Governors' Strategic Decisions

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Framework

- Old debate was about the pros and cons of federalism and decentralization (Weingast 1995; Falleti 2010)
- Now it's about which features of institutional design generate incentives and how these impact political life and economic development (Rodden & Wibbels 2002)
- Argentina has been a popular choice to study this

Some background

- Extremely powerful governors (Benton 2008, Gonzalez 2014, Ardanaz, Leiras & Tommasi 2014)
- Many tools to compensate bad subnational performance (Gervasoni 2020, Hiskey & Moseley 2020, Oliveros 2021)
- No evidence of dual accountability (Remmer & Wibbels 2011)
- The national economy hurts them (Remmer & Gélineau 2003; Gélineau & Remmer 2003, 2006) → these studies are old, measurements and weird and the models are debatable
- In my M.A thesis I found no association between national or provincial economic performance and vote share. Why?

Theory and expectations

- Governors evaluate the national economy and set the election date
- Many use Argentina to study the impact of national and subnational economic performance on elections, but none account for the governor's decision
- Hypothesis: governors aligned will set elections further away from the national election when the national economy is hurting, and vice versa

Data collection and variables

- Dropped cases: N = 174 (from 260)
- Dependent variable: # of days (alternative concurrent 1-0)
- Independent variable: National economy (interanual inflation rate at time of decree –hoping for a better measurement)

One OLS model

$$days = \beta_0 + \beta_1 nat.econ + \epsilon$$

	Dependent variable:
	days
Inflation	0.306^{*}
	(0.168)
Constant	73.790^{***}
	(7.116)
Observations	174
R^2	0.019
Adjusted R^2	0.013
Residual Std. Error	72.631 (df = 172)
F Statistic	3.339^{*} (df = 1; 172)
Note:	$^{*}p<0.1$; $^{**}p<0.05$; $^{***}p<0.01$

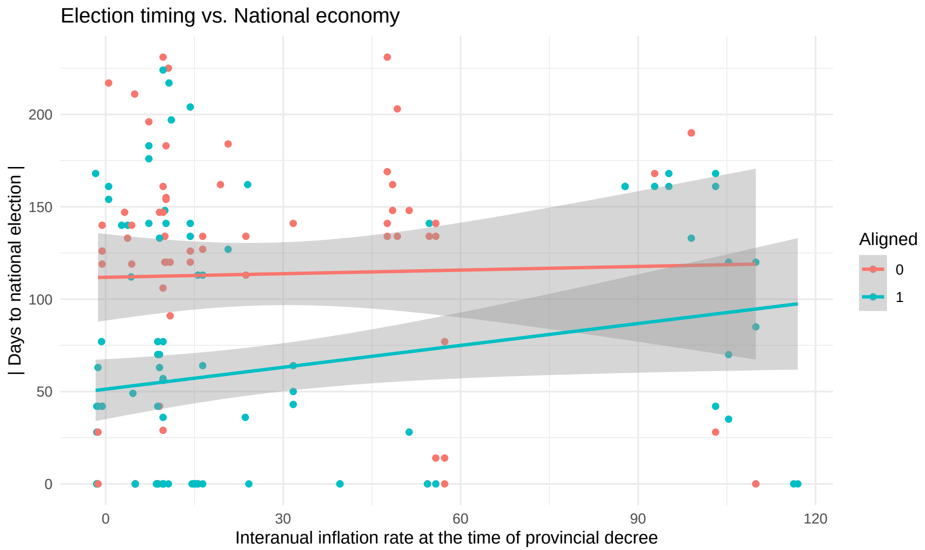
Not so fast

- National economy might hurt governors aligned with the president stronger, so we could expect different decisions
  - Aligned will be closer when good and further away when bad
  - Opposed will be closer when bad and further away when good
- 3rd variable: governor is aligned with the president (1-0)

Another OLS model

$$days = \beta_0 + \beta_1 nat.econ + \beta_2 align + \epsilon$$

	Dependent variable:	
	days	
	(1)	(2)
Inflation	0.306*	0.297*
	(0.168)	(0.158)
Aligned		−51.595***
		(10.608)
Constant	73.790***	105.463***
	(7.116)	(9.336)
Observations	174	174
R^2	0.019	0.138
Adjusted R^2	0.013	0.128
Residual Std. Error	72.631 (df = 172)	68.274 (df = 171)
F Statistic	3.339* (df = 1; 172)	13.717*** (df = 2; 171)
Note:		*p<0.1; **p<0.05; ***p<0.01


Election timing vs. National economy
| Days to national election |
200
150
100
50
0
0
30
60
90
120
Interanual inflation rate at the time of provincial decree
Aligned
0
1

Why is this important?

- We can treat economic shocks after setting the provincial election date as exogenous
- And study how governors aligned and opposed to the national government respond in terms of spending –e.g. can't change the date but need to win votes back
  - Tenders or solicitations
  - Pork-barreling
  - Vote-buying
  - Public jobs (pases)

Speaks to

- Behavior and incentives –how and when does "the machine" start?
- Barriers to accountability
- Multilevel governance
- Federalism design and institutional arrangements– inefficient by design? Who blocks change?

Need improvements

- Story makes sense?
- Small sample size: ideas about other countries
- Measuring the national economy to capture governors' assessment
- Subset analysis since 2007 –national elections in October
- Potential alternative: intra-party dynamics –pressure from the top?