Introduction:

Federalism and Democracy in Latin America: Theoretical Connections and Cautionary Insights

Edward L. Gibson

Introduction

“This is the age of federalism.” So wrote William Riker (1964) in his landmark book on the origins and evolution of federal systems. At one level he was right. In the 1950s and 1960s most of the large and important countries of the world were governed by federal constitutions. Both superpowers locked in their struggle for global hegemony were federal republics. India, the world’s largest democracy, was a federal republic. In Latin America the “ABRAMEX” triad of regional hegemons, Argentina, Brazil, and Mexico, were federal republics as well. Thus, federalism was indeed a constitutional order that belonged to governments controlling the largest share of the planet’s populations and resources. And it was, as Riker well remarked, the most important political formula for bringing heterogeneous populations spread across large landmasses under a single form of government.

However, from the perspective of the early 21st century, Riker’s proclamation seems somewhat premature. On paper, Riker’s age may well have been one of federal constitutions, but in the realms of political action and political power, the world was far less “federalized” than it is today. The United States, which served as model to Riker’s theory, was a federal country in name and in practice, but to most living in the developing world the middle of the 20th century was still an age of centralization, where leaders and revolutionaries built national states that sought to bring wide scale social, political, and economic change to their countries. In many cases, from Mexico and Venezuela to the Soviet Union, the existence of federal constitutions were mere formalities, or at best institutional devices that effectively linked territories together under a formal federal
structure whose constituent units were overawed by the centralizing national state. In others, from Brazil to Yugoslavia, the struggle between central and subnational authorities was permanent and usually settled in favor of the former. To much of the federal world, therefore, the formal jurisdictional divisions, territorially-determined identities, and subnational political structures that embodied the federal political order coexisted with practices and institutions that tended to keep the spheres of independence of the federations’ constituent units to a minimum.

Today we may not have a significantly larger number of federal countries in the world, but there is little question that the institutional features of federalism have a greater impact on the daily lives of people living in federal countries in the early years of the 21st century than they did in the middle years of the 20th century. Today ‘federalization’ has meant a process of political decentralization that has given greater protagonism to subnational governments and political actors, has often heightened the importance of territorial representation (as opposed to population representation) in national political institutions, and has redistributed power and resources between levels of government. In federal countries this has led to the activation of institutional features, particularly those related to the empowerment and representation of territorially based actors, that were less visible under centralization. This has meant that the formal existence of dual levels of government characteristic of federal systems has become increasingly a matter of actual practice in many of the world’s federal systems. If the mid 20th century was indeed the “age of federalism,” then it might be said that in the early 21st century we find ourselves in an epoch of federal praxis.

The revival of federalism has generated considerable interest in how federal institutions shape politics, policy-making, and the quality of life of those living in federal systems. These are concerns that brought the present volume’s authors together in this collaborative endeavor. The
chapters that follow make a number of theoretical and empirical contributions. Theoretically, they explore the extent to which federal institutions matter for politics, policy-making, and democratic practice. They also offer conceptual approaches for studying federal systems, their origins, and their internal dynamics.

The volume’s contributors have also sought to shed light on the internal dynamics of a constitutional order that governs a majority of Latin America’s population. Only four countries in Latin America are formally federal, but they comprise 65 percent of the region’s population. The region’s three largest countries, Brazil, Mexico, and Argentina, have federal constitutions, as does Venezuela. Substantively, therefore, federalism is an important topic of study, and this volume aims to provide a better understanding of the internal political dynamics of its federally organized polities.

The volume also advances research agendas toward relatively unexplored dimensions of the politics of democratization in the region. The manifold political processes we tend to lump under the “democratization” label have involved well-analyzed struggles along different dimensions of conflict. These have included struggles between social classes, partisan forces, social movements, and economic interests. Less well analyzed have been the geographic dimensions of conflict—conflict between center and periphery, conflict between levels of government, and conflict between regionally organized collective actors. These dimensions of conflict, until now seen as hopelessly old fashioned topics of study, have now been cast back into the limelight by the realities of the political world, as new realities emerge that defy prior explanatory frameworks and push politics in unexpected directions.

The rediscovery in recent years of the “subnational” in comparative politics, and of the “politics of decentralization” in the field of political economy, represent important new scholarly
agendas in the comparative study of Latin American politics.\(^1\) Noticeably absent, however, have been parallel agendas on the comparative study of federalism in the region and the interactions between federalism and democratization.\(^2\) Recent political developments make a compelling case for such agendas, for federalism has become an important strand in the unfolding story of democratization in the region.

As a collection of separately authored essays, this book develops a variety of themes and perspectives on federalism and territorial politics more broadly. It is also not without debate and disagreement between the authors. However, the volume is a collaborative effort in which the authors have met with one another in various opportunities and forums and have converged around a number of overarching questions. Their theoretically driven explorations into the dynamics of federalism in Latin America shed light on questions about federalism that go beyond the specificities of the Latin American cases. Before outlining the contours of the debate and insights of the volumes chapters, it might be useful to list some of the overarching questions linking the contributions to this volume:

- How do we define and measure federalism, and how do we study it comparatively?
- Does federalism matter for politics and public policy?
- What explains the origins of federal systems, and why should this matter?

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\(^1\) For an important theoretical statement on the study of the subnational in Comparative Politics, see Snyder (2001). For a recent work on the causes of decentralization, see Garman, Haggard, and Willis (2001). For a suggestive work on the consequences of decentralization, see Montero (2001). See also Falleti (2001). Remmer and Wibbels (2000) provide a discussion of a number of important issues and debates.

\(^2\) Notable exceptions are a small number of country studies, such as Abrucio (1998), Samuels and Abrucio (2001), Gibson and Calvo (2000). For a rare full-book length study of the politics of federalism in Latin America, see Samuels (2002). As Alfred Stepan notes, the neglect of federalism in Latin American democratization studies reflects a broader theoretical neglect of the study of the relationships between federalism and democracy.
• What is the relationship between federalism and democracy? (Especially in regards to political representation, democratic transition processes, and the operation of democratic government?).
• What is the relationship between federalism and party politics?
• Does federalism have an impact on public policy and the flow of economic resources within the federation?
• What are the determinants of change in federal systems?
• How can we understand Latin American federalism in a broader global perspective?

**Federalism: Definitions**

Before continuing with a discussion of the issues addressed by this book it might be helpful to clarify the concept of “federalism” that is employed by the authors in this volume. Definitions and usages of “federalism” abound in the social sciences and policy-oriented fields, and there is thus an understandable confusion about what, in fact, the term “federalism” denotes in the real world. Two general conceptualizations have dominated the literature. These can be labeled as the ‘federalism as decentralization’ school and the ‘federalism as alliance’ school. Under the first conceptualization, “federalism” can be understood as a set of practices in which the distribution of political and economic activities is spatially decentralized in any given national territory. Thus, the literatures on “fiscal federalism” or “market preserving federalism” stress the decentralization of political and economic authority in their conceptualizations, regardless of whether these are constitutionally determined. In this approach, “federalism” is more a synonym for decentralization than a term that denotes a particular political or constitutional order.

The “federalism as alliance” school stays true to the Latin meaning of the term “foedus”, which signifies “league, covenant, or alliance” (Elazar, pg. 115; Glassner 1996, pg. xv). This conceptualization encompasses a wide variety of political organization forms. As Daniel Elazar (1991, xv) writes, “federal principles are concerned with the combination of self-rule and shared rule. In the broadest sense, federalism involves the linkage of individuals, groups, and polities in
lasting but limited union, in such a way as to provide for the energetic pursuit of common ends while maintaining the respective integrities of all parties... In the twentieth century it has come to be particularly useful for its flexibility when it comes to translating principles into political systems.” What links all these possible forms of political organization then, is the combination of the principles of unity and internal autonomy. The 20th century “federal idea” has thus found expression in a variety of political organizations, ranging from confederal arrangements between sovereign countries (the European Union, for example), to federations (e.g. the United States of America, Russia, or Brazil), or to condominia, where small relatively autonomous territories are ruled jointly by larger powers.³

The ‘federalism as alliance’ definition thus captures an important common element in political systems involving shared rule between constituent governments. However, its broad denotative scope still leaves problems of operationalization. While some may be interested in the entire genus of federalisms, the contributors to this volume are focused on a particular species that is national in scope, rather than international, and is also constitutionally specified. This species of federalism, whether it is labeled “federation” (Watts, Elazar), “centralized federalism” (Riker), or just plain “federalism,” can be defined as a national polity with dual (or multiple) levels of government, each exercising exclusive authority over constitutionally determined policy areas, but in which only one level of government—the central government—is internationally sovereign.

This definition builds upon various definitions in the literature that stress the fact of two governments ruling over the same territory as the defining characteristic. The stress on

³ For an extensive listing of such institutional possibilities, see Watts (1996, pg. 8). Watts’ listing, which is a slightly expanded version of that found in Elazar’s Federal Systems of the World, offers the following “spectrum of Federal Political Systems”: Unions; Constitutionally decentralized unions; Federations; Confederations; Federacies; Associated States; Condominiums; Leagues; Joint functional authorities; Hybrids.
international sovereignty for the national level of government sharpens the distinction between federalism as a constitutional order for the nation-state and other political forms often grouped under the term “federalism.”

The levels of government of a federal system are territorially defined and are always divided between a central government with national jurisdiction and subnational governments (e.g. “states” or “provinces”) with jurisdiction over delimited areas of the union. The division of powers between levels of government varies by constitutional design or political practice. However, as Robert Dahl puts it, it results in a political arrangement in which “some matters are exclusively within the competence of certain local units—cantons, states, provinces—and are constitutionally beyond the scope of the authority of the national government; and where certain other matters are constitutionally outside the scope and authority of the smaller units” (Dahl 1986, pg. 114). This form of government first created by the founders of the United States of America and subsequently adopted in Latin America and elsewhere, “makes two sovereignties abide in the same body politic” (Finer 1997, pg. 1515). However, the sovereignty of the subnational units exists not in relation to the international system, but in relation to the central government and the other constituent units of the federation. Thus it is possible to distinguish such polities from such other political arrangements as confederacies, leagues, or condominia.

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4 The civil divisions of federal countries can vary, however. First-order civil divisions are usually states or provinces, and these are subdivided into lower order civil divisions ranging from counties to municipalities, each with varying levels of autonomy across federal systems.
Does Federalism Matter?

One of the overarching questions linking the contributions to this volume is whether federalism “matters” for politics and policy-making. There is little question that, in theory and in practice, federalism has retained enormous importance as a formula for overcoming problems of national unification and integration over the centuries, and its luster has seldom been brighter than in the contemporary period. However, its impact on the day-to-day workings of politics is more ambiguous than its popularity as a political formula would suggest. Put simply, when we examine a range of political outcomes commonly associated with federalism, such as the decentralization of the political system, the power of particular political actors and institutions, or patterns of policy-making, it difficult to tell whether these are being caused by the specific institutions of federalism or by other factors in the political system. William Riker, one of the earliest contemporary theorists (and proponents) of federalism, was also one of the most famous skeptics on this question. In different writings on the subject he suggested that, in order to understand the actual operation of federal systems we should look not to constitutional structure, but to such “real forces in the political system” as national party systems, entrenched political practices, and political and economic power structures (Riker 1969; 1975; Stepan this volume).

Today, in a period of rediscovery of the causal importance of institutions, Riker’s arguments provide a tempting target for the obvious rejoinder that federal institutions do indeed matter. However, the proponents of this argument must still shoulder the burden of proof, for the skeptics’ position is based not only on Riker’s early doubts about the enduring impact of institutional forms and constitutional design, but also by the fact that federal systems seem to vary widely in their internal practices, centralization, and power relationships regardless of similarities
in constitutional design. This alone provides evidence that much more is at work in shaping the internal power dynamics of federalism than the institutional features of federalism per se.

Federalism as an “independent variable” is indeed a moving target, one whose causal impact eludes parsimonious theorization. However, a consensus that emerges in the following chapters of this volume is that there is an intrinsic power to constitutional design, and the fact that a constitution is federal shapes probabilities for the distribution of power between levels of government and regionally based actors.  

Federalism is a system with a built-in presumption that powers will be divided between a central government and subnational governments, and that political representation will balance representation of territories against representation of people. Nevertheless, empirical evidence, and the cases analyzed in this volume, shows considerable variation in practice, and this variation often exceeds what might be predicted from institutional design. Constitutional structure alone does not predict the causal impact of federal institutions or the internal political dynamics of federal countries. Understanding these dynamics requires systematic attention not only to the institutions of federalism themselves, but to how they relate to the broader political system in which they are embedded.

The book’s chapters suggest that there is an interactive effect between the endogenous institutional features of federalism and the characteristics of the broader political system. This raises important issues for measurement and explanation. If measures or theories of federalism are to be useful, they must identify those features and effects that are clearly attributable to federal institutions and those that are not. Similarly, explanations focusing on the interaction between

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5 Although this “consensus” is not unquestioned by contributors to this volume. See, for example, Diaz-Cayeros’s general support of the Rikerian position in his chapter on Mexico, as well as Snyder and Samuel’s article on malapportionment and its effects, which they see as transcending federalism itself.
federal institutions and the broader political system must be able to separate the two clusters of variables and specify the mechanisms whereby they jointly affect political outcomes.

Unpacking this interaction thus requires that we proceed analytically in two steps. First, we need to look at the constitutional features of the federal system. These will spell out the attributions of authority, the limitations of power, the policy scope of different governmental bodies and levels of government, etc. They express a presumptive division of power between actors and institutions at different points in the federal system. Second we must look to the relationship between federal institutions and characteristics of the broader political system in which they are embedded. This includes such variables as regime type (i.e., whether a regime is democratic or authoritarian), party system characteristics, electoral laws and legal frameworks, and key aspects of fiscal politics and political economy. The cases analyzed in this book show that in varying ways and in different contexts, these systemic factors affect the centralization of federal systems and the distribution of power between institutions and political actors—shaping and reshaping arrangements codified in federal constitutions. However, our cases also show that causality works in both directions. Federal institutions also shape the scope and pace of centralization and decentralization, fragmenting party systems, creating multiple arenas for political mobilization, empowering political actors, and limiting the prerogatives of others.

What does Federalism Actually Do When it Matters?

The effects of federalism on politics can theoretically be felt in any type of federal system and at any level of centralization. It may make a significant difference to national unity or integration, for example, if a system is federal rather than unitary, even if that federal system is highly centralized and grants few prerogatives to its constituent units. Here the “fiction” of
federalism (to quote Riker) in preserving collective identities through the constitutional legitimation of self-government and shared rule can provide important solutions to collective dilemmas of state and nation-building (Riker 1969, pg. 146). However, regarding the day to day practice of politics and government, it is fair to say that the theoretical importance of federalism increases with its degree of decentralization. In quotidian political life, a centralized federal system is hardly distinguishable from a centralized unitary state. A federal system matters most for politics and public policy when it is decentralized, or when its decentralizing characteristics, once dormant, have been activated.  

If emerging from a period of dormancy, federal institutions are likely to have been activated by an exogenous change from the system at large, whether via regime change (as the Mainwaring and Samuels chapter on Brazil shows), by changes in electoral laws (as seen in the Mexico chapter by Ochoa), or other external ‘shocks.’ However, as several of our authors show, once activated, federal institutions often take on a life of their own, accelerating the decentralization process beyond the original policy-makers’ intent, or shifting the arenas and resources for political competition and mobilization. This dynamic is consistent with a general pattern of institutional change observed by Kathleen Thelen and Sven Steinmo (1992, pg. 16), who write that: “changes in the socioeconomic or political context can produce a situation in

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6 This emphasis on the importance of decentralization for the relevance of federal institutions to politics and public policy would be questioned by Alfred Stepan, who argues forcefully in this volume that “federal institutions matter for policy at all points on the demos-constraining/demos-enabling continuum.”

7 As Michael Penfold Becerra’s chapter in this volume demonstrates, a change within the federal system—an endogenous shock—is also a possible catalyst for further change in the federal system (and the political system at large). In the Venezuelan case, the enactment of a law permitting the direct election of state governors (they had previously been appointed by the president), unleashed a series of events leading, first, to the decentralization of the federal system, and then to the fragmentation of the centralized party system.
which previously latent institutions suddenly become salient, with implications for political outcomes.” In this sense, the ‘dormancy’ of federal institutions can lull would-be reformers into a complacency they will in time regret, for these can become catalysts for unexpected (and unwelcome) change.

In what ways does a decentralized or activated federal system structure politics and shape political outcomes? At the risk of overlooking important examples, a review of the evidence presented in the book’s chapters suggests that federalism affects politics in the following ways:

- It establishes *de jure* limits to the scope of governmental action
- It increases the number of veto players in the political system
- It creates multiple arenas for political organization and mobilization
- It shapes patterns of democratic representation, generally expanding the scope of territorial representation over population representation (representation by “state” or “province” rather than by numbers of people).
- It distributes power between regions and regionally-based political actors
- It affects the flow of material resources (fiscal or economic) between populations living in the federal union.

*Federalism and Democratization: Conventional Wisdoms and New Questions*

The exogenous ‘shocks’ that sparked federalism’s late 20th century revival in Latin America are little understood, but they were undoubtedly linked to the two macro-level shifts of the time: region-wide market oriented reforms and democratization. The turn toward market reforms and economic stabilization policies brought about a significant reorientation of the roles and functions of the central (national) government, and led to a decentralizing trend in many

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8 See also Paul Pierson (2000) for a related theoretical discussion of the potential for institutional structures to form additional complementary institutional structures in processes of change.
countries, regardless of whether they were federal or unitary. Democratization altered the context of party competition and political contestation.

The new economic models adopted throughout the region after the economic crises of the 1980s unleashed a search for alternatives to the central state as agent of national economic development and fiscal management. In economic investment and production, private enterprise increasingly replaced State-owned enterprise. In the management of public affairs, attention was shifted to other levels of government, namely the province and municipality, as national policy-makers sought to relieve the central government of fiscal burdens and administrative responsibilities. The political structures of federalism provided obvious built-in alternatives to the national government, as well as constitutional mechanisms to enhance the empowerment of subnational actors once the process of decentralization was initiated. As several chapters point out, the dusting-off of institutional provisions empowering subnational authorities, and the transfer of political and fiscal resources to governors with formal (but previously unmobilized) constitutional powers, set in motion a real redistribution of power in Mexico and Venezuela, which were federal systems in name only. In Brazil, it swung the proverbial federal pendulum back toward the empowerment of subnational authorities.

Democratization had a similar activating effect on federal institutions, but this was not due to any inherent compatibility or teleological relationship between federalism and democratization. Rather, it was due to the effects of democratization on party system dynamics in federal systems. Dramatic shifts in patterns of political contestation (e.g., the devolution of power from military authorities to civilian party politicians, as in Brazil, or electoral reforms, as in Mexico and Venezuela), led in varying ways to the activation of federal institutions and the empowerment of

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9 As many proponents of federalism would argue (see the discussion below).
The power shifts that resulted from these developments drive many of the questions in this volume, and make an understanding of the actual relationship between federalism and democracy all the more pressing. The decentralization of federalism has indeed been a consequence of the myriad economic and political developments of the current ‘wave’ of democratization, but what expectations should we have about how the decentralization of federalism will affect the operation, efficacy, and fairness of these democracies?

The conventional wisdom about federalism is strikingly celebratory in general scholarly and policy-oriented work, and the expansion of federal practices and institutions in Latin America has thus been greeted with enthusiasm. Among the celebrators it is possible to distinguish between two schools, one stressing the connections between federalism and efficiency, the other stressing the connections between federalism and democracy.

The “efficiency” school of federalism draws its insights from economic and fiscal theories of federalism, principally the work of Charles Tiebout (1956), the French social scientist who forty years ago argued for the importance of competition between different levels of government for the efficient provision and distribution of goods and resources. Tiebout’s insights have had a major influence on various recent publications, from those of the World Bank to the recent work by Barry Weingast (1995) on “market preserving federalism,” all of which see federal arrangements, particularly those promoting subnational autonomy, fiscal decentralization, and

This, in turn, structured the incentives, institutional arrangements, and power dynamics governing political life, reshaping relations between center and periphery, altering policy-making patterns, and redistributing power within the political system.
economic accountability as conducive to economic growth. This is a generally prescriptive school, and the analytical boundaries it provides between federalism per se and decentralization are blurry at best. Nevertheless, it has been highly influential, particularly in the domains of fiscal federalism and decentralization studies.

The “democracy” school of federalism similarly has its exponents in theoretical and policy-oriented work, and is deeply ingrained as well in popular conceptions of politics and political institutions. Elementary and high school civics and social studies texts in the U.S. routinely extol the democratic aspects of federalism, and it is not unusual to find this in other federal countries as well.

Among proponents of the “democracy” school, federalism is seen as intimately connected to democratic practice, whether from a perspective that sees local governments as more responsive to individual citizens than national governments, or from one that sees such governments as democratic bulwarks against the encroachments of a central state. Federalism, or the decentralization of federal systems, is thus seen as a natural institutional consequence of the

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11 The following excerpts from a seventh grade Mexican civics textbook provides a nice illustration: in a table listing the “differences between federalism and centralism,” we see the following distinctions:

“Federalism: The republic is divided in free and sovereign states. Centralism: the republic is divided in departments subject to the Central Government. Federalism: Promotes greater citizen participation. Centralism: Citizen participation is non-existent. Federalism: Local laws are adapted to the needs of local inhabitants. Centralism: Laws are made without taking local conditions into account (Castro and Vazquez Reyna 1998, pg. 40).”
contemporary wave of democratization that is sweeping much of the developing world. Daniel J. Elazar, the author of some of the most widely cited texts on contemporary federal systems, sees federalism as a liberating global movement that follows from centuries of centralizing state building and authoritarian rule.\(^{12}\) Regarding Latin America, he writes,

The strengthening of federalism has been a significant item on the agendas of Argentina and Brazil in their turn from authoritarianism to liberal democracy. Brazil’s new constitution increases the formal powers of the states *vis-à-vis* the federal government in the name of democracy. The formal and rather weak federal system of Mexico is becoming a vehicle for the emergence of an effective and competitive political opposition there through the Mexican states. Venezuela has elected to strengthen its existing federal system by providing for the popular election of state and local chief executives to strengthen its democratic regime (1991, pg. x).

This book offers cautionary insights to these celebratory schools of federalism. The authors of the following chapters see federalism not as arrangements for enhancing the efficiency of policy-making, but as a constitutional order that structures power relationships between regionally organized actors and levels of government. As several authors suggest, the ‘federalization’ of politics bears no predictable relationship to increases in economic efficiency or

\(^{12}\) In the introduction to his text, Elazar (1991, pg. x) writes, “For well over 300 years, the major political efforts of European civilization as well as peoples and countries influenced by that civilization have been directed toward building such politically sovereign states, and all too often reifying them so that the states take on an existence separate from the peoples they are designed to serve...While state-building and even statism has been the common denominator of the modern age and its immediate aftermath, parallel to it there has developed a second system of polity-building, one in which the benefits of statehood, namely liberty and autonomy, or, in contemporary terminology, self-determination and self government, are gained through what generally may be denominated federal arrangements.”
the efficacy of economic policy-making. Similarly, the contributing authors see federalism not as an outcome or end of the democratizing process, but as a variable that interacts with democratization—strengthening democratization at some levels and inhibiting the operation of democratic government at others. Federalism and democracy are linked not ontologically, but via institutional mechanisms. Uncovering and specifying these mechanisms is one of the challenges assumed by the authors of many of the following chapters.

**The Origins of Federalism: Theoretical Understandings and Significance**

In considering the origins of modern federalism, we turn once again to William Riker, whose notion of a “federal bargain” between sovereign or potentially sovereign entities dominates our theoretical understanding of the genesis of federal systems. Riker suggested that political entities with actual or presumptive claims to sovereignty agree to join together in a federation to meet a joint security threat or foreign military opportunity that they are unable to meet on their own. The constituent units of the federation thus willingly trade sovereignty for security and military power in a “federal bargain” (Riker 1975, pg. 11-14). Drawing from the experience of the late 18th century North American colonies, Riker proposed this as a general model for the formation of federal systems.

Two essays in this book explore this issue, and they offer substantial amendments to Riker’s theoretical understanding of the origins of federal systems. The articles by Stepan and

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13 Or, as other authors have shown, it has no necessary relationship to improved governance or other valued goals of economic policy-making. See Treisman (2000) and Linz and Stepan (2000).

14 For a theoretical critique of Riker’s theories of federalism see Stepan, this volume.
Gibson and Falleti both question the generalizability of the United States model to other parts of the world. Conceptually, Stepan views Riker’s model of federalist formation as only one possible model, one which Stepan labels “coming together” federalism. However, the paths to federalism, as Stepan notes in this volume, are many, and “some of the most important federations in the world emerged from a completely different historical and political logic.” One such logic, Stepan suggests, is the preservation of a pre-existing union, such as a multiethnic unitary state that adopts federal arrangements in order to prevent the union’s dissolution or to manage ethnic tensions more effectively. Stepan labels such cases, whose more notable members include India, Spain, and Belgium, as examples of “holding together federalism.” Another ‘logic’ driving federal formation is coercion, and Stepan, building on the example of the Soviet Union, proposes “putting together” federalism an additional ideal type of federal formation to incorporate this and similar historical examples.

Gibson and Falleti’s case study of the origins of Argentine federalism also suggests the need for a more fine-grained view of the processes by which federal systems form. Theoretically, the authors question the generalizability of two key elements in Riker’s model: the consensual connotations of the notion of a federal “bargain,” as well as the precondition of an external military threat or opportunity for federal formation. The adoption of federalism in Argentina, the authors suggest, was a result of civil war, political conflict, and institutional gamesmanship. The drive toward unification between mutually antagonistic provinces was based on economic need in a geopolitical context void of common external military threats or opportunities at the time of federal unification.

Methodologically, Gibson and Falleti draw attention to the need to distinguish between the concepts of state formation (e.g., “the United States” or “Argentina”) and regime formation.
(federal or unitary), two concepts that are conflated in Riker’s theory. In the cases of Argentina and other countries, state formation preceded regime formation, and the first several decades of statehood were consumed by often bloody conflict over the choice of federal or unitary regimes.

Gaining a theoretical understanding of the genesis of federal systems has much more to it than historical interest. It reveals much about the continuing internal dynamics of federal systems. To Stepan, the distinctions between “holding together” or “coming together” federalism reveal a great deal about dynamics of change, whether in federal systems themselves, or in the transformation of unitary states into federal or quasi-federal systems. It also reveals much about the dynamic relationship between federalism and ethnic differentiation--in a path dependent sense, the origins indeed shape the subsequent trajectories of federal systems. To Gibson and Falleti, the exploration of the origins of federalism provides a way of understanding not only the eventual balance of power between the central government and provincial government (commonly referred to as “centralization” or “decentralization”), but also the balance of power between the provinces themselves. To a great extent, federalism is an institutional solution to the problem of power asymmetries between the constituent units of a federation, a fact that is startlingly overlooked in theoretical treatments of federal systems. To the bulk of the literature on federalism, the main line of conflict identified is intergovernmental—between the central government and the subnational governments as a whole. The origins of federal systems, where the distribution of power between the members of the federation is crystallized institutionally (either by blood, deliberation, or both) provides an opportunity for understanding the regional power dynamics and the institutional compensatory mechanisms that continue to shape the operation of federal countries well beyond their initial period of unification.
As Scott Mainwaring and David Samuels note in their contribution to this volume, federalism often pushes democracies in the direction of what Arend Lijphart labeled “consensus” democracies, which place checks on democratically elected majorities, and gives minorities virtual veto power over major policy decisions. To Lijphart (1977), such majority constraining devices were characteristic of highly divided societies, and in his work on “consociationalism” he listed federalism as one of several arrangements for multiethnic societies where language and ethnicity coincide with territorial cleavages. In such “multinational” societies the constraints on majoritarian rule under federalism had their origins and justifications in the protection of territorially organized national minorities. In Latin America, however, the absence of such territorially defined societal cleavages renders the driving forces behind the adoption of federalism, as well as the normative justifications for violating the “one person, one vote” norm less clear. The origins of federalism in Latin America (just as in the United States) had little to do with multinationalism or linguistic cleavages drawn along territorial lines.

The Iberian colonization experience had a culturally and religiously homogenizing effect on the dominant strata of the region, so that territorial divisions and ethnicity did not coincide in any significant way.\(^{15}\) The political division of Brazil and Spanish-speaking Latin America into separate nation-states resolved the dominant linguistic divide in the region, between Spanish speakers and Portuguese speakers. Thus, in Latin America, as in the United States, it was not cultural or ethnic diversity between regions, but size, economic differentiation, and strong traditions of local elite rule and military stalemate that were the driving forces behind the adoption of federal forms of government.

\(^{15}\) These were, of course, multi-ethnic regions, but the indigenous populations were subjugated by the dominant Spanish or Portugues nation-states, and federal systems were not structured according to the territorial organization of ethnic groups or nationalities.
These 19th-century “bargains” between regionally organized elites thus bequeathed a legacy of federalism to their 20th and 21st century descendants. In many cases the causes and conditions that justified these federal arrangements have withered away in the modern age. In others, federal institutions continue to mediate the economic power disparities that exist between the constituent units of the federations. But whether the underlying conditions of the 19th century nation-building phase of Latin American countries persist or not, federal institutions, forged in the cauldrons of a distant century’s conflicts, continue to “structure” politics in the present day.

Federalism and Representation in Democratic Regimes

The norm of “one person-one vote” is the most invoked and exalted norm of democratic theory, and the most violated norms of democratic practice. This is due not only to illegal manipulations by nefarious authoritarians, but to constitutional design by revered democratic ‘founding fathers’ wary of potential excesses from majority rule. Federalism poses potential limits to the “one-person, one vote” principle by combining two norms of political representation in its institutions, representation by population, where the unit of representation is the individual citizen (one person, one vote), and representation by territory, where the unit of representation is the subnational territorial entity (e.g., each state receives a fixed standard of representation regardless of its population). All federal systems reflect internally the tensions between these two representational norms, and the balance between the two is often a permanent subject of controversy, reform, and manipulation in federal systems.

In his contribution to this volume Alfred Stepan explores the theoretical links between federalism and democracy, and proposes a scheme for comparing federal systems according to how such systems “constrain” democratically elected majorities at the center. His proposed
“demos-constraining-demos enabling” continuum highlights the fact that federalism divides nations not only into multiple and overlapping governments, but also into multiple and overlapping electorates—a national demos and various subnational demois. The continuum measures the extent to which the institutional structure of federal systems constrains or enables leaders representing the national demos and pursuing policies supported by a union-wide majority. All federal systems, Stepan notes, constrain elected governments at the center. However, they vary considerably in the extent to which representation departs from the “one-person, one vote” norm in favor of a territorial concept of representation. They also vary in the extent to which the distribution of powers in the federal system permit regional minorities to check policy making by governments representing the national demos. Stepan’s scheme pushes us beyond a centralization-decentralization continuum—which measures how federalism structures relations between governments-- toward a continuum that captures how federalism structures democratic representation. Theories of federalism are thus joined to theories of democracy in the conceptualization and comparison of federal systems.

One of the most significant devices for structuring the balance between population and territorial representation in federal systems is the apportionment of seats to national legislative bodies. Few issues in federal systems are more subject to controversy and political manipulation than apportionment. Even the United States, the world’s oldest federation, is not exempt from continuous controversies regarding the balance between population and territorial forms of representation. Battles over legislative apportionment reflect the ongoing tension in U.S. federalism between these competing norms at all levels of the system.16 In one of the more recent

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16 Apportionment battles are also over partisan advantage (e.g., the notorious practice of “gerrymandering” to ensure a party’s majority in a congressional district). While not
twists in the evolving balance, the U.S. supreme court weighed in on behalf of the “one-person, one vote” norm in a series of decisions regarding the apportionment of seats for state legislatures. In a 1964 decision it asserted that, at least at the state level, “legislators represent people, not trees or acres.” Nevertheless, as we shall see below, the representation of ‘trees and acres’ at the national level is secure in the U.S. Senate’s equal allocation of two seats to all of the union’s disparately populated states.

As several of the chapters in this volume show, patterns of legislative apportionment vary considerably across federal systems. In bicameral federal systems territorial and population representation are usually divided between the Upper Houses of the legislature (or “Senates,” as they are usually called), which are based on territorial representation, and the Lower Houses, where seats tend to be apportioned according to population. Malapportionment is thus built in to Senates by definition, and it is here where the greatest disparities in representation tend to be found in federal systems. Thus, in the U.S. Senate, the granting of an equal number of seats to all states regardless of population produces a high level of overrepresentation of small states. As a result, it takes 67 times more voters to elect a Senator in the state of California than it does in the state of Wyoming. In Brazil and Argentina, whose federal systems were modeled on the United States, the gaps are even larger. In Brazil one vote in the state of Roraima is in effect worth 144 unrelated to the conflict over population representation and territorial representation, this is separate analytical issue.


18 As the chapter by Michael Penfold-Becerra shows, Venezuela became a unicameral federal system after the constitutional reforms enacted by Hugo Chavez Frias, making it the only unicameral federal country in the world. However, the principle of territorial representation is represented in deliberate malapportionment of the legislative chamber, which grants a minimum of three deputies to all states, regardless of their population size.
votes in the state of Sao Paulo. In Argentina, one vote in Tierra del Fuego province is worth 180 votes in Buenos Aires province.  

One of the most striking findings in chapters in this volume, however, is that malapportionment is also very present in the Lower Houses of several Latin American countries, in spite of their theoretical embodiment of the one-person, one vote norm. As the articles by Snyder and Samuels, Gibson, Calvo, and Falleti, and Mainwaring and Samuels demonstrate, malapportionment in Latin American lower houses is widespread, and apportionment formulas have been subject to repeated manipulation in response to political conflicts, power shifts, and regime changes over the years.

Richard Snyder and David Samuels take aim at legislative malapportionment in Latin America in their contribution to this volume. The authors provide methodological innovations for measuring malapportionment as well as original insights into the practice of malapportionment in the region, and show that, while a prevalent and constitutionally sanctioned aspect of federal systems, legislative malapportionment is widespread in non-federal systems as well. Snyder and Samuels provide striking evidence to suggest that malapportionment has worked historically as a powerful and evolving “political weapon” for political elites of varying stripes to structure the political system to their advantage. This has resulted, among other things, in a marked rural-conservative bias to representation in national lower chambers. In federal systems this enhances the territorial bias of legislative representation already provided by the upper chambers. Thus,

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19 See the chapters by the following authors for discussions of malapportionment and its impact on federalism and democratic politics: Snyder and Samuels; Stepan; Mainwaring and Samuels; Gibson, Calvo, and Falleti; and Diaz-Cayeros.

20 It also enhances the territorial bias introduced by electoral college systems to elect presidents, as in the United States or Argentina prior to the constitutional reform of 1994.
just as in their origins federal systems provided institutional protections for regionally based elites against the growing populations and heterogeneity of metropolitan areas, so have the institutions of federalism provided continuing opportunities for Latin American conservative elites to structure the outcomes and procedures of contemporary democratic politics.

The questions voiced by Snyder and Samuels raise concerns about the potential for the ‘darker’ sides of Latin American politics to be reinforced by the expansion of federalism. Just as subnational politics can harbor sources of economic dynamism and democratic change (Montero 2001), so can the subnational act as a bulwark for authoritarian enclaves in nationally democratizing polities. Where changes in Latin American federalism empower subnational actors, therefore, their impact on the quality of democratic politics will have as much to do with the specific institutional features of federalism as with the sociopolitical characteristics of subnational politics in the region.

**Party Politics and Change in Federal Systems**

These insights shed interesting light on some of the political determinants of change in federal systems. However, before coming to any conclusions about an inherent bias to the evolution of federal systems (whether conservative, centralizing, peripheralizing, or democratizing), we should also bear in mind that institutional change in federal systems is, as with any political system, a contingent outcome of conflict and interaction between federalism proper and the political system as a whole. There is therefore an important element of indeterminacy to this process, even at its broadest levels. William Riker (1964, pg. 7) assumed that in the

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21 This is the normative concern and research agenda of the collection of essays in Cornelius (1999).
“centralized federalisms” of the modern day that the long-term tendency would be for the central
government gradually to “overawe” the subnational governments. The evidence of the 1980s and
1990s, in which centralized federal systems experienced decentralization, contradicts that
expectation.

Similarly, while the cases considered in this volume show that the scope of that
decentralization, and the evolution of patterns of representation and policy making, varied
significantly from country to country. A critical determinant of these variations was the
relationship between federalism and party politics.

To William Riker the nature of the party system was the most important determinant of the
centralization of federal systems, and there is considerable empirical evidence to support his
claim.22 Alfred Stepan, while criticizing Riker’s dismissal of the causal importance of other
institutional variables, includes party systems (whether they are polity-wide or subnational in
scope) alongside institutional variables proper to federalism in his list of factors shaping the
“demos constraining” dynamics of federal systems. In fact, the party system is the only variable
exogenous to the federal institutional structure that Stepan includes in his list. To Stepan,
therefore, change in federal systems can be understood fundamentally as a result of the interaction
of federalism’s institutional features and the party system.

This view is echoed in varying ways by most authors in the volume, although not without
debate and qualifications. In his chapter on Mexico, Alberto Diaz Cayeros adopts a Rikerian
skepticism about the causal importance of federal institutions in his chapter on Mexico.
Analyzing such factors as the shifting roles of governors and senators in the Mexican political
system over time, as well as patterns of regional resource allocation by the federal government,

Diaz Cayeros concludes that party system dynamics, rather than federal institutions, play the preponderant role in conditioning the behaviors and institutional interactions of a federal system. “Although federal institutional arrangements might be similar in two countries,” he writes, “the binding constraints are created by political practices, as expressed in political parties, not by the [federal] institutions themselves.” As Diaz Cayeros notes, in spite of continuity in constitutional structure in Mexico (whose federal constitution was promulgated in 1917), the practice of federalism has undergone major change since the 1980s. Diaz Cayeros suggests that this is due to the dramatically changing context of party politics, and to shifting coalitional imperatives stemming from electoral competition. The heightened protagonism governors in the Mexican political system, the decentralization of policy making, and patterns of federal resource allocations between states, are outgrowths of party system change and resulting political practices rather than the constitutional forms of federalism.

Enrique Ochoa’s analysis of the Mexican democratic transition provides a contrasting view. While placing considerable weight on party system dynamics, Ochoa’s chapter also suggests that there is an intricate and mutually determinative relationship between federal constitutions and party systems over time. Ochoa explores two phenomena: the impact of federalism on the democratic transition process in Mexico, and the impact of the transition process on the evolution of the federal system. Federalism structured the transition process by providing “multiple arenas” for political contestation. The transition process, in turn, decentralized the federal system but mitigated its more peripheralizing features. The dynamic connections between these two processes lay in the party system.

The “exogenous shock” that started the Mexican process of change was a series of national electoral reforms that pluralized party competition. Once these reforms were introduced, the
federal structure channeled the pluralization of party politics into myriad local arenas where national parties could mobilize to challenge the ruling party. The pluralization of party competition was not only a national phenomenon but was reproduced over and over at the state level. State victories for the opposition provided power bases for new political actors invested with federal constitutional powers which, in turn, gave opposition parties leverage to advance their competition and bargaining with the ruling PRI at the national level. A “virtuous cycle” thus developed whereby intensified state-level competition sparked additional rounds of national negotiations and reforms by party leaders. However, the national orientation of the country’s main political parties nationalized party competition and reduced the territorial nature of representation in both houses of the national legislature. Political reforms by national party leaders eager to bolster their own positions introduced, among other things, greater proportionality in the apportionment of seats to both houses of the Mexican congress. Governors became empowered and legislators developed deeper ties to regional support networks during this period, but political reforms by national party leaders also mitigated the peripheralizing tendencies of these dynamics.

In contrast, Mainwaring and Samuels’ chapter shows how the Brazilian political system’s evolution during the democratic transition of the 1970s and 1980s was shaped by the profoundly localist orientation of political parties in Brazil. Regime change (in the form of the political liberalization of military rule) took place first through local elections, which empowered party leaders in a regionally fragmented party system. This, in turn, fortified the decentralizing features of federalism and enhanced the sway of the states over national political life. As the once-centralist military government sought to bolster its civilian support, the civilian buttress of the military regime became effective in state-level conservative politicians that reconsolidated their bases of political support and gained new protagonism during the transition from authoritarian
Once subservient allies of a national military regime, governors and senators regained political power vested in them by the very federal institutions the military government had temporarily deactivated. Similarly, during the first decades of democratic rule the party system provided powerful incentives to politicians to prioritize local politics over national politics, to strengthen the decentralization of federalism through constitutional reforms, and to utilize empowered local arenas to challenge the center’s hegemony over national politics.

This latter dynamic is taken up by Michael Penfold Becerra who, in his chapter on Venezuela, details how activated federal institutions can transform a centralized party system. Penfold Becerra describes how a change in a fundamental institutional feature of Venezuelan federalism, a law approving the direct election of state governors and municipal mayors, set in motion a series of events that culminated in the unraveling of a centralized party system that had dominated Venezuelan politics for over four decades. The legislative reforms took place against a backdrop of widespread public disaffection with the country’s two dominant parties, Acción Democrática (AD) and COPEI, and the centralized monopoly of power they exercised over political life. Direct elections of governors and mayors altered key incentives in the political system and empowered a new set of actors, primarily governors and local party leaders. These empowered actors seized upon their newfound constitutional powers to push for additional powers, most notably in the fiscal domains, eroding further the traditional party leaders’ sway over day to day governance, party structures, and partisan competition. Penfold Becerra thus draws our attention not only to some of the mechanisms through which federalism can shape change in party systems, but also to an little-known strand in the complex process of dissolution of Venezuela’s

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So did the democratic opposition, which availed itself of local elections and party mobilization to establish arenas of opposition to military rule.

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centralized party system. As he tells us in his chapter, “the activation of federal institutions was a primary cause of the demise of the AD-COPEI duopoly in Venezuelan politics and paved the way for the rise of Hugo Chávez Frías.”

In varying ways, therefore, the volume’s authors draw attention to the bi-directional nature of causality between party systems and federal institutions. Party systems, through the incentives they provide to political actors and the institutional mechanisms they set in motion, can exert centralizing or decentralizing influences on federal systems. However, federal systems, through the powers and political resources they impart to political actors located at different points in the federal structure, can also shape the nature of party competition, the structures of incentives for politicians, and the decentralization of parties and party systems. Among the many lessons reforming politicians could draw from these complex interactions two might be mentioned here. If you want to shape the internal operation of federal systems, pay attention to the design of your parties and party systems. On the other hand, if you wish to undermine hegemonic parties or party systems, activate federalism.

**Federalism, Politics, and Policy-Making**

How do federal institutions shape the policy-making process? Several of the volume’s contributors address this question. The chapters by Alfred Stepan and Mainwaring-Samuels address how federal institutions, particularly in decentralized federal systems, potentially constrain policy-making by central governments. Stepan notes how under the given institutional arrangements that he labels “demos-constraining,” federalism creates potential minority “win sets”

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24 For other works that analyze the impact of federalism on party systems, see Colomer (1999) and Geddes and Benton (1997).
that can block policy-making by national executive branches and legislation from national legislatures.

Echoing Stepan’s concern, Samuels and Mainwaring borrow from George Tsebelis’ notion of “veto players,” and suggest that federalism adds veto players to the politics of policy reform that can constrain central government initiatives. These veto players are generally located in the Upper Chambers of national legislatures and in state governorships. Other things equal, the authors note, “in federal systems there should be more constraints on central government initiatives.” However, Samuels and Mainwaring also provide a dynamic picture of the policy making process under federalism by suggesting that a continuous “bargaining game between presidents and states” shifts power between presidents and subnational actors in the struggle over national economic policy-making. Their comparisons of economic policy-making during across several presidential administrations show that while regional minorities repeatedly availed themselves of federal institutions to block central government policy reforms over the years, presidential leadership and coalition-building during the 1995-2003 Cardoso presidency neutralized subnational veto players and expanded the central government’s control over the policy-making process. Thus, in addition to formal and informal structures of federalism, Samuels and Mainwaring draw our attention to such agency-based variables as presidential leadership, presidential performance and popularity, and coalition-building between the national executive and the congress that directly affect the central government’s leverage over subnational actors.

Gibson, Calvo, and Falleti explore the political impact of a particular feature of many federal systems: territorial overrepresentation of states and provinces that results from malapportionaments of seats to national legislatures. The authors are concerned specifically with how overrepresentation can be utilized as a political tool in the processes of policy-making and
coalition-building by overrepresented states and by central governments that seek the political support of such states. The comparative evidence they provide indicates that overrepresented states tend to attract disproportionate per capita shares of central government spending. The authors label cases in which overrepresentation has a diversionary effect on the territorial distribution of public spending as examples of “reallocative federalism.” Their subsequent case study of Argentina details some of the political mechanisms at work in reallocative federalism, and suggests that, while overrepresentation does empower small provinces vis-a-vis large provinces and the central government, it also provides opportunities for central governments to manipulate spending for cross-regional coalitions in support of national policy-making initiatives. Federalism in Argentina, in contrast to the Brazilian case, actually enabled central government policy-making in a context of major economic reform, and the success of economic reform in Argentina was intimately tied to the dynamics of the country’s federal system.

In his chapter on Mexico, Alberto Díaz Cayeros also measures the impact of territorial overrepresentation on spending patterns, and finds a similarly positive relationship. However, he also suggests that other institutional dynamics in the political system may be better predictors of regional resource allocation than territorial overrepresentation per se (or, for that matter, other features of the federal system). He suggests the need to explore more closely the links between malapportionment and such variables as “conditions of party discipline and congressional committee structures” before seeing malapportionment as a measure of the power of individual legislators or legislative delegations.25

25 Just as importantly, Díaz Cayeros also raises questions about the reliability of independent measures of overrepresentation, noting the difficulty in distinguishing them from other indicators of “size” for territorial units.
The contrasting evidence from these cases suggests, once again, the need to go beyond institutional design in order to understand federalism’s varying effects on politics and policy-making. Just as the design of federal institutions is often an outcome of conflicts between political actors, the impact of federalism on politics is an outcome of the interaction between federal institutions and partisan alignments, party system characteristics, political economy, and economic geography. Whether the empowerment of subnational units by institutional features of federalism constrains or enables central governments depend much on the political linkages or partisan alignments that exist between those controlling the central government and those controlling the subnational governments. Similarly, whether the formal constitutional attributions of governors empowers them vis-à-vis presidents depends much upon such factors as the fiscal independence of the governors, party system incentives, or presidential leadership.

These possible combinations and variations also have important implications for democratization. Some authors in this volume note an irony: federalism can play a supportive role in the transition to democracy and an obstructive role in the democratic consolidation period. When it comes to democratization, federalism is a decidedly double-edged sword. In the Brazilian and Mexican cases, federalism aided the transition from authoritarian rule by providing local arenas and power bases from which to challenge centralized authoritarian rule. However, during the Brazilian democratic consolidation period, federalism empowered local actors to hinder the efficacy of democratically elected governments at the center. The same institutional structures that empowered subnational challenges to national authoritarian rule also empowered subnational challenges to democratically elected governments in the consolidation period. In Argentina the effect was somewhat different. Federalism gave the authoritarian regime ready-made bases of regional support during the transition from authoritarianism, while enhancing the policy-making
effectiveness of a democratically-elected government during a difficult period of economic policy-making (Gibson 1996; Gibson, Calvo, and Falleti, this volume). In the Mexican case, federalism may well play a supportive role for nationally elected democratic governments in the future. As Enrique Ochoa suggests in his contribution to this volume, the centralizing (or “demos-enabling”) features incorporated into Mexico’s federal system by the leaders of a nationally-oriented party system may, while empowering new political actors at all levels of the federal system, provide important institutional counterweights to subnational challenges to democratic governments following the national defeat of the PRI.

Conclusion

The contributions to this volume reveal an array of theoretical and empirical relationships between federalism and politics. The following chapters address, in varying ways, how federalism affects the nature and quality of political representation, the efficacy of democratic governments, the implementation of public policy, and the balance of power between levels of government and subnational territorial units. We offer conceptual innovations for the study of federalism as well as cautionary insights about how federalism affects political conflict, policy-making, and the functioning of democratizing regimes. In this way we hope to move scholarly agendas away from a democratic teleology of federalism, and toward a scientific understanding of federalism and its varying effects on politics.
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