

Distributive Politics in Developing Federal Democracies: Compensating Governors for Their Territorial Support

*Lucas I. González
Ignacio Mamone*

ABSTRACT

Using original data from the period 1999–2011 on federal infrastructure investment for all subnational units in two federations, Argentina and Brazil, and a unitary nation, Colombia, this study shows that in developing federal countries with strong governors, presidents use non earmarked transfers as a tool to compensate governors for sizable and secure territorial political support. The study argues that in these cases, resources do not make electoral power but chase it. In the unitary case, conversely, governors do not influence distributive politics. Variation also was found in the relevance of Congress, legislative overrepresentation, and programmatic criteria across cases. The article discusses possible reasons for these results and their implications for the comparative debate on distributive politics.

Distributive politics depend on powerful actors. This study tries to identify in what ways and to what extent some of the most powerful actors in a presidential federal system (presidents, members of Congress, and governors) influence the allocation of non earmarked federal funds. Although most researchers recognize the crucial role of these political actors, we are limited in our understanding of the factors that shape distribution. As Lindbeck and Weibull put it, “the driving forces behind government-induced redistributions of income and wealth are still not well understood” (1987, 273).

These limitations in our knowledge are particularly serious because this has historically been a sensitive and politically divisive issue, especially in developing countries with high levels of income inequality. This work moves the debate forward by providing new evidence on the role the president, Congress, and especially governors play in shaping the politics of distribution in developing federal democracies.

Existing scholarship, particularly in the United States, studies the federal resource allocation across regions by focusing almost exclusively on the role of Con-

Lucas I. González is a researcher at the Consejo Nacional de Investigaciones Científicas y Técnicas (CONICET) and professor of political science at the Universidad Nacional de San Martín and Católica Argentina. lgonzalez@unsam.edu.ar. Ignacio Mamone is a doctoral student in political science at the University of Pittsburgh. mim110@pitt.edu

gress and its internal operations, such as committee composition and partisan configuration. However, more recently, some studies have begun to explore the influence presidents have over the allocation of federal outlays (Larcinese et al. 2006; Berry et al. 2010). Fewer studies explore whether district-level factors are relevant to “pull down” resources from the central government, and even fewer works examine the role of governors in the politics of distribution in developing federal democracies.

This work is both an empirical contribution and a theoretical one. Our empirical findings indicate that the president looks to invest in areas where the party is strongest, not to shore up swing areas, and certainly not to waste money where the party does not have a chance. In other words, presidents use federal investment as a tool to build up sizable and secure political support in all the selected cases. This finding is similar to what Larcinese et al. (2006) and Berry et al. (2010) obtained by studying the United States, and Brollo and Nannicini (2012) in Brazil. However, we also identify a different reason why governors are relevant in the decisionmaking process in federal countries. We argue that in developing federal democracies with strong subnational politicians and weaker institutional frameworks, governors are necessary actors in the president’s strategy of securing territorial political support, mostly because these regional brokers are more efficient in mobilizing voters than are national leaders.

Thus we discover how presidents compensate governors for the size of their contribution (in terms of votes and seats) and how secure this contribution is (in terms of its stability over time). We claim that in these cases, resources do not make electoral power but chase it. This is not the case in unitary countries, mainly because subnational actors are weaker and more dependent on the president. In these cases, the vote mobilization is carried out not by subnational executives or party leaders but by national party organizations and the president. To secure variation across cases, we compare results from two federations, Argentina and Brazil, with a unitary nation in which governors are elected, Colombia, where we also expect distributive politics to be a matter of presidential decision, but where governors are not expected to be relevant.

Unlike previous studies, this work finds large variation in the relevance of Congress and its committees across cases. It also finds that elections are not relevant in explaining distribution. Furthermore, we observe that presidents are motivated mostly by political considerations and that programmatic factors, such as equity or efficiency criteria, play a secondary role. We discuss some possible reasons for these results and their implications for the broader comparative debate on distributive politics.

We specifically study the politics of the allocation of highly redistributive and nonearmarked discretionary federal funds. Discretionary funds are those that are not allocated following a particular legal framework. Therefore we exclude from our analysis legally mandated and earmarked funds. We are particularly interested in whether presidents, Congress, or governors influence the allocation of these funds, and which criteria affect their distribution. Redistributive funds are those that can generate potentially large economic and social externalities in the localities or regions where they are invested. On this basis, we concentrate our analysis on public

infrastructure, a policy tool in the hands of governments that most scholars in the literature consider crucial to stimulate economic growth and promote territorial redistribution because it is labor-intensive and tends to generate large positive economic externalities where allocated. The regional distribution of infrastructure funds is a mechanism through which to redistribute money from the regions that pay taxes that finance these funds to other regions in which the investment is actually made (Solé Ollé 2010).

We concentrate on the distributive politics of three highly unequal Latin American cases, in a region that is, in fact, the most unequal region in the world. If we calculate the average income of each province or state and estimate the interregional Gini index for the country, Argentina stands out as the most unequal country, with a Gini coefficient of 33, followed by Brazil with 30 and Colombia with 28 (Mexico and Chile are less unequal, with about 24 each). The average income per capita in wealthy districts is up to six times higher than that of poorer ones in Argentina, Brazil, and Colombia.

The relevance of studying the allocation of infrastructure funds in these three cases is twofold. First, these are crucial funds that central governments have to correct territorial inequality.¹ Second, these territorially redistributive funds have increased substantially in the last decade—more than 108 percent in real terms in Brazil, 280 percent in Colombia, and 429 percent in Argentina—becoming one of the most important redistributive tools in the hands of the central government.² On the other hand, the president has discretionary power over their allocation.³ Because of this discretion, we demonstrate that loyal districts are privileged in the distribution of federal outlays. In Argentina, districts loyal to the president receive on average almost 60 percent more infrastructure funds than the opposition, a share that is 20.4 percent in Brazil and 17 percent in Colombia.

It is interesting that these figures are much larger than what the literature has found for general federal spending in the United States.⁴ Even in other comparative studies, for instance, in India, Arulampalam et al. (2009) found that a state that is both aligned and swing in the previous state election is estimated to receive 16 percent higher transfers than a state that is unaligned and non-swing. Larcinese et al. claim that while this gap can be entirely due to the needs and characteristics of the states' respective populations, "it is legitimate to ask how much of this difference can be due to purely political factors" (2006, 450). Understanding the dynamics behind the allocation of these funds has large implications for distributive politics in these cases and other developing countries in general.

DO PRESIDENTS AND CONGRESS AFFECT DISTRIBUTIVE POLITICS?

The literature has long debated whether and how the president and Congress influence the distribution of non-earmarked federal funds. Students of the U.S. Congress have studied whether individual representatives, delegations, and committee composition have a significant effect on the distribution of federal funds. Ferejohn (1974) demonstrates that members of the Appropriation and Public Works committees directed more funds to their districts. But since then, the empirical evidence on the relevance of committees has been mixed (Berry et al. 2010, 784; Kriner and Reeves 2012, 349). Although one side of the literature found that larger delegations and committee membership affect federal distribution (Holcombe and Zardkoohi 1981, 397; Grossman 1994, 299), several other studies found mixed results for this claim (Lee 2000; Atlas et al. 1995; Balla et al. 2002). This study examines whether the institutional structure in Congress and its political composition have an influence over the distribution of funds, or whether national and state executives have more influence over the final outcome.

Most studies tend to concur that presidents influence the distribution of non-earmarked funds. However, there is little agreement on how presidents influence the distribution of federal outlays. Some studies argue that presidents influence the budgetary process following electoral expectations: they allocate more funds in districts where they expect larger electoral benefits and returns. Those districts that are not expected to generate electoral or political returns will be excluded from federal non-earmarked investment. Some scholars denominate this “pork barrel” or “machine politics” (among them, see Dixit and Londregan 1996, 1133).

Lindbeck and Weibull (1987, 289) argue that in cases of voters with identical consumption preferences but with observed differences in party preferences between groups, parties in a two-party system will favor groups with weak party preferences; that is, “marginal voters.” An implication of this claim is that under the abovementioned conditions, presidents will spend funds in swing districts (those with a high proportion of relatively unattached voters or in which the incumbent won or lost by a narrow margin) because these regions have larger electoral weight than secure ones (Solé Ollé 2010, 300; Persson and Tabellini 2000). Some authors found empirical evidence from the United States and certain comparative analyses to support this claim (see Magaloni et al. 2007, 202; Brollo and Nannicini 2012, 742; Dahlberg and Johansson 2002).

For Cox and McCubbins (1986), in contrast, the optimal strategy for risk-averse candidates is to distribute to their re-election constituency and overinvest in their closest supporters to maintain existing political coalitions. For them, “politicians will adopt strategies in which they invest little (if at all) in opposition groups, somewhat more in swing groups, and more still in their support groups” (Cox and McCubbins 1986, 379). Several authors support this claim with empirical evidence from the United States (see Carsey and Rundquist 1999; Levitt and Snyder 1995) and the comparative experience (see Arulampalam et al. 2009).

There are several theoretical reasons why presidents may target funds to their re-election constituency. For Cox and McCubbins, cooperation between the president and members of Congress is enhanced when one is the party leader and the others are copartisans. The president could also target core supporters to further the legislative agenda by directing spending to specific legislators (McCarty 2000). Or the federal administration could prefer to allocate funds to governors with the same policy preferences (Larcinese et al. 2006, 448).

Despite the theoretical contributions from these studies and the mixed empirical results, a key limitation in the literature on distributive politics (both in the United States and comparative) is that it has concentrated mainly on presidents and Congress without examining the role other strong political actors, particularly state governors, play in federal cases.⁵ Furthermore, most studies focus on a single case (and most of them in the United States). This study introduces a theoretical argument to highlight why governors influence distributive politics, empirically assess how relevant governors are across cases using a comparative framework, and discuss some possible reasons for variations and their implications for the comparative debate.

COMPENSATING GOVERNORS

Presidents distribute funds if they believe it helps them get votes and legislative support to remain in power (Lindbeck and Weibull 1987; Cox and McCubbins 1986). In line with recent studies on the United States and Brazil, we also argue that distributive politics are mainly decided at the executive level and largely based on political considerations (Larcinese et al. 2006; Berry et al. 2010; Brollo and Nannicini 2012). Hence, we expect that more infrastructure funds will be allocated to districts in which governors are politically allied with the president. But we also argue that some particularities of large developing federal democracies demand more precision to the argument on how political alliances may influence distributive politics.

In some of these countries, presidents' parties do not have the same capacity to penetrate all territorial strongholds and mobilize the electorate as presidents and national parties do in some unitary cases (particularly smaller ones). In large developing federal democracies, governors are the key actors in their districts. In cases such as Argentina, the governor is usually the undisputed (or at least the dominant) boss of the provincial-level party. When the governor is powerful, the provincial party is key in mobilizing the vote and consolidating the base of political support for politicians and parties (Jones and Hwang 2005, 121–23; De Luca et al. 2002). Strong governors usually build up territorial political support based on their personal influence and connections and provincial resources, not around national party politics (Kikuchi and Lodola 2014, 79).

Powerful governors (and to a lesser extent powerful mayors) have direct control of provincial budgets and federal transfers and programs. This influence allows them to obtain and maintain the support from voters and organized groups through the distribution of material benefits and economic subsidies (Jones and Hwang 2005, 124). In some federal democracies, presidents depend on these powerful governors

(and sometimes even on influential mayors), as they are more effective in mobilizing the electorate and building up federal electoral support than are national party delegates. In such federations, presidents distribute discretionary grants to get access to two main resources in a federal setting: the electoral support of state voters and the political capital of state politicians (Grossman 1994, 290).

We contend that when the governors' partisan power (or their share of votes and seats) in their districts is larger and when the time period they have stayed in power is longer, then the partisan machine they control to mobilize the vote will also be larger and more efficient. This means more secure votes and seats for the governor but also for allied presidents, especially when governors stay longer in the presidential coalition. We expect that national executives will compensate this. In provinces or states where the party leadership is fragmented and governors are less powerful, the role of the national party in provincial politics is often more pronounced (especially if it is the party of the president) (Jones and Hwang 2005, 121–24). Therefore, we expect the influence of governors over distributive politics to vary across countries and states, depending on the political control they have over their districts.

Governors in some federal countries are not only crucial for electoral mobilization, they are also critical for building up legislative support for presidents in the federal congress. Jones (2002, 159–67) claims that the provincial-level party in Argentina, and to a lesser extent the national-level party, has a great deal of control over a legislator's access to the ballot and position in the party lists for the federal legislature. Due to the closed-list proportional representation electoral system, governors are decisive in defining the list of candidates for their party tickets, and therefore they exercise a decisive influence over provincial delegations in the federal congress (Jones 2002; Jones and Hwang 2005). Consequently, presidents need to negotiate not only electoral but also legislative support with governors, especially those in their coalition. We therefore expect powerful governors to exert influence over distributive politics in such cases.

Research on Brazil has shown much debate on whether and how much governors mobilize the vote during elections and how much they influence federal legislative politics. Some scholars claim that governors are indeed influential (especially before 1994) due to the centrifugal configuration of Brazilian federal institutions, electoral laws such as the open-list proportional representation system (which weakens party leadership and promotes fragmentation and regionalization of the party system), the decentralized organization of national parties, the powers governors have over policymaking, their control of resources for patronage and pork, and the influence governors have over career prospects for federal legislators. Together, these factors have allowed governors to strengthen their state party machines (Abrucio 1998; Mainwaring 1999; Ames 2001; Desposato 2004; Samuels 2003; Borges 2011) and to influence federal politics during the transition to democracy (Hagopian 1996; Abrucio 1998; Mainwaring 1999), its constitutional reform (Souza 1997), and, during the 1990s, economic policy changes (Mainwaring 1999; Samuels and Mainwaring 2004; Samuels 2003).⁶

Other studies contend that several factors account for the decisive influence of presidents and national parties over federal politics in both the electoral and the legislative arena and the progressive weakening of governors' influence since the 1988 constitutional reform, and especially since 1994. These factors range from the institutional (legislative) powers of the president and the centralized legislative organization in Congress (Cheibub and Limongi 2002, 167; Figueiredo and Limongi 2000) to more federal social spending and thus a diminished resource base for state-level patronage (Hagopian et al. 2008; Zucco 2008; Borges 2011). They also include structural factors, such as pro-poor growth that favored the left and eroded conservative parties' support, especially in the most backward regions of the country (Montero 2009). Other scholars stress the lack of prerogatives for redesigning electoral districts, as provincial governments do in Argentina (Calvo and Micozzi 2005; Borges 2011). In this article, we do not attempt to solve this controversy but instead provide fresh empirical evidence on whether presidents, Congress, or governors are relevant actors (and if so, how much in comparison to other cases) in influencing distributive politics in Brazil.

Furthermore, we argue that in unitary countries, national party branches will be more influential than subnational actors at mobilizing the vote and shaping legislative support in the national congress. Governors in these cases have less capacity (as well as resources and personal influences) to mobilize the electorate. Therefore, we should expect a much lesser influence of governors over distributive politics in Colombia.

SIZE AND CERTAINTY

This study argues that some regions of a country may receive federal funds not only from their congressional representatives doing constituency service. Presidents in some federal cases may also compensate governors for their territorial political support and their capacity to deliver votes and seats. We contend that presidents compensate allied governors who deliver; they care about the size of the political support allied governors can offer (share of votes each district contributes to the president's electoral performance and share of seats in congress). But presidents also care about the certainty of the support they can get from districts. That is, federal executives care about and reward the security governors can provide to build and sustain their political support basis over time.

Certainty signals in federal (multilevel) systems take different forms, including the support governors get in their districts in terms of votes and seats (that is, governors' partisan power), the vote margins presidents get in each of the districts, and the number of seats governors contribute to the president's delegation in Congress. They also include the duration or amount of time governors (and their electoral machines) have been politically allied with the president (we call this retrospective certainty) and the time they can legally stay in power in their districts (tenure potential or prospective certainty).⁷ Early allies and those who stay longer in the presidential coalition provide more certainty to the president and thus should receive more discretionary funds.

Thus, our main hypothesis (model 1 in tables 1, 2, and 3) posits that in developing federations, a given district will receive more funds when the partisan power of the governor (the share of votes and seats the governor controls) and the security the governor can provide to the presidential coalition are larger. We measure security both in retrospective and prospective terms: when the governor has been allied for longer periods of time (model 1) and when the governor's tenure potential is longer (model 1b, for Argentina only). We expect that governors who have been allied with the president for a longer time and have a longer tenure potential should get more funds.

The index of the governor's partisan power is composed of two dimensions: the electoral support (share of votes) for the governor and the governor's legislative support. The latter includes the governor's party's share of seats in the state legislature and whether the governor's party is the main party in the legislature (coded as 1 in case they are the same, 0 otherwise). The index is a composite measure of all the aforementioned shares and the dummy (which contributes .5 points to the index in case it is coded as 1, to balance the effect of each measure. See table 4 online).⁸

We included a dummy variable to determine how politically linked governors are to the president. This variable, labeled *core ally*, is coded as 1 if presidents and governors are in the same governing coalition in a given year, 0 otherwise. We coded this during fieldwork in the three countries based on official electoral data, information from newspapers, and interviews with provincial experts.

We do not expect our hypothesis to hold in unitary countries because territorial brokers depend politically on national party leaders and have fewer resources and personal influences to mobilize the electorate. In the most centralized unitary countries, presidents politically appoint governors (e.g., Colombia before 1992). In other, more decentralized cases (e.g., Colombia after 1992), although governors are elected, they are politically dependent on national party leaders. Consequently, we do not expect governors to control the same partisan resources in federal as in unitary cases, and we argue that this, in turn, has strong implications for distributive politics.

COMPETING HYPOTHESES

Several scholars have explained that governors' political control over their districts (and their political stability) depends on the access they have to federal resources that are critical to finance their political machines (Gibson and Calvo 2000; Remmer and Wibbels 2000; Borges 2011; Stokes et al. 2013). Borges (2011, 32) claims that success in state machine-building strategies is more likely when state bosses are in the president's coalition over time, because that grants them persistent access to federal patronage. We concur, in that there should be a correlation between the distribution of discretionary federal funds and the electoral fortunes of state politicians. But in our theoretical argument, governors are not more efficient when they get more discretionary federal funds; they receive more federal infrastructure because they are efficient at mobilizing the vote and providing electoral security to the president.

Table 1. PCSE Results, Argentina

	Model 1a	Model 1b	Model 2a	Model 2b	Model 2c	Model 3a	Model 3b	Model 4	Model 5
Governor's Power Index	0.818*** (0.237)	0.820*** (0.157)		0.399** (0.186)					0.743** (0.309)
Years allied	0.143*** (0.048)								—
Tenure Potential		0.002* (0.001)							—
Core State			0.865*** (0.286)	-5.993*** (2.011)	-0.627 (0.410)		1.323*** (0.473)		0.481** (0.189)
Gov. Power Index × Core				4.231*** (1.239)					—
Swing State			0.870*** (0.317)		0.089 (0.210)				-0.034 (0.549)
Core × Swing					8.894*** (1.906)				—
Committee						-0.115*** (0.045)	-0.273** (0.113)		-0.168*** (0.048)
Delegation						-3.026 (2.504)	0.369 (5.802)		—
Delegation × Core							-9.482 (6.629)		—
Presidential Election Year						0.187 (0.552)	0.155 (0.513)		-0.013 (0.601)

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Table 1. (*continued*)

	Model 1a	Model 1b	Model 2a	Model 2b	Model 2c	Model 3a	Model 3b	Model 4	Model 5
Industrial G. Product (log)									
Cars								-0.380*** (0.071)	-0.244*** (0.090)
Population density								-0.000 (0.000)	-0.000 (0.000)
Urbanization rate								-0.000 (0.000)	-0.000 (0.000)
Overrepresentation	0.204*** (0.031)	0.168*** (0.041)	0.181*** (0.057)	0.178*** (0.040)	0.183*** (0.058)	0.197*** (0.047)		0.075 (0.049)	0.100*** (0.042)
Population share	-5.665*** (1.140)	-5.697*** (0.905)	0.632 (0.510)	-6.248*** (1.039)	-6.407*** (0.744)	-4.451*** (0.925)		0.904** (0.459)	20.744 (19.101)
Poverty	0.052*** (0.017)	0.055*** (0.020)	0.045 (0.031)	0.053*** (0.018)	0.042 (0.030)	0.049** (0.024)		0.037 (0.029)	0.032 (0.028)
GDP per capita (nat log)	0.701*** (0.259)	0.777** (0.325)	-6.738*** (0.828)	0.669** (0.294)	0.567 (0.496)	0.639 (0.406)		-2.953 (16.721)	0.959** (0.378)
Constant	-12.088*** (2.737)	-12.596*** (3.378)	-10.019* (5.216)	-10.985*** (3.038)	-9.253* (5.060)	-9.848** (4.154)		-10.167*** (3.847)	-11.186*** (3.394)
Observations	152	152	165	152	165	150		149	119
R ²	0.53	0.48	0.44	0.53	0.50	0.43		0.52	0.59
Cross-sectional units	24	24	24	24	24	24		24	24

Dependent variable: natural logarithm of federal government investment in public works per capita, in thousands of Argentine pesos, deflated using INDEC's construction index prices.

*p < 0.1; **p < 0.05; ***p < 0.01. Standard errors in parentheses.

Table 2. PSCE Results, Brazil

	Model 1	Model 2a	Model 2b	Model 2c	Model 3a	Model 3b	Model 4	Model 5
Governor's Power Index	0.540*** (0.092)		0.534*** (0.115)					0.602*** (0.219)
Years allied	0.027 (0.028)							
Core State		0.277* (0.147)	-0.124 (0.561)	0.532** (0.258)		-0.588* (0.342)		0.556* (0.310)
Governor's Power Index × Core			0.398 (0.543)					
Swing State		0.667** (0.328)		0.779** (0.371)				-0.284 (0.543)
Core × Swing				-1.527 (1.103)				
Committee					-0.015 (0.049)	-0.015 (0.047)		0.008 (0.079)
Joint Committee					-0.141*** (0.034)	-0.124*** (0.033)		
Delegation					6.157*** (2.071)	2.319 (2.359)		
Delegation × Core						18.307*** (4.971)		
Presidential Election Year					-0.050 (0.230)	-0.041 (0.228)		-0.018 (0.582)

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Table 2. (continued)

	Model 1	Model 2a	Model 2b	Model 2c	Model 3a	Model 3b	Model 4	Model 5
Industrial Gross Product (nat log)							0.134 (0.088)	0.119 (0.119)
Cars							0.000** (0.000)	-0.000* (0.000)
Population density							-0.003*** (0.000)	-0.003** (0.001)
Urbanization rate							3.007** (1.267)	3.682* (2.013)
Overrepresentation	0.245*** (0.045)	0.267*** (0.044)	0.258*** (0.044)	0.267*** (0.045)	0.276*** (0.021)	0.286*** (0.025)	0.269*** (0.037)	0.258*** (0.049)
Population share	-5.545*** (1.006)	-1.716*** (0.241)	-5.531*** (0.990)	-5.241*** (0.825)	-2.045*** (0.346)	-4.959* (2.726)	-1.585*** (0.325)	-13.582** (6.227)
Poverty	-5.396*** (0.661)	-5.730*** (0.627)	-5.862*** (0.677)	-5.737*** (0.632)	-6.470*** (0.932)	-6.594*** (0.864)	-3.877*** (0.616)	-3.796* (1.982)
Gross Product per capita (nat log)	-1.695*** (0.255)	-5.208*** (0.827)	-1.746*** (0.250)	-1.724*** (0.240)	-7.382*** (2.459)	-2.035*** (0.345)	-12.862*** (4.105)	-1.647** (0.663)
Constant	-0.170 (0.655)	0.494 (0.540)	0.200 (0.634)	0.491 (0.541)	1.785** (0.772)	1.794** (0.725)	-4.140*** (1.243)	-3.056*** (1.072)
Observations	222	267	267	267	195	187	275	188
R ²	0.53	0.53	0.55	0.53	0.60	0.61	0.58	0.67
Cross-sectional units	27	27	27	27	27	27	27	27

Dependent variable: natural logarithm of federal government investment in public works per capita, in deflated thousand reais, using IBGE's construction index prices.
*p < 0.1; **p < 0.05; ***p < 0.01. Standard errors in parentheses.

Table 3. PSCE Results, Colombia

	Model 1	Model 2a	Model 2b	Model 2c	Model 3a	Model 3b	Model 4	Model 5
Governor's Power Index	0.123 (0.256)		0.153 (0.186)					-0.091 (0.229)
Years allied	0.060*** (0.015)							
Core State		1.553** (0.781)	4.497*** (1.061)	-5.891* (3.432)		2.225*** (0.771)		0.430* (0.860)
Governor's Power Index × Core			-3.820** (1.583)					
Swing State		0.206*** (0.073)		0.203*** (0.073)				0.152*** (0.051)
Core × Swing				6.603** (2.686)				
Committee					-0.137* (0.081)	-0.096 (0.089)		-0.053 (0.089)
Delegation					9.653*** (0.930)	10.260*** (0.982)		
Delegation × Core						4.614 (6.228)		
Presidential Election Year					0.160 (0.296)	0.239 (0.270)		0.089 (0.413)
Industrial Gross Product (nat log)							-0.104** (0.045)	-0.083 (0.073)

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Table 3. (continued)

	Model 1	Model 2a	Model 2b	Model 2c	Model 3a	Model 3b	Model 4	Model 5
Cars							0.000 (0.000)	0.000 (0.000)
Population density							0.000 (0.000)	0.000 (0.000)
Urbanization rate							1.428*** (0.534)	2.886*** (0.820)
Overrepresentation	0.430 (30.670)	-2.500 (30.920)	-6.521 (32.119)	-3.847 (30.645)	-76.102*** (26.457)	-74.495*** (26.183)	-15.963 (21.778)	-61.676 (45.438)
Population share	-18.539** (7.943)	-19.239** (8.730)	-20.663** (8.234)	-19.568** (8.595)	-41.508*** (4.544)	-41.073*** (4.500)	-25.454*** (6.746)	-32.717*** (12.484)
Poverty	1.547* (0.826)	2.219*** (0.808)	1.170 (0.934)	2.132*** (0.810)	-0.282 (0.761)	-0.848 (0.756)	2.190*** (0.789)	5.441*** (1.639)
Gross Product per capita (nat log)	1.092*** (0.308)	1.169*** (0.341)	1.087*** (0.307)	1.172*** (0.343)	0.683*** (0.250)	0.517** (0.233)	1.330*** (0.289)	1.370*** (0.324)
Constant	1.134 (2.765)	0.033 (2.896)	1.490 (2.748)	0.068 (2.908)	5.679*** (2.258)	7.124*** (2.111)	-1.086 (2.439)	-4.060 (3.342)
Observations	147	177	152	177	216	216	264	142
R ²	0.26	0.32	0.28	0.32	0.41	0.44	0.31	0.34
Cross-sectional units	32	32	32	32	32	32	32	32

Dependent variable: natural logarithm of national government investment in public works per capita, in constant Colombian pesos.
 *p < 0.1; **p < 0.05; ***p < 0.01. Standard errors in parentheses.

We test this argument through several empirical strategies. First, we examine whether there is support for our main hypothesis (model 1). If our expectation is right and there is compensation for votes and seats as well as for retrospective and prospective security, then there should be no provincial electoral mobilization through federal funds; funds should be allocated to districts that are already secure (and are expected to remain secure). Second, in the estimation strategy, we lag the dependent variable one year and test whether powerful governors receive more funds after they get more votes and control more seats. Third, we test whether governors are more likely to receive more investment during election times (see model 3). If governors are more efficient when they get more federal funds, we should see more funds transferred to governors during election times.

We are primarily interested in testing the role of governors in influencing presidential decisions, particularly in a federal versus a unitary setting. However, we incorporate the role of Congress and its committees, along with partisan, electoral, and programmatic determinants, because excluding key explanatory variables in the regression may lead to omitted-variable bias (Larcinese et al. 2006, 449).

Partisan Determinants

Ceteris paribus, we anticipate that presidents will invest little or nothing in opposition provinces, somewhat more in swing districts, and more still in their support groups (model 2a). Districts are classified into those belonging to the opposition (which are expected to receive few funds, if any), swing districts (which are expected to receive somewhat more money), and support districts, or those aligned in partisan terms (which are expected to receive the largest share of funds; see table 4).⁹

Despite the importance of partisan links, this argument does not allow us to test which partisan links are relevant to explain distributive outcomes: it may be those between presidents and federal legislators (we test this below), between regional and national party leaders, or between presidents and governors.¹⁰ We contend that districts governed by powerful (larger values in the index of partisan power of the governor), allied governors (we test the interactive effect of both variables) should receive more infrastructure funds (model 2b). We also interact the swing and core variables to analyze whether the effect of swing depends on how the subnational government is politically connected with the federal government (model 2c).¹¹

Legislative and Electoral Determinants

We test whether provinces or states with more representatives on core committees (the variable “committee”) and with the larger delegations from the president’s party (delegation) in Congress are more likely to receive more funds.¹² We include an interaction term to test the effect of the district’s congressional delegation conditional on the governor’s being a president’s ally. In addition, we test whether governors are more likely to receive more investment during election times (that is, during both legislative and executive—presidential and gubernatorial—elections)

(model 3). We also examine whether overrepresented states tend to receive more federal grants per capita (Holcombe and Zardkoohi 1981; Atlas et al. 1995; Lee 2000; Rodden 2010; Samuels and Snyder 2001; Gibson et al. 2004; Gibson and Calvo 2000). These scholars expect this because the political benefits from a marginal dollar of increased grants to a small and overrepresented state are greater than a marginal dollar of increased grants to a large state in which the per capita impact is smaller.¹³ This study furnishes further evidence to the discussion, including this variable as a control in the models.

Programmatic Determinants

We also control for programmatic variables. Programmatic distribution comprises policies established in public and formal rules that effectively shape the distribution of benefits (Stokes et al. 2013). The central government distributes programmatically when it follows certain ideological beliefs about equality or efficiency. According to equity-oriented arguments, a government committed to maximizing a nationwide social welfare function allocates grants among states to compensate for the effects of an uneven distribution of wealth across a territory of a given country or to provide for those that are especially in need (Grossman 1994, 295). Hence, we expect that the lower the GDP per capita and the higher the poverty level in the district, the more infrastructure funds the district will get. For efficiency-oriented claims, funds will flow to those districts in which infrastructure projects' relative impact is higher. Provinces with larger urbanization rates, population density, numbers of cars, industrial production, and larger gross geographic product (GGP), are more likely to receive more funds (model 4).

DATA AND METHOD

We test the different hypotheses in the four main models and in a full model (5) using different sources of data to track the geographic spending on infrastructure funds over a decade in the three cases (see tables 1–3). These are the largest panels of infrastructure spending ever assembled for the cases studied. For Argentina, we use original data on federal government infrastructure spending between 1999 and 2009 collected from the National Budget Office (*Oficina Nacional de Presupuesto*, ONP).¹⁴

Total infrastructure funds include transfers from the central government to the provinces from 18 budget programs of the Ministry of Federal Planning, Public Works, and Services. All values are reported in thousands of Argentine pesos (AR\$) per capita, in constant values, and transformed into the natural logarithm to normalize the data.¹⁵ For Brazil, we use data from the Secretary of the Treasury and the federal senate for the years 2001–11.¹⁶ Total infrastructure in this case includes variables on housing, sanitation, roads, and urban infrastructure. The data are reported in the natural logarithm of thousands of Brazilian reais (R\$) per capita, in constant values.¹⁷ For Colombia, we use data from the National Planning Department on the

regional distribution of national investment funds for the period 2000–2011. Total infrastructure includes investment projects financed by the national government in roads, housing, and schools; urban development; water and energy infrastructure; sanitation; and railways.¹⁸ The data are reported in Colombian pesos (COL\$) per capita, in constant values, and transformed using the natural logarithm.

We test the effects of the different models using an OLS regression with panel-corrected standard errors (PCSE; see Beck and Katz 1995), which computes the variance-covariance estimates and the standard errors assuming that the disturbances are heteroskedastic and correlated across panels. We also use another estimation technique to control the robustness of the results: a regression with robust standard errors for panel data with cross-sectional dependence, using Driscoll and Kraay standard errors for coefficients estimated by pooled OLS/WLS or fixed-effects (within) regression. Results in these regressions are almost identical to PCSE, so we report PCSE results to simplify the presentation.

Empirical Findings

We attained noteworthy empirical results that support our main theoretical expectations. In federal countries, more infrastructure funds are allocated to those districts in which governors contribute with sizable and secure political support (model 1). Federal executives appear to compensate governors who mobilize, control, and deliver more votes and seats to presidents. In effect, when the governors' share of votes and seats in their districts is larger (larger partisan power), their provinces receive more non earmarked funds from the president. Holding constant other variables in the model, a one-point increase in the partisan power of the governor is associated with an 82 percent increase in the total infrastructure funds per capita the province receives in Argentina, or a 54 percent increase in Brazil. This variable, as we theoretically expected, is statistically insignificant and less robust to explain changes in the outcome in the unitary country we study, Colombia.

We also find that earlier allies and those who stay longer in the presidential coalition (retrospective security) receive more funds from the president. In Argentina, when keeping other variables in the model constant, provinces receive, on average, 14 percent more funds for each year that a governor belonged to the presidential coalition. The coefficient for this variable has the expected sign and a relatively robust coefficient for Brazil and Colombia (6 percent), but it only reaches the threshold of statistical significance in the latter case (model 1).

We ran another model in which we included an interaction term between gubernatorial power and years allied: results indicate that, *ceteris paribus*, a one-point increase in gubernatorial power and one more year of being allied with the president produces an average increase of 47 percent in the federal funds the district receives in Argentina ($p < .0001$). The interaction term has the expected sign but does not reach the usual threshold of statistical significance in Brazil. It is interesting that the index of gubernatorial power holds its statistical significance and robustness, indicating that Brazilian presidents have been more likely (or have been compelled) to

support strong governors, irrespective of the years they were in the presidential coalition. The interaction term moves in the opposite direction and does not reach statistical significance in Colombia, another indication that gubernatorial power is irrelevant to explain distribution in the unitary case (results are not reported here; available from the authors on request).

Argentine presidents also allocate more funds to provinces in which governors are expected to stay in office for longer periods of time (larger tenure potential).¹⁹ All else being equal, provinces get 0.3 percent more funds for each year a governor is expected to stay in office (model 1b). This coefficient may seem modest, but it is not. If a governor is expected to stay two terms in office (a fairly common situation in many provinces), the province will receive 2.4 percent more infrastructure funds than the average. Prospective certainty also seems to be important.

We ran the same models with a lagged dependent variable, and the substantive results held. In Argentina, the coefficient for gubernatorial power is statistically significant and larger than in model 1 (almost 10 percent). Results are also similar in the model with the interaction term for years allied. In Brazil, gubernatorial power is significant and moves in the expected direction in both of the models with the lagged dependent variable, but the coefficient is marginally less robust than in model 1 (2 percent). In Colombia, as expected, none of the coefficients with the lagged variables are statistically significant, and they all move in the opposite direction than expected.²⁰

The empirical results also allow us to discuss the relevance of alternative claims. They indicate, for instance, that the regional allocation of infrastructure funds is affected by partisan alignments (model 2a). In Argentina, Brazil, and Colombia, allied subnational units received substantially more funds than opposition districts. All coefficients are robust, positive, and statistically significant.²¹ As mentioned, this argument tests the relevance of partisan alignments, but it does not allow us to test which partisan links are relevant to explain distributive outcomes. Therefore we also included an interaction effect between gubernatorial power and the variable that measures whether governors are in the core presidential coalition (model 2b).

In another indication of the importance of partisan links between presidents and governors, federal executives tend to allocate more infrastructure investment to districts controlled by close partisan governors in Argentina. *Ceteris paribus*, presidents allocate more funds to core districts with the most powerful governors. The interaction term is robust, has the expected sign, and it is statistically significant.²² In Brazil, the interaction term has the expected sign but is not statistically significant. Once again, the index of gubernatorial power in this case holds its statistical significance and robustness, and this may be a further suggestion that Brazilian presidents have supported strong governors, both in the core coalition and outside it. The interaction term for Colombia once more supports our expectations in relation to unitary countries with weaker governors: it has a negative sign, moving contrary to what we expected theoretically for Argentina and Brazil.

Provinces are also more likely to get more funds if they are electorally secure and not swing districts, when controlling for third variables. They get more funds

when the difference between the share of votes of the governor and the main party in the opposition is larger (that is, when the value of the variable “swing” increases; model 2a). These findings are similar to what Larcinese et al. (2006, 452) and Berry et al. (2010, 791) found for the United States; Díaz-Cayeros (2006, 139) for Mexico; and Arulamparam et al. (2009) for India.

We also interacted swing and core to analyze whether the effect of swing depends on how the subnational government is politically connected with the federal government (model 2c). Results for Argentina reveal that this interaction term is both robust and statistically significant. Presidents favor more secure districts controlled by allied governors in Argentina. This coefficient is similar for Colombia, but the one for Brazil is statistically insignificant and moves in the opposite direction than expected. Despite this, allied and more secure districts tend to receive more funds in this case. This indicates that presidents compensate secure districts, irrespective of their being in the core of the presidential coalition.

We tested whether governors receive a larger share of infrastructure funds depending on how much each district contributed to the president’s electoral performance.²³ We ran a model with these two variables and the usual controls (results available from the authors on request). *Ceteris paribus*, the coefficient for the share of votes is positive, robust, and statistically significant for Argentina and Brazil (.45 and 1.04 respectively; $p < .01$), but negative and insignificant in Colombia. These results further support our theoretical expectations.

The results also indicate that infrastructure distribution in Argentina is decided mainly by the national and provincial executives and not the federal legislature (model 3a).²⁴ These findings are consistent with those of Berry et al. (2010, 795) for the United States. Regression results for Brazil and Colombia also indicate that congressional committees do not affect the outcome, but congressional delegations do matter. The coefficient for this variable is robust and statistically significant in both cases: holding other variables constant, a 1 percent increase in the share of the legislative delegation is associated with a 965 percent increase in the amount of infrastructure funds per capita the subnational unit receives in Colombia and 616 percent in Brazil.²⁵

This coefficient may seem high, but we must interpret it bearing in mind that the average Brazilian state contributes 3.4 percent of the deputies in the federal legislative coalition.²⁶ In Colombia, this average is 5.4 percent. Thus a 1 percent increase in this variable is a substantial change. These results are similar to Grossman’s findings for the United States (1994, 299), wherein larger legislative majorities of the Democratic Party (the party in government at the federal level) were empirically associated with larger grants to Democratic districts. The relevance of congressional delegations in the allocation of public works has also been stressed by the literature on Brazilian legislative politics. Individual and collective amendments are the key negotiating tool between presidents and legislators and a mechanism through which the president crafts legislative support in exchange for pork in both chambers (Alston and Mueller 2005; Pereira and Mueller 2002; Raile et al. 2011). Our results provide further evidence in favor of these arguments.

We also interacted the share of the legislative delegation with the variable core ally. This interaction is quite robust and statistically significant in Brazil. It does not reach the standard statistical significance in either Colombia or Argentina (where it also moves in the opposite direction than expected; model 3b).

Other institutional variables do not receive empirical support in the regressions we ran. Presidential election years do not seem to contribute to explaining the allocation of infrastructure investment in any of the cases. More funds are not transferred to governors during federal or state election times. We also lagged presidential election one year, and results remain the same.²⁷ This is evidence against the argument that governors need federal funds to be more efficient at mobilizing the vote, and further support for the argument (and the line of causality) we propose.

The coefficient for overrepresentation is statistically significant in most models for Argentina and Brazil. These findings are consistent with what several authors reported in their studies of the United States and the European Union (see Atlas et al. 1995; Lee 2000; Rodden 2002). Despite being statistically significant, the coefficient is always smaller than the one for our main independent variable. We have also to bear in mind that the average overrepresentation index is 1.9 for Argentina and 1.8 for Brazil and that the standard deviation for both cases is about 2; consequently, a one-point increase in the index is a major change that does not seem to produce substantial changes in the dependent variable, especially when compared to the main variables in our model. The coefficient is not statistically significant in most models in Colombia (and it moves in the opposite direction than expected in others).

We also found that, *ceteris paribus*, the main controls according to programmatic distribution get rather mixed empirical support (model 4). Most of the efficiency criteria are not relevant factors to explain the allocation of infrastructure funds across the three cases. Only urbanization rate moves as expected and receives empirical support in Brazil and Colombia. In Argentina, the statistically significant criteria move in the opposite direction than expected: more populated and more industrialized districts receive less federal infrastructure funds in almost all models. In this case, there is also weak support for equity criteria: wealthier districts receive more funds, and only in five out of nine models is poverty significant; it moves in the expected direction. In Brazil, districts with a larger share of poor population receive fewer funds but so do wealthier districts in terms of GDP per capita. Only poverty rate moves as theoretically expected in Colombia.

Including the main variables in a single, fully specified model (model 5) does not change substantive results, as most of the key variables remain the same.²⁸ We draw some final conclusions from this model: the index of gubernatorial power in Argentina and Brazil holds its robustness and statistical significance. (In Brazil, the coefficient in the full model is even more robust than in model 1). The core variable also remains robust and statistically significant in the three cases. The swing variable loses statistical significance in Argentina and Brazil, and this may be because the key effect of electoral security is being captured by the index of gubernatorial power.

The R-squares in the main models oscillate between 0.26 in Colombia and 0.67 in Brazil (or .59 for Argentina). Although differences across models are not

large, we show that our model has more robust and statistically significant coefficients that move in the expected direction, something that is not always the case in most competing models. These R-squares also indicate that we still need better theories, data, and models to account for the factors that affect the allocation of non-earmarked federal investment beyond the ones we included in our study, particularly for Colombia. Case studies may also contribute to a better understanding of idiosyncratic factors involved in the distribution.

DISCUSSION AND CONCLUSIONS

The results provide evidence supporting the argument that presidents in developing federal democracies compensate governors who deliver. They reward governors for the size of the political support they offer to the presidential coalition and for the security federal executives get from support districts over time. Presidents are crucial actors in the decisions to allocate non-earmarked funds, and they do that following electoral considerations: they distribute more funds to allied districts, as recent studies on the United States have found (Larcinese et al. 2006; Berry et al. 2010). But in developing federal countries with strong subnational leaders, districts ruled by the most powerful allied governors, who are the ones who deliver secure votes and seats, receive more discretionary federal funds. These provincial executives are crucial in contributing to the presidents' electoral fate and political support in Congress.

The comparative analysis reveals interesting differences. The first theoretically relevant one is between federal and unitary cases. We provide fresh empirical evidence indicating that governors are compensated and get more funds in the federal cases while the same does not hold in the unitary case, where they seem to be irrelevant in influencing distribution. But the federal cases differ, too. In Argentina, the empirical evidence suggests that gubernatorial power is a crucial variable to explain the allocation of discretionary federal funds. Argentine governors mobilize and control political resources (votes and seats) that are crucial for presidents. And presidents compensate these powerful governors because they are more effective than national party delegates in mobilizing the electorate and building up sizable and secure electoral support.

But governors are more powerful in electoral and partisan terms in Argentina than in Brazil, especially since 1994.²⁹ Brazilian governors have lost substantial power in their districts and influence over federal politics (as documented in several studies: Hagopian et al. 2008; Zucco 2008; Fenwick 2009; Borges 2011). Presidents, meanwhile, have been compelled to build up legislative support with members of Congress from their coalition and from other parties. Therefore, Brazilian presidents have been forced to give Congress a larger clout in the distribution process, turning it into a key arena for interparty bargaining and for striking federal bargains. In the Colombian case, the president and Congress appear as the only relevant actors. More large-N comparative analyses could provide further empirical evidence on how relevant governors are at influencing the distribution of discre-

tionary transfers. More case studies could shed light on the causal mechanisms connecting gubernatorial power and distributive politics.

All in all, our data support the argument that presidential decisions to compensate governors for their electoral and partisan support are critical in influencing distributive politics in developing federations. In these cases, resources do not make electoral or legislative power, but instead chase and compensate it. In unitary countries, presidential politics and legislative influence are the most critical factors influencing the outcomes. We believe that this is an important finding that may have profound implications for development strategies and for understanding interregional inequality in developing nations.

NOTES

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1. Central governments have other redistributive tools to correct interpersonal inequality, ranging from subsidies, credits, or tariffs to redistributive social programs. We concentrate on a policy tool crucial to correct territorial inequality.

2. These funds represented almost 8 percent of the total budget in Argentina in 2006, almost 3 percent of the total Brazilian budget in 2011, and 2 percent of the Colombian budget in 2011.

3. In Argentina, the federal executive can reallocate budget items approved by Congress, making use of the so-called executive extraordinary powers. In Brazil, the president has the final decision over the budget law, which is approved by Congress but is not mandatory.

4. About 4 to 5 percent more in districts and counties represented by members of the president's party; see Berry et al. 2010, 783.

5. Larcinese et al. (2006) are an exception to this, since they look at the partisan alignment between presidents and state governors.

6. Very few of these studies, however, analyze how governors affect distributive politics.

7. In Argentina, each province regulates re-election rules (some prohibiting it, others allowing one consecutive term, and others granting unlimited re-election). In Brazil and Colombia, governors are elected for a four-year period, and in Brazil they can be re-elected for one consecutive term only (re-election was banned before 1998).

8. The maximum possible value is 2.5; the minimum is 0. See table 4 online.
9. The variable swing measures the difference between the incumbent's share of votes and the share of votes of the main opposition party.
10. We cannot test the links between regional and national party leaders because of the lack of comparable data.
11. We did not include all variables in a single model due to multiple collinearity.
12. The variable committee reports the number of deputies a given province has on the Budget and Appropriations and Public Works Committees in the Argentine Chamber of Deputies; the Urban Development Committee and the Budget Joint Committee in Brazil; and the Fourth (Budget) and Sixth (Transport and Communications) Committees in the Colombian House of Representatives. These are the relevant committees because they have authority over the decision to allocate public works. The variable delegation is the percentage of congress members in the Chamber of Deputies who are members of the majority party.
13. Samuels and Snyder (2001) calculate legislative overrepresentation using the Loosemore-Hanby Index of Electoral Disproportionality.
14. This is the first time that data on the territorial distribution of public infrastructure have been systematically gathered for Argentina. We collected these data by reviewing ONP's official documents for 18 budget programs for each of the provinces in each year of the series (http://sitiodelciudadano.mecon.gov.ar/sici/ejecucion_presupuestaria.html). We received important help from several research assistants (including a geographer who georeferenced items).
15. The original data in current pesos were deflated using the index of construction costs (ICC) reported by INDEC (base year is 1993 = 100). The models for the three cases were also calculated using the dependent variable in U.S. dollars, and substantive results remain very similar to those reported.
16. Accessed using Siga Brasil, the federal senate's information system on public budget (<http://www12.senado.gov.br/orcamento/sigabrasil>).
17. The original data in current reais were deflated using the index of construction costs (Índices da Construção Civil, ICC) reported by the IBGE (base year is 1994 = 100).
18. We obtained the original data from the regional investment databases at the National Planning Department (<https://www.dnp.gov.co/programas/inversiones-y-finanzas-publicas/Datos-y-Estadisticas/Paginas/inversion-regional.aspx>).
19. We should remember this is the only case of the three in which tenure potential varies across provinces and time. Years allied is not included in the main model with tenure potential due to the high collinearity between them and gubernatorial power.
20. Results are not reported due to space restrictions but are available upon request.
21. Opposition provinces or states, on the contrary, received fewer infrastructure funds on average than the rest of the districts. The coefficients for opposition districts in Argentina, Brazil, and Colombia are negative, robust (-0.407, -0.135, and -0.776, respectively), and statistically significant in all cases.
22. The other variables in the model also perform as expected. The index of gubernatorial power has the expected sign and remains robust and statistically significant in Argentina (0.399). A major change is that the variable core coalition moves in the opposite direction than expected, probably indicating that presidents allocate more funds to powerful allied governors, but when allies are not powerful in their districts, they receive fewer funds.
23. The correlation between the share of votes each district contributed to the president's election and the share of infrastructure funds they receive is very high in Argentina (.84), slightly lower in Brazil (.62), and even lower in Colombia (.18).

24. The number of legislators from a province in the relevant congressional committees and the size of state legislative delegations of the governing party in the federal congress do not influence the amount of infrastructure funds the provinces receive. We report results for one of the relevant congressional committees for each case because results for the other committees are almost identical or very similar: Public Works in Argentina, Urban Development Committee in Brazil, and Sixth Committee in Colombia. Including both variables in the same model does not change results.

25. The standard error for this variable is large. We also used the natural log of delegation, and substantive results remain the same.

26. São Paulo has the largest average delegation, with 20 percent of the deputies. Some states (Alagoas and Tocantins) had no legislative delegation during the period we analyze, and others had very small shares (1 percent, such as Amazonas, Espírito Santo, Maranhão, Paraíba, Piauí, Río Grande del Norte, and Sergipe).

27. In Argentina, gubernatorial and state legislative elections may not coincide with federal executive and legislative elections (each province can set its own electoral calendar). Therefore, we ran different regressions for gubernatorial and for federal and provincial legislative election years. None of these regression coefficients reaches standard statistical significance.

28. We do not include all the institutional variables in the full model due to perfect autocorrelation among some of the variables.

29. The average value in the index of gubernatorial power in Argentina is 1.54 for the entire series, remaining strikingly stable over time. In Brazil, the average value is 1.15; it sharply decreased from 1.64 in 1985 to 0.99 in 2011. The average value for Colombia is similar to Brazil's (0.95), having decreased from 1 to 0.8 during the period. Argentine governors marginally increased their average share of votes and seats during the period. Brazilian governors, on the contrary, saw these shares plummet: their party's average share of seats shrank drastically, from 58 percent to 19.2 percent, and their electoral coalitions' share of votes from 56 percent to 50.6 percent.

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