

## **Who Delivers? Partisan Clients in the Argentine Electoral Market\***

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*Abstract:* Why do some parties fail to benefit from patronage in pork ridden political systems? The short answer presented in this article is that institutions distribute power differently depending on who the incumbent is rather than the position of incumbency. This article analyzes the interaction between formal institutions, informal institutions, and partisanship to show that patronage is a vote-maximizing tool that works better for some political parties, even controlling for incumbency. In the case of Argentina, it gives a comparative advantage to Peronism with respect to Radicalism in winning and retaining provincial and local governments. Electoral systems and geographic over-representation of Peronist constituencies provide the Peronism with more fiscal resources. Additionally, Peronist incumbents obtain more electoral returns from the use of fiscal resources than their Radical counterparts due a combination of higher dependency of their constituencies on public resources and a partisan effect. This comparative advantage of Peronism explains the patterns of democratic governance in Argentina since the transition of 1983 and highlights the importance of partisanship for understanding the distributive consequences of informal institutions.

\*We thank the comments of David Samuels, Tulia Faletti, and Andrew Schrank.

*"Our political middle class clientele is concentrated in the city of Buenos Aires and I do not know if they will ever forgive us for having established the bank freeze ('corralito')" said a UCR legislator from the De La Rúa faction. (Clarín, July 29, 2002)*

*"Matilde is not sending the 'oxigen' he needs, he repeats, 'because, you know, today people do not go to the rallies for Perón or Evita, they go for interest...How does she think I'm gonna manage with only fifteen T-shirts and fifteen caps? That's not possible" (cited in Auyero 2001:12).*

## **Introduction**

Why do some political parties fail to benefit from patronage in pork ridden political systems? This article shows that institutions—formal and informal—distribute power differently depending on who is the incumbent rather than the position of incumbency, thereby highlighting the importance of partisanship in defining the distributive consequences of institutions. In doing so, it explains variation in partisan advantages regarding patronage in democratic Argentina since 1983. This partisan advantage is based on differentials regarding both access to public monies and electoral returns from expending public resources. Moreover, this partisan advantage results in the Peronist winning and retaining provincial and local institutions, and explains patterns of executive instability affecting non-Peronist presidents since 1983.

We show that in Argentina, after the return of democracy opened the way for electoral alternation from power, there are still partisan differences in terms of provincial and local control as well as electoral stability of incumbents. These differences provide a partisan advantage to Peronist incumbents, who not only have an advantage in getting access to fiscal resources, but also reap more vote returns from their expenditures on patronage than Radical ones. This comparative advantage consolidates the Peronist control over a majority of provinces and municipalities even during periods in which Peronists have lost control of the presidency. Therefore, the comparative advantage created by both

electoral and federal institutions and patronage provides the Peronism with more resources to sustain an effective presidential coalition at the national level and a competitive political machine at the local level. By contrast, when Radical presidents get elected, they struggle to obtain congressional majorities to support their policies. More importantly, they lack political and economic resources to impose their preferences onto the provincial governments and are likely to face executive crises, thus explaining instable patterns of democratic governance in Argentina since 1983.

The theoretical implications of our findings on Argentina contribute to a growing body of research analyzing the partisan effects of distributive institutions in comparative settings.<sup>1</sup> Boix (1997), Wallerstein (2002), Steinmo (2002); McCarty, Poole, and Rosenthal (2003), and Alessina and Rosenthal (1995), for example, show that left and right wing parties use different macro-economic policies to maximize the returns to their own voters, more heavily concentrated in different income brackets. The guiding theme of these analyses is that parties choose different institutional strategies –and distributive paths— because they face particular constraints from their base constituencies. Other scholars have recently noted that political institutions such as electoral systems (Iversen and Soskice, 2002), and territorial cleavages (Alessina, Danninger, and Rostagno, 2001) affect the distributive nature of states.

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<sup>1</sup> Boix (1998, 2001), Garret (1998, 2001), Acemoglu and Robinson (2002), Steinmo (2002), Wallerstein (2002), McCarty, Poole, and Rosenthal (1997), Alessina, Danninger, and Rostagno (2001), Alessina and Rosenthal (1995), Iversen and Wren (1998), provide significant evidence of how partisan differences lead institutions into different distributive paths in order to benefit particular constituencies. Similarly, Garret (1998) provides evidence of the benefits that different open economy strategies can provide to social democratic constituencies, which results in different policy-making results. There is also a literature that has focused on the distributive bias of some institutions (Knight, 1992). Cameron (1987), Garret and Lange (1985), and Alvarez, Garrett and Lange (1991) also explored the positive effects of wage bargaining institutions for incumbent social-democratic parties among OECD countries.

Similar research has also emerged in Latin America, emphasizing how formal institutions and partisanship interact into particular policy-making strategies.<sup>2</sup> Gibson and Calvo (2001), Remmer and Wibbels (2000), Saiegh and Tommassi (2001), for example, have shown that formal institutions may provide effective minority support for reformers to divert fiscal resources from metropolitan majorities and trigger predatory appropriations from sub-national elites. Samuels and Snyder (2001) show that malapportionment in Latin America generally provides an electoral advantage to conservative parties (“conservative bias”), while over-representing parties from the less populated rural areas. Gibson (1997) links the conservative bias of federal systems in Mexico and Argentina to the comparative advantage of the Mexican PRI and the Argentine Peronism in terms of governance during the implementation of market reforms.

Less emphasis, however, has been placed on the distributive effects of informal institutions, and in particular, on the partisan differences that make patronage resources more available to some incumbents and to the implications of these difference on political stability.<sup>3</sup> This lack of attention to partisan bias regarding patronage hinders our understanding of why patronage is not a dominant strategy for all incumbent political

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<sup>2</sup> Haggard and Shuggart (2001) summarize the literature on veto points with regards to policy making in presidentialism. In their analysis, they emphasize the impact of federalism in terms of separation of power and separation of purpose for policy stability and chance. However, their analysis considers the party system in combination with political institutions rather than a partisan variation in terms of their effect. The literature on the policy effects of federalism in the region is large and prominent examples include Gibson ed. (forthcoming), Eaton (2001), Samuels (2003), Jones (2001), Ames (2001).

<sup>3</sup> We use the term “patronage” to denote the public resources that constitute the object of the exchange between patrons and clients as well as the exchange itself. We define patronage as the distribution of post in the administration in return for electoral support in order to maintain and strengthen positions of political power (Piattoni 2001: 5-6). Recent studies by Stokes and Medina (2002) and Estevez, Magaloni and Diaz Cayeros (2002) focus on incumbency advantages and the demographic characteristics of clientele that increase their dependence on public monies, but do not consider the existence of a partisan component affecting its electoral effectiveness. Clientelism has traditionally been studied as a vote buying strategy by non-partisan political entrepreneurs (Robinson and Verdier, 2001; Ames, 2001; Medina and Stokes, 2002a, 2002b; Estévez et.al. 2002; and Samuels (2002). Descriptions of clientelistic vote-buying include Auyero (2001), Levitsky (2003), Gay (2001), and Fox (1994).

parties and why do some parties fail to guarantee political governance in pork-ridden political systems.<sup>4</sup> We show here the existence of partisan bias regarding patronage for Peronist incumbents and its impact in explaining governance problems for non-Peronist presidents in Argentina. Moreover, our finding about a partisan bias shows that in the post-transition period partisanship matters more than what the literature on weakly institutionalized party system in the region had previously argued.<sup>5</sup>

This paper is divided into five sections. First, we describe the competitive electoral market established since the 1983 transition in Argentine to assess the effect of Peronist advantages in winning and *retaining* provincial and local institutions that improve its governance perspectives. Second, we focus on the differential impact of electoral institutions and geographic distribution of votes to explain the better access of Peronism to fiscal resources. In the third section we analyze the comparative advantage of Peronist incumbents in obtaining electoral returns by investing public monies based on the dependency of their constituencies on those funds and a partisan effect. In the fourth section we discuss the empirical implications of our findings for patterns of democratic governance in Argentina and their theoretical implications for the study of partisanship and informal institutions. We conclude in the fifth section.

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<sup>4</sup> Hopkin and Mastropaolo (2001) show different ideological attitudes toward patronage among the political parties of Italy and Spain, but they do not argue about a different effect of the same type of clientelistic efforts among political parties. Among the few articles analyzing partisan stability and clientelism in Argentine is Brusco, Nazareno, and Stokes (2002). They found inconclusive evidence of the electoral returns to clientelism in aggregate data, although some evidence of a pro-Peronist partisan bias.

<sup>5</sup> On weakly institutionalized parties and party systems in Latin America, see also Mainwaring and Scully (1995). For the Argentine case see McGuire (1995 and 1998). Analyzing the policy switching of Latin American presidencies in the 1980s and 1990s, Stokes (2001) argues that partisanship limits policy switching

## **I- The New “Iron Law” of the Argentine Electoral Market**

From 1983 to 2002 the Peronism controlled a majority of the seats in the Senate and most provincial governorships, even when losing the national majority of votes and the presidency in 1983 and 1999. Hence, Peronist were more likely to control Congress and to win and retain provincial governorships than the UCR (Radical Civic Union). Therefore, governance problems were more likely to emerge under Radical presidents. This electoral advantage of Peronism at the provincial and local level and its larger electoral stability affect the patterns of political instability in democratic Argentina since 1983 and explain the fact that the two non-Peronist presidents had to resign before the end of their term in office.

This new “iron law” of the Argentine elections has not received enough attention due to the focus on national level elections and formal institutions, in particular on the constitutional mechanisms that assert the executive’s authority and on congressional party discipline. Whereas national level elections allowed for partisan alternation of power since 1983, party discipline and executive authority have often been considered crucial to moderate the partisan and distributive conflicts that characterize democratic politics in Argentina, downplaying the role of Congress and other sub-national actors.<sup>6</sup> However, recent analyses interpret the extensive use of executive decrees as a sign of weakness on the part of the executive whereas the national two-party system does not hold at the provincial

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between electoral promises and effective policy making. However, Argentina is one of her paradigmatic cases of policy switching.

<sup>6</sup> On the one hand, many analysts emphasize the powers of the executive and argue that presidents exercised too strong a leadership and felt only accountable to the populace to explain the weakness of Argentine democratic institutions (O’Donnell 1994, Ferreira Rubio and Goretti 1998, Borón 1991). Although, the strong reactive and proactive powers of the Argentine president (Shuggart and Carey 1995:155) are compensated by the separation of powers, bicameralism, electoral cycles, and federalism (Shuggart and Haggard 2001: 98), but unified government and partisan discipline in Congress along with the “packing of the Supreme Court” reinforced presidential powers under Menem (Jones 1997, Larkins 1998).

level where the average number of effective parties is usually around three.<sup>7</sup> It is by analyzing elections below the national level that the electoral advantage of Peronism after 1983 becomes more obvious.

#### *a) Political Instability and the Democratic Transition*

Argentina sanctioned a federal and presidential constitution with a bicameral Congress in 1853. This Constitutional design worked with relative stability until the first military coup in 1930, beginning a fifty-year period of political instability, which eroded the state's capacity to generate stable social expectations. This political instability extends to the executive, legislative, and judicial branches of the Argentine presidential system. Since the effective (compulsory and secret) universal suffrage for males was established in 1912 and until the resignation of President De La Rúa in December of 2001, Argentina had thirty presidents of which only four were both elected by popular vote in free and fair elections and finished their mandates: Hipólito Yrigoyen (1916-1922), Marcelo T. de Alvear (1922-1928), Juan D. Perón (1946-1952), and Carlos Menem (1989-1995 and 1995-1999). During this period, six elected presidents were deposed by military coups including Yrigoyen and Perón in their second presidencies, as were six military presidents.

Argentine political instability has been associated with its party system and the lack of partisan alternation in power except through military coups.<sup>8</sup> During the second half of

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<sup>7</sup> Magar (2002), Mustapic (2001), and Calvo. et.al. (2001) point out to the weakness of Argentina's executives. Mustapic argues that presidents had to use decrees and item vetos because the legislature did not rubberstamp executive initiatives. Moreover, presidents withdraw initiatives presented to committees to avoid legislative defeat had they reach the floor, and they have also been pressed into bargaining with provincial governors to obtain legislative discipline.

<sup>8</sup> Gibson (1996) blames the absence of a national conservative party for the democratic instability of Argentina and other Latin American countries. Peronism and intolerance for its electoral success have been used to explain Argentine political instability in the second part of the century (Waissman 1987, O'Donnell 1973, Cavarozzi 1987).

the twentieth century, its party system was based on two loosely organized political coalitions: those supporting the Peronist movement and those opposing it. The Peronist party (PJ) emerged in the 1940s from a coalition of urban working classes in the most developed areas of the country and local bosses in the most rural provinces.<sup>9</sup> The main opposition to Peronism through out this period, on the other hand, was the Union Civica Radical (UCR). A centrist party grown from the urban vote in the early twenty century, which traditionally represented the middle classes in the most developed and urbanized provinces of the Litoral area.<sup>10</sup> Whereas the UCR won all presidential elections between the electoral reform of 1912 and the 1930 coup, Peronism won all subsequent elections in which it was allowed to run until 1983. This “iron law” of Peronist electoral victories was used to explain Argentina’s recurrent military coups in 1955, 1962, 1966, and 1976 (Cavarozzi 1987, O’Donnell 1973).

The return to democracy in 1983 marked the beginning of a period of democratic stability with competitive elections and effective power alternation in the national executive, with two presidential elections won by the PJ and two by Radical candidates.<sup>11</sup> Raúl Alfonsín (UCR) was the first one to break the “iron law” of Peronist electoral victories when he defeated the Peronist presidential candidate Italo Luder in 1983. That electoral defeat drove the Peronism into a process of internal restructuring and the

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<sup>9</sup> Mora y Araujo (1980a), Smith (1980) and Llorente (1980a) discuss the electoral support to Peronism in the 1946 election when Peron was first elected president showing the support of workers in the urban areas of the most developed provinces and a more multi-class alliance including the poor in the less developed provinces. Mora y Araujo (1980b) and Llorente (1980b) discuss the evolution of this dual coalition after Peron arrived to the presidency until he was elected again in 1973. They show the persistence of this dual support and the increasing gains of Peronism in the less developed provinces.

<sup>10</sup> The studies mentioned in the previous footnote compare the electoral coalitions of both parties. David Rock (1975) discusses the origins and evolution of the UCR.

<sup>11</sup> Cabrera (1996) notices that third parties, even if considerably small, started growing vis-à-vis the Peronist and Radical party since democratic transition and assigns the permanence of the electoral coalitions to the “freezing” effect produced by subsequent military coups during the second half of the XX century.

emergence of a new leadership known as the “renovadores” (Levitsky 2003). Again in 1999, Fernando de la Rúa (UCR), running as the candidate of a broader alliance, defeated Peronist Eduardo Duhalde. The consolidation of democracy generated a competitive electoral market with partisan alternation in power; however, it did not end political instability as shown by the resignation of two of the three democratically elected presidents before the end of their terms.

*b) The Comparative Electoral Advantage of Peronism: A New Iron Law of the Argentine Elections?*

In spite of the emergence of partisan alternation in power in electoral races for the national executive after 1983, most provincial races for both local and national offices were not equally competitive. As a result, institutions like Congress, the provincial legislatures, and provincial executives –*governors*–, showed that Peronist control was far most extensive and stable than that of the UCR.

First, since the return of democracy in 1983, the Peronism controlled the Senate, even when it had lost the presidency, and both houses of Congress during Peronist presidential administrations (1989-99). By contrast, non-Peronist presidents (1983-89 and 1991-2001), who had gathered national majorities, never controlled the Senate and only briefly the plurality of seats in the lower house (table 1).

**Table 1: Party of the President and Congressional Control**

|  | 1983-1985 | 1985-1987 | 1987-1989 | 1989-1991 | 1991-1993 | 1993-1995* | 1995-1997* | 1997-1999* | 1999-2001*  |
|--|-----------|-----------|-----------|-----------|-----------|------------|------------|------------|-------------|
| Party of the President                 | UCR       | UCR       | UCR       | PJ        | PJ        | PJ         | PJ         | PJ         | UCR-Frepaso |
| Number of PJ Deputies                  | 111       | 98        | 99        | 120       | 124       | 127        | 131        | 119        | 99          |
| Number of UCR- <i>Alianza</i> Deputies | 129       | 129       | 114       | 90        | 84        | 84         | 90         | 106        | 120         |
| Number of PJ Senators                  | 21        | 21        | 21        | 28        | 28        | 28         | 39         | 39         | 39          |
| Number of UCR- <i>Alianza</i> Senators | 18        | 20        | 20        | 12        | 10        | 10         | 20         | 20         | 20          |

*Sources:* Dirección Nacional Electoral, Ministerio del Interior; Molinelli, Palanza & Sin (1999); Fuertes & Micozzi (2002).

\* The number of senators increased from 48 to 72.

Second, Peronists politicians were also more capable than the Radicals both to win and to retain provincial governments (Table 2). Since the return of democracy, the number of Radical victories in gubernatorial elections ranged from two to six whereas those of the Peronists ranged from thirteen to seventeen. Moreover, whereas the UCR only retained the governorship of Rio Negro during the four elections since 1983, the PJ repeatedly kept the governorships of eight provinces.<sup>12</sup>

<sup>12</sup> Formosa, Jujuy, La Pampa, La Rioja, San Luis, Santa Cruz, Santa Fe y Santiago del Estero.

**Table 2: Party Winning Governor Elections between 1983 and 1999**

| Province                | 1983                | 1987                | 1991                          | 1995                         | 1999                         |
|-------------------------|---------------------|---------------------|-------------------------------|------------------------------|------------------------------|
| BsAs                    | UCR                 | PJ                  | PJ                            | PJ                           | PJ                           |
| Catamarca               | PJ                  | PJ                  | Frente Cívico y Social (UCR)^ | Frente Cívico y Social (UCR) | Frente Cívico y Social (UCR) |
| Cordoba                 | UCR                 | UCR                 | UCR                           | UCR                          | PJ                           |
| Corrientes              | Autonomista Liberal | Autonomista Liberal | Fed. Intervention             | PAL/Pdo. Nuevo*              | PJ                           |
| Chaco                   | PJ                  | PJ                  | Acción Chaqueña               | UCR                          | UCR                          |
| Chubut                  | UCR                 | PJ                  | UCR                           | UCR                          | Alianza                      |
| Entre Rios              | UCR                 | PJ                  | PJ                            | PJ                           | Alianza                      |
| Formosa                 | PJ                  | PJ                  | PJ                            | PJ                           | PJ                           |
| Jujuy                   | PJ                  | PJ                  | PJ                            | PJ                           | PJ                           |
| La Pampa                | PJ                  | PJ                  | PJ                            | PJ                           | PJ                           |
| La Rioja                | PJ                  | PJ                  | PJ                            | PJ                           | PJ                           |
| Mendoza                 | UCR                 | PJ                  | PJ                            | PJ                           | Alianza                      |
| Misiones                | UCR                 | PJ                  | PJ                            | PJ                           | PJ                           |
| Neuquén                 | M.P.N               | M.P.N               | M.P.N                         | M.P.N                        | M.P.N                        |
| Rio Negro               | UCR                 | UCR                 | UCR                           | UCR                          | UCR                          |
| Salta                   | PJ                  | PJ                  | Pdo Ren. Salteño              | PJ                           | PJ                           |
| San Juan                | Pdo. Bloquista      | Pdo. Bloquista      | PJ                            | PJ                           | Alianza                      |
| San Luis                | PJ                  | PJ                  | PJ                            | PJ                           | PJ                           |
| Santa Cruz              | PJ                  | PJ                  | PJ                            | PJ                           | PJ                           |
| Santa Fe                | PJ                  | PJ                  | PJ                            | PJ                           | PJ                           |
| Santiago                | PJ                  | PJ                  | PJ                            | PJ                           | PJ                           |
| Tierra del Fuego        | #                   | #                   | Mopof                         | Mopof                        | PJ                           |
| Tucuman                 | PJ                  | PJ                  | PJ                            | Fuerza Repub.                | PJ                           |
| Total PJ Governors      | 11                  | 11                  | 16                            | 16                           | 14                           |
| Total Alianza Governors | 7                   | 7                   | 2                             | 2                            | 4                            |

Sources: Ministerio del Interior.

^ 1991 Intervention before the election

\*PAL from 1993 to 1995 and Partido Nuevo from 1995 to 1997

# Tierra del Fuego was not a province.

Finally, The predominance of Peronism at the local level was so lopsided that even in 1999, when it lost the presidency it was able to win almost half of the municipalities (Table 3). In contrast, the Alianza (UCR and Frepaso) only won a third of municipal governments despite its presidential victory. Different patterns emerge in comparing the richer and more populated metropolitan provinces of the center of the country with the

poorer and less populated ones of the periphery (Gibson and Calvo 2001). Whereas in the metropolitan provinces the difference in the number of municipalities in 1999 was five to four in favor of Peronism, in the periphery, it was almost the double.

**Table 3: Control of Municipalities, 1999 Election**

| Province        | Number of Municipalities | PJ Municipalities. | Population in PJ Municipalities | Alianza Municipalities | Population in Alianza Municipalities | Representatives in Pj Municipalities | Representatives in Al. Municipalities |
|-----------------|--------------------------|--------------------|---------------------------------|------------------------|--------------------------------------|--------------------------------------|---------------------------------------|
| Metro-Provinces | 941                      | 469 (50%)          | 10817000                        | 392 (41%)              | 7525000                              | 3165                                 | 2602                                  |
| Periphery       | 1119                     | 438 (40%)          | 3786288                         | 251 (22%)              | 3879000                              | 2266                                 | 1572                                  |
| Total           | 2060                     | 907 (44%)          |                                 | 643 (31%)              |                                      |                                      |                                       |

The territorial preeminence of Peronism made political and legislative gridlock more likely to emerge under non-Peronist presidents. Therefore, the only Peronist president (Carlos Menem) enjoyed the policy benefits of unified, and mostly disciplined, government (Jones 2001, Mustapic 2001) that their non-Peronist counterparts lacked.<sup>13</sup> The electoral predominance and stability of Peronism at the subnational level are explained by the better access to fiscal resources and larger electoral returns from the use of public monies resources by Peronist incumbents. In the following section, we analyze the origin of these partisan advantages by focusing on both formal institutions—electoral and federal—and informal institutions—patronage.

<sup>13</sup>Although both Mustapic (2001) and Jones (2001) show that party discipline is higher for UCR than for PJ legislators, because the Peronist are more likely to control Congress than the UCR, partisan loyalty is not sufficient to guarantee governability for the Radical presidents.

## **II- Comparative Electoral Advantages and Access to Patronage in Argentina**

Two different mechanisms worked to provide the Peronism with an electoral advantage in controlling Congress and provincial governorships and improving its access to fiscal resources so that it could sustain and improve its provincial and local predominance:

(i) an important majoritarian bias in the electoral rules, which restricted the entrance of third parties in the less populated provinces and (ii) the geographic composition of the Peronist vote, which is more concentrated in the least populated provinces. These two elements combined to explain the larger access of Peronism to public resources.

### *a) Majoritarian Electoral Bias and Geographic Distribution of Votes*

The Argentine electoral system is characterized by a majoritarian bias that benefits less populated provinces where fewer parties compete for over-represented votes. The election of national representatives has effective magnitudes ranging from 35 in Buenos Aires to 2 and 3 in fourteen of the 24 provinces. As a result of the closed party ballot and PR system used for congressional elections, the number of effective parties ranges from over 6 in the City of Buenos Aires to close to 1 in provinces like La Rioja and Santiago del Estero. As a result of these electoral rules, elections for the lower house in Argentina are majoritarian in most small provinces and proportional in a few large provinces. More importantly, electoral volatility is high in large provinces while is quite low in small provinces.<sup>14</sup> Moreover, there are also different provincial electoral system, both for the

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<sup>14</sup> See Escolar and Calvo (2002) and Calvo, Szwarcberg, Micozzi, & Labanca (2001) for analyses of party competition in the Argentine Provinces.

provincial executive and the local legislatures.<sup>15</sup> As a result, majoritarian biases from national level elections in the smaller provinces are often reinforced by majoritarian electoral systems for the local legislatures.<sup>16</sup>

Figure 1 summarizes the seat-vote allocation distribution of small and large provinces resulting from electoral system where many parties compete for under-represented votes in the most populated provinces while a few parties compete for over-represented votes in the least populated provinces.<sup>17</sup> Given that small and large provinces distribute close to half of the seats in each election, the interpretation of Figure 1 should be relatively transparent: A party that wins 50% of the vote in every province should obtain  $\approx 70$  seats (56%) in the large provinces and  $\approx 90$  seats (72%) in the less populated provinces. Because the number of effective parties decreases with smaller district magnitudes, a small number of parties in the least populated provinces receive more seats per votes than parties in the more competitive provinces. Finally, while only a third of the population lives in the smaller provinces, over-representation gives these voters  $\approx 48\%$  of the seats.<sup>18</sup> In sum, a small number of parties receive half of the lower house seats in over-represented

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<sup>15</sup> For instance, whereas Buenos Aires uses proportional representation for electing its provincial legislators, La Rioja and Salta use single member districts to elect representatives in their less populated districts while using PR in their under-represented capital cities.

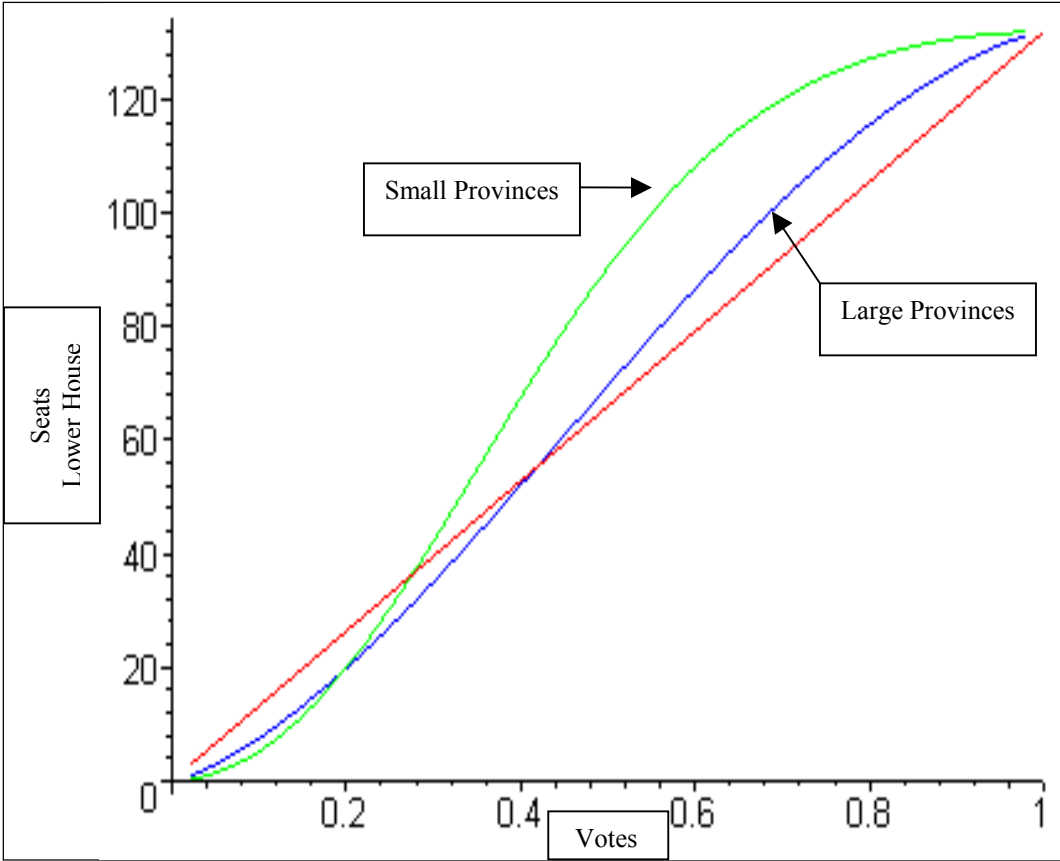
<sup>16</sup> Mark Jones (1997) shows that gubernatorial elections have a more dramatic effect in lowering the effective number of competing parties than the presidential race.

<sup>17</sup> Figure 1 was estimated from pooled provincial data covering 10 elections between 1983 and 1999. The estimates are from a grouped logit model for seat counts, using votes and time-series controls. See Calvo et.al. 2001 and Calvo and Abal Medina, 2002. Details of estimation in Appendix B.

<sup>18</sup> According to Samuels and Snyder (2001:661-662), Argentina ranks twelfth in the world regarding lower chamber malapportionment and first in terms of higher house malapportionment. Cabrera (1996), Calvo, Faletti and Gibson (2001), and Jones (2001) analyze the impact of electoral disproportionality in legislative elections.

majoritarian districts while a large number of parties receive half of the lower house seats in under-represented proportional districts.<sup>19</sup>

**Figure 1: The Effect of Inter-Provinces Magnitude Variation in the Seat Allocation of the *National Chamber of Representatives*; 124 Seats Renew half of the Lower House (Grouped Logistic Model, Pooled Provincial Data from Appendix B)**

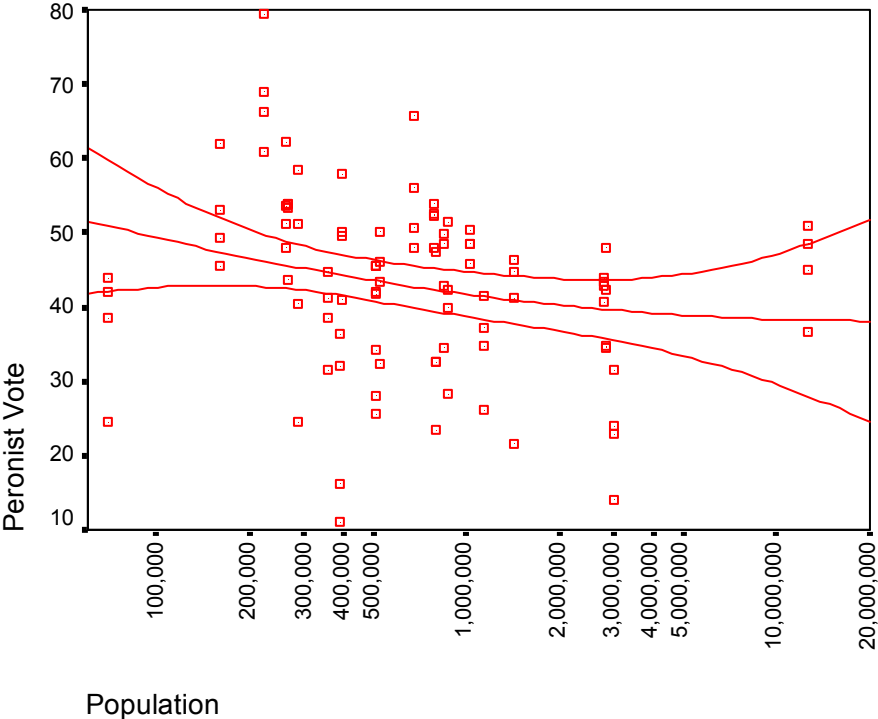


We have shown that the electoral institutions produce different majoritarian biases, which benefit winning parties in the less populated provinces. The geographic distribution

<sup>19</sup> Argentina has 24 provinces, which serve as electoral districts for the 257 members of the Lower Chamber and the 72 members of the Senate (3 per province). The provinces receive a number of deputies in proportion to population provided that no district receives fewer than five deputies or fewer legislators than its share during the 1973-76 democratic period. As a result, the provinces in the least populous quartile (Catamarca, La Rioja, San Luis, La Pampa, Santa Cruz, and Tierra del Fuego) have 3.9% of the population and 11.7% of the seats in the Lower Chamber (and 25% of seats in the Senate). In contrast, the province of Buenos Aires, which has 39% of the national population only receives 27% of deputies and three Senators. Prior to 1991, Tierra del Fuego was not a province and the City of Buenos Aires was a federal district. Prior to the 1994

of Peronist constituencies allows this party to benefit more than the Radical party from the overrepresentation built into the electoral system. Even in 1983 and 1999, when the PJ lost the presidential election, it won more governorships and senators than the UCR thanks to the advantage given by the geographic distribution of the Peronist voters (see Figure 2).

**Figure 2: Percent Peronist Vote for the Lower House and Population (LN) by Province, 1987, 1990, 1995 and 1999 Elections**



We have shown in this section the existence of a partisan difference in the functioning of the Argentine electoral market based on a majoritarian bias that benefits Peronism. The Peronism has a comparative electoral advantage over the UCR-Aliance that provides them with critical majorities even when they lose control of the executive. This comparative electoral advantage extends over national and provincial government

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constitutional reform, there were two instead of three Senators per provinces and an Electoral College elected the president whose members doubled the number of Senators and Deputies of every province.

institutions such as the Senate and governorships. This comparative advantage of Peronist incumbents is sustained by using patronage to retain its political power based on better access to fiscal resources and larger electoral returns derived from the use of public monies—more votes per buck—than their Radical contenders. We focus below on the impact of electoral systems and geographic distribution of Peronist votes to explain its better access to fiscal resources.

b) *Fiscal Federalism and Access to Public Funds*

The majoritarian bias of electoral institutions and the geography of the Peronist vote have a positive effect on the access of Peronism to fiscal resources that can be used to maximize votes and foster the electoral stability that sustains Peronist provincial and local predominance. The Peronism larger capacity to extract and, thereby deploy fiscal resources lies in the distributive nature of Argentina's federal institutions and the territorially based income inequalities that characterize their provinces. That is, thanks to fiscal federal institutions, the Peronist control of Congress provides this party with more resources for political spending, which provincial and local executives can use to sustain their incumbency status.

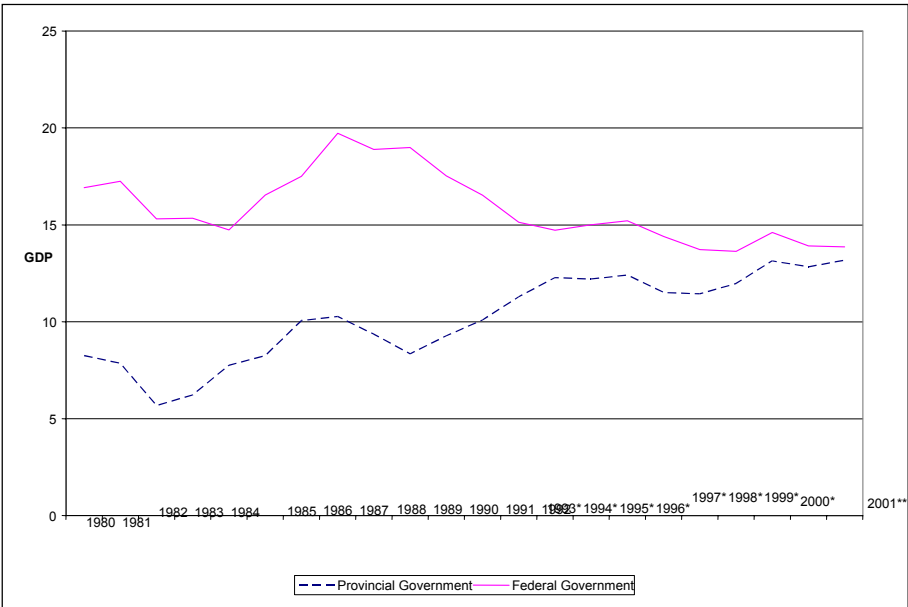
The fiscal federal institutions of Argentina are, since 1935, based on the delegation from the provinces to the federal government of the authority to define and collect taxes. Using a revenue-sharing formula voted by Congress, government resources are divided between the federal and provincial governments.<sup>20</sup> The increasing importance of fiscal

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<sup>20</sup> Different waves of decentralization also led to different degrees of revenue-sharing between the central government and the provinces (Eaton 2001, Falleti, 2002). The 1988 law gave 42.34 percent of the collected revenue to the central government and 56.66 to the provinces with the remaining one percent allocated to

federalism in Argentina can be readily observed by comparing the increasing share of GDP controlled by the provinces in contrast to the decline in the share of the national government during the 1980-2001 period. Even discounting the increasing public debt burden from both the federal and provincial government, we can see that the disposable resources declined from 16% to 13% for the federal government while increasing from 8% to 13% for the provincial governments (Figure 2).

**Figure 2: Changes in Argentina’s Federal and Provincial Total Spending as a Percent of GDP, Discounting Public Debt for Both Levels of Government, 1980-2001**



Source: Based on data from the Argentine Ministry of Economy.

Whereas the larger share of the fiscal pie received by the provinces provides an idea of the importance of provincial governorships for getting access to public monies, the Peronism advantage in obtaining fiscal resources is not only based on its broader electoral success at the provincial level, but also on the fact that the distribution of fiscal monies is biased in a way that favors Peronist-controlled provinces. We use a pooled cross-sectional

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federal transfers to compensate for emergencies that the provinces could not finance on their own (Law

dataset of economic and political data to show that Peronist controlled provinces are able to extract larger federal resources than their UCR counterparts, even when controlling for differences in income, population, and over-representation generated by the electoral system.

The dataset includes cross-sections of the 24 provinces and the City of Buenos Aires for the years of 1987, 1990, 1995, and 2000. Two years were under UCR presidencies (1987 and 2000) and the other two had a Peronist president (1990 and 1995).<sup>21</sup> In order to test the distributive effect of partisanship in the provinces, we analyze the impact that larger provincial majorities by both the Peronism and the UCR have in the percent of provincial expenditures financed by the federal government. We then provide a second analysis of the partisan impact on the provinces relative revenue sharing ratios. The measurements of federal government financing and relative revenue sharing ratio are similar to those used by Gibson and Calvo (2001), Remmer and Wibbels (2000), and Tommassi and Saiegh (2000). The percent of federal financing is computed as the percent of provincial *i* total expenditures financed by both revenue-sharing and special transfers from the federal government. The relative revenue sharing ratio, on the other hand, measures provinces *i* share of the total federal resources over their population share. We then entered the PJ vote share and the UCR-Alianza vote share with the usual controls for income, population, and overrepresentation.

Table 4 also shows the strong and negative relationship between income and federal financing of provincial expenditures, as well as the negative relationship between

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23,548/88).

<sup>21</sup> While it would be preferable to use also 1985, a year in which the UCR hold as many governorships as in 2000, data limitations leads us to use the 1987 year. Given that a significant departure from previous revenue-sharing strategies takes place in 1988, we think that the sample remains adequate.

income and revenue sharing. A 1% decline in median income also leads to a 1.03% increase in federal financing and a .67% increase in revenue sharing. Moreover, over-representation also has a positive effect in the relative revenue sharing ratio, thereby explaining that the four most populous provinces, which account for 67.4% of the population and 71.1% of the provincial share of the gross provincial product, only received 44% of the federal revenue transfers. The redistributive character of the revenue-shared ratios favors PJ with access to more public resources.

**Table 4: Revenue Sharing, Federally Financed Expenditures, and the Peronist Vote**

|                           | Percent of Provincial Spending Financed by the Federal Government | Relative Revenue Sharing Ratio |
|---------------------------|---|--------------------------------|
| PJ Vote Share             | .28**<br>(.11)  | .39***<br>(.11)                |
| AI Vote Share             | -.04<br>(.08)   | -.02<br>(.07)                  |
| Median Income (ln)        | -1.03***<br>(.17)   | -.67***<br>(.17)               |
| Over-representation (Dip) | .03<br>(.03)  | .07**<br>(.034)                |
| Population (ln)           | -.20***<br>(.04)  | -.44***<br>(.04)               |
| 1990                      | 1.14***<br>(.22)  | .44**<br>(.22)                 |
| 1995                      | -.02<br>(.09)   | .45***<br>(.094)               |
| 2000                      | -.04<br>(.09)   | .68***<br>(.09)                |
| Constant                  | 7.89***<br>(1.29)   | 7.77***<br>(1.25)              |
| R <sup>2</sup>            | .63   | .869                           |
| N                         | 87  | 87                             |

Moreover, Table 4 shows that, regardless of who is the President<sup>22</sup> and even controlling for over-representation, Peronist-controlled provinces received higher levels of federal

<sup>22</sup> The year dummies are already reflecting two peronist administrations (1990, 1995) and two UCR administrations (1987 –baseline-, and 2000). The models presented were robust to different specifications and

funding for their local expenditures and a larger share of the revenue-shared resources than those controlled by the Alianza (UCR + Frepaso).<sup>23</sup> A 1% increase in PJ votes leads to a .28% increase in the percent of provincial budget financed by the federal government and .39% increase in the provinces revenue sharing.<sup>24</sup> By contrast, larger Alianza vote contingents have little impact on federal financing and the relative revenue sharing ratio. Hence, the impact of electoral over-representation and the geography of Peronist voters favor Peronist access to fiscal resources. As a result, the combination of the geographic distribution of Peronist voters and federal institutions give Peronist incumbents an advantage over the Radical ones at obtaining access to 70% of all provincial expenditures and 69% of all provincial employment—equivalent in 2001 to 945,000 public employees—and thereby at deploying patronage to sustain its electoral predominance.

### **III-Partisan Advantages in the Efficiency of Patronage Expenditures**

Given that both the PJ and UCR use their state controlled resources to increase their vote share we could conclude now our argument showing that the PJ has just an incumbency advantage in the provinces that increases its access to fiscal resources. However, not only has the PJ retained control of their provinces, but also the Alianza has proven unable to do so. The reason behind the Peronist partisan advantage is that it has larger access to public resources and it also reaps more electoral benefits from its political investment than the UCR. That is, both parties obtain electoral benefits from patronage when they are incumbents as predicted by the literature on clientelism. However, even

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hausman tests conducted using a PJ president dummy and interacting with the PJ and Alianza vote share where not statistically significant.

<sup>23</sup> The dependent variable are UCR votes for the 1987 and 1990 election, the addition of UCR and Frepaso votes for the 1995 election, and the votes of their coalition for the 1999 election.

controlling for access to resources, Peronist incumbents obtain better electoral returns from their investment in public funds than Radical ones. We explain the greater electoral efficiency of Peronist use of patronage by focusing on the larger dependency of its constituencies on public monies as well as on a partisan effect derived from historical ties between Peronism and poorer constituencies.

*a) Efficiency Advantages in Using Patronage*

Whereas the provincial predominance of PJ has been noticed before,<sup>25</sup> its dominance at the local level has remained less studied. Thus, we show the higher efficiency of PJ in obtaining electoral gains from its political investments by analyzing data for all municipalities in the province of Buenos Aires. Containing almost a third of Argentina's population, the province of Buenos Aires is characterized by important contrasts in terms of income, population, and political traditions. The urban belt surrounding the City of Buenos Aires comprises over two thirds of the provincial population in less than 5% of its territory. A highly organized political machine in this urban belt contrasts with the rural like politics of the west and south. The east shore of the province includes also a number of important cities that receive much of their income from services while also specializing in small and medium industries (La Plata), tourism (Mar del Plata), and petrochemicals (Bahia Blanca).

The province of Buenos Aires is an interesting case to analyze the electoral impact of public spending, given that it is a reverse mirror of the rest of the country (Escolar and

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<sup>24</sup> Given that these effects are robust to different model specifications we do not post the alternative models but they can be requested from the authors.

<sup>25</sup> On the provincial predominance of Peronism, see Gibson (1997) and Gibson and Calvo (2001), Mora y Araujo (1980a).

Pirez, 2002). While the province of Buenos Aires has been under Peronist control for almost twenty years, the majority of the local legislature has been generally been dominated by the UCR. A severely maldistributed legislature, which heavily overrepresents the relatively wealthier rural districts of the west and south, contrast with an underrepresented and heavily Peronist urban corridor that surrounds the City of Buenos Aires –itself a different electoral district as the District of Columbia in the USA. The province of Buenos Aires, therefore, provides the UCR with the same distributive incentives than the Peronism has at the national level. However, the social composition of its own “periphery” is markedly distinct from that of the Peronism. In the 1999 election, the PJ obtained fifty-nine municipalities and the Alianza won sixty-five. However, the Peronist candidate Carlos Ruckauf was elected governor. The urban corridor around the City of Buenos Aires, which provided the Peronism with almost a third of its municipal governments, included two thirds of the provincial population, thus providing Ruckauf the votes necessary to become the fourth consecutive Peronist governor in 20 years.

In order to estimate the political impact of patronage, we decided to analyze the relationship between municipal spending, municipal public employment, and vote retention by both the Peronism and the UCR-Alianza in the province of Buenos Aires.<sup>26</sup> Using the municipal data from the 1995-1999 period, we estimated different ecological inference and contextual models, to evaluate the advantages in municipal vote change and individual vote retention as a function of larger public spending and employment.<sup>27</sup> While the results were similar for both the district level vote change and the individual level vote retention, we

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<sup>26</sup> Because in 1995 the Frepaso and the UCR run separately, we pooled their votes together for the 1995 elections in order to compare the vote change in 1999.

<sup>27</sup> In ecological inference models, the objective is to infer individual votes from aggregate results. By contrast, in contextual approaches the objective is to estimate attribute of the aggregate political units. Results for both

find the individual level model to be more intuitive. Therefore, we focus here on the ecological inference and second stage analyses (King, 1997; Burden and Kimbal, 1999; Herron and Shotts, 2001; Adolph, King, Herron, and Shotts, 2002), which provide evidence of the different partisan returns to pork at the municipal level. We run two different analyses, one analyzing aggregate party change and a different model analyzing individual level vote retention.<sup>28</sup> The estimated vote change (Model 1) and the local quantities of interest (Model 2) were then used as dependent variables in a second stage.

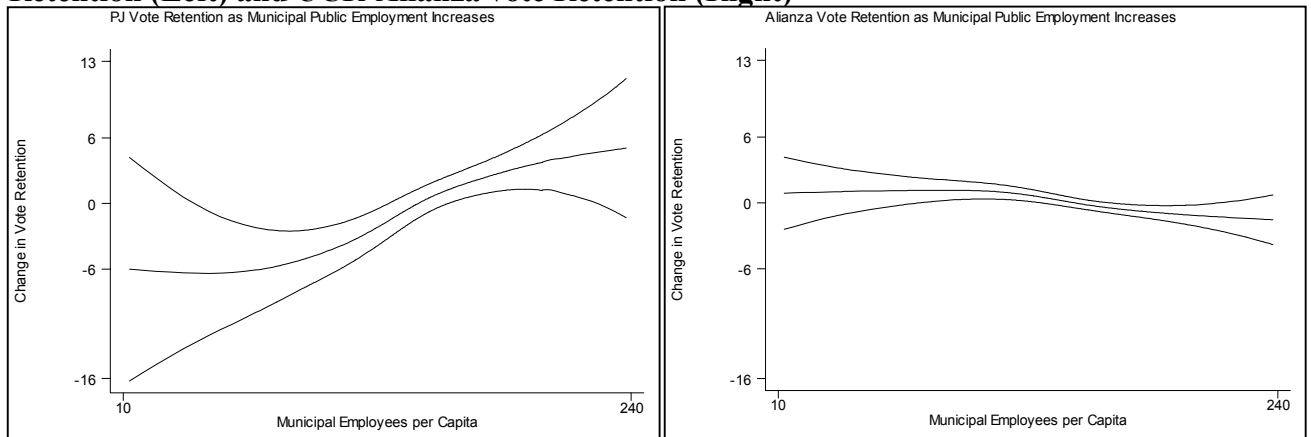
The results of the analyses are presented in Table 5, but figure 4 provides an intuitive description of the effect that public employment has in the PJ and Alianza vote retention. As it can be observed in Figure 4a, low levels of public employment have little impact on vote retention for the Peronism or the UCR-Alianza. However, as the municipal public sector increases above the mean of 75 employees per 1000 citizens, Peronist vote retention increases dramatically. Finally, as employment increases over 160 (16% of the population or almost twice above the mean) the returns to larger employment are more moderate. Meanwhile, Figure 4b shows public employment to have little impact on the Alianza vote retention at low levels of employment and leading to a small decline at high levels of employment.

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analyses, of course, tend to be relatively similar although they provide evidence of different data generation processes.

<sup>28</sup> We used EZI 1.5 (Bennoit and King, 2001) introducing geographically weighted controls for spatial dependence (Calvo and Escobar, 2003).

**Figure 4: Vote Retention as a Function of Municipal Employment; Peronist vote Retention (Left) and UCR-Alianza vote Retention (Right)**



Note: Fitted values of the direct effect estimated from Models 3 (PJ) and 4 (Alianza) in Table 5.

Table 5 provides the full results for the models. Both the OLS estimates of vote change and the General Additive Models linear estimates provide strong support for the positive impact of public employment on the Peronist vote change and the null impact on the Alianza vote change.<sup>29</sup> The model run with controls for public works expenditures, and municipal deficits yield essentially identical results.

The EZI-GAM model in table 5 shows that increasing public employment in a municipality of the province of Buenos Aires by one percent leads to a 5.65 point increase in retention ( $\approx .06\%$ ). In other words, increasing the public sector from 7% of the population to 14% should increase vote retention by 5.65%. Moving from municipalities with 50 employees for every 1000 citizens to municipalities with 200 employees would provide close to a 25% gain in vote retention for the Peronism. By contrast, in the case of the Alianza, increasing public employment by one percents produces a .8% decline in vote retention, although the result is not statistically different from zero. This is the most remarkable, because the incumbency advantage in access to resources for patronage works

<sup>29</sup> Both the OLS and the ecological inference models yield comparable results, although the ecological inference estimates are more readily interpretable. Given that these ecological results are based on a two-stage

for either political parties. The coefficients for incumbency are statistically significant in all specifications, even if substantively higher for Peronist majors due to the partisan difference in electoral returns to patronage. Therefore, when analyzing electoral performance and spending on the province of Buenos Aires, larger public sectors are an asset for the Peronism and a liability for the UCR-Alianza.<sup>30</sup>

**Table 5 Pork-Barrel and Electoral Performance in Buenos Aires Municipalities**

|   | PJ Vote<br>Change<br>(99-95)<br>(1)                             | Alianza<br>Vote<br>Change<br>(99-95)<br>(2) | PJ Vote<br>Retention<br>(EZI 1.5-<br>GAM) <sup>a/</sup><br>(3) | AI Vote<br>Retention<br>(EZI 1.5-<br>GAM) <sup>a/</sup><br>(4)                             | PJ Vote<br>Retention<br>(EZI 1.5-<br>GAM) <sup>a/</sup><br>(5) | AI Vote<br>Retention<br>(EZI 1.5-<br>GAM) <sup>a/</sup><br>(6) |
|---|---|---|--|--|--|--|
| Public                                    | <b>2.96<sup>***</sup></b>                                       | .91   | <b>5.49<sup>***</sup></b>                                      | <b>-1.37<sup>***</sup></b>   | <b>5.65<sup>***</sup></b>                                      | -.84   |
| Employment                                | <b>(1.02)</b>   | (.90)                                       | <b>(1.47)</b>  | <b>(.50)</b>   | <b>(1.57)</b>  | (.56)  |
| PJ Major<br>(Incumbent)                   | <b>3.55<sup>***</sup></b><br><b>(.98)</b>                       | -   | <b>7.51<sup>***</sup></b><br><b>(1.51)</b>                     | -  | <b>8.48<sup>***</sup></b><br><b>(1.51)</b>                     | -  |
| Alianza major<br>(Incumbent)              | -   | <b>2.55<sup>***</sup></b><br><b>(.84)</b>   | -  | <b>2.26<sup>***</sup></b><br><b>(.49)</b>  | -  | <b>2.41<sup>***</sup></b><br><b>(.55)</b>                      |
| GBA-Buenos<br>Aires Urban<br>Belt         | -.58<br>(1.75)  | -.13<br>(1.43)                              | 1.81<br>(2.58)   | <b>2.99<sup>***</sup></b><br><b>(.86)</b>  | 3.99<br>(2.54)   | <b>2.24<sup>***</sup></b><br><b>(.89)</b>                      |
| Public Works                              | .03<br>(.69)  | .05<br>(.60)                                | -2.01<br>(1.04)  | -.06<br>(.35)  | -  | -  |
| Municipal<br>Deficit<br>Constant          | -8.72<br>(8.52)<br><b>-26.03<sup>***</sup></b><br><b>(8.51)</b> | 3.05<br>(7.28)<br>-1.94<br>(7.25)           | -17.82<br>(12.5)<br><b>58.02<sup>***</sup></b><br><b>(.68)</b> | <b>11.16<sup>***</sup></b><br><b>(4.28)</b><br><b>78.33<sup>***</sup></b><br><b>(4.27)</b> | -<br><br><b>58.4<sup>***</sup></b><br><b>(.72)</b>             | -<br><br><b>77.15<sup>***</sup></b><br><b>(3.12)</b>           |
| Non-Linearity<br>Gain (Chi <sup>2</sup> ) | -   | -   | 7.82   | 6.99   | <b>5.47<sup>*</sup></b>  | <b>6.81<sup>**</sup></b>                                       |
| Linear Models<br>R <sup>2</sup>           | .18   | .11   | .366   | .334   | .27  | .20  |
| N   | 116   | 107   | 116  | 123  | 116  | 123  |

*Note:* Public employment is a variable describing the natural log of the total number of municipal employees per 1000 citizens in every municipality for the 1995-1999 period. PJ Major is a dummy variable that indicates whether the major of municipality *i* in 1999 is Peronist. Alianza Major is a dummy variable that indicates whether the major of municipality *i* in 1999 is UCR-Alianza. GBA is a dummy variable indicating whether the municipality is part of the Buenos Aires Urban Belt. Public Works is a variable describing the natural log of the total public works spending in municipality *i* for the 1995-1999 period. And municipal deficit is a variable describing total municipal income-total municipal expenditures for the 1995-1999 period.

estimation process, compounding assumptions about the underlying social structure of the data, we still provide the more conservative OLS estimates.

<sup>30</sup> Similar analyses were performed on 447 departments at the national level (See Appendix A). Given the similarity of findings, and the more limited nature of that analysis (lack of municipal employment and municipal spending measures), we now focus on the province level implications of these patronage advantage for the peronist party.

a/ Second stage regression from ecological inference point estimates was performed using a General Additive Model (Hastie and Tibshirani, 1990) with 3 degrees of freedom for Public Employment, Public Works, and Municipal Deficit; and 1 degree of freedom (linearity) for Dummy variables of Incumbent Major and GBA municipalities. Reported  $R^2$  are from the standard OLS model, similar to GAM model with 1 degree of freedom for all variables, providing conservative estimates of fit.  
\*\*\*  $p < .01$ , \*\*  $p < .05$  \*  $p < .1$ .

Using again the province level pooled data of presented in table 3, we now turn our attention to explaining vote change for the Peronism and the UCR, rather than fiscal resources.<sup>31</sup> Because we are using now pooled cross-sectional data, the dependent variable is the percent of votes obtained by the Peronism and the UCR-Alianza in four consecutive elections (1987, 1990, 1995 and 2000). As before, we pooled the votes for the UCR and Frepaso for the 1995 election. We also include dummies to estimate the effect of incumbency—for both governors and the presidency—, and introduce indicators of income, public employment, and changes in the effective number of competing parties.

Consistent with the municipal and precinct level evidence, changes in public employment and public spending are again positively associated with changes in the Peronist vote and negatively correlated with changes in the UCR-Alianza vote. Table 7 shows that an incumbent governor results in  $\approx 7\%$  more votes for the Peronism and  $\approx 9\%$  for the UCR-Alianza. Hence, the incumbency advantage that we have already point out at the municipal level for the province of Buenos Aires also works at the provincial level regardless of partisanship as pointed out by the literature on clientelism (Stokes and Medina 2002). Moreover, consistent with previous research by Mark Jones (1999) that has indicated the importance of provincial cottail effects, an incumbent president provides significant electoral gains on average but the variance is considerably higher.

The effect of public employment per 1000 inhabitants has a positive and significant effect with partisan differences in terms of its electoral returns. A 1% increase in the provincial public employment leads to a .066% increase in the Peronist vote. Therefore, we should expect that the Peronist vote in a province like Buenos Aires with 2.2% provincial employment would turn into approximately 12% more votes in a province like Salta with 5.5% provincial employment. To the contrary, public employment is not statistically significant in explaining the UCR-*Alianza* vote and public expenditures is negatively associated with the UCR-*Alianza* vote. Thus, at the provincial level, higher spending in public employment does not provide an electoral advantage to the Radicals. Moreover, public expenditures per capita also have a different effect for PJ and for the UCR-*Alianza*.

**Table 6: Measuring the Impact of Income and Employment on the Peronist and UCR-*Alianza* Vote**

|  | PJ<br>Vote          | PJ<br>Vote           | UCR- <i>Alianza</i><br>Vote | UCR- <i>Alianza</i><br>Vote |
|--|---------------------|----------------------|-----------------------------|-----------------------------|
| Incumbent Governor                       | 7.08***<br>(1.75)   | 6.88***<br>(1.74)    | 9.29***<br>(2.28)           | 9.06***<br>(2.26)           |
| Incumbent President                      | 7.77*<br>(4.25)     | 13.82***<br>(4.78)   | 8.88*<br>(4.27)             | 12.45**<br>(5.14)           |
| Median Voter<br>Income (LN)              | -5.47*<br>(3.2)     | -9.07***<br>(3.52)   | 4.93<br>(3.46)              | 7.23*<br>(3.8)              |
| Public Employment<br>per 1000 (LN)       | 6.65***<br>(1.89)   | -                    | -2.20<br>(2.06)             | -                           |
| Public Expenditures<br>per Capita (LN)   | -                   | 6.58***<br>(1.79)    | -                           | -3.35*<br>(1.94)            |
| Effective Number of<br>Competing Parties | -23.97***<br>(2.45) | 24.11***<br>(2.43)   | -17.94***<br>(2.54)         | 18.06***<br>(2.51)          |
| 1995                                     | 5.69<br>(4.03)      | -14.83***<br>(5.06)  | 5.36<br>(4.32)              | 10.49**<br>(5.47)           |
| 2000                                     | 5.25*<br>(2.08)     | 8.74***<br>(2.25)    | 2.82<br>(2.30)              | 4.60*<br>(2.49)             |
| Constant                                 | 78.66*<br>(19.99)   | 103.39***<br>(19.96) | 28.73<br>(24.62)            | 14.69<br>(25.16)            |
| R <sup>2</sup>                           | .72                 | .73                  | .57                         | .58                         |
| N  | 83                  | 83                   | 83                          | 83                          |

<sup>31</sup> Statistically minded readers would noted already that the full statistical model should consider expenditures and employment as endogenous. The results, however, are not that different and for reasons of presentation we present a simpler specification. Alternative specifications are available upon request.

*Note:* Public employment is a variable describing the natural log of the total number of provincial public employees per 1000 citizens for 1987, 1990, 1995, and 2000. Incumbent governor is a dummy variable that indicates whether the governor belonged to the Peronism in the PJ equations and to the UCR-*Alianza* in the *Alianza* equation. Incumbent president is a dummy variable that indicates whether the presidency was held by a Peronist in the PJ equation and to the UCR-*Alianza* in the *Alianza* equation. Public expenditures indicates describes the natural log of the total expenditures in pesos for every province *i* in every year of the sample. Effective number of competing parties is a reduced version of the Lakso and Taagapera formula including only major parties.

\*\*\*  $p < .01$ , \*\*  $p < .05$ , \*  $p < .1$

Public expenditures per capita have a substantially and statistically significant positive effect on the Peronist vote. Increasing public expenditures per capita by 1% leads to a 7.5% growth on the Peronist vote. Again, the effect is not statistically significant for the UCR-*Alianza* vote. Therefore, whereas investing in public employment and higher per capita expenditures renders substantial electoral returns to the PJ, it does not serve its contender as well.

To sum up, we have shown that there is a different electoral return for investing in public employment and expenditures for Peronist and Radical incumbents. That is, the Peronism received not only a larger share of fiscal resources, but also larger returns for every peso spent at the local level. We now turn to explain the partisan bias in the efficiency of patronage expenditures in Argentina and we show that, controlling for the advantages that incumbency provides—both at the provincial and local levels—, the Peronism obtains electoral returns from public spending that are not amenable to the UCR-*Alianza* due to a combination of demographic characteristics of their electoral constituencies as well as a partisan effect that cannot be explain by theories of clientelism.

#### *b) The Demographic and Partisan Character of Peronist Voters*

Although both PJ and UCR incumbents reap electoral returns from increasing public employment paid with those public funds, PJ incumbents have larger electoral gains for the same investment. That is, beyond its larger access to public resources, the Peronists also get

more votes-per-buck than their contenders. The explanation for these differentials is related to the geographic distribution, demographic characteristics, and partisanship of Peronist voters. As shown before, their geographic distribution in poorer and less populated provinces benefits them with larger access to fiscal monies.

The demographic characteristics of Peronist voters make them more dependent on public employment because they are poorer, distributed in provinces with fewer private sector options, and because their lower income allows the PJ to pay for more clients with the same amount of money. The provincial data in table 6 provides evidence of the propensity by lower income voters to vote for the Peronism and by higher income voters to vote for the UCR-Allianza. That is, the lower the median voter income of the province, the higher the retention of Peronist votes (although the impact changes depending on the specification, the coefficients are always substantively and statistically significant.) Instead, the UCR higher income voters require more expensive public jobs than the Peronist voters.

Our findings support the predictions of the literature on clientelism in Latin America regarding clients' socioeconomic dependence to explain variation in levels of patronage, but we also find partisan effect that cannot be accounted by demographic characteristics. Recent studies by Stokes and Medina (2002) and Estevez, Magaloni and Diaz Cayeros (2002) focus on incumbency advantages and the demographic characteristics of clientele that increase their dependence on public monies. Our findings supports Stokes and Medina's argument about the theoretical association between clientelism and large public to private sector ratios that increase the value of the government provided risk-free investment. However, we also point out to a previously neglected partisan component affecting the electoral effectiveness of patronage. That is, as shown in table 6, larger public employment and public expenditures increase electoral returns for Peronism to a larger

extend than to the UCR even controlling for the economic dependence (income) of voters and the electoral bias of over-representation (effective number of competing parties). Our findings, thus, stress the importance of party allegiances.

The socioeconomic status and partisan allegiances of electoral constituencies comes from historical factors that cannot simply be accounted by vote buying. After social constituencies have established partisan allegiance with political parties, they generate a social component beyond constituencies' dependence on public largesse. These allegiances, in turn, generate long-term expectations regarding the distribution of public employment and reinforce partisan loyalties while assigning different comparative returns to clientelism for the two main partisan coalitions in Argentina. The market reforms implemented by President Menem in 1989 were expected to cause a political realignment but, as shown by Gervasoni (1998), the Peronism did not lose its social base of support even after dramatically shifting from populism to neoliberalism. Electoral loyalty to Peronism remained associated with low socioeconomic status in terms income, occupation, and educational attainments. By contrast, electoral loyalty to UCR was still in the late 1990s associated with high socioeconomic status in income, occupation, and education.<sup>32</sup> Even though Menem's neo-liberal policy-making won the support of some formerly conservative and high-income voters in 1995, the traditional Peronist constituencies remained aligned with the Peronism and showing little signs of decomposition.<sup>33</sup>

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<sup>32</sup> Catterberg (1989) shows for the 1983, 1985 and 1987 election that the Peronist vote was associated with lower socioeconomic status. Gervasoni (1998) shows that both for the 1989 and the 1995 election, support for Peronism was associated with lower material wealth and lower education. Canton and Jorrat (2001) show the importance of party identification to explain the vote in the 1999 presidential election in the metropolitan area of Buenos Aires.

<sup>33</sup> During the new democratic period Peronism also kept its advantage over social mobilization resources including its privileged relationship with labor unions (Gaudio and Thompson 1990, Murillo 2001) and the organized informal sector (Levitsky 2001, Auyero 2001). These ties gave Peronism a strategic advantage over UCR in terms of popular mobilization, as it became apparent in their ability to control the food riots that

Therefore, our findings show a partisan effect in explaining the electoral returns to patronage by incumbents of different parties since the establishment of competitive elections that brought about partisan alternation of power in the presidency. They show the existence of partisan effect beyond the socioeconomic characteristics of Peronist voters that increase their dependence from public monies in Argentina. The implications of these findings are important to understand both the patterns of executive crisis in Argentina since 1983 and the distributive bias generated by informal institutions.

#### **IV- Governance and Partisanship Implications**

We have show in the previous sections the comparative advantage of Peronism both with regards to access to fiscal resources and to the electoral returns derived from spending these public monies. The combination of geographic distribution of votes and fiscal federal institutions along with a larger access to provincial and local executives provide the PJ with more public resources than UCR to invest in patronage. The combination of the previously defined partisan allegiances and demographic characteristics of Peronist voters—which increase their dependence on public funds—explains the better electoral returns it obtains from its investment in public employment. By contrast, the social composition of the UCR—with a relatively wealthier constituency— and the geographic distribution of its voters—more heavily concentrated in the most populated provinces— reduces its access to public monies and guarantees smaller electoral returns for engaging in patronage.

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erupted during the last few days of both Alfonsín and De La Rúa's presidencies. Roberts (2002) argues that labor-based parties had suffered dramatic changes due to neoliberal reforms, either moving toward clientelistic links or experiencing electoral decay. Hence, the social cleavages that characterized Argentina may be eroding along with the linkages established with political parties.

These two elements—better access to funds and better electoral returns from investing in patronage than the UCR——, explain why Peronist and Radicals are bound to retrieve such different benefits from high spending and public employment and the fact that Peronist incumbents are more stable than Radical ones. The larger political stability of Peronist incumbents allows them to keep their legislative and provincial predominance even when they lost the majority of the national vote in presidential elections. Moreover, it makes legislative gridlock and policy stalemate more likely for non-Peronist presidents, thereby explaining that the two non-Peronist presidents elected since 1983 experienced problems of democratic governance that brought them to resign before the end of their terms in office. Therefore, we explain the comparative electoral advantage of Peronism in a competitive electoral market by analyzing the effect of electoral rules, federalism and geographic over-representation in its better access to public monies, and patronage and constituencies' dependence and partisanship in defining larger electoral returns from investing public funds than the UCR.

Theoretically, our study showed the different impact of federal and electoral rules—formal institutions—and patronage—informal institution—when Peronist and Radicals were the incumbents at the national, provincial, and local level, thus highlighting the importance of partisanship for understanding the distributive effects of both formal and informal institutions. These different returns to the same policies should also influence policy choices for the two parties, not just based on the distributive implications of public goods to social classes or groups (Boix 1998), but also on the electoral returns they received from the distribution of private goods. The interest of constituencies does not only drive policy preferences (Garrett 1998), but also particularistic spending in terms of their redistributive consequences.

The literature on clientelism has generally dismissed this partisan component focusing, instead, on incumbencies advantages (Stokes and Medina 2002, Estevez, Magaloni and Diaz Cayeros 2002). In these models electoral returns are insensitive to programmatic differences because they associate the success of clientelism for the incumbent to contextual conditions, but not to whom the constituencies of the incumbent are, thereby discarding all political allegiances in the population. Chandra (2002) focus on ethnic rather than social identities to define particular constituencies for patronage in democracies. In a similar way, social groups can attach their loyalty to political parties based not just in past policies, but also on past distribution of patronage.<sup>34</sup> Yet, she does not discuss differential in effectiveness of patronage among ethnic groups as we are showing between political coalitions. Instead, our findings show a partisan effect on the functioning of patronage.

## **V-Comparative Implications**

The comparative implications of these findings are threefold. They inform our understanding of the distributive effects of formal and informal institutions, the impact of partisanship in the region, and the persistent political instability of Argentine despite the establishment of competitive elections since the 1983 democratic transition.

First, in some cases, the distributive effects of institutions need to be qualified by their interaction with partisanship. Garrett and Lange (1985) seminal article on the interaction between partisanship (of the incumbent) and wage bargaining already highlighted this point for formal institutions. The studies on Argentine federalism (Gibson

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<sup>34</sup> She argues that electoral politics in patronage democracies tend toward “group voting” to allow voters to predict future distribution by looking retrospectively to past transactions and politicians to magnify the purchasing power of their spending by supplying benefits to certain groups to keep their loyalty in the expectation of future benefits.

and Calvo 2001, Jones 2001, Eaton 2001) point out to the comparative advantage of Peronism in taking advantage of the federal fiscal and electoral systems thanks to the geographic distribution of its voters. However, these studies focused on formal institutions and have neglected the interactions between partisanship and informal institutions. Whereas the clientelistic tradition of Peronism has been noted (Levistky 2003, Auyero 2000), the differential between Peronist and Radicals in taking electoral advantage of patronage has not been studied. This differential shows the need to interact patronage with partisanship, not just for ideological reasons that make parties more prone to using patronage as an electoral strategy (Hopkin and Mastropaolo 2001), but also because the effect can differ according to whom the incumbent is even if all incumbents resort to patronage. Our findings inform our understanding of informal institutions in general, and patronage in particular, by pointing out that their distributional effect varies according to conditional circumstances, such as who is the incumbent.<sup>35</sup>

Second, the effects derived from the interaction between partisanship and informal institutions in Argentina show that partisanship matters.<sup>36</sup> It is not just a question of geographic distribution and socioeconomic characteristics inherited by political parties, but also of long terms expectations created by partisan allegiances in different place and among different people. Although political parties may be weakly institutionalized in Argentina and in Latin America, they can still matter for defining links with society. Yet, these links can be defined based on distributive expectation over particular rather than public goods.

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<sup>35</sup> Moreover, the differential impact of partisanship on the benefits of patronage will make us expect that a political reform to reduce it would be difficult to pass in the Argentine Congress, as it had proved to be since the return of democracy. This implication is derived from the work of Geddes (1991), whose model predict that any civil service reform to reduce patronage should be preceded by an evenly distribution of the benefits of patronage among the larger parties (377). Indeed, the coalition between UCR and Frepaso unsuccessfully tried to pass a political reform to reduce patronage during the De La Rúa administration.

Finally, the persistence political instability of Argentine even after the establishment of competitive elections cannot be explained by focusing only on formal institutions. Argentine political instability is related to the interaction between partisanship and formal institutions—federalism and electoral rules—and a informal institution—patronage. The Peronism has a comparative advantage in terms of electoral stability and governability with respect to the Radicals. PJ governments perform better than UCR ones because they can take advantage of formal and informal institutions to increase electoral returns, reduce electoral volatility, and enhance governability. Therefore, presidential crises are more likely to emerge under UCR executives than under Peronist ones. This comparative advantage explains the resignation of two Radical Presidents since the return of democracy. Indeed, the current conflicts inside the Peronist party that delayed electoral definitions after the resignation of De La Rúa are also related to the personal stake of party leaders in defining who will reap the electoral advantages that come along with the Peronist brand name in the Argentine electoral market.

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<sup>36</sup> Cheibub, Figueredo, and Limongi (2002) also stress the effect of partisanship even in a weaker party system like the Brazilian one.

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## Appendix A

To extend the municipal level analyses of Table 5, we performed local level analyses of the relationship between public sector employment and vote retention in 447 departments across 23 provinces and the city of Buenos Aires. The findings presented in table A.1 show that public employment benefits vote retention by the Peronism, but it does not improve retention for the UCR-*Alianza*, as shown in the municipal data. The evidence we provide here extends the analysis to the national level although the model does not incorporate municipal employment and local spending, resulting in a more limited version of the one run at the municipal level. Given that we do not have municipal employment for every precinct but we do have 1990 census data with total public employment, we run a precinct level model for the entire country similar to that of Table 5. The model is drawn from Gibson and Calvo (2001) although in this case we measure vote change rather than total vote. We also use two different specifications of public employment to explore whether the relative size of public employment—compared to private employment opportunities—has an impact in vote change (Medina and Stokes, 2002).<sup>37</sup> Finally, we also incorporate geographically weighted controls for spatial dependence.<sup>38</sup>

Table A.1 shows that a 1% increase in total public employment leads to a .076% vote change. The effect is small given that moving from the City of Buenos Aires, which has an average of 16% public employment over total employment, to the province of Jujuy,

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<sup>37</sup> Our findings support Medina and Stokes' specification. The proper full model, measuring change in vote as a function of reported change in employment will be possible once the Argentine government makes the 2000 census data available.

<sup>38</sup> We are therefore running semi-parametric regression models. See Appendix X for more details. The results are similar to those of a two stage Ecological Inference model, which are available from the authors upon demand.

which has 28%, will only lead to a  $\approx 1.6\%$  vote for the Peronism. The effect will be more pronounced for the UCR, which will lose almost twice,  $\approx 3\%$ .

**Table A.1: PJ and Alianza Vote Change in the Argentine Precincts (Departamento), National Precinct Data, 1999-1989**

|  | PJ<br>Vote Change<br>(1999-1989) | Alianza<br>Vote Change<br>(1999-1989) | PJ<br>Vote Change<br>(1999-1989) | Alianza<br>Vote Change<br>(1999-1989) |
|--|----------------------------------|---------------------------------------|----------------------------------|---------------------------------------|
| Percent of Public Employees                                      | .0758*<br>(.043)                 | -.13***<br>(.042)                     | -                                | -                                     |
| Ratio of Public Employees to Private Employees (LN)              | -                                | -                                     | 2.32***<br>(.52)                 | -3.26***<br>(.52)                     |
| Extreme Poverty (NBI)  | .14**<br>(.05)                   | -.039<br>(.05)                        | .13***<br>(.046)                 | -.024<br>(.04)                        |
| Change in Effective Number of Competing parties                  | -18.45***<br>(.74)               | -11.23***<br>(.78)                    | -18.14***<br>(.73)               | -11.56***<br>(.57)                    |
| Percent of Illiterate population                                 | -.07<br>(.12)                    | .01<br>(.12)                          | -.017<br>(.12)                   | -.009<br>(.12)                        |
| Percent of Retirees  | -.12<br>(.12)                    | .12<br>(.13)                          | -.21*<br>(.11)                   | .34***<br>(.12)                       |
| Percent of homes without Electricity                             | .001<br>(.003)                   | -.07<br>(.04)                         | -.05<br>(.039)                   | -.032<br>(.04)                        |
| Percent of Population with Higher Education Degrees              | -.31*<br>(.16)                   | .75***<br>(.17)                       | -.39***<br>(.15)                 | 1.01***<br>(.16)                      |
| Urbanization Index (0=rural, 4= more than 500,000)               | -1.45***<br>(.27)                | .67**<br>(.29)                        | -1.38***<br>(.263)               | .73***<br>(.27)                       |
| Spatial Dependence control (Different PJ and Alianza Parameters) | -4.21**<br>(1.78)                | 18.23***<br>(2.96)                    | -4.40***<br>(1.83)               | 19.20***<br>(2.79)                    |
| Constant   | 7.78**<br>(2.3)                  | 4.78***<br>(2.4)                      | -2.74<br>(2.56)                  | -3.20<br>(2.61)                       |
| Adj R <sup>2</sup>   | .636                             | .566                                  | .659                             | .572                                  |
| N  | 447                              | 447                                   | 447                              | 447                                   |

All other coefficients are consistent with the previous literature, showing the Peronist vote to be positively correlated with poorer (NBI) and more heavily rural constituencies (urbanization index), and negatively correlated with higher education. Table 6 also adds a new piece of information, not previously noted in the literature, showing that the entry of new parties into the political system is by far the most important variable in explaining

vote change for both the Peronism and the UCR-*Alianza*. The importance of lower district magnitudes and more restricted competition in the smaller provinces in combination with the geography of the Peronist vote, noted in the previous section, is therefore reinforced by the findings of Table A.1.