Cooperating Across Time for Diverse Interests
Provincial Interests, Provincial Loyalties, and Policymaking in Argentina

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Abstract: In the absence of enforcement mechanisms, it is unclear how legislators can cooperate over time to protect the diverse interests of the diverse subnational interest of small provinces. Using Argentina as a case study, this research argues that the economic geography of a country and the need to maintain inter-party cohesion directly influences the ability of legislators to advance diverse subnational interests. Since the mid-1990s, a small group of Argentine legislators has protected sugar producers by forming coalitions to override two presidential vetoes under institutional characteristics unfavorable to inter-temporal cooperation. This research demonstrates that territorial patterns of economic production and the need for political parties to maintain internal cohesion has played a critical role in allowing the formation of the super majorities necessary to protect varied subnational interests across time.

Keywords: inter-temporal cooperation, logrolling, economic geography, Argentina, Mercosur.

Cooperación diacrónica para intereses diversos: Intereses y lealtades provinciales en la formulación de políticas en Argentina

Resumen: En la ausencia de mecanismos para monitorear la cooperación entre legisladores, no resulta claro cómo los representantes pueden cooperar a través del tiempo para proteger los diversos intereses subnacionales de las provincias pequeñas. Esta investiga-

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ción sostiene que la geografía económica de un país y la necesidad de mantener cohesión intra-partidaria influye directamente en la capacidad que los legisladores tienen al avance de diversos intereses subnacionales. En particular, este manuscrito analiza esta hipótesis a través del caso argentino. Desde mediados de la década de los 90, un pequeño grupo de legisladores argentinos ha protegido los intereses de los productores de azúcar a través de la formación de coaliciones que anularon dos vetos presidenciales bajo circunstancias institucionales desfavorables a la cooperación inter-temporal. Aquí se muestra que la formación de las supermayorías necesarias para proteger a los distintos intereses subnacionales ha sido posible gracias a la existencia de ciertos patrones territoriales de producción económica y a la necesidad de los partidos políticos por mantener su cohesión.

Palabras clave: cooperación inter-temporal, logrolling, geografía económica, Argentina, Mercosur.

A lthough we know the provinces are the locus of electoral politics in Argentina, it is unclear how provincial representatives resolve the collective action problem of defending their diverse subnational economic interests within the national congress. Given that Argentine politicians have few incentives or instruments to engage in inter-temporal policy agreements, our current understanding of Argentine politics cannot explain how the small Northwestern provinces of Jujuy, Salta, and Tucumán systematically defended their economic interests against the policy proposals of three presidents.

Using the defense of the Argentine sugar industry as a case study, this research argues that the relatively specialized nature of many of Argentina’s small provincial economies and the need for national political parties to maintain inter-party cohesion allows legislators to establish inter-temporal coalitions to defend their varied parochial interests. These factors allow small provinces to overcome the collective action problems associated with the protection of highly localized economic interest (e.g. Fondo Especial del Tabaco, Ley de Bosques Nativos, Ley de Federalización de Hidrocarburos) in the absence of institutionalized enforcement mechanisms. Although the defense of provincial interests is widely discussed within the literature on Argentine politics (Eaton 2001, Murrillo and Pinto 2014, Wibbels 2005), no explanation for inter-temporal cooperation among legislators has been previously offered.

As shown by Spiller and Tommasi (2007), the lack of an institutionalized environment for policy exchanges encourages short-term strategies among Argentine politicians and makes inter-temporal cooperation very difficult. However, protecting the sugar industry required long-term inter-temporal cooperation among legislators from different provinces with dif-
different interests. The capacity of Northwestern legislators to sustain the Sugar Law, therefore raises two important questions about the policymaking process. First, what motivates legislators to protect industries of little national importance? Second, how did twenty-two deputies and nine senators achieve the two-thirds majorities in both chambers of Congress, when protecting sugar did not directly benefit the constituents of most legislators?

Three conditions allowed legislators from Argentina’s Northwestern provinces to secure protection for the sugar industry, despite presidential opposition. First, although patron-client relationships dominate electoral politics in Argentina, an electoral connection exists between legislators and their constituents that protects subnational economic interests. The policy preferences of legislators are endogenous to those of their constituents (Chappell, 1982). This is either because constituent interests have a selection effect on legislators (Bombardini and Trebbi, 2011), an influence effect (Stratmann, 1991), or because constituents vote retrospectively (Arnold, 1992). Parties and legislators are strategic actors who respond to electoral incentives, including how policies affect their electoral context via constituent interests. The significant importance of sugar production to the subnational economies of the Northwestern provinces allowed the issue to cross party lines within the provinces and permitted the formation of a non-partisan coalition of regional legislators. The homogeneous interests of the northwestern provinces permitted what González (2010) calls “regional coordination.” Second, the existence of other provinces with relatively specialized economies allowed legislators to build a stable cross-provincial and inter-temporal coalition to protect the different subnational interests of these economies. Third, the need of national parties to maintain the electoral support of their “peripheral coalition” (Gibson, 1997), further exasperated a high degree of legislative denationalization (Calvo and Leiras, 2012; Suárez Cao and Pegoraro, 2014) and allowed Northwestern legislators to enlist the support of co-partisans from the larger “metropolitan” provinces.

The protection of the sugar industry seems a “least-likely” case of subnational interests influencing national policymaking. Between 1997 and 2003, legislators from Argentina’s Northwestern provinces formed a legislative coalition able to pass and sustain a law that protected sugar producers from inexpensive Brazilian imports despite the vetoes of two presidents and the clear opposition of a third president. Palanza and Sin (2013) find
that the only clear indicator of whether the Argentine Congress will attempt to override a presidential veto\(^1\) is whether the legislation can be characterized as “landmark legislation,” which the Sugar Law is not. Based on their work, the likelihood of three override attempts and the two successful overrides is less than half a per cent.\(^2\)

Although the sugar industry plays an important role in the local economies of Jujuy, Salta and Tucumán, its importance within the national economy is insignificant. This makes the ability of these provinces to assemble the supermajorities needed to override two presidential vetoes difficult to understand, considering that they only hold 8.2 per cent of seats in the Chamber of Deputies and 12.5 per cent of seats in the Senate. Moreover, the dispute that erupted between Argentina and Brazil over sugar posed a significant threat to the stability of regional integration (Campbell, 2004). Although the higher prices of sugar may have represented a diffuse cost to the majority of legislators, the possibility of Brazilian retaliation against Argentine exports meant that supporting the protection of sugar producers had the potential to impose significant costs on the constituents of the majority of legislators.

Based on over eighty interviews and the statistical analysis of voting patterns across provinces and across parties, this study proposes an explanation of how and why Northwestern legislators secured protection for the sugar industry in a context of presidential opposition. Doing so provides a clear picture of the political environment that allows the inter-temporal and inter-provincial cooperation necessary for highly localized interests to influence national policymaking in an institutional setting unfavorable to logrolling. The case under study is particularly useful because it helps uncover the role that the economic interests associated with the productive economy play within the legislative process, a factor often neglected in studies of legislative politics in Latin America. As such, this research demonstrates that factors beyond the institutional setting, fiscal transfers, and career paths play an important role in determining the conduct of Argentine legislators and that in the absence of institutionalized enforcement mechanisms inter-temporal cooperation is possible. Provincial interests clearly influence national policy in Argentina outside of exchanges between presidents and provincial actors induced by fiscal transfers.

\(^1\) For a discussion of why the vetoes should be considered sincere and not “veto stunts” see the paper’s supplementary materials: https://www.researchgate.net/profile/Anthony_Pezzola.

\(^2\) Simulated likelihood, author’s calculations based on Palanza and Sin (2013).
One of the most basic principles of democratic governance is the incorporation of constituent interests into policy outcomes. However, in the case of Argentina, Brazil, and Mexico, as well as India and Russia, protecting subnational interests is often interpreted as securing fiscal resources in order to provide material benefits, via patron-client relationships, to political supporters (Ardanaz et al., 2014; Gervasoni, 2010). Defending “provincial interests” is typically framed as the exchange of policy for fiscal resources (Armesto, 2014; Tommasi, et al., 2001; Wibbels, 2005). However, there are both theoretical (Mayhew, 1974; McCubbins, 1993) and empirical (Eaton, 2001; Micozzi, 2013; 2014) reasons to believe that an electoral connection beyond patron-client relationships exists. This research adds to the growing literature on the existence of substantive electoral connections in the region (Cantú and Desposato, 2012; Fernández, et al., 2014; Lehoucq, et al., 2005; Pezzola, 2013; Remmer and Gélineau, 2003; Rodden and Wibbels, 2011; Singer, 2013). This study also adds to the literature on the contextual nature of presidential power in Latin America (Eaton, 2001; Kerevel, 2015; Llanos, 2001; Mustapic, 2000; Shugart and Mainwaring, 1997).

The presence of relatively specialized subnational economies is not unique to Argentina. Economic heterogeneity and specialization is a common characteristic of most developing countries. This research suggests that a country’s economic geography plays an important role in legislative politics. While party politics, subnational political brokers, and political institutions all play a fundamental role in policy formation, we cannot fully understand the conduct of legislators without taking into account the economic interests of the political jurisdictions they represent.

This case study seeks to generate an explanation through the exploration of an outcome currently unexplained in the existing literature. The next section provides a brief history of the conflict over the sugar industry to provide the reader with context. A discussion of the existing literature on the nexus between provincial interests and legislative conduct then follows. The next section discusses the political logic of protecting sugar for Northwestern legislators. An explanation of and initial evidence for the mechanism that allows inter-temporal cooperation across provinces is then offered. The sixth section discusses the political logic that allows Northwestern legislators to enlist the support of metropolitan co-partisans to override two vetoes. The paper concludes with a brief discussion of the findings and their implications for our understanding of politics in federal systems and countries with heterogeneous economic geographies.

The original Southern Common Market (Mercosur) negotiations called for the establishment of a regime liberalizing sugar imports by the end of 1994. However, protests by Argentine sugar producers and Northwestern legislators derailed negotiations. They claimed that the Brazilian ethanol program unfairly suppressed Brazilian sugar prices.

Fearing that the Foreign Ministry would exchange liberalized sugar imports for Brazilian concessions on autos, auto-parts, or domestic appliances, Northwestern legislators began lobbying government officials. Legislators met with the Foreign Ministry’s Secretary of International Economic Relations, Jorge Campbell, with Minister of the Economy and Production, Domingo Cavallo, and with the Secretary of Agriculture, Felipe Solá. In these meetings, legislators stressed the social implications that liberalization would have for the region. Legislators found a receptive audience in both ministers and gained assurances that the government would address the industry’s concerns within the structure of Mercosur (Fellner, 2004; San Millán, 2004; Topa, 2004).

For a few years, the government’s policies paralleled the interests of the northwestern provinces. This changed in mid-1996, when the replacement of Domingo Cavallo by Roque Fernández signaled a change in the government’s policy agenda. By late 1996, it seemed clear that Brazilian sugar would gain free entry into the Argentine market (Díaz Lozano, 2004; Jumberg, 2004). Fearing the liberalization of sugar imports, deputies wrote the “Sugar Law” (Law 24.822), imposing tariffs on inexpensive imported sugar.

Even though President Menem’s (1989-1999) party held a majority of seats in both chambers of Congress and the law directly challenged the commercial policymaking authority and foreign policy agenda of the President, Congress quickly approved the law. The President subsequently vetoed the law (Decree 471/1997). On August 8th, despite the intervention of Minister Roque Fernández and Foreign Minister Di Tella, the Chamber of Deputies overrode Menem’s veto and the Senate reaffirmed the law.3

The conflict over sugar re-erupted in 2000 when 17 Northwestern deputies introduced legislation that indefinitely extended the Sugar Law. Both chambers of Congress quickly passed the legislation.

3 A table with votes by party and province is available in the paper’s supplementary materials.
The extension of the law placed President de la Rúa (1999-2001) in an uncomfortable situation. Shortly after its approval, de la Rúa traveled to the first Summit of South American Presidents in Brazil. Facing pressure from the Brazilian government, de la Rúa promised to veto the controversial law in order to prevent the escalation of retaliatory legislation between congresses. However, in order to pacify Northwestern legislators, before vetoing the law, he extended protection for five years (Resolution 743/2000). The idea was to maintain protection, while negotiations continued within the framework of Mercosur. The sugar industry accepted this compromise, hoping that the support for their industry within the legislature would induce an acceptable solution within the structure of Mercosur.

Once the negotiations with Brazil showed no promise of reaching a satisfactory conclusion, the Argentine Congress addressed the issue again. On November 28, 2002, legislators passed Law No. 25,715, extending protection indefinitely. Following his predecessors, President Duhalde (2002-2003) vetoed the law. Northwestern legislators then organized an override of President Duhalde’s veto in both chambers of Congress.

The ability of the legislators from three of Argentina’s smallest provinces to successfully protect an insignificant industry within the national economy despite direct opposition from the President highlights the need to understand the factors motivating legislators and the relationship between legislators, their national party, their provinces, and legislators from other provinces.

Legislators, Party Politics, and Provincial Interests

There is a growing consensus that subnational interests significantly influence national legislators. Increasingly, scholars see the province as the foundation of Argentine partisan politics (Jones 2008; Lodola, 2011; Micozzi, 2014). Even the president’s ability to influence legislators in her own party depends on the subnational interests at stake and the support of provincial party bosses (Saiegh, 2004). At the same time, provinces represent a key electoral reference, which requires legislators to orient their actions towards local voters (Micozzi, 2013, 2014). This explains why provincial party delegations represent the main determinant of policy design (Calvo and Leiras, 2012). However, the importance of provincial politics within the policy process cannot explain inter-temporal cooperation among legislators from different provinces to protect a nationally insignificant industry. As Spiller and
Tommasi (2007) point out, the lack of an institutionalized environment for policy exchanges encourages short-term strategies among political actors. The lack of enforcement mechanisms and the non-simultaneous nature of exchanges should have significantly restricted the ability of legislators to achieve the supermajorities necessary for two veto overrides separated by several years (Weingast and Marshall, 1988).

The literature on the influence of subnational interests within Argentina’s national policy arena has mainly focused on what Gervasoni (2010) calls fiscal rentierism and has largely neglected how subnational representatives defend the productive economies of their constituents. Provinces usually enter the policymaking process via exchanges of fiscal transfers for support of policies devised at the national level (Ardanaz et al., 2014). Fiscal transfers may be direct: discretionary revenue sharing and infrastructure projects; or indirect: industrial promotion programs, tax-breaks, and debt relief to provinces. The executive uses these transfers to, among other things, induce provinces to support economic reforms (Gibson and Calvo, 2000), maintain partisan harmony and build legislative coalitions (Gibson, 1997; Lodola, 2011), and support partisan clientelistic networks (Calvo and Murillo, 2004). However, fiscal transfers cannot explain inter-temporal cooperation among non-metropolitan legislators to go against the executive.

The ability of presidents to offer fiscal benefits to provinces may provide significant political leverage during times of economic growth, leading to presidential-provincial cooperation and the appearance of weak federalism (Benton, 2009). Benton also points out that the ability of presidents to use fiscal transfers to elicit provincial cooperation does not mean that provinces always conform to national policy priorities when significant subnational interests are at stake. However, failure to elicit provincial cooperation in support of a national policy via fiscal transfers does not explain inter-temporal and inter-provincial cooperation among legislators capable of imposing subnational interests on national policy or of overriding presidential vetoes.

There is a growing consensus that provincial governors significantly influence national legislators, effectively weakening national parties on issues related to subnational interests (Jones, 2002; Micozzi, 2013; Gibson 4 Benton (2009) argues that weak federalism came to an end during Menem’s second term. While it is possible that weak federalism had come to an end by August 1997, despite significant economic growth, stable inflation, and falling unemployment during 1997, strong federalism (weak presidents) on its own cannot explain overrides of presidential vetoes.

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and Calvo, 2000). Legislators become proxies for the interests of their governors. The power of governors stems from their control of local ballots, of positions within the subnational government, of subnational party machines, and of patronage resources. The over representation of “peripheral” provinces in both chambers of Congress force Presidents to depend on a coalition made-up of both “metropolitan” and with “peripheral” legislators (Gibson, 1997). The lack of a unified hierarchical party machine to discipline members forces Presidents to negotiate with multiple, decentralized, and factionalized subnational party organizations. The diversity of interests across provinces and the low levels of ideological coherence that characterize Argentine parties make these negotiations even more difficult.

The Argentine electoral system is a fundamental element in the provincial foundation of the party system. Having control of the closed-list proportional representation electoral system also gives governors control over access to the ballot (Jones, 2002). The lack of relevant primaries also strengthens the hand of governors and provincial party bosses over the political survival of legislators (Jones and Hwang, 2005). Electoral reforms since democratization have played a critical role in developing subnational political strongholds for local political bosses (Falleti, 2010; Gibson and Suarez-Cao, 2010).

Much like the case of Brazil (Ames, 2002; Samuels, 2003) and Mexico (Langston and Aparicio 2008; Rosas and Langston, 2011), Argentine governors influence legislators’ behavior because they have significant control over their political career.5 Most Argentine legislators seek to continue their political career at the subnational level. Control of relevant jobs in local and provincial government provides governors significant leverage over legislators (Kikuchi and Lodola, 2014; Spiller and Tommasi, 2007). This helps transform governors into key political brokers.

Control over extensive fiscal resources allows governors to build powerful political machine and patron-client relationships (Calvo and Murillo 2012; Levitsky 2003). While political brokers perform multiple roles beyond fulfilling clientelistic strategies (Zarazaga, 2014), providing material benefits in order to secure votes remains their most critical function. As

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5 Zucco (2008), Borges (2011), and others argue that greater federal social spending and the Brazilian president’s control over fiscal resources has significantly eroded the power of governors since the 1990s. Kerevel (2015) argues that Mexican governors have limited power over legislators since the 1990s.
such, access to patronage resources provides governors a strategic advantage over other political actors and a central role in Argentine politics (Calvo and Murillo, 2013; Lodola, 2011).

The territorial organization of party politics and the control of critical resources explain the political influence of Argentine governors and their critical role within legislative politics. However, the political influence of governors by itself cannot explain the ability of three small provinces to consistently thwart the interests of three presidents. González (2010) notes that governors can cooperate on regional issues when there are homogeneous interests. However, individualistic behavior tends to predominate over coordination among governors (González, 2010), and the defense of sugar producers did not have direct benefit for governors outside of the northwest. As such, the political influence of governors, by itself, cannot explain the coalition that was formed to override two presidential vetoes.

The difficulty of separating the economic responsibility of different policymakers as well as the importance of clientelism in electoral politics may explain why researchers have found no statistical relationship between subnational economic conditions and voting behavior (Remmer and Gélineau 2003; Rodden and Wibbels, 2011). The lack of evidence of economic voting does not mean that an electoral connection does not exist between legislators and the economic interests of producers in their province. Although patronage, pork-barrel politics, and clientelism may serve the interests of legislators (Calvo and Murillo, 2004; Jones and Hwang, 2005), legislators should also concern themselves with the basic economic well-being of their provinces and constituents. The failure to protect important subnational industries can only harm the image of legislators and their provincial party in the eyes of voters.

Despite a clear theoretical expectation of an electoral connection between legislators and the protection of important aspects of the productive economy of constituents (Cox and McCubbins, 1986; Mayhew, 1974), little research on Argentine politics has been done on the topic. Legislators rarely act proactively to advance subnational economic interests, but they do defend their acquired “rights” and the interests of local industries. Legislators set aside their partisan identities to represent the interests of their provinces against the interests of the national government (Eaton, 2002). Despite being called the most persistent threat to fiscal stability after the

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6 Economic recession may actually strengthen patron-client relationships.
return of democracy and being actively opposed by Argentina’s largest provinces, legislators from a small group of provinces, seeking to protect their local industries, forced the Ministry of Economy to make important concessions to a reform of the country’s regional industrial program (Eaton 2002; Sawers and Massacane, 2001).

During the reform of the country’s value added tax (VAT), legislators also acted to defend the economic interests of their constituents. Fearing that a VAT on cargo transportation would significantly disadvantage producers in Argentina’s interior, legislators began resisting the government’s proposed tax reform. As a result, the government decided to have a separate vote on the issue. The defection of seven Peronist legislators was sufficient to defeat the national party’s proposed tax on cargo transport and protect the interests of constituents (Eaton, 2002, p. 154). Later, legislators from fruit producing provinces blocked an attempt by President Menem to increase taxes on beverages sweetened with fruit juices (Eaton, 2002, p. 164). Eaton argues that legislators sought to protect these interests within their provinces in order to improve the image of their party and its electoral success as a means of furthering their own careers.

Other authors have found evidence of an electoral connection between subnational constituents and legislative activity. Murillo and Pinto (2014) offer evidence that legislators attend politically salient constituent interests, despite incentives to support national party leaders. Pezzola (forthcoming) finds that subnational economic interests influence Argentine trade policy. The career path of legislators may also generate incentives for individual legislators to orient their activities towards their constituencies. Legislators seeking election to provincial offices are more likely to write bills that target their province in order to signal their commitment to their constituents (Micozzi, 2013, 2014).

The Political Logic of Protecting Sugar

Argentine legislators respond to subnational interests because they are elected by specific geographic constituencies. Although legislators may be well served by patron-client relationships, they also concern themselves with the economic wellbeing of their province. The willingness and ability of legislators to protect the substantive interests of producers within their provincial economies played a fundamental role in the ability of Northwestern legislators to protect the sugar industry. For these legislators sub-
national economic interests generated a clear electoral incentive to defect from the government’s policy position (Eaton, 2001). Economic problems at the provincial level may erode the power of subnational political actors (Gibson, 2005). This is why several scholars have recorded coordinated action to protect provincial interests (Eaton, 2001, 2002; Llanos, 2001; Pezzola forthcoming). It also explains why Llanos (2003) finds that 80 per cent of Argentine senators stated that they vote in accordance with provincial interests when they conflict with their party’s policy position and why Murriollo and Pinto (2014) encounter evidence that legislators attend their constituents’ interests even when facing opposition from their national leadership.

Ignoring the needs of sugar producers would have been politically costly for Northwestern politicians. Sugar remains politically salient in the region because of its employment rolls, among other things. Local party leaders, politicians, governors, and individual voters all recognize the importance of sugar production in the provincial economy (Tobchi, 2004). As González (2010) argues, the homogeneity and intensity of interests allow for regional coordination despite the individualistic interests of governors and legislators.7

The intervention of Northwestern legislators on behalf of the sugar industry stemmed directly from its importance within the economies of their provinces. The president of the sugar industry’s principal lobbying organization, Jorge Zorreguieta, indicated that the influence of the industry stems from its role within the sugar producing provinces (Zorreguieta, 2004). According to Jorge Zorreguieta, sugar “is one of the most important products for the provincial economies and, because of this, it has a great deal of influence over the provincial governments and the provinces’ legislators.” César Paz, President of the Centro Azucarero Regional de Tucumán repeated this interpretation of the source of the industry’s political influence; explaining that even the best-organized industry requires the political support of governors and legislators that comes from its role within the local economy (Paz, 2004). Federico Nicholson, Executive Director of Ledesma S.A. (Argentina’s largest sugar producer), explained that sugar production utilizes a great deal of the region’s labor force and this makes it an important political force within the region.8 Sugar employs less than 0.4 per cent of Argentina’s

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7 See González (2010) for the logic behind regional cooperation.
labor force, but employs approximately 11, 6, and 3 per cent of labor in Jujuy, Tucumán, and Salta.9

According to Senator López Arias (2004), Northwestern legislators defend the industry because protecting their province’s economy protects their own political survival. Defending sugar producers unites Northwestern politicians “because all politicians depend on the goodwill of their province” (Jumberg, 2004). Deputy Acenolaza (2004) explained that as a legislator “you represent provincial interests and as a consequence, although you are part of a national political party, you have to attend to the interests of the province”. Defending subnational interests also has a clear political logic for a politician seeking reelection; according to Senator Jenefes (2004), “the senator or deputy that does not attend to the interests of his province … will not have his mandate renewed”. Accordingly, regardless of their political affiliation, representatives could not have allowed the central government to sacrifice the provincial economy. Whether or not a politician believed that protecting the sugar industry was justified, was irrelevant; if protection was eliminated any politician that failed to defend the industry could not have survived the political repercussions (Álvarez 2004; López Arias, 2004).

Even if Argentine legislators do not seek re-election, they must be sensitive to interests within their provinces (Micozzi, 2013). The standing of their party at all levels of government and, therefore, the likelihood of other career opportunities depends on the relationship of the party with voters within specific geographic constituencies. Voters may have short memories, but political opponents and party bosses rarely do. This means that supporting policies to the detriment of their province would significantly reduce the probability of winning a future election or securing a position within the provincial government (Jeneffes, 2004; E. Martínez, 2003; López Arias, 2004).

The implications of a failure to protect an industry go beyond lost production and jobs. It is unlikely that local business interests and voters would continue to support politicians or a political party that willingly sacrifices the wellbeing of the provincial economy for some broader policy agenda. If politicians and their parties sacrificed a relatively important in-

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9 Author’s calculation based on Ministry of Economy and Production (2006) and Ministry of Economy and Production (1994).
industry like sugar because of partisan politics, all industries and voters would have to assume that their interests would be left unprotected, and that is a recipe for electoral defeat (Fellner, 2004; López Arias, 2004; Tobchi, 2004).

On issues of provincial importance, subnational interests successfully compete for the loyalty of legislators. When a conflict exists between the policies proposed by a legislator’s national party and the specific interest of his province, the guidance of provincial political parties and local economic interests determine their position. Horacio Piyo, former Assistant to the President of the Bloque Justicialista in the Chamber of Deputies, clearly explained the importance of provincial interests in the activity of legislators: “[E]ach deputy, even if they are part of the ruling party, responds to their provincial party. … [D]eputies must find a way to justify their actions in the Congress to their province, in order to demonstrate that they are complying with the public interest as well as the interest of the party, of their provincial party” (Piyo, 2004).

When significant competition exists between the interests of national party leaders and provincial interests, provincial interests tend to win or at least modify policy in such a way as to regain legislative support. This does not mean that parties lack cohesiveness and discipline. It simply means that subnational interests can supersede the agenda of the national party (Pasquani de Acosta, 2004). Even Deputy Elida Paquani, who believes that an absolute centralism characterizes Argentine parties, admitted that legislators act as a unified provincial block to protect provincial interests (Pasquani de Acosta, 2004). When policies significantly affect a province, legislators intervene and manifest the priorities of the provinces regardless of party affiliation (Arcienaga, 2004). According to Senator Arias Lopez, “when the issue is important for the provinces that we represent, generally we set aside our party affiliations in order to work together as a single political force and defend the interests of our province” (López Arias, 2004).

**Coalition Building Across Provinces**

What is important to one group of legislators does not have to be important to another or to the nation as a whole. This raises the question of how a small group of legislators imposed their will on three presidents when protecting sugar did not directly benefit the vast majority of legislators. For Northwestern legislators the first step in enlarging their coalition was enlisting the support of other provinces with specialized economies.
Provincial delegations from “peripheral” provinces tend to defend each other’s interest because most of Argentina’s provinces have high levels of economic specialization (Lix Klett, 2004; López Arias, 2004; M. Martínez, 2004). Argentina may generally lack the institutional structures to encourage inter-temporal policy agreements among legislators (Spiller and Tornamasi, 2007), but conditions do exist that allow a stable coalition to emerge among legislators from provinces with relatively specialized economies. Eaton (2002, p. 139) points out that “legislators can best further their careers by behaving in ways that increase the electoral performance of their party”. The electoral success of provincial parties determines their access to critical electoral resources and jobs. This means that legislators from provinces with relatively specialized economies generally act as proxies for their provinces and not as individuals seeking reelection by catering to a specific constituency within a district. The low likelihood of significant economic diversification of these provinces stabilizes the preferences of legislators on related issues.

Under conditions of stable preferences, Bernholz (1978) demonstrates that inter-temporal logrolling to defend the different interests of the members of a coalition is stable if votes are not seen as unrelated acts. As long as each member is relatively certain that their issue of importance will occur in the future, the costs of leaving the coalition can induce members to vote several times, over a long time span, on the behalf of others without receiving any benefits. This is because leaving the coalition guarantees that they will not have the support of others the next time their issue arrives.

The stability of interests of legislators from other peripheral provinces and the certainty that issues of importance to their subnational economy would eventually come onto the legislative agenda allow for the formation of a stable coalition among non-metropolitan provinces. Representatives of non-sugar producing provinces supported the northwestern provinces because the defense of their interests has always and will always depend on the support of Northwestern legislators (Álvarez, 2004; Díaz Lozano, 2004; Jeneffes, 2004; López Arias, 2004; M. Martínez, 2004; Topa, 2004). They know that “if they abandon a region, the consequence would be that others would abandon theirs” (Lix Klett, 2004). This generates a stable coalition between legislators of different provinces in defense of subnational interests (Lix Klett, 2004; López Arias, 2004; Jumberg, 2004).

When dealing with issues important to provincial economies, legislators from small provinces defend each other’s interests. Without inter-temporal
cooperation, specialized provincial economies “would always be discrimi-
nated against by the larger [and more diverse] economies” that dominate
the Chamber of Deputies (Topa, 2004). According to Senator Jeneffes, “all
of the regional economies unite to defend each other’s production. The
representatives of the northwest defend the regional products of Mendoza
and San Juan, because they know that Mendoza and San Juan will protect
the regional economy of their province. … This cooperation is not new; it
has always existed” (Jeneffes, 2004). Although not stated explicitly, legisla-
tors from these provinces are clearly engaged in the stable coalition de-
scribed by Berholtz (1978).

If inter-temporal cooperation exists among legislators from small prov-
inces, then we would expect deputies from the other non-metropolitan
provinces (independent of their party affiliation) to be more likely to have
supported the Sugar Law than deputies from the metropolitan provinces.
Table 1a presents the results of two simple logit models of the votes to
override Menem’s and Duhalde’s vetoes. The results clearly indicate that
non-metropolitan legislators were more likely to support the overrides than
were their metropolitan counterparts. Table 1b presents the estimated
probabilities of voting for the overrides by region and party. Deputies from
non-metropolitan provinces other than Jujuy, Salta and Tucumán were, on
average, 15.1 per cent more likely than their metropolitan counterparts to
support the overrides. These results also hold when the party affiliation is
taken into account. Legislators of the Partido Justicialista (PJ), Unión Cívica
Radical (UCR), and of other parties from the other non-metropolitan prov-
inces were, on average, 11.2, 12.1 and 14.7 per cent more likely to vote in
favor of the overrides than were their metropolitan counterparts. Of course,
two simple regression models cannot fully capture the causal process be-
hind the voting patterns of legislators, but results clearly fit the expectation
of support among non-metropolitan legislators.

Cooperation among legislators from Argentina’s small provinces makes
sense. Logrolling is a standard means by which individuals or small groups
advance their interests. However, even if the northwestern provinces se-
cured the support of every non-metropolitan legislator, they would only
have had the support of a minority of the House of Deputies, far from the

\[\text{\footnotesize Since it is common practice for legislators to voice opposition by simply not voting once the}
\text{\footnotesize outcome of the vote is clear, the models categorize any non-positive action (ney, abstain, absent) as a negative outcome. See the paper’s supplementary materials for a full description of the model and diagnostics.}\]
### TABLE 1A. Logit Models of “Yea”* Votes for 1997 and 2003 Veto Overrides (pooled data)

<table>
<thead>
<tr>
<th></th>
<th>Model 1</th>
<th>Model 2</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jujuy, Salta, or Tucumán</td>
<td>2.17 (0.611)</td>
<td>2.27 (0.617)</td>
</tr>
<tr>
<td>Other non-metropolitan provinces</td>
<td>0.70 (0.206)</td>
<td>0.59 (0.211)</td>
</tr>
<tr>
<td>Metropolitan provinces</td>
<td>0.44 (0.126)</td>
<td>-0.16 (0.211)</td>
</tr>
<tr>
<td>Member of PJ</td>
<td>0.94 (0.239)</td>
<td></td>
</tr>
<tr>
<td>Member of UCR</td>
<td>0.77 (0.270)</td>
<td></td>
</tr>
</tbody>
</table>

Null deviance: 630.99
Residual deviance: 602.93, 586.61
AIC: 608.93, 596.61
LogLikelihood: -301.47, -298.30
N: 514

Model 2 vs. Model 1

\[ \chi^2_{(2)} = 6.23 \]

*p-value = 0.042


### TABLE 1B. Estimated Probability of Supporting of Veto Override by Region (1997 and 2003)

<table>
<thead>
<tr>
<th></th>
<th>Without conditioning on Party Affiliation (Model 1) (%)</th>
<th>Conditioning on Party Affiliation (Model 2) (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>PJ</td>
<td>UCR</td>
</tr>
<tr>
<td>Salta, Jujuy &amp; Tucumán</td>
<td>93.2 (80.8-97.8)</td>
<td>95.5 (86.3-98.6)</td>
</tr>
<tr>
<td>Other non-metropolitan provinces</td>
<td>75.9 (69.5-81.2)</td>
<td>79.9 (73.0-85.4)</td>
</tr>
<tr>
<td>Metropolitan provinces</td>
<td>60.8 (54.8-66.6)</td>
<td>68.7 (60.9-75.7)</td>
</tr>
</tbody>
</table>

*Source: Argentina, Cámara de Diputados de la Nación, Actas de votaciones, Periodo 115, Exp. 0909-D-97-OD 1799, 6/8/1997 and Argentina, Cámara de Diputados de la Nación, Actas de votaciones, Periodo 121, Exp. 1-S-03, 12/3/2003. Source: Standard errors in parentheses. Simulated 95% confidence intervals in parentheses. All estimated probabilities are significantly different from all other column values at the 5% level, based on a t-test of simulated values.
two-thirds majority needed to override presidential vetoes. Unless national partisan leaders lack any means of controlling their party members in the legislature, Menem and Duhaldé should have been able to block the override of their vetoes and de la Rúa should not have had to extend the Sugar Law. Hence, the question of how a small group of legislators mustered sufficient support to override two presidential vetoes remains.

**Overcoming Metropolitan Opposition**

The ability of northwestern legislators to organize a coalition based on protecting the subnational economic interests of Argentina’s non-metropolitan provinces cannot fully explain why the sugar industry received protection. Over one-third of Argentina’s deputies represent the province and the city of Buenos Aires and another significant portion of deputies represent the relatively industrialized provinces of Cordoba and Santa Fe. Protecting Argentine sugar production would have had limited direct costs for their constituents; however, many of the most important industries in these provinces would have been harmed by any potential Brazilian retaliation and could have significantly benefited from any concession gained by liberalizing sugar imports (Campbell, 2004). Given the weight of these provinces in the Chamber of Deputies, overriding a presidential veto requires the support of representatives from Argentina’s larger provinces and the capital.

Two conditions allowed Northwestern legislators to enlist the cooperation of their metropolitan counterparts. First, Argentina’s national parties can be thought of as a union of a metropolitan and non-metropolitan electoral coalition (Gibson, 1997). The ruling party must maintain this coalition to govern. This generates strong electoral incentives for legislators to support the maintenance of the coalition even when doing so goes against the interests of their constituents and the policy position of the executive. Second, the ability of a small group of legislators from the majority party to block the passage of bills and stall a larger legislative agenda grants these members significant political power within the policymaking process (Holler, 1982).

After Menem’s and President Duhaldé’s vetoes, Peronist legislators from Argentina’s metropolitan provinces had to decide whether to support the efforts of their Northwestern counterparts. Faced with a united nonpartisan coalition of legislators from the smaller provinces, cooperation made strategic sense for metropolitan Peronist legislators. Supporting the
override provided the perfect opportunity to solidify party unity. The former president of the Chamber of Deputies, Deputy Alberto Pierri, explained the relationship between legislators from different provinces as follows: “The party cannot make a member vote against his conscience, but you are expected to make sacrifices, just as they should for you. That is how legislation is passed. When Deputy Fellner came to us with his concerns about the [sugar] industry, we had to take his concerns seriously...He depended on us and we depended on him” (Pierri, 2004). Although no quid pro quo is explicitly identified, it is clear that parties cannot impose discipline on legislators when significant subnational interests are at stake and that supporting these interests is necessary to maintain party unity.

It is also interesting to note that Deputy Pierri attributes legislative success in supporting other members of his party and not a party platform or adherence to the goal of the party’s national leadership. This assessment of cooperation between PJ legislators across districts, fits well with the observation that the party blocs of the PJ and UCR act as coordinating devices, facilitating exchanges among party members and generating support for the initiatives of fellow members across provinces (Calvo and Leiras, 2012).

Especially in situations where a party only controls a plurality of seats, small groups of legislators can effectively hold broader legislative agendas hostage (Calvo, 2011). During the legislative periods under study, Peronist legislators from the Northwestern provinces were “critical” members of any minimum winning coalitions. Even though the Bloque Justicialista held a majority of seats in both chambers of Congress in 1997, the Northwestern members of the PJ, with or without the support of other legislators, were in a position to frustrate Menem’s legislative agenda by simply withdrawing their support. In 2003, the PJ only held a plurality of seats, which further increased the need for coordination among Peronist legislators. These conditions granted Northwestern legislators greater weight within the policy process than their individual votes would otherwise indicate (Brams and Fishburn, 1995; Riker, 1962).

This cooperation can also be seen in the greater propensity of PJ and of the UCR deputies to support the overrides, compared with deputies of other parties in their regions. A second logit model has been estimated—using dummy variables to identify non-Northwestern legislators by party and region—to measure the differences in the propensity of legislators from different parties in different regions to support the veto overrides (see
As can be seen in Table 2b, members of the PJ and UCR from the metropolitan provinces were, on average, 19.4 and 16.1 per cent more likely to support the overrides than members of other parties from the same provinces. A member of the PJ and UCR from Argentina’s other non-metropolitan provinces is, on average, 24.1 and 19.5 per cent more likely to support the overrides.

These findings fit well with the expectations outlined in the introduction. Not only were deputies from non-metropolitan provinces more likely to support the overrides, deputies from the main national parties had a greater propensity to support the override due to their need to maintain party cohesion. The results also clearly indicate that partisan interests cannot fully explain why non-Northwestern deputies supported the sugar industry, though party affiliation seemed to influence how deputies voted, members of the same party had different rates of support across regions. Instead of thinking of the PJ or UCR as single parties, the results suggest, that at a minimum, we can group members of each party into two groups: those from other non-metropolitan provinces and those from metropolitan provinces.

It makes sense that members of Argentina’s traditional parties would be more likely to support the overrides given that their party infrastructures facilitate the agreements necessary to overcome the collective action problems associated with exchanges between members across provinces. It also makes sense, given their need to protect key industries within their provinces, that legislators and party bosses from non-metropolitan provinces would be more likely than their metropolitan counterparts to support the overrides.

It is surprising that members of the UCR, as members of the opposition, did not have a higher tendency to support the overrides than members of the PJ. This may stem from the relative under representation of the UCR in the Northwestern provinces, limiting the possibilities and benefits of inter-party cross provincial coalition building. It may also stem from the fact that after 2001, members of the UCR were less likely to build these types of cross-provincial coalitions (Calvo and Leiras, 2012).

The desire to maintain party unity played a key role in generating support for the sugar industry within the PJ. Party leaders were clearly concerned about the damage that obstructing the overrides could have caused to inter-party cooperation (Camaño, 2004). Allowing the sugar industry to fail would have alienated legislators and party bosses from the Northwest, placing at risk the larger legislative agenda (Baylac, 2003; López Arias,
TABLE 2A. Logit Models of “Yea”* Votes for 1997 and 2003 Veto Overrides Conditioning on Partisanship by Region (pooled data)

<table>
<thead>
<tr>
<th>Condition</th>
<th>Model 3</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Jujuy, Salta, Tucumán</td>
<td>2.62</td>
<td>(0.598)</td>
</tr>
<tr>
<td>Other non-metropolitan provinces</td>
<td>-2.33</td>
<td>(0.689)</td>
</tr>
<tr>
<td>Metropolitan provinces</td>
<td>-2.69</td>
<td>(0.638)</td>
</tr>
<tr>
<td>Other non-metropolitan provinces</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Member PJ</td>
<td>1.18</td>
<td>(0.419)</td>
</tr>
<tr>
<td>Member UCR</td>
<td>0.90</td>
<td>(0.459)</td>
</tr>
<tr>
<td>Metropolitan provinces</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Member PJ</td>
<td>0.81</td>
<td>(0.297)</td>
</tr>
<tr>
<td>Member UCR</td>
<td>0.68</td>
<td>(0.342)</td>
</tr>
</tbody>
</table>

Null deviance 630.99
Residual deviance 587.17
AIC 601.17
logLikelihood -293.60
N 514


TABLE 2B. Predicted Probability of Voting in Support of Veto Override

<table>
<thead>
<tr>
<th>Salta, Jujuy and Tucumán (all parties) (%)</th>
<th>Other non-Metropolitan Provinces (%)</th>
<th>Metropolitan Provinces (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>93.2 (80.8-97.8)</td>
<td>76.7 (64.4-85.6)</td>
<td>64.6* (52.9-75.2)</td>
</tr>
<tr>
<td></td>
<td>81.3 (72.9-87.4)</td>
<td>67.5* (58.5-75.4)</td>
</tr>
<tr>
<td></td>
<td>57.2 (40.6-72.3)</td>
<td>48.1 (37.5%-58.9)</td>
</tr>
</tbody>
</table>

Source: Argentina, Cámara de Diputados de la Nación, Actas de votaciones, Período 115, Exp. 0909-D-97-OD 1799, 6/8/1997 and Argentina, Cámara de Diputados de la Nación, Actas de votaciones, Período 121, Exp. 1-S-03, 12/3/2003. Simulated 95% confidence intervals in parentheses. *All other estimated probabilities are significantly different from each other at the 5% level, based on a t-test of simulated values.
2004) and alienating voters in these contested provinces (Abasto, 2004; Brown, 2004). For these reasons, party leaders signaled indifference on the issue (Vázques, 2004). This does not mean that national party officials supported the overrides; rather, once support for the overrides among party members became clear, national party officials accepted the outcome (López Arias, 2004; Martínez, 2004; Muller, 2004; Menem, 2004). This kept a small group of legislators from holding hostage other important legislation (López Arias, 2004; Jeneffes, 2004).

The logic of cooperation among party members seems contrary to how scholars of legislative studies normally see the interaction between party leaders and members. Normally we would expect party leaders, interested in maintaining the seats from the Northwestern provinces, to whip other legislators in their party to support the sugar industry. In this case, national party leaders took a passive role, allowing Northwestern legislators to build a coalition, under threat of a rebellion that could have jeopardized the party’s legislative agenda.

The ability of a small group of legislators to hinder a national legislative agenda plays a key role in the success of the cross-provincial coalitions in the defense of subnational interests. It also highlights what may be an important condition for the success of this type of inter-temporal and cross-provincial coalition: a core group of legislators with the means and ability to frustrate the passage of important legislation. It is therefore less likely that we would see this type of coalition forming and succeeding to protect the interests of a single small province. Successful coalition formation also seems less likely when the governing party holds a wide majority in Congress (greater winning coalition certainty) and can afford defections on key legislation.

Conclusion

A growing consensus places the foundations of partisan politics within Argentina’s provinces; however, it has been unclear how provinces can cooperate to protect uncommon interests. Institutional characteristics and patron-client relationships can only explain part of the story. When policies pit the interests of all non-metropolitan provinces against national interests, we expect subnational interests to influence national policy outcomes. However, the existing literature does not clearly explain why subnational interests would influence national policymaking when only the interests of a few small provinces are at stake.
Examining how and why legislators secured protection for the sugar industry provides a clear illustration of the importance of economic geography and the interests of producers at the subnational level within the policymaking process as well as the political logic, at the individual level, that ties legislators to subnational interests. Collective action among small provinces to protect the interests of a few provinces, suggests that when important subnational interests are at stake, inter-temporal cooperation among legislators is more likely than previously thought.

The interests of a small group of legislators seldom weld sufficient political clout to influence national politics. Through the formation of territorially based coalitions, legislators can defend the specific interests of their constituencies. The economic specialization of the majority of Argentina’s provinces has generated a tradition of cooperation among provincial legislative delegations in order to defend the individual interests of each province or region. At the same time, the ability of a small group of legislators to disrupt the legislative agenda of national partisan leaders also plays an important role in advancing the interests of small provinces. The need to maintain peace within their party gives legislators and partisan leaders strong incentives to support key subnational interests of co-partisans.

The economic heterogeneity of Argentina’s provincial economies plays a key element in the competition between national interests and subnational interests. Competition between national and subnational interests can only emerge when a significant degree of heterogeneity exists across subnational units. The case of Argentina’s sugar industry is a perfect example of how economic heterogeneity engendered both subnational demands for policy and the political environment that permitted a few legislators to form a coalition capable of shaping national policy on a contested issue.

Given that economic heterogeneity and subnational economic specialization is a common characteristic of most countries, especially those reliant on commodity exports, these findings also help us understand the conduct of legislators in other developing countries. Especially within federal systems (e.g. Brazil, India, Malaysia, Mexico, and Nigeria), heterogeneous economic geography may play an important role in explaining legislative conduct and policy outcomes. Although legislators from larger and more diverse subnational economies tend to dominate legislatures, economic specialization provides legislators from small provinces a mechanism to coordinate across time to protect their diverse interests.
References


______ (2013), “When Parties Meet Voters: Assessing Political Linkages Through Partisan Networks and Distributive Expectations in Argenti-
na and Chile”, *Comparative Political Studies*, 46(7), pp. 851-882.


Cooperating Across Time for Diverse Interests


Interviewees


Jeneffes, Guillermo (2004), Senator (2001-2005), Jujuy, February 27.

Jumberg, Juan (2004), Economic Minister of the Province of Jujuy, February 27.


Paz, César (2004), President of the Argentine Sugar Center, March 6.
Piyo, Horacio (2004), Political Assistant to the President of the Bloque Justicialista in the Chamber of Deputies, May 18.
Tobchi, Hugo (2004), Secretary of Regional Integration, Jujuy, February 9.
Zorreguieta, Jorge (2004), President of the Argentine Sugar Center, March 6.