Ardanaz, Martin; Leiras, Marcelo; Tommasi, Mariano

Working Paper

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IDB Working Paper Series, No. IDB-WP-327

Provided in Cooperation with:
Inter-American Development Bank (IDB), Washington, DC

Suggested Citation: Ardanaz, Martin; Leiras, Marcelo; Tommasi, Mariano (2012) : The Politics of Federalism in Argentina: Implications for Governance and Accountability, IDB Working Paper Series, No. IDB-WP-327, Inter-American Development Bank (IDB), Washington, DC

This Version is available at:
https://hdl.handle.net/10419/89025

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Martín Ardanaz
Marcelo Leiras
Mariano Tommasi

June 2012

Inter-American Development Bank
Department of Research and Chief Economist

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Implications for Governance and Accountability

Martín Ardanaz*
Marcelo Leiras**
Mariano Tommasi**

* Columbia University and Inter-American Development Bank
** Universidad de San Andrés

Inter-American Development Bank
2012

Cataloging-in-Publication data provided by the
Inter-American Development Bank
Felipe Herrera Library

Ardanaz, Martín.
The politics of federalism in Argentina : implications for governance and accountability / Martín Ardanaz, Marcelo Leiras, Mariano Tommasi.
p. cm. (IDB working paper series ; 327)
Includes bibliographical references.
1. Argentina—Politics and government. 2. Federal government—Argentina. 3. Local government—Argentina. 4. Public Administration—Argentina. 5. Government accountability—Argentina. 6. Policy sciences. I. Leiras, Marcelo. II. Tommasi, Mariano, 1964-. III. Inter-American Development Bank. Research Dept. IV. Title. V. Series.

http://www.iadb.org

Abstract[*]

This paper contributes to an agenda that views the effects of policies and institutional reforms as dependent on the structure of political incentives for national and subnational political actors. The paper studies political incentive structures at the subnational level and the mechanisms whereby they affect national-level politics and policymaking at the national level in Argentina, a highly decentralized middle-income democracy, Argentina. The Argentine political system makes subnational political power structures very influential in national politics. Moreover, most Argentine provinces are local bastions of power dominated by entrenched elites, characterized by scarce political competition, weak division of powers, and clientelistic political linkages. Political dominance in the provinces and political importance at the national level reinforce each other, dragging the Argentine political and policymaking system towards the practices and features of its most politically backward regions.

JEL classifications: H11, H70, H77, D72, D73, D78
Keywords: Federalism, Decentralization, Governance, Accountability, Institutions, Argentina

[*] We thank Jean-Paul Faguet for valuable comments, and Fernando Cafferata, Victoria Paniagua and Guadalupe Tuñón for excellent research assistance. Tommasi thanks the Research Department of the Inter-American Development Bank for its hospitality and support during research conducted for this paper.

1. Introduction

This paper is centrally concerned with the effects of decentralization on governance and accountability. In our view, in order to understand those effects it is necessary to have a diagnostic of the "general equilibrium" workings of political incentives across the different tiers of government, and to study the effect of a particular "decentralizing" change in the context of that broader set of incentives of national and subnational actors. The structure of incentives in a federation (including the degree of "decentralization" in its various meanings) will determine the behavior of political actors and hence the performance of the system both at the local and the central level.

In this paper we provide such an assessment of the workings of federalism and decentralization in one country, Argentina, with a focus on the incentives of the main political actors, the institutional sources of those incentives, and their effects on governance and accountability.[1] Since Argentina is one of the most decentralized countries in the world, our analysis of the Argentine case serves the purpose of showing the workings of one decentralized polity, identifying a number of pathologies that might serve as a warning for decentralizing efforts in the developing world. Our treatment of the Argentine case highlights the effects of subnational political incentives on the overall workings of the federation.[2]

Political and academic interest in federalism has grown a great deal in recent years. Federal institutional designs have become more prominent due to trends such as the third wave of democratization, decentralization in developing countries, European unification, post-Soviet boundary redefinition in Eastern Europe, and state-building efforts in progress in post-conflict countries. This renewed real world interest in federalism has been accompanied by various waves of academic research.[3] Scholarly appraisals of the nature, origins, and effects of federalism are changing.

[1] We draw from and contribute to two literatures, one on the political economy of federalism, and the other on politics and policymaking in Argentina. Both literatures are quite rich, and that enables us to develop an integrated argument in a relatively brief manner, by referring to results and arguments in previous scholarly work.

[2] In the words of Richard Snyder (2001: 95) "the interconnection among subnational units in a federal system has also upward implications."

[3] Excellent (and complementary) recent surveys include Beramendi (2007), Rodden (2006a), Weingast (2005), and Wibbels (2006). In addition to these surveys, there are by now a number of high quality edited volumes containing theoretical and comparative insights and in depth country analyses of some issues in federal polities. See, for instance, Gibson (2004), Montero and Samuels (2004), and Wallack and Srinivasan (2006).

A first wave of modern studies, inspired in part by the experience of American federalism, tended to emphasize a dichotomous contrast between federal and unitary systems and to portray federal institutions mainly as growth-promoting, redistribution-restraining political arrangements which facilitate democracy in large diverse polities.[4] More recent analyses, building upon the findings of comparative studies, relax the stark distinction between federal and unitary systems (Rodden, 2004), underscore the differences across federations (Stepan, 2004; Rodden, 2006b) and question the portrayal of federalism as an always-effective tool for economic growth, obstacle to progressive redistribution, or democracy-enhancing institutional design.[5] In this more recent perspective, the effects of decentralization upon development, equity, and the quality of democracy would depend on its interaction with underlying social, constitutional, and partisan conditions.

The new literature has moved from the classical normative roots of "fiscal federalism" in economics and of "federalism and democracy" in political science,[6] both of which tended to build from models of a clear delineation of authority and programs among the levels of government, to more nuanced views that recognize that in most real world cases there is a mixing of authority and programs across levels of government (from "layer cake federalism" to "marble cake federalism"). The literature has come to recognize that the way these interactions develop, and hence the way federalism impacts on the outcomes of interest, depends crucially on political incentives, especially the incentives of professional politicians.[7] As a result, it places much greater emphasis on political incentive structures like political party systems, legislative organization, and electoral rules. In looking at the determinants of these incentives, it is becoming standard in the new literature to arrange those determinants around three grand themes: the institutions of representation, political parties, and intergovernmental fiscal structures (Rodden, 2006a; Wibbels, 2006).

[4] Oates (1972, 1999); Qian and Weingast (1997); Weingast (1995); Boix (2003); Riker (1964).
[5] See for instance Cai and Treisman (2004, 2005), Rodden and Wibbels (2002), Wibbels (2000), Bailey (2007), Dixit and Londregan (1998), Obinger, Liebfried and Castles (2005), Pierson (1995), and Volden (2004).
[6] Oates (1999); Riker (1964).
[7] The key to capturing efficiency gains through decentralization is "getting the incentives for local government officials right" (Careaga and Weingast, 2003: 403). "Returning to a classical theme of *The Federalist*, the central challenge is how to structure incentives so that local politicians are inclined to collect information to better serve their constituents, while minimizing incentives and opportunities to exploit common-pool problems and undermine the provision of national collective goods" (Rodden, 2006a: 361).

These themes put the focus on the structure of the national government, the structure and degree of nationalization of political parties, and the (fiscal) inter-governmental arena. In this paper we add to this list a fourth component: *the "domestic politics" of subnational units.* This component, a natural focus for the study of decentralization, will also turn out to be crucial for aggregate outcomes in some cases. We attempt to provide an articulated treatment of these four components and their interactions, emphasizing in particular the systemic feedbacks between politics and policymaking at the national and subnational level for the case of Argentina.

In doing that, we draw from an important body of work conducted on Argentine federalism over the last decade. At some level, this paper works as a selective survey of that rich literature. It draws on Mark Jones for the argument that provincial leaders shape political careers in Argentina, Ed Gibson for the argument that governors use their control over provincial politics to leverage roles in the national political system, Erik Wibbels for the argument that limited political competition undermines accountability in the provinces, M. Tommasi on the perverse incentives provided by fiscal federal arrangements, Carlos Gervasoni on how the dependence on fiscal revenue transfers has undermined local accountability, Ernesto Calvo on how provincial institutions tend to generate majoritarian outcomes, and M. Leiras on the de-nationalization of the party system (see references below). But at another level, the paper provides a systemic and articulated view that clarifies the way in which all these various phenomena hang together in what we might dub "the Argentine federal equilibrium." Furthermore, the paper develops an original theoretical proposition on the link between governors' local dominance and a number of national level political distortions, and presents initial empirical evidence consistent with this argument.

We use the case of Argentina to put forth some tentative hypotheses of general interest to the literature on the political economy of federalism and decentralization. Clearly, "one data point" is not sufficient to establish empirical regularities or for developing general theoretical insights, but we believe that this is a useful step towards richer comparative theorizing.[8] Identifying the exact channels and the overall operation of "complex interactions between institutions, the economy, and the underlying features of the polity" (Wibbels, 2006: 166) requires a level of country detail that is hard to provide for various cases at the same time.

[8] Work on Mexico has also addressed the unevenness of democracy across subnational units (see for instance Cornelius, Eisenstadt and Hindley, 1999), and national level effects of local undemocratic practices (Benton, 2012).

Answering some of the key empirical questions well for even one country requires substantial digging and complex understanding.

The paper is organized as follows. Section 2 investigates the mechanisms by which provincial actors (especially provincial governors) are key players in national politics, while providing a general characterization of the institutional foundations and workings of Argentine federalism. Section 3 studies the domestic politics of the provinces. It argues that, even though there is an important degree of interprovincial heterogeneity, most provinces are polities with restricted political competition and high concentration of power in the hands of the governor. The section also argues that these features have been reinforced over time through changes in provincial constitutions and electoral laws, as well as judicial manipulation introduced by powerful governors in favorable political junctures. Section 4 argues that there is a reinforcing connection between political dominance at the provincial level and political importance at the national level and presents empirical evidence supporting this link. Section 5 explores the implications of that connection for governance and accountability at the subnational and (especially) federal levels. We conclude by connecting our argument to some of the key theoretical discussions on the consequences of decentralization.

2. Institutional Foundations of Provincial Influence at the National Level

> "El Gobierno empieza a entender que los que garantizamos la *gobernabilidad* somos nosotros" (A. Rodríguez Saá, governor of San Luis)[9]

Until the last decade or so, the literature on Argentine politics barely focused on the role of subnational actors in national politics.[10] A number of important works during the late 1990s and early 2000s dramatically changed this view:[11] it is well understood today that the subnational political sphere, especially at the provincial level, is a key arena for Argentine politics and policymaking.[12] Almost every single important policy issue at the national level in the last two decades has been negotiated somehow by the President and his/her ministers (or operators) with

[9] "The (National) Government is starting to understand that we are the ones guaranteeing governability."
[10] One early exception is the reference to subnational "brown areas" in O'Donnell (1993). Another pioneer effort is the book by economist Larry Sawers (1996) *The Other Argentina: the Interior and National Development*.
[11] Benton (2003) and (2009), De Luca, Jones and Tula (2002), Eaton (2002), Falletti (2010), Levitsky and Murillo (2006), Gibson (1997), Gibson and Calvo (2000), Jones et al. (2002), Remmer and Wibbels (2000), Spiller and Tommasi (2007), and Tommasi (2006).
[12] This shift has obeyed in part the dynamics of scholarly discovery, but also the dynamics of democratization. As we argue later in the paper, this dynamic has tended to strengthen the role of subnational actors in national politics.

provincial governors, who subsequently instruct national legislators from their provinces to go along. In this section we briefly summarize the mechanisms that make the province an important political space in national politics and policymaking.

Argentina is a federal democracy with a presidential form of government and a bicameral legislature. The federation consists of 23 provinces and a semi-autonomous federal capital.[13] There were 14 provinces at the time the original Constitution was signed in the middle of the nineteenth century (1853/60), indicating that provinces are parties to the constitutional compact: they pre-existed and constituted the national government.[14] Provincial governments are important political and administrative entities: they dictate their own constitutions (including electoral rules), enjoy authority over vital areas of public policy (e.g., education, health), and they are also in charge of executing national public policies such as social welfare programs. This policymaking authority is complemented by the Constitution's residual power clause: provinces reserve all powers not delegated to the federal government. As heads of provincial executive branches, *governors* are the main political figures in the provinces.

But the power of provincial actors (e.g., governors) extends well beyond their "natural" or direct sphere of influence (the province). This section presents the institutional foundations and channels by which provincial actors exert influence over national politics and over the policymaking process. In a nutshell, the national policymaking process can be characterized by the following features:[15]

- In many cases, it consists of exchanges between the president and provincial governors.
- In these exchanges, presidents and provincial actors trade support for policies devised at the national level for fiscal transfers.
- Congress is seldom the arena where such transactions take place. Instead, it formalizes deals that the President, provincial governors and interest groups strike in informal arenas. National legislators tend to see party leaders in their

[13] From now on, we will treat the Capital city as a twenty-fourth province for brevity.
[14] During the twentieth century, eight additional provinces were created out of formerly national territories during the presidency of Juan Domingo Perón (from 1951 to 1955), while in the 1990s the national territory of Tierra del Fuego became the twenty-third province. The 1994 Constitution granted autonomy to the capital city of Buenos Aires.
[15] Spiller and Tommasi (2003 and 2007), Jones and Hwang (2006), Benton (2009), among others.

province of origin as their principals, especially when these leaders are the provincial governors.

The rest of this section explains why the national policymaking process is organized along these lines. In particular, we explore the mechanisms through which provincial actors, especially governors, are able to influence decisions at the national level. These channels of influence are of three types: electoral/partisan, legislative, and fiscal.

2.1 The Electoral and Partisan Connection

In contrast to the United States, where each state is divided into smaller electoral districts for the election of House representatives, each province in Argentina serves as a single constituency for all congressional elections (House *and* Senate).[16] The fact that electoral districts conform to provincial boundaries makes the province the locus of party competition and the base of political support for politicians and parties (De Luca, Jones and Tula, 2002; Benton, 2009).[17] As a consequence, Argentina's large national political parties have been born and have recently evolved in such a way that their national governing coalitions are best described as little more than (potentially volatile) confederate alliances between largely autonomous and quite powerful leaders of provincial party branches (Calvo and Escolar, 2005; Leiras, 2007).

Argentina has two large parties of national scope: the Unión Cívica Radical (UCR) and the Partido Justicialista (PJ). They were forged as collections of bilateral bargains between extraordinarily powerful presidents at the center (Hipólito Yrigoyen, in the case of the UCR; Juan Perón, in the case of the PJ) and locally dominant provincial elites (Tcach, 1991; Alonso, 2000; Macor and Tcach, 2003). When they win the presidency, Argentine national parties function according to independent bilateral agreements between the President and provincial leaders. When they are in the opposition, they remain as nominally allied and loosely connected confederations among autonomous provincial organizations.

Argentine law reflects and helps reproduce the autonomy of the provincial branches of national parties. It is enough to constitute a party in just one province in order to present candidates for national legislative offices. Only "national" parties may field presidential

[16] Only three of 17 other federations for which we have data elect all of their legislators in districts that conform to state boundaries (Austria, Brazil and Switzerland).

[17] Until the Constitutional reform of 1994, provinces also sent representatives to the Electoral College to select presidents.

candidates, but to achieve this status it suffices to be legally recognized in only five of the 24 provincial districts. Provincial viability is a sufficient condition to be a player in national electoral politics.

Regulations on electoral calendars enable provincial leaders to preserve local autonomy and allow them to decide whether to affect national electoral cycles (Oliveros and Scherlis, 2004). Provincial constitutions authorize governors to schedule elections for provincial offices. Thus, in most provinces,[18] in every election year governors may choose either to isolate *provincial* outcomes from national electoral trends through the establishment of separate electoral calendars or to exploit the "electoral externalities" (Rodden, 2001) that derive from popular presidential candidates by holding concurrent elections. Additionally, until 2004, the national electoral law allowed governors to set the dates for *national* congressional elections.[19] Provincial electoral dynamics effectively predict outcomes in national congressional elections: Jones (1997) shows that electoral fragmentation in national races mirrors fragmentation in provincial ones, and Leiras (2006) finds evidence that gubernatorial coattails are almost twice as long as those of presidents for the election of national deputies. The influence of provincial candidacies on national outcomes is reinforced when national congressional elections are held on different dates in different provinces.

As Table 1 reports, only four of 14 national legislative elections since 1983 were held on the same date in every province and concurrently with provincial contests. On three occasions a significant proportion of provinces elected their deputies in different dates, and in every election since 1995 several provincial leaders have preferred to isolate local competition from national trends. National party officials can neither force provincial leaders to link local elections to national campaigns nor can they prevent them from benefiting from electoral externalities of national campaign efforts. Provincial cooperation with national electoral campaigns needs to be motivated. Provincial politicians exploit this electoral source of leverage in their exchanges with national leaders.

[18] Except those few where the constitution prohibits holding elections for national and provincial offices on the same day.
[19] To our knowledge, Argentina was the only federal country in the world where this feature held.

Table 1. National and Provincial Electoral Calendars

Year	Uniform Calendars National Lower Chamber %	Concurrent Provincial and National Elections %
1983	100	100
1985	100	100
1987	100	100
1989	100	93
1991	50	91
1993	100	100
1995	100	62
1997	100	73
1999	79	52
2001	100	85
2003	17	83
2005	100	86
2007	100	35
2009	100	75

Note: "Uniform calendars" measures the maximum percentage of provinces that held national lower chamber elections on the same date. "Concurrent elections" measures the proportion of provinces that held at least one election for provincial offices on the same date as elections for national offices.
Source: Dirección Nacional Electoral, Ministerio del Interior, República Argentina.

2.2 The Legislative Connection: Candidate Selection Methods and Malapportionment

In addition to electoral channels, there are political and institutional variables that enable governors, through their control of legislative contingents in the national Congress, to enjoy national leverage—mainly the control of candidate selection methods and legislative malapportionment.

2.2.1 Candidate Selection Procedures[20]

> *"the nature of the nominating procedure determines the nature of the party; he who can make the nominations is the owner of the party" E.E. Schattschneider, (1942).*

Argentine law entitles political parties to determine selection procedures for both party leadership positions and candidacies for offices at every level of government. Thus, selection mechanisms often vary not only across parties but also across provinces and, within parties and districts, over time. The three basic mechanisms for the selection of candidates are elite arrangements, assembly election and primaries. Elite arrangements encompass a variety of decision procedures, including unilateral nominations by a single powerful leader and agreements among party factions. Assembly election designates nominations made by party collective bodies such as congresses and conventions. Primaries are elections in which all party members are eligible to participate. On occasion, primaries are open to voters who are not affiliated with any political party.

From the point of view of accountability, candidate selection mechanisms may be ranked according to the size of the selectorate involved—smallest in the case of elite arrangements, largest in the case of open primaries. The relevance of this ordering depends on the types of linkages that candidates establish with their constituencies. As several studies document (Calvo and Murillo, 2004; Stokes, 2005), conditional exchanges of club or private goods channeled through local machines settle internal disputes within Argentine political parties. Targeted goods motivate both turnout and voting decisions. As José Luis Lizurume, Chubut governor from 1999 to 2003, summarized, "La interna es aparato puro" (The primary is pure machine) (*Diario El Chubut*, July 18, 2003, in Jones, 2008). Thus, success in an internal contest depends almost entirely on a candidate's ability to garner resources to distribute through party machines. These resources are almost always financial and come mostly from public coffers (Leiras, 2007). Hence

[20] This subsection draws heavily on De Luca, Jones and Tula (2002) and Jones (2008).

incumbents are typically able to either deter internal challenges or decisively incline electoral outcomes in their favor when they face a contested primary.[21] Given the prevalence of clientelistic linkages and the financial advantage that incumbents enjoy, regardless of the size of the selectorate, provincial party leaders are key players in the candidate selection process.[22]

In sum, provincial party leaders decide whether to "send" someone to the National Congress and, controlling re-nominations, for how long (Jones et al., 2002). Therefore, political careers are structured at the provincial level and political fates decided in provincial jousts. The importance of province-level decisions in the selection of candidates for the National Congress underscores the decentralized nature of the Argentine party system and highlights the prominent influence of provincial politics on national political careers. We now explore the particular way in which subnational interests are articulated in the national policy making process through legislative malapportionment.

2.2.2 Legislative Malapportionment

Congress is composed of a Chamber of Deputies and a Senate. The 257 deputies are elected from closed party lists under a proportional representation formula for four-year terms. Although the Constitution states that the number of deputies should be proportional to population, in fact small provinces are overrepresented, because the electoral system establishes a minimum of five deputies per province. The Senate consists of 72 directly elected members, with three senators per province serving six-year terms.[23]

Interprovincial variation in the size of the electorates is high; thus, severe legislative malapportionment characterizes the Argentine Congress. For example, according to Samuels and Snyder (2001), the Argentine Senate ranked highest on a scale of territorial overrepresentation among the world's upper chambers, and out of a total of 78 lower chambers, the Chamber of Deputies was one of the 20 most malapportioned legislative arenas. Figure 1 compares levels of

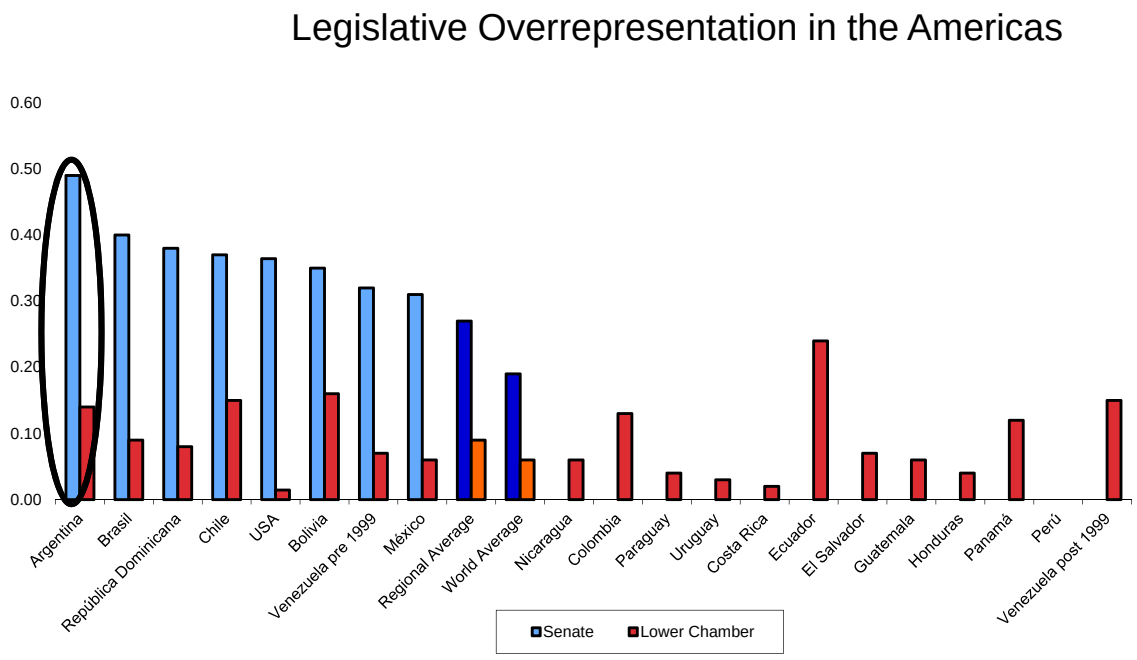
[21] In line with this interpretation, De Luca, Jones and Tula (2002) find that contested primaries are less frequent when incumbent governors are able to run for reelection and more frequent in parties that are in the opposition at the provincial level.

[22] During the 2011 electoral cycle, candidates for all national offices and from all political parties were elected in open primaries with mandatory vote for all citizens. Some provinces adopted this regime to select candidates for their offices. The significant increase in the size of the "selectorates" seems to have done little to dilute the dominance of party bosses in the candidate selection procedure, as the overwhelming majority of these races featured only one list in each party (Pomares, Page and Scherlis, 2011).

[23] Until the constitutional reform of 1994, senators were indirectly elected by provincial legislatures.

malapportionment in both Upper and Lower Chambers across the Americas and shows the contrast between Argentina and other federal nations in the region, including the United States.

Figure 1. Malapportionment in Comparative Perspective



Source: Samuels and Snyder (2001) and authors' calculations for post-1999 changes.

This level of overrepresentation has both fiscal and political effects. Fiscally, it affects the distribution of public resources and spending across provinces (Jones, 2001; Porto and Sanguinetti, 2001; Gibson, Calvo and Falletti, 2004; Rodden, 2010a). When considering the sum of all fiscal transfers to provinces, these analyses find that provinces with fewer inhabitants per legislator—i.e., provinces that are overrepresented in Congress—receive more transfers per capita. This reflects the political power of local party bosses, especially governors, who are capable of trading their votes in Congress in exchange for a larger share in the allocation of funds to provinces.

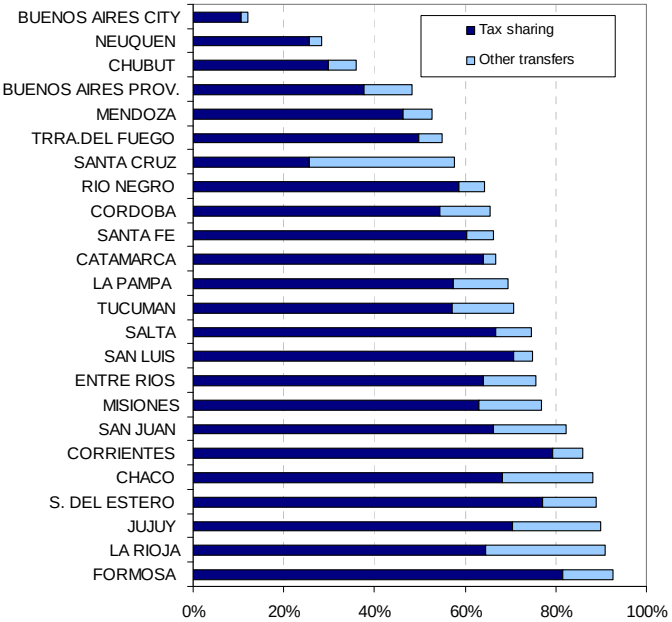
Politically, it means that no national winning electoral or legislative coalition could be put together without the support of the regional structures of power in the overrepresented provinces. This institutional overrepresentation, together with the subnational drag on legislators'

incentives provided by candidate selection mechanisms, has an important implication: it means that legislative accountability exists in Argentina, but it is accountability to provincial party leaders (governors). To put it succinctly, Argentine legislators are the pawns of their provincial party leadership. Given that the electoral system for Congress gives local party bosses substantial power over who is nominated, this imposes loyalty and discipline on legislators, whose votes can be exchanged in negotiations between the provinces and the executive. The currency of these exchanges has much to do with the workings of Argentine fiscal federalism, whose structure we discuss next.

2.3 The Fiscal Connection: The Workings of Fiscal Federalism

Provincial governments undertake a large share of total spending in Argentina, yet they collect only a small fraction of taxes. Thus, provincial politicians enjoy a large share of the political benefit of spending, yet pay only a small fraction of the political cost of taxation. On average, provinces finance about a third of provincial spending with their own revenues. This fiscal imbalance is uneven across provinces and extremely large for some of them (see Figure 2). In a large number of less populous provinces, the transfers received from the federal government constitute over 80 percent of provincial revenue.

Figure 2. Vertical Fiscal Imbalance: Federal Transfers as % of Total Revenue (2008)



Source: Secretaría de Coordinación Fiscal con las Provincias.

This mismatch between spending and taxation makes Argentina one of the countries with the largest *vertical fiscal imbalance* in the world (Ter-Minassian, 1997). The mechanisms utilized to cover that imbalance are very convoluted, politically contentious and the source of various incentive problems. The difference between spending and revenues is financed from a common pool of resources under the country's Federal Tax-Sharing Agreement. Even though the Argentine tax-sharing agreement appears on paper to be fairly automatic, in practice there has been over the years a number of channels by which the national government has had discretion at the margin in the allocation of funds to the provinces.[24] The methods by which these channels have been modified are multiple, and their relative use and importance has varied over time, depending on various economic and political circumstances, but the underlying political logic has always been the same.[25]

In this logic, most provincial governments are resource-hungry political units eager to extract fiscal favors from the national government. In turn, the federal government needs votes in Congress to implement nationwide economic policies, cooperation in national elections, as well as general good will and compliance from provincial governments. This situation creates potential gains from trade between presidents and governors, while Congress merely serves as the "ratifier" of agreements that are struck in other more informal arenas (Saiegh, 2004).

While this federal fiscal configuration has occasionally given provinces a weapon in their negotiations with the national government (Tommasi, 2006), it is not always the case that governors always come on top or exploit "the center." In fact, there are many instances (depending on what part of the budget cycle one is looking at) of political opportunism by the national government. What matters from the point of view of this paper is that governors tend to be the actors of some of the main exchanges in Argentine politics, even when the national executive has the upper hand.

[24] As argued later in the paper, and more deeply in Gervasoni (2010), Jones, Meloni and Tommasi (2012) and Tommasi (2006), even the automatic part of the sharing system is the source of various incentives that weaken accountability and induce loose fiscal behavior.

[25] In an excellent overview on the sources of subnational soft budget constraints across countries, Wibbels (2003: 9) states: "Soft budget constraints have historically taken on a number of forms in various national contexts, including rediscounts of local debt by central banks, intergovernmental transfers that reward local budgetary disequilibria, the assumption of local debt by national governments, lack of controls on subnational borrowing autonomy, and even the issuance of script by some provincial governments." After that general statement, Wibbels goes on to describe one archetypical case in which all these channels have been utilized at some point, and his country of choice is … Argentina! (Wibbels, 2003).

We turn now to a characterization of the local arenas from where governors construct their political power.

3. "Scaling Down": Provincial Politics

In one of his many influential articles, Guillermo O'Donnell writes about the uneven territorial spread of democracy and rule of law across developing countries (O'Donnell 1993). Using a geographic metaphor, he invites readers to imagine a map of each country in which the areas covered by **blue** would designate those where there is a set of reasonably effective bureaucracies and spread of the rule of law is high, both functionally and territorially; the color **green** would indicate a high degree of territorial penetration but a significantly lower presence in functional/class terms; and the color **brown** a very low or nil level in both dimensions.

Building on this metaphor, this section looks at the internal politics of the subnational political units and shows that the typical province in Argentina is "brown." In other words, by exploring the way politics is played out at the subnational level, a common pattern emerges: *provinces are typically characterized by executive dominance, limited political competition, and clientelistic political linkages*. In particular, this section provides a comparative perspective on several features of subnational political systems since Argentina's last transition to democracy: i) structural features and political practices, ii) who the governors are and the extent of partisan turnover at gubernatorial level, iii) executive-legislative relationships and the degree of judicial independence, and iv) citizen-party linkages and the prevalence of patronage and vote buying.

Even though our comparison follows mostly a cross-sectional format, we also show how these features have evolved over time. This latter focus on provincial dynamics allows us to show that many provinces have moved in the direction of restricted political competition and high concentration of power in the executive branch, and to specify the mechanisms (changes in provincial constitutions, electoral laws, and judicial manipulation) by which governors have reinforced their grip on the politics of their respective provinces.

3.1. Entering the Brown Zones

> *Santiago del Estero is Carlos Arturo Juárez. I say it without vanity.*
>
> *—Carlos Arturo Juárez*[26]

> *Sergio, yo no te doy la provincia, te la presto*
>
> *—Nestor Kirchner*[27]

Argentine federalism is characterized by large regional disparities (Sawers, 1996; Porto, 2004). Provinces vary greatly in their size and wealth, and strong inequalities persist in basic educational and health outcomes. Table 2 documents population and GDP figures in the 24 Argentine provinces in the year 2008. The four largest provinces, Buenos Aires, Santa Fe, Cordoba and the City of Buenos Aires, account for 62 percent of the population and 71 percent of GDP. Furthermore, GDP per capita is on average 52 percent larger in these districts than in the rest of the provinces. The high-population or "metropolitan" provinces are at the top of the table, while other, less-populated provinces are endowed with strong natural resource bases (prime land in the humid pampas; oil in the south). In contrast, there is a concentration of less-developed or "peripheral" provinces in the north.[28]

[26] Cited in Gibson (2005). Carlos Arturo Juárez was the longtime strong figure in the politics of the province of Santiago del Estero. He was first elected as governor in 1949 and regained control of the province after the country returned to democracy in 1983.

[27] *"Sergio, I'm not giving you the province; I'm lending it you."* Nestor Kirchner was governor of Santa Cruz for three periods from 1995 to 2003, when he became President. Sergio Acevedo was his successor in the province.

[28] Even in the more developed regions migration has created pockets of poverty. In the province of Buenos Aires, for example, there are densely populated slums outside the federal capital.

Table 2. Selected Economic and Political Indicators in the Provinces (2008)

Province	% of Population	% of GDP	GSP per capita (pesos)	# of Senators	# of Deputies
BUENOS AIRES CITY	7.7%	24.0%	81319.4	3	25
BUENOS AIRES PROV.	37.9%	31.8%	21788.9	3	70
CORDOBA	8.4%	7.5%	23065.1	3	18
SANTA FE	8.2%	7.7%	24476.0	3	19
Subtotal large (4)	***62.1%***	***70.9%***	***37662.4***	***16.7%***	***51.4%***
MENDOZA	4.4%	4.8%	28544.9	3	10
TUCUMAN	3.7%	2.0%	13843.3	3	9
ENTRE RIOS	3.2%	2.2%	17871.1	3	9
SALTA	3.1%	1.6%	13910.8	3	7
MISIONES	2.7%	1.4%	13533.9	3	7
CHACO	2.6%	1.2%	11695.1	3	7
CORRIENTES	2.5%	1.3%	13324.2	3	7
S. DEL ESTERO	2.2%	0.7%	8896.7	3	7
SAN JUAN	1.8%	1.1%	16729.5	3	6
JUJUY	1.7%	0.9%	13059.9	3	6
RIO NEGRO	1.5%	1.5%	26757.2	3	5
NEUQUEN	1.4%	2.8%	52950.2	3	5
FORMOSA	1.4%	0.6%	12014.1	3	5
CHUBUT	1.2%	1.6%	35711.7	3	5
SAN LUIS	1.1%	1.0%	22844.8	3	5
CATAMARCA	1.0%	0.5%	12590.9	3	5
LA RIOJA	0.9%	0.5%	14945.4	3	5
LA PAMPA	0.8%	0.9%	28455.6	3	5
SANTA CRUZ	0.6%	1.8%	83500.4	3	5
TRRA.DEL FUEGO	0.3%	0.7%	53962.3	3	5
Subtotal small (20)	***37.9%***	***29.1%***	***24757.1***	***83.3%***	***48.6%***
TOTAL	**100%**	**100%**	**25984.2**	**72**	**257**

Source: National Constitution and CIPPEC.

These structural characteristics may impact the way politics is played out at the subnational scale. While economic development is not a strong predictor of democratic governance in the Argentine provinces, in the typical peripheral province where poverty and lack of education among the majority of the population is widespread, a single leader (*caudillo*) or family clan usually controls the political game. As shown by the quotations in the opening paragraph of this section, the dominance exerted by the heads of provincial governments reaches quasi-feudal levels, such that in some instances, outgoing governors are able to pass their office to family members or close friends.[29] These leaders usually control access to the state, the media, and business opportunities in a monopolistic fashion (Behrend, 2011). Control over fiscal resources (mostly of national origin) in turn gives provincial authorities the opportunity to

[29] Some examples of local hegemonic party rule include the Juarez family in Santiago del Estero, the Rodriguez Sáa brothers in San Luis, the Menem brothers in La Rioja, the Saadi brothers in Catamarca, and the Romeros in Salta.

finance their political machineries. In fact, provincial governments themselves commonly operate as large-scale political machines, particularly in provincial capitals and larger cities. The sizeable resources at their disposal to fund electoral campaigns and reward core constituencies have enabled the survival of subnational political dynasties (Gibson, 2005; Gervasoni, 2010).[30]

The rest of this section characterizes several institutional dimensions of the "industrial organization" of government at the subnational level.

3.2. The Executive Branch

In all provinces government is divided in three branches: a directly elected executive (governor), an elective legislature and a judiciary. The governorship is the main political prize at the subnational level: gubernatorial elections define the head of office and the main source of resources, including fiscal revenue and patronage.

Table 3 shows the list of governors by province since Argentina's return to democracy (1983). Regarding the partisan control of governorships, the first thing to notice is the dominance exerted by the two major "national" parties, the Partido Justicialista (PJ, Peronists) and the Unión Cívica Radical (UCR, Radicals) at the subnational level. The PJ controlled an average of 62.6 percent (ranging from 54.6 percent to 77.3 percent) of governorships between 1983 and 2011, and the UCR placed second with an average of 23.8 percent (ranging from 9.1 percent to 33.3 percent). In contrast, no other party ever possessed more than one governorship at any one time during this period.

[30] The endurance of subnational "authoritarian enclaves" is (also) extended when provincial conflicts can remain localized and the opposition can be cut off from allies and resources in the national arena (Gibson, 2005). Giraudy (2009) and (2010) explores the configurations under which national executives promote the continuity of weakly democratic subnational regimes.

Table 3. Provincial Governors and Partisan Turnover (1983-2011)

Province	1983-1987	1987-1991	1991-1995	1995-1999	1999-2003	2003-2007	2007-2011
Buenos Aires city				F. De La Rua	A. Ibarra	A. Ibarra (1)	M. Macri
Buenos Aires	A. Armendáriz	A. Cafiero	E. Duhalde	E. Duhalde	C. Ruckauf	F.Solá	D. Scioli
Catamarca	R. Saadi	V. Saadi (2)	A. Castillo	A. Castillo	O. Castillo	. Brizuela del Mor	Brizuela del Mora
Cordoba	E. Angeloz	E. Angeloz	E. Angeloz	R. Mestre	J. De la Sota	J. De la Sota	J. Schiaretti
Corrientes	J. Romero Feris	R. Leconte	R.Romero Feris (3)	P.Poccard (4)	R.Colombi (5)	A.Colombi	R.Colombi
Chaco	F. Tenev	D. Baroni	R. Tanguinas	A. Rozas	A. Rozas	R. Nikisch	J.Capitanich
Chubut	A. Viglione	N. Perl	C. Maestro	C. Maestro	J. Lizurume	M. Das Neves	M.Das Neves
Entre Rios	S. Montiel	J. Busti	M. Moine	J. Busti	S. Montiel	J. Busti	S. Urribari
Formosa	F. Bogado	V. Joga	V. Joga	G. Insfrán	G. Insfrán	G. Insfrán	G. Insfrán
Jujuy	C. Snopek	R. De Aparici	R. Domínguez	G. Snopek	E. Fellner	E. Fellner	W. Barrionuevo
La Pampa	R. Marín	N. Ahuad	R. Marín	R. Marín	R. Marín	C. Verna	O.M Jorge
La Rioja	C. Menem	C. Menem	B. Arnaudo	A. Maza	A. Maza	A. Maza	. Beder Herrera(12
Mendoza	S. Llaver	J. Bordón	R. Gabrielli	A. Lafalla	R. Iglesias	J. Cobos	C. Jaque
Misiones	R. Barrios	J. Humada	R. Puerta	R. Puerta	C. Rovira	C. Rovira	M. Closs
Neuquen	F. Sapag	P. Salvatori	J. Sobisch	F. Sapag	J. Sobisch	J. Sobisch	J. Sapag
Rio Negro	O. Álvarez	H. Massaccessi	H. Massaccessi	P. Verani	P. Verani	M. Saiz	M. Saiz
Salta	R. Romero	H. Cornejo	R. Ulloa	J.C. Romero	J.C. Romero	J.C. Romero	J.M Urtubey
San Juan	L. Bravo	. Gómez Centurió	J. Escobar	J. Escobar	A. Avelín (6)	J. Gioja	J. Gioja
San Luis	A. Rodríguez Saá	A. Rodríguez Saá	A. Rodríguez Saá	A. Rodríguez Saá	A. Rodríguez Saá	Al. Rodríguez Saá	Al. Rodríguez Saá
Santa Cruz	A. Puricelli	R. Del Val	N. Kirchner	N. Kirchner	N. Kirchner	S. Acevedo (7)	D.Peralta
Santa Fe	J. María Vernet	V. Reviglio	C. Reutemann	J. Obeid	C. Reutemann	J. Obeid	H. Binner
Stgo del Estero	C. Juárez	C. Iturbe	C. Mujica (8)	C. Juárez	C. Juárez	G. Zamora (9)	G. Zamora
Tucuman	F. Riera	J. Domato (10)	R. Ortega	A. Bussi	J. Miranda	J. Alperovich	J. Alperovich
T. del Fuego			José Estabillo	José Estabillo	C. Manfredotti	J. Colazo (11)	F. Ríos
Number of Provinces	22	22	23	24	24	24	24
PJ	54.55%	77.27%	60.87%	58.33%	58.33%	62.50%	66.67%
UCR/Alianza	31.82%	9.09%	17.39%	25.00%	37.50%	29.17%	16.67%
PROVINCIAL PARTY/other	13.64%	13.64%	21.74%	16.67%	4.17%	8.33%	16.67%

Source: Dirección Nacional Electoral, Ministerio del Interior, República Argentina.
(1) Impeached in 2005, replaced by J. Telerman; (2) Died in 1988, replaced by his son R. Saadi, federal intervention in 1991; (3) 1992-1993: federal intervention, served as governor 1993-1997; (4) Served as governor 1997-1999, federal intervention 1999-2001; (5) Served as governor 2001-2005; (6) Impeached in 2002, replaced by U. Acosta; (7) Resigned in 2006, replaced by C. Sancho; 8) Federal intervention 1993-1995; (9) Elected in 2005, after federal intervention in 2004 replaced M. Aragones ("Nina") Juarez; (10) Federal intervention in 1991; (11) Impeached in 2005 and replaced by H. Coccaro (PJ), (12) Acting for suspended Maza to 11 December.

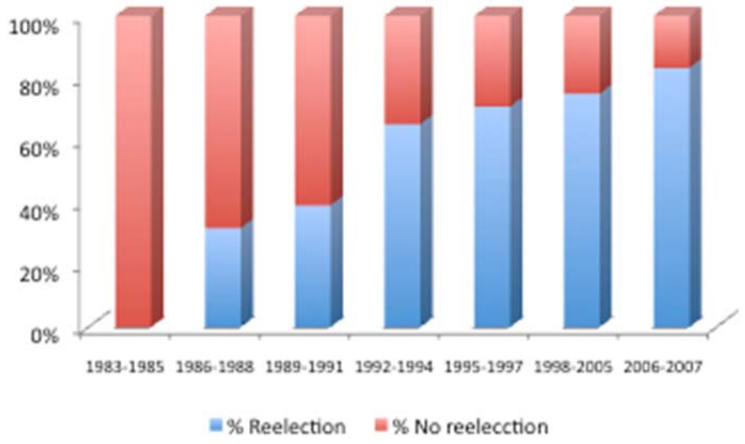
Another noticeable feature in the table is the high degree of name repetition. This is an indication of the fact that single individuals (or families) are able to control many provinces over extensive periods of time. In fact, one can notice that incumbent parties and individuals rarely lose elections in the provinces. Between 1983 and 2011, party turnover rates have been low in most of them. For example, only 6 out of 24 provinces had 3 party turnovers at the level of the Executive, 3 had 2, while 15 provinces (63 percent) experienced one or no turnover in gubernatorial elections. Low party turnovers are paralleled by high rates of reelection at the executive level. For example, between 1983 and 2010, 40 governors ran for reelection and only 6 lost.

These patterns taking place since the return to democracy until 2011 have been confirmed and reinforced in the elections occurring during 2011. In that year, 22 of the 24 jurisdictions had elections to renew provincial authorities (the other two are due in 2012 and 2013). In 14 of those 22 cases the sitting governor ran for reelection and won. In six other provinces the new governor is from the same party (and faction) as the previous one. The latter include cases such as Jujuy, where two-time governor Eduardo Fellner, not being able to reform the provincial Constitution for a third term, left the province in the hands of his follower W. Barrionuevo, while he went to become the President of the Chamber of Deputies in the Argentine National Congress from 2007 to 2011 and came back to be reelected in 2011; Chubut, where two-time governor Mario Das Neves, constitutionally forbidden to run for reelection, had his candidate M. Buzzi elected while he run for Vice President; and San Luis where A. Rodriguez Saá had his heir-apparent C. Poggi elected while he ran for President. This makes a total of 20 out of 22 cases in which the same party retained the governorship. In the two remaining cases, candidates from Frente para la Victoria (the Kirchnerist PJ) defeated the incumbent Radical Party; in one of the two cases the incumbent himself ran and was defeated by a very slim margin. To put it in other words: 15 of 22 incumbents decided to run again, 14 of those won, and the fifteenth was a virtual tie. In six of the remaining seven cases the incumbent party retained the governorship, including cases in which the new governor is a pawn of the previous one as well as cases in which "the boss" came back after one term out of office (in fulfillment of the provincial constitution). The only two cases in which the party in power changed, the incoming governor is an ally of the dominant faction of PJ aligned with the national administration of Cristina Fernández de Kirchner.

The pattern of reelection is most striking in light of the fact that at the outset of the democratic transition, no provincial constitution allowed for the immediate reelection of the governor. However, changes to provincial constitutions in order to allow for reelection have been common since then.[31] For example, Figure 3 shows the evolution of the percentage of provinces allowing for reelection of the governor since the return to democracy.

[31] Note that the changes in this regard in the US States have been precisely in the opposite direction: that of imposing term limits on governors.

Figure 3. Increase in Permitted Reelection over Time
(Percentage of provincial constitutions allowing reelection, 1983-2007)



Source: Provincial constitutions.

By 2007 all but three of the 24 provinces had provided for the immediate reelection of the governor, four of them without imposing restrictions on the number of terms that a governor could serve (see Table 4). Three of those four provinces with indefinite reelection are the home provinces of long-time provincial governors who became salient national figures and eventually presidents: C. Menem (La Rioja), A. Rodríguez Saá (San Luis) and N. Kirchner (Santa Cruz).

We now turn to the political conditions (i.e., particular power distributions) that make such institutional changes more likely to occur.

Table 4. Provincial Constitutions and Reelection Clauses

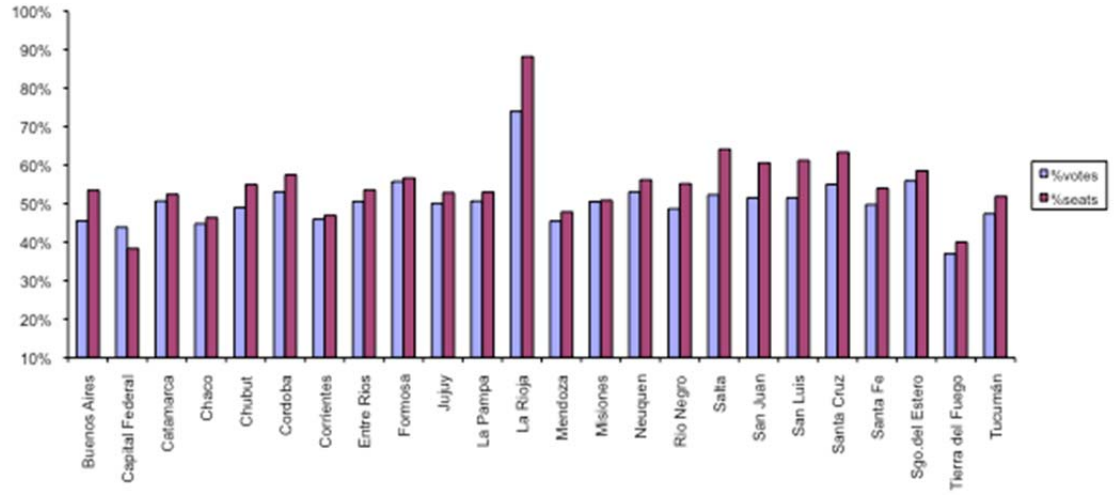
One term, then…		**Two terms, then…**		
Lifetime limit	*Eligible after one interim term*	*No reelection*	*Eligible after one interim term*	*No limits*
-	Entre Ríos	Misiones	Ciudad de Buenos Aires	Catamarca
	Mendoza	San Juan	Buenos Aires	La Rioja
	Santa Fe		Cordoba	San Luis
			Corrientes	Santa Cruz
			Chaco	
			Chubut	
			Formosa	
			Jujuy	
			La Pampa	
			Neuquén	
			Rio Negro	
			Salta	
			Santiago del Estero	
			Tierra del Fuego	
			Tucuman	

Source: Provincial constitutions.

3.3. Separation of Powers? Executive-Legislative and Executive-Judiciary Interactions

The extent to which governors are able to tinker with provincial constitutions is in part a function of the way political power is distributed across the branches of government. With respect to the executive-legislative relationship, some particularities of electoral rules in the provinces lead to concentration and unification of power in the hands of the governor (Calvo and Escolar, 2005). For example, Calvo et al. (2001) note that many provincial electoral systems are characterized by *majoritarian bias*es, or properties such as high electoral thresholds or low effective district magnitudes that award seat premiums to winning parties and end up favoring large parties in legislatures. As a result of these biases, governors are endowed with large legislative majorities (Gibson and Suárez Cao, 2010). In fact, in 80 percent of provincial legislatures, the party of the governor fills 50 percent or more of legislative seats (see Figure 4).

Figure 4. Incumbent Parties: Average Vote and Seat Shares in Provincial Legislatures (1983-2006)



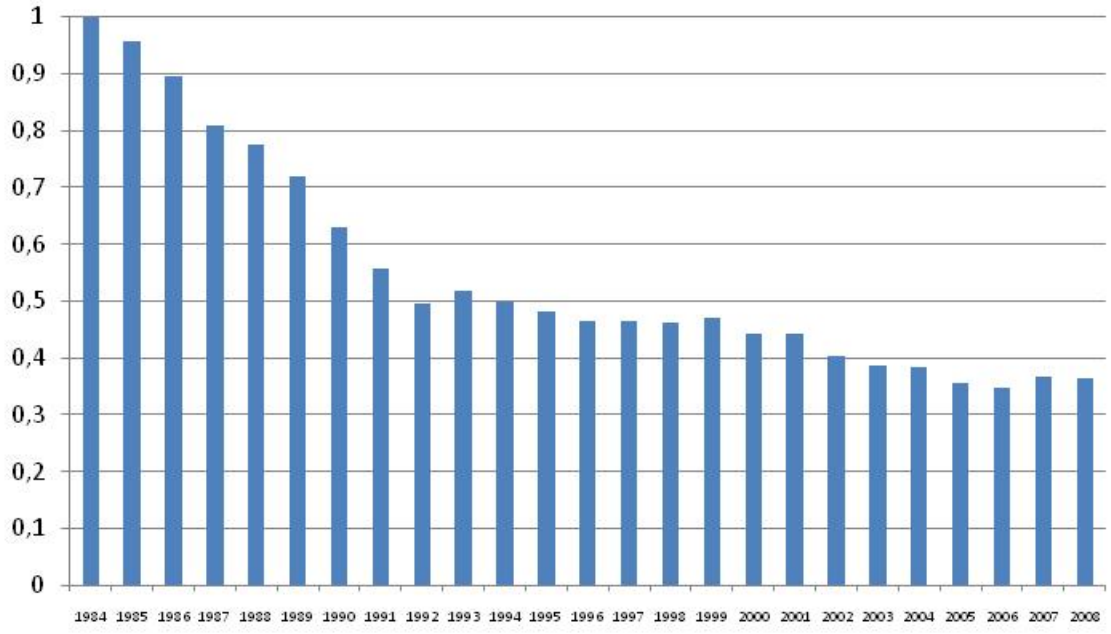
Source: Dirección Nacional Electoral, Ministerio del Interior, República Argentina.

Under conditions of political concentration, governors have been able to alter the parameters of political competition with significant distributive consequences and reinforcing effects (Calvo and Micozzi 2005; Cruzalegui, 2009). Pro-incumbent electoral reforms led by provincial governors have deeply affected the distribution of local power by limiting the number of entrants in the electoral arena and by increasing their legislative majorities. Some electoral systems switched from proportional representation (PR) to single-member districts (SMD) or mixed formulas with majoritarian properties; district magnitudes have been reduced, and thresholds increased (Calvo and Micozzi, 2005). Moreover, gerrymandering was used as a mechanism for overrepresenting rural districts against the larger, typically more competitive districts in the provinces (Cruzalegui, 2009). In sum, partisan control of electoral reforms provided most governors with significant seat gains and allowed them to minimize the risk of electoral defeat, improve their control of local legislatures, and escape the negative externalities of more competitive national arenas (Calvo and Micozzi, 2005).

Executive control over the political system extends beyond the legislative branch to affect levels of judicial independence. Recent research focuses on the effects of different dimensions of political competition on supreme court (in)stability at the subnational level (Chávez, 2004; Leiras, Giraudy and Tuñon, 2010). Chávez (2004) provides a comparative case study of two provinces located at the extremes of the political competition spectrum and studies their

implications for levels of judicial autonomy, finding that monolithic party control damages judicial autonomy. Leiras, Giraudy and Tuñon (2010) offer a more comprehensive study, finding that court-packing has been a common tool: governors rarely respect the composition of the supreme courts they inherit. Instead, they either replace some of the sitting justices or increase the size of the court, as Figure 5 illustrates.

Figure 5. Tenure of Justice in Provincial Supreme Courts, Interprovincial Averages (1984-2008)



Source: Leiras, Giraudy and Tuñón (2010).
Note: The indicator expresses average tenure of sitting justices as a proportion of the age of the regime. Tierra del Fuego and the City of Buenos Aires were excluded from the calculation.

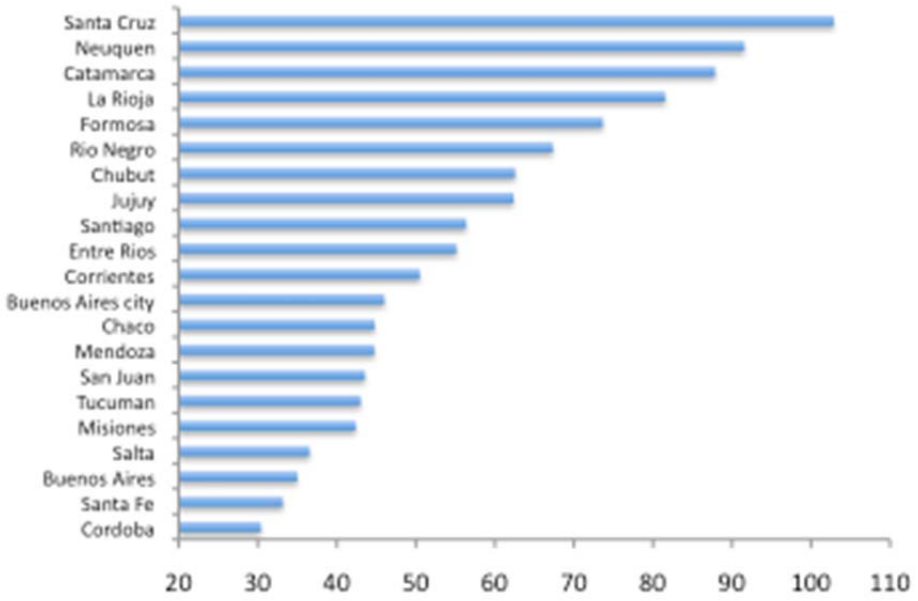
3.4. Further Limits to Political Competition: Patronage and Clientelism

Manipulating apportionment, districting rules and electoral formulas, provincial incumbents gain part of the competitive edge that leads to infrequent turnover and executive dominance. The partisan allocation of public jobs and social assistance reinforces institutional advantages. As we argued above, these tactics persuasively deter intra-party challengers. They also tip the playing field in favor of governors and their organizations in general elections.

As heads of provincial executives and in the absence of civil service regimes, governors may hire public workers and determine their wage levels. Jobs in the provincial public sector,

known as “contracts” in party vernacular, are distributed on strict party-based criteria, going to party activists (or their relatives) and rank-and-file party members (Jones and Hwang, 2006; Calvo and Murillo, 2009). These contracts often represent a family’s only income source. They are coveted political prizes and are electorally relevant in all provinces, but they have even more of an impact in those districts where the public sector plays a key role as an employer. As Figure 6 shows, this tends to be the case in many of them.

Figure 6. Public Employees per 1,000 Inhabitants (2007)



Source: Dirección Nacional de Coordinacion Fiscal con las Provincias.

Several recent studies document the deleterious effect of patronage on political competition.[32] But public employment does not exhaust the toolkit of investments at the governor’s disposal. It is supplemented with more flexible instruments like the clientelistic distribution of social assistance and public works.

Conditioning the distribution of goods or favors on electoral support and other forms of political cooperation has long featured prominently in the repertoire of Argentine political organizations. Changes in labor markets and social policies fed the “demand” for these types of

[32] Using data from 1987-2005, Scherlis (2005) shows that provinces in Argentina with higher levels of patronage present lower levels of political alternation and more “closed” and stable party systems. Similarly, building on “rentier” theories of the state, Gervasoni (2010) finds a negative relationship between the size of the provincial payroll and levels of subnational political contestation. Calvo and Murillo (2004) show that public employment boosts incumbent electoral support when the Peronist party is in power.

exchanges, increasing their incidence. Administrative decentralization enabled provincial governments to respond to this amplified demand and to reap most of the electoral benefits deriving from the higher relevance of clientelism.

Increasing informal employment and decreasing union density are two of the most significant novelties of the evolution of labor markets in Argentina since the return to democracy. Higher open unemployment levels, deriving first from structural reforms and later from recession, distinguished the 1990s (Altimir and Beccaria, 1999). These transformations eroded the structures of social protection established in the 1930s and 1940s. Access to health services, unemployment insurance and pensions were usually tied to having a job in the formal sector, which in most cases also entailed being a union member. Deprived of formal contracts and union protection, increasing numbers of workers in the more developed metropolitan areas became exposed to the risks that had long threatened workers in peripheral provinces. As occurred in other Latin American countries, labor segmentation and exposure to new social risks prompted a shift in policies from nominally universal coverage to, first, targeted poverty alleviation programs and, more recently, conditional cash transfers.

These changes in labor markets increased the appeal and the efficacy of clientelistic networks. Informal workers usually earn lower wages and tend to value more highly the commodities that circulate in these networks (Kitschelt and Wilkinson, 2007). Without union protection it is difficult for workers to enforce social rights or prevent arbitrariness in the delivery of social services. State structures are in charge of extending social assistance outside the formal sector of the economy. Most of these structures, dependencies of provincial or municipal governments, have access to the frequent personal contact that is required to establish and monitor clientelistic exchanges. They often also enjoy autonomy in deciding who receives assistance and who does not. Therefore, labor informality sets the stage not just for clientelism that any political party may practice productively, but for a game that incumbents, controlling both the crucial services and small favors on which the welfare of many depends, are likely to dominate.

Studies in both the qualitative and in the quantitative tradition have documented clientelistic usages of social programs at the provincial level. Lodola (2005), Weitz-Shapiro (2006) and Giraudy (2007) analyze the distribution of emergency employment programs (such as *Planes Trabajar*) across and within provinces. Brusco, Nazareno and Stokes (2006) find

evidence of an electoral drive: in electoral years there is a clear partisan bias in the distribution of those programs across provinces, as well as across municipalities within provinces. Calvo and Murillo (2004) show that these electoral investments do indeed help incumbents win elections.

Administrative decentralization has made governors crucial players in the social assistance game.[33] As our analysis and the cited evidence show, they have turned this central position into electoral advantage. In combination with timely institutional reforms, this advantage neutralizes competitive challenges and helps build the sizable majorities that keep legislatures and judiciaries in check and project incumbent rule over time. A tighter grip on the provincial polity is not only a promise of continuity but, as the next section shows, a quite effective predictor of influence at the national level.

4. The National Value of Provincial Dominance: Argument and Some Empirical Evidence

Section 2 of this paper established the foundations that make subnational political units key arenas in national politics and policymaking. Powerful provincial-level political actors are very important in the shaping of national level political coalitions supporting national policymaking. Section 3 looked into the internal politics of subnational units, most of which are characterized by executive dominance, limited political competition, and clientelistic political linkages. In the remainder of the paper we argue that there is a reinforcing connection between governors' local dominance and their national political importance, and, furthermore, that this connection lies at the heart of various distortions that weaken accountability and governance at the national level. Argentina is a country well-known for its instability and its pendulous policy swings, as well as for the fact that its public policies are of a quality much lower than its level of human development would predict. We suggest that the federal system we describe in this paper is one important factor behind such poor performance, and we do so in two steps. In this section we postulate the reinforcing connection between local dominance and national political weight, and we explore some of the channels and empirical correlates of such nexus. In the next section we develop the implications of that connection for governance and accountability in Argentina.

Coalition-making is the conduit through which provincial politics permeates national governance. As established in Section 2, governing coalitions rest on bilateral exchanges

[33] By 1999 provincial governments were in charge of 96 percent of overall education spending, 70 percent of overall health spending, and 62 percent of spending on social programs related to various forms of poverty relief.

between presidents and governors. Governors sit at those bargaining tables because they hold the keys to several gates: they control the vote of provincial delegations in Congress, the electoral machines in their districts and the bureaucracies that interact with national authorities in the implementation of public policy. Presidents are certain to pass through all these gates at some point in their administrations and therefore depend on the cooperation of governors.[34] Naturally, no governor has absolute dominion over these bargaining chips or can credibly threaten total withdrawal of cooperation. Similarly, though presidents would normally give some national assistance to all provincial governments, they should be more generous to those whose political support presidents value the most. A firm command of the provincial polity, free of the uncertainty that intense political competition brings about is, we argue, a central component of the political value of gubernatorial support. A governor who has clear control of the provincial contingent in national Congress can credibly exchange future votes in Congress for current fiscal favors, and a governor who has a strong grasp on the provincial political machinery can credibly promise future electoral support for a president seeking reelection. More importantly, a firmly established governor may survive without support from national authorities and should therefore be taken seriously when he threatens withdrawal of cooperation. On the contrary, a governor whose authority is contested may have trouble bringing legislators into line legislators or getting electoral machines to work and would most certainly not do without assistance from national authorities.

In order to assess the validity of this argument empirically, we explore the effect of provincial domination on national influence over six gubernatorial periods (1987-2007). The dependent variable, our proxy for national level influence, is the average amount of real discretionary (i.e., non-automatic) fiscal transfers per capita received by each province in each gubernatorial period. By focusing on discretionary, as opposed to legally mandated transfers, we try to capture the differential value that the support of a particular incumbent governor represents for the president deciding on their allocation. According to this logic, a province that receives higher discretionary transfers per capita should be judged to weigh more heavily in national governing coalitions.

[34] There are also instances of the president trying to circumvent the province and going directly to the lower level of government, the municipalities. But even that channel is conditional on the strength of the grip of the governor. If the majors of most important municipalities are aligned with the governor, such "bridging" will not take place.

Our key explanatory variables measure the extent to which incumbent governors are able to dominate the provincial political arena. As a first approximation, we use three proxies: i) the percentage of votes obtained by the political party of the incumbent governor in the previous gubernatorial election (**Vote Share**); ii) the margin of victory, or difference between the vote share of the incumbent party and the runner up, in that election (**Margin**); and iii) the number of party turnovers in the governorship up to the time of our measurement (**Turnover**).

We control for other political and economic factors that may affect the distribution of discretionary fiscal transfers. The first is the vote share of the incumbent's party in the Chamber of Deputies election held two years prior to the year of the respective gubernatorial election (i.e., in 1985, 1989, 1993, 1997, 2001, and 2005, respectively), reflecting the incumbent party's baseline level of electoral support (**Party Support**). Secondly, a dummy indicates that the sitting president and the incumbent governor belong to the same party (**Same Party**). As electoral externalities are expected to travel both downwards and upwards and extraordinary financial resources should be positively correlated with electoral gains, presidents' discretion should privilege copartisans. Finally, we control for whether there is any additional advantage to being a Peronist (**Peronist**) in the federal fiscal game. This variable is coded 1 when a Peronist governor is in office and 0 otherwise. Peronist provincial organizations have been identified as benefiting from the electoral investment of public resources to a greater extent than other parties (Calvo and Murillo, 2004). However, our argument transcends party affiliation, so we do not expect this variable to neutralize the effect of provincial dominance on national level influence.

In addition to political controls, we include two economic variables: the growth rate of real provincial GDP per capita (**GDP Per Capita**) between gubernatorial periods and the provincial unemployment rate (**Unemployment**). To the extent that discretionary fiscal transfers may compensate negative economic shocks, we expect them to be negatively correlated with growth and positively correlated with unemployment.[35]

Table 5 reports results from an OLS specification including fixed and time effects. We estimate one model (1-3) for each explanatory variable. Coefficients reflect only within province variation in the outcome of interest. Thus, this empirical exercise asks: as incumbent governors

[35] To address potential endogeneity and simultaneity problems that may bias our estimation, two of our three key explanatory variables (**Vote Share** and **Margin)** precede in time the observation of national level influence. While this does not guarantee that the independent variables are not correlated with the error term, it certainly makes this problem less likely.

become dominant players in their respective provinces, does their extent of national-level influence increase?

Table 5. Determinants of Discretionary Transfers per Capita: Fixed Effects

	1	2	3
Vote Share	1.071**		
	(0.531)		
Margin		0.760**	
		(0.374)	
Turnover			-0.227**
			(0.0932)
GDP pc growth	0.0235	0.0176	0.0208
	(0.0253)	(0.0250)	(0.0248)
Unemployment	-0.0318	-0.0304	-0.0405**
	(0.0194)	(0.0195)	(0.0188)
Same Party	0.160	0.228	0.193
	(0.233)	(0.237)	(0.232)
Party Support	-0.005	-0.005	-0.005
	(0.006)	(0.006)	(0.006)
Peronist	-0.308	-0.364	-0.404
	(0.245)	(0.245)	(0.244)
Constant	5.720***	6.119***	6.421***
	(0.433)	(0.327)	(0.308)
PROV. FE?	Y	Y	Y
TIME FE?	Y	Y	Y
Observations	109	109	109

Standard errors in parentheses
*** p<0.01, ** p<0.05, * p<0.1

In line with our argument, we find that the different proxies for provincial dominance significantly affect the level of discretionary transfers per capita. When an incumbent obtains the median vote share in the sample (48 percent), transfers increase by half a standard deviation in the next gubernatorial term. However, when an incumbent's vote share reaches 80 percent, as it did in Tucuman in 2007, discretionary transfers per capita increase by a full standard deviation.

Similarly, when the distance between the winning candidate and the runner-up is about average (15 percent), transfers increase by only one tenth of a standard deviation. Yet, a governor who wins by a margin of more than 80 percent (as in San Luis in 2003) may expect

transfers to his province to increase by two-thirds of a standard deviation in the next period. Finally, as parties rotate in the governorship and no party or individual can be identified as controlling the provincial game, discretionary transfers from the national government decrease.

We register a significant (small) effect for only one of the control variables (unemployment) in only one of the models; even in that case the effect runs in a direction opposite to the one expected if transfers were driven by purely economic criteria. We interpret these results as evidence that extraordinary transfers from the central government to the provinces do not aim at redressing negative economic shocks. Rather, they seem to reward different forms of political cooperation from provincial governments. Significantly, the effect seems to be independent from the baseline level of support that parties enjoy in each province as well as from partisan affiliation: it does not change when governors and presidents belong to the same party, nor does it work differently when the governor is a Peronist.

An additional exercise lends credence to this interpretation. Table 6 lists results of correlations between discretionary fiscal transfers and other proxies of provincial dominance, for some of which we have only cross-sectional data (the top row presents a simple correlation and the bottom one, a partial correlation, controlling for the same variables we used in the regressions above). The first proxy is the index of subnational democracy calculated by Gervasoni (2010). We calculated a second index that includes both political competition measures and institutional leverage variables, such as the extent to which the constitutions include soft term limit clauses.[36] We also use the proxy of judicial autonomy proposed by Leiras, Giraudy and Tuñón (2010), which measures the average tenure of justices sitting on provincial supreme courts. Finally, we explore the effect of partisan fragmentation, as measured by the standard effective number of parties among which the gubernatorial vote is distributed. In all cases we expect a negative coefficient: higher competition and more stringent rules of the game, higher political fragmentation and more autonomous courts should be associated with more open provincial arenas and, then, fewer transfers to the provincial government.

[36] In particular, the index is a composite index of the following measures: *Gov Votes*: measures the average % of votes received by the winning party for gubernatorial elections; *Victory Margins*: measures the average vote difference between the winning party and the runner-up party for gubernatorial elections; *Turnovers*: This variable measures the extent of political alternation; *Seats*: measures the average % of seats controlled by the governor's party between 1983 and 2003; *Constitutions*: Measures the extent to which provincial constitutions allow for the governor's re-election; and *Effective Number of Parties*: Measures the average degree of fragmentation in the provincial Chamber of Deputies.

Table 6. Correlations of Provincial Dominance and National Influence

	Discretionary Transfers per capita	# obs
Gervasoni (2010) index	-0.475**	21
	*-0.4911***	21
Provincial dominance index	-0.475**	24
	*-0.4911***	24
Share seats won by gov. party	0.178**	129
in provincial legislature	0.148*	129
Average Tenure of Provincial	-0.07	124
Supreme Court^	*-0.213***	124
Effective Number of Parties	-0.22**	105
	*-0.188**	105

*** p<0.01, ** p<0.05, * p<0.1

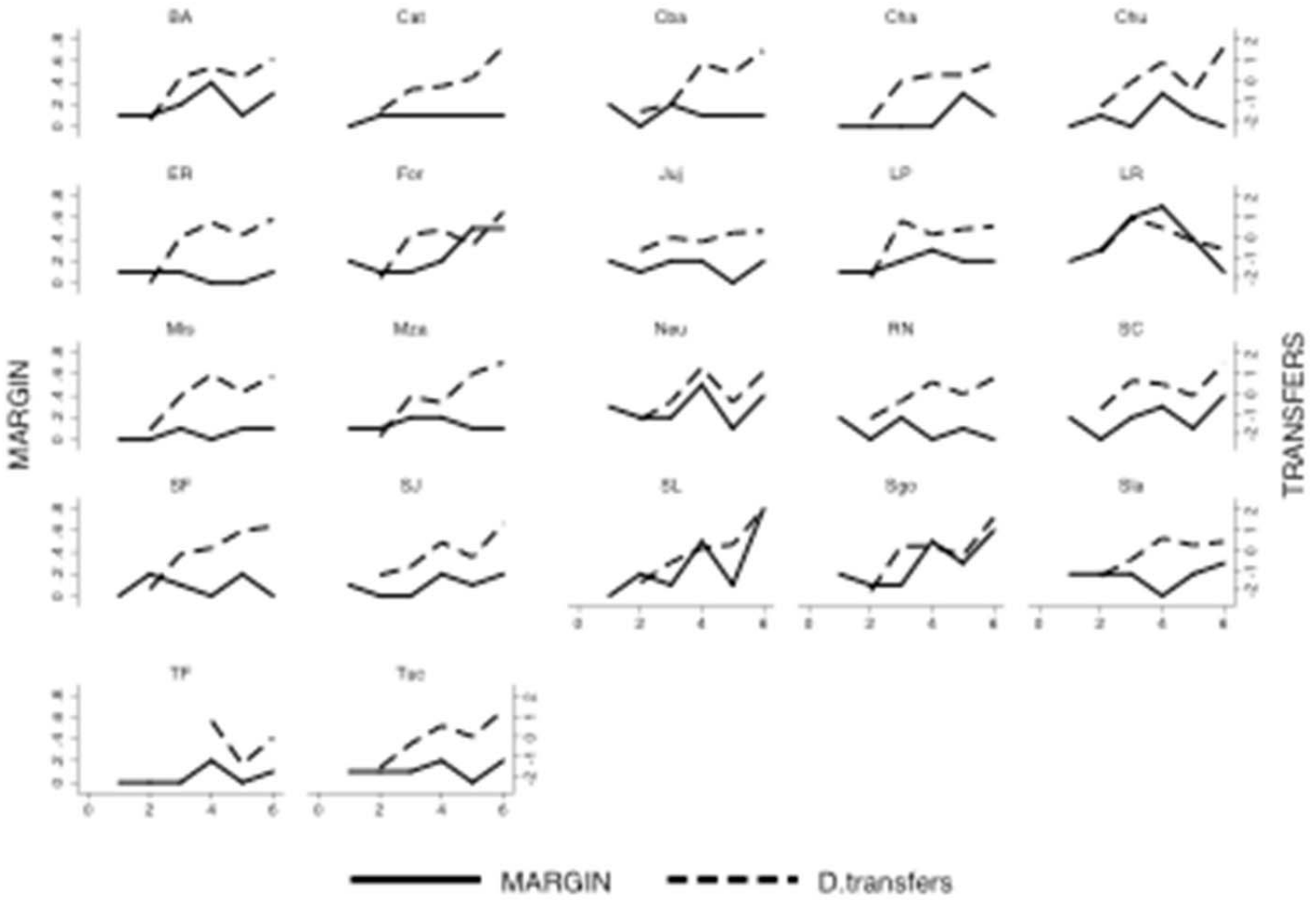
^weighted by age of regime

With one exception, all coefficients achieve statistical significance and present the expected sign, even when we include economic and political controls. The association between provincial political dominance and prevalence in the national fiscal game withstands changes in measurements and sample coverage. Our results are consistent with evidence presented in other recent studies. For example, Giraudy (2010) and González, Leiras and Mamone (2011) find that the distribution of infrastructure investment by the national government privileges provinces where political competition is limited.

Are we getting the actual causal story backwards? Is it not the prevalence in the fiscal game that allows governors to buy and consolidate political support, thus rendering them dominant in their provinces? Studies such as Gibson (2005) and Gervasoni (2010) present strong arguments along those lines, on which we comment more extensively in the next section. Here, we emphasize that, in our view, the results of our study do not contradict the existence of an impact of fiscal advantage on political dominance at the provincial level. Though we analyze in closer detail the "upward" effect, we believe there is a complex of mutually reinforcing dynamics which could be set in motion either by upward or downward shocks. Let us illustrate this point.

Figure 7 displays the evolution of the relationship between one of our indicators of provincial dominance, the incumbent's margin of victory, and relevance in the national fiscal game, as measured by the change in discretionary transfers from one gubernatorial period to the next across provinces and over-time. Not surprisingly, these indicators tend to evolve in the same direction. Significantly, there is only one clear case of a persistent reduction in the margin of victories of incumbent parties: the province of La Rioja (LR) where Partido Justicialista suffered a split in 2003 that transformed its overwhelming dominance into merely robust dominance. There are several cases of margins that oscillate around the same average levels but do not decrease and then many cases of parties that, after facing a few competitive elections, turn increasingly dominant: Formosa (For), La Rioja before 2003, Santa Cruz (Sc), San Juan (Sj), San Luis (Sl), and Santiago del Estero (Sgo). In all of those cases transfers tend to grow faster when margins become wider. These are the cases that more clearly illustrate the dynamic to which we refer.

Figure 7. Margin of Victory and Transfers per Capita by Province



Consider, for example, the case of San Luis. In retrospect, it seems odd that the Justicialista Party of the Rodríguez Saá brothers won the 1983 gubernatorial elections by less than three percentage points. The same organization fell to second place in the 1985 midterm national legislative elections. A few months before the first executive term was set to expire and at the request of Adolfo Rodríguez Saá, then sitting governor, the provincial legislature approved an initiative to reform the provincial constitution. The incumbent party prevailed by a small margin in elections to the constitutional convention but controlled most committees (Suárez-Cao, 2001) and had approved a bill that allowed for the immediate reelection of the governor; it was also grossly overrepresented in the provincial legislature (Cruzalegui, 2009). This institutional transformation helped turn around the situation for the incumbent party and turn the small advantage of 1983 into a 20 point difference four years later. San Luis received very favorable treatment in most special regimes sanctioned by the national government (such as "industrial promotion schemes"[37]) and, in spite of the colorful discursive challenges which its authorities presented to at least the last four national administrations, its share of discretionary transfers kept growing.

Consider, next, the case of Formosa. The incumbent Justicialista Party won by a comfortable 15 point margin the 1983 provincial elections. The distance shrank to just 9 points in 1987 and, after several institutional reforms, including the adoption of double simultaneous vote (or *Ley de lemas*) started growing to hover around 50 points in the most recent elections. As the data in the figure suggest, discretionary transfers seem to have helped consolidate Justicialista dominance in Formosa.

In San Luis the effect seems to run upwards: a change in the provincial structure of power seems to feed national relevance. In Formosa, national discretionary monies seem to reward and eventually to enlarge the incumbent's already notable prevalence. Yet it is difficult to clearly identify the igniting shock. More importantly, both "ignition" mechanisms seem both theoretically sound and consistent with the available evidence. In our view, in order to account for the workings of federations such as Argentina, it is more important to understand the mutually reinforcing effects of provincial dominance and weight in the national fiscal game than

[37] Industrial promotion is a system of tax exemptions that dates back to the mid-1950s. During the 1990s, the system was extended to include more sectors. San Luis, along with La Rioja, and Catamarca, were the main beneficiaries at that time (Tommasi, 2006).

to get the exact causal sequence right. As we explain in the next section, provincial dominance in some sections of a federation may compromise democratic governance at all levels.

5. Implications for Accountability and Governance

The dynamics described above suggest an interpretation of the way in which the politics of federalism and decentralization in Argentina impinges upon the quality of its democracy. The reinforcing dynamics between political dominance in the province and bargaining power in the national sphere tend to strengthen the pivotal role not only of governors in general, but in particular of governors of those provinces with the weakest democratic credentials and the least accountability. This means that the "darker" sides of the Argentine political system tend to have a stronger influence on national politics and policymaking. Influence in the national arena is exploited both fiscally and politically, in terms of resources for further developing local dominance, as well as in terms of building national-level political careers.

This leads us, more generally, to refer to some of the implications of the peculiar political and fiscal federal arrangements of Argentina for governance and accountability at the provincial and at the national level. In a nutshell: the peculiar exchanges of lax federal fiscal money and selective national government intervention (or lack thereof) in provincial political affairs for votes in a weak national Congress (populated by legislators responsive to provincial party bosses) and local political mobilization for national elections combine to produce both poor governance and weak accountability at both levels.

We have already established that many Argentine provinces are local bastions of power dominated by political elites, characterized by scarce political competition, weak division of powers, clientelistic political linkages, and often dominance of the media and of business opportunities by those same elites. The construction and maintenance of this political dominance is largely subsidized by intergovernmental fiscal transfers and other forms of assistance from the national political arena.

Gervasoni (2010) presents a compelling argument using rentier theories of the state to explain the weaknesses of democracy in the Argentine provinces as a consequence of the fact that governors finance most public spending from resources not obtained from direct taxes on the province's citizenry. Low levels of democracy are to be expected when subnational units enjoy plentiful central government subsidies and have a weak tax link with local citizens and

businesses. The governments of some provinces in Argentina are relatively rich vis-à-vis their societies and fiscally independent from their constituencies. These rentier subnational states (Gervasoni, 2010: 303) tend to sustain less democratic regimes because incumbents can rely on their privileged fiscal position to restrict political competition and weaken institutional limitations on their power.

Politicians and aspirants to public office have a variety of motivations and bring to the table a vector of various personal characteristics. Different political systems tend to select individuals with different characteristics to public office. Casual observers often find the Argentine political class somewhat lacking compared to what one might expect from the country on the basis of some educational and human development indicators. Relatedly, Argentina is a country that systematically presents governance indicators (corruption, judicial independence, bureaucratic capabilities) which are consistent with those of countries with lower levels of development.[38] We believe this "discrepancy" is anchored in the selection of some peculiar type of politicians to become successful at the subnational level, a tendency to further select on those peculiar characteristics at the national level, and a tendency of the subnational actors who reach national power to import into the national level some of the "backward" practices that made them successful.

Successful governors tend to be selected on their ability to play this two-level game of dominating local politics while milking the federal cow. Behrend (2011) argues that in many provinces, which she characterizes as those with "closed games," voters vote for ruling elites because they know through experience that the ruling elite delivers even if what they deliver is not that much, and they cannot be certain that the opposition will be willing and able to do the same.[39] In a similar vein, Jones, Meloni and Tommasi (2012) provide evidence that voters reward those governors with greater ability to obtain additional resources from the federal fiscal game. As long as this ability is not perfectly correlated with honesty or good administrative skills, this is a further mechanism that weakens the ability of citizens to select and reward good

[38] See for instance Inter-American Development Bank (2006), Spiller and Tommasi (2007), and Saiegh (2010).
[39] Behrend uses the concept of "closed game" to refer to sub-national political regimes where a family, or a reduced group of families, dominates politics controlling access to top government positions, the state apparatus, the media and business opportunities; and where through their control of the provincial state, they develop a political clientele.

government.[40] This provincial selection effect "on the wrong characteristics" is consistent with the evidence of the last two sections, which relates weaker institutions and less competitive democratic processes with success in the federal fiscal game, so that the most successful politicians in the provincial game are those best able to subjugate other republican institutions and civil society.

Sadly, the Argentine federal system has various channels by which these problematic provincial politics impinge upon the quality of democracy and of governance at the national level. One such channel is a selection bias on what it takes to become a successful national political player and, in particular, what it takes to become a successful president. De Luca (2008) explores the pathways leading to the presidency in Argentina and emphasizes the provincial-centeredness of those paths and of the construction of political power. The type of ability and political construction that are reinforced and rewarded at the provincial level constitutes a natural springboard from which to develop national influence and, eventually, to reach the top echelons of national power.[41] Relating this with our previous point on "the dark-side effect," it is notable that some of the most successful national-level politicians since the return to democracy emerge from the provinces with the weakest democratic credentials; notably, former presidents Carlos Menem, Adolfo Rodriguez Saá and Nestor Kirchner hail from the three provinces (La Rioja, San Luis, and Santa Cruz) which rank the lowest in the index of subnational democracy compiled by Gervasoni (2010).[42] None of these three provinces has experienced a change in the party in government since the return to democracy (Table 3), and in all of them, the sitting governors Menem, R. Saá and Kirchner managed to modify the provincial constitution to allow for the

[40] This is consistent with the argument in Careaga and Weingast (2003) who show that the larger the share of subnational revenues that comes from central sources, the lower the ratio of public good provision to rents to maintain power.

[41] Clearly, being the dominant boss of a province is neither necessary nor sufficient for bidding to the Presidency or for becoming a salient national figure. But it is also clear that being a dominant governor is a natural springboard for that. Furthermore, since the return to democracy, presidents with such pedigree have been the only ones able to ensure governability in Argentina, in what has been dubbed as a possible "new iron law of Argentine politics" (Calvo and Murillo, 2005).

[42] Adolfo Rodriguez Saá had a brief stint as interim President during the emergency of December 2001. At that point he was the most salient of Peronist provincial governors, at a moment in which that deep force of Argentine politics emerged to the fore in the midst of the institutional crisis after the fall of President de la Rúa. Rodriguez Saá, descendant of a family that has dominated San Luis politics since the creation of the province in 1860, had been governor of San Luis since the return to democracy in 1983 until his accession to the Presidency in 2001. At that time he was replaced by his Vice-Governor, and at the next election his brother Alberto Rodriguez Saá became Governor, a post he left after two terms to run for President in 2011.

indefinite reelection of the incumbent. In addition, these three provinces have been big winners in the federal fiscal game (Tommasi, 2006).

Powerful national leaders, who built their power by playing subnational closed games and by managing to be successful in the exchanges with the national government, seem to have a tendency to import into the center the practices that made them successful in the first place. These tendencies have been identified and stated eloquently by Sawers (1996: 13): "The personalistic, corrupt, and elitist politics of the interior is transmitted to the pampas not just by the impoverished migrant but by the local *caudillo* who finds himself in Buenos Aires in a powerful position in the national government."

Menem managed to have the national Constitution modified in 1994 to allow him to run for reelection, and attempted to seek an unconstitutional third term in 1999. The Kirchner family managed to circumvent the two-period limit by rotating the post between husband and wife. Menem and Kirchner, who (like the interim president Rodriguez Saá) had been notorious for their manipulation of judiciaries and of the press in their provinces, continued such practices at the national level during their presidencies.[43]

Beyond the presidential selection effect, problematic provincial politics also have implications through their link to legislative careers and profiles, with implications for the overall characteristics and importance of the Argentine legislature. The practices that provincial (!) parties use to select candidates for national Congress tend to make most national legislators rather obscure political figures subservient to those provincial political elites (Jones, 2008). Argentine legislators devote relatively little energy to influencing public policy, developing policy expertise, or providing constituent services; their main operating principle is satisfying the provincial-party boss.[44] Consequently, these deputies' modest level of constituency service and personal vote-seeking behavior is marginal in scope and impact compared to the amount of

[43] See for instance Chávez (2004), Chávez, Ferejohn and Weingast (2011), Pérez-Liñán and Castagnola (2009), and Gargarella (2011) on the Judiciary, and Committee to Protect Journalists (2009), Di Tella and Franceschelli (2009) O'Grady (2009) and Kitzberger (2011) on the press.

[44] The statement in the text is a characterization of a majority of legislators, but not necessarily of all of them. Micozzi (2009) provides a rich characterization of different career paths through the Argentine legislature and identifies a minority of legislators with *subnational* executive ambition who attempt to provide some constituency services. Even then, given the workings of Argentine Congress and policymaking, those "services" are more in the nature of signaling and credit claiming through declarations than actually "bringing home the bacon" (Micozzi, 2009: 33).

resources the provincial bosses obtain in exchange for the ongoing support of "their" legislators (Jones, 2008: 72).

Once again, negative selection effects appear to be in operation. The types of personal characteristics required to be pawns of subnational leaders do not seem to be the same personal characteristics which might draw individuals into the national legislature in other competitive contexts.[45] Studies have shown, for instance, that Argentine legislators are among those with lower levels of education in Latin America (Saiegh, 2010; Inter-American Development Bank 2006). In addition, Argentine legislators tend to have short stays in Congress and tend not to specialize in legislative committees (Palanza et al, 2012). All of these patterns reflect the fact that the Argentine Congress is an arena of secondary importance in the making of national policies.

The weakness of the national Congress has several reinforcing implications which weaken the separation of powers and lower the quality of national policymaking. One of the functions underperformed by the national Congress is that of controlling the President and the various agencies dependent upon the Executive.[46] In that manner, one of the most important mechanisms of democratic accountability, *horizontal accountability* (O'Donnell, 1998) is weakened. The weakness of the national Congress has also permitted the executive to tinker with the Supreme Court when it is not pliant enough, replicating at the national level those practices of backward provinces.

The weaknesses of the national legislature and the main focus of the powerful governors on fiscal favors leaves the national policymaking arena of Argentina inhabited by short-sighted executives, transient by nature, who try to maximize political advantages in the short term. The two most successful presidents of the post-democratization period, Carlos Menem and Néstor Kirchner, undertook important changes in national policies of exactly opposite sign utilizing the same political logic of exchanges with their fellow provincial barons. This mode of policymaking is one of the explanations for Argentina's infamous policy volatility, which in turn

[45] A position in the national congress is sometimes even a punishment for important provincial figures. Lodola (2009) cites opposition Santa Cruz leader as saying "This happened twice. When Eduardo Arnold was vice-governor and started to be a nuisance, [governor Néstor Kirchner] sent him as national Representative. That was it, he killed him. It didn't matter that he was his deputy. At another time, Vice-governor Sergio Acevedo started to grow in the province. He was also sent as national Representative" (Lodola, 2009: 263).

[46] For example, the Argentine Congress plays a marginal role in the formulation and execution of one of the most important pieces of legislation decided each year, the national budget (Spiller and Tommasi, 2007; Abuelafia et al., 2009; and Bercoff and Meloni, 2009).

relates to the lack of credibility of its policies, and hence to the failure to achieve desirable economic and social outcomes.

One can put the argument about the sub-national drag to national policymaking in more abstract terms. Following the logic of the geography of political preferences (Rodden, 2010b), one might expect that equilibrium policies in the national domain would somehow represent a weighted median voter, with the weights reflecting malapportionment in favor of the backward provinces. In this way, Argentine problems will just relate to the underrepresentation of its more densely populated and modern segments, actors who have been dubbed "the orphans of partisan politics in Argentina" by Juan Carlos Torre (2003). But the problem goes beyond that. On the one hand, given the way politics is played within the provinces, and how those provinces' national legislators are selected, it turns out that the actors actually overrepresented are not the median voters of some poor provinces, but rather those provinces' political elites. Additionally, given the fact that, for many small and overrepresented provinces, most national policy issues are not nearly as important as getting a bit more money from the federal pie, it turns out that the decision table is full of actors who have only a marginal interest in the particular policy issue in question. The need to get the approval of some coalition of these actors leads to a pattern of coalition formation that quite poorly represents the substantive interests and opinions behind any specific issue. Such interests enter, if they can, through the executive, and the ways to access or to call the attention of the executive such as lobbying, bribing, and protesting in the streets, turn out to be much less institutionalized and transparent than the Congressional arena (Scartascini and Tommasi, 2012)

6. Conclusions

This paper adds to the new literature on federalism documenting that real world federal structures are more a story of self-interested politicians involved in a multi-arena contest for political benefits than an exercise in optimal institutional design. This means that institutional reforms such as various forms of decentralization should be interpreted in terms of the broader political context and the incentives it generates, rather than aseptic technical discussions. One of the main aspects emphasized in this paper is that the institutional structure "of decentralization" has implications not only for sub-national, but also for national governance and accountability.

This paper has illustrated the workings of incentives in a highly decentralized federation, one in which these incentives do not align in a direction of good governance and accountability. In that sense, our paper should be read in conjunction with other pieces (such as Myerson 2006 or Weingast 2005) that identify potential channels by which a decentralized democracy can allow for better accountability at the national level. For example, Myerson (2006) argues that federal democracy opens career paths for ambitious politicians, who can become strong candidates for national leadership by developing reputations for good government in the province. We highlight the exact opposite channels, where political success at the provincial level is based on weak local accountability financed by common pool resources obtained from the center.

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