

Federalism Vs. Decentralization In Latin America

Abstract

Additional countries have turned to federalism in recent years in many world regions, but in Latin America the set of countries with federal institutions has not changed in more than a century. Despite this stasis, a spate of reforms have otherwise strengthened subnational governments across the region. In this short essay, I point to a number of dimensions along which Latin America's federations have become more truly federal while its unitary systems have become less genuinely unitary. As a result, Latin America has become more important than ever as a region in which to ask what difference federalism makes.

Introduction

Subnational governance in Latin America is characterized by a striking curiosity. While the region has been home to some of the most innovative, comprehensive and radical experiments with decentralization anywhere in the world, the number of countries that define themselves as federal has not changed in more than a century.



(Map of Latin America)

In Latin America, the definition of federalism has been subject to some of the same sharp conceptual disagreements among scholars that we see in other world regions, including whether it requires the election of subnational chief executives or

subnational legislatures, and whether it requires the assignment of subnational administrative or fiscal authority.[1] Notwithstanding the absence of scholarly consensus about federalism as a concept, since the late 19th century four countries in Latin America have consistently identified themselves as federations in their constitutions: Argentina, Brazil, Mexico and Venezuela. Stability in this set of countries is especially remarkable in a period and in a region that has witnessed such frequent and significant shifts in the balance of power between national and subnational governments.[2] Some unitary countries in Latin America have introduced changes that would qualify them as federations according to certain definitions of federalism, but all have eschewed the federal label. This stands in sharp contrast to the recent emergence of formal new federal systems elsewhere in the world, from Belgium to Bosnia, Ethiopia to Nepal.

Students of federalism, however, should not be fooled by the apparent stasis in Latin America. As I hope to show in this short essay, while no countries have clearly crossed the line between federal and unitary, decentralization in Latin America in the last three decades has undoubtedly made federal countries more federal and unitary countries less unitary as these terms are generally understood. Across the region, decentralization has significantly blurred the distinction between federal and unitary countries – even if no new federations have formally emerged.

Making Federal Countries More Federal

The decision to endorse federalism in 19th century Argentina, Brazil, Mexico and Venezuela was the outcome of important institutional bargains and inter-regional conflicts in each country.[3] Despite the significance of its adoption, the 20th century was nevertheless unkind to federalism in these four cases, even if it remained formally intact. Federal designs intended to protect subnational prerogatives from the centre fell victim to military-led authoritarianism in Argentina, Brazil and Venezuela, and to seven decades of civilian authoritarianism in Mexico. In addition to illiberal regime types, the emergence of disciplined and mostly centralized political parties also served to hollow out federalism in Argentina, Mexico and Venezuela, generating arrangements that Riker would call “centralized federalism.” During significant periods in the 20th century when subnational elections were regularly held in these countries, if the loyalty of subnational officials to their national party leaders conflicted with the interests of their subnational constituents, the former tended to trump the latter.

Against this backdrop, decentralization has breathed new life into long-established federal institutions. In Argentina, the expansion in fiscal resources under the control of provinces since the 1970s has made it easier for governors to stand up to presidents and national party leaders – even when they happen to belong to the president’s party. In Brazil, decentralization in the course of democratization yielded one of the most “robust” forms of federalism anywhere in the developing world.[4] At the lowest level of government, municipal revenue sharing has infused real meaning into the decision to elevate municipalities by conferring upon them separate federal status in Brazil’s 1988 constitution.[5] In Mexico, whose single party hegemonic system made a mockery of federalism after the Revolution, genuine political decentralization has thrown into relief the importance of the country’s three-tiered governmental structure. Venezuela is perhaps the most complex of the four cases. Support for decentralizing measures on the part of traditional parties in the late 1980s and early 1990s, including the introduction of direct elections for mayors and governors, reinvigorated Venezuela’s federal status for a short period before the collapse of the party system. Under Hugo Chavez and Nicolás Maduro, re-centralizing changes have once again enervated Venezuelan federalism.[6]

Party systems have played a big role in the process by which Latin American federations have become not just more meaningfully federal but also more ideologically plural. One of the big selling points of decentralization is that it creates space for the emergence of new parties representing formerly underrepresented groups and interests. Just as importantly, decentralization can boost the prospects of existing parties – on the left and right of the ideological spectrum – that were previously unable to win national electoral contests. The Brazilian and Mexican federations are instructive here. In Brazil, subsequent to its establishment in 1971, the leftist Worker’s Party (*Partido dos Trabalhadores* or PT) had a difficult time convincing substantial numbers of Brazilians to vote for it in congressional and presidential elections subsequent to re-democratization in the late 1980s and 1990s. Meanwhile, the PT did win municipal and state offices – particularly in Brazil’s

more industrialized south – and the record that it accumulated running subnational governments helps explain the party's victory in national elections in 2002.[7] Turning from Brazil to Mexico and from left to right, the subnational sphere also played a critical role in the rise to power nationally of the right-of-centre PAN (*Partido Acción Nacional*).[8] Founded in the 1920s as a socially conservative alternative to the governing party, the PAN's performance in the municipalities and states shifted the party in a more pragmatic and less intolerant direction and increased its appeal among many voters. Mexican analysts underscore the PAN's subnational record in explaining how it convinced so many Mexicans to vote for the party in the critical presidential elections that it won in 2000.

In addition to the party system, that federal countries have become more federal in Latin America can also be seen in ongoing struggles over public policy and regime type. With respect to public policy, national governments in federal systems now have to work much harder to build the kinds of territorial coalitions that are increasingly necessary for policy adoption and implementation. As Tracy Beck Fenwick shows in her research on conditional cash transfer programs in Argentina and Brazil, policy reformers at the centre enjoy greater success when they can “avoid governors” by leaping over them to partner with municipal authorities, which is easier to do in federations like Brazil that recognize municipalities as constitutional entities.[9] For Sara Niedzwiecki, the strengthening of federalism in these same two countries has complicated the path to successful policy implementation due to the growing importance of partisan alignment between levels of government. According to Niedzwiecki, opposition governors who cannot share credit for policy gains with the national government will instead do what they can to undermine policy implementation.[10] Turning from policy to regime type, a vibrant new literature on subnational authoritarianism in Latin America has demonstrated the impact of federalism on democratization at the subnational level. In Argentina and Mexico, important new books by Ed Gibson and Agustina Giraudy have documented how federal institutions can actually bolster the position of subnational autocrats despite the federal level transition to democracy.[11] In other words, the strengthening of federalism in federal countries has generated a range of consequences, and not all of them are positive.

Making Unitary Countries Less Unitary

Turning from federal to unitary systems, decentralization has yet to produce the formal federalization of a single unitary country in Latin America. In Colombia, which experienced turbulent periods of federalism in the 19th century before adopting a highly centralist and unitary constitution in 1886, concerted movement in a decentralizing direction in the 1980s and 1990s stopped short of federalism. Instead, the 1991 constitution identifies the country as a “decentralized unitary republic.” As in Bolivia, which fought a deadly “federal war” between the regions at the end of the 19th century, the association between federalism and inter-regional conflict in Colombia has probably limited its rhetorical appeal. Instead, many advocates of what would be called “federalism” elsewhere have championed the ideal of a unitary state that recognizes subnational autonomy. Territorial autonomy – and not federalism – is likewise the demand articulated by indigenous communities in unitarian Bolivia, Ecuador and Peru. This stands in stark contrast to other world regions where “peace-preserving federalism” has been an important institutional response to accommodate ethnic diversity and ethnic conflict.

The cumulative effects of decentralizing changes may not convert unitary systems into federations anytime soon in Latin America, but decentralization has nonetheless pushed many unitary countries in a federal direction in ways that have called into question the distinction between federal and unitary. Most significantly, decentralization has involved the creation and/or strengthening of intermediate-level governments. Traditionally in Latin America, unitary countries only had two tiers of government (national and municipal), and robust intermediate or regional governments were considered the preserve of federal systems. In unitary cases, the ability of the centre to appoint (and remove at will) officials in charge of administering these subnational regions has long been perceived as a central pillar in the defence of unitarism vis-à-vis the “chaos” of federal models. Furthermore, in a region that is marked by deeply hyper-presidential forms of government, the decision to elect regional chief executives (variously called *intendentes*, *gobernadores*, and *presidentes regionales*) represents a much

more significant rule change than the less controversial decision to “merely” allow the election of regional legislators. Against this backdrop, four unitary countries in Latin America have moved in a concerted direction toward federalism (some quickly, some more slowly) by introducing direct elections for regional chief executives: Chile, Colombia, Peru, and Bolivia. In Chile, where Pinochet introduced regional administrations in his attempt to shrink the central state, the political right demanded the transformation of these administrative units into actual governments as the price of their support for municipal decentralization in 1992. Only in the year 2017, however, did the national government finally agree to surrender its power to appoint regional intendents, who will henceforth be elected in each of Chile’s 14 regions. In Colombia, the strengthening of department governments through the introduction of elections and revenue sharing was a critical piece of the proposed political settlement through which national officials hoped to end that country’s protracted armed conflict in the 1980s and 90s. In Peru, where Alberto Fujimori’s *auto golpe* closed regional governments (and not just the national congress), Alejandro Toledo sought to distinguish himself in his campaign for the presidency in 2000 and 2001 by promising to re-introduce elections for regional presidents, which he did in 2002. Finally, the 2005 introduction of elections for regional prefects in Bolivia operated as a key mechanism through which national officials sought to forestall the growth of an increasingly radical movement for regional autonomy in the four lowland departments that make up the eastern half of the country.

In each case, far from representing merely formal changes in the architecture of government that had little bearing on substantive politics, reforms at the intermediate level of government have been part and parcel of highly contentious struggles in all four “unitary” countries. Here and elsewhere, decentralization and federalism can only fully be understood as contested responses to some of the most significant political challenges that Latin America continues to face as a region. The emergence of a new political animal – the independently elected regional chief executive – represents the most obvious sign that unitary countries are becoming less unitary in Latin America, but we also see this dynamic in the scope and incidence of the policy battles that are emerging between subnational and national governments in unitary countries. Gone are the days when we might expect that only in a federal country could subnational officials be able to directly challenge the policy direction of the national government. While control over at least one policy field appears as a defining feature of federalism in many definitions of the term, decentralization in unitary countries has emboldened elected subnational officials to develop, implement and defend policy preferences that often clash with the centre. Whether they succeed may have less to do with institutional design (i.e. federalism vs. unitarism) than in the underlying strength of the central state to monitor and punish these kinds of subnational deviations. Bolivia and Ecuador are two cases in point.^[12] In both unitary countries, neoliberal governors and mayors were able to defend market-friendly approaches in each country’s most important subnational unit (Santa Cruz and Guayaquil) – to the great chagrin of the “21st century socialists” who presided over each country at the national level and who failed to stamp out subnational neoliberalism (Evo Morales and Rafael Correa, respectively).

Concluding Reflections

Federalism remains a dirty word in large parts of Latin America. This bad reputation apparently has much to do with the perceived association between federalism and the kind of widespread political conflict and violence that took place between subnational territories in the region’s long and turbulent nineteenth century. If the shadow cast by the nineteenth century has been a long one, it is also the case that persistent concerns about incomplete state formation and the weakness of the central state in Latin America have probably also contributed to fears about the possibly destabilizing consequences of a wholesale shift to federalism. That no new countries in Latin America have formally joined the federalist camp or are likely to do so in the near future, however, should be seen as an opportunity rather than a hindrance to the study of federalism. As its federal countries become more truly federal while its unitary countries become less genuinely unitary, Latin America has emerged as an especially important arena in which to ask what difference federalism makes and why.

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at: <http://50shadesoffederalism.com/case-studies/federalism-vs-decentralization-latin-america/>

Further reading

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Wibbels, E. 2005. *Federalism and the Market*. New York: Cambridge University Press.

[1] For different approaches to the definition of federalism as applied to Latin America, see Alberto Diaz Cayeros, *Federalism, Fiscal Authority and Centralization in Latin America* (New York: Cambridge University Press, 2006) and Erik Wibbels, *Federalism and the Market* (New York: Cambridge University Press, 2005).

[2] Kent Eaton, *Politics beyond the Capital: The Design of Subnational Institutions in South America* (Stanford: Stanford University Press, 2004).

[3] Edward Gibson, ed., *Federalism and Democracy in Latin America* (Baltimore: Johns Hopkins University Press, 2004).

[4] Scott Mainwaring, "Multipartyism, Robust Federalism and Presidentialism in Latin America," in Mainwaring and Shugart, eds., *Presidentialism and Democracy in Latin America* (New York: Cambridge University Press, 1997).

[5] See, Gilberto M. A. Rodrigues, *Are Cities Constituent Units in Brazil's Federalism*. 50 Shades of Federalism.

[6] Javier Corrales and Michael Penfold, "Venezuela: Crowding Out the Opposition," *Journal of Democracy* 18 (2) 2007: 99-113.

[7] David Samuels, "From Socialism to Social Democracy: The Evolution of the Workers' Party in Brazil," *Comparative Political Studies* 37 (9) 2004: 999-1024.

[8] Yemile Mizrahi, *From Martyrdom to Power: The Partido Acción Nacional in Mexico* (Notre Dame: University of Notre Dame Press, 2003).

[9] Tracy Beck Fenwick, *Avoiding Governors: Federalism, Democracy and Poverty Alleviation in Brazil and Argentina* (Notre Dame: University of Notre Dame, 2016).

[10] Sara Niedzwiecki, *Multilevel Social Policies and Politics in Latin America* (New York: Cambridge University Press, 2013).

[11] Edward Gibson, *Boundary Control: Subnational Authoritarianism in Federal Democracies* (New York: Cambridge University Press, 2013), and Agustina Giraudy, *Democrats and Autocrats: Pathways of Subnational Undemocratic Regime Continuity within Democratic Countries* (Oxford: Oxford University Press, 2015).

[12] Kent Eaton, *Territory and Ideology in Latin America: Policy Conflicts between Subnational and National Governments* (Oxford: Oxford University Press, 2017).