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**AN HISTORICAL PERSPECTIVE ON FEDERALISM  
AND DECENTRALIZATION IN MEXICO, BRAZIL AND  
THE UNITED STATES.**

### **Resumen**

Este documento describe la tensión entre las autoridades centrales y locales en tres de las repúblicas federales más grandes del Continente Americano: Brasil, México y los Estados Unidos, desde su independencia hasta finales del siglo XX. El objetivo es considerar la historia de las prácticas del federalismo y las relaciones intergubernamentales, para entender sus problemas y potencialidades para el futuro. Nuestro argumento es que mientras los tres países han experimentado en sus gobiernos épocas de mayor o menor centralización, la consolidación del sistema político democrático en los EE.UU. fue un elemento coadyuvante del desarrollo del federalismo, y que el federalismo por su parte, fortaleció a su vez la consolidación de la democracia en aquel país. En contraste, tanto en Brasil como en México se ha tenido que luchar mucho para lograr acuerdos intergubernamentales relativamente estables y duraderos. Sin embargo, la creciente democratización de los dos países en los últimos años sugiere que este patrón está en vías de cambio.

El documento formará parte de un libro que llevará por título *Policymaking, politics and the subnational state: A comparative study of Brazil, México and the US*, texto que representa un esfuerzo conjunto de un grupo de investigadores de la Fundación Getulio Vargas (Sao Paulo), el CIDE (México) y la Universidad de Texas (Austin), dirigido por Robert Wilson y Victoria Rodríguez, ambos de esta última institución.

### **Abstract**

This document describes the tensions between central and local authorities in the three largest federal republics in the Americas—Brazil, Mexico, and the United States—from their independence to the end of the 20<sup>th</sup> century. Its purpose is consider the history of the practice of federalism and intergovernmental relations in these three countries, as a basis for understanding their current problems and potentials. Our essential argument is that while all three countries have experienced eras of relatively greater or less centralization of government, the consolidation of a democratic political system in the US both reinforced, and was strengthened by, the concurrent development of federalism. Both Brazil and Mexico struggled much more over the course of their histories to implement relatively stable and enduring intergovernmental arrangements. However, advances in democratization of each of these two countries in recent years suggests that the previous pattern may be changing.

The document will form a chapter in a book entitled *Policymaking, politics and the subnational state: A comparative study of Brazil, Mexico and the US*, which is a collaborative effort by a group of researchers from the Getulio Vargas Foundation (Sao Paulo), CIDE (Mexico City) and the University of Texas (Austin), led by Robert Wilson and Victoria Rodríguez of the latter institution.

## ***Introduction***

The central question for this chapter is how the tensions between central and local authorities have been addressed in Brazil, Mexico, and the United States during the two hundred-odd years of their existence as independent nations. As part of a larger comparative project on the practice of federalism and intergovernmental relations in these three countries, it is intended both to orient the discussions in the following chapters, and to enrich them with an understanding of how and why each of these nations finds itself in its current position at the beginning of the 21<sup>st</sup> century.

Economic globalization and the emergence of new regional political accords that transcend the boundaries of individual national states have sparked new interest in comparisons among types of federalism. Several federal formulas have begun to emerge on a *supranational* level (for example, the European Union), as reformers have looked for more appropriate governmental frameworks through which to coordinate economic and social policy, while respecting the sovereignty of individual states. Federal arrangements, which deal with this problem in their framework for governance, take as a given two or more autonomous spheres of sovereignty within the confines of a single governmental framework, a concept that is anathema to unitary state constructs.

Alternative federal models, in which federalism is constructed from the top down, also have begun to be considered in a new light. Brazilian and Mexican experience with federalism has followed this top-down pattern, except in one very important issue: rather than incorporate parliamentary forms of government, their federalist constitutions establish strong executive authority and couple federalism with the establishment of presidential republics, incorporating the division and separation of powers inherent in the US Constitution. In the Brazilian case, federalism emerged at the end of the 19<sup>th</sup> century as a legal construct which ratified the *de facto* existence of two distinct levels of authority, the one national and the other regional or local. Earlier cycles of centralization had always attempted to suppress or to deny the existence of a distinct level of subnational power that in turn, always resisted attempts to centralize. In Mexico, in spite of a series of federalist constitutions, the difficulties in constructing the national state throughout the 19<sup>th</sup> century implied that in practice, regional and local governments continued to be important. Only the strongly centralizing governments of first, Porfirio Díaz, and later, of the PRI, managed to impose a truly national government, which, not coincidentally, came at the cost of local and regional autonomies.

Federalism has been studied more extensively in the United States than in any other country, and researchers have argued that its practice there historically falls within one of three constructs: an inclusive-authority model, in which hierarchical relations prevail; a coordinate-authority model, in which national and state authorities are coequal and autonomous; and an overlapping authority model,

in which bargaining relations predominate (Graham 1990:40; Wright 1982:9-10). Nevertheless, and in spite of recurrent problems related to instability in governance and institutions, both Brazil and Mexico have contributed to broadening the debates about the potential of federal structures by adding a third level of government to these discussions. The concept of the free and autonomous *município* has been a powerful idea cutting across the centuries, embedded in Brazilian and Mexican constitutions through the explicit recognition of three levels of governance, as opposed to the two present in US federalism.

As a consequence, efforts to implement effective federalism in Brazil and Mexico today draw on both US and European experience. In the redesign of social policy, Brazilians in particular, have looked to Europe, while their legal scholars have expanded their analysis and understanding of juridical concepts of federalism developed through the US court system and have incorporated case-based legal precedents into their civil-law system. Meanwhile, especially with the increase in bilateral exchange of all kinds since the signing of NAFTA, large numbers of Mexicans inside and outside state and municipal government have begun to study and visit their counterparts in the US with hopes of being able to imitate their variety and vitality.

In both Brazil and Mexico, effective federalism is also seen as a part of the struggle to consolidate democratic practices. Historians like to call attention to the relevance of the Cortes of Cadiz, since democratization in Iberia had long been curtailed by political realities in ways similar to major portions of Latin America. However, the present-day models of governance in Spain and Portugal deal with regionalism in a way that is much more relevant to contemporary Latin American experience. Hence, it should not be surprising to find in the Brazilian transition of the 1980s and in the Mexican transition of the 1990s a resurgence of interest in securing autonomy for their states, and a decentralization of power that gives vitality to state and local governments, as well as to citizen groups operating within those arenas.

This chapter considers how the shifting balances of power between national and subnational actors in each country over nearly two hundred years has affected their responses to a changing set of governance issues. While the social, political and economic dynamics within each of these countries vary substantially from one another, we argue that each faced similar problems during five distinct historical eras, and that the way in which each country tackled—or ignored—these problems goes a long way toward explaining the current issues of federalism in each.

The terrain to be discussed is vast and complex, and in each case we have had to leave out a substantial amount of relevant detail in favor of a focus on broader, comparative arguments. We begin the discussion at the point of nation formation, during which the key issues are the definition of the new national communities and the arrangements established to govern each of the new countries, in a context of distinct legacies left by the colonial powers. In section III, we examine the 19<sup>th</sup> century from the perspective of the processes of and obstacles to

nation building, with particular emphasis on the challenges to federalism and the establishment of a tenuous division of powers between levels of government in the last quarter of the century. The subsequent section addresses the recentralizing backlash in the hands of the national governments, which began in each of the countries during the 1930s, partly in response to economic upheaval caused by the Great Depression, but also for domestic political reasons. The fifth section considers the divergent patterns of federalism in the three countries during the period between the end of WWII and the 1980s. We close with a discussion of the profound transformations in each of these countries during the 1980s, mostly in response to political and economic changes in the wider world. This sets the bases for the chapters that follow and calls attention to the institutions and practices that continue to structure these countries' politics and government.

### ***Nation and State formation***

The formation of independent nations from European colonies in the Americas started much earlier than in Africa or Asia, with the Revolution in what eventually became the United States of America in 1776. Mexico, Brazil, and most of the rest of Latin America followed suit during the next half-century, mostly in response to instability and political change among the European colonial powers. Once freed of colonial structures, each of these countries faced the task of forming a new, independent government and defining a national identity. This task was facilitated or impeded in part by the political, social and economic heritage that their respective colonial masters had left in place, as well as the practices and philosophy of the European immigrants (and their descendents) who dominated the political life of each country.

### ***Colonial legacies***

The withdrawal of the European colonial powers from the Americas left substantially distinct legacies. These legacies have affected both the stability of the federal pact eventually established in each country, and the extent to which federal principles aided in meeting the challenges of subsequent decades and centuries.

The formation of autonomous local governments (*municipios*) in Mexico, and indeed, in all of Latin America, began in 1519 with the founding of La Villa Rica de la Vera Cruz by Hernán Cortés. This pattern is reflected in the constitutional status of municipal government since the days of Mexican independence. However, Cortés had no visions of the inherent goodness of local government: rather, he was following Spanish tradition, which not coincidentally, allowed him, as Captain-General of the *ayuntamiento* (town council), to shake off the authority of Spanish government in Cuba, under whom he had originally sailed. As time went on, the Spanish crown, suffering from a lack of resources to pay for official government

expeditions, began to grant private individuals the right to explore and claim land in the new territory, in exchange for recognition of Spanish sovereignty and one-fifth of the profits gained. As historian Alejandra Moreno (1995:48) points out, this system made the *conquistadores* anxious to recoup their private expenses, usually at the expense of the indigenous peoples living on the lands they claimed for Spain. Given the structure of the pre-existing societies in what was to become Mexico, this system also implied full-out military confrontations, rather than scattered battles over land.

As the Spanish crown grew in power the second half of the sixteenth century, it also began to bring New Spain under more centralized control. The municipalities played a key role in this process by administering newly conquered territories, submitting indigenous peoples to Spanish authority, and serving as a direct link for Spaniards to the monarchy (Merino, 1998). In addition, from 1555 on, the conversion of indigenous people to Christianity and the forced abandonment of their languages in favor of Spanish became a function of the State (Moreno 1995:52), and this further centralized what was previously a land of many distinct empires. Economic forces pointed in the same direction: mining provided the basic source of tax revenues for the Colony's administrative expenses, and all of the products were shipped through Mexico City on to Spain. The *haciendas* (basically, large plantations) established during the Colony served mostly the domestic market for foodstuffs, since infrequent rains and the lack of artificial irrigation made reliable, large-scale production more difficult (Moreno 1993:57). At the same time, dramatic decreases in population (especially through plagues of smallpox and venereal disease, for which the Indians had no resistance) made labor scarce for the haciendas, and resulted in feudal systems, enslavement of indigenous people, and the eventual importation of slaves from Africa. Mexico City became increasingly important as an economic and demographic center as well, a pattern which would carry on to the present-day.

Unlike in Mexico, the colonial "power" in Brazil never exercised the same degree of central control over its charge. Much of this was due to the fact that sixteenth-century Portugal had acquired more territory in Asia, Africa, and the Americas than it was able to administer directly. The riches produced by its trade in Asia and the extensive system of forts it had to develop to secure the safety of its commerce with the Orient, around the horn of Africa and across the Indian Ocean, meant that the vast and mostly unmapped territory it ostensibly ruled in South America was largely left to govern itself under the nominal jurisdiction of the captain-generals, and later, governors sent from Lisbon in the name of the Portuguese crown. In this regard, the history of the Portuguese colonial empire is markedly different from that of Spain (Collis, 1943). The incorporation of Portugal into the Spanish Empire between 1580 and 1640, as a consequence of dynastic politics, not only led largely to the abandonment of Portugal's overseas territories, but also produced a national disaster with the incorporation of the Portuguese navy

into Spanish military forces and its virtual annihilation in Spain's ill-fated attempt to subdue England with its Armada.

While these 60 years of Spanish hegemony in Iberia consolidated Portuguese nationalism and a determination never again to be subjected to Spanish rule, the Portuguese came close to losing their American territories to the Dutch, who found the sugar-cane industry in northeastern Brazil a valuable match to their quasi-monopoly on the sugar trade in the Caribbean at the time. Recognizing that little could be done to recapture their position in Asia, the Portuguese re-established control of northeastern Brazil and made Salvador, in the province of Bahia, the capital of Portuguese America. This was the beginning of what Portuguese colonial historians call their Second Empire. The sugar boom of the 1530s and 1540s was also decisive in its impact on Brazilian culture through the assimilation of thousands of Africans imported through the slave trade with Portugal's African territories. The outcome of this was a distinctive Afro-Brazilian regional culture that has ever since left a mark on northeastern Brazil.

The second major period of economic growth and development is identified with the 1730s, when gold was discovered and some 600,000 Portuguese immigrated into what is today the center of Brazil. Accordingly, from the 1700s until independence in 1822, the wealth produced by Brazil was more than sufficient to trigger Portugal's economic recovery, its autonomy, and the establishment of its American colonies as the new center of its empire. The discovery of precious minerals south of Bahia in the province of Minas Gerais (the "general mines"), and the desire of the Crown to secure its monopoly of the gold and precious stones produced by these mines, was instrumental in the decision to move the capital southward to the port of Rio de Janeiro. The cultural side of this economic boom was the flowering of the Brazilian Baroque in the mining towns of Minas Gerais, in which Portuguese influences adapted to the Americas were ascendant in a Luso-Brazilian culture that differed greatly from the sugarcane culture and Afro-Brazilian influences dominant in Bahia. It was here that the first uprisings occurred against the centralizing pressures from Lisbon in their version of the Bourbon reforms imposed by the Spaniards over their empire.

Viana Moog (1983), in what is for Brazilianists a well-known comparison of the differences between the Portuguese and English colonization of the Americas, referred to this first Brazil as a cultural archipelago, scattered from Olinda and Recife (earlier capitals of Brazil) on the northern coast, around the hump of eastern South America to Bahia and southward to Rio, and then to São Paulo. From the 1700s until independence in 1822, while the Crown asserted its hegemony over Brazil, it was never able to completely abrogate the traditions of local rule embodied in the municipal governments of each of the provincial capitals.

Nevertheless, underlying this later development of national authority was the earlier, autonomous development of a Portuguese-American presence by Portuguese nationals who assimilated themselves into the new world and colonized without central direction. The Portuguese originally lay claim to their American territories

through their division into sometimes spectacularly large *capitanías*, whose administration was essentially privatized and feudal. The legacy of this pattern of colonization, at a time when Lisbon's attention was focused on its Asian territories, was a weak central government incapable of administrating its colonies in the Western Hemisphere directly, resulting in dependence on private individuals and, de facto, decentralization. The leaders of regional "oligarchies" were named by, and reported directly to, the king, but their power lay with their large land holdings and slave labor. The regions were only nominally linked to one another (Murilo de Carvalho, 1993:54). While the *capitanías* were formally disbanded in favor of a general government by 1750, the pattern established in this era endured for centuries afterward. This point is an important one because unlike Spanish-American experience, from the beginning Portuguese America developed considerable tolerance for regional levels of governance by necessity.

In contrast to Mexico and Brazil, the process of European immigration and colonization in the United States was not carried out by groups of single men in search of gold or other riches to send back to their homelands (indeed, there was little to be found in the eastern half of the future country). Instead came entire families, usually as parts of religious or political groups in search of freedom to practice their beliefs, which they were not afforded in England or other parts of Northern Europe. The results of this pattern of settlement were profound, both in terms of the types of government established and the relations with the previous inhabitants of these territories.

The first permanent settlement of the future United States established a system of government that ruled by the explicit consent of the governed from the early days of the colony. The Mayflower Compact set the bases for a form of self-government never before seen on a large scale. In the decades that followed, small communities whose members owned and worked on family farms became the dominant form of settlement of the new territories. As time went on, larger plantations and cities sprang up to service export markets for raw materials and agricultural goods, especially in the South. The colonies formed under this system (which later became the states of the new republic) were very small, internally homogeneous, and governed through direct contact with the English crown. It was later that issues of mutual defense led to the banding together of these colonies: as the population expanded, more land was demanded for agricultural use, which resulted both in increasing hostility from indigenous groups with prior claims to the land, and from other imperial powers which had more recent designs on the territories. Questions of the treatment of the colonies by the English crown also became more important, particularly the taxes and tariffs imposed on trade. But control of these colonies by England did not end the way it did in Spain and Portugal at the beginning of the periods of independence for Mexico and Brazil. This implied a more involved process of first, negotiation with England, and later, a Revolutionary War that served to galvanize the proponents for a Union (McCullough 2001).

*Defining the national community: how to maintain national cohesion in the face of regional diversity?*

At independence, all three of the new countries had to confront the question of how to establish a national identity across spatially vast territories and diverse regional cultures. This problem was especially acute in Mexico, which had problems establishing a shared national identity throughout the 19<sup>th</sup> century. Indeed, the loss first of modern-day Central America in the 1820s, followed only a few decades later by Texas and parts of today's Southwestern United States, emphasized the difficulty of creating a coherent Mexican nation. At various points during this period, Guadalajara, Yucatán and Zacatecas each were considered a serious risk for secession as well, an issue which helps explain the constant struggle between the sovereignty of states and the desire to centralize power which characterized the country. In addition, in spite of *mestizaje* (the "mixing" of Spanish and indigenous people, the former mostly men and the latter mostly women), approximately one million residents of the new country—members of at least thirty distinct indigenous groups—were neither integrated into political life nor even spoke the same language as the dominant groups.

In contrast to a shrinking Mexico, the United States continued to add substantially more territory right up to the Civil War of the 1860s, as well as afterward. Indeed, it appears that the gradual process of independence from England, which culminated in the intense struggle of the Revolutionary War, served to commit the states to a united country. The failures of the Articles of Confederation to provide a viable format for governing the former colonies (when issues of common concern to all of them emerged, such as the need for a single currency) convinced reformers of the need for a stronger union. The outcome of this was the Constitution of 1787, which provided for a federal form of government that established strong central authority in instances linked to the survival of the new nation, but at the same time guaranteed the states their rights and liberties.

Once the question of the right to secede was laid to rest in the Civil War, the continental aspirations of the US were encapsulated in the doctrine of Manifest Destiny, which opened the door to successive waves of westward migration by European immigrants and their descendents. A comparatively small indigenous population, with which the European settlers never mixed much, combined with a plantation-based economy in the South to make the importation of African slave labor attractive in the US. Indigenous peoples were exterminated or pushed west and north ahead of the white settlers, and their limited numbers represented little threat to the newly dominant immigrants.

In contrast to Mexico, the threat to a unified Brazil came less from foreign powers (although there were persistent border skirmishes in the south and west) than from the internal lack of cohesion. There was no single defining event in Brazil, such as occurred in the US with the Revolutionary War and the Continental Congresses, which had mobilized the public throughout the colonies against

continued British rule. Indeed, at the time of Brazil's independence, the idea of creating a single country was not obvious to the political representatives of the regions, who identified themselves in the Portuguese Cortes through their provincial identities (e.g. *paulistas* or *gaúchos*), rather than as Brazilians. The unity of the country was based more on interest in the continued existence of the established economic system, including but not limited to slavery, than on more noble ideas about how to form an ideal government (Murilo de Carvalho, 1993:58). In contrast to Mexico and the US, Brazilian universities and even domestic newspapers were nonexistent at least until the 1850s, and this, too, limited the development of national identity (Fausto, 1999:58).

On the other hand, as in the United States and unlike the Spanish-American experience, a strong cultural identity, which Wagley (1964) has called "Luso-Brazilian" emerged and provided an unifying force which transcended the weakness of formal political institutions. As a result, there was no decisive movement which led to the disintegration of Brazil and the formation of independent successor states, each with its own newly formed government, as occurred in Spanish America, once the legitimacy of monarchy was challenged. There were separatist movements at various points in Bahia and the southernmost state of Rio Grande do Sul, but at no time did this degenerate into national conflict on the scale of what occurred in the US Civil War. Steadily and assuredly, a distinctive cultural identity, projected over the space inherited at independence, did emerge.

At the outset, the king served as an important symbol of unity to the new nation, especially among the impoverished masses. At the same time, the dependence of the most profitable aspects of the economy on the labor of black slaves, who made up as much as one third of total population in the late 19<sup>th</sup> century, continued to limit the possibilities of their developing an identity as Brazilian citizens.<sup>1</sup> Meanwhile, large numbers of indigenous people had been killed through slavery or disease, and the half a million or so who remained were pushed west and further marginalized by the dominant Luso-Brazilian culture on the coast. Still, in the original core of Brazil in the northeast, there was a great deal of assimilation and blending together of Europeans of Portuguese ancestry with the Indian and African population (Cunha, 1957). What occurred in the Brazilian center and south, as the frontier was pushed westward, was very different from the formation of the northeast and the movement of its population westward over time, into the interior of the country (Moog, 1983).

<sup>1</sup> The concept of citizenship for these people was postponed until the decade of the 1980s, when masses of Brazilians mobilized against military dictatorship.

### *New governmental arrangements*

One of the concrete results of the process of independence for each country was a constitution, which can be seen as the outcome of negotiations among the various factions with power to influence national political life. However, while the US Constitution of 1787 has endured nearly intact for over two centuries, Mexico made substantial changes to its constitution on at least three occasions, and current national debate includes proposals for the revamping of the entire document. Meanwhile, Brazil moved more dramatically over the course of its independent existence, from constitutional monarchy to federal republic in the 19<sup>th</sup> century; in the 20<sup>th</sup>, the country has had a number of different constitutions, authoritarian as well as democratic.

In hindsight, it is not surprising that it was in the United States that federalism was essentially created as a system of government. The basic tenets of its federal system—strong subnational units and relatively weak central authority—led to well-defined spheres of competence for two distinct levels of government. This emphasis on dual sovereignty, with the basis for a common national government derived from powers transferred from the states upward, arose quite naturally from the thirteen original colonies, each with distinct economic bases and semi-autonomous, self-governed towns and villages. It is important to remember, though, that there was considerable controversy over the form of union to be established in the aftermath of independence. Historical scholarship on this point generally has concluded that while radicals dominated the debate at the time of the Revolutionary War, conservatives gained the upper hand in light of the failure of the “confederal” governing arrangements agreed upon at independence (see especially Beard, 1952; Wood, 1969, and subsequent work based on these books). Of course, this did not occur without substantial discussion about whether this somewhat fragmented system was feasible, as may be seen in the well-known *Federalist Papers*, a series of essays written to defend the proposed Constitution. Indeed, the original charter of government, the Articles of Confederation of 1776-77, was soon replaced by the Constitution precisely because of the recognition that some form of central authority was necessary in order to support state governments faced with local rebellions.

The constitution that emerged from these debates is a relatively brief and general document, which essentially divides the federal government into three branches, and defines a separate but equal sphere of action for the states. Local governments (counties and cities in most states) are defined not in the federal constitution, but in individual state constitutions. The federal constitution focuses explicitly on limiting the scope of government at all levels, and clearly reserves for the states those powers not granted to the federal government. Even so, defenders of individual rights saw it necessary to amend the Constitution shortly afterward with the Bill of Rights, which essentially elaborates more fully the provisions designed to

counteract government tyranny and to protect more clearly the rights and liberties of individual citizens.

Although the Spanish empire collapsed in 1808, Mexicans were slow to react to their opportunity for independence, in spite of the fact that discontent with the colonial system had been growing for some time. Finally, in 1810, a rogue priest named Miguel Hidalgo y Costilla gave what has become known as the *grito* (cry) of independence in front of his gathered parishioners in the village of Dolores, Guanajuato, sparking widespread regional revolts against vice regal power. Still, the Spanish government, which had recuperated from Napoleonic rule by 1811, managed to suppress unrest and held a convention at Cadiz to determine the outlines of the Empire's new constitutional monarchy.

While the Constitution of Cadiz (1812) met many of the demands of the Mexican delegation in attendance at the convention, it remained in force for less than a year before a hard-line viceroy returned government in Mexico to previous practices. However, events in Spain once again drove changes in Mexico: liberal power in the *Cortes* threatened to do away with privileges enjoyed by the Church. Wealthy Spaniards and Creoles in Mexico reacted to this menace by turning to Colonel Agustín Iturbide to crush remaining rebel forces within the territory, and to negotiate an agreement with Spain through which independence was finally declared in 1821. Thus, ironically, the Wars of Independence in Mexico were eventually won not by republicans, but by monarchists. Neither the basic conception of government, nor the membership of the political elite, nor even government personnel changed. However, the new governing document, the *Plan de Iguala* (1821), laid out a constitutional, rather than absolute, monarchy with continued respect for the provincial governments established by the Constitution of Cadiz, a detail which helped set the bases for the country's first federal constitution (Guillén, 2000). Iturbide was elected emperor by a hastily-called Constitutional Assembly in 1822, and managed to maintain a unified country (which included parts of present-day Central America) by gaining the loyalty of the only truly nationwide institution, the Catholic Church. Both the Church and the military were used to counterbalance continued provincial restiveness, and they remained supporters of Iturbide's government in large part because of the *Plan de Iguala's* guarantee of *fueros*, the privilege of trying legal matters in their own courts (Barrón, 2001). Thus, an enduring pattern emerged of centralized government being identified with the conservative political and economic elite of the Capital, while liberals and radicals in the provinces preferred decentralized federalism (Guillén, 2000). This trend only deepened the ideological content of the debates.

The governing compromise, expressed in the federal Constitution of 1824, reflects the influence of Montesquieu and other European thinkers, as well as the US Constitution, in its separation of federal power into executive, legislative and judicial branches, as well as the creation of states with a similar separation of powers. However, the Constitution of 1824 also reveals the importance of the

Constitution of Cadiz, particularly in the provision of representative government and political independence for each province (Benson, 1992).<sup>2</sup>

The Constitution of Cadiz was also respected in terms of the form of municipal government instituted after independence. Local authorities did not return to the system of direct responsibility to the executive (monarch), as under the Colonial system, nor did they remain an autonomous branch of government. They did continue to offer health inspections, public education, road and bridge construction, promotion of trade, agriculture and industry, and care of charities, as well as provide basic judicial functions, but they were now merely administrative organs, with substantially reduced privileges. The number of ayuntamientos increased greatly, as one was established for every town above a certain population threshold (no longer just where inhabitants were favored by or important to the king), but now mayors and local council members were elected, both to foster political representation and to displace the powerful local oligarchies which might threaten the efforts to build a national State (Merino, 1998). As ideological debates over the form of government for the new country dragged on, the two immediate concerns of Mexican government were the state of public finances and the territorial integrity of the former colony. Financial problems were brought on not only by a large public debt inherited from the Colony, but also by expenditures necessary to support a large army. In addition, economic disruption from continued unrest implied lower collections for central government, as did the abolition of the head tax on Indians (González y González, 1995:84-85). Yet the military was constantly on the move to address threats of secession by the former viceroyalties of Guadalajara and Zacatecas, as well as in the Yucatán, which remained dissatisfied even after the establishment of federalism in the new Constitution. Already by 1822, the Central American provinces had declared their independence from Mexico, and incursions by Spain and France in the following years, as well as designs on Texas by the United States, contributed to a country in recurrent crisis. As it turned out, the Constitution of 1824 can be described as merely a *model* of national government, or a statement of purpose, since the institutional apparatus necessary to govern the country still did not exist (Guillén, 2000). Indeed, this Constitution was an emergency solution to the threat of disintegration, which created federated states, without establishing a true nationwide federal government (Merino, 1998). Nor was there an arbiter of intergovernmental disputes, which raged since the interests of the central government were not shared by the states. Somewhat tragically, the ineffectiveness of the Constitution of 1824 in setting real bases for government was seen even by contemporaries as an example of the futility of importing basic agreements on government from other political and social contexts (Brazilian Senators cited in Murilo de Carvalho, 1993:60; Fray Servando Teresa de Mier cited in Merino, 1998:31; Tocqueville, 1969).

<sup>2</sup> In fact, the relative influence of US versus European thinking on the Constitution of 1824 is a hotly debated issue among Mexican historians.

Brazil's experience was very different from Mexico's. Even before the French invasion of the Iberian Peninsula, the relationship between Brazil and Portugal contrasted substantially with that of the other two countries and their respective imperial powers. Indeed, in Brazil and Portugal there was serious debate over whether *either* could survive as an independent country without the other. For this reason, the temporary solution to problems in Europe in 1807 was for the entire Court of Dom João IV to resettle in Rio de Janeiro, where the governmental system continued essentially as it had before, with a weak central administration nominally overseeing the activities of private landowners across Brazilian territory. Only after Napoleon's defeat in 1814, when the Portuguese Court returned to Lisbon, did the question of an independent Brazil become more salient. At first, the two countries formed a united kingdom, but in 1820, liberals in Portugal revolted and succeeded in establishing their own *Cortes*, which included a system of elected representatives from the colonies. However, sending deputies from the Brazilian regions to discuss issues of government in Lisbon proved unsatisfactory. Indeed, the majority of those governing the united country appeared more interested in reestablishing the former colonial relationship than developing a new, more balanced one.

The question of how to form a new country from the former colony, however, was problematic. To many residents, especially the large landholders, the idea of unifying the regions into a single *Brazil* was not obvious. At the time there was little economic or political interaction among the regions, and the relations of each region with Portugal typically had been conducted directly with the king rather than through the viceroy in Rio de Janeiro (Murilo de Carvalho, 1993). Trade patterns linked each province directly with external markets and there was little intercontinental trade among them. Nor were Brazilian elites interested in changing the prevailing social or economic order, since it was a system from which they benefited (Fausto, 1999:78).

This led many to conclude that constitutional monarchy was the answer to the need of the newly independent nation to take control of a vast territory and to avoid fragmentation. In addition, the fairly homogenous Brazilian elite (most of whom had administrative experience in other colonies and had studied together in Portugal) were concerned that without a strong central government, they might follow the example of the former Spanish colonies, which at the time were engaged in protracted and bloody civil conflicts (Murilo de Carvalho, 1993:57). While the reigning monarch, Dom João VI favored constitutional monarchy for both Portugal and Brazil, it was essential that he return to Portugal to secure his throne and his political agenda. The solution for Dom João was to leave his son, Dom Pedro, in Rio as regent and heir to the Brazilian throne. Then, once the court had returned to Lisbon and it became clear that he was likely to be removed as regent, Dom Pedro joined with local forces and declared Brazil's independence in 1822 (Payne, 1973: 518-519).

However, the installation of a constitutional monarchy turned out to be more complex than initially anticipated, in part because it implied consolidation of a more

centralized system than that to which the regional powers had become accustomed (Murilo de Carvalho, 1993:58). Indeed, apart from the king, there were few political or economic bonds among the regions which could serve to unite the new country once the Portuguese court left Rio. The limits on imperial powers were made clear when Pedro I dissolved the constituent assembly in 1824 and imposed a constitution of his own design. To declare the existence of a unified Empire was one thing, but to govern effectively was another.

This first Brazilian constitution was imposed by a monarch, rather than discussed and ratified by “the people,” and began a pattern in which regimes could be imposed by fiat from above, even though effective governance required that the country’s rulers accommodate regional interests, since power was centered in the individual provinces and concentrated in the hands of local elites. Still, this document did manage to organize the jurisdictions of the branches of government, allocate powers among them, and guarantee individual rights for citizens (who, of course, made up only a very small fraction of the population at that time, the rest being women, slaves, and those free men whose incomes were not judged to be sufficiently high) (Fausto, 1999:79-80). The Brazilian political system was defined as monarchical, hereditary, and constitutional. A bicameral legislative branch was organized, with a Chamber of Deputies (elected indirectly) and a Senate, whose members were essentially appointees of the Crown and who held their posts for life. But the emperor could dissolve the Chamber with the approval of the *Poder Conservador* (a sort of fourth power established in the constitution), and could also veto decisions of either side of the legislature. Finally, the constitution divided the country into provinces, which were headed by appointed presidents.

In protest to the dissolution of the constituent assembly, the five northeastern provinces, led by Pernambuco, immediately declared their independence and the formation of the Confederation of Ecuador. The rebel provinces were subdued in short order, but later military failures along the border with Argentina exacerbated the financial problems of the Empire and its residents, and created a rift between the army and the king (Fausto, 1999:83-85). In 1831, the king was forced to abdicate to his infant son.

### ***19th century efforts at state and nation building***

Once independence and a constitution were established in the three countries, there was still much to decide in terms of governing structures and practices. Indeed, independence seemed to be nearly the only issue upon which political factions in these countries could agree. Each country underwent profound changes and protracted struggles during the 19<sup>th</sup> century, both as a result of ongoing ideological conflict over the shape of the new nations, and of rapid social and economic changes, which in turn undermined the collection of public finances. Each country also was shaped by its need to hold the new nation together in the face of internal dissent and continued imperial jockeying—a task that, as noted above, was not

always carried out successfully. Another element of the instability during the 19<sup>th</sup> century in all three of the countries resulted from ongoing tensions in the relationship between the states or provinces and their central governments, and the absence of agreement on how to resolve these differences, short of war or secession. Underlying these problems was a more basic struggle over the future form of government in each of the countries.

The US entered the 19<sup>th</sup> century in relatively good shape, since the bases for independent government had been established with the approval of the Constitution and the Bill of Rights, tested during war and peacetime, and essentially ratified by the political elite in the previous decades. The Constitution of 1787, and the practices of government in the intervening years, provided a stable framework upon which to balance the demands of the states for independence in most issues of government against the need for some central coordination in issues like the coinage of money or international affairs. This system was essentially “dual federalism,” under which each of the two levels of government agreed to limit itself to a clearly defined sphere of action and responsibility, with little or no overlap.

The bloody Civil War at mid-century represents a dramatic breakdown of this consensus, especially over the issue of slavery in the South and the question of citizenship rights for African-Americans. But it also reflected a conflict among the states about the correct assignment of the functions of the two levels of government (and a debate over the status of new states created west of the Mississippi River), rather than a complete collapse of the legitimacy of the governing compact, or of the constitution itself. This helps explain why the original constitution and the system of dual federalism survived almost intact after the war and the brief years of federal occupation of former rebel states. In this regard, the great compromise after the Civil War, which permitted the reincorporation of the southern states into effective national political participation through representation, was to leave to the states control over voting in local as well as national elections.

In contrast, in both Brazil and Mexico, tensions remained between monarchists and republicans over the very form of government. The constitutional crisis in Brazil provoked by Pedro I led to economic chaos, military discontent, and the succession to the throne of Pedro II, who was still a child. The next seventeen years, under Regents acting in the new emperor’s name, were difficult times for the new nation, as the balance of power between central and local authorities, as well as the consensus over the need for a unifying central government, was never sustainable for long. The constitutional reform of 1834, which provided for provincial assemblies and a division of fiscal resources between the center and the provinces, did indeed lay the bases for what some have called the “Republican Era of the Empire” but this was not sufficiently attractive to several regions to prohibit continued threats to national unity.

A centralized monarchy, under the adolescent Dom Pedro II, and with the support of conservative dominance of the legislature, finally brought some stability to the country from 1841 to 1888 (Murilo de Carvalho, 1993:63). Limits were again

placed on the powers of the provinces, and municipalities officially remained mere administrative organs, without executive powers, thus leaving little margin for the development of self-government. Provincial governors were named from the center, and the systems of justice and police were controlled from Rio de Janeiro as well. In those regions where large landholders did not dominate local affairs by force, guerilla warfare was constantly waged by indigenous groups, escaped black slaves, and urban workers, while powerful landholders established de facto control over the municipios within their jurisdictions, to the chagrin of those controlling the provincial capitals.

Nevertheless, administrative and governmental centralization in Brazil under the constitutional monarchy of Dom Pedro II was successful for nearly half a century in unifying the formerly fragmented nation and acting as arbiter in conflicts among elites. Conservative and Liberal parties had formed by the end of the 1830s, based on rural landowners in cooperation with urban professionals in São Paulo, Minas Gerais, and Rio Grande do Sul, versus rural landowners, bureaucrats and merchants. These parties alternated frequently as the majority in the Chamber of Deputies. Stability also helped maintain the economic and social status quo, and aided by the boom in coffee exports, this in turn emphasized the role of Rio de Janeiro as the political and economic center of the country.

This system was radically altered in 1889, when a military coup d'état deposed Pedro II and declared a republican government. Ironically, the success of the centralized form of government since the 1840s in stabilizing the country had led to the downfall of this system, as states once again had become more ambitious about expanding their powers through decentralization (Murilo de Carvalho 1993:63). Equally important was the destruction by the Monarchy of its own conservative support through the edict of emancipation, which ended slavery and undercut the forced labor upon which the sugarcane plantations of the northeast depended. Indeed, the very slogan of the national system was reversed, and rather than centralization being the key to unity, it was *decentralization* which was argued necessary to maintain Brazil as a unified nation (Love, 1993:186). In addition, forces in favor of the formation of a republic had expanded in response to economic and demographic change. With the growth of cities came increases in the number of urban professionals, who were generally liberals, as well as changes in the make-up of the military elite, which no longer was composed of members of the land-owning aristocracy. However, the military was not liberal: it preferred order and progress, and left to its own would probably have established a dictatorship (Fausto, 1999:149).

As it was, the country's first republican constitution was ratified in 1891. It was inspired by the model of the United States, and was both liberal and federal in its design. The national president would be elected for a four-year term, and senators (three per state) were now limited to nine-year terms, while deputies (elected in proportion to state populations) would serve three-year terms. Direct, universal suffrage was established for everyone but women, beggars, illiterates and enlisted

men, while Church and State were formally separated. States were granted wider fiscal powers, including the taxation of exports and access to foreign loans, and they were also charged with their own courts and allowed to form militias.

The central government maintained control over import taxes and coinage, attempted to attract foreign investment, and paid the national debt (much of which dated from the Imperial period, but which also was related to the Republic's military expenditures). Awareness of Brazil's weakness in the War of the Triple Alliance (1865-1870), in which Brazil joined Argentina and Uruguay to defeat Paraguay, convinced the army of the need to guarantee sufficient resources to defend Brazil's borders, especially in remote areas. The center also served as a proponent of national integration, an arbiter among regional interests, and the guarantor of internal stability through the use of armed forces, which it used to restore order in the states whenever necessary (Fausto, 1999:165). However, no mechanism to promote regional redistribution from richer to poorer states was established (Love, 1993:187), and the states of the north and northeast continued to stagnate.

During this period of relative state autonomy, the regional oligarchies began to flourish once again. Indeed, one historian argues that federalism in Brazil's highly unequal social structure necessarily implied reinforcing these structures (Murilo de Carvalho, 1993: 75). The *coronéis* (colonels) were rural landowners who accumulated power through use of political patronage and control of tax revenues. These also banded together to form Republican Parties in each of the states, although few of these parties ever achieved a permanent national presence. Indeed, the parties were state and municipally-based clientelist machines with little ideological or even pragmatic bases, and this meant that politics itself remained a local matter (Love, 1993:181). To this day, a decentralized party structure characterizes the country, forcing national presidential candidates to form alliances among regional groups. During the First Republic, the oligarchies of the most prosperous states, São Paulo and Minas Gerais, basically rotated the presidency among themselves, with Rio Grande do Sul being the only other state with sufficient power to register an effective dissenting voice. Indeed, it was Rio Grande do Sul's attempt to break this system of rotation in 1930 once and for all that led to the overthrow of the First Republic.

In spite of the struggles in Brazil and the US in the 19<sup>th</sup> century, both were more successful in establishing and maintaining a national government than was Mexico during this period. The constitution adopted in 1824 laid the bases for a federal system, although, significantly, it maintained the *fueros* for the Church and the army, and did not consider the individual and social rights that were adopted into later constitutions. During the years after 1824, conservatives were able to limit the real degree of decentralization of power through the deployment of armed forces to meet various military threats, and liberals ended up accepting the formation of a military structure of government that ran parallel to the state governments. In short order, central government began to take advantage of the military presence in the states to manipulate local elections and interfere in state sovereignty, a precedent

that survived through most of the 20<sup>th</sup> century. And the system proved unstable not only in the states, but also at the national level, where one government after another was installed and removed. From 1821 to 1850, there were *fifty* federal executives, most installed through military coups, and some of which were headed by the same individual on several occasions (González y González, 1993:91)

The problem was that the central government abided by the 1824 constitution for only a short period of time before security concerns led to a de facto centralized military government. In response to the generalized political chaos and continued ideological struggles during the first decade of the new constitution, the so-called “Seven Laws of 1835” were approved by Congress. The federal constitution was formally superseded, and a centralized, unitary government was created. Under these new arrangements, the state governors were now appointed by the president, rather than elected, and these governors appointed municipal prefects. This put an end to the first attempt at Mexican federalism and established a strongly centralized, unitary government in its place.

The secession of Texas in 1836 made clear that this form of centralization was ineffective for defending territorial integrity (Vásquez, 1993). A decade later, full-fledged war broke out between the US and Mexico. The defeat of Mexico culminated in 1848 in the Treaty of Guadalupe, by which the country lost more than half its territory to its rival. The country bordered on collapse for the next two decades as a series of governments rose and fell, including a second attempt at monarchy, under Maximiliano (1864-1867). Finally, in 1867, liberal forces managed to re-establish the federal constitution of 1857, and Benito Juárez was elected president.<sup>3</sup>

This time, the federal system remained in place for fifty years, at least on paper. But as in Brazil, even during this “golden age” of Mexican federalism, some limitations on the powers of subnational governments were being introduced which would lead to persistent problems later on. Most important was the establishment of the Senate in 1874. Paradoxically, rather than representing the interests of the states in the formation of national policy, this body served as a mechanism for central government intervention into state affairs, since senators were more closely linked to the president than to state governments, and they had the power to replace state governors who displeased the federal executive. Thus, an ostensibly decentralizing effort became an instrument of centralization (Carmagnani, 1993; Marván, 1997), and this was fully exploited later on by the dictatorship of Porfirio Díaz.

During the same period, under the prevailing liberal conception of government, municipalities were viewed as merely administrative organs, and the emphasis on individual rights led to attempts to dismantle the municipal commons and establish only private land holdings. While never completely enforced, these efforts effectively weakened local governments relative to the center by undermining their independent financial bases. They also helped drive the

<sup>3</sup> This was actually the second term of office for President Benito Juárez, since he briefly assumed office in 1858, during an era of intense political strife.

Revolutionary demand for the return to community property in rural areas, though this was to be administered by national, rather than local government (Merino, 1998:254-55).

Díaz established an increasingly centralist regime which lasted from 1876 to 1880, and then again from 1884 to 1910. While it was marked by the weakening of federalist institutions, it did manage for the first time to establish a truly national Mexican state, by suppressing regional political elites and developing a certain degree centralized administrative organization (Guillén, 2000; Merino, 1998). During this period, governors and other political officers were elected under close supervision by the center, although the principle of elections was always upheld. In addition, through a constitutional amendment during his first term, Díaz was able to secure his own re-election by a docile Senate for six successive terms of office. Ironically, while this administration made notable progress in attracting foreign investment in physical infrastructure, it was apparently not particularly adept at public finance. From 1890 to 1910, Mexican central government spent only one half of the amount per capita that Brazil did (Topik, 1988, cited in Love, 1993:215).

In all three countries, adjustments became necessary in the legal framework as the end of the century approached. In the US, the most significant change was the Supreme Court's ruling which sustained the Commerce Act, a prohibition to the states from erecting barriers to the free flow of trade. From this point forward, there has never been an effective challenge to the concept of maintaining a single domestic market. Throughout the period, the concept of dual federalism was reinforced by the acceptance of distinct spheres of fiscal responsibility between the federal and state governments.

In Brazil, the military revolt of 1889 signaled the dissatisfaction with the distribution of power between the national government and the provinces. It was resolved in the Constitution of 1891, which adopted federalism as the more appropriate legal framework within which to recognize to the dual level of authority that had always been present. Under this framework, financial resources that had been concentrated in the hands of the national government under Pedro II were shifted to the state governments. Such was the degree of this decentralization that the Republic of 1891 bordered at times on being a confederation of states.

In Mexico, throughout the 19<sup>th</sup> century, the discord over an appropriate legal framework was never resolved with an enduring constitution. The federal constitution of 1824 was quickly suppressed in the name of national unity, and the 1857 constitution did not begin to be respected until a decade later. However, the latter's attempt to reestablish a system of power sharing among levels of government, as well as its protection of individual rights, eventually endured for more than half a century. Indeed, it was not overthrown, but essentially subverted once Díaz began to recentralize power. This pattern would be repeated in the following century by the PRI regime, which, in spite of the federalist provisions of the constitution in 1917, also reconcentrated power in the hands of the national government while scrupulously upholding constitutionalism. Meanwhile, the battle

over fiscal resources in Mexico resembled US experience more than Brazilian, since throughout much of the 19<sup>th</sup> century, financial resources were concentrated in the state or provincial governments. Thus, much intergovernmental dispute centered on how to secure a solid financial base for central government to allow it to meet external threats.

### ***The recentralization of power***

The 1930s marks a kind of breaking point in all three countries, with the reestablishment of stronger central control after decades of either factional struggle or complacent decline in national government activity. The political crises provoked by the Great Depression gave credence to economic theories which suggested that a firm hand—that of the federal executive—was necessary to maintain national unity and integrity, especially in the face of threats from Germany and Japan as the decade went on. International pressures generated by the coming of World War II, however, varied greatly in terms of impact. They were of fundamental importance in changing the balance of power in US federalism because of the need for a strong presidency to prepare the country for the realities of international politics as Hitler became dominant in Europe. They were of some consequence in Brazil, because of the flirtation of Vargas with the initial successes in Germany and Italy, and later, his about-face to support the Allied effort. Ironically, the decision to send troops to join the US in the Italian campaign proved to be his undoing domestically, since returning military officers joined with the civilian opposition to overthrow Vargas. International pressures were of less importance in Mexico, where the centralization of power internally was more closely related to securing the PRI regime and offsetting the influence of the US and Great Britain on internal affairs.

The era of relatively balanced federalism in Mexico was much shorter than in the US or Brazil, due to the centralizing dictatorship of Porfirio Díaz from the mid-1880s on. But this was an old-style, oligarchic regime, which in spite of its rhetoric of modernization, lacked the mass base and nationalistic orientation of 20<sup>th</sup> century governments in Mexico and other countries (Hernández Chávez, 1993). The orientation of the *porfiriato*'s high level politicians to the interests of the central government, rather than to society, where crushing poverty was the norm, allowed the political situation to deteriorate to a point at which the actual overthrow of Díaz and his cronies at the beginning of the 1910 Revolution was a rather simple exercise. The difficulties began with the attempts to form a new government.

One of the main problems was that the revolutionary movement in Mexico was really the intersection of various regional movements, which converged almost exclusively on the need to rid the country of Díaz. The philosophies and interests of each faction, however, were substantially distinct, and nearly a decade of disorder, coups and counter-coups followed, as the victors disputed the division of the spoils. The separation of political groups into regional alliances, each with little confidence

in the others, also explains the unanimous ratification of federalism in the 1917 Constitution, much as occurred in previous constitutions (Hernández, 1993).

The new Constitution respected the bicameral design of the national congress, and the structure of sovereign states and *municipios libres* (free municipalities), as elements which would ensure more a decentralized government, based on the autonomy of the states. However, in short order, the creation of a hegemonic party system and the return to extra-constitutional practices rendered ineffective the formal institutional design, and neutralized the system of checks and balances set out by the Constitution of 1917.<sup>4</sup> While the tenure of any national president was limited by the establishment of six-year terms with no re-election, once the *Partido Revolucionario Institucional* (PRI) was consolidated in the 1930s, the presidency, through its joint leadership of State and Party, eventually not only gained direct control over the legislative and judicial branches, but also displaced the development of modern state and municipal administrations. Issues of regional concern were no longer resolved through armed battles among caudillos, nor were they voiced by the locally-elected representatives which existed throughout the single-party era. Rather, internal Party procedures substituted for state laws and institutions, and the party organization permeated even the municipalities to ensure its control over the national territory (Merino, 1998:46-47).

The process of re-centralization was relatively quick, though never debated as such. The expansion of federal government at the expense of the sovereignty of the states began in the 1920s. Proposals for the country's physical and economic reconstruction after the decade-long war represented an opportunity for federal government to intervene in the development of the states. In addition, military leaders held the country's most important public offices until the 1940s, dominating political life. Furthermore, the job of making good on the new "social guarantees" that were established in the 1917 Constitution (including education, labor, and land redistribution) was assumed by the central government, and the presidents used their powers in these areas to manipulate the relationships with states and their residents (Hernández Chávez, 1993). Another push toward centralization arose from the development of the idea of *mexicanidad*, a nationalism which flourished after the war, celebrating the uniqueness of the *mestizo* and of Mexican history, especially in the arts. Mexican muralists, architects and classical composers gained international fame for their depictions of the nation's supposed essence and its role in world history.

Immersed as it was in domestic political intrigue, as well as economic and physical reconstruction, the effect of the Great Depression on Mexico was less dramatic than in many other countries. Export and import markets had already been disrupted by a decade-long war, which had also caused the physical and occupational dislocation of millions of residents. Still, President Lázaro Cárdenas

<sup>4</sup> In fact, debate rages over whether the recentralization of government during most of the 20<sup>th</sup> century is due more to the practices of the PRI or to specific constitutional mandates. See, for example, Carpizo (1978), Guillén (2000); Marván (1997).

(1934-1940) took advantage of the opportunity to centralize the government even more, extending the scope of *presidencialismo* through the application of the national economic development theories that were in favor throughout most of the world until the 1980s. These theories suggested that the administration of a nation's scarce resources should be planned, organized, programmed and implemented by the central government.

Under this rationale, the government nationalized the petroleum and electricity industries. This period also marked the emergence of the two most important unions, the Confederation of Mexican Workers (CTM) and the National Confederation of Peasants (CNC), both of which were directly linked to the federal executive. States and municipalities were relegated to minor roles: in fact, Mexican states spent less as a percentage of total public revenue during this era of supposed federalism than did Brazilian states under the Estado Novo dictatorship, whose leader emphasized the non-federal character of his rule (Love, 1993:209). Thus, without changes in the federal constitution of 1917, Mexico entered the 1940s with a political and administrative system that was much more centralized than the Constituent Assembly had intended.

In contrast, in the United States the interim between Reconstruction after the Civil War of the 1860s and the 1930s was marked by an increasing tendency toward *laissez-faire* government at the federal level, which resulted in a de facto decentralization to state and local levels.<sup>5</sup> During the same period, massive immigration from Europe (and on the West Coast, to a lesser extent, from Asia), continued westward expansion, increased international trade and adventurism, as well as technological innovations, brought the country unprecedented prosperity, especially after the 1890s. But this newfound wealth was concentrated in a few hands, and radical political parties and labor unions fought bitterly against shabby and unsanitary housing, low wages, unsafe working conditions, and ruthless strike-breaking by business owners, who were supported in many cases by the police forces of the states.

The precipitous rise in the stock market beginning in the 1920s proved too good to last. In 1929, the country plunged into the Great Depression and quickly dragged most of the rest of the world down as well. Banks failed, taking customer deposits with them, and millions of people were thrown out of work. To make matters worse, a long drought in the Mid-West and West caused crop failures, and many farmers lost their land through repossession by creditors.

President Franklin D. Roosevelt, elected in 1932 had run on a platform that promised massive federal programs to help lift the country out of the Depression. The aim of the New Deal, as the package of programs was known, was essentially to put the population back to work through central government public employment programs, which ranged from agriculture to photography, but which centered on

<sup>5</sup> Reconstruction in fact implied the presence of federal troops in Southern states, in a pattern similar to Mexico. However, the direct links between citizens of these states and national government was never as strong in the US as it was under the PRI regime.

massive construction of physical infrastructure: highways, public buildings, irrigation and flood control projects, bridges, waterworks, and more. With a broad popular mandate for such actions, the federal level not only took on tasks previously considered beyond its scope, it also gained enormous power relative to the states and local governments. Later on, as the country began industrial production to support the Allies in World War II, and then entered the war itself, the power of the federal government expanded even more, from managing factories, to rationing the use of materials such as rubber and nylon, as well as food supplies, among the general population.

The new power of the federal government was concentrated in the president, in his role as promoter of New Deal programs and as Commander in Chief of the Armed Forces. This is illustrated by Roosevelt's election for three terms of office, an unprecedented event since the precedent established by George Washington as the first national president; a Constitutional amendment was later ratified by to ensure no one else would become a three-term president. The judiciary eventually supported Roosevelt's strong presidential role, but only after a major national debate and the executive's efforts to change the makeup of the Supreme Court by appointing judges more in accord with his concept of federal executive power. From the 1930s through the 1960s, the Court supported the expansion of federal regulatory powers, broadened the definition of citizenship to include all Americans, regardless of gender, race, or condition, and assumed an activist role in adjusting the Constitution to the realities of 20<sup>th</sup> century America.

While the activist stance of the Court appeared to be reasonable to those identified with the then-dominant governing coalition, the implementation of progressive social policy, in particular, provoked increasing hostility among major sectors of American society. By the 1980s, these groups had become determined to limit the Court to a strict interpretation of the Constitution, thereby reversing changes in the distribution of power they found unacceptable.

Brazil was harder hit by the crash of international financial markets than was Mexico, in part because of its higher degree of dependence on exports, particularly coffee. But Brazil's financial troubles actually preceded the Great Depression, since several federal administrations during the 1920s had begun a massive printing of money to help stabilize coffee prices. This led to high inflation, falling exchange rates and rising foreign debt, all of which had effects on the country's living standards and prospects for economic development.

During the First Republic, the balance of power lay with the state governments. However, compared with the Empire, the country experienced three decades of relatively greater government accomplishments in social policy and in economic growth, especially in the more developed states such as São Paulo (Love, 1993: 217ff). But the dominance of national politics by the oligarchies of Minas Gerais, São Paulo and Rio Grande do Sul assured that the country was still governed in accordance with the interests of a limited number of sectors, particularly rural landowners and the "coffee bourgeoisie." In the meantime, from 1910 on, revolts

among middle-level military officers, the rise of radical political parties, and urban unrest suggested that all was not well with this form of government. Even among the more-privileged classes, some reformers lobbied for the need to introduce free and secret ballots, reduce fraud, and expand the rolls of eligible voters.

In 1929, the regional oligarchies were unable to ensure a peaceful succession when sitting president Washington Luis designated as his successor Júlio Prestes, a member of his own São Paulo political party and state governor at the time. Although Prestes actually won the presidential election, before he could take office, the crash of the international financial system and Luis' unwillingness to approve special economic aid to the hard-hit coffee and cattle sectors, provoked rebellion among discontented politicians and soldiers from Minas Gerais and Rio Grande do Sul, led by the latter's governor, Getúlio Vargas. The national military deposed Luis before Vargas' band of rebels reached Rio de Janeiro, but the military, faced with popular demonstrations, later ceded the provisional presidency to Vargas.

The ascension of Getúlio Vargas to national political power in Brazil marked a stark transformation of the national state, which became a more centralized and centralizing force in the country's politics and economics. Industrialization and modernization were promoted by the national government, urban workers were wooed into and then dominated by corporatist labor unions with direct ties to the central executive, and the national military achieved a new importance in both industry and the maintenance of internal order. At the same time, this concentration of power allowed Vargas to overcome traditional regional oligarchies, by dissolving Congress and limiting the autonomy of states, dismissing elected governors and directly appointing their replacements (the *interventores*), dissolving state and municipal legislatures, taking over public education, and reducing the power and financial resources of state militias (Fausto, 1999:199).

By 1934, when Vargas' provisional presidency should have been drawing to a close, he convoked a Constituent Assembly to ratify these changes in the governing system. Thus, Brazil's changed government was supported by a new legal framework, in contrast to the centralizing governments of the period in Mexico and the US. The same Constituent Assembly also established an indirect election designed to extend Vargas' mandate until 1938, when his successor was to be chosen by popular vote. However, supposed and real conspiracies by Communists in the following years provided ready pretexts for Vargas to expand his authoritarianism and repression of dissent. These threats, exaggerated by the government itself, also led directly to a new coup d'état in 1937, through which Vargas installed himself as dictator under the *Estado Novo*.

The *Estado Novo* did not really mark a break from the previous Vargas administration, which is hardly surprising, given that its leader was one and the same. However, it did come to represent an additional degree of centralization, and indeed, Vargas himself proclaimed the end of federalism and of liberal democracy in Brazil. The states were reduced to administrative organs of the unitary central government and the *coronéis* became irrelevant to local politics, since the elections

which they aimed to control no longer were held (Love, 1993:209-213). Congress was again disbanded, and a “Constitutional Charter” was imposed to allow Vargas more freedom of action and to overcome supposedly destructive partisan politics. Civilian and military bureaucrats became more focused on the goal of promoting “national independence” through industrialization and modernization, including the establishment of import substitution policies.

### ***Divergence in responding to the issues of governance in the post-War period***

Peace on the international front after the Second World War meant relatively more attention and weight was placed on domestic matters in each of the three countries. In response to these issues, the federalism practiced in Brazil, Mexico and the US diverged dramatically, to such a degree that it was nearly unrecognizable in Mexico, while in Brazil the balance of power between the state and the federal government oscillated between decentralization (1946-1964 and 1985-present) and centralization (1964-1984). In contrast, in the United States, where a democratic regime was consolidated, the logic of federalism went hand in hand with the presidential republic established in the Constitution. The issue in the latter case was how power was to be shared between the federal and the state governments, and the proper balance between national and local authority.

### *Political relations*

The United States entered the post-war world with a strong central government in which the mainspring of the system was the Presidency. War-time powers, concentrated in the federal executive to ensure coordination in military action abroad and economic policy at home, quickly gave way to what became known as the Imperial Presidency, under the impact of the Cold War and the conflict with the Soviet Union. The competition with the Soviet Union for hegemony throughout the globe required coordinated security policy and economic policy, which was facilitated by bipartisan cooperation in Congress. On domestic issues, the consensus built by Roosevelt, with its emphasis on the role of the federal government in advancing economic and social policy, continued until the 1960s. The high point was the inauguration of the Kennedy Administration and its vision of an America inclusive of all and hegemonic abroad in its benevolent use of power.

The crisis produced by the assassination of Kennedy in 1961 and the worsening of the Vietnam conflict, however, triggered a realignment of political and social forces in the country. The troubled presidency of Lyndon Baines Johnson (November 1961-1968) made manifest the increasing divisions within American society over the role of the federal government as an agent of social change at the very time a national debate ensued over security policy and the commitment of the US to the Vietnam conflict. As the war progressed, and it became increasingly clear

that the US was supporting the losing side, US involvement only expanded. Protests against involvement in Vietnam, and internal divisions over the President's vision of the Great Society at home, were key factors in his decision not to run for a second full term of office, following his successful election campaign in 1964.

The succession of Richard Nixon (1968-1974) became identified with the search for a redefinition of presidential leadership and a readjustment in economic and social policy through changing the relationship between the federal government and the states. Nixon's abuse of the extensive powers of the Presidency culminated in the Watergate Affair and his resignation from office. Still, his impact on reversing the balance of power in the federal system by returning power to the states under his New Federalism did, in hindsight, serve as a catalyst for the eventual realignment in American politics. But its significance was overshadowed at the time by the national debate over how to curtail the potential for abuse of the informal powers and practices which had made the President supreme in American politics.

The vision of a Great Society held by Johnson and his supporters, in which activist federal social policy would attack the sources of inequity and injustice in American society, gave way to a more conservative vision of America. The New Federalism of Nixon became the Cooperative Federalism of the Reagan years, as power was devolved to the states and the state governments were given increasing control over the public funds assigned to them by Congress and the Executive through block grants. The extended period during which the Republicans controlled the White House (1980-1992), under Ronald Reagan and George H.W. Bush also made it possible to change the balance of power within the Supreme Court. Presidential nomination of more conservative justices, confirmed by the Senate after bitter partisan fights, resulted eventually in a narrow margin among the justices in favor of strict interpretations of the Constitution during the 1990s. This moved the federal government out of its hitherto dominant role in social policy, reducing the regulatory powers of the executive branch of the federal government and granting to the states increased power to determine their own affairs.

While the US entered a major debate over the role of the State in society and the economy from the 1960s onward, the powers of the Mexican president continued their expansion from the 1940s to the 1980s. Through the establishment of a corporatist political and economic strategy begun under Lázaro Cárdenas (1934 to 1940)<sup>6</sup>, the Presidency of the Republic came to dominate not only relations among the central government powers (Congress and the judiciary), but also the political processes within every state and municipality in the country. It should also be noted that in spite of one-party rule, strict adherence to the Revolutionary doctrine of no re-election ensured that no single individual came to dominate Mexican political life in this period in the style of Roosevelt in the US and Vargas in Brazil.

The disadvantages of this centralized arrangement would eventually become clear, but its lasting contribution was to bring a measure of political stability to

<sup>6</sup> This six-year term of office, held by Mexican presidents and governors, is known in Spanish as the *sexenio*.

Mexico that it had not enjoyed in all of the previous century, with the possible exception of the *porfiriato*. This stability allowed for the sustained economic boom of the 1940s to the 1970s, which in contrast to that of the Díaz regime, brought benefits to broad sections of the population, and ironically, contributed eventually to demands for democratization and decentralization.

The first sign of problems in the centralized system appeared in the political crises of the 1960s, especially in the large cities, which had grown rapidly during the “Mexican economic miracle.” Broad swaths of urban residents found themselves outside the corporatist structure that had been developed by the post-Revolutionary regime, and the system appeared incapable of integrating this large, new middle and lower-middle class into its fold, in spite of the populist presidential strategies of the 1970s. Thus, many Mexican scholars (González Casanova, 1981; Pereyra, 1990) argue that the violent suppression of the student protests of 1968 marks the beginning of movement toward the opening of the Mexican political system.

Nevertheless, the PRI was not yet willing to cede power, and opposition forces were not in a position to demand it. Around the same time, the discovery of petroleum reserves of even greater magnitude than formerly suspected allowed the Party to reassert control through the strategic distribution of the income generated by these resources among disgruntled sectors of the population. However, a decade later, the fall of oil prices, massive peso devaluation and the debt crisis of 1984 marked the end of rapid economic growth, which in turn contributed to a widespread disillusionment with the existing centralized system and eventually led to serious questioning of the dominance of the president and his party (Hernández, 1993).

In response to these manifestations of rising domestic discontent, and to the new pressures exerted by the international agencies which had stabilized the economy after near-collapse in 1985, a series of federal executives embarked on initiatives to make government more effective and efficient. From 1970 to 1982, these can be summarized as a focus within the State on administrative reform that recognized the need to deconcentrate a limited sphere of decision making in order to restore confidence in government and the one-party system. Central government initiatives such as the PIDER (Integrated Programs for Rural Development), the COPRODE (the state-based Development Committees chaired by the governors), and the CUC (Coordination Agreements) during the José López Portillo sexenio (1976-1982), were instrumental in the development of administrative arrangements that began to recognize the diversity of the country’s regions and their needs.

These programs also began a trend toward incorporating professionally-trained specialists into policy areas, especially in such fields as rural development and public health, rather than relying on generalist politicians and narrowly-trained technicians. In addition, reflecting worldwide trends at the time, planning was elevated to constitutional status in 1982, and the SNPD (*Sistema Nacional de Planeación Democrática*, National System of Democratic Planning) laid out a framework for coordination among local, state and national executives and representatives to set the course for development. Because of the continued

dominance of the PRI in the political system, the SNPD was almost entirely ignored for the first decades of its existence, but it did set a legal precedent for decentralized planning which some states and municipalities were beginning to employ, albeit to limited effect, by the 1990s (Cabrero, 1998, Rowland, 2001).

During the sexenio of Miguel de la Madrid (1982-1988), these mechanisms were continued, albeit with a changed terminology (for example, COPLADE and COPLADEMUN) to reflect the need of each president to put his particular stamp on his term of office. A short-lived experiment to constitute an independent power for auditing federal and state accounts (SCOGEF), the simplification of work procedures, and bureaucratic initiatives to strengthen federal administrative arrangements (such as the designation of education and health as priority areas for coordinated action between federal, state, and local authorities), were all De la Madrid initiatives.

This administration was also responsible for constitutional reforms in 1983 that clarified the responsibilities and powers of municipal government. However, like the earlier planning legislation, these formal changes were not reflected in practice until years later, when the capacity of local officials in some municipalities had improved substantially (Cabrero, 1996), and electoral competition at the local level had changed the incentives for local officials from subordination to state and central government to increasing attention to local interest groups and their demands. New tensions between municipalities and states were often provoked when the former began to take advantage of these reforms, since in many cases their activism came at the expense of the political and financial prerogatives of the governors.

Thus, the managerial style known as decentralization in Mexico was initially an instance of deconcentration, involving the transfer of limited authority to the governors and municipal presidents, but reserving for the President the power to revoke these transfers. Various scholars have called attention to this style of administrative federalism as an instance of decentralization whose real goal was to centralize power more effectively (Graham, 1990; Rodriguez, 1997; Ward and Rodriguez, 1999).

In Brazil, the disintegration of the centralized Vargas regime, the unsuccessful attempt to reinstall democracy, and the recourse to authoritarian rule heightened the tensions between those favoring centralization and decentralization in public policy. While the 1940s to the 1980s was a period of consolidation of the PRI regime in Mexico, these years are marked by two distinct cycles of centralized, authoritarian rule and decentralized, democratic rule in Brazil. Even though Vargas' *Estado Novo* concentrated power in the hands of the central government to an extent previously unknown, and laid the foundations for Brazil's economic modernization, his external realignment in support of the Allied wartime effort made the pressure to democratize unavoidable. Preparing for a democratic transition, Vargas created two new parties (the conservative PSD and the populist PTB, in 1945) to secure his influence over national politics and to continue his State-led economic modernization program. But the democratic opposition, the Union of Democratic

Forces (UDN) outmaneuvered him. Military officers returning from the war in Italy joined with the civilian opposition to displace Vargas from power.

Presidential and Congressional elections in December 1945 gave a decisive mandate to democratic forces to form a new government. Under a new president, Congress wrote a new charter, the Constitution of 1946. But, as was to be the case a little more than twenty years later in a second democratic document (1988), conservative forces exercised sufficient voice to be able to limit the extent of democratization. The under-representation of voters from large urban areas in elections for representatives to the Chamber of Deputies, combined with the adoption of the US model for guaranteeing each state the same number of representatives in the Senate, allowed conservative political forces to capture sufficient representation at the federal level to defend their interests. For the first time a national party system emerged, with three parties dominant—the pro-Vargas PSD-PTB alliance versus the anti-Vargas UDN. But the basis of the party system remained the same as before, centered on local and regional alliances, in the individual states.

With the pro-Vargas alliance dominant in Congress, the PSD-PTB established a pattern of control over the public agenda that was to remain intact throughout these years. Vargas' attempt at rehabilitation initially succeeded, and he was able to return to the presidency in 1951. However, his populist-authoritarian style of governance, which had characterized the last phase of the New State, was insufficient to sustain him in his new presidential role. Rather than resign, he committed suicide in 1954. His vice president finished out his term of office and in the next scheduled election, 1955, the PSD politician Juscelino Kubitschek, won a decisive victory.

In contrast to Vargas, Kubitschek understood instinctively how to make this system of populist democratic politics work. By maintaining a working majority in Congress and keeping popular public opinion behind him, he was able to legislate effectively. The great symbol of his presidency and the note on which his term of office came to an end in 1960 was the construction of Brasília as the new national capital.

While his successor, Jânio Quadros, was also able to mobilize populist sentiment as an opposition candidate, he became so convinced of his popular mandate that he conceived of governing the country above and beyond partisan identities. By August 1961, the country was in crisis and, when Quadros resigned with the hope of receiving a huge upsurge in popular support, he found that sentiment had shifted to his Vice President João Goulart of the PTB.<sup>7</sup>

Frightened by the left populism that Goulart tapped into, conservatives attempted to change the rules of the game governing presidential power, by legislating into existence a semi-parliamentary system. When the electorate refused to ratify this change through a popular referendum, a political and economic crisis

<sup>7</sup> Brazilian electoral law in 1946 had been written in such a way that the President and the Vice President were elected on separate tickets, so that while Jânio won the presidential race, the PSD-PTB alliance was sufficiently strong to secure control of the vice presidency.

ensued. When the regime finally collapsed in March 1964, it was a reluctant military that had intervened at the request of conservatives and moderates who were fearful that Goulart would radically alter the prevailing political and economic order. For want of a better alternative, the new governing military and civilian alliance backed into authoritarian controls, including the first of its authoritarian decrees, in the form of an institutional act that abolished all the existing political parties.

Without ever officially declaring a new authoritarian regime, the military so rewrote the 1946 Constitution with its supplemental decrees, in the form of Institutional Acts, that by 1967 they had in effect created a new constitution. One of the key changes gave the military control of the Presidency. With the upper hand in building a new ruling coalition, the senior military identified those in civil society, essentially of middle and upper class background, who supported the new order as a political and economic necessity. This military-civilian alliance shared a common vision of what needed to be done: the purging of corrupt, patronage-oriented politicians and the ending of the acute inflationary spiral that Brazil had become locked into through sustained political crisis, in order to achieve state-controlled economic growth and development of Brazil's internal market.

The new economic model of state-led economic growth through massive investment in infrastructure and protection of domestic enterprises through "market reservation," giving Brazilian firms preferential treatment in the domestic economy, worked well initially. These were the years of the "Brazilian miracle," 1969 to 1972, which lasted until a series of oil shocks in the international economy undercut and destroyed the strategy of securing foreign credits and investment to build a solid industrial base in Brazil and develop a national market commensurate with Brazil's huge size. As an oil-based economy without its own oil reserves, Brazil was highly vulnerable to oscillations in the world economy, first through the availability of new oil-based wealth for investment in the 1970s, then its rapid decline, followed by dependence on ever more expensive foreign energy supplies and the return of acute inflation.

The end of the economic miracle coincided with increased control over dissidents. In turn, by repressing opposition on an ever-expanding basis, the growth of these controls generated demonstrations and strikes. From 1974 until 1985, a protracted transition began, as the government and its supporters realized that their national project had failed, and looked for a suitable means of exiting from power without losing their ability to influence who would govern in the aftermath. In contrast, the opposition mobilized groups outside government to an extent never before seen in Brazil, until finally the two sides agreed upon an exit strategy, which centered on permitting a conservative opposition leader, Tancredo Neves, to be selected as president by a Congress elected under rules set by the outgoing regime.

Uncertainty continued long afterward, for on the eve of assuming power in March 1985 Tancredo Neves died. Under the newly agreed upon rules, his vice president José Sarney, a conservative politician identified with the groups that had supported the authoritarian regime and who had only exited when it appeared that

military-based government was collapsing, became president of Brazil. Democratic rule thus returned to Brazil in the midst of troubling conditions: sustained economic crisis and control of the presidency by those who had collaborated with the departing regime.

### *Legal framework*

From the 1940s to the 1980s, the legal framework established through cooperative federalism in the United States confirmed the working consensus based on the reforms in government identified with Roosevelt. These reforms had led to an enhanced federal government and consensus on objectives abroad, defined in terms of defeating the Axis powers in World War II and later in defeating the Soviet Union in the Cold War. To make cooperative federalism work, the activist Supreme Court during these years followed an expansive approach to the Constitution and its re-interpretation to fit the times. Symbolic of this image of the Court was *Brown vs. the Board of Education* in 1958, which ended legal separation of the races in public schools and placed the federal courts solidly behind equal rights for all.

Various creative solutions were attempted in the effort to make cooperative federalism work. Two in particular stand out. The more controversial was Johnson's War on Poverty (1964-1968), which took cooperation among federal, state and local authorities as a given. The Johnson White House set the guidelines and parameters for ending poverty in the US, while states and local governments, in cooperation with the regional and local agencies of the federal bureaucracy would implement new programs, such as the Job Corps for unemployed young people, and the Head Start program for the children of working mothers. But in undertaking programs designed to deal with urban problems through the empowerment of the disadvantaged, federal bureaucrats found themselves in direct conflict with local authorities, whose existing power structures were threatened by this mobilization.

The second program, Nixon's New Federalism, was designed to supersede the problems and the conflict engendered by the activist social policy of the Johnson administration. Following an alternative construct of cooperative federalism, the Nixon administration sought to revitalize federalism, especially the ability of state and local authorities to act without depending on Washington's lead, through block grants to the states. These governments, in turn, were charged with responsibility for distributing the funds to local authorities under their charge.

The stability that came to Mexican politics from the 1940s to the 1980s was engendered by the hegemony of the PRI, and was reflected in the regime's identification with the Constitution of 1917 and the goals of the Revolution. The formalities of the Constitution were carefully followed and respected, so if on the one hand, the PRI could claim that Mexico was a democracy (albeit a controlled one), on the other hand, growing numbers questioned how democratic Mexico really was. Dissenting voices emphasized that there was no effective alternative to the PRI monopoly of government and to the organizations which it set up to control its three

major mass constituencies: the peasantry, the workers, and middle sectors of Mexican society, embracing school teachers, bureaucrats and small trades people.

Written into the Constitution of 1917 were the ideals of the Mexican Revolution, and the PRI defined itself as the guardian of the Revolution and of the Constitution. While politics was authoritarian in terms of control over the State, society, and the economy, such principles as no re-election were assiduously followed in the determination of all executives officials, at the federal, state, and local levels. Respect for the letter of the Constitution was equally evident in the federal schemes adopted in the official organizations of state and party. Still, formal structures could be deceiving: the Mexican State and the PRI were federally structured organizations, but the reality was a highly centralized regime, both in terms of the locus of government in Mexico City and in the primacy of the Presidency of the Republic over other elements of the government.

Likewise, while lip service was paid to an independent Congress and judiciary, the checks and balances written into the constitution were inoperable during this period (Carpizo, 1978; Marván, 1997). As chief executive and head of the Party, the president exerted extra-official influence over the behavior of public officials, while the recourse to fraud at the ballot box ensured the victory of pre-selected candidates.

Similar processes operated in the states, with governors dominating legislative and judicial branches through their control of candidate selection and nominations, respectively. At the municipal level, there is no judiciary, and the local council (*cabildo*) is not formally endowed with legislative powers, although in some areas their members have come to demand these. In the meantime, the absence of a formal division of powers led to strong *presidencialismo* at this level as well (Guillén, 1996).

In Brazil, the failure to expand limited democracy, combined with political and economic crisis, facilitated the transition to authoritarian rule. The guiding document was the Constitution of 1946. Like the Mexican Constitution of 1917, it was the embodiment of the wishes of the majority present at the time that the new national charter was created. In the Brazilian case, in 1946 and again in 1988, those selected in national elections to serve in Congress functioned first as a constitutional convention, drafting and ratifying a new constitution. The preference of those assembled, however, was for democracy with controls—a preference that matched in other ways what had been accomplished in Mexico. The majority accepted the principle that the popular vote would determine presidents, but agreed that in Congress the basis for representation would be weighted in the direction of rural areas with major urban areas underrepresented. The outcome was limited democracy, with a compromise struck to accommodate populists who wished to enfranchise the urban lower middle class and the poor, and conservative politicians with their traditional followings in the form of *clienteles* accustomed to receiving services or jobs in exchange for political support. The primary benefit of this arrangement for populists was access to governmental power in the form of federally

funded programs and public-sector jobs hitherto reserved to conservatives and their allies.

The one time this balance came undone was in the early 1960s, when Goulart took control of the presidency. Having failed to stop him through legislative maneuvering and changes in the scope of presidential power, the 1965 coup and the consolidation of power in the hands of a new set of actors were designed first and foremost to restore order and controls over those with access to power. For that reason, despite the significant shift from a relatively open political system to a regime increasingly subject to authoritarian controls, the documents which established most clearly the emerging authoritarian controls were the Institutional Acts, which amended the Constitution. The 1946 Constitution was eventually replaced by the Constitution of 1967, but this was incidental. Military authorities and their civilian allies inside and outside government always argued that they were reforming the Constitution, not replacing it. The most telling of these acts was *Atto Institucional* Number 5, published in February 1969, which in effect closed government to popular participation through direct elections and reserved the power to determine outcomes for the military and their civilian allies, both in the federal bureaucracy and in the business and professional classes (Schneider, 1971: 125-73).

By 1970, the installation of an authoritarian regime was complete, and the political and economic crisis was over. With political order re-established, the technocrats in the Ministry of Finance and the National Planning Ministry took control of fiscal policy, reduced inflation dramatically, and revived the economy through direct support to domestic firms and intervention in domestic markets. The result was what became referred to as the Brazilian Economic Miracle. From 1968 to 1972 growth rates averaged 10 percent per year and foreign investments and loans poured into the country. Brazilians experienced an economic boom, only to discover in their first oil shock in 1973 just how vulnerable they were to international market fluctuations.

### *Fiscal issues*

In the post-war US, the practice of fiscal federalism was predicated on the sharing of resources between national, state and local governments under federal leadership. The key mechanisms for accomplishing this were grants-in-aid to the state governments, in exchange for their acceptance of the conditions imposed. Although a growing percentage of the federal budget came to be consumed by entitlements mandated by the legislative branch, which did not give discretion to the states to determine the beneficiaries (principally social security, Medicare, and Medicaid), these transfers to the states began to restore the balance in the federal system by increasing the fiscal capacity of these states and the municipalities under their jurisdiction to meet their needs in education, health, and transportation according to their own priorities. Whereas Johnson's War on Poverty program generated controversy, opposition, and demonstrations, the sharing of resources between

national, state, and local governments was the glue that made cooperative federalism work from 1968 into the 1980s. However, this sharing came at an increasing cost in the form of larger and larger federal deficits as expenditures outran revenues.<sup>8</sup>

While the US adjusted its federal formulas to reduce the hegemony of Washington, in Mexico the political centralization characteristic of the consolidated PRI regime was reflected in sustained economic growth nationally, but without fiscal benefit to state and local governments. A physical expression of this political centralization was the spectacular demographic growth of Mexico City, which became the largest city in the world during this period. As a consequence, by the 1980s, the PRI elite could look back on forty years of sustained state-led economic growth and progress, in terms of national averages. But this centralization of power and resources in the PRI-State apparatus masked increased internal inequities, with marked discrepancies between rich and poor individuals, as well as between affluent and marginalized regions, which often coincided with the political demarcations of individual states. The oil boom that began in the 1970s increased expectations that these inequities could be addressed through central government policies, but inflation and the collapse of oil prices in 1984 put an end to the bonanza.

In the meantime, fiscal relations between the center and the states were revamped, and formalized through the SNCF (*Sistema Nacional de Coordinación Fiscal*), adopted in 1980. According to pacts signed by the federal executive and each governor—all of whom were affiliated with the PRI at the time—the states gave up their practice of charging sales taxes and some other, minor sources of revenue, in favor of a nationally-managed value-added tax (the IVA) and a share in a new system of federal transfers (*participaciones*) drawn from various tax bases and petroleum receipts. The goal of this system was ostensibly to increase efficiency in administration and collections, and the liberty granted to states and municipalities in spending their share of federal transfers potentially represented a loosening of the center's hold on the public purse strings.

However, significant decentralization of public revenue was not achieved through the SNCF because the total amount transferred to the states and municipalities—although around three times greater than the level in 1980—had not yet surpassed 30% of total public spending in the year 2000. Other common complaints about the SNCF in subsequent decades were that the bases for distributing federal transfers were not adjusted to reflect changes in the national economy, that it was ineffective in reaching its stated goal (since 1989) of regional redistribution, and that it allowed states—and particularly, state governors—excessive discretion in determining the amounts of federal transfers that would reach each municipality (Díaz Cayeros, 1995, Rowland and Caire, 2001, Sempere and Sobarzo, 1996). Thus, fiscal issues remained a key point of contention in intergovernmental relations in Mexico.

<sup>8</sup> See the section on intergovernmental transfers in the appendix "Fiscal Federalism in the US."

Brazil's briefer "economic miracle" also came to an abrupt end with the oil shocks in the international economy and deficit financing of national development. In retrospect, the oil shock of 1973 penalized Brazil as much, if not more than any of the industrial economies. Having integrated itself into world markets even more fully than in 1929, the strategy of market reservation and federal government regulation of the balance between the domestic economy and international markets was insufficient to protect Brazil from its international exposure. Thus, the much-heralded economic turnaround in 1969 lasted a scant four years and proved to be ephemeral. Indexing mortgage and credit payments to a controlled inflation rate did stimulate internal markets, and the economic security guaranteed by the authoritarian federal government also promoted the inflow of new capital through private foreign investment, as well as public and private sector bank loans. But the rapid rise in oil costs undermined the strategy of focusing future growth on the development of national industries in cars, trucks and buses, in aeronautics, in manufacturing consumer commodities, and even in information technology. The result was a new inflationary cycle as deficits spiraled upwards.

This sudden change in Brazil's economic picture had immediate and direct political consequences. Major sectors of Brazilian society had been willing to give the military and its technocratic-oriented government the benefit of the doubt, as long as economic conditions improved, salaries increased, and consumer credit abounded. Economic reverses pointed to a fundamental weakness in the government's strategy: its sole claim to legitimacy lay in its economic performance. As economic discontent grew, it fanned political protest; in turn, economic hardship for the popular sectors of society emboldened those groups most subject to political repression, particularly the advocates of an independent labor movement, human rights defenders protesting police brutality against the poor, and middle-class women supporting the Church's Christian-Based Communities (*Comunidades Eclesiais Cristãs*). These groups came face to face with the inequities in Brazilian society and the costs extracted from the least-advantaged to support state-led economic growth for the benefit of the nation (*para a grandeza do Brasil*), at the expense of cutting social services and leaving it to the individual state governments to determine whether or not they would provide a social safety net.

To the chagrin of military and police authorities, the civilian population for the most part resented the perquisites that went to the military, technocrats, and the business community. The inequities in income distribution, which had been written off on the grounds that new wealth had to be created before redistribution could occur, now became increasingly severe. Those with fixed incomes, the retired and working class individuals tied to pay scales that depended on sustained economic prosperity, found themselves bearing the brunt of the new fiscal policies that allowed prices to rise for goods and services, but held down wage and salary increases. Privatization of the housing and transportation market meant that as inflation returned, user fees for public services, which had been minimal at the

outset, now imposed increased economic burdens on the lower middle and working classes in the country's urban areas, where the majority of the population now lived.

The failure of the economic model and the lack of legitimacy of the military-technocratic government led to increased demands for a return to democratic government, a demand that after 20 years of protests and debate finally led to a decision of the military to withdraw from power. But the immediate outcome was ever-greater economic uncertainty and an inflationary spiral that became onerous for nearly everyone, as the absence of direction from the center during the power struggle paralyzed the federal government.

### ***The 1980s: increased external pressures on existing relationships***

As we have alluded in the previous section, a new sort of watershed faced the three countries during the decade of the 1980s, bringing about readjustments in federalism and intergovernmental relations as they were practiced in each during the post-war era. Once again, the precise timing of these changes varied among Brazil, Mexico and the US, but all three were touched by changes in international political and economic practices. Especially in the former two countries, certain traditional government practices came under increased international scrutiny and control. On the one hand, the efforts of multilateral agencies (especially the IMF and World Bank) to provoke changes in the management of these economies exerted pressure to cut public spending and reform administration. In addition, these agencies began to show a greater willingness to consider intervention in domestic political and governmental practices which previously were considered off-limits to them. At the same time, more attention came to be paid to international human rights and other groups, who began to find wider audiences for their protests against questionable electoral practices and police or military abuses. Both of these changes were intimately linked with new technologies which made it easier for residents of Brazil and Mexico to compare their situations with those in other countries and to exert pressure on their governments for change.

In the US, the processes of internationalization or globalization had different impacts, which included rapid economic change (expressed in changes in urban form and the distribution of income) as well as the immigration of millions of new residents from around the world. These changes took place in a climate of an aging population of voters, the majority of whom preferred to reduce public spending on social problems, in favor of a military buildup to face the Soviet Union and tax relief for themselves.

The effects in these three countries of changes on the legal framework, intergovernmental political relations, and fiscal issues is discussed in the section, setting more directly the context for the chapters which follow.

### *Legal framework*

In the US, during the two decades after 1980, the New Federalism first elaborated by President Richard Nixon, became identified with major transfers of resources and decision making to state and local government. While Nixon initiated the move to end the “inclusive-authority” federalism characteristic of the US Welfare State and the social policies with which it had become identified, it was during the Reagan era that serious efforts were made to re-establish a “coordinate-authority” federalism, in which national and state governments would be co-equal and autonomous.

At the time of the November 1980 election of President Ronald Reagan, the realignment in American politics and government was much discussed, but there was little consensus over how to characterize what was occurring. There has since been a major readjustment in both the separation of powers (especially the resurgence of Congressional power relative to the Presidency), and in the division of powers between the federal and state governments (expressed in the devolution of substantial amounts of power and control over policy to the states). As a consequence, the Republicans and Democrats who held office since Reagan—George H.W. Bush and William Jefferson Clinton—governed under very different circumstances than their predecessor.

The sources of these changes are twofold. First, the two parties became more equal in strength and, as a consequence, more partisan. The stakes also became higher; it became more frequent for one party to control the White House and the other, one or both houses of Congress. Since the basis of the US party system has always been the states, this pattern of competition has made it more important for both parties to secure their power bases within the states and to consult with the constituencies that support them. Second, despite the two-term presidency of Clinton, Republican control of the White House was sustained long enough to have an impact on the new justices appointed to the Supreme Court. The impact of the appointment of more conservative jurists has been sufficient to shift the Court’s rulings back toward a strict interpretation of the Constitution—one which emphasizes the sharing of power between the federal and the state governments, weighted in the direction of reaffirming state powers and restricting federal power.

In contrast to the focus in the US on internal adjustments in its federal system, major changes in Mexico’s political and economic framework in response to both domestic and international changes in the 1980s, led to entirely new legal structures. There were significant administrative reforms during the Miguel de la Madrid administration, particularly, as mentioned above, the creation of a National System of Fiscal Coordination (SNCF) in 1980 and constitutional reform in 1983 that were designed to strengthen municipalities. Still, it was not until the election of Carlos Salinas de Gortari (1988-1994) that economic liberalization began in earnest. Likewise, the most important efforts to embrace political liberalization—essentially, meaningful, competitive elections and a real shift toward municipalities as

autonomous levels of government—occurred even later, during the administration of Ernesto Zedillo (1994-2000). Under De la Madrid and Salinas, the rhetoric was one of decentralization, but the real policy emphasis was to ensure the continuity of the political system established in the 1940s.

Still, enormous changes took place in Mexico during these years under the banner of decentralization. Victoria Rodríguez (1997) has documented these changes as they were expressed, first, in municipal reform under De la Madrid, then, under Salinas, in economic reforms and the Pronasol program (also known as *Solidaridad*, which was meant to cushion the impact of this economic change within local areas), and finally, in political reforms embraced by Zedillo's New Federalism, which began to increase true state and local autonomy. Thus, Rodríguez concludes that three sexenios of reform aimed to adjust the structure of government, the economy, and political power, while sustaining the primacy of the president, the PRI and its close identification with the state apparatus.

In this sense, these efforts were ultimately doomed. On the one hand, the country moved from a state-dominated economy to a market-based system more compatible with world trends, and more open to international influences. Closely on the heels of these changes, political liberalization led to competitive politics in many local areas, as well as a new level of pluralism in Congress. This process culminated in 2000, with the election of Vicente Fox as the first non-PRI national president in nearly seven decades. Significantly, Fox's political party, the PAN, began its transition to national political importance with a series of electoral victories in northern municipalities in the mid-1980s. As voters gained confidence in the potential for non-PRI parties to govern (and to be allowed to govern), the PAN's victories spread to important cities nationwide, as well as to state governors and the national Congress. Still, the majority of municipalities and states continued to be ruled by the PRI, albeit often under disputed elections, which were overseen not by the highly regarded national federal electoral institute, but by their state counterparts. It should also be noted that all these changes came about with nothing more than changes in informal practices and piecemeal reforms to specific articles of the 1917 Constitution. The need for a complete rewriting of the legal framework for government remains an issue of political debate.

In Brazil, the sequence of change was reversed: political reforms led to the decentralization of political power and to competitive elections at the federal, state, and local level. Only then were economic reforms adopted to adjust to global economic change, and as a result, the State had to be restructured in order to sustain these economic reforms. The Constitution of 1988 establishes a legal framework for an expanded democratic regime, beyond the limited democracy enshrined in the 1946 Constitution. At the same time, there are marked similarities between the two documents in terms of the constraints implied by the under-representation of urban areas and the over-representation of rural ones. But one theme does stand out: a commitment to the decentralization of power, and the corresponding revival of state and local governments.

Under the 1988 constitution, Brazil has experienced devolution of power to the states to a degree not seen since the First Republic. A key component of this decentralization has been the revival of the role of state governors as major players in national politics (Abrucio 1998). At the same time, Brazil has changed dramatically since the First Republic in terms of economic, political and social structures. Hence, this renewed importance of gubernatorial politics speaks to a new reality in Brazilian governance: the establishment of a federal system in which power is divided between federal, state, and local authorities in such a way that there is an effective interplay between state and national political arenas.

For years after the return to elections and open political competition, however, Brazil could be classified as a low-level democracy. Saddled by a state-dominated economy and governmental practices that embodied the symbiotic relationship between government and the business community (the original basis for economic modernization), it was not until the election of Fernando Henrique Cardoso (1994-1998, 1998-2002) that meaningful economic reform was embraced. In fact, Cardoso's initial election in late 1994 was a consequence in large part of his success as finance minister under the previous president. At a moment when Brazil faced economic collapse, his policies ended inflation and introduced a new currency, the *real*, which came to symbolize economic stabilization. As president, Cardoso followed an ambitious program of continued economic reform, centered on privatization and the implementation of a market economy. However, in his second term Cardoso ran into severe obstacles as he tackled administrative reform. In attempting to modernize the Brazilian State, he faced enormous conservative opposition, since these reforms touched their bases of political power and threatened the long-established and well-ingrained practices of clientelistic politics.

Despite major political opposition in his second term, Cardoso continued to push ahead with economic reform. Rather than suspend or curtail democratic practices, Cardoso focused his attention on these reforms because they were feasible. Accepting competitive politics and engaging in the bargaining made necessary by the division and separation of powers, Cardoso more than any other Brazilian president has had to deal with the realities of presidential federalism. His major accomplishments in this second term reside in the strengthening of fiscal federalism. By imposing fiscal responsibility on the states, he has ended the practice of passing on their indebtedness to the federal government when they have been unable to fund the programs to which they have committed. The key component of these changes is centered in the state banking system. While the effects of these reforms vary greatly among states—from privatization, to mixed enterprises, to reformed public banks—they reflect a new reality in which the states have significant powers and constituencies that constrain the actions of central government.

### *Political relations*

As noted earlier, the major developments in the United States during the 1980s are divided government and the resurgence of coordinate-authority federalism. After two decades, the division in the electorate between the supporters of the two dominant parties was eventually expressed in the presidential election of November 2000, which was the closest in the nation's history. In no other election were voters more evenly divided over two conflicting views and images of America, including both the last presidential election preceding the Civil War (1860), in which Lincoln won a clear majority, nor in the impasse in 1876 in which the Republican Party's Hayes became president by virtue of one electoral vote over the Democratic Party's Tilden, after the Southern states had been readmitted to full participation in the Union and federal troops, withdrawn.<sup>9</sup>

In 1950, the prevailing image of two-party politics in the United States was that significant party differences were nonexistent; fifty years later, the opposite was true. Partisan differences had become so great as to make compromise difficult on nearly all major issues facing the country. The conventional wisdom that the pull to the center was sufficient to isolate the extremes and encourage legislative bargaining and compromise cutting across party lines no longer held for the last two decades of the twentieth century. Each party now felt it essential to secure their bases in the electorate rather than engaging in national-level processes of compromise. The stakes became greater in terms of what was and was not accomplished in the way of legislative programs, especially when one party controlled the White House and the other, one or both of the houses of Congress. The complaint was no longer the absence of significant party differences, but rather, divisions so great that little could be accomplished in domestic politics.

In this setting, governors assumed a new importance in US politics, since issues that could not be resolved at the national level were transferred to the states. Governors expanded their roles, pushing for further decentralization to enhance their power, and widening the policy domains in which state governments could make decisions that directly affected the lives of their residents. Thus, as the US passed from the end of the 20<sup>th</sup> century into the 21<sup>st</sup>, it returned to a coordinate-authority model of federalism, ratified by a strict-constructionist Supreme Court, in which national and state authorities had become once again coequal and autonomous.

Political changes in the Mexican system were at least as great during the last two decades of the 20<sup>th</sup> century. The shift was from one-party hegemony under the PRI, to a competitive multiparty system based on three main parties: the PRD, the PRI, and the PAN. The transformation of the old political system, as noted above, began with the relaxation of controls at the municipal level. Faced with recurring

<sup>9</sup> For historical statistics on US presidential elections, we are indebted to Walter Dean Burnham's post-election lecture delivered at the University of Texas at Austin, in November 2000.

challenges to the legitimacy of the one-party system, as well as external pressures beginning in 1985 to reduce central government expenditures, the most feasible alternative was administrative decentralization, as expressed in the reforms to Article 115 of the Constitution in 1983.

These reforms provoked little immediate change, but as time went on, some municipal administrations began to take advantage of this new framework to articulate policy alternatives, and based on the mostly modest success of these experiences, competition among political parties eventually began to reach the state levels as well. Optimists began to believe that if and when an opposition party finally displaced the PRI from the Presidency of the Republic, the division and separation of powers in this presidential federal system could then be made functional, and be converted into supports for sustaining democratic politics.

Nevertheless, until well into the 1990s, the decentralization of the Mexican system was limited by the absence of constraints on presidential and, within more limited spheres, gubernatorial power. In addition, the history of administrative incapacity and the weakness of municipalities relative to the other two levels of government, combined with bureaucratic practices and traditional politics fostered by a hegemonic party system, remained formidable obstacles to the real decentralization of power. As mentioned above, promoting decentralization of the administrative and economic system in Mexico became official public discourse during the administrations of De la Madrid and Salinas, but the political system remained highly centralized. In addition, despite all the changes in government, the three major political parties remained centered in Mexico City and directed from the top down, in stark contrast to parties in the US and Brazil. Increasing regional political and economic differentiation in Mexico has not been reflected in the formation of regional parties because registration laws make these nearly impossible, and non-partisan candidates are not permitted to run for office.

Politics in Brazil during the same period is marked by a resurgence of state governors, economic crisis, and economic restabilization under Cardoso, first as finance minister, then as president. Decentralization and the revitalization of political federalism through the creation of distinct political arenas at the federal, state, and local levels, played an important role in opening the political space necessary for competitive politics to emerge and allowed for the hold of traditional clientelistic politics to be challenged effectively for the first time. While the prevailing literature bemoans the dominance of clientelistic politics in the Brazilian political system during this period, at the same time, new political space was opening up at the state and local levels, and there, reformist politicians were able to begin to restructure political and social relationships. This latter development was very weak at the outset. In the early 1980s reformist politics were appearing only in such midsize towns as Lajes, Recife, Boa Esperança and Diadem. But it spread by the beginning of the 1990s to Porto Alegre, Vitória, Belo Horizonte, Recife and the São Paulo industrial belt, and by the end of the decade, reformist politicians began to

organize and compete in other venues, and reformist political alliances were more likely to appear at the state and local level.

The fact that Brazil democratized *before* engaging economic restructuring produced a very different set of economic and political outcomes than in Mexico. Above all else, this strengthened federalism as a political structure within which competitive politics could function. Whereas US federalism has always been two-tiered, with municipalities the creations of their state governments, the Brazilian system from its inception in the Constitution of 1891 has been three-tiered. In terms of economic reform, this political framework made economic restructuring more difficult to achieve and required political participants to engage in bargaining and compromise, the essence of the overlapping authority model of federalism dominant in the US from 1960 to 1980. No single individual or group was able to dominate politics at all levels. But at the same time, political space could be, and was, opened at multiple levels. This permitted multiple outcomes in politics, whether in terms of traditional, clientelistic alliances, or programmatic, reformist alliances. Thus, if on the one hand, Cardoso had to confront a conservative clientelistic alliance in the federal Congress in his second term, reformist candidates and political organizations could find ample space in which to gain governmental experience at the state and local level. Furthermore, the political bargaining and compromise that Cardoso engaged in at the federal level had the effect of consolidating his economic reforms, so that markets could be expanded and fiscal federalism enshrined in practice for the first time in Brazil's national experience. Simultaneously, in the third tier of government, local governments and citizen groups have found the political space they need to attend to pressing issues in social policy.

### *Fiscal issues*

The common consequence these changes in legal structure and political practices in the US, Mexico and Brazil was the devolution of fiscal resources to state and local government, accompanied by cuts in expenditures by the central governments. This led both to a major reduction in central deficits and to a downsizing of the central bureaucracy. Accompanying these changes was growth in public sector employment at the state and local level, as responsibility for an increasing range of services was transferred to subnational levels of government. The impact in the US was a reallocation of public sector employment that, in relative terms, strengthened the dominance of US federal arrangements. In the process, the US not only restructured its economy to become more competitive, it also emerged as the driving force of the new global economic system.

While the US coupled its new federalism to economic restructuring, in Mexico, for the most part, major changes in the allocation of fiscal resources did not accompany the administrative and political reform of the 1980s and 90s. The central government continued to be the major actor in deciding how fiscal resources were used and how they would be allocated among states and municipalities.

Constitutional reforms which permitted municipal governments to increase their tax capacity were relevant almost exclusively for larger cities, since smaller municipalities lacked the administrative and technical expertise to collect them, as well a tax base sufficient to make these collections profitable (Rowland 2001). States and municipalities of all sizes continued to depend far more on central government transfers than on local sources of finance, and until recently, the amount of these transfers was determined arbitrarily by the president and the governors, under unclear rules which made local planning and budgeting nearly impossible. To the extent that some shift toward decentralization in the distribution of public finances was evident in national-level statistics, it was mainly the result of increased collections by a handful of urban municipalities that have learned to collect the property tax and local services fees, rather than an outcome of central government policies (Cabrero, 1998). The limited fiscal powers assigned to the states left most of them highly dependent on federal transfers.

In contrast, in Brazil, for all the problems with traditional clientelistic politics, there has been a longer-standing tradition of fiscal federalism, one which is absent in the rest of Latin America. For example, one of the prerogatives of the state governments was to borrow abroad without seeking approval of the federal government; this was a practice which states such as Minas Gerais continued to engage in during authoritarian military-technocratic centralized rule during the 1970s (Graham, 1990). Yet another was the capacity of the state governments to engage in deficit financing and then pass the bill to the federation, a power which was curtailed for the first time by President Cardoso at the outset of his second administration. His accomplishments in promoting economic reform in the direction of consolidating markets and public sector fiscal responsibility are not to be minimized.

### ***Conclusions***

An institutional-historical view of intergovernmental relations in the US, Brazil, and Mexico is instructive in a number of ways, but principally to establish that there is a long history of tensions between national and subnational governments in all three countries, and that the relative levels of centralization and decentralization in the practice of federalism is related to the way which these tensions are resolved. In addition, in contrast to the United States, what has limited federalism and decentralization to a great extent in Mexico, and to a lesser extent in Brazil, is the absence of a sustained experience with democratic rule and the consolidation of representative government.

Thus, while the contemporary comparative literature on federalism calls attention to the difference between strongly institutionalized and weakly institutionalized systems, the comparison and contrast of the three cases in this chapter emphasizes that the institutionalization of federalism has gone hand in hand with the fate of democratic initiatives. In the US case, the success of a presidential

republic, as opposed to the repeated collapse of presidential regimes elsewhere in the Americas, is closely tied to the institutionalization of its system of checks and balances, as well as the division of powers inherent in federalism. Likewise, Brazil's moderate success in making federalism work corresponds to the success or failure to liberalize and democratize its political system from the end of the 19<sup>th</sup> century to the present. Similarly, Mexico's weakly institutionalized federal system and the current revival of federalist practices are directly correlated with the delay until the 1990s in liberalizing and democratizing its presidential republic. In both Brazil and Mexico, the repeated recourse to authoritarianism over the years has placed serious constraints on the development of federalist practices that could reaffirm the vitality of state and local governments.

Thus, we draw three main conclusions from this chapter. First, local control has been, and remains, an important and virtually undisputed political value since the founding of the US, in spite of the fact that the municipal level of government does not enjoy constitutional protection. US federalism was long unique in one critical respect: the states existed as independent units of government prior to the creation of a common national government. The history of federalism in this case is bottom up, not top down, from its inception. However, the appearance of the European Union has changed our thinking about federalism. With its federal structures built around the principal of *subsidiarity*, in which decision authority is vested in elected and appointed government officials at the lowest level (local authorities), it is the only instance apart from the US of a federal system built from the bottom up, through the transfer of powers from its constituent members to a higher level of governance. But, whereas the US system is two-tiered, the European Union recognizes multiple levels of governance. Issues that cannot be resolved within the lowest level of government are bumped up to the next level (regional authorities) for consideration, and if necessary, from them to national authorities. Those issues of import to the European Community as a whole, and beyond the scope of individual member governments, are then dealt with in the European Commission (Brussels) and/or the European Assembly (Strasbourg).

Our historical review of federalism and intergovernmental relations in Brazil and Mexico suggests that the democratization of politics and government in these two countries may give rise to still other varieties of federal arrangements. In this context, the regional autonomy model derived from Iberian experience and closely linked with the democratization of Spain and Portugal in the 1970s, merits attention for its potential relevance to Brazil and Mexico. In all of these countries, whether federal or unitary, securing regional autonomy and promoting the vitality of regional identities has been and remains an important part of the struggle to limit the power and influence of central government authorities. Under recent arrangements, autonomous regions in Spain and the autonomous statutes in Portugal for governance of the Azores and Madeira are, in a sense, *de facto* federal arrangements. These constitutional provisions give subnational units of government the power to control nearly all issues of significance to them, excluding only the conduct of

foreign policy, controls over the national military, and limits on the taxing authority of the central government.

Both the European experience and the transitions in Spain and Portugal have also stimulated renewed interest in the development of three-tiered federalism, as practiced in Brazil and Mexico. Their experiences also refocus attention on the importance of autonomy at the subnational level. In large, complex governmental systems, federalism has become an important bulwark in sustaining democratic practice, and may help explain why the latter historically has had relatively more success in the US than in the other two large American federations.

Our second conclusion is that the specific mixes of centralization and decentralization expressed in formal constitutional terms in all three cases have not always been respected. The practice of centralization and decentralization in political and fiscal spheres has often followed patterns of political power that can, for all effective purposes, negate specific constitutional allocations of authority. Narrowing the gap between the formal attribution of power under federalism and the realities of how power is actually distributed remains a perennial problem in all three cases. In no instance can this debate be reduced to a general argument in favor of centralization or decentralization; rather, the question concerns the appropriate mix in designing and implementing policies and programs to work under federalism at the national, regional, and local level at any particular moment in time. As a consequence of this ongoing debate, cycles of greater centralization or decentralization accompany the changing balance of power in the practice of federalism, and range from hierarchical inclusive-authority federalism to the coordinate-authority arrangements with co-equal federal units, and extend to overlapping-authority patterns focused on bargaining among federal units.

Finally, we observe that large segments of the population have historically been left out of these discussions, in the same way that they have been left out of specific decisions of government. While there are notable exceptions to this generalization, all three countries have failed often, and in a variety of ways, to assure all of their citizens equal and effective protection and treatment under the law, and meaningful participation in the processes of government. Nevertheless, legitimacy for these governing arrangements remains grounded in constitutions based on the concept of federal presidential republics. Thus, in these three cases, federalism has become an integral part of the struggle to establish and maintain democratic practices in the three societies. Over time, both the separation and the division of powers have proven to be difficult concepts to operationalize, yet they are essential to the continuation of this system of government and to the structuring of viable alternatives for democratic regimes and democratic practices.