

# The Politics of Federalism in Argentina and its Implications for Governance and Accountability

MARTÍN ARDANAZ

*Inter-American Development Bank, Washington DC, USA*

and

MARCELO LEIRAS and MARIANO TOMMASI\*

*Universidad de San Andrés, Buenos Aires, Argentina*

**Summary.** — This paper contributes to an agenda that views the effects of federalism and decentralization as dependent on the incentives of national and subnational political actors. It studies the mechanisms by which subnational actors affect decisions at the central level, in the context of a highly decentralized middle-income democracy, Argentina. In this federal country, provincial actors and concerns weigh heavily on national decisions. Most Argentine provinces are dominated by entrenched elites, with limited political competition, weak division of powers, and clientelistic political linkages. Provincial dominance and national relevance reinforce each other, dragging Argentine politics toward the practices and features of its most background regions.

© 2013 Elsevier Ltd. All rights reserved.

**Key words** — federalism, decentralization, governance, accountability, institutions, Argentina

## 1. INTRODUCTION

This volume 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.<sup>1</sup> 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.<sup>2</sup>

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.<sup>3</sup> Scholarly appraisals of the nature, origins, and effects of federalism are changing.

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.<sup>4</sup> 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 (Rodden, 2006b; Stepan, 2004) and question the portrayal of federalism as an always-effective tool for economic growth, obstacle to progressive redistribution, or democracy-enhancing institutional design.<sup>5</sup> 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,<sup>6</sup> 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.<sup>7</sup> 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

\* We thank the editor Jean-Paul Faguet and three anonymous reviewers for valuable comments, and Fernando Cafferata, Victoria Paniagua, and Guadalupe Tuñón for excellent research assistance. The information and opinions presented in this document are entirely those of the authors, and no endorsement by the Inter-American Development Bank, its Board of Executive Directors, or the countries they represent is expressed or implied.

becoming standard in the new literature to arrange such determinants around three grand themes: the institutions of representation, political parties, and intergovernmental fiscal structures (Rodden, 2006a; Wibbels, 2006).

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 toward richer comparative theorizing.<sup>8</sup> Identifying the exact channels and the overall operation of “complex interactions between institutions, the economy, and the underlying features of the polity” (Wibbels, 2006, p. 166) requires a level of country detail that is hard to provide for various cases at the same time. 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 politics with restricted political competition and high concentration of power in the hands of the governor. The section also argues that these features have 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 such 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 about 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).<sup>9</sup>

Until the last decade or so, the literature on Argentine politics barely focused on the role of subnational actors in national politics.<sup>10</sup> A number of important works during the late 1990s and early 2000s dramatically changed this view<sup>11</sup>: it is well understood today that the subnational political sphere, especially at the provincial level, is a key arena for Argentine politics and policymaking.<sup>12</sup> 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 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.<sup>13</sup> There were 14 provinces at the time the original Constitution was signed in the middle of the 19th century (1853–60), indicating that provinces are parties to the constitutional compact: they pre-existed and constituted the national government.<sup>14</sup> 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 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 executives, *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<sup>15</sup>:

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

The rest of this section explains why the national PMP 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

Download English Version:

<https://daneshyari.com/en/article/991787>

Download Persian Version:

<https://daneshyari.com/article/991787>

[Daneshyari.com](https://daneshyari.com)