

Municipal and Transnational Perspectives on Federalism: The View from Latin America

For good reason, scholars of federalism have emphasized the primary importance of the vertical relationship between the federal government and the states or provinces that form the intermediate tier of government. Over the last several decades, the literature on comparative federalism has shown that differences in the authority granted to intermediate governments (i.e. self-rule), along with disparities in how these governments are represented at the center (i.e. shared rule), explain a great deal of the cross-national variation that characterizes the world's federal systems (Elazar 1987). Likewise, cross-temporal shifts in the vertical division of authority between federal and intermediate governments generate much of the dynamism that individual federations may experience over time.

While this vertical relationship between federal and intermediate governments remains at the heart of the study of federalism, two other vertical relationships have begun to receive more of the attention they deserve: 1) the relationship between municipal governments and higher-level governments (both intermediate and federal), and 2) the relationship between subnational governments (both intermediate and municipal) and transnational actors beyond the nation-state. Drawing on recent work on Latin American federations (especially Argentina, Brazil, and Mexico), the main goal of this essay to show that, rather than take attention away from the core relationship between federal and intermediate governments, this relationship is further illuminated when we broaden our focus to include actors at a lower (i.e. municipal) and higher (i.e. transnational) level of analysis. In addition to demonstrating the desirability of “municipalizing” and “transnationalizing”

our research on federal systems, in the conclusion of this essay I point to three other pressing issues that should receive more attention from students of federalism in Latin America and beyond.

Municipalizing the Study of Federalism

Traditionally, municipal governments have loomed larger in the literature on decentralization than in the literature on federalism. We know that national governments in unitary countries from Bolivia and Colombia to Indonesia and the Philippines have often designed decentralization to favor local rather than intermediate governments out of fear that the latter would lead to federalism and/or separatism (Faguet 2013, Falletti 2010, Aspinall 2008, Eaton 2001). Relatedly, Tyler Dickovick (2007) showed that national governments in federations like Brazil and South Africa often play municipal and intermediate governments off of one another, favoring the former to handicap the latter because of the greater threat they pose to governability. But municipalities matter for federalism beyond these kinds of strategic calculations, and the last few years have seen the publication of important new research on the municipal dimensions of federalism in Latin America. Here I discuss two strands of this new work; the first emphasizes the importance of whether municipalities enjoy constitutional status, and the second asks how municipalities impact the construction and maintenance of subnational authoritarian regimes.

One path-breaking book is Tracy Fenwick's *Avoiding Governors: Federalism, Democracy, and Poverty Alleviation in Brazil and Argentina* (2016). As in Canada and the U.S., in Argentina the question of municipal autonomy is under the control of the provinces as the core federal unit. In these cases, "municipalities are creatures of the states and provinces, thus restricting the ability of municipalities to define and act on municipal interests or to engage in nonhierarchical arrangements (43)." In contrast, constitutions in Brazil and Mexico provide official recognition of municipalities as a third level of government, separate from the states and empowered *de jure* to engage directly with either

the state or federal level. Fenwick argues that this simple but critical difference between Argentina and Brazil has enormous implications for how these two otherwise quite similar federal systems operate, including the ability of the federal government to successfully implement conditional cash transfer (CCT) programs across the national territory. Although governors are powerful in both systems, and although they faced similar incentives to resist federal CCT programs that denied them credit-claiming roles, in Brazil governors were unable to subvert the federal government's goals because municipal governments are empowered by the constitution to partner independently with the center. In Argentina, governors can and did politically capture municipal governments within their provinces in ways that denied the federal government the subnational partners they needed for CCT implementation.

While Fenwick thus directs our attention to how the constitution treats municipalities, Sara Niedzwiecki's important new book (*Uneven Social Policies: The Politics of Subnational Variation in Latin America*) emphasizes instead the greater importance of partisan alignment; what matters in the implementation of CCT programs in these same two countries (Argentina and Brazil) is not the formal constitutional status of municipalities but whether they are governed by mayors who share party affiliations with governors and presidents. In both countries, opposition mayors did what they could to sabotage the policy preferences of higher-level governments. Despite their differing theoretical explanations, both scholars have made a powerful case for the importance of dipping down to the municipal level if we want to really understand federal policy making.¹

Turning from social policy to regime type, municipalities have also begun to appear more prominently in the now vibrant literature on the persistence of subnational authoritarian regimes within Latin America's federal democracies. Again what seems noteworthy is that municipal

¹ For two other important recent books on municipalities as arenas of policymaking in their own right (rather than as actors that can either advance or undermine federal initiatives) see Herrera (2017) and Sugiyama (2013).

governments are seen as important arenas by scholars who otherwise develop quite different theoretical arguments and depart from different starting assumptions. In Edward Gibson's theory of *Boundary Control* (2012), democratic presidents can enlist urban municipalities and "plural cities" in their attempts to reach down and remove authoritarian governors from office. Municipalities are also critical in Agustina Giraudy's 2015 book (*Democrats and Autocrats*) as spaces in which autocratic governors can build and defend the kinds of "mass support" that enable them to withstand presidential intervention designed to produce subnational regime change. While Jacqueline Behrend and Laurence Whitehead (2016) take issue with Gibson's and Giraudy's use of the term "regime" to describe what they instead call illiberal "practices" at the provincial level, they agree that the control of "municipal machines" is one of the main tools that authoritarian governors have used to entrench themselves in power. Finally, municipalities also hold the keys to the puzzle identified by Diego Díaz-Rioseco (2016), who asks why some oil rich provinces in Argentina are more democratic than others and finds higher levels of provincial democracy where oil revenues are shared directly with municipal governments.²

Transnationalizing the Study of Federalism

In addition to shifting "downward" to the municipal level, scholarship on federalism in Latin America has also begun – albeit in a much more tentative and limited fashion – to shift "upward" in the sense of more explicitly considering external and transnational actors. Despite the debate within the decentralization literature on whether international donors and financial institutions played an important role in encouraging Argentina, Brazil, and Mexico to adopt decentralizing changes (Dickovick 2014), scholars of federalism in these countries have tended not to problematize and still

² Most of the work on subnational authoritarianism in Latin America has focused on federal countries, but two recent dissertations by Juan Pino Uribe (2018) and Tomas Dosek (2019) demonstrate the importance of studying this phenomenon in unitary cases as well.

less to examine its international logics.³ In a region that has been labelled a “zone of peace” without the kinds of external military threats that featured so prominently in William Riker’s “coming together” theory of federalism (Kacowicz 1998, Riker 1964), the design and re-design of federal institutions has been seen as an exclusively domestic affair in Latin America. But the lack of more sustained attention to federalism’s external dimensions makes less sense in an increasingly globalized world, and is especially perplexing in a region where transnational approaches have become quite common. Here I’d like to flag two related but separate dynamics, distinguishing analytically between attempts by subnational actors to activate transnational strategies “from below” and attempts by transnational actors to “reach down” and partner with subnational governments. While scholars of federalism in Latin America have begun to examine the former through the lens of “paradiplomacy,” the latter has given rise to a substantial new literature on remittances.

Over the past several decades, the literature on federalism in the global north (e.g. Canada, Europe, the U.S.) has documented the growing incidence of “paradiplomacy,” a term that Ivo Duchacek and Panayotis Soldatos developed in the 1980s to denote the kinds of foreign activities by subnational governments that call into question the traditional monopolization of international affairs by national governments (Duchacek 1990, Soldatos 1990, Tavares 2016, 7). Distinguishing between three types of paradiplomacy (transborder, transregional, and global), Duchacek hypothesized that paradiplomacy sometimes complements, sometimes duplicates, and sometimes challenges the “macrodiplomacy” conducted by national governments, though he predicted more cooperation than conflict between national and subnational governments (1990, pp. 16, 29). Focusing specifically on the U.S. case, John Kincaid argued that “increased international economic interdependence and increased modernization of state governments” encouraged governors

³ For a partial exception see Gibson and Falleti (2004), who explicitly argue (contra Riker) that federalism in Argentina emerged despite the absence of an external military threat.

beginning as early as the 1950s to adopt more prominent roles abroad in the attempt to promote exports and attract direct foreign investment (1984, 95).

More recently, Latin Americanists have taken up the paradigm of paradiplomacy, most importantly in the form of Jorge Schiavon's 2006 book on the foreign affairs of Mexican states and Luis Maira's 2010 edited volume on "international subnational politics" in the region. These two books provide additional empirical evidence from Latin America to support the arguments of Kincaid and Duchacek, namely that subnational officials are chiefly motivated by the desire to promote exports *from* their regions and to attract investment *in* their regions, and that they have done so in ways that largely advance rather than challenge national preferences. According to Schiavon, democratization, decentralization, and economic liberalization are the three macro trends that have set the stage for greater paradiplomacy in Mexico, though he also uncovers significant variation across its 32 states in terms of the extent to which they have developed their own "international relations." Schiavon argues that income level and geography are the factors that best explain this outcome, with wealthier states and border states the main protagonists of paradiplomacy. Just as interesting is Schiavon's negative finding vis-à-vis what he calls the "partisan juxtaposition" hypothesis; opposition-governed states in Mexico are *not* in fact more likely to engage in paradiplomacy than states governed by the president's own party.

In their research on the Brazilian case, Tullo Vigevani and Débora Figueiredo likewise emphasize the fundamentally pragmatic rather than ideological orientation of subnational officials in Brazil as they have ramped up their international profiles (2010, 194). Although some right-leaning governors in the 1960s allied with U.S. agencies to overthrow the left-leaning federal government (Rodrigues 2004), in contemporary Brazil opposition governors and mayors of important cities like São Paulo are not more activist in the paradiplomatic sense. "To the contrary," according to Vigevani and Figueiredo, "in recent years partisan alignment between states and municipalities and

the federal government under President Lula da Silva of the Workers' Party has resulted in greater paradiplomatic efforts on the part of the former (2010, 190).”

My own research on Latin America – in both federal and unitary cases – has come to somewhat different conclusions by emphasizing the degree to which partisan and ideological conflict between national and subnational governments has encouraged the former to try to recentralize power and the latter to seek external allies in resisting these attempts. One case in point is Antonio Ledesma, the anti-Chavista mayor of metropolitan Caracas who sought to leverage the support of the Organization of American States and Spanish parliament in his efforts to defend subnational prerogatives (Eaton 2013). In Bolivia, governors on the right tried to enlist the help of the U.S. ambassador against the centralizing behaviors of leftist President Evo Morales, while governors on the left in Peru have attempted to partner with northern environmental NGOs to develop the kind of zoning capacities that could put limits on the extractive projects favored by market-friendly national governments (Eaton 2017). Simply put, we know that subnational actors like governors are playing more salient roles internationally, but we don't yet have a very full understanding of whether and how this development affects the balance of power domestically between federal and intermediate levels of government.

The same could be said about the impact of migrant remittances on the balance of power between all three levels of government in federations like Mexico. Remittances to Mexico have now been widely studied, but in research that focuses mostly on how they have impacted democracy (Meseguer and Aparicio 2012) or development (Duquette-Rury 2014) rather than federalism *per se*. Burgess (2012) argues that U.S.-based Hometown Associations (HTAs) have been more effective in leveraging remittances in Mexico than in El Salvador due to federalism in the former case, which has multiplied their points of access. But the reverse causal relationship has yet to be studied systematically: how do remittances shape federalism? The design of Mexico's 3x1 Citizen Initiative

Program, whereby funds from municipal, state, and federal governments triple the amount of money sent by HTAs, points toward a number of possible hypotheses. Remittances may strengthen municipalities vis-a-vis both the state and federal government by giving them the fiscal capacity they need to make use of their formal policy prerogatives. At the same time, most HTAs in the U.S. are organized as federations at the state level in ways that may redound to the benefit of their counterparts at the intermediate level of government in Mexico. Finally, because the 3x1 program represents the federal co-optation and extension of a program that began in one state (Zacatecas), and because it now requires federal approval for projects to go forward, the program may actually have bolstered the center vis-a-vis Mexico's subnational governments.

Conclusion and Three Pressing Issues

As in other world regions, the study of federalism in Latin America has privileged the relationship between the federal government and the provinces/states that together constitute the federation. This should absolutely continue to be the case, but at the same time we should work to remove the blinders that lead us to overlook how actors at lower and higher levels of analysis are shaping that pivotal relationship. The new research discussed here has demonstrated what can be learned about federalism when municipal and transnational actors are factored into our research designs, while also indicating where additional research is urgently needed. Shifting downward, we now have a better sense of how critical municipalities are in Latin America when it comes to understanding both *federal* policy making and *provincial* regime type. Shifting upward, subnational officials are engaging more aggressively in paradiplomacy at the same time that transnational migrants have organized in new ways to leverage their remittances subnationally, twin phenomena that are likely to shape the evolution of federalism going forward.

Even as we should continue to broaden our focus to examine other vertical relationships beyond the core federal-provincial interface, three other issues also deserve more sustained scholarly attention in the literature on federalism. The first has to do with the distinction between federalism and unitarism and the need to more explicitly compare federal with unitary systems. Where exactly the line between federalism and unitarism can be drawn is an age-old question, as we see in the still unresolved and ongoing debates about how best to define federalism. But regardless of the preferred definition in use, scholars have tended to only compare federal systems with one other and to overlook or understate the significance of subnational politics in unitary cases – merely because they are not “federal.” This tendency has been called into question by events in the last quarter century in Latin America as a number of unitary countries have moved dramatically in the direction of federalism without formally federalizing. Consider, for example, the decision to allow direct elections for governors at the intermediate level of government, which took place in Colombia in 1991, Peru in 2002, and Bolivia in 2005, and which will occur for the first time in Chile in 2020. This wave of institutional engineering poses a number of puzzles, beginning with the issue of why these countries have steadfastly eschewed the federal label even as federalization has occurred in this same period in countries as diverse as Belgium and Nepal. More generally, the recent introduction of gubernatorial elections should be seen as posing a number of research opportunities centered around such questions as how the shift to elected governors has impacted internal dynamics within political parties, the contours of politicians’ careers, the nature of intergovernmental fiscal relations, and the lobbying strategies deployed by interest groups and other civil society actors.

A second pressing issue has to do with the relationship between federalism and ethnicity. In recent years, one of the most vibrant and policy-relevant areas of research within the literature on federalism has to do with whether and how federal institutions can be designed to accommodate ethnic diversity and mitigate ethnic conflict in a disparate set of cases, ranging from Afghanistan and

Iraq to Indonesia and the Philippines. Latin America is almost entirely missing from this literature, which is especially curious given that, simultaneously, ethnic mobilization and the formation of powerful new indigenous movements and parties have emerged as one of the region's most stunning political developments. Indigenous Latin Americans are organizing along ethnic lines in fundamentally new ways – breaking sharply with the class-based politics that dominated the 20th century – and yet nowhere are they demanding federalism. Why? The absence of federalizing demands is true even where ethnic identities do indeed coincide with territorial spaces, as in the lowland Amazonian regions of Bolivia, Ecuador, Peru, and Colombia, where the modal preference is clearly for autonomy rather than federalism. This too poses a number of questions. Even if the terms are different in non-trivial ways, what can the growing literature on “peace-preserving federalism” tell us about the design, adoption, implementation, and defense of autonomy for indigenous communities in Latin America (Bermeo 2002)? How might the recognition of autonomy in response to indigenous mobilization resemble the asymmetric forms of federalism that have become more common outside Latin America, even as Latin American federations themselves adhere quite closely to symmetric designs (one exception here being Mexico where the state of Oaxaca alone is allowed to use local indigenous customs in the selection of municipal authorities).

Finally, one of the greatest challenges confronting the study of federalism in Latin America stems from high levels of institutional volatility in the region, along with the pervasive weakness of its political institutions. This is of course a challenge not just for Latin America, but for all countries or regions of the world that are characterized by feeble and/or fluid political institutions. Why exactly do federal institutions matter, and why should we take them seriously as scholars, if institutions more generally can be flouted by powerful politicians when they simply do not suit? At least in the less institutionalized contexts of the global south, students of federalism as an institutional *design* should pay greater attention to underlying questions of institutional *strength* and

state capacity. Here we have much to learn. Consider the vertical relationship between federal and intermediate governments highlighted at the outset of this essay. Do weak institutions favor the former or the latter in their ongoing struggles over the balance of power? On the one hand, one could credibly hypothesize in Latin America that weak institutions in the form of compliant judiciaries redound to the benefit of the powerful presidents who preside over federal governments and who are able to run roughshod over constitutional constraints to the detriment of subnational elected officials. On the other hand, deficient levels of state capacity in Latin America mean that national governments often struggle mightily in their attempts to project power across territory and to discipline subnational elected officials when they behave in ways not sanctioned by formal constitutional rules. Hypotheses of this sort simply do not resonate in highly institutionalized federations like Australia, Canada, Germany, or the U.S., but they deserve greater consideration where federal designs are adopted in the context of weak states and anemic institutions.

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