A Preliminary Assessment of Riker’s Party-Based Theory of Federalism in Argentina

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Introduction

Do political parties exert any significant influence on the ability of subnational governments to shape their own destinies? Fueled by persistent tensions between regions and the center in a vast majority of political systems, the study of the institutional conditions for the maintenance of centralization or peripheralization of federalism has come to the forefront of scholar and public debate. After decades of legalistic accounts positing that constitutional law is the best predictor of the level of centralization that develops over time, Riker has shown that federalism should be seen as a political bargain that goes beyond founding constitutions. In addition to provide a process-oriented foundation to understand the nature and making of federalism, he pinpointed the crucial institutional factor determining the fate of the federal bargain: the structure of the party system. Centered primarily around the American experience, Riker (1964; 1975) argues that it is the decentralization of the US two-party system that precludes presidents from controlling their partisans by either organizational or ideological means. This attempt to generate a party-based theory of federalism is laudable insofar as it establishes the necessary conditions, thought to be mainly political, for the territorial dispersion of power.

On closer examination, political scientists have been predisposed to see parties as reactive creatures. Either mirroring existing cleavages in society (Lipset and Rokkan 1967) or conceived as vote-seeking machines (Downs 1957), parties are perceived basically as vehicles for representing interests. More relevant to the topic of this paper, it has been argued that federalism weakens the “party in the electorate” by increasing the likelihood of voter fatigue. The existence of a multiplicity of elections in federal systems, the argument goes, reduces levels of political efficacy by transforming voting into a monotonous act (Downs 1999: 100-101). Furthermore, federalism bolsters party fragmentation (and subnational party system variance) by means of dividing the electoral coffer into segments that can be captured by a party that is strong in certain regions but weak in others. Yet, the advent of the institutionalist paradigm has buttressed the adaptability of parties to institutional forms and their ability to shape the political landscape. In his seminal contribution to the study of parties, Sartori (1969) claimed that party systems merit being treated as independent variables to explain macro-level politics. In turn, parties channel the manner in which issues and conflict become relevant to politics. In this light, it is worth asking what difference parties make for the centralizing or

1 The most prominent writer on this approach is Wheare (1964).
Whereas Riker’s contribution certainly paves the way for a serious treatment of the issue of party causality, it has not remained unchallenged. On a general level, it can be argued that a centralized party system, measured in terms of the degree of partisan similarity between the constituent levels of a federation, may propagate local perspectives into national affairs by allowing personnel from state parties to participate in party affairs at the center, as can be seen in Argentina. Hence, centralized parties may disperse power on a territorial basis. Also, Stepan (1999) argues that the hypothesized significance of weak politywide system of parties on the maintenance of federalism is very much dictated by Riker’s focusing on the American experience; it remains to be seen whether this applies to other cases. In one of the few attempts to test Riker’s theory directly, Sharman (1994) applied this framework to a study of parties and federalism in Australia and found no supporting evidence. Yet, we still lack cross-national studies to assess this proposition, let alone evidence from developing countries.

This paper hopes to contribute to this research agenda by systematically exploring the impact of partisan links between national and state politicians on the political economy of federalism. As Riker’s work represents a significant step in the evolution of theory linking political parties to levels of centralization in policy outputs, it will be applied to the case of Argentina. This country is an ideal laboratory to explore this proposition considering that, given its relatively highly disciplined party structure and the tight control that party leaders exert on nominations (Jones 1997a), it would theoretically have few chances of sustaining a system of decentralized federalism. To examine this apparent puzzle, I first provide descriptive evidence on Argentine federalism. Specific attention is given to the finance powers of the national and subnational governments. Analyzing the extent of (de)centralization of Argentine federalism in terms of fiscal outputs has several advantages. First, it confers a dynamic anchor to evaluate what ultimately is an ongoing process of inter-governmental negotiation. By looking at the constitutional structure it is possible to determine whether a country is formally federal or unitary; nevertheless, this characterization does not throw much light on the manner in which intergovernmental relations typically unfold in federal systems (Watts 1999). Also, focusing on how spheres of government divide state revenue is consistent with Riker’s (1964: 53) claim that functional areas of government operation stem primarily from the state’s collection and subsequent expenditure of resources.

The second section assesses Riker’s party causality theory through a statistical analysis of federal funds transfers to the provinces to establish some basic and preliminary facts about determinants of such grants. Whether or not provinces see their share of intergovernmental transfers increased depend on the partisan color of the president and governors, on the one hand, and on the
presence or absence of divided government, on the other. These influences withstand the inclusion of control variables such as provincial GDP levels and changes in the revenue-sharing regime. It finishes with a discussion of the importance of offering a more nuanced picture of the evolution of intergovernmental funds and fiscal federalism in Argentina more generally.

**Federalism, Argentine Style**

Argentina is a three-tiered federal republic in which the national government, 24 provinces (including Tierra del Fuego and the autonomous city of Buenos Aires), and 1,922 municipalities share taxing powers and spending functions. This assignment of resources has originally worked to the advantage of the national government, which retained a disproportionate slice of the pie. From 1935, the year in which the Federal Tax-Sharing Agreement (FTSA, i.e., Ley de Coparticipación Federal de Impuestos) was introduced to 1958, the center accumulated, on average, 78 percent of revenue sharing resources. The advent of Arturo Frondizi to the presidency in 1958 amounts to a watershed in the finances of Argentine provinces, whose share increased in 1959 almost a 10 percent. Beyond the reasons accounting for this increase, it constitutes a “critical juncture” in the history of revenue sharing in Argentina, as can be seen in Figure 1. Excluding the last years (1981, 1982 and 1983) of the most recent military regime and the beginning of Alfonsin’s administration (1984), provincial shares remained at a 35 percent or higher. Offsetting these developments, revenue sharing in Argentina is based on federal grants to the provinces which are substantially larger than provincial net tax revenues (Sawyers 1996: 218). This meager provincial role in levying taxes distinguishes this country from other federal systems, hindering, to a large extent, tax competition among jurisdictions (Tiebout 1956) and precluding the entrenchment of “market-preserving” principles in Argentine federalism.

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2 For instance, Eaton (2000: 9) claims that despite the fact that Frondizi held comfortable majorities in both chambers, his government was fairly weak at the light of the heavy electoral support from the then proscribed Peronism. Once in office, Frondizi sought to downplay Peron’s sway and to lure the support of neo-peronist parties, which controlled several provinces. Hence, increasing provincial shares loomed as a rational means to expand his own support base beyond metropolitan Peronism.

3 The notion of “market-preserving federalism” was originally coined by Weingast (1995), who claims that the existence of vibrant subnational governments with significant taxing powers and primary regulatory responsibility over the economy are necessary conditions for this taxonomic characterization.
Besides boosting the financial dependence of the provinces on the central governments, federal transfers have a more manifest political significance. Since its inception, the FTSA has been subject to periodical revisions and, hence, to vicissitudes of national and provincial politics. These ongoing changes have led to a high level of complexity, reinforcing opportunistic behavior and a virtual state of anarchy in the system of coparticipation. In turn, by 1984, the “fiscal labyrinth” (Saiegh and Tommasi 1999) evolved into a *de facto* system whereby temporary and purely discretionary bilateral transfer deals between the federal government and each province became the prevailing modus operandum.\(^4\) As a result, provincial governments are disadvantaged *vis-a-vis* the

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\(^4\) It must be stressed, though, that some modifications were introduced in 1988 as to the secondary (i.e., among provinces) distribution coefficients, which were intended to remove provincial population and per-capita income considerations for determining the distribution of revenue resources. That said, this re-arrangement has championed provinces that have shown less fiscal prudence and that were bailed out in previous years (Porto and Sanguinetti 1993: Anexo II.A).
center, which is in a position of forging favorable settlements and hindering inter-provincial coordination.

The above having been said, Argentina is one of the more fiscally decentralized countries in Latin America (Willis, Garman et al 1999). In terms of expenditures, Argentine looms large as one of the most decentralized in the world, approaching the 50 percent in the mid-1990s. At a comparative level, it is worth mentioning that Argentina outdoes Brazil and Colombia, both regarded as extremely decentralized and eclipses by far the average for the countries in the OECD (Stein 1999). However, decentralization arrangements are rarely written in stone, they tend to be susceptible to ongoing processes of renegotiation. While this applies to most decentralized countries, it particularly pertains to the Argentine case, where the adoption of fiscal decentralization in the late 1980s and early 1990s was neutralized by a series of policies (i.e., the 1992 and 1993 so-called fiscal pacts) that subsequently weakened decentralization. Moreover, it becomes apparent that, since 1935, Argentina has moved back and forth in its levels of fiscal decentralization.

Methodology and Variables

As argued previously, the shape of intergovernmental transfers is fundamentally the result of political decisions and bargaining. Drawing on Riker’s proposition, we take these processes to be largely determined by the structure of the party system. Ultimately, the ability of a federal system to guarantee effective opposition to central authorities and, more relevant to the dependent variable of this study, the bolstering of the fiscal autonomy of the states, depends on the partisan opponents of the central government controlling the subnational governments. This author claims that two aspects of partisan politics are of particular relevance; first, the extent to which parties control the behavior of their legislators (i.e., party discipline) and second, the frequency with which parties control both federal and state governments (i.e., partisan dissimilarity as a measure of disharmony in the federation). In this paper, which constitutes an initial exploration to understand the partisan basis of federalism, the analysis of party discipline will be left for later study. Yet, this issue deserves careful attention, as its assessment is not straightforward. Sharman (1994: 26-30) claims that party discipline in federal system with state legislatures is complicated because “the institutional forum in which party discipline is more important, the parliamentary party, creates powerful incentives to preserve the widest scope for state political autonomy”. It remains, therefore, an entirely open and debatable question whether Riker’s assertion that party discipline constraints the ability of state politicians to oppose the centralizing policies of the federal government holds in cases other than the US.

The second factor, namely partisan disharmony, is the main independent variable of this paper.
As Riker and Schaps (1987: 76) put it, if the officials of the central and constituent governments are controlled by the same party, then they might be expected to attenuate the level of conflict within the federation by enhancing centralizing moves. This proposition, however, needs to be further specified. In theory, partisan symmetry may reinforce either the preeminence of provincial or national interests, depending on where the party leader presides. Willis et al (1999: 18) argue that when party leaders occupy positions in subnational governments and are organize at that level, provincial concerns will prevail. If party czars derive their influence from national level positions, the center would remained favored. There is no shortage of examples in Argentine history to base the aforementioned hypotheses, but suffice it to mention that when Menem became the leader of the Peronist Party (hereafter, PJ) at the national level and subsequently the president of the republic, there was an ostensible decline of provincial financial autonomy. However, in practice, this proposition is somewhat tautological. Regardless of whether the prospective president has previously been a provincial governor or a minister in central government office, the president (usually the party boss) is elected by a national constituency, which holds her responsible for fiscal policy outcomes.

Furthermore, the Argentine institutional context equips presidents with several tools to try to coerce provincial leaders into acquiescing to centralizing policies. The constitutional right to intervene in the provincial governments\(^5\), the president co-optation of the judiciary, and the use of executive decrees of urgent necessity confer the executive powerful instruments for prescribing policy choices to subnational governments (Jones 1997a). At the party system level, this trend is further buttressed by comparatively high levels of party discipline and cohesion and the president’s role as the head of the national party. In this vein, we will conjecture that Riker’s proposition corresponds to the Argentine institutional and party setting, hence it is to be expected that periods of higher partisan disharmony will be followed by an increase in levels of decentralization. This relationship should be understood in relative terms, which is to say, partisan disharmony is measured in percentages (see Table 1) rather than as a dichotomous factor. In concrete terms, this variable measures the percentage of governors who belong to a political party which is different of that of the President.

It must be mentioned that Riker measures the extent of partisan control by means of a power index which is based on Shapley’s theorem on the value of \(n\)-person games. This index is fairly complicated and measures the expected chance for a any member of a group to become a pivotal player in the decisions made at the legislature. Albeit useful in providing a comparative yardstick for assessing the policy impact of partisan disharmony, this indicator provides an over-specified parameter of the federal process in Argentina, as it assumes the presence of multiple veto players.

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\(^5\) After the 1994 constitutional reform, the ability of the executive to intervene in provincial politics without the consent of the Congress has been severely limited.
Table 1: Partisan Disharmony in Argentina, 1973-1995

<table>
<thead>
<tr>
<th>Year</th>
<th>Partisan Disharmony</th>
</tr>
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<tbody>
<tr>
<td>1973</td>
<td>4.5</td>
</tr>
<tr>
<td>1974</td>
<td>4.5</td>
</tr>
<tr>
<td>1975</td>
<td>4.5</td>
</tr>
<tr>
<td>1984</td>
<td>68.2</td>
</tr>
<tr>
<td>1985</td>
<td>68.2</td>
</tr>
<tr>
<td>1986</td>
<td>68.2</td>
</tr>
<tr>
<td>1987</td>
<td>68.2</td>
</tr>
<tr>
<td>1988</td>
<td>90.9</td>
</tr>
<tr>
<td>1989</td>
<td>90.9</td>
</tr>
<tr>
<td>1990</td>
<td>22.7</td>
</tr>
<tr>
<td>1991</td>
<td>22.7</td>
</tr>
<tr>
<td>1992</td>
<td>45.5</td>
</tr>
<tr>
<td>1993</td>
<td>47.8</td>
</tr>
<tr>
<td>1994</td>
<td>39.1</td>
</tr>
<tr>
<td>1995</td>
<td>39.1</td>
</tr>
</tbody>
</table>

Unlike the US and Germany, Argentina lacks a vibrant judiciary and the Supreme Court does not play such an active role as in the former countries (but, see Iaryczower et al. 2000). Therefore, Riker’s suggestion that the number of federal cases brought to the Supreme Court is a good proxy for levels of disharmony does not hold very well in Argentina, where the political parties channel federal bargaining processes and conflict to a larger extent than other institutions. Consequently, and agreeing with Sharman’s (1994) analysis of Australian federalism, there are far more simple ways to assess the level of disharmony in Argentina. Conjecturing that the dominant players in Argentina federalism are the executive powers of the national and provincial governments (Bidart Campos 1993) and that the agency that might be expected to synchronize the policies of national and constituent administrations is a political party, our indicator of partisan disharmony will produce a reliable measure of the federal dynamics in Argentina.

The second political independent variable of interest is divided government. This factor is hypothesized to be an important catalyst of fiscal behavior and there is strong evidence from the US case (Alt and Lowry 1994) that is worth being examined with Argentine data. Accordingly, we use a variable indicating the percentage of deputies in the lower chamber who do not belong to the
President’s party. Whereas other studies have used a dummy variable indicating the presence or absence of divided government, percentages tend to capture more accurately the dynamics of the games being played at the low-chamber level. The remaining are control variables. First, provincial gross domestic product (per capita) is incorporated into the regression equation. Second, it may well be that fluctuations in the FTSA transfers to the provinces are highly associated with the evolution of federal funds. This conjecture is based on previous work showing a very strong negative correlation between FTSA and ATN transfers (Cetrangolo and Jimenez in Cece 1998: 141-44).

The dependent variable of this study is evolution of the main federal intergovernmental funds transferred to Argentine provincial governments as a percentage of the total amount of sharing resources (including FTSA) from 1973-1995. These transfers derive from the National Housing Fund (Fondo Nacional de Viviendas, FONAVI), the Highway Fund (Sistema de Coparticipación Vial), the Regional Development Fund (Fondo de Desarrollo Regional, FDR), the Energy Development Fund (Fondo de Desarrollo Eléctrico del Interior, FEDEI), Royalties on oil and natural gas (Regalías) and the National Treasury Contributions (Aportes del Tesoro Nacional, ATNs). Albeit encompassing nearly a 60 percent of total federal transfers (average for the 1973-1995 period), we deliberately exclude the FTSA due to the several changes this arrangement has undergone since its inception. In particular, since 1988 several factors which have governed the distribution of funds across provinces such as population density, development gaps, and provincial own tax collection have been substituted by fixed coefficients. Also, there is another reason accounting for the relatively decreasing maneuvering space of provincial leaders with respect to the FTSA. Since the 1990s, provincial governments agreed to allow the National Treasury as well as local and international banks to withhold coparticipation income as a security for contracting loans. Thus, several provinces are deprived from using FTSA monies during the first two weeks of the month. Although only the ATNs and Royalty payments are formally unearmarked (i.e., they can be used by provincial governments for any purpose), the other funds have experienced several changes, mostly allowing governors to redirect some of these monies to soothe the mushrooming provincial fiscal deficits. Hence, these funds furnish provincial leaders with a maneuvering margin of considerable proportions. Furthermore,

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6 Although decisions concerning the fiscal relations between national government and provinces are also highly contingent on the senate, political power is less concentrated in the lower chamber. Thus, this setting seems to be more prone to obstruct policymaking on interregional redistribution (Porto and Sanguinetti 1998).

7 This reform, which stems from the Law 23,548, has been thoroughly criticized for its high level of arbitrariness and lack of correspondence with any economic criteria.

8 For instance, since the mid-90s the national government has agreed to allow provincial governments to use around 50 percent of FONAVI’s monies as “fondos de libre disponibilidad” (Interview with Alejandro Arlia 2001).
focusing on these programs conforms to a context in which large-scale manipulation of social and regional funds is less feasible, given the macroeconomic imperatives of fiscal adjustment policies in Argentina. Studying the determinants of such funds is therefore particularly well-timed.

With regards to the statistical methodology, we employ an ordinary least squares (OLS) regression to evaluate Riker’s proposition. Since time-dependent data are used, the calculation of a Durbin-Watson test to detect serial correlation is necessary. Nevertheless, it is expected that no serious problems of autocorrelation may be at play because predictors such as GDP per capita and revenue sharing figures tend to be time-sensitive as well, offsetting to some extent temporal effects on the dependent variable.

Table 2: Determinants of Federal Funds Transfers in Argentina, 1973-1995

<table>
<thead>
<tr>
<th>Independent Variables</th>
<th>$\hat{a}$</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Constant</td>
<td>535.234</td>
<td>.004</td>
</tr>
<tr>
<td></td>
<td>(117.914)</td>
<td></td>
</tr>
<tr>
<td>Disharmony</td>
<td>.982</td>
<td>.010</td>
</tr>
<tr>
<td></td>
<td>(.263)</td>
<td></td>
</tr>
<tr>
<td>Divided Government</td>
<td>-8.735</td>
<td>.003</td>
</tr>
<tr>
<td></td>
<td>(1.794)</td>
<td></td>
</tr>
<tr>
<td>Prov. GDP</td>
<td>-.018</td>
<td>.163</td>
</tr>
<tr>
<td></td>
<td>(.011)</td>
<td></td>
</tr>
<tr>
<td>FTSA</td>
<td>-.686</td>
<td>.240</td>
</tr>
<tr>
<td></td>
<td>(.526)</td>
<td></td>
</tr>
</tbody>
</table>

*Note*: The dependent variable is changes in the evolution of main federal intergovernmental funds transferred to Argentine provincial governments as a percentage of the total amount of sharing resources. $R^2 = .879$; Adj. $R^2 = .798$. Standard errors are presented in parentheses. $N = 15$; Durbin-Watson = 1.960.


**Results**

Results of the regression equation predicting the determinants of federal funds transfers are presented in Table 2. It becomes evident that the latter seem to revolve around political considerations, challenging the basic postulates of the normative theory of intergovernmental transfers (Oates 1972) and its emphasis on equity and efficiency as key building blocks of such transfers. The major stylized fact emerging from this analysis is that economic imperatives are weak predictors, whereas partisan disharmony and divided government are consistently decisive, as shown by their significance levels (.01 and .003 respectively). This strong and consistent relationship between
partisan variables and the ability of provincial governments to increase their share of federal funds in Argentina corresponds with preliminary evidence offered by Willis et al (1999), who argue that party system variables define levels of fiscal decentralization in Latin America. However, the same authors contend that the presence or absence of divided government is what ultimately explain movements along the (de)centralization continuum in Argentina. It is argued that the more divided the government is, the greater the prospects for decentralization policies. The negative sign of the coefficient corresponding to the divided government variable, however, suggests several possibilities.

Omitting the fact that measurement errors may have been at work, a brief browse of Argentine political history shows that partisan symmetry in the executive and legislative powers does not necessarily lead to centralizing efforts. In 1975, despite the fact that the PJ held an ample majority in both chambers, President Isabel Peron approved a tax reform in which the alleged macroeconomic improvement originated in the removal of VAT from FTSA was largely offset by the fact that provincial administrations were allowed to increase their collection of inefficient and often overlapping taxes. Additionally, the “divided government cum decentralization” hypothesis is heavily based on Menem’s first presidency (1989-1995) experience. By means of two fiscal pacts, the argument goes, the provinces lost budgetary autonomy given a cut of 15 percent in the primary distribution of FTSA to the provinces to sustain the proposed nationalization of the social security system. What this viewpoint neglects is that this move provided the provinces a great opportunity to get rid of pension systems on the verge of bankruptcy, not to mention that FONAVI, a well-known and lavish “enclave de clientelismo político” administered by the national government, was transferred to provincial dominion. In short, all this indicates that the preliminary conventional wisdom on the impact of divided government in Argentina is not entirely convincing.

On the other hand, we observe that partisan disharmony is positively associated with an increase in the provincial share of federal funds, which clearly corresponds with the hypothesized impact. In the Argentine context, this finding should be interpreted at the light of some basic facts. First, governorships are by far the most important office at the provincial level (Jones 1997b), and it is widely accepted that governors have a significant leverage on the selection and ensuing behavior of senators. Considering that many policies of the central government that require legislation to give
them effect involve a coalition that is broader than the members of the incumbent party alone, presidents seek to captivate the other parties’ governors support. These tend to behave in an opportunistic manner, trying to extract higher transfer payments from the national government than governors from the president’s party would. Using the notion of preference (political) polarization, which is analogous to our usage of partisan disharmony, Sanguinetti’s (1993: 89) analysis of the politics of intergovernmental transfers in Argentina shows that “local governments ruled by opposition parties have received on average higher transfers per capita from the federal government than those run by the party ruling at the federal level”. Party discipline and cohesion, which in this paper are taken as given, obviously bolster the above-mentioned dynamics, because, when political preference is expressed through intra-party factions, the co-optation of governors by the president is a much less promising strategy.

Overall, this preliminary analysis yields an explanatory framework that accounts for the 88 percent of the variance in federal transfers to Argentine provinces. A cautionary note is necessary with regards to the generalizability of this test considering the modest number of observations \( N = 15 \) used in this study. Unfortunately, given the succession of military regimes in Argentina, a viable long-term assessment of the effect of party system variables is marred with serious difficulties. A possible solution would be to start this analysis earlier to be able to include more years of democratic governance. However, policy and performance indicators in this country are oftentimes not reasonably consistent, thus the use of times series is severely hindered.

**Conclusion**

Riker’s analysis of federalism is as much a study of party politics as it is of the institutional underpinnings of intergovernmental relations. To date, this paper represents, to my knowledge, the first attempt to examine empirically his seminal contribution to the study of federalism in Latin America. This lacuna is somewhat justified by the fact that Mexico and Venezuela are the only federations in this region where political party activity was sustained for periods long enough to provide a solid foundation to inspect Riker’s propositions. Nonetheless, these cases do not represent a significant challenge to his theory, considering the fact that centralization of the party system and fiscal intergovernmental relations have been the norm. Leaving the examination of the Brazilian case for later inquiry, this work sets out to assess the plausibility of Riker’s theory for the Argentine case, which exhibits high levels of fiscal decentralization despite its centralized party system.

The empirical results support the idea that the extent to which one party controls the executive components of the federation is a major influence in the unfolding of the system of intergovernmental grants. Efficiency criteria, largely dictated by geographical gross domestic product distribution, appear unrelated to variations in levels of such transfers. Likewise, and more unanticipated considering its hypothesized importance as an institutional anchor of fiscal federalism (Saiegh and Tomassi 1999), the existing regime of revenue sharing is not a robust predictor of such
changes. Equally controversial is the fact that divided government does not necessarily foster fiscal decentralization. This finding indicates that extant works suggesting a positive association between these factors may be underspecified because these do not consider the mediating influence of budgetary performance and the ensuing dynamics of deficit-shifting between central and subnational governments. Improved efforts should be made to conceptualize and measure the different ways in which divided government affects federal grants allocation.

In closing, this paper shows that zooming in the evolution of federal intergovernmental funds affords a nuanced and detailed view of the process of fiscal decentralization in a federation. The study of these grants helps to uncover political dynamics more explicitly than by just tracing the evolution of FTSA. This perspective is particularly relevant for countries where the presence of institutional rigidities in its revenue sharing regime is often counterbalanced by less unrelenting compromises on the fate of seemingly small-scale grants. The federal government in Argentina may then feel it politically profitable to barter short-term benefits to the provinces rather than engaging in a sweeping yet necessary transformation of fiscal federal relations. This, however, remains a entirely open question.

References


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10 Jonathan Rodden’s (2000) work points to this important influence by analyzing the interplay between hard and soft budget constraints and politico-institutional variables.


