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Unfinished Business: The Political Economy of Subnational Democracy

First (Very Rough) Attempt at a Prospectus
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Understanding the determinants of both political and economic development is one of the age old questions that should nonetheless remain at the forefront of our research agenda. Recent years have seen a resurgence of socioeconomic explanations to political development. In particular, the study of both the economic causes and consequences of democratization has become quite popular. This literature, however, has assumed that political development (seen as achieving a national democracy) will inevitably permeate to the whole territory. After democratization the subunits within the regime, which had not already done so, will follow suite in becoming more democratic and the economic effects of the new institution will begin to be felt throughout. This has not been the case. In countries as diverse as India, Brazil, Philippines, Mexico, and Argentina among others, subnational regimes with authoritarian characteristics successfully maintain control despite national democratization. Three questions of great relevance emerge: Why do some subnational units retain authoritarian characteristics while others successfully consolidate democracy? How are these subnational units able to resist pressures for further democratization? What are the socioeconomic impacts of retaining such a mélange of institutions?

A research project exploring these issues in light of the recent advances in the democratization literature is due. This type of inquiry is not new, and it's not exclusive to developing nations, V.O Key's canonical text on Southern Politics is an exploration of these issues in the United States. However no general theory exists that works as framework to understand the dynamics of such subnational regimes. We need a better sense of how national democracy spreads (or does not spread) throughout the territory. It seems to me that this area of inquiry is relevant and important to theories of democratization, of democratic consolidation and of quality of democracy. It is also relevant to the study of center-periphery dilemmas, effects of institutions, informal institutions, economic development and territorial politics among others. It could also potentially have policy implications deriving from a better understanding of what facilitates the entrenchment of such authoritarian institutions in a democratic setting.

At the moment there are two opposing theories under development in the discipline¹. The first of which claims there is no reason to believe subnational democratization would be any different than national democratization and attempts to test the different democratization theories at the subnational level. The two main findings are that development does not account for variation in level of subnational democracy and proposes instead a rentier theory of subnational democratization in which states that get high amounts of federal funding are less likely to be democratic. The second theory starts off denying that the same forces would be at play subnationally that in national democratization. In this theory subnational authoritarian regimes are able to stay in power by controlling the scope of the conflict which implies not getting national attention. The

¹ Gibson (Book Manuscript Forthcoming), Garvasoni (Dissertation Forthcoming)

opposition, on the other hand, will constantly try to make local conflicts of national interest. As long as the local autocrat can maintain his locality away from national attention he will be able to stay in power.

I believe that both extreme paths are unproductive. Neither should we completely dismiss theories of democratization nor should we apply them directly in a setting that is clearly distinct. Though I do believe that a key to understanding subnational democratization is the interaction between the elites and the masses, simply applying national theories of democratization would fail to acknowledge a third actor, the democratic national government. More specifically, it is my belief that a rentier theory of subnational democratization is incorrect and that a focus on information flow clearly underestimates the role of socioeconomic factors.

My dissertation would attempt to pick up where Boix (2003), Acemoglu and Robinson (2006), and Winthrobe (1998) left off and attempt to explain what the strategic interaction is between the different actors at the subnational level. I believe the key to understanding how democratic the subunits are is to study the balance of power between the governor and the national party leaders, the president, the local opposition, the local economic elites, and the local masses. As pointed out above, if we looked at the governor and the local players perhaps we would expect the same results as in theories of democratization, however the incorporation of a national actors will alter the dynamics.

My initial intuitions lead me to a story in which the local economic elites seek to maintain their prerogatives of market alteration and exploitation. The elites therefore ally themselves with the governor of the state in her attempt to capture power since it is cheaper for the elites to negotiate with one actor than it would with the plurality of veto players in a working democracy (legislators, judges). The local opposition is constantly pressuring for democratization on two fronts: 1- demanding changes in the institutions to “level the playing field” (via local reforms or national intervention) 2- attempting to win the local elections despite the uneven playing field (which could theoretically lead to a local autocracy from the opposition). The local autocrat will try to manipulate the masses, local judges and local congressmen by (borrowing from Winthorpe) using combinations of repression² and loyalty.

The masses do not pose a threat in the same way that they do in Boix (2003) or Acemoglu and Robinson (2006) since they are not really threatening local revolution but rather local riots that could garner unwanted national attention. In addition the fear of democracy is also different, the governor loses all power but, unlike the national democratization literature the economic elite’s fear of expropriation or large redistribution is unfounded. In this model the elites fear losing its monopoly power versus consumers and its monopsony power versus employees. One implication of this is that states with higher industry concentration or in sectors that are more dependent of government regulation are less likely to be democratic.

² Repression would be within the boundaries imposed by the national democratic government. I will get into more detail below.

The national opposition always wants subnational democracy in subunits not controlled by it. However it has incentives to spend time and resources on states in which they are competitive and by definition in those states that are less democratic the marginal return to time and money is lower because of the unevenness of the playing field. This implies that the opposition will only credibly focus its attention on democratization when it can receive high returns on investment which would be under situations in which the poor can solve their collective action problem and make a credible threat of defection from the clientelistic network. This could happen for example when you have massive protests after a scandal or a split in the economic elite that could spend resources to lower the collective action costs of the poor.

What I'm hinting at is that it is not only how the national can impact the subnational, but also how the subnational can impact the national. What will become of particular interest to me is how socioeconomic characteristics alter (and are altered by) the equilibrium. These are all preliminary intuitions.

I do believe that other possible explanations based on theories of national democratization or federalism will prove wanting. This is to say that though perhaps correlated we will not find a causal relationship explaining subnational democracy in neither: the existence of a middle class (development), subnational inequality, a social capital explanation or institutional theories (malapportionment). My current intuitions lead me to believe that what matters the most is the composition of the economy that could lead to splits among the elite.

What I like about this project is that it lends itself to a multi method approach. Though in the end I might not pursue every method, it seems like this project would be amenable to a formal model that depicts the strategic interaction and generates testable predictions, a quantitative study comparing subnational units, a qualitative case study comparison of two or three subunits, and a large n study suggestive of possible generalizations.

The key variable of interest (both as a dependent and independent variable) is the level of subnational democratization. The first important characteristic to note is that even though they are often referred to in the literature as authoritarian enclaves no subnational unit will be fully autocratic, this is impossible since the assumption is that we are operating under a democratic national government. These brown areas, as Guillermo O'Donnell calls them, will actually have combinations of both autocratic and democratic institutions. On the one hand they will be democratic enough that you will not see incarceration of opposition leaders and no formal censorship system. In general people are free to vote, free to express their opinions and free to gather or move. The autocratic features will manifest themselves in many ways: control of both the local judiciary and the local legislative by the governor, suspension of lower unit (i.e. county) elected officials, indirect control of the media, control of state level electoral tribunals, generalized denying of voting rights, suppressed or massively rigged elections and physical violence committed against members of the opposition. In addition, these autocratic characteristics will be correlated with high levels of human rights violations,

personalism, familism, clientelism and the likes (though these could be present in democratic subunits as well).

My hope is to generate a formal model that will be a simplified interaction between the relevant actors. The model would generate predictions about the determinants of subnational democratization. Some of these will be directly related to economic factors that can be tested empirically (i.e. inequality, development), others will not be as clear cut and will require verification via case study of a couple of subunits. My idea is to borrow from models of national democratization as a point of departure but introducing national actors.

A case that lends itself for analyzing this topic is Mexico. Mexico is a federation composed of 32 subunits. Its political system was characterized by a one party autocratic system until 1994 when the country held its first democratic election³. However subnational democratization began occurring before; in 1989 a governor of the opposition first took office in Baja California after a series of post electoral conflicts. Some work has already been done on subnational democratization in an authoritarian setting (see for example Eisenstadt), though the concern of this research would be to explore what happened to those remaining non-democratic states after national democratization. Some of them followed the national trend and became democratic, in other states governors successfully concentrated their power and where able to sustain authoritarian practices and institutions in the newly democratic setting.

³ Some would argue that democratization occurred in 1996 with the round of electoral reforms and then crystallized in 1997 when the PRI lost majority control of congress.

We first need to define theoretically what I mean by subnational democracy: Democracy as a regime type will have two distinct dimensions 1- access to power and 2- exercise of power (Garvasoni forthcoming). In the first dimension a subnational democracy would have three characteristics, 1- open contestation for electoral posts, 2- no significant denial of voting rights to a part of the population 3- fair elections (implying no suppression of the elections, an electoral committee that is not subject to the incumbent, no massive electoral fraud). On the second dimension there are two characteristics, 1- Institutional constraints; multiple veto players (the only veto player can not be the governor), 2- No dismissal of elected officials of the opposition or disbandment of federal institutions.

For obvious reasons operationalizing subnational democratic development for the quantitative analysis will be hard. A series of possible proxies come to mind: if a party or candidate where excluded from competing, whether the elections were contested in federal electoral tribunals, whether opposition mayors where removed by the local government, certain characteristics of local electoral commissions⁴, how long the results of the local elections where delayed, whether local congressmen or judges where removed by the governor. Two other possible proxies that don't directly measure my variable of interest are human rights violations or clientelism survey (conducted by the UNDP). I'm thinking that the best option is to code it dichotomously in a Przeworski and Limongi stile. The idea being that a subnational regime would be coded as democracy

⁴ There are currently some people from Norte Dame developing a measure of subnational level of democracy in Argentina primarily based on “thick” conceptions obtained via surveys to “experts” on the different regions.

only if it: 1) never denied registration for competition to a national party 2) no evidence of massive voter fraud was ever presented to electoral tribunals 3) the rules of the electoral committee do not make it submissive to the governor 4) no de jure or de facto instrument was used to disenfranchise a significant part of the population 5) No elected officials of the opposition were ever dismissed by the local congress. Based on the predictions from the model I would do a cross sectional regression aimed at identifying the key explanatory factor determining if the subnational unit is a democracy. I would be particularly worry of reverse causality problems.

To explore the variable of interest as an independent variable I was thinking of using a synthetic counterfactual. The idea would be to choose from the pool of autocratic subunits the first one to successfully democratize. Then use a combination of the rest of the autocratic subunits that best fits the performance the subunit of interest had had in terms of economic development and economic inequality up to the point of democratization. I would then compare the actual performance of the subunit of interest with its undemocratized synthetic counterpart.

My current plan of attack is as follows. From a pool of less democratic states (i.e. Puebla, Tabasco, Guerrero, Chiapas, Oaxaca, Yucatan) in Mexico I will randomly pick two⁵ to visit during the summer and conduct some fieldwork. During that time I will talk to local party leaders, local political journalists, local government officials, local human rights groups in order to understand the set of actions available to the different players and the strategic interaction that is occurring between them. I also intend to look at the

⁵ These two subunits would be excluded from possibly being my case studies.

possible types of data available for the quantification of my dependent variable. From there I will generate a model that will have testable predictions. The predictions will be tested with a quantitative cross sectional analysis of the subunits and with a qualitative case study of two subunits (different from the ones used to generate theory).

Methodologically I'm still exploring on how to exploit the timing of elections. Both the fact that some concur with the presidential election and that some happened right after the 1996 reforms and some happened up to 5 years later.

One important question is to determine the scope of the project. It is my belief that a lot of the same mechanics are occurring in countries as different as Moldova or the Phillipines. I think I should, however, limit the focus to either just Mexico or Latin America. If I focus on Latin America I still could either look at two or three cases (Mexico, Argentina and Brazil) or try to apply it to all relevant cases in the region. I am worried about both appealing to a larger audience and not having an unmanageable project. Another place for limiting the scope would be to only focus on the causes and not the consequences.

In the end I find this project appealing for a series of reasons: 1- despite the constant call for attention (O'Donnell, Dahl) few serious studies exist on the topic. 2- It has important implications not only for a series of different research interests but clearly relates to (and has implications for) contemporaneous political phenomena. 3- It allows for a multi-method approach. I will have trouble with measurement and possible biases,

however I will conduct the necessary sensitivity tests to be as open about the possible directionality and magnitude of the biases.

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