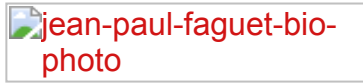


Decentralizing the Bolivian Way



Jean-Paul Faguet

Reader in the Political Economy of Development, LSE

The following text is taken from the jobs and development blog at [jobs knowledge.org](#). The full article and video interview with Dr Faguet can be seen [here](#).

Over the past 40 years, decentralization – that is, central governments devolving authority and resources to democratically elected sub-national governments – has been taking hold, to varying degrees, all over the world. It's considered a reform that holds the potential to improve the quality of governance. How has it performed in practice? We recently spoke with Jean-Paul Faguet – a Reader in the Political Economy of Development, London School of Economics, and Chair of the Decentralization Task Force of the Initiative for Policy Dialogue at Columbia University – about how Bolivia fared in its big bang experiment with decentralization in the mid-1990s. He says that Bolivia's overall results were quite impressive, especially for the poor. As for how decentralization (or fiscal federalism) interacts with industrial policy, he believes that such an incentive-compatible way of limiting the power of the State and the discretion of senior politicians helps boost the odds of an industrial policy succeeding.

Watch the interview [here](#).

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