Who Distributes? Presidents, Congress, Governors, and the Politics of Distribution in Argentina and Brazil*

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Abstract. What is the role of presidents in the politics of distribution in developing democracies? To what extent do other political actors, such as legislators and governors, influence federal distribution? This paper studies the main factors that affect distributive politics in Argentina and Brazil, two highly unequal presidential federations in Latin America. The focus is on funds with high redistributive impact and over which the central government has large discretion: those for public infrastructure. Using original data on federal infrastructure spending for the 24 provinces in Argentina and the 27 states in Brazil for the period 1999-2011, we show that the distribution of infrastructure funds is fundamentally determined by executive politics. Despite this, our empirical findings indicate there is large variation between the two cases in the relevance of the partisan links between presidents and governors and the influence of congress and its committees. Furthermore, we observe that elections are not relevant in explaining distribution in either of the two cases and that presidents are mostly motivated by political considerations and that programmatic factors, such as equity and efficiency criteria, play a secondary role, especially in Argentina. We discuss some possible reasons for these results and their implications for the broader comparative debate on distributive politics.

Introduction

What is the role of presidents in the politics of distribution in developing democracies? To what extent do other political actors, such as legislators and governors, influence federal distribution? Do the political linkages between presidents, legislators, and state politicians (governors) shape the politics of federal distribution? This paper tries to identify in what ways and to what extent some of the most powerful actors in a presidential federal system (presidents, legislators, and governors) influence the allocation of non-earmarked federal funds.

Although most researchers recognize a crucial role of these political actors, we are limited in our understanding of the factors that shape distribution. As Lindbeck and Weibull stated almost thirty years ago, "[t]he driving forces behind government-induced redistributions of income and wealth are still not well understood" (1987, 273). We believe that these limitations in knowledge are still present, particularly in very unequal developing countries where redistribution has historically been a sensitive and politically divisive issue.

Existing scholarship studies the federal resource allocation across regions by focusing almost exclusively on the role of congress and its internal operations, such as committee composition and partisan configuration. Most of these studies analyze proactive legislatures, such as the U.S. congress. 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.

In contrast, studies on reactive congresses, such as the majority of those in Latin America (Morgenstern and Nacif, 2002), have mostly concentrated on how the institutional and partisan powers of presidents influence distributive politics and force cooperation from congress. The literature on the relationship between congress and the executive branch has mainly focused on coalition politics, cabinet formation, president-government party relations, and legislative career patterns (see Bonvecchi and Scartascini, 2014). Part of this literature has also recognized the electoral and legislative relevance of governors in shaping national policymaking (Gibson, 2004; Wibbels, 2005; González, 2010; Falleti et al., 2013).

There is some agreement in the literature that governors are powerful actors in their districts and influential in federal politics in Argentina (De Luca et al., 2002; Jones, 2002; Jones and Hwang, 2005; Calvo and Micozzi, 2005; González, 2010; Falleti et al., 2013). However, there are very few observational analyses that empirically test the actual influence governors have over the distribution of particular transfers or federal funds. The literature on Brazil shows more disagreement over the role governors effectively have in shaping federal politics in general, and the distribution of federal funds in particular. Some scholars claim that governors are powerful actors in their districts and that they have been influential at the federal level, especially before 1994 (Abrucio, 1998; Mainwaring, 1999; Ames, 2001; Samuels, 2003; Samuels and Mainwaring, 2004; Ames et al., 2005), while others claim that they have lost this power, particularly after 1994 (Cheibub and Limongi, 2002; Figueiredo and Limongi, 2000; Hagopian et al., 2008; Montero, 2009; Zucco, 2008; Fenwick, 2009; Borges, 2011). Despite these divisions, most empirical studies have analyzed the relationship between presidential power and congress. In this paper, we empirically examine in what ways and to what extent presidents, legislators and governors influence the allocation of non-earmarked federal funds in Brazil, and compare the results to those in Argentina to explain differences between the two cases.

We study the political economy of the allocation of highly redistributive and non-earmarked discretionary federal funds. Discretionary funds are those that are not allocated following a particular legal framework. Hence, we exclude from our analysis legally mandated and earmarked funds. Redistributive funds are those that can generate potentially large economic and social externalities in the localities or regions where they are invested. Based on this decision, we concentrate our analysis on public infrastructure, a policy tool in hands of governments that most scholars in the literature consider crucial to stimulate economic growth and correct territorial inequality, 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 others in which the investment is actually made (Sollé Ollé, 2010).

The relevance of studying the allocation of infrastructure funds in these two cases is twofold. First, these are crucial funds central governments have to correct territorial inequality.[4] Second, these territorially redistributive funds have increased substantially in the last decade - from over 108% in real terms in Brazil to 429% in Argentina - becoming one of the most important redistributive tools in the hands of the central government.[5] On the other hand, the president has discretionary power over their allocation. Presidents' discretion over the territorial allocation of infrastructure investment tends to be larger than in revenue-sharing schemes (Bonvecchi and Lodola, 2011). This is so because it is usually more straightforward to reallocate highway or road funds from one region to another than it is to redistribute wealth through public consumption or employment policies (Sollé Ollé, 2010: 297). 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. Because of this discretion, we demonstrate that loyal districts are advantaged in the distribution of federal outlays. In Argentina, districts loyal to the president receive on average almost 60% more infrastructure funds than those loyal to the opposition, a share which is 20.4% in Brazil. Interestingly, these figures are much larger than what the literature has found for general federal spending in the U.S.[6] and even in other comparative studies, such as India.[7]

This work is both a theoretical contribution and an empirical one. We contend that distributive politics is mainly a matter of presidential decision. We claim that presidents prefer to invest in districts where their party is strongest, not to shore up swing areas, and certainly not to waste money where the party does not have a chance. Although this argument stresses the relevance of partisan links, it does not identify which partisan links are relevant to explain distributive outcomes: it may be those between presidents and federal legislators, national and regional party leaders, federal ministers or high-ranking federal officials and state politicians, or between presidents and governors. We test the relevance of the different linkages for which we have data and show variation in the amount of non-earmarked funds that allied districts receive. Our empirical findings indicate that there is a large variation in the relevance of the partisan links between presidents and governors and the influence of congress and its committees. Furthermore, we observe that the timing of elections is not relevant in explaining distribution and that presidents are mostly motivated by political considerations, so 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.

The paper is organized as follows. First, we discuss the theoretical literature on distributive politics and present our main theoretical claim. Second, we operationalize the variables and provide the data sources for the main and competing hypotheses. Third, we introduce the methodological approach selected to analyze the data. In the last two sections, we put forth the empirical findings and discuss them.

The Role of Congress, Presidents, and Governors in Distributive Politics

Students of the U.S. congress have long studied whether individual representatives, delegations and committee composition have a significant effect on the distribution of federal funds. In an early work, Ferejohn (1974) demonstrated that members of the Appropriation and Public Works committees directed more funds to their districts. But since that work, the empirical results of studies on the relevance of committees have been mixed (Berry et al., 2010: 784; Kriner and Reeves, 2012: 349). One side of the literature has found that larger delegations and committee membership affect federal distribution (Holcombe and Zardkoohi, 1981: 397; Grossman, 1994: 299), but several other studies have found mixed results for this claim (Lee, 2000; Atlas et al., 1995; Balla et al., 2002; Bickers and Stein, 2000).

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). But there is little agreement on how presidents influence the distribution of federal outlays. Some argue presidents influence the budgetary process by following electoral expectations: they allocate more funds in districts were 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. Dixit and Londregan (1996: 1133) denominate this "pork-barrel" or "machine politics." 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, i.e., "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 (Sollé Ollé, 2010: 300; Persson and Tabellini, 2000). Some studies have found empirical evidence from the U.S. to support this claim (Wallis, 1989; Wright, 1974) as have some comparative analyses (Magaloni et al., 2007: 202; Brollo and Nannicini, 2012: 742; Dahlberg and Johansson, 2002).

In contrast, Cox and McCubbins (1986) argue that the optimal strategy for risk-averse candidates is to distribute to their reelection constituency and over-invest in their closest supporters to maintain existing political coalitions. Several authors have supported this claim with empirical evidence from the U.S. (Carsey and Rundquist, 1999; Levitt and Snyder, 1995) and from comparative experience (Arulampalam et al., 2009). There are several theoretical reasons why presidents may target funds to their reelection 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 her copartisans. The president could also target core supporters to further his legislative agenda by directing spending to specific legislators (McCarty, 2000). Or it may be that the federal administration prefers to allocate funds to governors with the same policy preferences (Larcinese et al., 2006: 448).

In Latin America, most presidential systems put large powers and responsibilities in the hands of presidents. Presidents in Latin America can introduce bills, veto laws, legislate by decree during emergencies, and have preeminence in the making of annual budgets (Mainwaring and Shugart, 1997; Shugart and Carey, 1992). As a result, presidents have been endowed with larger legislative powers to get their policy agenda passed (Pereira and Melo, 2012) and this has helped the executive to win greater leverage vis-à-vis the legislature over time (Mustapic, 1997). Constitutional reforms after the third wave of democratization have systematically enlarged presidential agenda power (Negretto, 2009).

The main implication of this increase in presidential powers over time for our study is that distributive politics is mainly thought as a matter of presidential decision and struggles between presidents and congress. The literature on distributive politics, both in the U.S. and comparative settings, has mainly concentrated on the relationships between presidents and legislatures, paying less attention to the role other strong political actors, particularly state governors in developing federations, play in the politics of distribution in federal cases.[8]

Extensive literature on Argentina has found that governors are usually the undisputed (or at least the dominant) bosses 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: 121-123; De Luca et al., 2002). But governors are not only crucial for electoral mobilization; they are also critical to build up legislative support for presidents in the federal congress. Jones (2002: 159-167) claims that the provincial-level party in Argentina, and to a lesser extent the national-level one, has a great deal of control over a legislator's access to the ballot and his position in the party lists for the federal legislative. Due to the closed-list proportional representation electoral system, governors are decisive in defining the list of candidates for their party tickets, so they exercise a decisive influence over provincial delegations in the federal congress (Jones, 2002; Jones and Hwang, 2005). Consequently, Argentine presidents need to negotiate not only electoral but also legislative support with governors, especially those in their coalition. Despite the relevance associated to governors for electoral mobilization in their districts as well as in the national arena to build up legislative support for presidents in Argentina, there is little empirical evidence on their influence on federal distributive politics.[9] We seek to empirically address this lacuna in the literature.

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; Samuels, 2003; Desposato, 2004; Ames et al., 2005; Alston et al., 2009; Borges, 2011) and 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, 2003; Samuels and Mainwaring, 2004).

Others contend that several factors account for the decisive influence of presidents and national parties over federal politics, both in the electoral and the legislative arena, and the increasingly weakening of governors' influence since the 1988 constitutional reform and especially since 1994: from the institutional (legislative) powers of the president and the centralized legislative organization in congress (Cheibub and Limongi, 2002; Figueiredo and Limongi, 2000), more federal social spending and thus a diminished resource base for state-level patronage (Hagopian et al., 2008; Zucco, 2008; Borges, 2011), to structural factors such as pro-poor growth that favored the Left and eroded conservative parties' support, especially in the most backwards regions of the country (Montero, 2009), and the lack of prerogatives for redesigning electoral districts as provincial governments do in Argentina (Calvo and Micozzi, 2005; Borges, 2011; Gibson, 2013). In this paper, we do not attempt to solve this controversy but rather to 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.

Main Hypothesis

We hypothesize that presidents will invest little or nothing in opposition states in Brazil and provinces in Argentina (henceforth districts), somewhat more in swing ones, and more still in their core ones. Although this argument stresses the relevance of partisan links, it does not allow us to test which partisan links are relevant to explain distributive outcomes: it may be those between presidents and federal legislators, national and regional party leaders, federal ministers or high ranking federal officials and district-level politicians,[10] or between presidents and governors. We empirically test the influence of the different linkages for which we have data over the federal distribution of non-earmarked funds and claim that districts governed by allied governors should receive more federal investment.

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 core districts, or those aligned in partisan terms (which are expected to receive the largest share of funds) (See Table 3). The variable *swing* measures the difference between the incumbent governor's share of votes and the share of votes of the main opposition party. The variable *core ally* is a dummy variable that classifies how politically linked governors are to the president. It is coded as 1 if presidents and governors are in the same governing coalition in a given year; 0 otherwise (Model 1a).[11] We also interact the swing and the core variables to analyze whether the effect of swing depends on how the sub-national government is politically connected with the federal government (Model 1b).[12]

Competing Hypotheses

We are primarily interested in testing the role of presidential politics and the political linkages between the president and governors, but we also incorporate the role of congress and its committees, elections, and programmatic determinants to test the relevance of alternative claims.

We want to test the relevance of congress in affecting the distribution of federal funds in both cases. Following the literature on the topic, we test whether provinces or states with more representatives in core committees (*committee*) and with larger delegations from the president's party (*delegation*) in congress are more likely to receive more funds (Model 2a).[13] We included an interaction term to test the effect of the district's congressional delegation conditional on the governor being a presidential ally (Model 2b).

We also examine whether overrepresented districts tend to receive more federal grants per capita, as several previous studies have found (Holcombe and Zardkoohi, 1981; Atlas et al., 1995; Lee, 2000; Rodden, 2010; Samuels and Snyder, 2001; Gibson et al., 2004; Gibson and Calvo, 2000). Some scholars expect this because the political benefits from a marginal monetary unit of increased grants to a small and overrepresented district are greater than a marginal unit of increased grants to a large one in which the per capita impact is smaller.[14] This paper furnishes further evidence to the discussion including this variable as a control in the different models.

In addition, we test whether governors are more likely to receive more infrastructure investment during presidential election times (as well as during legislative and gubernatorial elections in the case of Argentina; see below) (Model 3).

We also control for programmatic variables. Programmatic distribution comprises public goods entitled through 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 districts to compensate for the effects of an uneven distribution of wealth across the 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 per capita GDP, 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. Districts with larger urbanization rate, population density, numbers of cars, industrial production, and larger gross geographic product (GGP), should be more likely to receive more funds (Model 3).

Data and Method

We test the different hypotheses in the three main models (1 to 3) and in a full model (4) using different sources of data to track the geographic spending of infrastructure funds over a decade in the two cases. These are the largest panels of infrastructure data 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.[15] Total infrastructure funds include transfers from the central government to the provinces from eighteen budget programs of the Ministry of Federal Planning, Public Works, and Services. All values are reported in thousands Argentine Pesos (AR$), per capita, in constant values, and transformed into the natural logarithm to normalize the data.[16]

For Brazil, we use data from the Secretariat of the Treasury and the federal Senate, for the years 2001-2011.[17] Total infrastructure spending in this case includes variables on housing, sanitation, roads, and urban works. The data are reported in the natural logarithm of thousand Brazilian Reais (R$) per capita, in constant values.[18]

We test the effects of the different models using an OLS regression with panel corrected standard errors (PCSE; Beck and Katz, 1995), which computes the variance-covariance estimates and the standard errors assuming that the disturbances are heteroskedastic and correlated across panels.

As in previous works on the subject (Huber et al., 2008:428), we do not include provincial or state dummies in our study. In a recent work, Clark and Linzer (2014) recommend random effects models for panels with features like ours, that is, when variation is observed mainly between units (not much into them over time), when there are relatively few observations per unit, and if some independent variables that change little over time (such as population and GDP per capita) are highly correlated with the district dummies. Under these conditions, the authors recommend using the random effects estimator because results are better than in the fixed effects estimator. Plumper et al. (2005: 330-34) and Huber et al. (2008: 429) recommend the same, as the inclusion of district dummies eliminates the cross sectional variance, makes it impossible to estimate the effect of exogenous time-invariant variables, and severely skews the estimated effects of partially time invariant variables.

Table 1. PSCE Results, Argentina.

	Model 1a	Model 1b	Model 2a	Model 2b	Model 3	Model 4
Core Province	0.865*** (0.286)	-0.627 (0.410)		1.323*** (0.473)		0.552** (0.222)
Swing Province	0.870*** (0.317)	0.089 (0.210)				0.664 (0.496)
Core x Swing		8.894*** (1.906)				
Committee			-0.115*** (0.045)	-0.273** (0.113)		-0.163*** (0.044)
Delegation			-3.026 (2.504)	0.369 (5.802)		

Table 1. PSCE Results, Argentina.

	Model 1a	Model 1b	Model 2a	Model 2b	Model 3	Model 4
Delegation x Core				-9.482(6.629)		
Presidential Election Year			0.187 (0.552)	0.155 (0.513)		-0.027 (0.618)
Industrial G. Product (log)					-0.380*** (0.071)	-0.227** (0.095)
Cars					-0.000 (0.000)	-0.000 (0.000)
Population density					-0.000 (0.000)	-0.000 (0.000)
Urbanization rate					0.617 (0.989)	-0.053 (0.859)
Over representation	0.181*** (0.057)	0.183*** (0.058)	0.197*** (0.047)		0.075 (0.049)	0.106** (0.053)
Population share	0.632 (0.510)	-6.407*** (0.744)	-4.451*** (0.925)		0.904** (0.459)	10.904 (20.166)
Poverty	0.045 (0.031)	0.042 (0.030)	0.049** (0.024)	0.065*** (0.019)	0.037 (0.029)	0.033 (0.031)
GGP per capita (natlog)	-6.738*** (0.828)	0.567 (0.496)	0.639 (0.406)	1.386*** (0.357)	-2.953 (16.721)	0.882** (0.430)
Constant	-10.019* (5.216)	-9.253* (5.060)	-9.848** (4.154)	-16.806*** (3.570)	-10.167*** (3.847)	-10.371*** (3.741)
Observations	165	165	150	84	149	130
R^2	0.44	0.50	0.43	0.46	0.52	0.54
Cross-sectional units	24	24	24	24	24	24

Unstandardized regression coefficients. Standard errors in parenthesis. *p<0.100 **p<0.050 ***p<0.010
Dependent variable: Natural logarithm of per capita federal government investment in public works, in thousand Argentine Pesos, deflated using INDEC's construction index prices.

Table 2. PSCE Results, Brazil

	Model 1a	Model 1b	Model 2a	Model 2b	Model 3	Model 4
Core State	0.277* (0.147)	0.532** (0.258)		-0.588* (0.342)		0.570** (0.242)
Swing State	0.667** (0.328)	0.779** (0.371)				0.184 (0.354)
Core x Swing		-1.527 (1.103)				
Committee			-0.015 (0.049)	-0.015 (0.047)		0.007 (0.43)
Joint Committee			-0.141*** (0.034)	-0.124*** (0.033)		
Delegation			6.157*** (2.071)	2.319 (2.359)		
Delegation x Core				18.307*** (4.971)		

Table 2. PSCE Results, Brazil

	Model 1a	Model 1b	Model 2a	Model 2b	Model 3	Model 4
Presidential Election Year			-0.050 (0.230)	-0.041 (0.228)		-0.044 (0.270)
Industrial Gross Product (nat log)					0.134 (0.088)	0.115** (0.057)
Cars					0.000** (0.000)	0.000* (0.000)
Population density					-0.003*** (0.000)	-0.003*** (0.000)
Urbanization rate					3.007** (1.267)	3.755*** (1.105)
Overrepresentation	0.267*** (0.044)	0.267*** (0.045)	0.276*** (0.021)	0.286*** (0.025)	0.269*** (0.037)	0.270*** (0.037)
Population share	-1.716*** (0.241)	-5.241*** (0.825)	-2.045*** (0.346)	-4.959* (2.726)	-1.585*** (0.325)	-11.951*** (3.841)
Poverty	-5.730*** (0.627)	-5.737*** (0.632)	-6.470*** (0.932)	-6.594*** (0.864)	-3.877*** (0.616)	-3.820*** (0.945)
Gross Product per capita (log)	-5.208*** (0.827)	-1.724*** (0.240)	-7.382*** (2.459)	-2.035*** (0.345)	-12.862*** (4.105)	-1.606*** (0.396)
Constant	0.494 (0.540)	0.491 (0.541)	1.785** (0.772)	1.794** (0.725)	-4.140*** (1.243)	-4.266*** (1.179)
Observations	267	267	195	187	275	188
R2	0.53	0.53	0.60	0.61	0.58	0.63
Cross-sectional units	27	27	27	27	27	27

Unstandardized regression coefficients. Standard errors in parenthesis. *p<0.100 **p<0.050 ***p<0.010
Dependent variable: Natural logarithm of per capita federal government investment in public works, in thousand Reais, deflated using IBGE's construction index prices.

Empirical Findings

We attain noteworthy empirical results that support some of our main theoretical expectations. In a sign of the relevance of presidential politics, federal executives tend to allocate more infrastructure investment to districts controlled by governors who are close partisan allies (Model 1a). Ceteris paribus, in Argentina and Brazil allied sub--national units received substantially more funds than opposition districts. All coefficients are robust, positive, and statistically significant. The coefficient for Argentina is almost three times larger than in Brazil (0.865 for Argentina and 0.277 for Brazil), indicating that partisan links in the former case are much more relevant in accounting for federal distribution than in the latter.[19]

Provinces and states 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). Once again, the coefficient for Argentina is larger than for Brazil, but not by as much as in the previous variable (0.870 versus 0.667) (Model 1a).

As indicated before, this argument tests the relevance of partisan alignments but it does not indicate which partisan links are relevant to explain distributive outcomes. To capture this, we also interacted swing and core to analyze whether the effect of swing depends on how the sub-national government is politically connected with the federal government (Model 1b). Results for Argentina reveal this interaction term is both very robust and statistically significant. Presidents favor more secure provinces controlled by allied governors in Argentina. The interaction term in Brazil is statistically insignificant and moves in the opposite direction than expected. Despite this, the coefficients for allied and secure districts move as expected. Allied and secure states tend to receive more funds in this country. This indicates that presidents compensate secure districts, irrespectively of them being in the core of the presidential coalition.

Larcinese et al. (2006: 452, 454) also found that presidents engage in tactical distribution of federal funds to the states in the U.S.: their results show there is a presidential ideological bias toward safe states and the alignment between the president and the governor is a substantial factor in explaining the allocation of federal moneys. Berry et al. (2010: 791, 792) found a similar partisan bias in the allocation of federal spending at the congressional district and county levels. These findings are similar to what Díaz Cayeros (2006: 139) and Arulamparam et al. (2009) found in Mexico and India respectively.

Results also indicate that infrastructure distribution in Argentina is mainly decided by the national and provincial executives and not the federal legislature (Model 2a).[20] These findings are consistent with those of Berry et al. (2010: 795) for the U.S. Regression results for Brazil 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: holding other variables constant, a one percent increase in the share of the legislative delegation of a given state is associated with a 616 percent increase in transfers to it in Brazil.[21] 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.[22] Hence, a one percent increase in this variable is a substantial change. These results are similar to Grossman's (1994: 299) findings for the U.S., where larger legislative majorities of the Democratic Party (the party in government at the federal level at the time) 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 of congress (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 standards of statistical significance in Argentina (where it also moves in the opposite direction than expected) (Model 2b). These results highlight another major difference between the results for Argentina and Brazil, namely, that congress is a key arena for negotiations in the latter case and less so in the former.

Other institutional variables do not receive empirical support in the regressions we run. Presidential election years do not seem to contribute explaining the allocation of infrastructure investment in either of the cases. More funds are not transferred to governors during (federal or state) election times (Models 3a and 3b). We also lagged presidential election one year and the results remain the same.[23]

The coefficient for overrepresentation is statistically significant in most models in Argentina and Brazil. These findings are consistent to what several authors reported in their studies on the U.S. and the European Union (see Atlas et al., 1994; Lee, 2000; Rodden, 2002). Despite being statistically significant, the coefficient is always smaller than the one for our main independent variables. We have also to bear in mind that the average overrepresentation index in the lower chamber for Argentina is 1.9 and 1.8 for Brazil, and that the standard deviation for both cases is around 2. Hence, a one percentage 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.

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 in the two cases. Only urbanization rate moves as expected and receives empirical support in Brazil. In Argentina, the statistically significant criteria move in the opposite direction than expected: more industrialized provinces receive less federal infrastructure funds. We cannot reach conclusions in relation to population and per capita GGP due to inconsistencies in the results. In this country, there is also weak support for some of the equity criteria: only in two out of six models is poverty significant and moves in the expected direction.

In Brazil, states with a larger share of poor people receive fewer funds but so do richer states in terms of per capita GDP. Combined results for poverty and income in Brazil seem to indicate that more overrepresented, less populated, middle and lower income states with fewer average poor households received more public works. Northern and Midwest states are the ones that resemble those structural characteristics. In effect, basic descriptive statistics indicate that these are the states that have benefited the most during the period of analysis.[24]

Including the main variables in a single, fully specified model[25] does not change the results substantially, as most of the key variables remain the same. The core variable remains robust and statistically significant in the two cases (although the swing variable loses statistical significance both in Argentina and Brazil).

The R-squares in the main models oscillate between 0.43 for Argentina and 0.63 in Brazil. Although differences across models are not large, we show that our main model has more robust and statistically significant coefficients that move in the expected direction, something which 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. Case studies can also contribute to a better understanding of idiosyncratic factors involved in the distribution.

Discussion

The results provide evidence supporting the argument that presidents in Argentina and Brazil are crucial actors in distributive politics and that they distribute following partisan considerations: they distribute more funds to allied districts. But the empirical evidence out of the comparative analysis reveals that the channels through which partisan alliances work seem to be different in the two cases. On the one hand, the partisan alignments between presidents and governors are almost three times more relevant in Argentina than in Brazil (on average). On the other, while the federal congress does not seem to shape the outcome in Argentina, it is important in Brazil. In this case, the share of legislators from a given state in the president's congressional delegation is a significant factor influencing the allocation of federal public works.

How can we explain the differences between Argentina and Brazil? Why are governors more relevant in Argentina and congressional delegations more influential in Brazil?

We can only risk some hypotheses that need to be further developed and analyzed systematically. In Argentina, as the literature on the topic shows, governors have a large influence over the formation of legislative party lists and exercise a decisive influence over provincial delegations in the federal congress (Jones, 2002; Jones and Hwang, 2005). Consequently, presidents need to negotiate legislative support with governors, especially those in their coalition. Moreover, presidents depend on governors (and sometimes even on influential mayors) as they are more effective in mobilizing the electorate and building up federal electoral support than national party delegates. As a result, some regions of the country may receive federal funds not only from their congressional representatives doing constituency service. Presidents may also compensate governors for their territorial political support and their capacity to deliver votes and seats.

In relation to the differences in the relevance of congress, one possible answer could point out to the degree of concentration of political power in the hands of the president and the need to build up legislative coalitions. When presidents get enough political support from their own parties (in terms of seats and discipline) to pass crucial legislation in congress, they may have fewer incentives to form broad legislative coalitions, especially under conditions of fiscal and economic urgency (O'Donnell, 1994). Under those circumstances, presidents would be more likely to concentrate decisions on how to distribute and to force cooperation from the legislature. On the contrary, when presidents do not get enough political support from their own parties and need to build up legislative coalitions with other parties, congress will be more likely to play a more relevant role. After all, this is the crucial arena for inter-party bargaining. Presidents in Argentina have received 2.5 times more support in congress from their own parties in the period under study than in Brazil (42.4 percent versus 17.2 percent). Hence, they have been the main political actors in deciding the distribution of federal funds (with little influence from congress, as the data shows). Brazilian presidents, on the contrary, have been forced to give congress a larger clout in this process.

Another major difference between the two cases is the clear predominance of partisan variables in Argentina, while these variables interact with some programmatic considerations in Brazil. The empirical analysis shows that Brazilian presidents have been investing in political allies mainly in the North and Midwest states.[26] Most of these states are controlled by allied governors, but these are also the regions in which the federal government is promoting the expansion of agricultural production and constructing infrastructure to take farm commodities to the main ports for shipment to global markets.

Why does Brazil seem to be more programmatic than Argentina? Why does Argentina not seem to clearly follow equity or efficiency criteria in the distribution of federal infrastructure spending? Although more research is clearly needed to give satisfactory answers to these questions, possible clues could point to some usual suspects: institutions, parties, or the bureaucracy. It may well be that the president has formal rules that allow him/her more discretion in Argentina than in Brazil. In Argentina, the president has legal authority to reallocate budget transfers. This discretion has been used to form and sustain crucial territorial governing coalitions, to some extent crafted through the distribution of public infrastructure spending. The question would be, then, why does Argentina have these rules and not Brazil? It may also well be that Brazil has more programmatic parties in government (the Workers Party) than Argentina (the Justicialista Party, which is more ideologically heterogeneous and more fragmented territorially), and this obviously influences programmatic decisions in government. Or we can also point to the state and its bureaucracy, and claim that merit-based bureaucratic planning offices in Brazil have more say and influence over presidential decisions than in Argentina.

Clearly more research is needed to support all these clues. On the one hand, more large-sample comparative analyses could provide further empirical evidence on why and how relevant governors and congress are at influencing the distribution of discretionary transfers. On the other, more case studies could shed light on the causal mechanisms connecting partisan links and distributive politics, particularly between presidents, governors, legislators, as well as national and regional party leaders, and federal ministers or high ranking federal officials and state politicians (which we could not test due to the lack of data).

All in all, and despite the differences between the two cases, we found that presidential politics is critical in influencing the distribution of federal infrastructure. We believe this is an important finding that may have profound implications not only for the politics of distribution but also for development strategies in developing federal democracies.

Table 3. Variables and Data Sources

ARGENTINA			
Variables	**Description**	**Source**	**Years**
Public Works Investment	Federal government investment in public works from 18 budget programs of the Ministry of Federal Planning, Public Works, and Services, per capita, in thousand Argentine Pesos, deflated using INDEC's construction index prices (ICC).	"Consulta para el Ciudadano" website, National Budget Office (ONP), Ministry of Economy.	1999-2009
GGP per capita (log)	Natural logarithm of per capita gross geographic (provincial) product, in constant 1993 Argentine Pesos.	1983-1992: Consejo Federal de Inversiones (CFI); 1993-1997: SAREP, INDEC. 1998-2009: National Accounts, Ministry of Economy.	1983-2009
GGP industrial output (ln)	Natural logarithm of gross geographic (provincial) industrial output, in constant 1993 million Argentine Pesos (producers' price).	National Accounts, Ministry of Economy.	1983-2009
Poverty level	Percentage of households with basic needs unsatisfied. Census data (extrapolated for the series).	National Institute of Statistics and the Census (INDEC).	1980, 1991, 2001.
Urbanization rate	Urbanization rate by province. Census data (extrapolated for the series).	INDEC.	1980, 1991, 2001.
Population share	Share of national total population for each province. Census data (extrapolated for the series).	INDEC.	1980, 1991, 2001.
Population density	Inhabitants per square kilometer. Census data (extrapolated for the series).	INDEC.	1980, 1991, 2001.
Cars	Registered cars by province (data for December 31, 2007; extrapolated for the series).	National Register of Vehicle Ownership, Ministry of Justice and Human Rights.	2007
Core district	Dummy variable to account whether a provincial governor is from the same party of the president.	Authors' calculation based on data from the Ministry of Interior.	1983-2009
Allied district	Dummy variable to account whether a provincial governor's party is a member of the president's coalition.	Authors' calculation based on data from the Ministry of Interior.	1983-2009
Swing district	Difference between the incumbent's share of votes and that of his provincial runner up in the last election.	Authors' calculation based on data from the Ministry of Interior.	1983-2009
Opposition controlled district	Dummy variable to account whether a provincial governor is from an opposition party to the president.	Authors' calculation based on data from the Ministry of Interior.	1983-2009
Committee (1) and (2)	Number of national deputies from a certain province that are members of the Budget and Appropriations (1) and Public Works (2) Committees in the Chamber of Deputies.	*Oficina de Comisiones*, Chamber of Deputies.	1983-2009
Delegation	Share of national deputies from a certain province that belong to the President's party.	Legislative Information Office, National Chamber of Deputies.	1983-2009
Overrepresentation	Proportion of national deputies from a certain province over the total provincial population.	Loosemore-Hanby Index of Electoral Malapportionment (Samuels and Snyder, 2001; Calvo and Murillo, 2004) and electoral data from the Ministry of the Interior.	1983-2008
Electoral Year	Dummy variable indicating whether presidential elections were held in a given year.	Authors' calculation based on data from the Ministry of Interior.	1983-2009

Table 3. Variables and Data Sources

BRAZIL			
Variables	**Description**	**Source**	**Years**
Public Works Investment	State-level allocation of federal expenditures in housing, sanitation, roads, and urban works.	*Siga Brasil*: Public Budget Information System, Federal Senate.	2001-2011
GGP per cápita (log)	Natural logarithm of per capita gross geographic (state) product, in constant 2000 R$, deflated with the National GDP Implicit Deflator (IPEA).	2002-2005: Sistema de Contas Regionais. 1985-2001: Antigo Sistema de Contas Regionais.	1994-2008
GGP industrial output (ln)	Natural logarithm of gross geographic (state) industrial output, in constant thousand R$.	IBGE, National Industrial Survey.	1992-2010
Poverty	Number of people in households with per capita income below the poverty line. IPEA data are in absolute values, converted to percentage compared with other countries.	IPEA Data	1980-2005
Urbanization rate	Urbanization rate by state. Census data (extrapolated for the series).	IPEA Data	1980-2005
Population share	Share of national total population for each State. Census data (extrapolated).	IPEA Data	1980-2005
Population density	Inhabitants per squared kilometer (extrapolated).	IPEA Data	1980-2005
Cars	Number of cars in each State (extrapolated).	IPEA Data	1999-2009
Core district	Dummy variable to account whether a state governor is from the same party of the president.	Authors' calculation based on data from Jairo Nicolau's database.	1985-2011
Allied district	Dummy variable to account whether a state governor's party is a member of the president's coalition.	Authors' calculation based on data from Jairo Nicolau's database.	1985-2011
Swing district	Difference between the incumbent's share of votes and that of his state runner up in the last election.	Authors' calculation based on data from Jairo Nicolau's database.	1985-2011
Opposition controlled district	Dummy variable to account whether a state governor is from an opposition party to the president.	Authors' calculation based on data from Jairo Nicolau's database.	1985-2011
Committee	Number of national deputies from a certain state that are members of the Urban Development Committee (CDU).	Chamber of Deputies	2000-2011
Joint Commitee	Number of national deputies and senators from a certain state that are members of the Joint Budget Committee (CMO).	Chamber of Deputies	2000-2011
Delegation	Share of national deputies from a certain state that belong to the president's congressional party.	Chamber of Deputies	2000-2011
Overrepresentation	Proportion of national deputies from a certain state over the total state population.	Loosemore-Hanby Index of Electoral Malapportionment (Samuels and Snyder, 2001; Calvo and Murillo, 2004) and electoral data from Jairo Nicolau's database.	1985-2011
Electoral Year	Dummy variable to account whether there are presidential elections held in a given year.	Authors' calculation based on data from Jairo Nicolau's database.	1985-2011

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Notes

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

5 These funds represented almost 8% of the total budget in Argentina in 2006 and almost 3% of the total Brazilian budget in 2011.

6 About 4-5% more in districts and counties represented by members of the president's party; see Berry et al. (2010: 783).

7 Arulampalam et al. (2009) found that a state which is both aligned and swing in the previous state election is estimated to receive 16% higher transfers than a state which is unaligned and non-swing.

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

9 Lodola (2005) is an exception to this claim.

10 We cannot test these last two types of links due to the lack of comparable data.

11 We coded them during fieldwork in the two countries based on official electoral data, information from newspapers, and interviews with provincial experts.

12 We did not include all variables in a single model due to multicollinearity.

13 The variable *committee* reports the number of deputies a given province has on the Budget and Appropriations (*Presupuesto y Hacienda*) and in the Public Works (*Obras Públicas*) Committees in the Argentine Chamber of Deputies; and in the Urban Development Committee (*Comissão de Desenvolvimento Urbano*, CDU) and in the Joint Budget Committee (*Comissão Mista de Planos, Orçamentos Públicos e Fiscalização*, or CMO) in Brazil. These are the relevant committees because they have authority over the decision to allocate public works. The variable *delegation* is the percentage of legislators in the Chamber of Deputies who are members of the majority party.

14 Samuels and Snyder (2001) calculate legislative overrepresentation using the Loosemore–Hanby index of electoral disproportionality: Overrepresentation = (1/2) $|si-vi|$, where *si* is the percentage of all seats allocated to district *i*, and *vi* is the percentage of the overall population residing in district *I*.

15 *Oficina Nacional de Presupuesto* (ONP). It is the first time that data on the territorial distribution of public infrastructure are 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. We received important help of several research assistants (including a geographer who georeferenced items).

16 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 two cases were also calculated using the dependent variable in U.S. dollars and substantive results remain very similar to those reported.

17 Accessed using Siga Brasil.

18 The original data in current Reais were deflated using the index of construction costs (*Índices da Construção Civil*, ICC) reported by IBGE (base year is 1994=100).

19 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 and Brazil are negative, robust (-0.407 and -0.135, respectively), and statistically significant in all cases.

20 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 and Urban Development Committee in Brazil. Including both variables in the same model does not change results.

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

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

23 In Argentina, gubernatorial and provincial legislative elections may not coincide with federal executive and legislative elections (each province can fix its own electoral calendar). Therefore, we run different regressions for gubernatorial and for federal and provincial legislative election years. None of these regression coefficients reach the standards of statistical significance.

24 The yearly national average in Brazil is R$ 80.40 per capita. Northern states received, on average, R$ 159.10 per capita, while Midwest states received R$ 105.10 per capita. On the contrary, Northeastern states received R$ 48.40 per capita while Southeastern states got R$ 32.50 per capita. That is, they got 79.6 percent less funds per capita than the average Northern state. Some possible reasons for these differences are explored in the conclusions.

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

26 The largest recipients in per capita terms in these regions are Roraima (R$334 average per capita during the period), Acre (R$259), Tocantins (R$208), Amapá (R$154), Mato Grosso do Sul (R$132), and Mato Grosso (R$119); while the least favored states are the Federal District (really a hybrid state/municipality - R$4 per capita), *São* Paulo (R$16), and Paraná (R$22). Out of the six most favored, five have been in the presidential coalition most of the time (only Roraima was under control of a coalition led by the PSL in which the PT was part and after 2005 under the control of the PSDB in coalition with the PFL; and Tocantins only after 2010 was controlled by the opposition PSDB), while among the least favored only the Federal District was controlled by the PMDB, the PFL, and the PT only after 2010. There are other several reasons why per capita transfers are large in these states (besides political coalition). Roraima is a new state (it was a federal territory until 1988). The large per capita transfers are largely a result of its very small population (only 450,000 inhabitants) and the coefficients that regulate individual amendments to the budget. Roraima has three senators and eight deputies. Given the budget process legislation, each legislator can distribute R$12 million annually. Therefore, the legal framework grants Roraima a significant amount of resources, independent of political coalitions. This pattern is also visible in other small states that were also federal territories until 1988, such as Acre and Amapá. Tocantins and Rondônia, although similar in some aspects to the previous states, have developed a large agricultural economy and have been recipients of large logistical federal infrastructure projects.