

Federalism and Inequality in the Global South:

Latin America in Comparative Perspective¹

Submitted by:

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Presentation

The democratization of federal countries in the Global South has been accompanied by greater levels of political and socio-economic inclusion and development. Despite these achievements, inequality continues to be a persisting problem. Given this context it becomes important to examine the relationship between federalism and inequality: is federalism ‘inequality-reducing’ or ‘inequality-inducing’? (Linz and Stepan, 2000; in Stepan, 2004). This project seeks to unfold the mechanisms through which the dynamic of democratic regimes in federal countries results in the persistence of inequality. We will refer to the dimensions of inequality in: 1) representation, 2) state responsiveness for citizens’ demands for the access to public resources and services; and 3) opportunities for economic development and income.

The countries so far included in this project share some important features. All of them achieved stable democracies in the second half of the 20th century (India in 1947, Argentina in 1983, Brazil in 1985, and South Africa in 1994). Due to a persisting situation of dependence as well as decolonization processes, their national markets and productive models take part in the global economy following a pattern of dependency, which has deeply constrained their chances for development. The selected countries also share significant assets, such as sources of strategic natural resources. Still, they were not able to overcome the high rates of inequality.² Additionally, with the exception of Argentina, they all face deep social and political divisions across ethnic, regional, linguistic and religious lines, that is, cleavages that deepen inequality.

This initiative gathers original research on federalism and inequality in the Global South informed by a variety of approaches intended for the development of a comprehensive framework of analysis. Members of our group discussed their draft papers with top scholars for the first time during the IPSA Congress (Madrid, 2012). Revised versions are going to be discussed at a Mellon-LASA seminar at Brown University in 2013, and in a panel at the 2013 LASA Congress in Washington, DC. A cross-country selection of

¹ This proposal counted with the invaluable collaboration of Natalia Del Cogliano, from the University of Buenos Aires (UBA) and CONICET, and also a member of the initiative.

² According to the latest data available from the World Bank, the GINI index was at 67 for South Africa, 54 for Brazil and 46 for Argentina.

papers will be collated in a book. The first draft of the book is expected to be ready by December, 2013.

Federalism and Inequality

Why should federalism matter for the study of inequality in countries of the south?³ Theoretically there is a better local provision on welfare due to the better allocation between public policies and people's needs in federal regimes. Decentralized governance ensures greater representation. As a consequence, it is assumed federal countries would be potentially more responsive to citizens' demands (Tocqueville, 2002; Heater, 2004). From the Public Choice standpoint, the balance of power across different branches of the government in federal systems allows them to interact strategically to maximize political support and tax revenues. Also, it allows federal units to be more efficient when coping with the centralized tendencies of the national government; thus preserving competitiveness between economic agents (such as firms) inside the country, improving economic development as a consequence (Weingast, 1995; Rodden and Rose-Ackerman, 1997). A third approach focuses on welfare institutions and the origins of inequality. It suggests that the number of veto points in federalism strengthens political actors at subnational levels, potentially blocking redistributive endeavors and coalitions. The last approach goes further in stating that the structure of federalism and their constitutional choices are outcomes of the income distribution across regions. Most of these assumptions have been suggested particularly from the point of view of political economy, fiscal federalism, policies and political institutions. But little attention has been paid to the influence of the interplay between political institutions and informal political practices, and the persistence of inequality in federal countries.

The literature on subnational democratization has shown that political inclusiveness cannot be taken for granted in federal settings. Federalism does not seem to be equivalent to more democratization or to a broader inclusion of citizens and their demands.⁴ Evidence from South Africa, India (Bagchi, 2000; Rubinfeld, 1997), Argentina (Gordin, 2010; Gibson and Calvo, 2000) and Brazil (Stepan, 2004) contradicts the positive relationship between federalism and a competitive market economy. More important for our work, it does not seem that decentralization could bring to an end the growth of inequality within states in federal countries. In Brazil, for instance, inequality among regions persists after decentralization; and similar cases can be found in South Africa and India (Heller, 2001).⁵ In the Argentine case, responsibilities (administrative decentralization) were given to provinces without the necessary fiscal resources (no fiscal decentralization) to finance them, making provinces increasingly dependent on federal transfers (Jones et al, 2010; Falletti, 2010).

Federalism implies a territorial regime that distributes power and responsibilities across different levels of government, thus creating specific incentives for politicians who want to gain power as well as for citizens. In all countries citizens experience disparities in terms of welfare and poverty, and democratic elected governments implement different

³ This paragraph draws in Beramendi, 2012.

⁴ Examples for Mexico and Argentina were given by Behrend, 2011; Gervasoni, 2010; and Gibson, 2008.

⁵ In fact in Brazil, the relative reduction of inequality was achieved thanks to federal conditional cash transfers (Cecchini and Madariaga, 2011).

policies to deal with these issues. In federal countries such policies are mediated by different political actors and practices. As a result, in a single country inequality can be fought or fostered by the various political institutions and informal practices.

Brazil and Argentina are federal countries from their very origins in which both presidents and governors are important veto players (Stepan 2004). However, both countries have followed very different patterns for dealing with income inequality. While in Argentina the income gap has broadened⁶; Brazil seems to be dealing, for the first time in its history, with the creation of better conditions for the integration of the poorest. On the other hand, India and South Africa do not seem to fit in a conventional definition of federalism. This is primarily because of the centralism of the federal government in India and due to the tensions around the creation of a unified state with independent provinces in South Africa. In both countries ethnic and income inequality are extremely deep. Hence, could a federal country with similar problems in terms of inequality, give different answers while dealing with them? Could a federal country as Nigeria where federal institutions seem to resemble a “classic federalism” or a country such as Mexico -which experienced a centralist pattern of federalism- show a different relationship between federal politics and inequality? Our initiative intends to deal with such problems by including these two new cases of study aimed at broadening our comparisons to six different federations. To sum up, this project assesses the influence of federal institutions and informal federal politics on the existence of inequality in countries of the Global South, especially the Latin American ones.

The development of the debate and the research questions which remain unanswered: what’s still to be done?

Both federalism and inequality have been studied as independent areas of research but have seldom been brought together.⁷ To the best of our knowledge, there are no comprehensive comparative cross-regional studies assessing those fields in conjunction.

We bring together original research on:

Inequality of representation: focused on formal institutional aspects, such as the translation of votes into seats and, more generally, on the democratic nuances across subnational units. The quality of a national democratic regime is affected by the democratic development of regimes at the subnational level of government. Political institutions at each level of government can hinder or reinforce the quality of political representation in different aspects and issues, such as horizontal accountability or transparency of elections.

⁶ Although in Argentina social conditions have been improving since the crisis of 2001-2, the country has not recovered the levels of social integration experienced before the 70’s. Moreover, the decrease in unemployment and federal government redistributive endeavors, mainly by Conditional cash transfers, are being hampered by high inflation rates.

⁷ Stepan, 2004 is an important exception. Other works focus on malapportionment across territories, uneven distribution of certain rights, or in the quality of democracy; but they not explicitly relate both dimensions.

Inequality and economic development: following the market preserving thesis, this dimension refers to the balance of power between the federal government and subnational states in the economic realm that might hinder the development of the nation as a whole. Also, this dimension of inequality assesses the links among federalism and citizens' access to wealth at the subnational level.

Inequality of access to public resources and services: related with the consequences of federalism for citizens daily life and their relationship with different bureaucracies at each level of government. This dimension refers to the enforcement of the rule of law, the repressive powers of the states and to the delivering of public services such as housing, basic infrastructure, social policies, and so forth.

These dimensions of inequality are inextricably related. A detailed clarification of each of them, however, would provide us a better understanding of the political dynamics fostering inequality in federal settings. Each draft paper discussed during the IPSA Congress has been concentrated in one or more of these dimensions:

Modisha focuses on the new South African federalism, he inquires into its system of governance and its impact on the implementation of policies, in a context of high levels of inequality of representation and racial segregation. Moscovich explores how different allocations of resources by the federal and local governments shape income inequality, both at the national level and in the provinces. Phiri compares two models of federal governments in South Africa and in Brazil, strongly focused in economic growth and redistributive policies such as conditional cash transfers, aiming at identifying common trends and stressing differences. Sahgal addresses how intergovernmental transfers have come to define centre state relations in more critical ways and their impact on vertical and horizontal inequality in India. Besides, the complex dynamic of political representation in federal countries are studied for the cases of Argentina and Brazil. Cepaluni approaches the responsiveness of subnational politicians to citizen's demands through a randomized field experiment designed to test formal models of electoral targeting in the context of the October 2010 state and federal elections in Brazil. Del Cogliano and Prats assess the novel political and electoral reform sanctioned in December of 2009 in Argentina, focusing on an evaluation of its consequences on representation, quality of democracy and multi-level electoral outcomes in Argentine federalism.

Activities and results

- To organize a two-day workshop – “Federalism and Inequality in the Global South” – that will take place in Brown University in 2013. The workshop will be a platform for discussing the final version of our papers and invite new participants, who will with the analyses of other countries, such as Nigeria or México.
- To convene a panel at the LASA Congress in Washington DC, May 29 –June 1, 2013.
- To publish a book collecting selected cross-country articles on federalism and inequality.

Adequacy with the Mellon-LASA Seminar Grants Priorities

1. *Incorporate into Latin American Studies researchers whose primary geographic focus is on other regions of the world, thus adding comparative or connective dimensions to Latin America-related work.*

Our initiative opens the agenda of research for a number of scholars focused in Latin-American (five based in universities from Latin-America, two in Universities from the US) to broaden their analyses including a cross-country/cross-regional perspective. This comparative perspective would help enlighten the specific conclusions for Latin-American countries with new knowledge and evidence on the same issues from different countries.

2. *Challenge conventional geographic boundaries of Latin American Studies.*

By focusing on the broader concept of federal territorial regimes instead of in the countries' particular trajectories, we are able to develop a cross regional "South-South" perspective. Hence, our goal is to contribute to the literature on federalism and subnational politics focused in Latin-America by adopting a broader comparative perspective.⁸ Our initiative gathers not only researchers from Argentina and Brazil, but also from India and South Africa, and we plan to include new contributors from Nigeria and México to the workshop.

3. *Integrate into Latin American Studies theoretical and/or methodological perspectives drawn from state-of-the-art research in core disciplines of the social sciences and humanities.*

The project brings together young and senior political scientists with a specific geographic focus on Latin America as well as from other countries of the Global South. Our collaborators are oriented by different theoretical and methodological perspectives, integrated by the same topic. Each participant will contribute with their background, keeping a plurality of approaches.

Projects goals

This project aims to contribute to the knowledge of the institutional foundations of political, social and economic inequalities in the southern federal countries, identifying formal and informal mechanisms that deepen or reduce those forms of inequalities. In the workshop to be held in Brown and the panel at LASA the relationship between federalism and inequality will be discussed so as to compare the emerging trends, and to identify cross-country patterns of success and failure. These exchanges will not only facilitate mutual learning among participants, but will also serve as a foundation to strengthen collaboration between countries and to offer public policy recommendations for the reduction of political, social and economic inequality in federal settings.

The specific goals of this project are:

⁸ For a bright review of this literature see Moncada and Snyder, 2012.

- To enrich the academic production on the relationship between federalism and inequality; two fields of research deeply studied but seldom explored in conjunction. And to promote original research that contributes to the identification of variables influencing the persistence of political, social and economic inequality in the Global South, with particular emphasis in Latin America.
- To develop a common framework of analysis to conduct cross-country and cross-regional comparisons by drawing upon different methodological approaches (i.e., comparative politics; quantitative, qualitative, historical analyses; and political sociology).
- To consolidate a network of trans-regional academic collaboration of young scholars.
- To include this network in the scholarly circuit of conferences of the discipline to display and enrich the results achieved.
- To foster the discussion among young and senior scholars.
- To disseminate the results of our research in a book and in individual articles in academic journals.

Participants of the Workshop and Panel.

Members of the Federalism and Inequality in the Global South Initiative

Gabriel Cepaluni, São Paulo State University, Brazil

Natalia C. Del Cogliano, University of Buenos Aires, Argentina

Geoffrey Modisha, Public Affairs Research Initiative - Wits University, South Africa

Lorena Moscovich, University of Buenos Aires, Argentina

Madalitso Phiri, Human Sciences Research Council, South Africa

Mariana Laura Prats, University of Buenos Aires, Argentina

Gayatri Sahgal, Brown University, India

Ernesto Calvo, Maryland University, U.S.

Richard Snyder, Brown University, CLACS - U.S.

Ivor Chipkin, Public Affairs Research Initiative, South Africa

Lucio Renno, University of Brasilia, Brazil

Scholars who will be specially invited for the conference in Brown University

Gianpaolo Baiocchi, Brown University

Charles Boix, Princeton University, U.S.

Jörg Faust, German Development Institute, Germany

José Itzigsohn, Brown University

Nathaniel Umukoro, Delta State University

References

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- Behrend, J. (2011). "The Unevenness of Democracy at the Sub-National Level: Provincial Closed Games in Argentina " *Latin American Research Review* 46(1): 150-176.
- Beramendi, P. (2012). *The Political Geography of Inequality: Regions and Redistribution*. Cambridge, Cambridge University Press.
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- Falleti, T. (2010). *Decentralization and Subnational Politics in Latin America*. Cambridge, Cambridge University Press.
- Gervasoni, C. (2010). "A Rentier Theory of Subnational Regimes. Fiscal Federalism, Democracy, and Authoritarianism in the Argentine Provinces." *World Politics* 62(2): 302-40.
- Gibson, E. and E. Calvo (2000). "Federalism and Low-Maintenance Constituencies: Territorial Dimensions of Economic Reforms in Argentina" *Studies in Comparative International Development* 35(3): 32-55.
- Gibson, E. L. (2008). "Control de límites: Autoritarismo subnacional en países democráticos." *Desarrollo Económico* 47(186): 163-191.
- Gordin, J. (2010). *Patronage-Preserving Federalism? Legislative Malapportionment and Subnational Fiscal Policies. Exploring New Avenues in Comparative Federalism*. J. Erik and W. Swenden. London, Routledge.
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- Heller, P. (2001). "Moving the State: The Politics of Democratic Decentralization in Kerala, South Africa, and Porto Alegre." *Politics & Society* 29(1): 131-163.
- Jones, M., O. Meloni, et al. (2010). *Voters as Fiscals Liberals: Incentives and Accountability in Federal Systems*. Universidad de San Andrés, unpublished.
- Moncada, E. and R. Snyder (2012). Subnational Comparative Research on Democracy: Taking Stock and Looking Forward. *The Newsletter of the Comparative Democratization Section of the American Political Science Association (APSA)*. **10**.

Rodden, J. and S. Rose-Ackerman (1997). "Does Federalism Preserve Markets?" *Virginia Law Review* 83(7): 1521-1572.

Rubinfeld, D. (1997). "On Federalism and Economic Development." *Virginia Law Review* 83(7): 1581-1592

Stepan, A. (2004). "Electorally Generated Veto Players in Unitary and Federal Systems". In Gibson, E. *Federalism and Democracy in Latin America*. The John Hopkins University Press.

Tocqueville, A. (2002). *La Democracia en América*. Mexico, Fondo de Cultura Económica.

Weingast, B. R. (1995). "The Economic Role of Political Institutions: Market-Preserving Federalism and Economic Development" *J. L. Econ. & Org.* 1.

Budget

Our initiative has already been funded by BIARI Seed Fund Award in 2011. The Mellon LASA seminar grant would be the second award founding the progress of our research initiative. All funds requested from the Mellon/LASA Seminar Grant will be used for travel lodging, traveling and publication-related expenses, therefore being the total amount requested: 25,000 USD. Following, the estimated budget:

Workshop and LASA Panel.	
<i>Flight tickets (Roundtrips)*</i>	USD
Buenos Aires (EZE) - Providence (PVD)**	1,456
Capetown (CPT) - Providence (PVD) [x3]	5,370
Sao Paulo – Providence (PVD) [x2]	2,620
Maryland – Providence (PVD)	180
New Jersey (NWK) – Providence (PVD)	380
Köln/Bonn (CGN) – Providence (PVD)	1,830
Nigeria (LOS) – Providence (PVD)	1,872
Lodging (two nights at \$100 per person, for 12 participants)	2,400
Meals (at \$50 per day per person, for 12 participants)	1,200
Transportation from the airport to the campus (at \$70 per person, for 12 participants)	840
Contribution to transportation within Providence (at \$15 per day and person, for 12 participants)	360
Contribution for the participation in the XXXI LASA Conference	3,000
Support for publication (editing, translation costs)	3,000
Banks' commissions***	350
Unforeseen expenses	142
TOTAL	25,000

* References values were calculated considering a visit of two days in Providence during May 27-28, 2013. The cost of flight tickets vary depending on the date and also on the days stayed.

** Two Argentine and an Indian researchers will already be at Brown by the time of the Workshop.

*** Value pending of confirmation.

CVs of Principal Organizers

ABBREVIATED CURRICULUM VITAE RICHARD OWEN SNYDER

CURRENT POSITION

Brown University: Professor of Political Science; Faculty Fellow, Watson Institute for International Studies; and Director, Center for Latin American and Caribbean Studies (CLACS).

EDUCATION

Harvard University, B.A. in Social Studies, 1989, *Magna Cum Laude*.

University of California, Berkeley, Ph.D. in Political Science, 1997.

SELECTED BOOKS

Politics after Neoliberalism: Reregulation in Mexico (Cambridge: Cambridge University Press, Cambridge Studies in Comparative Politics, 2001). Paperback edition, 2006.

Passion, Craft, and Method in Comparative Politics (with Gerardo L. Munck) (Baltimore: Johns Hopkins University Press, 2007).

- Named “one of the best books published in 2007” by *Foreign Policy*, Spanish Edition.

SELECTED JOURNAL ARTICLES

“After Neoliberalism: The Politics of Reregulation in Mexico,” *World Politics* 51:2 (January 1999): 173-204.

“Devaluing the Vote in Latin America” (with David Samuels), *Journal of Democracy* 12 (January 2001): 146-59.

- Reprinted in Larry Diamond and Marc F. Plattner, eds. *Electoral Systems and Democracy* (Baltimore: Johns Hopkins University Press, 2006).

“Scaling Down: The Subnational Comparative Method,” *Studies in Comparative International Development*, 36:1 (Spring 2001): 93-110.

- Spanish translation published in *Desarrollo Económico* (Argentina) 49:194 (July-September 2009); Chinese translation forthcoming.

“The Value of a Vote: Malapportionment in Comparative Perspective” (with David Samuels), *British Journal of Political Science*, 31:4 (October 2001): 651-71.

- Spanish translation published in, Ernesto Calvo and Juan Manuel Abal M., eds. *El Federalismo Electoral Argentino: Sobre-representación, Reforma Política y Gobierno Dividido en la Argentina* (Buenos Aires: Editorial Universidad de Buenos Aires (EUDEBA), 2001).

“Drugs, Violence, and State-Sponsored Protection Rackets in Mexico and Colombia,” (with Angelica Duran-Martinez), *Colombia Internacional* 70 (July-December 2009): 61-91.

SELECTED RECENT AWARDS AND GRANTS

Grant, National Science Foundation, Integrative Graduate Education and Research Traineeship Program (IGERT), \$3.1 million, 5-year grant for “An Integrated Program on Inequality in Developing Countries” (co-PI): 2009-2014.

Grant, National Science Foundation, Doctoral Dissertation Research in Political Science, “Bureaucratic Development and Decay: Explaining Policy Capacity in Brazil” (awarded to Brown PhD student Jorge Alves): 2008-09.

Best Article Award, APSA Comparative Democratization Section, 2007: for “Does Lootable Wealth Breed Disorder? A Political Economy of Extraction Framework,” *Comparative Political Studies*, 39:8 (October 2006): 943-968.

ABBREVIATED CURRICULUM VITAE

LORENA MOSCOVICH

CURRENT APPOINTMENTS

Researcher and assistant professor of Political Science at University of Buenos Aires and National Council for Scientific and Technical Research post doctoral fellow. Convenor of the BIARI–Brown University alumni initiative “Federalism and Inequality in the Global South”. Co-Chair in the Decentralization and Subnational governance LASA section.

EDUCATION: 2011 Ph.D. in Social Sciences, University of Buenos Aires, Argentina. 2006 M.A. in Social Sciences Research, (with Honors). 1999 B.A. in Political Science, (Licenciatura) with honors. All degrees from University of Buenos Aires, Argentina.

GRANTS AND AWARDS

2012 Argentine Political Science Association. IPSA Conference Scholarship.

2012 Brown University Seed Fund Award for the initiative "Federalism and Inequality in The Global South")

2011-2013 National Council for Scientific and Technical Research (CONICET). Post doctoral Research fellowship.

2011 Brown International Advanced Research Institutes (BIARI) at Brown University. Award to participate in the institute: *Development and Inequality in the Global South*.

2006-2011 National Council for Scientific and Technical Research (CONICET). Two research fellowships for doctorate candidates

2004-2005. Argentine Ministry of Health National. Research scholarship.

2003-2004 CLACSO/CROP Program. Junior Researcher Scholarship.

-2002-2004. University of Buenos Aires Science and Technology Program. Research scholarship for masters candidates.

ARTICLES

2012 “From Top To Bottom (and Back To The Top Again): Federal Spending, Sub-national Coalitions and Protests in Argentina. 2002-2006” *Journal of Politics in Latin America* 4(1) 35-72

2008 with Schufer, Marta and Paula Martellini. “El Rol del pediatra en salud sexual y reproductiva”. *Medicina y sociedad*. 28 (1) (On line) Quarterly Journal

R &R

“Gobernadores vs. Organizaciones: Política social y federalismo durante los gobiernos de Néstor Kirchner y Cristina Fernández” *Journal of the Argentine Political Science Association* (resubmitted in August)

BOOK CHAPTERS

(*selected book chapter*) 2008 “Estado y sociedad civil en el Gran Buenos Aires. Cambio y tensiones en las nuevas relaciones de gobierno local” in Alberto Cimaradmore (ed) *La economía política de la pobreza*. Buenos Aires: CLACSO – CROP. Pp. 261-296.