Dynamics of Change and Continuity:
Federation-Building in Brazil, Spain and South Africa

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1. Introduction

This paper analyzes the process of decentralization and federalization in democratic Brazil, Spain and South Africa. By focusing on the outcome of bargained interactions between national and subnational politicians, this paper will examine how power has migrated to subnational governments. The main proposition is that subnational political actors advance their interests incrementally within an intensifying bargaining between actors and a growing institutionalization of intergovernmental institutions.

This proposition will be assessed based on the assumptions that bargaining among actors with divergent interests lead to intergovernmental changes, and that these changes occur over time as a result of an incremental advancement of the actors’ interests. Drawing on this central proposition, I will explain the gradual process of a shift in the intergovernmental balance of power in Brazil, Spain and South Africa after their respective transitions to democracy.

Brazil, Spain and South Africa belong to a small group of countries that experienced a process of decentralization and federalization after a transition from an authoritarian regime to a democratic one. Each of these polities witnessed important transformations in the political, administrative and fiscal realms, changing the dynamics of intergovernmental relations under the newly established democratic regimes.

The adoption and revitalization of federal dynamics together with the implementation of policies of decentralization can be considered the main motors behind the emergence of new modes of intergovernmental organization in Brazil, Spain and South Africa. Recent scholarship, nonetheless, indicates that empowering subnational government is not necessarily a natural consequence of decentralization and that it can be used to favour the centre vis-à-vis subnational units (Eaton, 2004; Dickovick, 2007). Similarly, in federalized polities, empowerment of subnational governments cannot be taken for granted, as there are dangers related to the encroachment on power from the central government (Bednar, 2009; Qian & Weingast, 1997). I contend that the conflicting conclusions reached in terms of where the real power and authority in a decentralizing polity rests is the result of two factors: the lack of conceptual distinction between the different but related processes of decentralization and federalization, which could enlighten any analysis of how the locus of power and authority shifts in a polity, and the failure to identify causal mechanisms linking the process of the transfer of power and authority with the observed outcome.

By paying special attention to the difference between federalization and decentralization, and to the causal mechanisms driving these processes, I develop a framework with which to understand the evolution of events that lead to piecemeal changes in the intergovernmental balance of power. Depending on the ability of subnational political actors to transform their preferences into actions and on the institutionalization of transactional relations to minimize an eventual counter-reaction on the part of the national political actors, the locus of power and authority in a polity can be determined. One important
variable in the analysis, which has been ignored in most studies about federal dynamics, is the effect of time in the intergovernmental relations. Falleti (2010) has made groundbreaking contributions to our understanding of sequence of decentralizing reforms, but she has overlooked other elements of time, such as duration and speed of the process of intergovernmental change.

This paper will factor time in by taking into account sequence, duration, and speed of decentralizing and federalizing events. These different components of time are considered mechanisms that can enhance the effect of decentralization and federalization on the changes in the intergovernmental balance of power.

This paper speaks to the literature concerned with changes in federal dynamics. It attempts to provide an alternative explanation to works on federalism that explain institutional changes and continuity in federal polities (e.g., Benz, 2004; Scharpf, 2006; Bolleyer, 2009; Zuber 2011).

In the task of showing how central-subnational bargaining led to changes in the intergovernmental relations in democratic Brazil, Spain and South Africa, I first advance a normative differentiation between decentralization and federalization. Then, I deconstruct the central-subnational bargaining by explaining how intergovernmental actors in these countries changed their bargaining strategies due to the duration and speed of the decentralizing and federalizing events. Following the explanation of this framework, I analyze the dynamics behind the approval of the decentralization and federalization in each of the countries. Based on the type of interaction between actors, the duration of decentralizing measures and the speed of the approval, I assess the variation in the intergovernmental arrangements in Brazil, Spain and South Africa.

2. Comparing Brazil, Spain, and South Africa

In order to understand the common patterns of decentralization and federalization that resulted in different balances of intergovernmental power, I rely on three case studies. Brazil, Spain and South Africa are cases in which decentralization and federalization took place against the background of democratization, leading to the strengthening of the subnational governments vis-à-vis the central government. Evidence of the empowerment of subnational actors is found with the beginning of federalization and decentralization in the three countries. Notwithstanding the initial strength of the subnational governments in the wake of transition to democracy, the balance of power varied with the incremental unfolding of the decentralization and federalization under intergovernmental bargaining. In Brazil and Spain the intergovernmental institutions became more robust, while in South Africa they became non-robust. In other words, after undergoing decentralization and federalization, in Brazil and Spain the intergovernmental relations become more balanced, and in South Africa it became skewed.

Time is critical to understand balancing of power. Bargaining between national and subnational government per se cannot explain variation in intergovernmental changes. The balancing effect of time on power occurs through sequence, speed and duration of federalization and decentralization. In other words, depending on the time mechanism in place, e.g., slow speed and long duration, different balances of power will be reached.

2.1 Why Brazil, Spain and South Africa?
The selection of Brazil, Spain and South Africa follows the logic of agreement, where a common phenomenon, explicit bargain between national and subnational governments in a democratizing context, is observed despite variation in institutional variables among the countries. Put differently, these countries were selected based on their modes of democratization, which was marked by constant bargaining between national and subnational political actors in a federal institutional setting. Many other federal countries that experienced a third wave democratization have been considered, namely Argentina, Bosnia-Herzegovina, Ethiopia, Nigeria, and Russia; however, the initial mode of intergovernmental negotiation used in the democratization of these countries was different than that used in Brazil, Spain and South Africa. While in the former countries negotiations between national and subnational actors were downplayed, in the latter countries intergovernmental negotiations were a fundamental element in their transition to democracy.

Considering the main argument of the paper, in order to see the effect of bargaining between territorial actors in the changing balance of intergovernmental power, it is important to identify countries in which the critical juncture leveled the playing field between national and subnational actors and created an opportunity for territorial actors to pursue their preferences. Based on this initial condition of intergovernmental bargaining in these selected countries, it is possible to understand how the balance of power changed over time.

2.2 Why does the differentiation between decentralization and federalization matter?

One important aspect of the analytical framework advanced here is the normative distinction between decentralization and federalization. This differentiation as adopted in this paper is not very common, even though the need for differentiation has been addressed in some studies (e.g., Remmer & Wibbles, 2000). Often these concepts are interpreted as being the same, or when a differentiation is made, they are understood as being subcategories of each other. For example, some analysts consider decentralization as a dimension of federalism (e.g., Lijphart, 1999), while others regard federalism as a dimension of decentralization (e.g., Livingston, 1952; Riker, 1964; Osaghae, 1990; Treisman, 2007). It is also commonplace to use of federalism and political decentralization as synonymous (e.g., Brancati, 2008).

My distinction between decentralization and federalization is grounded in the observation that while the former pertains to specific rules determining the distribution of resources and responsibilities, the latter concerns meta-rules governing how the system of government should function. More specifically, decentralization is a policy process that transfers resources and responsibilities from the central government to subnational governments, and therefore this process belongs to the realm of shared-rule. The downward transfers of responsibilities occur in two dimensions, fiscal and administrative. By contrast, federalization, which alludes to the realm of self-rule, is a statehood process that consists of establishing rules about the organization and structure of the state with the purpose of intermediate intergovernmental relations in a context in which subnational governments have the constitutionally enshrined right of existence.

2.3 How the balance of intergovernmental power changed?

Balance of power is a theoretical construct. It is used to refer to different poles of power (e.g., bipolar, multipolar) that reach a state of equilibrium. This equilibrium reflects a situation in which different poles of power are restrained to act. Given that there is no inherent permanent balance as actors attempt to increase their power or fail to recognize the existing constraints, cooperation is the optimal situation of balance. As such, a balanced intergovernmental relation is restrained by robust institutions (Bednar, 2013). And, in
contrast, an unbalanced intergovernmental relation is monopolized by the central government, either under a fragmented power, leading to under-balanced relations, or a hegemonic power, resulting in over-balanced relations.5

Several intergovernmental institutions can be seen as instruments that add stability to the federal system as they can be a means for cooperation (Bolleyer, 2009), and for the prevention of possible transgression (Bednar, 2009). In a context of power sharing, institutionalization of intergovernmental arrangements facilitate cooperation between levels of government (Bollyer, 2013). I contend that one of the properties of the balanced intergovernmental relations is the robustness of institutions. Often robustness is associated with complex constitutional restrains (Bednar 2009, 2013). In this paper robustness is understood as an institutional property that facilitates the bargaining interaction between national and subnational actors. Intergovernmental forums of coordination are cases in point. Taking into account these specific institutions, in this paper robustness is measured by the amount of formal meetings that these institutions hold.

3. Deconstructing the Bargaining Between National and Subnational Political Actors in Brazil, Spain and South Africa

Building upon the fundamentals of the new institutionalist approach which predicts that conflict among differing interests can lead to piecemeal changes (Mahoney & Thelen, 2010), I turn to the micro analysis of the changing strategies of national and subnational politicians in Brazil, Spain and South Africa. This analysis is based on two assumptions: that the shift of intergovernmental balance of power between national and subnational governments is endogenously generated as it rests on the bargaining among these governments; and that the intergovernmental balance of power is constantly evolving provided that national and subnational political actors consistently pursue the realization of their often conflicting preferences.

In a context of transition to democracy, when previous institutional constraints cease to exist and new institutions are about to emerge, the bargaining among political elites becomes a critical element driving institutional change. In particular, there are two aspects of bargaining that prompts change: the existence of conflicting interests among the political actors, and the existence of a broad constitutional framework. Bargaining under diverse interests among actors might result in institutional changes (Caparoso, 2007). Equally, all-encompassing contracts, such as national constitutions, which attempt to satisfy all negotiating parties adds pressure for future change in this original contract (Elster, 1989, p. 135).

Based on these promises, a closer look at the intergovernmental arena in Brazil, Spain and South Africa during democratization shows that national and subnational political actors often reshaped their strategies as a result of their interaction for the advancement of their interests. I hold that the preferences of national and subnational actors in the three countries were similar from the autocratic period to the consolidation of democracy (See Table 1). However, I also contend that over time the dynamics between these intergovernmental actors changed. Based on Burgelman (2010), I can identify two sets of dynamics, one induced and another autonomous. Under induced bargaining actors interact without being able to autonomously pursue an autonomous strategy. Differently, under autonomous bargaining actors are engaged with each other following a strategy. The differentiation between interactive dynamics and
strategic dynamics is crucial to understand how the processes of decentralization and federalization evolved.

This paper embraces the notion that bargaining is embedded in a temporal dimension. This means that over time the bargaining leads to a sequence of events that build a trajectory. The impact of time over the interaction among actors is specially felt on the narrowing of available choices to the actors. In other words, time has a lock-in effect on the bargaining path that reinforces previous choices and actions. Based on Schreyögg and Sydow’s (2010) explanation of the construction of a path containing at least three phases—a pre-formation phase, a formation phase, and a lock-in phase—the evolution of decentralization in Brazil, Spain and South Africa will be divided in three periods following this rationale, in addition to the point of departure from autocracy. Correspondingly, the analysis encompasses three periods that respectively coincide with the writing of the constitution (critical juncture), the transition to democracy, and the consolidation of democracy (See Table 1).

The induced interaction is prevalent in the period leading to the transition to democracy \( t_0 \), when subnational governments are coalesced and any opposition is neutralized. During the critical juncture \( t_1 \), the lack of institutional constraints makes interaction between actors autonomous. Yet the unpredictability of the periods of crisis given the context of institutional weaknesses, forces actors to be more inclined towards cooperation and alignment (Ermakoff, 2010). Over time this interaction can either change into increasingly more autonomous interaction or it can become induced. During democratization \( t_1 \) and \( t_2 \), two different situations can be produced. On the one hand, autonomous bargaining can lead to gridlock, which triggers a strategy based on which intergovernmental actors will pursue institutional robustness. On the other hand, autonomous bargaining can lead a group of political elite to monopolize the bargaining and create an induced bargaining (See Figure 1).

What explains that some countries, namely Brazil and Spain, have maintained the autonomous interaction of the critical juncture and some others, namely South Africa, have initiated an induced interaction? As these countries start the transition to democracy with new constitutions, it is clear that all three countries faced ‘joint decision traps’ after their critical junctures. Under this situation of gridlock, there is a paralysis in the decision-making process (Schapf 1988, 2006). As Blom-Hansen (1999) shows, if the central governments have exit options out of the Schapfian-like trap, these governments might choose not to cooperate with the constituent units through the intergovernmental arena, and, as a consequence, they focus on other arenas (e.g., parliamentary arena). This is the option of the South African government, which favored by the party dominance of the ANC-led government, internalized the intergovernmental dynamics into the ANC party dynamics. Brazil and Spain opted to deepen the autonomous bargaining. This is a possible outcome as consensus formation can be a form to escape the joint-decision trap (Benz 2011). Figure 1 shows the trajectory of South Africa from a point of autonomous bargaining at the time of its critical juncture (point B) to the induced bargaining (point D). Brazil and South Africa followed a different trajectory that furthered autonomous bargaining (from point B to C). Below I explain the logic of preferences and actions in each country.

In the first period \( t_1 \), when actors were negotiating the demise of the autocratic regime, the main issue in question was the design of the future democratic institutions and the territorial arrangement. Generally speaking, the national political actors, which were composed largely of members of the outgoing autocratic regime, wanted to safeguard their political role in the future regime. In Brazil this was the concern of the members of the military junta and the pro-government party, the Democratic Social Party (PDS). Similarly, in Spain the members of the pro-government party, the Union of Democratic Center (UCD), had
similar concerns. The other group, the non-national political actors, or the non-autocratic elites, held strong preferences in terms of the future territorial arrangement since the members of this group belonged mainly to parties that were not nationwide and/or that were illegalized parties with a decentralized grassroots organization. In Brazil these preferences were articulated by center-left parties with strong support at the State and municipal levels, namely the Brazilian Party of Democratic Mobilization (PMDB) and the Democratic Labor Party (PDT). Similar preferences were put forth in Spain, on the one hand, by the Spanish Socialist Workers Party (PSOE) and the Spanish Communist Party (PCE), and, on the other hand, by the different regional elites. In South Africa these preferences were embraced by the African National Congress (ANC) and, to a certain extent, by the Inthaka-Freedom Party (IFP). In the constitution-making process a consensual dynamic enabled the creation of all-encompassing constitutions in which the demands of all parties prevailed, including the ones demanding the transfer of power and resources to subnational governments. This convergence occurs because interaction among actors is essential in times of uncertainty, after all it is through a process of realignment of mutual beliefs actors overcome uncertainty (Ermakoff, 2010).

In the second period (t2), when the transition to democracy officially resumed, the intergovernmental dynamics started to reflect a conflictual game. In this period the consensual tone of earlier moments was left behind. The intergovernmental arena became conflictual mainly because the interests of each level of government clashed. Whereas the national politicians wanted to transfer administrative responsibilities first, the subnational politicians wanted to have access to as much financial resources as possible, with few responsibilities. Also, the implementation of constitutional provisions was a source of conflict as each group of actors held a different interpretation of the shared powers. It was commonplace that some constitutional provisions were immediately amended in Brazil, Spain and South Africa after the promulgation of the constitutions. In the absence of coordination between national and subnational governments, some subnational governments wanted to increase the initial gains of the constitutional pact, while the national government tried to curtail the initial gains. In Brazil the State governments progressively started to lose important sources of revenues, and with the centrally imposed fiscal compliance laws they became less relevant in federal dynamics. In this process, the municipalities gained relevance. In Spain the promises of more autonomous municipalities did not materialize and the regional governments consolidated themselves as the central tier within the subnational level of government. And, in South Africa the provinces, which at a certain point were all controlled by the ANC, clearly followed the guidelines of the central government. In the meanwhile, the local governments, especially in the metropolitan areas became the main source of opposition to the ANC dominance. In this period, the patterned interaction was characterized by the attempt of subnational politicians to advance their interests in further shifting the intergovernmental balance of power and the desire of the national politicians to reverse this initial shift.

In the third period (t3), the constellation of actors in the intergovernmental arena increased with the consolidation of democracy. This happened because the subnational governments started to matter differently to the intergovernmental balance of power. This is particularly the case of Brazil with the creation in 2003 of the Committee of Federal Articulation (CAF) that convene the central and municipal governments on a regular basis, sideling the State governments. Also, the once united subnational voices started to be in disagreement. In Spain the initial attempt to build an asymmetric system giving more powers to some regional governments failed to appease the demands for concession of further autonomy. With the emergence of conflicting interests, the intergovernmental dynamics came to a standstill. However, given the urgency to deliver the promises of reforms, the different parties started to cooperate. Cooperation was exercised through intergovernmental institutions. These institutions were used for the coordination of strategies such as the direct
harmonization of the system, the creation of central monitoring on service delivery and management of financial resources, and a higher degree of responsibility and discretion over subnational service delivery. In this lock-in period the cooperation among the national and subnational political actors created an accommodation of interests, such that the shifts in the intergovernmental balance of power came to a halt. Despite having similar preferences, the type of bargaining at this time in South Africa led the central government to limit cooperation. This was particularly noticeable in the relationship with the provincial governments, which have been sidelined in the intergovernmental relations. The governments of the metropolitan areas and some secondary cities gained new relevance as they became strategic in helping the central government to achieve developmental goals. Yet this has happened under week intergovernmental institutional robustness.

4. Assessing the Evolution of Decentralization and Federalization in Brazil, Spain and South Africa

Considering the abovementioned intergovernmental dynamics created with the interaction between national and subnational political actors, I will trace the evolution of the legislative measures pertaining to the processes of decentralization and federalization in Brazil, Spain and South Africa. In so doing, I will pay particular attention to the sequence of the legislative outputs behind the decentralization and federalization processes, the duration and speed of these processes. This analysis serves the purpose of, first, showing that time reinforces the induced and the autonomous bargaining through speed and duration of federalization and decentralization, and, second, explaining how over time bargaining affects the balance of power through robustness of intergovernmental institutions.

As explained earlier, depending on the type of bargaining, induced or bargained, intergovernmental power can be balanced (robust) or unbalanced (non-robust). Time through speed and duration reinforces these bargaining over time, and as a consequence, different institutional solutions are engineered to deal with the very nature of bargaining (See Table 2). Under induced bargained, national and subnational governments interact but given the upper hand of the central government in the processes of decentralization and federalization, these processes are negotiated fast and the duration the process is short. As a result, the balance of power is tilted, rendering it as unbalanced. Under an autonomous bargaining, decentralization and federalization unveils with each group of actors pursing their own agenda generating complex and lengthy negotiations. As a consequence, intergovernmental power is balanced as national and subnational governments are restrained by robust institutions.

This framework will help to understand the evolution of federalization and decentralization through the adoption of 18 measures in Brazil, 19 measures in Spain, and 17 measures in South Africa (See Table 3). Results show that despite a similar sequencing of decentralization and federalization and broad party coalition between the three cases, Brazil and Spain created more robust intergovernmental relations as result of a more autonomous bargaining among national and subnational actors. This in turn made the approval of key legislature measures slower and these processes longer in these countries. In contrast, South Africa, due to a more induced dynamic by the central government, underwent the processes of decentralization and federalization shorter and faster, and developed less robust intergovernmental relations.

The sequence in which legislative measures are approved is important because it reveals the existence of a feedback mechanism that can either reinforce or impede the
evolution of a process. For example, some analysts predict that when fiscal decentralization occurs before administrative decentralization, the spending power increases the leverage of the subnational governments (Falleti, 2005; Rodden, 2006). Similarly, the sequence of federalization can show how the norms of a federal system of government, such as the creation of municipalities and the establishment of new constituent federal units, might increase the leverage of subnational actors.

In addition to the sequence of events, time plays a role in the processes of decentralization and federalization depending on the duration and speed of the events punctuating these processes. The duration and speed of the processes indicate whether such processes are induced by the central government or not. It is expected that the more induced a process is by the central government, the lower the interaction among actors which result in a faster approval of laws making shorter the decentralization and federalization processes. As Grzymala-Busse (2011) also suggests, the duration and speed of a process provide insights on the type of institutional transformation (e.g., gradual, radical).

All considered, sequencing, duration, and speed are mechanisms behind decentralization and federalization that are connected to each other in the following manner. The sequence of the processes —federalization before decentralization, and fiscal decentralization preceding administrative decentralization— shows that initially the subnational political actors were autonomous in the bargained interaction and had an upper hand in the initial phase. This, in turn, meant that the central government would attempt to limit this autonomy. The divergent interests among intergovernmental actors created incentives for the formation of party coalition behind the approval of legislative measures pertaining to decentralization and federalization. Given the high number of actors involved in the legislative negotiations, the speed of approval of decentralizing and federalizing measures was often slow. In situations in which the central government had more control over the intergovernmental dynamics, and therefore subnational actors were less autonomous, the duration and speed were respectively shorter and faster. This translated into a long duration of the decentralization and federalization process, which indicates that there was a significant amount of bargaining going on among the actors involved. In instances where political actors are more autonomous to take their own decisions and pursue their own actions, there is a need for greater institutional robustness for mediating intergovernmental relations. This rationale applies to the approval of all decentralizing and federalizing measures in Brazil, Spain and South Africa.

Another component influencing the pattern of interaction between actors is the role of political parties in decentralization and federalization. More specifically, party coalitions behind the legislative output can disclose the type of territorial political dynamics in a country as well as the incentives for bargaining. Observing territorial party dynamics allows one to account for the opportunities for cooperation among different political forces (Riker, 1964; Swenden and Toubeau, 2013). The countries selected present political parties with strong regional electoral support with the potential to impact national political dynamics. In Spain and South Africa there are consolidated regional parties and in Brazil some national parties have a regional electoral stronghold. There is evidence in some countries that intergovernmental bargaining can shift the territorial balance of power based on the coalition of parties behind the decentralizing reforms (Falleti, 2010).

5.1 Brazil

In a context of conflictual intergovernmental dynamics, the Brazilian president has played an important role in forming a coalition among parties for the approval of legislative
measures. In the task of forging coalitions, the president often resorted to the distribution of cabinet positions to maintain the party coalition. However, coalitions in Brazil are not stable, as Amorin Neto (2002) has observed. It is common that the president has to negotiate each individual measure with party leaders (Armijo et al., 2006, p. 765). As Arretche (2007) demonstrates, by pulling the triggers of financial resources and constitutional amendments Brazilian presidents have been able to approve new legislation in the 1990s without the veto of state governors. Yet, political parties have shown an important orientation in the voting behavior of Brazilian politicians. In the national senate, which is a territorial chamber, national senators vote in accordance with party orientation (Arretche, 2010). Under a broad coalition of national and subnational politicians aligned along an integrated party system, federalization and decentralization progressed.

In Brazil, 18 measures in the fiscal and administrative competences, as well as in the area of federalization, shifted the intergovernmental balance of power in favor of subnational governments. This pathway involved intense negotiations between the national executive and legislative, political parties, and many other institutions (e.g., ministries, intergovernmental forums). These negotiations started with fiscal decentralization followed by administrative decentralization on education and, then, on health. The post-constitutional federalization process started with the establishment of municipalities across the country, followed by the founding intergovernmental forums. Both processes were long and evolved slowly. Considering all the legislative measures that punctuated the decentralization and federalization processes in Brazil (16 out of the 18 total measures), on average each measure took 1031 days to be approved once the legal proposal was accepted by the national congress. In terms of duration, Brazil took 23 years to finalize its decentralization and federalization processes. Given the long and slow traits of the advancement of the Brazilian decentralization and federalization, intergovernmental institutions were created to coordinate and implement measures as a result of these processes. Despite the relatively low number of intergovernmental forums in Brazil, approximately 8, the Brazilian intergovernmental institutional arrangement is robust considering that these forums hold on average 67.7 meetings a year (See Table 4).

Several observations can be drawn from the way in which the intergovernmental bargaining unfolded after tracing the processes of decentralization and federalization in Brazil: it has followed a path-dependent pattern despite the attempts at reversal on the part the central government, it has built a sequence that favors the interests of subnational politicians, and it has relied on intense negotiations between the national executive and legislative branches with two the Brazilian Party of Democratic Mobilization (PMDB) and the Party of the Liberal Left (PFL), which represent the interests of subnational actors, gaining special relevance.

5.2 Spain

The political dynamic in Spain is renowned for the influence of regional parties at the national level (Pallarés, 1991; Hopkin, 2003). Despite the weight of the regional parties on the national political dynamics, the two main nation-wide political parties in Spain—the Spanish Socialist Workers Party (PSOE) and the Popular Party (PP)— have been able to maintain electoral loyalty and limited parliamentary fractionalization under democracy (Biezen, 2003, p. 79). The interaction between regional and national parties has been central to the changes in the intergovernmental relations in democratic Spain. Field (2005) shows that the level of parliamentary support for central government initiatives is high in democratic Spain. Heller (2002, p. 661) observes that cooperation among parties is pursued under two conditions: when a political party in the national parliament fails to win the majority of the
seats, and when there is a clearly defined region for a regional party to represent. It was under these political conditions federalization and decentralization evolved in Spain.

In Spain, 19 measures pertaining to decentralization and federalization increased the leveraging power of the Spanish autonomous communities. The Spanish path to self-rule was built amidst intense intergovernmental negotiations that started with fiscal decentralization, and was followed by administrative decentralization in education and health. In terms of the territorial architecture of the Spanish regions, its construction followed a sequence in which subnational statutes of autonomy were granted priority over organic laws regulating political and administrative issues of the Spanish state. Although this path led eventually to higher degrees of decentralization and federalization, there were deadlocks and reversals in these processes. In effect, these processes can be said to be long and moderately slow in Spain since these processes took on average 22 years to be finalized, and the legislative measures (18 out of 19 total measures) once proposed in the parliament took 296 days to be approved. As a consequence, and in order to speed up the advancement and coordination of these processes, Spain has created 46 intergovernmental forums in different sectors hold on average 14.9 meetings per year (See Table 4).

Three general conclusions can be reached after tracing the decentralization, federalization and development of subnational autonomy in Spain based on intergovernmental bargaining: it is path-dependent reinforcing the initial balance of power in favor of the political actors of the ACs; it relies on either a nation-wide coalition or on a territorial coalition; and it follows a sequential pattern of decentralization and federalization.

5.3 South Africa

The political dynamic in democratic South Africa has been dominated by the politics of party coalition (Kadima, 2006, p. 15). This strategy of building coalitions for electoral survival has been successfully pursued by the ANC at every level of government, allowing it to become a hegemonic party in South Africa. A similar strategy has been followed by the National Party (NP) and the Inthaka Freedom Party (IFP) in their respective provincial electoral strongholds (Botha, 1996, p. 118). ANC’s dominance has created a concentration of power with the national executive, and more specifically with the presidency (Butler, 2007, p. 44). This dominance has not prevented the ANC from being willing to cooperate with other parties and the intergovernmental arena has gained relevance under the development of democracy (Reddy, 2001, p. 21). Under dominant party system federalization and decentralization progressed in South Africa with strategic coalition at the regional and local levels.

In South Africa, 17 measures shifted the original balance of power reached at the promulgation of the first democratic constitution. Federalization measures preceded decentralization measures, and fiscal decentralization. Under the Mbeki government (1999-2003) decentralizing and federalizing processes intensified in comparison with the preceding Mandela government (1994-1999). This intensification, however, meant that one of the central demands of the former leaders of the previous regime—the strengthening of the provincial government—would not be pursued. Conversely, greater focus was paid to the strengthening of local governments. As a result, the South African decentralization and federalization advanced moderately fast, with an average 349 days for relevant legislation to be passed (15 out of the 17 total measures), and lasted for 15 years. Given the more prominent role of the central government in the processes, the intergovernmental institutions were progressively created to mediate relations with different branches of government, however, the average number of meetings per year held in these institutions were low, approximately
8.5 (See Table 4). The reason behind the creation of not so robust intergovernmental institutions in South Africa rests on the induced role of the central government in the development of the decentralization and federalization paths, which restricted intergovernmental bargaining.

Considering these main aspects of the evolution of federalization and decentralization in South Africa, with subnational interests prevailing, two main conclusions can be drawn: although the processes of decentralization and federalization followed a path-dependent trajectory in South Africa, their reinforcement occurred for municipalities; and despite the dominant party system and the existence of top-down intergovernmental forums, there were opportunities for the subnational governments to exercise centrifugal pressure through intergovernmental bargaining.

5. Cross-Country Comparison and Discussion

I now turn to the conditions under which the main propositions advanced in this paper hold. For the identification of these conditions, first I briefly discuss the commonalities across the cases in the evolution of federalization and decentralization. Then I focus on the slight variation in terms duration and speed among the different processes.

One of the distinguishing features of the processes of decentralization and federalization in Brazil, Spain and South Africa is the presence of a broad coalition of political actors in the support of decentralization and federalization. In effect, in the initial phase of these processes, most political parties formed a territorial coalition of national and subnational politicians in support of the main legislative measures. Subsequently, in the implementation phase of the constitutional agreement, conflict emerged, although the subnational politicians managed to secure their preferences. This broad coalition also meant that for the most part a bargained interaction would prevail over an induced type of process controlled by the central government.

The advancement of subnational interests, however, has not prevented the central governments from pursuing certain intergovernmental strategies. In effect, the central governments in the three cases have attempted strategically to weaken one level of government while empowering the other level. In Brazil and South Africa the mayors were favored over the meso-level governments (e.g., Brazilian states and South African provinces). Differently in the Spanish case, the meso-level governments were favored over the municipal governments. With this strategy the central governments in Brazil, Spain and South Africa have regained coordination and monitoring roles in important areas. In the particular cases of Brazil and South Africa the central governments have become important players in policy formulation and implementation, and the supervision of important developmental initiatives. In the case of Spain, the central government has played a stronger coordination and monitoring role in the decentralized health and educational systems.

The relationship between national and subnational political parties played a significant role in the intergovernmental bargaining process. In Brazil the multiparty system has forced the president’s party to form coalitions of parties with strong electoral support at the municipal level (e.g., PMDB and PFL). As the national executive relied on these parties to govern, the decentralizing/federalizing reforms were negotiated with political parties with strong interests in increasing self-rule. This justifies for instance why the central government in Brazil decided to sideline the federal states and not the municipalities. In Spain the regional parties were very effective in articulating the interest of the ACs’ governments. In effect,
several parties in Spain have been able to consolidate themselves as the main political force at the meso-level, and by maintaining electoral dominance in a particular AC. In South Africa, the ANC’s dominance, which reached the point where it was governing all the provinces, has halted centrifugal pressures coming from the provincial governments, and through the party apparatus provincial governments were forced to align with the priorities of the central government. This exercise of power was more difficult at the municipal level, where party competition was stronger and the ANC had to engage with coalition formation in order to govern. This makes clear, for example, why the provincial political actors were alienated and not those from the municipalities.

While the sequence and the initial party coalition in support of the decentralizing and federalizing were common to all cases, there was variation between these cases in terms of the duration and speed of the process. Understanding the variation in duration and speed across the cases helps us to clarify the role of the central government throughout the processes of decentralization and federalization. As the case of South Africa shows, the central government through a dominant party system was able to fast-track legislation making these processes shorter than in Brazil and Spain. Nonetheless, the speed of passing decentralizing and federalizing legislation in South Africa has remained moderate, similar to Spain. As a consequence of creating more induced intergovernmental dynamics, in South Africa—and in contrast to a more autonomous dynamics in Brazil and Spain—national and subnational actors bargained in a less institutionalized intergovernmental environment.

From a general perspective, as a result federalization and decentralization measures, the shift in the balance of intergovernmental power in the three countries occurred in the context of a constant intergovernmental negotiation. Under the mechanism of path dependency, which incrementally shifted the balance of power towards subnational governments, the interest of at least one level of the subnational government prevailed even when the intergovernmental dynamics became increasingly controlled by the central government as in the case of South Africa.

There are two main conditions that the cases meet in order for the incentives to be engaged in further intergovernmental bargaining to advance their interests following the promulgation of their democratic constitutions. The first condition suggests that broad coalition formation leads to a certain degree of bargaining among actors. This is a necessary condition for the creation of a less induced and more autonomous interaction in intergovernmental relations. Nonetheless, the existence of coalitions that created a bargained interaction among actors for decentralization and federalization to advance, there was no guarantee of a reversal of these processes.

The second condition shows that increased robustness and inclusiveness of intergovernmental institutions allows national and subnational political actors to pursue their preferences through strategies under bargained rules of intergovernmental interaction. While the institutionalization of intergovernmental relations created a piecemeal process of decentralization and federalization, it also reduced the possibility of reversals of these processes.

6. Final Remarks

After mapping out the intergovernmental institutional changes in Brazil, Spain, and South Africa, it becomes clear that the transfer of fiscal-administrative authority and the creation of intergovernmental mechanisms have been largely driven by internal factors to these very
processes, namely the sequence, speed and duration of the measures as well as the bargaining interaction among a constellation of intergovernmental actors.

The initial enabling environment in the three countries reveals a democratizing context conducive to intense party negotiation that favored the creation of a broad coalition behind federalizing and decentralizing reforms. Against the backdrop of democratization the condition that the subnational parties are key to bring to a standstill or facilitate the approval of legislations is of particular importance to create a favorable environment for federalization and decentralization.

In terms of the institutional instruments enabling the sustainability of federalization and decentralization, political actors from different levels of government were able to resort to several institutional instruments (e.g., intergovernmental forums, fiscal revenues) to engage in intergovernmental bargaining. The creation of robust and inclusive institutions characterizes the existence of these enabling instruments for bargaining. As far as the dynamics of the reforms are concerned, a bargaining interaction with incremental advancement of preferences is the main dynamic behind the decentralizing and federalizing reforms in the three countries.

This paper has provided an alternative explanation to the changes in the intergovernmental balance of power. This alternative explanation includes time as a mechanism that explains how decentralizing and federalizing events affecting changes in federal dynamics.
Bibliography


### Table 1: Summary of Actors’ Preferences

<table>
<thead>
<tr>
<th>Period</th>
<th>t₀</th>
<th>t₁</th>
<th>t₂</th>
<th>t₃</th>
</tr>
</thead>
<tbody>
<tr>
<td>Actors</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>National political actors</td>
<td>Maintain the status quo</td>
<td>Peaceful transition to democracy; Political relevance in the future regime</td>
<td>Macroeconomic stability; Dilation and change of constitutional provisions</td>
<td>Macroeconomic stability; Monitoring and regulation of resources and provision of services; Intergovernmental cooperation</td>
</tr>
<tr>
<td>Subnational political actors</td>
<td>Change the status quo</td>
<td>Peaceful transition to democracy; Political relevance in the future regime</td>
<td>Transfer of resources and administrative responsibilities; Implementation and change of constitutional provisions</td>
<td>Improvement of political/institutional capacity; Discretion over subnational policy; Intergovernmental cooperation</td>
</tr>
</tbody>
</table>
Table 2: Intergovernmental Dynamics over Time

<table>
<thead>
<tr>
<th>Type of bargaining</th>
<th>How the process evolves</th>
<th>Sequence of process</th>
<th>Speed of key events</th>
<th>Duration of process</th>
<th>Balance of power outcome</th>
</tr>
</thead>
<tbody>
<tr>
<td>Induced</td>
<td>Through interactive dynamics</td>
<td>Favored subnational elites</td>
<td>Fast</td>
<td>Short</td>
<td>Unbalanced</td>
</tr>
<tr>
<td>Autonomous</td>
<td>Through strategic dynamics</td>
<td>Favored subnational elites</td>
<td>Slow</td>
<td>Long</td>
<td>Balanced</td>
</tr>
</tbody>
</table>
## Table 3: Decentralizing and Federalizing Measures in Brazil, Spain and South Africa

<table>
<thead>
<tr>
<th>Dimension</th>
<th>Brazil (BR)</th>
<th>Spain (SP)</th>
<th>South Africa (SA)</th>
</tr>
</thead>
</table>
| **Fiscal Decentralization** | Passos Porto Law – Constitutional Amendment 23 (1983)  
  • Aírton Sandoval Law - Constitutional Amendment 27 (1985)  
  • Camata Law (1995)  
  • Kandir Law (1996)  
  • Fiscal Responsibility Law - LRF (2000)  
  • First Fiscal Agreement (1986)  
  • Regulatory Law on the Local Finances – LRHL (1988)  
  • Second Fiscal Agreement (1992)  
  • Third Fiscal Agreement (1997)  
  • Fourth Fiscal Agreement (2001)  
  • Intergovernmental Fiscal Relations Act – IFRA (1997)  
  • Public Finance Management Act PFMA (1999)  
  • Provincial Tax Regulation Process Act – PTR (2001)  
| **Health Decentralization** | Health Organic Law – Organic Law 8.080 (1990)  
  • Complementary Law 8142 (1990)  
  • Second Basic Operational Norm-NOB2 (1996)  
  • Constitutional Amendment 29 (2000)  
  • Law 25/1990 (1990)  
  • White Paper on Health Sector Transformation (1997)  
  • Municipal Structures Amendment Act – MSAA (2003)  
  • National Health Act (2003) |
| **Education Decentralization** | Calmon Law – Constitutional Amendment 23 (1983)  
  • Constitutional Amendment 14 (1996)  
  • Law on the General Organization of the Educational System – LOGSE (1990)  
  • Law on the Transfer of Competencies to the ACs – LTCCA (1992)  
  • South African School Act – EEA (1996)  
  • Employment of Educators Act (1998) |
| **Federalization** | First Basic Operational Norm - NOB1 (1993)  
  • White Paper on Local Government (March 1998)  
  • Municipal Demarcation Act – MDA (July 1998)  
  • Municipal Structures Act – MSA (December 1998)  
  • Municipal Systems Act (2000) |
Table 4: Time, Actor’s Interaction and Institutional Robustness in Brazil, Spain and South Africa

<table>
<thead>
<tr>
<th>Country</th>
<th>Overall type of actors interaction</th>
<th>Speed to pass legislative measures †</th>
<th>Duration of decentralization and federalization ∞</th>
<th>Robustness of intergovernmental institutions *</th>
</tr>
</thead>
<tbody>
<tr>
<td>Brazil</td>
<td>More autonomous</td>
<td>Slow (1031 days)</td>
<td>Long (23 years)</td>
<td>High (542 meetings/8 forums = 67.7)</td>
</tr>
<tr>
<td>Spain</td>
<td>More autonomous</td>
<td>Moderate (296 days)</td>
<td>Long (22 years)</td>
<td>Moderate (689 meetings/46 forums = 14.9)</td>
</tr>
<tr>
<td>South Africa</td>
<td>More induced</td>
<td>Moderate (349 days)</td>
<td>Moderate (15 years)</td>
<td>Low (60 meetings/7 forums = 8.5)</td>
</tr>
</tbody>
</table>

† Speed is the average number of days that decentralization/federalization measures take to be approved by the national parliaments.

∞ Duration is calculated by the time between the first approved decentralization/federalization measure and the last approved measure.

* Robustness is measured by the average frequency of meetings per year, which is calculated by the number of official intergovernmental meetings per year divided by the number of existing intergovernmental forums.
Figure 1: Bargaining Interactions over Time and its Effect on the Balancing of Power

BALANCE OF POWER

Non-Robust | Robust
---|---

Critical Juncture

Democratization

Country’s Trajectories:

Trajectory 1: A-B-C (Brazil and Spain)
Trajectory 2: A-B-D (South Africa)
NOTES

1 I define causal mechanism as an agent driven action favored by structural circumstances and shaped by specific context that accentuate the original dynamics of an already occurring process.

2 Time is considered a causal mechanism because it influences the outcome of federalization and decentralization based on the different manifestations of sequence, speed and duration of decentralization and federalization. Unlike an independent variable, such as intergovernmental bargaining between governments, which is either present or absent from a process, causal mechanisms as Mahoney (2004) explains, is always contextually present.

3 I consider decentralization at the political dimension as belonging to the democratization process. Political decentralization is often understood as the electoral reforms that devolve political authority to subnational governments (Falleti, 2005; Grindle, 2006). However, I consider political decentralization as a prerequisite for the bargaining interaction between central and subnational governments, and believe it is an essential element of the events leading to fiscal and administrative decentralizations.

4 Power as such is not an absolute concept as it is defined in relation to the different poles. This is important because for the achievement of balanced relations, actors must accept a situation of mutual restrain.

5 I borrow the notion of over and under-balancing from Schweller (2006), who attempts to understand how states behave internationally in the face of an external threat. He argues that the ability to give a response to threats depends on the domestic division of the political elites. Under a fragmented political elite, the state will not respond to the threat leading to under-balancing.

6 In the first phase, prior events or institutional constrains seize to affect the interaction among actors. In the second phase, patterned dynamics start to emerge and the strategies pursued by actors are influenced by early events. In the third phase, a fixed pattern of interaction is and the range of available options is diminished.

7 Federalization and decentralization are best understood as a reactive sequencing, a concept Breznitz (2010, p. 29) defines as a sequence of events that are reactions of prior events or the origin of a succeeding event.

8 The fall of the autocratic regimes can be interpreted under Ermakoff’s (2008) rationale that the uncertainties of the periods preceding the death of a regime, decision-making actors orchestrate the suicide of the through mechanisms of collusion and cohesion.

9 I refer to duration as the period that encompasses the first decentralizing-federalizing measure to the last one. Instead, speed is the duration of the specific event of passing a legislative measure concerning decentralization-federalization in parliament.