**REFERENCE SYSTEM: GOOGLE SCHOLAR AND SCOPUS**

**\section{Introduction \label{sec:introduction}}**

Normatively, public good provision should be determined by efficiency and equity considerations, identifying spillovers and recognizing the heterogeneity of needs and tastes across populations \citep{oates\_1972, Musgrave\_1959, Musgrave\_1983, gramlich\_1977}. However, governments may lack the capacity to roll out public goods efficiently due to a lack of resources, expertise, information or will. For instance, a large literature suggests electoral incentives lead public officials to inefficiently deliver goods: incumbents may favor specific regions that are electorally favorable to them \cite{schady\_2000, Miguel\_zaidi\_2003, cole\_2004, khemani\_2007} or those with higher political representation \cite{wright\_1974, porto\_2001, ansolabehere\_etal\_2002}. In recognition of inefficiencies, several governments chose to delegate public good provision to upper-level governments or entities who can pool resources and decrease the politization of policies.

Delegation, however, is not an obvious choice for incumbents with electoral concerns. In the presence of spillovers and high fixed costs, delegating public good provision helps to overcome the free-rider problem \citep{hamman\_etal\_2011}, develop economies of scale, not neglect benefits going to certain localities, and tackle down capacity constraints, all of which increase public good efficiency \citep{oates\_1972, besley\_coate\_2003}.\footnote{The heterogeneity of tastes and needs of citizens decrease the efficiency of delegation. For more detail see \citet{oates\_1972} Decentralization Theorem. For clarity, I start the paper by assuming delegation always leads to efficiency of public good provision. I prove this to be the case for the delegation of public security provision in Mexico in Section \ref{sec:unintended}, the public good and case study analyzed in this paper.} However, if incumbents delegate public good provision to an upper-level entity, all -or most of- the electoral spoils accrue to the actor that delivered the good. On the contrary, if incumbents provide the public good directly they can claim responsiveness and signal a competent type to voters increasing the likelihood of electoral survival.\footnote{Also, by not allowing for upper-level monitoring through delegation, incumbents give leeway to their bureaucracies to overgraze the bribe base through extortions and other rent extraction activities \citet{schleifer\_vishny\_1993}, pleasing potential political brokers. These brokers are particularly relevant in clientelistic systems like Mexico \citet{ larreguy\_etal\_2017}.} I call this an efficiency-electoral trade-off. This tradeoff is present both in the case of delegation ``within-the-state’’ between different levels of government, as well as cases where states can delegate policies to supranational entities.\footnote{States’ delegation of policies to supranational organizations has been a widely studied topic in the International Relations literature. For a summary see Section \ref{sec:why\_delegate}.} Given this trade-off, when will incumbents delegate policy? More importantly, how do electoral incentives affect this decision?

To respond to these questions, this paper studies the effect of electoral incentives on the delegation of policy within-the-state. Specifically, I test the differential effect of term and no-term limited mayors on the delegation of public security provision in Mexico.

Why focus on the delegation of public security provision? First, public security in Mexico provision falls -constitutionally- under the responsibility of local governments, i.e. mayors. However, since the presidency of Felipe Calderon (PAN, 2006-2012), the Federal government pushed forth the creation of state-level centralized commands in charge of Governors, as well as other public security cooperation agreements between municipalities and other political actors -other municipalities, Governors from other states, and the President. A delegation choice was opened up for mayors, and by 2018 79.12\% of municipalities in the country adopted a form of centralized command according to data from the 2019 National Census of Municipal Governments and Territories of the City of Mexico. Second, for the past 15 years Mexico has been overwhelmed by criminal wars \citet{ley\_trejo\_2020}. As a result, voters see peace (and thus violence) as the most relevant public good demand in the country given the high prevalence of drug-trafficking related crime.\footnote{The majority of the population prefers higher rather than lower public good provision. However, heterogeneity of preferences exists across the country and time since the start of the War on Drugs in December of 2006. Prior to the COVID-19 crisis, public insecurity in Mexico was the principal public problem as measured by survey data. See \url{https://www.dropbox.com/s/c5dte5pscggat2c/leadingproblem\_mexico.png?dl=0} However, the spillovers of violence and public security policies as well as heterogeneity of policy tastes makes delegation an non-obvious choice. As \citet{oates\_1972} notes, spillovers make delegation the most efficient choice -the so called \emph{Oate’s Decentralization Theorem}-, but heterogeneity of tastes raises efficiency concerns on centralized public good provision. Moreover, facing drug trafficking organizations (DTOs) directly is no free lunch: DTOs have killed mayors in high rates \citep{ley\_trejo\_2020}. Lastly, voters in Mexico do hold the capacity to blame local politicians for violence, but only when their party is aligned with that of the Governor \citep{ley\_2017}.

To test the effect of reelection incentives on public security provision, I exploit the 2014 Electoral Reform of Mexico that allowed local executives (\emph{mayors}) to reelect for 2 consecutive periods at most and was rolled out in a step-wedge way at the state level\footnote{Similar to US states.} until 2022. The Electoral Reform, approved in February 2014, was part of the Mexican Pact Accord, a set of structural reforms negotiated by the three main political parties in Mexico at the time (PRI, PAN and PRD). Those in favor of the reform spoke to its potential benefits on politicians' efficiency and professionalization, as well as voter accountability. Three key features characterized the reform: (1) removal of term limits of mayors, and local and federal legislators for up to 2 terms; (2) introduced a ``party-lock'' were mayors who wish to reelect could not switch parties; and (3) did not weaken party control since nominations and funding still depended on such. In other words, the electoral reform generated reelection incentives for treated mayors that should increase their responsiveness to constituents vis-à-vis non-term limited mayors. Moreover, it did not modify the strong party system where politicians are highly dependent on their parties for candidate nomination and campaign expenses.

An event-study research design that leverages the staggered implementation of the reform and state-level variation shows that mayors facing reelection incentives decreased the signing of security cooperation agreements with the Governor relative to term-limited mayors. Results are not explained by pre-trends in security cooperation agreements or an anticipatory behavior of government officials prior to treatment. This result is robust across multiple specifications, including the use of cohort weights to account for treatment effect heterogeneity following \citet{abraham\_sun\_2020}, changing the reference period, trimming the event study time periods, and standard error corrections for small number of clusters given the small number of states in Mexico, level at which the Reform was rolled out. Further validation is provided by the use of secondary research designs including \citet{imai\_etal\_2020} non-parametric generalization of the difference-in-difference estimator that does not rely on linearity assumption and corrects for invalid negative weighting in standard two-way fixed effects models, as well as \citet{chaisemarting\_etal\_2019} difference-in-difference with multiple time period correction. In terms of other endogenous concerns, by comparing first period term limited mayors with first period non-term limited mayors, I rule the typical concerns of selection on the experience and ability of politicians. This result is confirmed by finding no differences in the education quality of term limited and non-term limited incumbents.

Why do we observe this no-delegation behavior of mayors facing reelection incentives? While incumbents with reelection incentives can turn the direct provision of public goods into a signal of competence and responsiveness which yields an electoral return in the following election, term limited incumbents can’t. Term limited politicians can only partially translate the electoral returns won from differentiability and credit claiming to other electoral competitions -say when running for Deputy, Governor or President- or other political and bureaucratic positions in the regional or central administration. We could think of this as a transaction cost that term-limited mayors have when trying to convert their spoils from incumbency -electoral or monetary- to other electoral races or political positions. Given this differential costs, responsiveness and signaling a competent type that takes the bull by the horns" is more attractive for incumbents facing reelection that does that do not.

Several results validate this theory. First, reelection incentives do not differentially affect the signing of cooperation agreements with the President or other political actors. These political actors are not in direct contestation for the electoral spoils of public security provision locally. As a result, they serve as a placebo test. Second, heterogeneous treatment effects show that municipalities characterized with citizens concerned by narcotraffic and insecurity show a decrease in delegation of public security relative to municipalities with term limited incumbents: when citizens are concerned of violence, mayors provide public security directly; when violence is not a concern, they prefer the Governor take charge of it. Third, heterogeneous effects are also found when citizens hold a high level of trust of state forces: mayors choose not to delegate to avoid living in the shadow of the Governor. Lastly, mayors up for reelection and not aligned with the Governor choose not to delegate public good provision both to differentiate themselves and since citizens do not hold the capacity to blame them for violence \citep{ley\_2017}.

The backlash from reelection is disastrous. First, while effort placed by the local police remains similar to that of term-limited incumbents as measured by the number of detentions per capita, a decrease in anti-narcotic activities by Federal and State forces is observed. Second, an instrumental variable approach where delegation is instrumented by the 2014 Electoral Reform, shows that not delegating increased homicides per capita by 15\%, significant to the 5\% level.

I draw a novel insight from these findings: while the literature stresses agency problems and the reduction of government’s control over policy, this paper puts electoral incentives in the forefront for not delegating policy. Moreover, this paper flips the argument that delegation decreases the level of politization of a policy; it suggests that actually the politization of incumbents leads to a decrease in delegation. As such, it speaks directly to \citet{milner\_2004} that shows that delegation depends on citizens’ preferences for policy, albeit at a different level. Her argument states that when citizens dislike foreign aid, governments spend on multilateral rather than bilateral aid; when aid is relevant, the opposite happens since the distribution of aid through multilateral organizations tends to have low domestic support. This paper shows mayors with reelection incentives will delegate only when citizens are not concerned by insecurity, when not familiar with other security forces, or when they trust the security forces of competing political actors more than local ones.

A second insight shows that reelection incentives led incumbents to choose electoral spoils above efficiency concerns. While the literature has stressed multiple benefits of term-limit removal such as increased accountability, responsiveness and lower corruption \citep{alt\_etal\_2011, ferraz\_finan\_2011}, increase in the competence of elected politicians \citep{dalbo\_etal\_2017} and greater legislators’ productivity \citep{hall\_etal\_2018} once we factor electoral incentives it may yield undesirable inefficiencies. As such, it goes more in line with recent literature on negative effects of reelection, fostering particularistic legislation due to politicians desire to differentiate themselves from others \citep{motolinia\_2020}, and that longer tenures allows incumbents to collude with local firms leading to fewer bidders in public auctions and more inefficient procurement \citep{coviello\_etal\_2017}.

Along these lines, this paper contributes to the literature that shows that electoral incentives may lead to inefficient public good provision. \citet{lizzeri\_2001}, for instance, show that politicians underprovide public goods that cannot be targeted to voters since they care about the spoils of office. This paper extends this notion to show that incumbents with reelection incentives extract more spoils from portraying responsiveness through delivering public goods directly relative to term limited ones.

Lastly, this paper makes important contributions to the existent literature on the War on Drugs in Mexico. The paper aligns with the findings from \citet{durante\_gutierrez\_2013} that found that coordination across municipalities can reduce drug violence albeit through an opposite channel, delegation to the governor. However, results contradict the evidence that pointed the Mexican government as the actor behind large spurges of violence in the last decade \citep{escalante\_2011, guerrero\_2011}%, merino\_2011}. It also adds color to the conclusion by \citep{dell\_2015} that municipalities that coordinated with upper-level governments to increase resources to combat crime increased the level of homicides in Mexico. This paper suggests that coordination in the form of delegation to upper-level governments may decrease rather than increase violence.

The next section provides a theoretical discussion on the reasons for an against delegation of policies and public good provision, followed by a discussion on the role of reelection incentives. I then provide a brief overview of the War on Drugs in Mexico and a characterization of the 2014 Electoral Reform with special emphasis on the effect in local mayors and party politics. Data collection, research design and empirical results are presented. I close by describing the unintended consequences of reelection incentives, primarily a decrease in the provision of public security and an increase in violence.

**\section{** Why delegate? \**label{sec:why\_delegate}}**

Delegation ``is a conditional grant of authority from a principal to an agent that empowers the latter to act on behalf of the former’’ (p.7, \citet{Hawkins\_etal\_2006}). \footnote{In this paper I separate the concepts of centralization from delegation. I refer to centralization to the specific choice by upper levels of government to provide public goods instead of relying on lower levels of government, i.e. a top-down provision decision. In contrast, delegation is the decision made by any level of government to use an agent to provide a public good. This makes centralization a special case of delegation. Depending on a country’s constitutional arrangement and the public good we may fall into one or the other. In the case of Mexico, municipalities hold the constitutional responsibility to provide local public security, with the state and federal governments responsible to provide public security in matters of national or regional threats only. Local governments then face a delegation decision pertaining local public security while the state and federal governments do not hold a centralization-decentralization choice.} The delegation literature has studied two different levels of analysis. First, the International Relations literature has long studied the delegation choice that states have with supranational entities. States have delegated justice to international committees and courts to hold themselves accountable to their citizens, monetary policy to supranational entities, the disbursing of foreign aid and credits to multilateral institutions, trade policy to institutions like the World Trade Organization, and even security policy -including military capacity- to multilateral agencies like NATO or the Security Council of the United Nations. By delegating, a state loses its control over foreign policy and introduces agency problems. Why then do states delegate policy to multilateral organizations?

\citet{Moravcsik\_2000} offers three reasons explain the delegation decision. First, states coerce others to accept the rule of supra-entities. Second, diffusion of the benefits of delegation persuades actors to choose delegation. This argument goes in line with the sharing the burden of policies among players and the pooling of resources in supranational entities \citep{milner\_2011}. Lastly, governments may choose to delegate to combat future threats to domestic governance. For example, states sacrifice sovereignty over human rights to international institutions to decrease domestic political uncertainty and ``lock in’’ policies for the future. Similarly, when powerful states choose to sacrifice policy control, international risk may decrease since the threat of their abuse of power decreases. By doing so, powerful states increase the likelihood of the success of a policy despite losing control of it \citep{lake\_2009, milner\_2011}. Importantly, powerful states will only delegate if the international organization reflects their preferences and maintains their global influence \citep{Hawkins\_etal\_2006}. To summarize: not all international -or domestic- delegation comes from a principal’s inability to carry on a policy: principals may be able to accomplish unilaterally a desired policy but sometimes may choose not to do so.

\citet{Rodrick\_1996} provides two additional reasons behind the delegation choice to supranational institutions: information and a decrease in the politization of policies. Since information about recipients of transfers or public goods is a collective good, domestic distribution would lead to underprovision. Supra-national agencies concentrate information to guide policies and increase their efficiency. In regard to politics, multinational organizations are less politicized compared to states and local recipients. Autonomy then ensures efficiency. The same reasoning is used to defend the use of independent domestic agencies. However, Rodrik’s empirical analysis shows information and politicization are not the primary drivers of delegation. A related argument states that a centralized planner would prevent overprovision of transfers or services since recipients would not be able to create a competition dynamic between public good providers to win their support. For instance, in states with vertical competition -i.e. where there are multiple public good service providers-, voters may be able to compare their efficiency and punish them electorally leading to inefficiency in the form of overprovision of public goods \citep{salmon\_1987, Breton\_1996}.

\citet{milner\_2004} offers an alternative reason behind the delegation decision by studying the allocation of foreign aid to multilateral organizations such as the European Union, World Bank, IMF, the United Nations and regional banks. She observes that despite the benefits of multilateral organizations, in equilibrium states prefer to deliver aid bilaterally. Her argument focuses on domestic politics of donor countries: when citizens dislike aid, governments spend on multilateral aid; when aid is relevant to them, governments prefer to disburse aid directly since the distribution of aid through multilateral organizations tends to have low domestic support. This argument goes in line with a normative one: delegation may be adopted if citizens’ norms have defined it as the most legitimate way to achieve a policy \citep{finnemore\_1996, ruggie\_1993, milner\_2011}.

It is important to note that delegation is even more complex in the presence of both spillovers and heterogeneous tastes. If only spillovers are present, direct policy control would neglect benefits going to nearby localities, leading to inefficiencies. If heterogeneous tastes exist among citizens ``one size fits all” policies may negate local needs. \citet{oates\_1972} famous Decentralization Theorem states that in the presence of heterogeneous preferences and without spillovers, decentralization will be preferred in terms of efficiency. Put simply, the more diverse the preferences of citizens the less likely they will agree on a common policy and delegate to an upper level government \citep{martin\_2006, lyne\_etal\_2006}. The complexity of the choice of delegation increases if citizens hold the capacity to identify the public good under-provided and elect representatives more in line with their demands \citet{besley\_oates\_2003}. Security provision, for example, falls into a particular case of public goods with spillovers and heterogeneity of tastes on the degree of monopoly of violence by the state. This makes the delegation of public security provision a not obvious choice.

As \citet{ Hawkins\_etal\_2006} note, the causes of delegation to international organizations are very similar to delegation in domestic politics. This second strand of literature on \emph{within-the-state} delegation has studied the delegation of tax collection, regulation, and securing the monopoly of violence, among others. This is particularly salient in federal systems. As in the international sphere, politics play an important role in the inefficient allocation of public goods. For instance, \citet{khemani\_2007} shows that delegation to an independent agency in India constraints the distribution of fiscal transfers to states favored by the central party. The historical legacies of centralization are also among the reasons why governments choose to delegate, with national governments choosing indirect rule -a form of delegation- when greater centralization existed prior to the delegation choice \citep{gerring\_etal\_2011}.

The conflict literature has studied the topic of delegation of public security in two forms. First, top-down delegation from central governments to local proxies to suppress violence. Second, bottom-up delegation from subnational units to national government in charge of tackling down non-state armed groups.

In top-down delegation, national executives face internal security threats either by (i) doing nothing, (ii) take direct action through the state's security apparatus, (iii) provide unconditional assistance to their agent (capacity building), (iv) replace local agents, and/or (v) rely on indirect means to tackle non-state challengers such as the use of local proxies and a system of rewards and punishments \citet{berman\_lake\_2019}. Two features define the strategic choice: the size of the security disturbance -correlated with the interest of the national executive to deal with the issue at hand-, and the the cost of effort of the agent. These costs represent both the direct costs of facing an internal enemy, agency costs, and the divergence in the preferences between principal and agent. When central states are interested in the security disturbance and costs are small, suppressing violence through local agents is the obvious policy choice. There are still problems with principals’ optimal control of agents though: (1) weak principals may be unable to impose punishments on agents for shirking; (2) cost-constrained principals cannot reward effective effort from agents; or (3) principals may misread the interests of local agents \citet{berman\_lake\_2019}. In such cases, delegation would lead to inefficient outcomes even if delegation to subnational units is the most efficient choice.

The results of top-down delegation are mixed though. Central governments have used indirect rule to control nationalism \citep{siroky\_2021}, but in cases like India, Pakistan, Burma, Nepal, Peru and Colombia it fosters conditions for insurgency \citep{Mukherjee\_2018}. Besides the conflict literature, indirect rule has led to a decrease in the quality of government proxied by lower levels of schooling, the number of health centers, and infrastructure projects in the case of India \citep{lyer\_2010}, a lower level of political development \citep{lange\_2004}, ethnic stratification and conflict in Africa \citep{Blanton\_etal\_2001} and greater salience of ethnicity \citep{Mcnamee\_2019}, a decrease of ethnic inclusion \citep{mcalexander\_2020}, lower overall support for democracy \citep{lechler\_2018}, and lower levels of trust of foreign institutions \citep{Okoye\_2021}. However, there are cases like Cameroon where delegation through indirect rule improved economic development through the empowerment of local authorities and communities, an increase in state legitimacy, and the reification of ethnic identities \citep{letsa\_2020}.

In contrast to top-down delegation, bottom-up delegation implies subnational units’ choice of giving away the capacity to provide security locally. As with the top-down approach, local incumbent’s delegation choice depends on the assessment of the size of the security disturbance and the cost of effort of the agent. Delegation to upper-levels of government may increase the service capacity and reduce the likelihood of citizens joining non-state armed groups, an outcome stressed by the winning the hearts and minds literature \citep{beath\_etal\_2013, berman\_etal\_2011, dell\_querubin\_2018}. However, if they choose to delegate, delegation might still be inefficient if an optimal control on the agent is not achieved (if the agent decides to shirk and the principal cannot do anything about it). If they choose to take direct action to address the security distortion, concerns on capacity arise, and local incumbents may be more prone to capture, coercion and strife \citet{chacon\_2018}.

While there are several reasons behind the choice of delegation, this paper proposes an alternative mechanism (albeit widespread) that may lead incumbents not to delegate security provision to upper-level governments: electoral incentives that make him undervalue inefficiencies -such as crime distortions- and the existence of more capable agents to address them. In other words, if we hold constant the size of the security disturbance the cost of effort of the principal and agent to fight crime, electoral interest of the principal lead it to take direct action through its security apparatus.

**\section{The role of reelection incentives in the delegation of public goods \label{sec:reelection\_incentives}}**

While there may exist a midground in the level of delegation of public goods,\footnote{For instance, in terms of public security provision you may have partial delegation in which you allow upper levels of government carry on research and intelligence operations but not local policing.} I will focus on two extreme ways in which incumbents may be rewarded through their provision. If local public good provision is fully delegated to an upper-level government, all the spoils of public good provision go to the political actors that delivered the good. If no delegation occurs, spoils go to the local incumbent.\footnote{In the case of partial delegation, spoils maybe distributed among the political actors that citizens believe delivered the good.} By spoils, I mean the electoral benefits for an incumbent of being able to promise the implementation of a policy in campaign and the actual implementation of such, as well as other rents from being in office if elected.

What is the role of reelection in such setting? Reelection provides the opportunity for incumbents to translate spoils into electoral benefits -and rents- in future elections. This does not imply that incumbents up for reelection are the only ones that can differentiate themselves from other political actors to create a positive electoral return. Term limited politicians could do the same. However, term limited politicians can only partially translate the electoral returns won from differentiability and credit claiming to other electoral competitions -say when running for Deputy, Governor or President- or other political and bureaucratic positions in the regional or central administration. This is similar to thinking that term limit incumbents face a transaction cost when trying to exchange the spoils of incumbency to other political races. Another way to think about this is to consider that electoral spoils for incumbents up for reelection are higher than those with a term limit. This feature alone generates an important difference between term limited and non-term limited politicians, with the latter viewing the option of providing public goods locally as the one that may yield the highest electoral return. By taking public good provision in their own hands, incumbents seeking reelection signal responsiveness to citizens as well as competence. In contrast, the ``[t]he most elementary prediction of the accountability models is that a term-limited incumbent, who cannot derive any benefit from impressing the voter, will not be responsive to voters” (\citet{ashworth\_2012}, p. 194) or have an interest of showing so.

The use of policy to signal competence has long been studied in political science. In general, the electorate does not have the ability to observe incumbent’s actions but can proxy its performance by the policy choice \citep{ferejohn\_1986}. Through a large review on electoral accountability, \citet{ashworth\_2012} concludes that ``incumbents’ incentives are driven not by the voters’ evaluation of the normative desirability of outcomes but by the out- come’s information about the incumbent’s type (e.g., competence or ideology)’’ (abstract). Incumbents up for reelection manipulate policy to signal their capacity and influence voters’ electoral support. This is particularly relevant in settings where voters have imperfect information of incumbents’ competence. A reason behind the incumbency disadvantage that exists in countries like Brazil and Colombia, for example, is that voters believe performance is small and that parties won’t hold accountable their members due to their monitoring weakness \citep{klasnja\_titiunik\_2017}.

To signal competence and responsiveness, incumbents with reelection incentives reduce taxation, and modify spending close to electoral periods \citep{Rogoff\_1988, Rogoff\_1990, klein\_sakurai\_2015}. \citet{Drazen\_eslava\_2005} show that incumbents carry particularistic spending prior to elections to send a signal to voters on the type of expenditures to expect if reelected. In contrast, incumbents who cannot run for reelection increase spending and taxes \citep{Besley\_case\_1995}, a behavior known to carry an electoral punishment from voters \citep{peltzman\_1992}. Similarly, \citet{Schettini\_2020} find that mayors seeking reelection in close elections reduce the amount of funding to the municipal Public Employees’ Retirement system in Brazil; since increasing the rate of contributions to pension systems is similar to raising taxes, this behavior signals responsiveness to constituents. Moreover, mayors can utilize the retained contributions to finance other expenses of interest, including particularistic spending. \citet{akhmedov\_2004} pushes the theory behind the responsiveness of incumbents seeking reelection by showing that they change the spending composition only for those items that are visible to the electorate. A similar finding is shown by \citet{ferraz\_finan\_2011} when analyzing the effect of randomly assigned audits on corruption on mayors in Brazil: they find that corruption which is not visible to voters is less responsive to reelection incentives.

Evidence from reelection studies point to an increase in the competence of elected politicians \citep{dalbo\_etal\_2017}, reduced corruption \citep{ferraz\_finan\_2011}, increasing legislators productivity \citep{hall\_etal\_2018} and greater welfare -higher economic growth, taxes and spending- from increasing effort in favor of voters \citep{alt\_etal\_2011}. Reelection also decreases moral hazard and allows to retain better politicians in office \citep{smart\_sturm\_2013}. At the same time, nonetheless, reelection creates incentives for inefficient political targeting. A recent study by \citet{frey\_2021} finds that in Brazil mayors up for reelection target poor households with greater likelihood and as a result win their electoral favor in the next election. Similarly, \citet{motolinia\_2020} shows that in Mexico legislators up for reelection increase particularistic legislation to differentiate themselves. Moreover, since \citet{Nordhaus\_1975}, we know presidents with reelection incentives exercise pressure on central banks to exploit the tradeoff between inflation and unemployment giving rise to political business cycles. While this paper does not focus on the comparison between particularistic and public good spending, it speaks to this literature by providing a new avenue through which incumbents seeking reelection may generate inefficiencies: directly provide public goods when delegating them to upper-level governments is a more efficient choice.

**\subsection{The puzzle \label{sec:puzzle}}**

It may seem straightforward that reelection incentives should lead incumbents provide public goods directly instead of delegating them. There are three reasons, however, that makes the delegation choice an interesting puzzle of study. First, it is not clear that citizens will reward incumbents for policy implementation or its results, or both. At the end, voters may punish incumbents not only for the choice of delegation but the outcome of delegation.

Let’s use the example of the delegation of public security provision. Consider the following four scenarios. First, an incumbent may choose to delegate public security provision to the governor. By doing so, he cannot collect spoils from public security provision and can only be partially blamed if violence increase: they are not directly responsible for the public good but made the wrong choice of delegating it to inefficient agents. Second, an incumbent may choose to delegate, and violence decreases. As before, they obtain partial rewards from delegating to an efficient agent but cannot claim full responsibility for the efficient outcome. Third, an incumbent may choose not to delegate public security provision and violence could follow. The lack of capacity or resources may explain the inefficient outcome. A steep learning curve or the costs of crime may explain inefficiencies in the short term. In this case, however, incumbents can still credit claim the fight against crime and show responsiveness to citizens demands. Incumbents may even utilize a media strategy to show that fighting the enemy through local means is the right choice, but it will take a while till violence decreases. This strategy was widely used by the Felipe Calderon administration in Mexico. Lastly, an incumbent may not delegate public security provision and violence could decrease. As before, the electoral spoils will fully fall in the incumbent’s hands. This example gets even more complex if we remove the assumption that the incumbent can optimally control the behavior of the agent.

Two additional concerns make the delegation decision a difficult choice for incumbents. On the efficiency side, security provision is characterized by spillovers and a heterogeneity of tastes. Following the discussion in Section \ref{sec:why\_delegate} while spillovers make delegation the most efficient choice following \citet{oates\_1972} Decentralization Theorem, the heterogeneity of tastes raises efficiency concerns on centralized public good provision. Lastly, as the case of Mexico shows, tackling drug trafficking organizations has been costly for politicians: they have been killed in high rates, particularly those belonging to the PRI \citep{ley\_trejo\_2017}.

**\subsection{Hypotheses \label{sec:hypotheses}}**

**Given the aforementioned discussion the main hypothesis of the paper is as follows:**

H1: Compared to term limit incumbents, incumbents seeking reelection will decrease the delegation of public security provision to the governor.

This no-delegation behavior should increase when the contributions of each level of government are clear to citizens \citep{treisman\_2000}. By studying conditional cash transfer and health programs in Brazil and Argentina, \citet{niedzwiecki\_2018} shows that political alignments across different levels of government jeopardize the implementation of national policies: when opposition parties control subnational levels of government, they hinder the implementation of national policies creating a heterogeneity in terms of coverage. This result, however, is conditional on citizens having the capacity to attribute blame to the actor that delivers de public good. In the case of Mexico, \citet{ley\_2017} shows that citizens hold the capacity to blame local executives for inefficient public security provision if their party is aligned with the governor. When not-aligned, citizens do not punish mayors for inefficient security provision. This leads to the following testable hypothesis:

H2: Compared to aligned and not aligned term limit incumbents, incumbents seeking reelection and aligned with the governor will decrease the delegation of public security provision to the governor.

Lastly, if incumbents with reelection incentives deliver goods directly to citizens to foreshadow responsiveness, this should only hold for goods that citizens deem as valuable. In other words, electoral spoils are more efficient when the public good is more valuable to constituents \citep{lizzeri\_2001}. This is similar to the findings by \citet{milner\_2004} on the condition of citizen preference on the use of states of multilateral organizations to deliver foreign aid. Her argument states that when citizens dislike foreign aid, governments spend on multilateral rather than bilateral aid; when aid is relevant, the opposite happens since the distribution of aid through multilateral organizations tends to have low domestic support. In the context of American politics, \citet{list\_sturm\_2006} find that governors seeking reelection adopt greener policies when their states hold large pro-environmental groups, while the opposite occurs in those with lower environmental support. In a similar tenor, we would expect that when citizens have high concerns of insecurity (place high on the monopoly of violence) then incumbents with reelection incentives will provide security directly:

H3: Compared to term limit incumbents, incumbents seeking reelection whose citizens hold high levels of concern about violence will decrease the delegation of public security provision to the governor.

\section{research design}

The econometric method explores the variation in the reelection incentives generated by

term limits (Besley and Case 1995). Also in Schettini\_2020

A first-term governor who can be reelected and a first-term governor who is term-limited have each won election once, and so faced the same selection pressures, but have different incentives to impress the voters. Comparing these governors isolates the incentive effect. A term-limited governor who has won election once and a term-limited governor who has won election twice both face the same incentives, but with different histories of selection. Comparing them isolates the electoral selection effect.

Ashworth 2012.

**\section{Mexico's War on Drugs \label{sec:war}}**

**\*\*I NEED TO EMPHASIZE DELEGATION AS A NEW STRATEGY. WHY CONSTITUTIONALLY LANDS ON MUNICIPALITIES, AND A MOVEMENT TO SEND THE ARMY TO QUARTELS.**

Since 2006, Mexico exhibited an increase in violent crimes reaching a historical 103 homicides per 100,000 inhabitants in June of 2019, the most violent rate of post-revolutionary Mexico according to the data from the Executive Secretary of the National Public Security System (SNSP for its acronym in Spanish). As such, the levels of violence reached more than 100,000 homicides from 2006 to 2013, and while not concrete explanation exists of why we saw a dramatic increase in the levels of homicides, multiple have been the explored mechanisms including (a) DTOs competition to control markets and drug distributions channels to the United States \citep{rios\_2013, dell\_2015}, (b) state efforts to reduce DTOs operations \citep{rios\_2013} to increase government legitimacy from the Felipe Calderon Administration who in 2006 won by a winning margin of 0.02\% in a highly post-election contested time period \citep{dell\_2015}, and cocaine supply shortages \citep{castillo\_etal\_2018}. As a result, since 2007 and up to the COVID-19 pandemic public security provision has been the main public problem in the country.\footnote{For an example, see this survey by El Financiero \url{https://www.dropbox.com/s/c5dte5pscggat2c/leadingproblem\_mexico.png?dl=0}.}

Multiple pacification and conflict deterrent strategies have been tested, from aggressive campaigns to weaken drug-trafficking organizations (DTOs) -including the beheading of drug kingpins and the deployment of more than 45,000 troops across the country-, to the defense (and financing) of self-defense organizations in the Mexican Bajio (Caballero 2015). However, so far public security strategies have yield mixed if not negative results. DTOâ™s leadership removal increased inter and intra-cartel fighting, fragmenting criminal organizations with violent spillovers on the overall population \citep{guerrero\_2011}. Troops deployment seemed to play a significant role in the escalation of violence in Mexico \citep{escalante\_2011} and have been linked to human rights violations and more than 30,000 disappearances \citep{daly\_etal\_2012, moloeznik\_etal\_2012, magaloni\_magaloni\_razu\_2018}. In fact, municipalities that were more effective in coordinating public security policies, such as those controlled by the PAN under the Felipe Calderon administration, showed a dramatic increase in violence due to state crackdowns on drug cartels \citep{dell\_2015}.

On the crime prevention side, the state has allocated multiple local-level transfers and allowed municipalities to choose their prevention strategies. Impact evaluation of such transfers are inexistent, to my knowledge, and have not systemically achieved the desired purposes. Dispute resolution institutions have not been systematically rolled out or evaluated rigorously on the ground. While top-down policies have been widespread -and ineffective overall-, grassroot approaches have been scarce and primarily aimed at identifying mass graves and victims and lead protests against impunity. Possibly the most effective anti-crime territorial recovery units have been self-defense armed groups \citep{ch\_2020}. However, while DTOs have been expelled from towns by self-defense groups, so have local police forces, local-level public officials and politicians. In other words, the (so far) most effective bottom-up territorial recovery approach led to distrust in government and the breakup of both pre-existing institutions and social ties, creating stateless regions across Mexico.

Important to this paper is evidence that the political use and influence of the military \citep{aguayo\_2001, moloeznik\_2010, lopez\_gonzalez\_2012} and federal and local police forces in Mexico \citep{zepeda\_2010, sabet\_2012, lopez\_portillo\_2012, davis\_2017} reduced their efficiency and capacity. While there have been improvements in the Mexican justice system, particularly the 2008 Reform that introduced the accusatory system, almost no investments on capacity building have been made in local police apparatus. Plan Merida did increased military investment substantially, and while investments where made to federal and local police forces, there are still precarious work conditions and salaries, low training and no institutionalized professionalization of police forces.

%Local mayors provision... see paper that I commented from Princeton, PELA. Barba Sanchez.

%This research project fills a policy void in the strategies utilized to counteract homicides in Mexico through providing the first impact evaluation of a mediative institution as an alternative dispute resolution institution that targets citizensâ™ prior beliefs that deter them from engaging with conflict resolution and deliberative institutions. Given Mexicoâ™s preponderance on the homicide rate count in Latin America, the impact of such policy is highly relevant.

**\subsection{Security Cooperation Agreements in Mexico \label{sec:agreements}}**

Since the presidency of Felipe Calderon (PAN, 2006-2012), there have been five broad types of security agreements between municipalities and upper level governments: (a) agreements between municipalities (e.g. to create metropolitan police forces), (b) between municipalities and the state governor (e.g. Central Command Agreements), (c) between municipalities and the federal government, (d) agreements with multiplicity of executive actors (various municipalities, states, with or without the Federal government), and (e) agreements with other branches of government, including legislative and judicial ones, also at various levels of government. While conditions vary by agreement, overall they may include any (or all) of the following items: security coordination, transit, security prevention, training, sharing of equipment and technology, research capacity, analysis and intelligence, and creation of unified criteria and procedures of the public security institutions and laws.

Of all agreements, the creation of a state-level Police Central Commands (\emph{Mando \'Unico Policial}) has been the most prevalent in Mexico. The premise is the unification of municipal and state police forces, i.e. the centralization of public security under direction of the governor. During Calderon's presidency, Central Commands were intended to abolish municipal police forces. Later, Pena Nieto's administration proposed the creation of Unified State Forces to transition from 1,800 municipal police bodies to 32 police corporations. However, a proposed constitutional modification was stopped in the Senate since it did not reached the necessary three quarters of legislators to approve the Constitutional modification. While it did not achieve constitutional jurisdiction, by 2018 79.12\% of municipalities in the country adopted a form of centralized command according to data from the 2019 National Census of Municipal Governments and Territories of the City of Mexico.\footnote{There is a judicial discussion in Mexico on the legitimacy of centralized state level agreements, particularly that of the Centralized Command. In the framework of the Mexican federal pact, Article 21 of the Constitution that makes public ministries (\emph{Miniserios P\'ublicos}) the actor in charge of prosecution. However, they are left aside in most security cooperation agreements. Furthermore the Constitutional figure of the ``free municipality'', makes public security centralization something unfeasible and unconstitutional \citep{moloeznik\_2016}. As noted by Article 115, fraction III, item ``h" of the Constitution, municipalities are the first autonomous constitutional bodies and are granted express powers to provide public security service. For more details see \url{https://aristeguinoticias.com/0608/mexico/el-inconstitucional-mando-unico-articulo/}.}

Two important notes on centralized commands. First, not all Central Command Agreements imply a \emph{de jure} delegation of municipal public security provision to the state. There is wide variation of what central command implies, and could take all or any of the items mentioned before, from security provision to intelligence. In other words, \emph{Mando \'Unico} in one state may not imply the same operative features in another state. %Second, even if there is complete \emph{de jure} delegation of public security from mayors to governors (or the Federal Government), \emph{de facto} there are various degrees in which public security is provided.

For instance, as noted by data from the National Census of Municipal Governments and Territories of the City of Mexico from 2011 to 2019, of all the municipalities that state they had a Central Command Agreement, only 72.6\% said the agreement included the delegation of public security.

Second, even with the existence of a security cooperation agreements that delegates all security provision to higher level federal authorities, citizens could still blame mayors for not lobbying federal authorities for public good provision in their municipalities. Moreover, citizens may simply not understand the terms and conditions of cooperation agreements, blaming mayors still for local level violence. Lastly, \emph{Mando \'Unico Policial} has not led to a decrease in crime incidence, especially since municipal police forces require a distinct training and objectives to those of states \citep{david\_lopez\_2018}, and has been deemed as either non-existent or a failure.\footnote{For more detail, see the article ``Mando \'Unico Policial: el modelo fracasado" from \url{https://www.proceso.com.mx/515386/mando-unico-policial-el-modelo-fracasado}} Given these caveats, municipalities without security cooperation agreements should not be deemed as placebos, but should show a significant difference in the level of violence as found in Appendix Figure \ref{fig:split\_mando\_unico}.

**\section{Term Limit Reform of 2014 \label{sec:reform}}**

In February 2014, the Mexican Federal Congress approved the Electoral Reform that allowed federal and state legislators and municipal mayors to reelect. As such, it lifted a 80-year old ban on reelection from a constitutional amendment in 1933 impossed by the Partido Nacional Revolucionario (PNR and former PRI) to control self-motivated politicians to deviate from the party line in any of the multi-level party structure.\footnote{Anti-reelection sentiments became part of the Mexican political ideology since Porfirio Diaz's coup against president Lerdo de Tejada second term in office in 1876 (the so called Tuxtepec Revolution). The lemma ``effective suffrage, no reelection" was used by Diaz against Lerdo, and was later on utilized by Francisco I. Madero against Diaz dictatorship. Since it became one of the most prominent ideologies lasting all throughout the PRI hegemonic party system, and used almost in every official document in the country.} The PNR non-reelection strategy weakened local party bosses and allowed the party to control political careers at the federal, state and local level \citep{weldon\_2003}.

For federal legislators, consecutive reelection was allowed up to 4 four terms. In the case of state-level legislators the reform introduced consecutive reelection for up to four terms with a maximum of 12 years; for the case of mayors, reelection was allowed for up to 2 consecutive periods at most. State legislatures, mostly under control of governors, were granted discretion to define the number of terms for both legislators and mayors. While variation in the number of terms exists at the state-legislator level \citep{motolinia\_2020}, all state legislators approved up to 2 consecutive reelection terms for mayors except for the case of Hidalgo, Nayarit, Tlaxcala and Veracruz that allowed candidates' reelection, but not consecutively, bypassing the reform.

A second source of discretion granted to state-level legislatures revolved around the reelection implementation date. The reform dictated that any change would not affect 2014 elections, and would be implemented for federal legislators till the elections of 2018. For local legislators and mayors, however, state-legislators defined the implementation period. Given governors influence in candidate selection of legislators (and mayors in some cases), their staggered calendar and political power seems to explain most of the variation in the timing of the implementation of the reform: governors with terms ending near the Reform approval date (2014) introduced reelection as early as possible, while those whose terms where starting pushed reelection further down the line \citep{motolinia\_2020}. For more detail on the political background please see Appendix \ref{appendix:reform\_backgorund}.

Figure \ref{fig:treatment\_status} describes the implementation period or treatment status of each of Mexico's 32 states.\footnote{Mexican states share the same administrative level as US states.} This figures allows to visualize the staggered rollout of the term limit removal. Importantly, we have five timing groups, i.e. five comparison groups. Four states never receive treatment during this time period (Hidalgo, Nayarit, Tlaxcala and Veracruz), while the rest commence treatment in different years from 2015 to 2019. The always-treated group is composed by the states of Baja California Sur, Campeche, Chiapas, Colima, Guanajuato, Guerrero, Jalisco, Mexico, Michoacan, Morelos, Nuevo Leon, Queretaro, San Luis Potosi, Tabasco and Yucatan.

\begin{figure}[H]

\centering

\caption{Mexican States Electoral Reform Treatment Status}

\label{fig:treatment\_status}

\includegraphics[width=0.75\textwidth]{Figures/reform\_treatmentstatus.pdf}

\captionsetup{justification=centering}

\end{figure}

**\section{Conclusion}**

As presented in this paper, term limit removal may be a necessary but not sufficient condition to ensure political accountability. In democratic representative systems with reelection local incumbents are accountable to both voters and their political parties. However, if principals are misaligned, this leads to potential disastrous public outcomes. In the case of Mexico, a country characterized by a now 14 year old internal conflict between the government and multiple drug trafficking organizations, an electoral reform that introduced reelection did not yield the expected benefits of political accountability. In turn, reelection created a party incumbency advantage, that generated incentives for the central government to decrease its level of public security, and lead to an overall increase in crime due to a vacuum of power in territories up for grabs for drug trafficking organizations. Moreover, the decrease of central government security provision made local proxies to decrease public security provision as well. In other words, failing to predict how principals will behave rather than agents only, may lead to public good underprovision, and in the case of security provision, widespread violence.

NOTES TO INCLUDE IN OTHER SECTIONS:

CONCLUSION: This paper studies a classic problem faced by governments with a supra-entity capable of providing and delivering public goods: to delegate or not to delegate. Specifically, it delves into an understudied phenomenon of delegation, the role of incumbent reelection incentives.

This paper studies a classic problem faced by governments with a supra-entity capable of providing and delivering public goods: to delegate or not to delegate.

CONCLUSION: Within the state, different levels of government delegate to each other the power to provide and deliver public goods. When governments have the choice to delegate to upper entities, they are not only faced by efficiency considerations, but also electoral ones.

CONCLUSION: Thesis: reelection encourages mayors to focus more on policies with the highest “electoral yield”—namely, no delegation of public security provision. Why? No delegation creates a credible signal of a strong type.

1. Pros and cons of delegating: mine. This could be used for the theory.
   * 1. On the one hand, you delegate not to face a public issue characterized by high spillovers and negative externalities, and high sum costs you could be blamed for in the future reducing the likelihood of reelection. However, by delegating you introduce agency costs, more importantly give away a potential avenue of vote gathering to the agent, and even affect your bureaucracy since they may not be able to overgraze the bribe base any longer due to monitoring from the agent.
        + 1. Pros:
          2. Delegation helps groups to overcome the free-rider problem and a more efficient public good provision (\citet{hamman\_etal\_2011}
     2. On the other hand, you may go local to signal competence and a type increasing your electoral security in the future. However, you may not be caple of dealing with public good provision -due to a problem of information, capacity and resources, not being able to identify distributional concerns, or face regional negative spillovers-, be blamed for it and decrease your chances of reelection. Thus, while reelection incentives encourages mayors to focus on policies that return the highest electoral yield, delegation is not an obvious go to policy to achieve so.

UNINTENDTED CONSEQUENCES OF VIOLENCE SECTION: show that delegation is efficient with the 2SLS. Here add the paragraphs on why delegation of public security could be inefficient. By. delegating to upper entities agency costs are introduced, misinformation of local dynamics may lead to inefficiencies, and, most importantly, a greater likelihood to develop ``one-size-fits-all’’ policies exist, a feature particularly hurtful in the presence of heterogeneity of tastes and needs among citizens. A setting with both spillovers and tastes heterogeneity complicates de delegation choice.

QUALITY SECTION:

Delegation of public security creates a conflict of interest between citizens in different municipalities: because of heterogenous preferences they may disagree in the level of public security provision and its distribution among municipalities. Given that elected mayors would inherit this conflict of interests, voters can strategically delegate by electing mayors that go in line with their optimal level of public good provision \citep{besley\_coate\_2003}. In other words, through elections voters may change the type of elected politicians. If electoral accountability is stronger in municipalities with reelection, a differential effect in the type (and quality) of incumbents could be seen in municipalities up for reelection relative to those with term limits.

METHODOLOGICALLY: I’m only comparing first term incumbents (with and without term limits) so I’m not concerned about Interactions between officials and private interests is higher (Coviello et al.

2017).

METHODOLOGICALLY: I have an issue of spillovers. I should correct the standard errors or generate a model of dependency between municipalities.

First, constitutionally mayors are in charge of public security provision. Second, Mexico is a country overwhelmed by criminal wars not only between various levels of government and criminal organizations, but between criminal organizations and other non-state armed groups including rebel insurgencies \citet{ley\_trejo\_2020}. As a result, voters see peace (and thus violence) as the most relevant public good demand in the country given the high prevalence of drug-trafficking related crime. Third, given the presence of high spillovers of violence and public security provision, and relatively small heterogeneity in citizens’ preferences on public security provision, delegation seems to be the go-to policy choice for mayors in terms of efficiency. \footnote{The majority of the population prefers higher rather than lower public good provision. Importantly, this does not differ across the country or across time since 2006 when the War on Drugs began. Prior to the COVID-19 crisis, public insecurity in Mexico was the principal public problem as measured by survey data. See \url{https://www.dropbox.com/s/c5dte5pscggat2c/leadingproblem\_mexico.png?dl=0} for an example.} Fourth, voters in Mexico hold local politicians accountable for organized crime-related violence, but only when the same party controls all relevant levels of government \citep{ley\_2017}. In other words, voters in this context hold the capacity to assign responsibility for crime for local governments only when aligned, a feature I can exploit empirically. Lastly, facing drug trafficking organizations (DTOs) directly has not been a free lunch: DTOs have killed mayors in high rates, specially those belonging to the centrist PRI \citep{ley\_trejo\_2020}. Because of this, the PRI's incentive is to go back to the status quo of a drug market with rents and no conflict between the state and organized groups. As such, this forbearance strategy differs from that of the former party in power, the right-wing PAN, who developed a hawkish strategy against crime from 2006 to 2012 \citep{dell\_2015}. Given this features I focus on the period of study from 2010 to 2018, with the post-treatment period from 2015 onwards being ruled at the Federal level by one party, the PRI. footnote{For more on scope conditions, please see Appendix \ref{sec:scope}.}

A standard Downsian model would predict that both term limited and non-term limited incumbents would choose the choice of delegation that matches the ideal point of the median voter if there was no possibility to obtain an electoral spoil form doing so. However,

by taking "the bull by the horns", mayors facing reelection signal responsiveness against crime and differentiate themselves from other political actors increasing their electoral survival.