**\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}}**

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 wide 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 the inefficiencies of public good provision and the role of electoral incentives, several governments have chosen to delegate public good provision to upper-level governments or entities creating a principal-agent dynamic.

Two examples plague the delegation literature. 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. However, delegation reduces a state’s control over their foreign policy and may introduce agency problems given the underlying principal-agent relationship \citet{milner\_2004}. 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 persuade 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 local 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 a promise of their abuse of power decreases. By doing so, powerful states increase the likelihood of a policy despite losing control of it \citep{lake\_2009, milner\_2011} .

\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, it is believed that multinational organizations would be less politicized compared to states and local recipients. Autonomy is the mechanisms of efficiency. The same reasoning is the primary defense of independent domestic agencies. However, Rodrik’s empirical analysis shows these not to be the primary drivers of delegation. A related argument states that a centralized planner would prevent overprovision since recipients would not be able to create a competition dynamic against public good providers to win their support. States with vertical competition where there are multiple public good service provides and voters can judge their efficiency and punish electorally could lead to overprovision of public goods, for instance \citep{salmon\_1987, Breton\_1996}.

\citet{milner\_2004} offers an alternative reason behind the delegation decision by studying the delegation decision of states of foreign aid to multilateral organizations including 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. She interprets this as evidence that preconditions define the value of information, a decrease of politization and cartel behavior. 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 the normative one: delegation may be adopted if norms have stablished it as the most legitimate way to achieve a policy \citep{finnemore\_1996, ruggie\_1993, milner\_2011}

A second strand of literature has delved into the study of delegation \emph{within-the-state}: public good provision, tax collection, regulation, and other government activities may be delegated from lower to upper levels of government and vice versa. This particularly salient in federal systems. Politics plays an important role in the 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 favored states relevant to the central party.

TALK ABOUT INDIRECT RULE AND SUCH.

1. Delegation within the state: While delegation between states and supra-state institutions has been widely studied, little do we know of delegation within the state. Studies have showed that firms delegate to other firms to …. (cite), and that environment and regulation … . However, political actors…
2. Contributions:
   1. Speaks directly
   2. Indirect rule in the provision of public security…. Most work has focused on the reliance of local agents to suppress local threats… I flip this around.
   3. Speak to decentralization, spillovers and heterogenous tastes. Check cites from Comparative Politics presentation.
   4. Overall, delegation is not an obvious choice.
   5. But delegation is not an obvious decision. Pros and Cons.
   6. This is more complex in the presence of spilloves and het tastes.
   7. However, what if electoral incentives prevent incumbents from delegating public good provision at the expense of efficiency? Incumbents face a trade-off.
   8. What are the efficiency results
   9. or suffer from electoral incentives
   10. 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 local governments (or states) to supra-entities in charge of tackling down non-state armed groups.
3. FOR THEORY SECTION. The delegation choice is even more complex in the presence of spillovers and heterogeneous tastes. If spillovers are present provision by upper levels of government\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 public good provision decision. In contrast, delegation is the decision made by lower levels to allow upper levels of government to deliver and provide a public good, i.e. a bottom-up public good choice. 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.} would not neglect the benefits going to nearby local governments and thus efficiently provide the public good. If heterogeneous tastes exist among citizens of different constituencies going local would prevent the existence of ‘one size fits all’ outcomes that negate local needs.\footnote{Oates’ famous Decentralization Theorem states that without spillover and heterogeneous preferences, decentralization will be preferred in terms of efficiency. Presumably, the conclusions for decentralization are the same for not delegating public security provision to upper levels of government.} The complexity increases if citizens hold the capacity to identify the public good under-provision and elect representatives more in line with their demands \citet{besley\_oates\_2003}.
4. Security provision, however, is one of those public goods that complicates the delegation choice given the high level of spillovers and the wide heterogeneity of tastes among citizens. Cites of spillovers in violence. Cites on heterogeneity of tastes.
5. In conflict settings, providing public goods locally has additional benefits. Being closer to citizens aid in the identification and mitigation of grievances. However, there is no free lunch: local officials may face a capacity constraint to provide services and counteract crime, and may be more prone to capture, coercion and strife \citet{chacon\_2018}. 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}.

The effect of reelection incentives on the delegation decision

* + - * 1. What are reelection incentives
        2. The problem at hand

Term limited and non-term limited mayors face a different political cycle leading to different incentives in the election and office stages. Typically, elections for local executives with a majority rule make incumbents win all the spoils from office

* + - 1. Theory and Hypotheses

\*\*\*For the argument, use the note on vertical competition without mentioning vertical competition or putting it on a footnote.

**Decrease delegation of public security:**

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 and deterrence.} I will focus on two extreme ways in which incumbents may be rewarded. 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, then 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. While term limited incumbents may have the possibility of translating spoils into other political positions, the returns are not directly transferred into an electoral rent as when competing for the same position in government if reelection is a possibility.\footnote{ This theory does not posse that non-term limited politicians are the only ones that can differentiate themselves from other political actors to create a positive electoral yield. 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. A theoretical micro-foundation comes from thinking that term-limited politicians have a transaction cost when trying to exchange their spoils from incumbency -electoral or monetary- to other electoral races or political positions while those facing reelection don’t (or much less so). Only those politicians with spoils greater than the transaction costs would rationally choose not to delegate.} 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.

SUMMARY IN THE INTRO: It may seem straightforward the reelection incentives should lead to a different delegation choice compared to the term limited case. There are three reasons, however, that makes the delegation choice an interesting puzzle of study. First, under a Downsian framework, at the campaign stage term limited and non-term limited politicians should make campaign promises to address the policy ideal point of the median voter to win office. Second, at the office stage, these promises should become actions particularly for those facing reelection to build an electoral support for the next election. However, things are not clear at the office stage either given that it is not obvious whether citizens will reward incumbents for policy implementation or its results, or both. Consider the following four scenarios. First, an incumbent may choose to delegate public security provision to the Governor. By doing so, they cannot collect any 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 may decrease. As before, they may be partially rewarded by choosing an efficient agent to provide public security, but can only indirectly credit claim 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 locally may take time but will lead to the promised outcome. Felipe Calderon’s administration in Mexico did this… 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. If citizens, however, do not hold the capacity to assign blame for public security under-provision and violence to local politicians whatsoever, we shouldn’t expect any differences between term limited and no-term limited incumbents.

SUMMARY IN THE INTRO: Lastly, on the efficiency side of public security provision it isn’t clear either what is the best strategy to combat local crime. Even with high spillovers and homogeneity in citizens’ preference where the delegation would be the go-to option, delegation may lead to under or overprovision of public security if upper-level politicians and bureaucrats are misinformed of local crime and how to deter it \citep{berman\_lake\_2019}. In the case of no spillovers and high heterogeneity of tastes where not delegating will be preferred, it is not clear either that local incumbents have the capacity to face the problem at hand, with the likelihood of facing capture by non-state armed groups, suffering from coercion and killings \citet{chacon\_2018}. As \citep{ley\_trejo\_2017}, tackling drug trafficking organizations in Mexico has been costly for politicians: they have been killed in high rates, particularly those belonging to the PRI.

What then is the expectation on the effect of reelection incentives on delegating public security provision? To see a decrease in delegation of public security provision by local executives with reelection incentives. I could put the hypothesis here:

Microdefense is that there is a transaction cost. Like the state capture paper.

greater likelihood that the latter have to win office by differentiating themselves from other political actors.

But term limited ones could also differentiate themselves

|  |  |  |
| --- | --- | --- |
|  | **Delegation** | **No Delegation** |
| **Term Limited** | **Efficient / not efficient** | **Efficient / not efficient** |
| **Reelection Incentives** | **Efficient / not efficient** | **Efficient / not efficient** |

Voters judge the efficiency of the two public good service providers and punish the inefficient one. (Salmon 1987; Breton 1996). Reelection encourages mayors to focus more on policies with the highest “electoral yield” which comes from exploiting the highest degree of differentiability from other actors. For the case of Mexico, \citet{motolinia\_2020} shows that local legislatures facing reelection do so by pushing forward particularistic legislation to differentiate themselves from others. This paper pushes a distinct mechanism through which politicians increase their electoral yield and differentiation: a decrease in the delegation of public goods to upper levels of government. Why does this increase differentiability? Three reasons. First, different from other candidates. Second, you are different from other parties and political actors. Lastly, you respond to citizens demands and preferences if they are looking for a hawkish type. In other words, by not delegating public security provision, local executives send a signal of responsiveness and differentiate from other political actors to increase their electoral return when faced with reelection.

Given all of this, the main hypothesis of this papers is as follows:

H1: When faced by reelection incentives, mayors will decrease the delegation of public security provision to the governor.

This should only be true with those governments that you are competing: governor and not the president.

H2: When faced by reelection incentives, mayors will decrease the delegation of public security provision to the governor but not with the President.

An important assumption thus far has been that citizens hold the capacity to

**-assuming citizens understand this-**

Moreover, this no-delegation behavior should increase when the contributions of each level of government are clear to citizens (Treisman 2002). In the case of Mexico, \citet{ley\_2017} has showed that citizens hold the capacity to blame local executives for inefficient public security provision if their party is aligned to upper levels of government. When not-aligned, citizens do not punish mayors for inefficient security provision.

H3: Delegation of public security provision to upper levels of government should decrease when mayors are not aligned with upper levels of government.

**\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.