

**THE FUTURE OF FEDERALISM IN MEXICO:
LESSONS FROM ARGENTINA AND BRAZIL**

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I. INTRODUCTION.

Federalism permeates and influences all aspects of politics in Argentina and Brazil. As such, an explanation of any facet of Argentine and Brazilian politics that fails to incorporate an understanding of how federalism influences national politics is likely to be incomplete (at best) or even incorrect (at worst). While the influence of federalism in Mexican politics has historically been quite limited (at least during the latter two-thirds of the 20th Century), the chapters in this volume highlight the growing importance over the past ten to fifteen years of the country's federal structure for the dynamics of national politics, in several crucial areas. In this chapter we review the ways in which federalism influences politics in Argentina and Brazil. We seek to draw lessons from the role of federalism in these two countries in order to better understand the evolving nature of federalism in Mexico.

The most important conclusion we reach is that one can identify historical swings of centralization and decentralization of power that are not necessarily associated with transitions to or from democracy and/or dictatorship. Instead, these power shifts are correlated with swings in the coordinating ability of the executive branch of the central government. When the executive is weak (e.g. when the president has weak public and elite support and limited economic resources) the states/provinces' tend to accrue greater capacity to influence national politics. However, subnational units inherently face a collective action problem – there are many of them, and only one president. Thus a when the executive is strong the influence of subnational actors is likely to recede.

[Brief Mexico Discussion Drawn From Final Papers (to be included)].

This chapter begins with a brief review of the origins of federalism in Argentina and Brazil. The third section examines political institutions in the two countries. Subsequently we explore how politicians' career ambitions play out within this institutional structure, serving to reinforce the influence of federalism. We then analyze how "pork-barrel" politics is tinged by federal politics in both countries, and note how subnational elections in both Argentina and Brazil play a strong role in shaping national election outcomes. Drawing on these previous sections, the final substantive section explains how federalism influences executive-legislative relations and the legislative process at the national level in both countries. The last section concludes with lessons that can be drawn from the Argentine and Brazilian experiences that may help us better understand the future of federalism in Mexican politics.

II. FEDERALISM IN HISTORICAL PERSPECTIVE

Introduction. Argentina. Brazil. Mexico. [to be added]

Argentina

When the continent-wide independence struggles began in Latin America, Buenos Aires led the independence movement in the Viceroyalty of the Río de la Plata in 1810. From the outset the movement was plagued by a split between those who favored a centralized independent country directed from Buenos Aires and those who demanded a greater level of autonomy for the provinces. In spite of this latent cleavage, the two groups were able to set aside their differences to pursue the common goal of achieving independence.

The United Provinces of the Río de la Plata declared its independence in 1816. With the defeat of the Spanish, the underlying unitary-federal cleavage reemerged leading to a decade-long civil war between the "Unitarios" and "Federales." This period of instability ended in 1830 when the "Federal" Juan Manuel de Rosas became governor of the Province of Buenos Aires. Shortly thereafter the other provincial caudillos recognized the undisputed leadership of Rosas.

Rosas held power for over 20 years. By the end of his rule, Rosas had, in the name of federalism, consolidated both political and economic power under his control, with Buenos Aires the nucleus of this concentration. This new concentration of power, the first establishment of effective institutions since the collapse of Spanish rule, made possible the definitive political organization of the Argentine nation during the following decades (Halperin Donghi 1992).

After the fall of Rosas in 1852, the resurgent provincial forces promulgated the Constitution of 1853 which established a presidential form of government, a system of checks and balances between the branches of government, federalism, the nationalization of tax revenue, and the free circulation of goods and services throughout the country. The Province of Buenos Aires however refused to accept the Constitution, and seceded from the new Argentine Confederation. After considerable conflict in which the provincial forces proved victorious, the two sides reached a compromise in 1859-1860, and the Province of Buenos Aires agreed to join the Argentine Republic (De Luca, Jones, and Tula 2002a). Over the next one hundred and fifty years, the autonomy of the provinces vis-à-vis the national government would rise and fall (especially under the numerous authoritarian regimes that governed the country during most of this period). Since the return to democracy in 1983 (Argentina's longest period of continuous democracy by far, and its only experience ever with consolidated democracy), the provinces have been prominent, and highly influential, actors in the Argentine political system (Spiller and Tommasi 2005).

Brazil

While its social and political origins lie in Brazil's colonial (pre-1822) and imperial (1822-1889) periods, federalism truly emerged in Brazil in 1889, after the overthrow of the hereditary monarchy. The republican constitution promulgated in 1891 copied a good deal from the U.S. constitution and codified a presidential, federal system of government. However, a strong central government was not well-established at the time. Indeed, the subsequent political period (until 1930) came to be known as the "Politics of the Governors" because governors of the most important states for all intents and purposes dictated the flow of national politics, as well as controlled politics within their states.

This period still casts a shadow over Brazilian politics. Despite two separate authoritarian and centralizing periods since (one of which only ended in 1985), on many measures Brazil remains one of the most highly decentralized federal systems in the world. Its degree of political and fiscal decentralization exceeds all other Latin American countries, and rivals or exceeds better-known federal systems such as the U.S., Canada, and Germany. The long-lasting influence of "Politics of the Governors" period helps explain why *territorial* and largely non-programmatic cleavages continue to drive Brazilian politics, while national political cleavages and party organizations have not. By territorial cleavages we mean that *states* comprise the most salient arenas of political competition. National parties have been prominent during both of Brazil's democratic periods (1945-64 and 1985-present) but most of these parties were and remain organizationally weak and programmatically diffuse (Mainwaring 1999). To

this day, partisanship within the electorate continues to be extremely weak, with the notable exception of the Workers' Party (PT) (Samuels 2004a, 2004b).

Instead of competing to rise through the ranks of national parties, Brazilian politicians compete to lead state-level parties, and they compete for the votes of their state's residents. Politicians could of course compete for votes according to many other non-spatial political cleavages, such as race, religion, ideology, or class, but for the most part throughout Brazil's history they have not. In short, despite tremendous socio-economic transformations and a number of regime changes over the last century, state-based politics still greatly influence Brazilian national politics.

III. POLITICAL INSTITUTIONS.

Introduction. Argentina. Brazil. Mexico.

Argentina

Argentina is a presidential republic. It has a bicameral national legislature (Senate and Chamber of Deputies) as well as a federal system of government in which the 24 provincial governments (23 provinces and an autonomous federal capital) exercise substantial autonomy (Spiller and Tommasi 2005). Argentine Chamber deputies are elected from closed party lists (using proportional representation) in multi-member districts (with a median district magnitude of 3 and a mean of 5). Deputies are allocated to the provinces based on their population (according to the 1980 Census), with every province receiving a minimum of five deputies and no province receiving fewer deputies than it held during the 1973-76 democratic period. One-half (127 and 130) of the Argentine Chamber is renewed every two years, with each of the 24 electoral districts (provinces) renewing one-half (or the closest approximation) of its delegation.

As a consequence of both the five deputy minimum per province, as well as the unwillingness of the current Congress to update the distribution of deputies using population data from the 2001 Census (or even from the 1991 Census for that matter), Argentina's Chamber is one of the most malapportioned lower chambers/single houses in the world (Samuels and Snyder 2001). With one exception, the less populous and less developed provinces are overrepresented in the Chamber, while the more populous and more developed provinces (principally the Province of Buenos Aires) are underrepresented.¹

Prior to 2001 Argentine senators were elected by the provincial legislatures. Between 1983 and 1995 senators (two per province) were elected for nine year staggered terms (with one-third of the Senate renewing every three years) by plurality rule.² Since 2001 senators (three per province) have been directly elected for six year staggered terms (with one-third of the Senate renewing every two years; the Senate renewed completely in 2001) using closed party lists and a limited vote/incomplete list allocation formula (two seats are allocated to the plurality party and one seat is allocated to the first runner-up).³

¹ The one exception is the country's most developed and urban district, Capital Federal, which is significantly overrepresented in the Chamber due to the statutory provision that no district receive fewer seats than it held in the 1973-76 period.

² In 1995 the number of senators per province increased to three. Between 1995 and 2001 senators were elected indirectly by the legislatures as before, but with the caveat that a single party could not occupy all three of the province's seats in the Senate (Jones 2002).

³ The Argentine Senate is the most malapportioned Senate in the world (Samuels and Snyder 2001).

Since the return to democracy in 1983, Argentine politics has been dominated by two political parties, the Partido Justicialista (PJ, Peronists) and the Unión Cívica Radical (UCR, Radicals). At several points in time a "third party" achieved a modest degree of national prominence. However, to date every single one of these parties has seen its electoral support evaporate after only a few elections. In contrast to the PJ (in particular) and UCR, these national third parties never established an effective party organization and overly depended on the popularity of a single leader (or small group of leaders). Furthermore, these national third parties have consistently failed to significantly branch beyond their initial core geographic area of support, the Capital Federal and the portion of the Province of Buenos Aires adjacent to the Capital Federal (Greater Buenos Aires) (De Luca, Jones, and Tula 2002b).

Brazil

Brazil's election laws allow for highly individualistic campaigns (see e.g. Mainwaring 1999, Ames 2001) as opposed to a party-coordinated effort across the country. Moreover, as described in greater detail in the next section, Brazil's electoral rules heighten the "representation" of states' interests in national politics. This is because Brazil uses a version of open-list proportional representation in which the states of the federation are the electoral constituencies. Brazil has 27 constituency-states with district magnitudes that range from eight to seventy. Under Brazil's open-list PR system, citizens can cast one vote for either an individual legislative candidate or for a party label. Most vote for a candidate (Samuels 1998). The "open" list means that candidates' individual vote totals determine their placement on the list; party leaders do not rank candidates. This system thus promotes both intra- and inter-party competition, at the state-wide level: candidates must compete with their list-mates as well as with candidates on other lists to obtain votes. Lists receive seats based on how many total votes all candidates on the list receive, and list seats are then distributed to candidates based on their individual vote totals.

Like Argentina (but in contrast to Mexico), Brazil is highly malapportioned compared to other legislatures in the world (Samuels and Snyder 2001). The largest district, the state of São Paulo, has seventy seats and a population 145 times larger than the smallest district, the state of Roraima, which has eight seats. This makes a vote for the lower chamber in Roraima worth seventeen times as much as a vote in São Paulo. All states also elect three senators. Thus not only are Brazil's legislative chambers populated by deputies and senators elected in state-wide constituencies, many of these constituencies are dramatically over-represented. Historically, malapportionment has favored Brazil's poorer, more politically conservative states and regions.

One final variable merits mention – campaign finance. In the US, individual candidates for Congress are responsible for raising and spending money for their electoral campaigns. However, national party organizations have, over the last two decades, come to exert tremendous influence by favoring or disfavoring certain candidates at the primary stage with substantial financial windfalls. This has the effect of forcing candidates without independent means to conform to *national* party ideological dictates. In Mexico, it appears that campaign finance also has a strong national element (Poiré this volume???) (public funding for campaigns in Mexico?) In contrast, Brazilian candidates at all levels are responsible for raising and spending their own money, and national political parties play no role (with the exception of the PT, which in the 2002 election played a financial role in a small number of elections beyond the presidential race). This limits the ability of the national party to coordinate campaigns or to favor particular candidates.

IV. POLITICAL AMBITION.

We can begin to understand the importance of federalism in Argentina and Brazil by considering a basic tenet of ambition theory: politicians pay close attention to the interests of those who may have a say in their future. In this way, ambitious politicians may actually ignore their *current* vote bases in an attempt to appease potential *future* supporters (Schlesinger 1966, 5). In both Argentina and Brazil, politicians' ambitions do not lie at the national level, and politicians generally discount the importance of *national* party leaders in assessing their future career options. In both countries, but in different ways that we will describe below, national legislators pay relatively greater attention to subnational forces. This partly explains the weight of federalism in the politics of both countries.

Argentina

The locus of partisan politics in Argentina is the province (Benton 2002; De Luca, Jones, and Tula 2002b; Gibson and Calvo 2000; Jones 1997a; Levitsky 2003; Spiller and Tommasi 2005). Political careers are generally provincial-based (with even positions in the national government often a consequence of provincial factors), and the base of political support for politicians and parties is concentrated at the provincial level. A single person or small group of politicians generally dominates political parties at the provincial-level (De Luca, Jones, and Tula 2002b; Jones, Saiegh, Spiller, and Tommasi 2002). In provinces where the party controls the governorship, with rare exceptions the governor is the undisputed (or at least dominant) boss of the provincial-level party. In many other provinces where the governorship is not held by the party, the party is nonetheless dominated in a comparable manner (with a greater amount of space for intra-party opponents) by a single individual. Finally, in the remaining provinces where the party does not control the governorship and there is not a single dominant leader, there is generally a small group of influential party leaders who predominate in party life.⁴

Executive and legislative candidates at the national, provincial, and municipal levels are selected via either party primaries or elite arrangement (or in a handful of cases via competitive party convention votes). Political parties, not the government, run party primaries (for both party leadership positions and candidacies for national, provincial, and municipal public office) (De Luca, Jones, and Tula 2002b). Primaries are, in their essence, a battle of political machines, with the victor almost invariably the one who possesses the most resources.

As the above-discussion would suggest, in most instances the re-election decision for members of the Argentine Chamber of Deputies (as well as the decision regarding their political future) lies primarily with the provincial-level party boss(es), and not with the individual deputy. Furthermore, these party bosses practice rotation (Jones, Saiegh, Spiller and Tommasi 2002), with the consequence being very low re-election rates for Chamber deputies. Between 1989 and 2003 only 19% of Chamber deputies achieved immediate re-election (the only presidential democracies with a lower re-election rate than Argentina are countries like Costa Rica and Mexico that prohibit immediate re-election), with an overwhelming majority of deputies returning home to political posts in their province, or going to national level posts, often in "representation" of their province. For instance, an analysis of the position held by PJ and UCR

⁴ In provinces where the party leadership is fragmented, the role of the national party (especially if it is the party of the President) in provincial-level politics is often more pronounced than is the case where the provincial-level party is united under a single leader (Jones 1997a).

members of the legislative class of 1991 as of mid-1998 (two and a half years after the end of their term), found that 85% of these individuals occupied a partisan or governmental post (2% were deceased and 2% were in prison or fugitives from justice). Furthermore, a large majority (69%) of these deputies either held a post at the provincial level (44%) or continued to represent the province in the national congress (25%). In short, as documented in Jones (2002) and Jones, Saiegh, Spiller, and Tommasi (2002), Argentine deputies are amateur legislators, but professional politicians. Virtually all national deputies occupy an elective, appointive, or party position prior to their election as deputy, and an overwhelming majority continue to occupy an elective, appointive, or party position following their tenure in the Chamber of Deputies.

Brazil

The fundamental tenet of ambition theory also helps us understand the role of federalism in Brazilian politics. Brazil is federal just like the U.S., but we do not typically think that state-based pressures motivate U.S. House members to a large degree. Institutional contrasts between Brazil and the U.S. shed some light on why this is so. In the U.S., Representatives are seated in one of 435 single-member districts. Apportioning districts generates real-world political battles, but congressional districts have no institutional existence of their own and do not conform to the boundaries of any other government institution (except in states with only one representative, of course). Consequently, House members represent, institutionally, nothing more and nothing less than their district. This means that they essentially represent the *interests* that exist and organize pressure, or come to organize pressure, within their district.

In contrast, members of the Brazilian Chamber of Deputies are nominated and elected in at-large constituencies that conform to state boundaries. This injects the nature of representation in the Chamber with an institutional dynamic found more commonly in upper chambers of federal systems, where Senators are also elected in districts that conform to their states' boundaries. Furthermore, unlike in the U.S., in Brazil state-level party leaders negotiate in one fell swoop all nominations for governor, senator, and federal deputy. Thus, while many if not most successful Brazilian politicians depend on local municipal-level networks to start a political career, a politician who *seeks* election to the Chamber of Deputies enters a state-level game, and a politician who *wins* election as deputy does not simply represent an institutionally disembodied U.S.-style district, he or she represents a district that *is the state*. Thus, all deputies represent the interests that exist and organize pressure within their state.

State-based political pressures consequently affect deputies' behavior in three ways. First, many incumbents consciously seek political positions in state government – before, during, and after they serve in Congress. Given this desire, deputies promote their future career by currying favor with state-government officials and by cultivating political clienteles who will help them *leave* Congress. In this way, political ambition tends to favor *state-based* political interests and actors.

Even though many deputies do run for reelection, almost no deputies seek to build long-term legislative careers. Instead, *extra-legislative* ambition dominates deputies' career goals - deputies focus their energies seeking positions *outside* the legislature, typically in state or municipal government, *even while they are serving within the legislature* (Samuels 2003). With each election, turnover in the Chamber of Deputies hovers around 50%. About two-thirds of incumbents tend to run for reelection, and about two-thirds of these win, accounting for the 50% turnover. Two-thirds is not one-third, and indeed some might consider 2/3 a relatively high proportion. Yet although far fewer deputies are returned to the legislature in several other

countries where reelection is also permitted, the critical difference is that in many of these countries *party leaders* (provincial or national) decide not only who gets on the ballot but also the placement of candidates on the ballot. Thus even if deputies in those countries have static ambition, their own preferences are less relevant, and party leaders' preferences are more important. That is, in other countries the reason turnover is higher is precisely *because* national party leaders control incumbents' careers. In Brazil, individual candidates make the decision to run or not, and voters ultimately decide candidates' placement on the list, making the "re-election dynamic" more like what we see in the US.⁵

More importantly, the percentage of incumbents who run for reelection is a misleading indicator, because even during a legislature almost 40% of sitting deputies exhibit extra-legislative ambition by taking a leave of absence to serve in local or state government or by running for municipal mayor (Samuels 2003).⁶ That is, many deputies do not consider a seat in the legislature *their primary career goal, even after spending considerable resources to get elected* – and they often leave the Chamber immediately after winning election. Four years later these same deputies might "run for reelection" and get counted as such, but they may have spent little time as a legislator *per se*. This makes the notion of "legislative careerism" as understood by ambition theory nonsensical for this portion of deputies. And finally, in contrast to the US, where very few retiring members of the House continue in state or local politics (Herrick and Nixon 1996), about two-thirds of Brazilian politicians continue their careers at the sub-national level after serving in the Chamber of Deputies (Samuels 2003). Indeed, post-Chamber careers are typically far longer than politicians' legislative "careers" in Brazil, even though legislative terms are four years long instead of two as in the US.

As in countries like Mexico or Costa Rica, where reelection is prohibited and thus *legislative* careers are impossible, party leaders could still control legislators' *political* careers. Yet in Brazil, national party leaders also do not control incumbent deputies' post-legislative careers. This is in substantial contrast to other countries in the region, where party leaders control both intra- and extra-legislative careers. For example, In both Costa Rica and Mexico, careers have long been made by working one's way up the ladder within the main national parties (Carey 1996; Smith 1979) (this practice may be changing in Mexico, as Langston suggests, as federalism gains importance). Other countries, such as Uruguay and Argentina (Jones, Saiegh, Spiller, and Tommasi 2002; Jones 2002; Morgenstern 2002) also exhibit higher turnover than Brazil. However, in Argentina for example, provincial party bosses play a tremendous role in determining whether incumbents are renominated or not, and whether and how politicians continue their post-legislative careers. In Brazil, in contrast, neither national nor subnational leaders exert such direct influence over deputies' career choices (Samuels 2003).

V. RESOURCES AND POLITICS.

Introduction. Argentina. Brazil. Mexico.

⁵ Brazilian politicians' extra-legislative ambition dominates any ambition they might have to advance within the legislature. Re-election is a second-best option for many incumbent deputies – *including many of those who end up running for reelection*. In contrast, in the US for example, far more incumbents see reelection as their best opportunity for consolidating political power. Elsewhere (Samuels 2003) I describe these incentives and their consequences in detail.

⁶ If a deputy takes a leave of absence, a *suplicante* or substitute deputy takes his or her place, until the incumbent desires to return. Many *suplicantes* serve for just a few days or weeks.

Argentina

The dominance exercised by Argentine provincial party leaders over the political process in their respective province is based principally on patronage, pork barrel politics, and clientelism (Calvo and Murillo 2004; Jones and Hwang 2005a). Campaigns, both primary and general election, are funded primarily via the use of resources gained from patronage, pork barrel, and clientelistic activities. Government financing of campaigns and party building also exists, although it represents only a very modest fraction of the resources used for campaign activity by the relevant parties.

Patronage positions are particularly important for maintaining the support of second and third tier party leaders, who in turn possess the ability to mobilize voters, especially for party primaries. The ability to engage in pork barrel politics improves the party's reputation with key constituents and aids clientelistic practices through the provision of jobs to party supporters and the infusion of money into the party coffers which in turn is employed to maintain clientelistic networks. Clientelism assists party leaders at all levels in maintaining a solid base of supporters.

The provincial-level party has a large number of positions at its disposal, with the exact portfolio depending on the party's control of national, provincial, and municipal governments (De Luca, Jones, and Tula 2002b). All parties control positions (of varying number) in the national, provincial, and municipal legislatures. If the party controls the provincial government, it has further access to positions in the provincial executive branch, and likewise, where it controls municipal governments (the degree of this control varies depending on the province's province-municipality revenue-sharing system), it also has access to positions in the municipal executive branch. Finally, if their party controls the national government, provincial party leaders have access to a host of positions in the national government, both in the federal capital as well as in the provincial offices of the national executive branch.

The provincial party also controls the distribution of national, provincial, and municipal level expenditures, with this control varying depending on the party's control over the national, provincial, and municipal governments. These expenditures provide a prime source of the resources needed by party leaders to engage in clientelistic activities. Argentina's federal revenue sharing system automatically transfers funds to the provinces, which are then mostly utilized at the province's discretion. During the past dozen years the distribution of expenditures in Argentina has been roughly equal between the national government and the provinces (Spiller and Tommasi 2005) with, for instance, in 2000 52% of expenditures being carried out by the national government, 40% by the provincial governments, and 8% by the municipal governments (Tommasi 2002).

Governors exercise considerable influence over the execution of public policy (either through their direct control of the provincial budget or their discretionary control over the execution of national government funded programs) (De Luca, Jones, and Tula 2002b). This influence allows them to obtain/maintain the loyalty of their supporters through the granting of privileges in the distribution of material/economic subsidies, low interest loans, scholarships, etc. It also allows them to construct a relationship with a wide variety of other organized groups. The above-mentioned benefits also accrue in a more limited manner to legislators (at the national, provincial, and municipal levels) who are able to allocate funds/resources given to them by the legislature or are able to directly allocate national, provincial, or municipal level funds/resources working in concert with the respective executive branch.

The fruit of these patronage, pork barrel, and clientelistic activities is the dominance of the provincial-level political party. First and foremost, dominance of the provincial-level party

requires that a party leader be able to defeat any rival in an intra-party primary (either to choose candidates for elective office or to elect the provincial-level party leadership). Patronage, pork barrel activities, and clientelism are important for success in general elections, but they are indispensable for success in party primary elections. In a related manner, patronage, pork barrel, and clientelistic based support often has an anticipated reaction effect on potential intra-party challengers; it causes potential challengers to desist from any attempt to defeat the party leader.

Brazil

Whatever the direction of their career ambitions, elected deputies face constant pressure from actors in their state's government, above and beyond pressures they may face from their own municipal-level vote bases. For example, governors often pressure their congressional delegations to pass legislation; the president also often deals directly with governors, not deputies, when doling out politically valuable pork-barrel resources. Governors may also dominate many of the state's municipalities, which in turn means that "municipal" pressures on deputies are in fact intimately related to state-level pressures. In short, deputies from all parties face a battery of pressures to "represent" the interests of their states in Congress.

Political institutions have a strong effect on the degree to which party leaders control their delegations. If party leaders do not control access to the pathways to power, and control few resources once politicians are treading that path, we have little reason to believe that Brazilian party leaders are particularly strong. Figuereido and Limongi note that leaders do not control ballot access (they do not discuss campaign finance), but still suggest that "backbenchers who do not follow the party line may have their share of patronage denied" (2000a, 165) and thus conclude that legislative party leaders possess substantial power.

Yet no one has ever shown that national party leaders actually *control* access to patronage. If it were obvious that party leaders did have such power, we would have good reason to believe that they more generally dominate individual politicians' careers. However, party leaders do not control the primary source of patronage funds, the pork-barrel amendments to Brazil's yearly budget. In general, Congress as a whole has very little influence over the budget: the president prepares the yearly proposal, without party input. Congress has a chance to amend the proposal, but the president possesses a line-item veto that permits him to ignore Congress' revisions.

The pork-barrel process serves deputies' individual interests (Ames 2001), as well as the interests of geographically-defined *multiparty* groups of deputies, primarily state delegations (Samuels 2003). Highlighting state delegations' importance, Figueiredo and Limongi (2000b, 9) note that "the data show clearly that the amendments presented by state caucuses are now the most important way Congress members influence the budget." Of course, *national* party leaders do not control the multi-party *state* delegations, which are more influenced by state governors' demands and deputies' individual interests.

VI. PROVINCIAL COATTAILS AND NATIONAL ELECTIONS.

Introduction. Argentina. Brazil. Mexico.

Argentina

Elections in Argentina tend to have a strong provincial-level component, with the results of elections generally influenced far more by provincial-level factors than by national-level

factors or trends. This is especially the case with elections for provincial-level offices (governor, provincial legislature) as well as for elections of national legislators. For instance, as is the case in Brazil, provincial-level variables are much more informative than national-level variables in explaining the degree of legislative fragmentation in the national congress (Jones 1997).

The above trend towards the provincialization of elections and the party system was enhanced over the past five years by the growing tendency of provinces to hold elections for provincial offices (and at times those for national deputy and national senator as well) at separate times throughout the year, with the election season beginning as early as March, and not ending until November. The government of President Néstor Kirchner (2003-) has decided to end this practice for national elections (at least for the elections of 2005 and 2007), but has been constrained in its ability to force the provinces to hold their provincial-level elections on a single national date, since the provincial governments possess the constitutional authority to schedule provincial election, and in fact a few provincial constitutions expressly prohibit these elections from being held on the same day as elections for national offices.

Brazil

Another way that federalism influence national politics is through the influence of gubernatorial "coattail" effects. Because access to the ballot and electoral coalition decisions are determined at the state level, and because incumbent governors possess power to influence elections, congressional candidates focus on state-level politics during their campaigns - and not national, nor exclusively "local" politics. Thus, if a politician seeks a seat in Congress, state-level factors shape his or her electoral strategy. Those who win know that state-level factors may affect their future electoral fortunes, and so they keep a close eye on politics in their states while they are in Congress, and are thus more concerned with partisan politics in their state than at the national level.

Samuels (2003) shows that during 1945-64 and 1990-98 periods, gubernatorial elections exerted a stronger influence over congressional elections than did presidential elections. The gubernatorial race shapes electoral fragmentation in each state, which helps explain the relatively high degree of fragmentation at the national level in Brazil. That is, state-level variables are more informative than national-level variables in explaining the degree of fragmentation at the national level. However, as patterns of political competition become more regularized over time and as the PT becomes more powerful at the national level this dynamic may change.

VII. CONGRESS AND EXECUTIVE-LEGISLATIVE RELATIONS.

Introduction. Argentina. Brazil. Mexico.

Argentina

The contemporary literature on Argentine politics underscores the vital importance of provincial-level factors for the functioning of the country's political system (Jones and Hwang 2005a). It highlights the provincial-based nature of congressional career paths as well as national legislators' generally strong dependence on provincial party bosses and weak incentives to invest in the strengthening of the Chamber of Deputies and Senate (since most realize they will only be there for a short period), with the legislative behavior of national legislators heavily influenced by the preferences of their provincial bosses.

In Argentina the electoral goals of the provincial party bosses are best served by distributive policy (since their hold on power is based primarily on patronage, pork, and clientelism) (Jones and Hwang 2005a). They are thus primarily interested in the passage of distributive policy. Argentine provincial party bosses also tend to actively parlay their legislative support (i.e., the votes of their deputies and senators) in exchange for financial benefits from the national executive branch in the form of transfers, subsidies, national government positions, and pork.

The congressional leadership of the majority party (often in conjunction with the Executive Branch) uses the information gleaned from its interaction with the deputies and provincial party bosses to obtain the legislative passage of the party's (normally the President's) policy agenda (Jones and Hwang 2005a). On legislation that directly affects the provinces it insures the provincial bosses' interests are incorporated (positive agenda control) either in the specific piece of legislation or through some type of side-payment. For legislation that does not directly affect the provincial bosses' interests, the congressional leadership has the necessary information to know to what extent (if any) it has to entice or pressure the provincial bosses to obtain the support of their deputies for the legislation. In a similar manner, provincial bosses gather information on the extent to which they can employ the votes of their legislators to extract benefits on this non-provincial oriented legislation. While the provincial bosses generally leave the day-to-day functioning of the Senate and Chamber to the respective Senate and Chamber leadership, they remain alert for instances where the President needs to pass vital or unpopular legislation, and hence may be willing to provide additional benefits to the bosses in exchange for their support. The default however is for the legislators, absent instructions to the contrary from their provincial boss, to follow the instructions of the Chamber/Senate leadership. Finally, in the event an agreement cannot be reached on legislation, the leadership can insure the legislation does not reach the floor (negative agenda control).

The congressional leadership possesses a variety of tools, primarily economic and wielded by the Executive Branch, with which to pressure and entice provincial bosses. During the 1989-2003 period, the median province obtained 72% of its revenue from national government transfers, over which the Executive Branch possesses a great deal of discretionary control (Tommasi, Saiegh, and Sanguinetti 2001). While the Executive Branch is legally obligated to transfer approximately one-half of the funds, even with these "guaranteed funds" it possesses considerable latitude. For instance, it can delay transfer for a few months (or send less than the full amount expected), which often wreaks havoc on provincial finances since many provinces have little to no financial reserves, and a mere month's delay in the payment of public employee salaries (the principal source of expenditures at the provincial level) often can lead to considerable conflict and unrest in the provinces. Conversely, the Executive Branch can advance funds by a few months, thereby allowing provinces to resolve immediate financial crises. The Executive Branch possesses even greater discretion regarding other transfers ranging from the implementation of national government programs (e.g., targeting specific provinces and municipalities for disproportional benefits) to the distribution of purely discretionary funds (Gibson and Calvo 2000; Tommasi, Saiegh, and Sanguinetti 2001). In addition, the Executive regularly assists provinces by implementing programs that bail out bankrupt pension systems, rescue provincial bonds, etc. (Eaton 2002; Spiller and Tommasi 2005; Tommasi, Saiegh, and Sanguinetti 2001). Finally, the Executive Branch is continually creating and modifying a host of programs that subsidize agriculture, employment, energy, industry, social assistance, and transportation in the provinces. Provincial party bosses (especially governors) who support the

majority party initiatives in the Chamber and Senate are rewarded via the above mechanisms by the Executive, while those who fail to support the initiatives receive fewer transfers and subsidies, and are less likely to be included in the bail-out programs.

With the exception of two years (2000 and 2001), during the last 15 years Argentina has been characterized by strong majority party (i.e., PJ) dominance of the legislative agenda. The PJ, which controlled the presidency as well as working majorities in the Chamber of Deputies and Senate between 1989 and 1999 (and since 2002), has used its negative agenda control to insure that legislation it opposed would not be passed, and at the same time employed positive agenda control to draft legislation (or arrange for the necessary side-payments) such that it would obtain passage (Jones and Hwang 2005a). In this latter case the individuals the PJ party leadership in the Congress (and the PJ presidents) had to satisfy most were the provincial party bosses.

These provincial bosses could be satisfied in many ways, but since the most relevant (with relevance based on the number of deputies and senators who responded to their directives) of them were governors, the key to their support was generally the transfer of funds or other resources by the national government to their respective provinces (at times these "transfers" also took the form of allowing the province to avoid the implementation of fiscal and administrative reforms). A significant portion of these transfers were initially funded by the national government with the revenue obtained from the privatization of state-owned companies (e.g., electricity, natural gas, telephone). Later, when there was little left to privatize, the national government financed a significant portion of these transfers by going into debt with foreign and domestic creditors through the sale of government bonds and related securities. This mounting debt burden was unsustainable, and would later contribute to the country's economic and political meltdown in 2001 (Jones and Hwang 2005b).

At present (2005), the economic boom (and the resulting increase in tax revenue for the national government) experienced by Argentina has allowed President Néstor Kirchner to pursue a policy similar to that engaged in by prior presidents of sending funds to the provincial party bosses in exchange for the support of their legislators in Congress. This equilibrium will last as long as Kirchner has sufficient resources (i.e., revenue) to satiate the provinces' ravenous appetites. However, when the time comes in the not too distant future (most likely 2006 or 2007) when President Kirchner no longer has sufficient resources to satisfy the provinces needs for resources (recall, that the authority and control of the provincial bosses is primarily based on their control over resources), he is likely to begin to experience significant difficulties in his relations with the provincial bosses, and, hence with Congress.

Brazil

The literature on Brazilian politics reveals a tension in terms of the importance of federalism for national politics. On the one hand, Brazil is one of the most fiscally decentralized nations in the world. National party leaders have no control over nominations to the national legislature, almost politicians rarely build a political career at the purely *national* level, and legislators have few incentives to invest in a career in the national legislature. Moreover, governors' and mayors' interests sometimes conflict with the presidents' and/or national party leaders', and subnational authorities' political influence over national legislators thus gives them potential power to influence national-level politics. This view fits well with many scholars' view that Brazil's political institutions and the fragmented party system erect obstacles to presidential policy proposals (Ames 2001; Mainwaring 1999; Power 2000).

It is true that economic and political chaos characterized the early years of Brazil's post-1985 democracy, and that federalism played an important role (Abrucio 1998). Subnational resistance to the central government in Brazil's 1988 constitutional convention and through 1995 revealed the strength of governors and subnational political interests. However, the last ten years have been notably different, and it is clear that the central government's ability to coordinate the political system can vary considerably. The question is therefore to what extent do federalism and other partisan or institutional variables *consistently* affect governance?

It is unrealistic to suppose that subnational politicians (in any country) "naturally" oppose the central government, no matter what it does. Subnational politicians only have strong interests to influence national politics in policy arenas that directly affect their interests – for example, fiscal and tax policies. Brazilian politicians' interests in defending states' and municipal interests have undeniably influenced these arenas, and others. However, Brazilian politicians do not "naturally" oppose the executive branch even though their career interests typically lie at the subnational level. In fact, several factors mitigate the strength of subnational interests in Brazilian national politics.

States do not consistently coordinate subnational political interests "against" the central government. There are no ardent "anti-federalists" across contemporary Brazil fighting an ideological battle against centralizers, as there were in the early history of the US. As described above, governors, mayors and their allies do have tools they can use to influence national legislators. They have also organized national governors' and mayors' councils to publicize their political goals and lobby to protect their interests. However, such efforts are counterbalanced by competition among subnational units, mainly for resources from the federal government. Moreover, this competition is exacerbated and states' efforts to coordinate their political interests are made more difficult by the dramatic historic differences in level of development across Brazil's regions. The states in Brazil's North and Northeast regions are historically Brazil's poorest, while the states in the South and Southeast account for the lion's share of Brazil's GDP. This that most federal-government revenue originally comes from the wealthy states, and is transferred to the poorer states.

This historical inequality across Brazil's regions generates different incentives across Brazil's states and serves to politically divide them from each other. A few states could survive on their own without much central-government support. However, a strong symbiotic link exists between the states in the less-developed regions and the central government. Brazil's presidents know that politicians from the poorer regions desperately need central-government tax revenue to be transferred their direction – after all, patronage is the lifeblood of all politicians' careers. Politicians from these regions, in turn, know that presidents need their support in the legislature for policy proposals. Thus, although politicians from all states and municipalities favor decentralizing "more" resources, they all compete against each other for resources and face differing incentives in terms of their willingness to support the executive branch. Moreover, the states' that depend on federal government fiscal support also have little incentive to seek additional policy responsibilities, which they would thus have to fund. The inequities across Brazil's states helps explain why, despite Brazil being a comparatively decentralized country, the central government retains such extensive control over public policy elaboration and implementation, in contrast to the US, for example. Poverty and federalism do not mix well.

In many countries, political parties provide the mechanism for policy coordination at the central-government level. This is precisely what scholars such as William Riker would predict. In Brazil, political parties do not play this role. Instead, presidents struggle to construct

coalitions to overcome the obstacle of relatively weak parties and the centrifugal political incentives of the electoral system and political ambition. President Fernando Henrique Cardoso (1995-2002), from one of Brazil's richer states, skillfully used a divide and conquer strategy to peel off individual legislators and state delegations to generate support for a series of reform proposals that ended fifteen years of political and fiscal decentralization and policy stasis. In particular, he was able to gain control over subnational finances and to introduce substantial policy reforms that subsequently affected inter-governmental relations.

Arretche (2002) emphasizes that Cardoso's government differed from its predecessors in that it had a coherent policy vision and it was able to cobble together a cohesive governing coalition. There is no reason to believe that subnational political pressures changed substantially during Cardoso's terms. Thus, according to her view, pressures from subnational governments are relatively less important to the ebb and flow of central-government power and to final political "outputs." Rather, the key is the policy and political cohesiveness of political actors in the executive branch of the central government.

Unfortunately, Cardoso's solutions merely transferred many of the problems into the hands of the central government. (see Samuels 2003, chapter 9). For example, post-1998 fiscal adjustment has been made possible by increased tax revenues and not by spending cuts, which is unsustainable in the long term. That is, reforms that many regard as critical to reining in spending at *all* levels of government have worked at the subnational level, but not so far at the national level (Giambiagi and Ronci 2004).

The key to governance in Brazil is the president's ability to construct broad and consistent legislative coalitions in both houses. Presidents have tremendous power to build coalitions, using patronage to shape incentives and agenda control to shape proposals. However, the effectiveness of this strategy is limited by the president's lack of direct control over the parties that comprise his coalition, and by the electoral calendar. That is, Brazilian presidents have few guarantees that their coalitions will last beyond the short term. Moreover, they know that national party leaders themselves have no vertical control over party delegations, especially from election to election.

Cardoso successfully built a political coalition around the success of the 1994 *Real* plan, which reined in inflation and increased the purchasing power of Brazil's growing middle class. It remains to be seen whether future presidents, who may not benefit from similar "shocks" to the system, can construct similarly stable and large coalitions to pass their own policy proposals. Successful presidents will craft political coalitions that make federalism appear relatively less important. Under less-successful presidents, federalism and other institutional and/or partisan obstacles will play a weightier role.

VIII. CONCLUSION.

Future of Politics in Mexico Based on the Argentine and Brazilian Experiences.
To Be Completed Following a Review of the Eight Papers on Mexico.

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