba) stayed out of the day-to-day operations of subordinate units:

...Qba was supposed to approve the appointment of the bale, and each of his chiefs, but in fact, this was a formality observed only in the cause of the bale, although all serious succession disputes were referred to the qba's palace. The day-to-day administration of the subordinate town was in the hands of the bale and his chiefs (Akintoye 1970, 257)

This political structure was one of a confederacy where smaller constituent chiefdoms of the larger kingdom retained significant power in decision-making for that tribe than the

center of the federation. Patton (1989, 277), for example, describes the chieftaincy systems of the Ibadan, Abeokuta, Mushin (all of Northern Nigeria) as “urban federations.” He continues, “The exercise of political functions and roles were spread out to a large extent among similar, parallel, and largely autonomous political structures.” Thus, in general, the tribes within the federated kingdoms governed themselves in a similar fashion as in the smaller chiefdoms. In the Asante system, Busia (1967, 29) says, “The first feature to note about the Asante system is that it was based on decentralization which gave a large measure of local autonomy to smaller units.” In these kingdoms, the role of the king is almost identical to the role of the chief in the smaller chiefdoms: to serve as the religious leader and the political head of the group. The king would also serve as the ultimate judicial appeal and as a military person, if needed at times of war. Most scholars note, though, that the king’s role was very limited. For example, in the Asante Empire, “the Asante king never directly interfere[d] in the internal government of a province” (as quoted in Ayittey 1992, 52-53).

3.2 Incentives for Accountability

The chief’s “salary” was the payments he received for the services he provided to the people in his community. First, the chief served as the judge in the chief’s court in his respective village. The chief’s court could be utilized as a third-party arbitration for smaller disputes or as a final court of appeal for disputes between lineages. “The lineage heads settled cases involving fighting, assault, petty theft, family disputes, adultery and even divorce. The village court handled inter-lineage cases over which the lineages involved could not reach agreement” (Olaniyan 1985, 28). For disputes handled at the

lineage level, “the right to appeal was widely respected, [groups] could have appealed the verdict to the village or the chief’s court” (Ayittey 2006, 72). In the Yoruba legal system in the area of northern Nigeria, “Disputes, which could not be settled within the clan, and those involving different clans were referred to the ward chief” (Ayittey 2006, 83).

As the judge in the village courts, the chief provided residents with governance services and received payments for presiding over the courts. Ellis (1914, 84) notes:

A person desiring to enter a suit calls upon the chief and presents him with a “dash” called “cold water.” This “dash” may consist of rum, gin, tobacco, and so on. After the dash the chief hears the statement of the case.

In addition to settling inter-lineage family disputes or public offenses, the chief was also used for legal disputes regarding violations of contracts. Contracts in indigenous societies were not written, but were the social norms or customs of society. There were customs governing marriage and bride money, as well as commercial contracts and systems of agricultural credit schemes. The most common in West Africa was one of pledging of farms. These contractual breaches resulted in legal action:

Native African courts did not only resolve internal personal disputes but also protected and enforced contracts as well as property rights...When an agreement has been concluded, it is governed by the system of law that the parties had in mind when entering into the contract...failure to deliver on any of these agreements could result in legal action. Often the parties would try to resolve the matter privately or informally. Unsuccessful resolution would bring the case before a chief. Chiefs usually held court at the marketplace...the verdict may be the chief’s own decision or in consultation with advisers (Ayittey 2006, 89; 91).

Thus, each chief “derived much independent income from the gifts and fees incidental to receiving people in audience, settling disputes and judging cases” (Akintoye 1970, 256).

Chiefs also received payment for allocating land. In traditional Africa, land was neither communal property nor private property—it belonged to the ancestors, but those settled

on it had usage rights over land. As part of his governance services, the chief had to fairly allocate land:

Although land legally belongs to the tribe, the people usually refer to the land belonging to the chief...the chief was the final authority on matters pertaining to the use and possession of land. He hand the right to distribute land not already occupied..." (Ellis 1914, 155)

While it was the chief's duty to distribute land and usage rights, it was under much supervision by the council of elders. As noted above, the chief had to consult the council of elders on important matters, especially the distribution of land:

Land in traditional Africa was nobody's property until someone settled on it. Although the African chief exercised enormous powers over the distribution of land, much land was lineage owned. Further, the chief could not recklessly exercise his powers of appropriation and confiscation without the full consent of the Council of Elders (Ayttey 2006, 91)

Mamdani (1996, 45) similarly notes that the chief allocated land with consultation to the inner council "but primarily in consultation with the wider community." The chief was "the custodian" of the land and custody "could only be exercised through a consensus of the community as a whole."

For his allocation of land, the chief received "payments" from his people in the form of meat, fish, animal skin, or other goods (Busia 1951, 44). He also received payments in the form of services from his citizens. Busia (1951, 51) explains, "The services and tributes which the chief received were to enable him to fulfill the obligations of his office." It is important to note here that the chief had no other real means of receiving payment besides what he got from his citizens in exchange for his services as the political and religious leader of the tribe. In this way, the chief acts as a residual claimant on the governance services provided to this people in his community. In order to receive the payment, the chief must provide quality services of governance to his

citizens. If he fails to do so, he will lose the “members” of his community. Chiefs were deserted and deposed if they did not fulfill their duties and roles:

In executing those policies and in running the general administration of the chiefdom, the paramount ruler constantly had to consult the elders. He was forbidden to do anything which affected the interest of the chiefdom without the knowledge, approval and concurrence of the council. Excepting emergencies, he acted only on the advice of the council. Without the authority of the council no new law could be promulgated. He could not even receive foreigners unless a member of the council was present. (Amoah 1988, 172)

Most importantly, Amoah notes that the “council controlled the actions of the ruler *and if he showed any disposition to make himself independent of the council, he was either deserted by the elders or deposed*” (Amoah 1988, 172, emphasis added). The chief therefore internalized the costs of bad governance. He earned his revenues directly from the members of his community and the ability of consumers to overthrow him acted as a check on his decisions to act in a predatory manner. Mamdani (1996, 45) explains, “The ultimate popular sanction against a despotic chief was desertion.” The chief could rarely engage in unpopular tactics because it could be ground for desertion. Rattray (1929, 401) explains this mechanism in the Asante confederation that if a chief make “the least attempt to act on his initiative,” it would be considered “a legitimate cause for destoolment.”²⁸

The same was true on the kingdom level, where kings had similar functions as presiding over the final court. If disputes were not resolved at the lower levels, they would go to the final courts of appeal, presided over by the king. These were “held at the palace and included the town and palace chiefs, other Ogoni members and the Oni

²⁸ In African societies, being “destooled” means to be “dethroned” because the chief or king had a stool as opposed to a throne

(king) himself (Ayittey 2006, 83). In addition to the revenue the king received from presiding over the final court in his respective kingdom, he received tribute for protecting subjects in times of war. Ayittey (2006, 190) describes how the king of the Mende had to protect his subjects in war and famine and he “judged cases as president of the court of elders. In return, his subjects were obliged to perform services for the ruler; for example, making a rice farm (*manja*) for him...In addition, the ruler was entitled to a portion of the rice and palm oil harvest of each extended family” (Ayittey 190). In the Ekiti Confederacy, Akintoye (1970, 257) writes, “the subordinate town acknowledged the qba as its king, paid him tribute, [and] sent him gifts during the festivals.”

Just as the chiefs could be deposed if they acted beyond the wishes of the people, kings too were deserted if they acted out of line. For example, Ayittey (2006, 174) describes how the king of the Asante kingdom, the Osei Kwame, was dethroned (referred in the literature as “destooled”) in 1799 for “failing to perform his religious duties during the Adaye festivals” and later how Mensa Bonsu (another Asante king) was overthrown in 1883 for “excessively taxing the Asante people.” Similarly, Asiwaju (1970, 137) writes:

As elsewhere in Yorubaland, the council of chiefs was supreme in all matters. Its role was decisive in the selection, coronation, counselling and burial of the king. The king, in effect, was a constitutional monarch. He could not afford to rule absolutely without risking being forced to commit suicide or facing an open rebellion.” (emphasis added)

Chiefdoms and kingdoms in pre-colonial Africa represented an environment that is much

closer to a system of clubs than governments with a monopoly over governance services. The mechanisms that facilitated the strong responsiveness of chiefs to their citizens were enhanced by the high degree of competition among governance services in late pre-colonial West Africa. Migration of stateless tribes, migration of lineages and families

between chiefdoms and migration of chiefdoms between kingdoms was common in much of pre-Colonial Africa (Davidson 1970, 97-98; Gellar 2005, 15, 49; Ayittey 1992, 41).²⁹

The population size of chiefdoms varied from a few hundred to several thousands.

Lineages could break from chiefdoms and subordinate to other chiefdoms or govern themselves independently (Davidson 1970, 108-110). Ayittey (2006, 108) explains,

“Through this process of abandonment, migration, conquest, and overlordship, numerous chiefdoms were created in Africa.”

Evidence of this strong political competition may also be gleaned by understanding the importance of unanimity in decisions. Unanimity among the council of elders in important decisions was required. If one of the members of the council of elders strongly resisted a proposed change, he could take his lineage and break-off from the village to settle elsewhere. Villages wanted to prevent such break-ups, and hence incurred high agreement costs as evidenced by often days and days of discussions for major decisions (Ayittey 2006, 108).

Chiefdoms were perhaps more numerous as political entities than any other. Although the basic nucleus of a chiefdom was formed by the chief and his relatives, it could include people who had no family links with the chief. Some chiefdoms were independent; some appeared to be in relations of overlordship or subordination to other chiefdoms; others might acknowledge overlord by one chiefdom but at the same time subordinate themselves to another. Thus there were various grades of independence and subordination.

Thus, the ability of citizens to move and exercise consumer exit pressured chiefs and

kings to provide better governance services and be responsive to their communities. At

the village level:

²⁹ Some historians note that this was made possible because families and tribes were not tied to their land

When the headman became autocratic or was not able to inspire sufficient confidence, a small group might hive off to start a new settlement elsewhere. Often, they were soon followed by others in the original community. Freedom of movement (or the exit option) often served as a check on despotism. A despotic headman soon found himself abandoned by some of his people” (Ayittey 2006, 109).

To check the abuses of the king, chiefdoms or tribes could rebel or leave the entire kingdom if the king was abusing his power or deviating from the rules. Kings were also tried and de-stooled if found guilty for not obeying the rules

It is in court that the authority of the Shona chief is most often seen in practice, and the limitations on his power to judge reflect the limited political power of a traditional chief. Many old men say that in the past no chief could impose his own will on unwilling subjects; if he tried they would simply move elsewhere and the chief would be left without a following. Also, a chief needed supporters to protect him against jealous rivals” (as quoted in Ayittey 2006, 160)

Packard (1981, 3) describes that the chiefs would get their positions by competing with existing or neighboring chiefs—“In other words, they participate in competitive political activities.” Mamdani argues that because tribes could break off from the chiefdom, the chief had an incentive to satisfy his citizens: “You [the chief] tried to increase your following rather than encouraging desertion to a neighboring chief” (1996, 45). Ayittey (2006, 106) also explains, “From time to time, a member of a ruling lineage would break away with his age-mates and other followers to establish his own chiefdom.”

In this political environment, citizens have a variety of governance supplier options available to them—these include: subordinating to different kingdoms or chiefdoms, breaking off entirely and governing themselves, or coordinating punishment to overthrow a current chief in order to get a new one in a particular chiefdom. Thus, chiefs were constrained by the threat of citizens’ exit and this incentivized them to be more accountable to their people. Ashton notes that chiefs who fulfilled their duties

“were sure not only of keeping their position but of increasing their following: those who did not, found their followers dwindling or, in extreme cases, might find their position usurped by a popular rival” (Ashton 1947, 241).

The large number of competing governance structures and the ability to exit puts competitive pressures on the chiefs and kings to provide better governance services in order to receive payments from these citizens. These mechanisms incentivize governments to provide “good governance” services because chiefs and kingdoms will lose their members, who are their sources of revenue. Thus, the interest of the chiefs and kings are tied directly to the ability to satisfy their customers. As residual claimants in a competitive environment, chiefs and kings thus faced incentives to be accountable to citizens. As I will describe in the next section, these mechanisms broke-down with the introduction of colonial rule.

4 Colonial Institutions and Consequences

Western contact with regions in Africa began centuries before actual “colonization.” Europeans settled in areas of West Africa, especially along the coast as early as the 15th century. The impact of European settlement on the slave trade as well as the formation of other institutions in Africa is beyond the scope of this paper. My narrow focus is on the actual efforts of Europeans to colonize the regions of West Africa, which informally began around the 1870s. The “Scramble for Africa” movement began in 1884 on the heels of the Berlin Conference, which represents the official and formal movement to colonize regions in Africa. My analysis in this section focuses on the time period between this official colonization movement up until decolonization and independence of

Africa states in the 1950-1970s. However, I more heavily rely on evidence beginning in the early 1900s since that is when the colonization efforts were initiated in full-scale.

The chiefdoms and kingdoms that I analyze in West Africa are in the modern regions of Ghana and Nigeria,³⁰ which were primarily colonized by the British. The British technique of colonization was through Indirect Rule.³¹ I first analyze the impact of British Indirect Rule on weakening and breaking down the mechanisms in pre-colonial institutional structures. Then I analyze the subsequent behavior of chiefs and the “consequences” of Indirect Rule throughout West Africa.

4.1 British Indirect Rule

The British colonization method of “Indirect Rule” meant that the British would govern the respective areas by using the indigenous political institution and the traditional chiefs. This does not mean that the British, in effect, left their colonies alone. Instead, the British placed an active role in enhancing the traditional role of the chief, and in doing so, they modified certain local government institutions.³² British Indirect Rule altered the institutional structures and the function of the chief in tribal societies by 1). Paying the chief a salary, 2). Consolidating smaller jurisdictions of chiefdoms in a particular area into one larger area and 3). Removing the opportunity of citizens to “destool” bad chiefs—i.e. eliminating citizen voice. These actions led to a breakdown of

³⁰ Additionally, I have some reference to chiefdoms closer to areas surrounding Sierra Leone, which were also colonized by British under the form of Indirect Rule.

³¹ Although it was not the *official* policy of the British to engage in Indirect Rule since they altered the type of rule depending on where and which groups they were colonizing, it was their main and most common method of colonization

³² Further, to aid the traditional chief, the British administration provided a British district officer (known as the British Resident) to each chief, and this British Resident assumed the role as an adviser to the chief.

the mechanisms that were previously inherent in these pre-colonial structures because they softened the budget constraint of the chief (the salary from the British administration) and they reduced political competition between chiefdoms and chiefs (consolidating and reducing consumer voice). This removed the institutional constraints the chiefs faced and greatly increased the power of the chief more than he had in traditional society.

Payment of salary

One of the central notions to British Indirect Rule was to begin paying the traditional chiefs a salary—because they were now, in a sense, “working” for the British administration. Crowder (1968, 218) writes, “The payment of a regular salary to its chief and members became fundamental to the idea of Indirect Rule.” Asiwaju (1970, 149) explains the British colonial process in Southwest Nigeria:

What the British therefore did was to select a number of these chiefdoms—selected more for their geographical position than for any other considerations—and to appoint their chiefs as salaried headmen of administrative districts. (Emphasis added)

In the kingdom of Kano in Northern Nigeria, Crowder (1968, 219) also notes, “The Emir [the king] now had a fixed salary.” The British paid the chiefs to both carry out the British demands as well as perform the traditional functions of governance. The British demands on the chiefs or kings were primarily to “maintain order” and collect taxes from the citizens. One of the ways the chiefs acquired this extra money was by “sitting” in a court created by the British administration. Akintoye (1970, 259) explains that the king of Ekiti in Southwest Nigeria “received a salary of 60 pounds as sitting fees...the qba [king] had a regular income as President of the court.”

Chiefs also received access to this money because the British imposed a tax on the citizens in their jurisdiction. In the Ekiti confederacy, the king (referred to as the qba) began to receive his salary in the form of direct taxation, as it was introduced by the British:

In the place of traditional tributes and gifts to the qba, his bale and chiefs, direct taxation was introduced...Each qba began to receive a salary calculated as a percentage of all the taxes collected in his kingdom (Akintoye 1970, 260).

In Meko of Southwest Nigeria:

Onimeko [king] Oyekan was receiving a regular salary of 100 pounds per annum in addition to the "gifts" in cash and kind offered him and his chiefs by men who sought their favours particularly in the Native Court. (Asiwaju 1970, 154)

This also occurred in other parts of Africa under British Colonial Rule. For example, in Sierra Leone, the British administration began paying chiefs "extravagant amounts of money for following government directives" (Lange 2009, 102). In the Asante Kingdom of Ghana, Busia (1951) writes that "Formerly...he [the chief] received tribute from his subjects," but now also receives payment from the "other sources" [referring to the administration] (196, 199). In his documentation of the policies initiated in Nigeria under British Colonial Indirect Rule, Lord Lugard³³ argued that the main purpose of his establishment of a "Native Treasury" was "from which the salaries of Native Administration personnel would be paid" (as quoted in Kirk-Greene 1919, 72).³⁴

Traditionally, tribute were paid to the king for the services that the king provided, such as presiding over the traditional tribal courts, or receiving new villages into this community. A fixed salary now separates the king or chief from payments he received for providing certain governance functions. External funds in this way act as a

³³ Lord Lurgard was the Governor-General of Nigeria, 1907-1912

³⁴ Native Administration is referring to the chiefs

mechanism that softens the budget constraints of the chiefs and kings—as they are now able to receive profits externally without having to provide the services of governance. In other words, the political leader’s revenues do not solely come from providing a certain service, but now also come as external funding to his overall wealth. Chiefs are no longer “dependent” on their citizens for their income. Thus, throughout West Africa under British Colonial rule, political leaders now were no longer only tied to payments from providing governance services. By introducing external funds from a higher level of government this reduces the incentive to provide better quality governance services to their citizens. There is still an incentive to provide governance, but the quality of governance may fall. If this were the only mechanism that had changed with the British colonial rule, there may have not been such widespread corruption and extortion by the chiefs. But the softening of the budget constraint was accompanied with other measures.

Consolidating the Chiefdoms

The second main feature of British colonial rule was that they began to consolidate various smaller chiefdoms and districts into one larger area and chose one of the traditional chiefs to govern the now larger jurisdiction. As a result, chiefs or kings that once governed a smaller area were propped up as the chief of a larger area, and all of the chieftaincies within its now larger jurisdiction were forced to subordinate to the artificial, propped-up chief. Asiwaju (1970, 149) explains the process in Southwest Nigeria:

Once a chief had been selected as “headman” all the chiefs of other chiefdoms constituting his “district” became his subordinates irrespective of their traditional position in relation to each other

In other words, a polycentric system was transformed into a consolidated form of government that included one “district” with one chief as the head of its district. For example, the town of Meko located in British Nigeria was a rather small area that was part of the larger Ketu kingdom before colonization. The French took the larger Ketu kingdom, while the British took over Meko. The chief of Meko (referred to as the Onimeko) saw his territory vastly expand during British colonization. During the colonization process, the Onimeko became chief of not only Meko, but also the neighboring towns and districts of Idofa, Iwoye, and Afon, which are all areas of Nigeria that had their own chiefs or had other kingdoms that they subordinated to. As a result of colonization, these other chiefdoms were forced to subordinate to the rule of the Onimeko.

The Onimeko acquired a much greater area of jurisdiction...As a member of this council, the Onimeko's area of jurisdiction was extended beyond his own particular district to the whole of the Ilaro Division (Asiwaju 1970, 140).

Similarly, in the area of Kano of Northern Nigeria, the British brought together chiefdoms in the rural areas of the region that were not previously under the rule of the Emir of Kano, thus vastly increasing the chief's domain of governance.

In short, colonial rule seemed to reinforce the process of centralization in Kano, with the effect of extending the Emir's direct influence over an increased number of rural districts (Paden, 1970, 176).

British colonization involved centralizing local or lower level government units and placing a traditional chief to rule over the area. Paden (1970) explains that the power of the emir expanded in this way:

The executive powers of the emir, however, probably increased during the colonial period, both in the degree to which he could control territorial administrative appointments and in the actual number of functions to be performed

Colby (264-268) describes this centralization process throughout British Nigeria—stating that attempts arose “to unify the chieftaincies and thereby centralize the chieftaincy system” (266). This became a problem because the selection of a chief as one to rule over the entire area was feared because it would set precedent that could be used for chiefs to “claim seniority over others” (266).

Thus, in addition to softening the budget constraint of these leaders, the British administration also significantly reduced competition among governance services that existed in the pre-colonial environment by consolidating territories and eliminating competition between chiefdoms. Before colonization, when political leaders did not satisfy the desires of their citizens, citizens were able to breakoff from the system of governance and subordinate under another rule or govern themselves. This created pressure on the chiefs or kings to provide better governance services to its members in order to keep them as potential buyers of the service. When political leaders began to engage in extortion, for example, members could exit their system of governance and become subordinates of another system (or become stateless societies). This threat made the incentives of the chief similar to the incentives of club owners to satisfy their members. By artificially delineating which villages were required to belong to a larger chiefdom (and in effect centralizing governance services), colonization significantly reduced the supply of governance service providers and reduced the competitive forces operating among chiefdoms for citizens. This competition among chiefdoms for citizens constrained political leaders in the pre-colonial area to abide by their constitutional contracts, but broke down under British Indirect Rule.

Eliminating Citizen "Voice"

Lastly, political competition was also reduced because the British no longer allowed citizens to depose their chiefs and elect new chiefs. For example, Crowder (1968, 219) writes:

The emir's courts...were only subject in certain cases to appeal to the Governor. His prisons were inspected by the District Officers. He maintained his own police force. His election was by traditional methods, subject to confirmation by the administration, which sometimes made known its preference. But he could no longer be deposed by traditional methods.

British colonization created a monopoly on governance services where there was once political competition. Atanda (1970) describes how the king (Alafin) no longer listened to the council of elders (the Oyo Mesi) because they could no longer depose him. Recall that the council of elders represented the governing body of the people in the community.

If the Oyo Mesi attempted to rise against the Alafin, the Alafin, with the backing of the Resident, could reduce the plotters to nought. Nor was it possible for such plotters to organize mass rebellion. Such a rebellion, if organized, had no chance of success as the Resident could suppress it with a soldier (218-219).

Atanda (219) then describes how the Alafin deposed members of the council of elders on three different occasions, something that rarely ever happened in the pre-colonial period:

There had to be popular demand for such a step among the subjects of the chief to be deposed. Otherwise, the Alafin would run the risk of giving an order which he had no power to suppress. In the colonial period, however, what the Alafin needed for taking such a step was not the popularity of the demand but the support of the Resident. (219)

The Alafin was able to do this because he no longer faced the threat of being destooled.

In the colonial period, he only needed to satisfy the British administration to maintain his position as chief.

Similarly in Kano:

Occasionally when the enforcement of any law caused a rising, the political officer was prepared to bring the armed forces (the police and the army) of the central government to crush the rebellion and enforce that law (222)

Crowder and Ishmine (1968, 8) summarized this aspect of British Colonial Rule in West Africa and argued that the only thing that mattered for the chief now was that he was “on good terms with the administrator,” who could provide support to the chief when citizens attempted to rebel.

This also occurred in other parts of Africa under British Colonial Rule. Ashton (1947) describes a similar occurrence with the Bantu chief in southern Africa, where the British administration “gives him [the chief] all the support it can. This means that it tends to discourage any manifestation or demonstrations inimical and damaging to the Chief, lest these impair his efficiency and prestige, and to assist him to maintain his authority and bring recalcitrants to book” (243). Similarly in Sierra Leone: “Because the colonial administration almost always supported chiefs, subjects had no alternative other than to accept chiefly rulings” (Lange 2009, 105). Lange (105) continues: “The imposition of colonial rule quite arbitrarily transformed the previous relations between rulers and subjects, freeing chiefs from previous forms of social constraint.”

In the pre-colonial political institutions, chiefs were constrained by the citizens through threat of being thrown out of power. There was strong political competition for the position of a chief and this incentivized the chief to “satisfy” and be responsive to his citizens. British support of the chief under colonial rule broke down the competitive mechanisms in the traditional political structures and it was no longer necessary for the chief to try to “increase” people in his following. When the mechanisms that aligned the incentives of political leaders to serve its citizens breakdown, we should not expect rulers to continue in the same ways as governing rulers. Political leaders will be constrained by

the desires of the citizens when it is in their best interest to do so and will act opportunistically if they do not internalize the costs of predatory behavior.

4.2 Consequences

British Indirect Rule effectively altered the club-like mechanisms that acted to constrain chiefs in the pre-colonial era. Chiefs were no longer dependent on the citizens for their incomes because they now received income from the British administration. And the political competition between chiefdoms was weakened through consolidation of the chiefdoms. Political competition for chief election was also eliminated because the chief had access to the British Resident who suppressed all efforts to overthrow him or elect a new chief. This weakened the incentives of the chiefs to be accountable to their citizens and resulted in widespread extortion and blatant disregard of traditional constitutional checks. The same constitutional checks that were in place during the pre-colonial period were disregarded in the post-colonial period. And even though the political leaders under British colonial rule were the same ones that the citizens had chosen and who had been constrained prior to colonial rule, they began to act in predatory ways to such an extent that the occurrence of corruption and bribery became the norm during colonization (Crowder 1968, 224). Paden (1970, 218) notes this transition with respect to the Alafin (king) and Oyo Mesi (council of elders):

In the pre-colonial period, the Alafin, as has been pointed out earlier, ruled in conjunction with the Oyo Mesi. But during the colonial period, the Oyo Mesi neither ruled with the Alafin nor had the chance to act as a check on his power”

He continues:

All the traditional constitutional checks and balances virtually ceased to operate. Consequently, the Alafin emerged stronger than he ever had been. The administration

testified to this unprecedented power of the Alafin when it declared that... “the power of the Alafin was enhanced beyond custom or tradition” (219)

Crowder (1970, 166) also describes this transition:

Limitations on executive appointments by the Kano emir were primarily imposed by the balance of power among various Fulani clans. By the late colonial period, the emir absorbed much of the power of the clan chiefs

The use of the council of elders as a constitutional check on the chiefs was defunct by the end of the colonial rule. More importantly, there began widespread corruption and extortion from the chiefs that had never existed to such an extent during the pre-colonial environment.³⁵ Asiwaju (1970, 140) describes how the Onimeko (king) of Meko became corrupt:

So powerful did [the Onimeko] become that the number of complaints made by the people in his district against him was one of the reasons why his authority was curtailed in the late 1940s

British officers and residents commonly reported significant instances of extortion on the part of the chiefs, but all agreed ignore it so long as it did not cause mass violence or attempted take overs. A British Resident in Northern Nigeria explains:

An important Chief must not be made to work among a gang of felons from the common herd, even though his crimes be far blacker than theirs...it is right to punish by imprisonment a policeman, who, when traveling every evening demands, and is given by the villagers, free of charge, a fowl for his supper; whereas it may be gross folly so to punish a chief travelling with perhaps a number of followers, who does exactly the same thing on an infinitely greater scale” (as quoted in Smith 1970, 16, emphasis added)

In Ijebuland, residents continually filed complaints to the British about the predatory king (the Awujale). In fact, in 1943, 2,635 residents signed a petition to investigate a number of corrupt practices committed by the Awujale, but the “allegations of bribery and corruption made against the Awujale were never investigated by the British administration (Ayandele 1970, 249). Ayandele (249) writes that it is clear from

³⁵ This is widely documented by Crowder (1968), Crowder and Ishime (1970), Mamdani (1996), Lange (2009), Hill (1963), Midgal (1988), and Berry (1988)

the records that the British had thought highly of the Awujale, which was “In contrast to the view entertained of him by his people—that of usurper, an embodiment of venality, deceitfulness, cunning, and avarice, an oppressor and herald and chaos of Ijebuland.” In another instance, a British district officer describes witnessing an encounter with the Assistant District Officer to discuss deposing a chief who was involved in many instances of extorting his people. This chief not only “confessed to extortion, but to quite a few other crimes that Cary [Assistant District Officer] had not known about.” Needless to say, this particular chief was not deposed (Crowder 1968, 212).

Additionally, when the British introduced forced labor laws, chiefs began to abuse the laws for their purposes by sending their enemies to work or forcing the people to do such things as build palaces for the chiefs. One of the most notable cases of this was when the Alafin of Oyo used forced labor in Iseyin to build a manor-style rest home to be used for native authorities, the Resident, and their friends (Crowder, 1968, 209).

Widespread instances of chiefly misrule became the norm. Dorjahn (1960, 135) explains, “Chiefs collected and pocketed excessive rent from the local population.” British Colonial officer Maurice Dorman in 1957 summarized the common examples of chiefly actions as: “wide-spread use of forced labour on chiefs farms, unpaid and often unfed; beating up and manhandling complaints; fining people out of court and retaining the fines; and straightforward embezzlement” (as quoted in Lange 2009, 226).

This also became the norm in Sierra Leone and other parts of West Africa. Chiefs in Sierra Leone became so corrupt that it sparked a massive rebellion against them. Tens of thousands of citizens in March 1956 began revolting against their chiefs “in violent

displays of defiance, promoting the colonial police and military to intervene on forty-six occasions and arrest nearly 1,500 individuals. Such was the violence and scale of the uprising that a commissioner investigating the incident described the series of events as civil war between chiefs and subjects” (as quoted in Lange 2009, 103). After the massive rebellion, the British District officers investigated the complaints against the chiefs: “Dishonesty has become accepted as a normal ingredient of life to such an extent that no one has been concerned to fight it or even complain about it. The ordinary peasant or fisherman seems originally to have accepted a degree of corruption which was tolerable; at a later state he has been cowed into accepting it; finally he rebelled” (as quoted in Lange 2009, 104). They concluded: “Disturbances [in the rebellion] were led by ordinarily law-biding people who were fed up with the extortions and tyranny practiced by paramount Chiefs” (104). These instances of widespread chief corruption in West Africa under British Indirect rule are also documented by Boone (1994) and Migdal (1988), who conclude that colonialism empowered local chiefs in such a way that was never common before the administration set in. They attribute the problems of economic development to unaccountable chiefs leading to institutionalized despotism. Crowder (197) puts it best when he summarizes the outcomes of British indirect rule on the chiefs: “In adopting a system of indirect rule it buttressed up the authoritarian aspect of the power of the chiefs who frequently abused it in a way they could rarely have done in traditional society without deposition.”

Recall that in a system of clubs one of the mechanisms which incentivizes governance services providers to be accountable to their citizens is the presence of

competition: unsatisfied citizens can take their services elsewhere. This mechanism disappears when the British enter because they effectively eliminate competition between chiefdoms and within chiefdoms for a different chief. When the incentives that once aligned the interests of the chiefs to his people change, so will the decision-making of the chief and the subsequent outcomes for society. By softening the budget constraint of the chiefs and reducing political competition, the chief no longer faced the incentives and the pressure to be a “good leader.” Instead, he pursued his interest in maximizing wealth by engaging in predatory tactics.

5 Conclusion

This chapter analyzed how British colonial rule altered the institutional structures of chiefdoms and weakened the incentives of political leaders to be accountable to their citizens. Political institutions in late pre-colonial West Africa aligned the incentives of the chiefs such that they were responsive to their people. This existed because of a high degree of competition between governance providers and because political leaders were effectively the residual claimants on revenues generated from providing governance services. I identified the mechanisms by which colonialism severed the link that aligned the incentives of government to its citizens. British Indirect Rule did this by reducing political competition and softening the budget constraints of the chiefs. Toward the end of colonial rule, chiefs became less accountable to their people as evidenced by the widespread corruption and extortion by the chiefs and by their unprecedented violation of the constitution and abuses of their power.

FURTHER IMPLICATIONS AND CONCLUSION

The case of foreign aid to developing countries is perhaps one of the best ways to utilize the framework discussed here. Governments in developing countries, as all other governments, need resources to carry out its functions. In a typical citizen-government contract, these are paid for by taxpayer funds. In other words, taxpayers provide the resources for governments to carry out its functions. The incentives for governments to be accountable or responsive to citizen demands stem from a hard budget constraint and from a highly competitive political environment. As discussed in Chapter 4, both a hard budget constraint and a competitive political environment can be hampered by external funds going to government actors. Foreign aid to developing countries, although provided with good intentions (rhetorically), softens the budget constraint of political leaders such that they no longer need to dependent on the citizens for their tax dollars. This is problematic because it undermines the constraint that the government faced to be responsive to the community—the constraint being the need to raise money from citizens.³⁶ The further problem of foreign aid is that political leaders often use it to reduce the competitive political environment, thus allowing them to provide even poorer governance services. This can be done through the purchase of weapons to remain in

³⁶ Take for example Kenya and Zambia. Foreign aid in Kenya is about a quarter of government expenditures and it is about a *half* of government expenditures in Zambia (OECD, Credit Reporting System)

power (Djankov et al 2006). By some estimates, at least 40% of the African military spending is financed by aid money (Collier and Hoeffler 2007). In this way, foreign aid to developing countries impacts both of the mechanisms: it softens the budget constraint of local political leaders and it reduces the competitive political environment by weakening citizen voice. Furthermore, this problem is exacerbated by the fact that neighboring areas in many of the developing countries are also receiving foreign aid and are not “good” governance service providers. This further reduces a competitive political environment since it hampers the options of citizen exit. Scholars concerned with economic development should consider the incentives that political leaders face to provide good governance services. The use of this framework can serve as a starting point to understanding why it may be the case that such things as foreign aid weaken the incentives of political leaders to be accountable to their citizens, and how this in turn may push back the path to development.

In a similar vein, European Union aid flowing to the poorer member countries can also serve as a case study in this framework. While there have been some discussions of the European Union and its effect on member states’ ability to be fiscally irresponsible (such as Greece), the application of the framework best fits with discussions of the direct European aid to member countries through ODA-like flows.³⁷ Each year, European member states do contribute to the overall fund, but there are member states that

³⁷ This discussion focuses on how risk was spread across countries, which meant that the EU could allow fiscally irresponsible countries like Greece to gain access to funds while not providing measures to control the risk

consistently receive aid flows, above and beyond their EU contributions.³⁸ Often these aid funds are justified through the need to provide “stability” or to meet government financing of important projects. The overlooked aspect of aid is how it alters the institutional and political economic structures inherent in these countries. The role of external aid, as described in this paper, softens the budget constraint of these member countries and makes them less constrained to community demands. While it is in fact true that European Union aid can allow governments to provide “essential public goods” that serve community members, it is also true that external funds and aid in general can alter the incentives of political leaders in these positions who receive the foreign aid. Using the framework discussed in this dissertation, we can attempt to understand mechanisms and institutional structures that can incentive political leaders and government actors to provide better “governance” services and the means by which aid can break down these mechanisms. While much debate surrounds Ukraine and aid, one potentially unnoticed aspect is how aid funds flowing from the European Union (and other countries, including Russia) can impact the government leaders in Ukraine. It is not a surprise that corruption and bad governance is the norm in Ukraine, as the institutional structures and the aid flowing to political leaders gives them little to no incentive to be accountable to their citizens. In this way, European Union aid to member countries, foreign aid to developing countries, and federal government aid to localities are all the same in the ways in which they can alter the incentives of political and government

³⁸ For example, Lithuania, Latvia, Romania, and Hungary are usually at the top of the list for receiving European Union aid. In 2011, for example, European aid to Lithuania amounted to approximately 6% of its GDP (EU Budget Office)

leaders in power. Although much aid rhetoric stems from the necessity to provide public goods in these countries in order to meet the demands of the citizens, rhetoric does not equal reality. In reality, scholars should consider how aid impacts the institutional structures of the incentives of government leaders to provide those public goods and the incentives to be responsive to their citizens.

Thus, we should be wary of solutions to a predatory government that involve advocating that the country “needs a new leader.” Government leaders act in the manner that they do because of the incentives that they face. It is the aim of this dissertation to show that “good” governance may come about with the right set of incentives and that the same leaders who may be corrupt under one set of institutional arrangements, may be incentivized to provide better governance within another set of institutional arrangements. I provided various different examples to show how federal aid, foreign aid, and colonialism are all tied together through how they can break down self-enforcing or invisible-hand mechanisms in political structures. In one respect, the colonial period has ended. The importance in studying the colonial period is not necessarily this idea that “colonialism was bad,” but it is about understanding the mechanisms that have led to a new set of outcomes. The emphasis of this dissertation was to explain the mechanisms that may lead government actors to be less accountable to their citizens. These mechanisms are not only found in colonial rule, but may come about other through a whole host of policies and institutional arrangements, and as such, they can be used to analyze the outcomes under another set of institutions. As discussed, foreign aid to developing countries is in one respect modern colonialism as it softens the budget

constraints of leaders receiving the aid and may reduce the political competition by leaders who use the aid to fund more weapons and larger armies. In this respect, perhaps the colonial period has not ended, if we conceptualize it in terms of the mechanisms that are still present today. And similarly, discussions of police corruption and police misconduct can be seen as a result of the incentives to be accountable to citizens, which in turn depends on the institutional structure and how aid can influence this structure. Thus, if we understand the problems of unresponsive governments in terms of the incentives that political leaders face and the mechanisms that lead to these incentives, it can shed light on the importance of particular institutional arrangements for better economics outcomes.

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BIOGRAPHY

Liya Palagashvili received her Bachelor of Science in Economics from George Mason University in 2011, where she was the President of the Economics Society. She stayed at George Mason University for graduate school and received her Masters in Economics in 2012 and her PhD in Economics in 2015. As a doctoral student, Liya was a Mercatus Center PhD Fellow, a Weaver Fellow, and a Humane Studies Fellow. In her last two years of graduate school, Liya was also the visiting Bradley Scholar in the Department of Economics at New York University. She is also currently the Law & Economics Fellow with the Classical Liberal Institute at New York University School of Law. Her research has been published in various journals, including *History of Political Economy*, *Journal of Institutional Economics*, *Journal of Law, Economics, and Policy*, and the *Review of Austrian Economics*. In addition to academic writing, Liya has published in many media outlets such as the *Wall Street Journal*, *U.S. News and World Report*, and *Philadelphia Inquirer*.