Introduction

Presidents have a portfolio of social programs and grants to deliver policies and target voters favouring some provinces and municipalities over others within a federation. Some of these programs and grants can be quite insulated from political discretion and pressures (we call them programmatic), while others are usually discretionary, or very easy to manipulate politically.

Scholars have long studied the politics behind the distribution of discretionary grants and the conditions under which incumbents choose to craft programmatic policies. In terms of what is often referred to as geographically targeted-spending, presidents tend to disproportionately favour allied territories when distributing discretionary funds. The established literature shows that voters are often targeted to support political parties via a top-down strategy of distribution, as well as subnational politicians in federal countries, who are often targeted with federal funds in order to favour support in congress or influence the legislative arena. We know the top-down provisioning of public funds to constituent units is a powerful tool available to presidents to either generate political loyalties or penalise political enemies.

On the other hand, the well-established positive political economy literature provides some convincing accounts as to why politicians decide to invest in broad programmatic policies that tend to be less geographically targeted. According to Stein et. Al (2004: 40), this type of spending is assumed to be more likely to treat all units equally. The established literature shows that the incentive to provide broad public goods is shaped by electoral rules and the extent of party system nationalization (Cox and McCubbins 2001; Lake and Baum 2001; Hicken and Simmons 2008; Hicken, Kollman, and Simmons 2015). Based on research of Latin American countries, Castañeda-Angarita (2013) finds support for this established finding,
but adds that the larger a president’s coalition is in congress, the more likely he or she is to distribute national public goods as broadly as possible.

Rodden and Arretche (2004) show that this premise holds true even in Brazil, where a majority party is absent, yet the president appears to prefer broad national goods over geographically targeted spending because votes from all states are equally valuable. As presidentialism in Brazil is not framed as a winner-take all game given the extensive size of its governing coalitions, it becomes plausible to suppose that a nationally-based power-sharing logic means that the president may not be overly concerned with the political effects of distributive spending at other levels of government, as long as she or he can claim the bulk of the electoral credit for such spending. Moreover, in robust federations like Brazil and Argentina, the strength of governors may make it harder for presidents to directly credit-claim for locally targeted spending such as direct transfers to build small public projects or to reward provincial-level brokers. This means that despite having low levels of party nationalization, presidents in many Latin American federations may still have an electoral incentive to promote spending on national non-targeted goods (defined herein as national poverty alleviation and social protection programs), if it entails that they can directly credit-claim for such spending and all votes are valuable from all units.

The existence of within-country variation of redistributive spending strategies therefore remains highly understudied. We have a very limited understanding about the interaction between discretionary and programmatic spending. Although the literature sheds crucial light on the conditions that incentivize discretionary spending versus spending on broad national-oriented programs and vice-versa, we know less about why presidents choose to implement both, especially considering that dominant party system characteristics and the political logic of electoral competition are hypothesized to favour one strategy over the other for electoral impact. In this study therefore, we ask why some presidents keep discretionary grants in their portfolio of policies, even when they decide to enhance programmatic ones. Most importantly, which territories do presidents target with these funds and why? Why do some provinces receive considerable particularistic goods from discretionary spending, versus others that receive less, yet simultaneously benefit from national public goods spending vis-à-vis non-contributory social programs? As a final
exploratory exercise, we also intend to probe the consequences of combining dual strategies of targeting some units with one type of spending, and others with another. Ironically within a federal setting, discretionary spending is designed to promote diversity while programmatic spending is designed to promote unity.

Data and Methods

Applied to a single-case, Argentina, we propose to solve our research puzzle with a qualitative argument that relies on existing theory that has established various factors as being the main determinants of top-down distributional spending. In order to examine the dominant hypotheses within our cases, we apply a method of deductive process tracing. This is because our goal it to refine existing theory by figuring out whether the theoretically constructed mechanisms we elaborate on below, are indeed the ones that explain why the president chose one strategy over another, or a combination of both, in what we define as ‘least-likely’ cases. In order to select our cases, we focus first on analysing public spending with a high distributive impact that has the power to horizontally distort equity within a federal country. That is transfers over which the central government exercises a high degree of discretion: primarily public infrastructure. Second, we focus on non-discretionary spending from programmatic policies such as workfare and conditional-cash transfer programs (CCTs), “policies of subsidization” where presidents have both less discretion and control over the effects of such spending. We then select our cases on the basis of which kind of strategy dominated across our period of analysis and whether or not there is variation on any of the suggested variables from the existing theories that seek to explain our outcome of interest.

It needs to be highlighted that our emphasis is in uncovering the scope conditions that explains both ‘why’, and ‘how’, a president optimizes national-provincial relations in those provinces that are most punished by discretionary federal spending- the so-called electoral enemies. We thus set out to establish causal inferences-our goal as is characterized by Bennett (2015), is not to “soak and poke” in order to inductively generate a new theory, but rather to existing theories to further understand why governors that were predominantly punished by being allocated low levels of discretionary spending were being otherwise
rewarded through the allocation of programmatic policies. We thus consider at the outset several plausible hypotheses derived from well-established theories that are equally probably in our cases at the outset.

Using original data on federal infrastructure for the period of 1999-2009 and spending on national non-contributory social programs for the 24 provinces in Argentina for the period 2003-2012, we find that powerful presidents penalized opposition districts when they distributed federal infrastructure funds. This implies that the well-established political-alliance hypotheses from the political economy literature (core, swing, opposition) remain plausible for discretionary spending. However, we also observe that the more populated provinces, particularly but not exclusively those who were part of the opposition, are also punished. This observation therefore throws into question whether or not is it true that only opposition governors are punished within the logic of Argentine discretionary spending (i.e. that political alignment or partisanship is the main causal mechanism as to why governors are punished or rewarded with distributive federal spending). Within our case studies, we further make the observation that some governors from these otherwise allied districts but who are from highly populated provinces, are also the main electoral challengers to the president. Therefore we suggest that the probability of the president allocating discretionary federal infrastructure funds in politically allied, yet highly populated urban provinces, decreases in contrast to the probability that politically allied provinces (which are largely overrepresented in Congress and needed by the president to govern) are awarded with federal infrastructure spending. We also consider the alternative hypothesis that the more populated urban provinces are rewarded with programmatic social policies in order to contain social protest and social tensions within these crucial territories. The protest hypothesis in and of itself however, does not offer a complete explanation as to how a president optimizes one spending strategy in these locations versus another. Our challenge therefore is to use our cases to find evidence to refine the existing theory as to which of the scope conditions (protest, poverty, or political/electoral factors) within our cases selected, provide the most probable explanation as to why governors that were punished by national discretionary spending, were alternatively rewarded by social program spending from a top-down national redistributive strategy.
Building the central hypotheses from the literature.

The literature on the electoral effects of programmatic policies such as CCTs in Latin America, suggests that non-contributory welfare programs generate pro-incumbency effects through increased spending and increased voter participation (Hunter and Power 2007; De la O. 2013; Zucco 2013 *inter alia*). When this hypothesis is considered relative to the main hypothesis for discretionary spending using an implicit Bayesian logic however, we are able to examine how various strategies of distributive spending in Argentina are used as a mechanism to define the boundaries of the president-governor relationship. Our central claims is that whether the president decides to allocate discretionary vs. non-discretionary spending or both, is a rational intent to shape the national-provincial relationship and sends signals to voters in these provinces. Moreover, we know this mechanism interacts with the contextual factors of the provinces we are examining. Our research design therefore is based on a probabilistic ontology.

In the case of Argentina, a country where the spatial distribution of the PJ’s electoral support incentivizes discretionary spending, we observe that the territorial winners of national public goods spending are the losers within the dominant fiscal game played by the president. The governors that lose are also traditionally the electoral challengers to national power. Governors in these provinces that loose however, also had the largest share of poor inhabitants during the years of our analysis, and they had to manage a significant amount of social turmoil and conflict. Several important non-geographically targeted means-tested programs such as PJJHD, Plan Familias, and AUH, were created over the years of our analysis that redistributed national funds to these same provinces. In contrast to discretionary spending on particularistic goods, these programs were specifically designed to cut out political intermediation. Our main empirical observation is therefore that lower levels of discretionary spending are indicative of higher levels of collective welfare spending vis-a-vis national poverty alleviation and social protection programs.

Based on our reading of the literature that we discuss in greater detail below, we suggest there are two pairs of rival hypotheses derived from the established theories regarding the two types of spending.
Non-Discretionary:

**H1:** The president allocates non-discretionary social spending to quell protest/social turmoil

**H2:** The president allocates non-discretionary social spending to seek incumbent vote support and increase voter turnout.

Discretionary:

**H1:** The president allocates discretionary funds to reward allied governors and voters for their support

**H2:** The president allocates discretionary funds to build subnational alliances in swing and opposition territories.

The most well established findings in the literature on the politics of distribution of discretionary grants are that presidents tend to favour politically allied more than opposition districts. The main discussion behind this finding is why they do that. Scholars argue that presidents influence the budgetary process following electoral expectations: they allocate more funds in districts were they expect larger electoral benefits and returns. Those districts that are not expected to generate electoral or political returns will be excluded from federal non-earmarked investment. For Cox and McCubbins (1986, 379), the optimal strategy for risk-averse candidates is to distribute to their re-election constituency and over-invest in their closest supporters to maintain existing political coalitions.¹

There are several theoretical reasons why presidents may target funds to their re-election constituency. For Cox and McCubbins, cooperation between the president and members of Congress is enhanced when one is the party leader and the others are co-partisans. But for other scholars, the president could also target core supporters to prioritize the needs of politically important constituents (Kriner and Reeves 2015) or to further his legislative agenda by directing spending to specific legislators (McCarty 2000). It may also be that the

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¹ Several authors supported this claim with empirical evidence from the US (see Carsey and Rundquist 1999; Levitt and Snyder 1995; Anderson and Tollison 1991; Couch and Shugart 1998, contrary to the findings of Wallis 1989, and Wright 1974) and the comparative experience (see Arulampalam et al. 2009). Lindbeck and Weibull (1987, 289), in contrast, argue that presidents spend funds in swing districts (those with a high proportion of relatively unattached voters or in which the incumbent won or lost by a narrow margin) because these regions have larger electoral power than secure ones. Some authors (see Wallis 1989; Wright 1974) found empirical evidence in the US and some comparative analyses support this claim (see Magaloni et al. 2007, 202; Brollo and Nannicini 2012, 742; Dahlberg and Johansson 2002).
federal administration prefers to allocate funds to governors with the same policy preferences (Larcinese et al. 2006, 448; 2013) or to districts in which interest groups are powerful (Larcinese et al. 2013, 874).

Although this literature provided crucial insights to understand the politics of distribution of discretionary grants, a major shortcoming is that its claims cannot account for why presidents decide to keep some programmatic policies that cannot be manipulated politically, being allocated to (and thus favouring) both allied and non-allied districts alike.

Alternatively, the most established finding in the literature on the politics of broad national welfare spending is that presidents tend to favour programmatic spending, which is assumed to treat subnational units more equally, when party nationalization is high, and, when politicians compete for broad spatially-scattered constituencies (Castaneda-Angarita 2013). The logic underlying the discussion at to why a president choses one strategy over another, is that it is widely believed that non-discretionary spending, like discretionary spending, also motivates voters to cast their ballots for the national incumbent. In fact, for many authors, programmatic distributive policies may still be classified as ‘clientelism’ depending on how said programs are implemented (Brun 2014, 4). In Argentina, we see over time that cash-transfer like programs involve less political intermediation over time. Thus, even when national spending is distributed to broad social constituencies that may or may not be concentrated within certain provinces, this does not entail that ‘capture’ does not incur, which would imply a direct transaction that Kitschelt and Wilkinson equate to as “clientelism accountability” (2007).

Case Selection

Our cases selected are all positive in that they benefited substantially from non-discretionary social spending versus infrastructure spending at the provincial level. Within them many mayors continued to benefit from both types of spending. It needs to be reiterated that our case selection criterion is for the governor to have been a loser in the dominant federal-provincial game based on the established logic of discretionary spending. We then consider the observable implications that should be present for either hypotheses
to be true; then we examine the evidence in the cases where the president chose clearly one strategy over the other, we then seek preliminary conclusion and finally, we aim to discuss the implications of our findings to help understand other cases in Latin America, and to contribute more broadly to the comparative literature on how a province’s characteristics shapes the president decision to allocate broad public goods versus geographically-targeted goods.

We use original data on federal government infrastructure spending between 1999 and 2009 collected from the National Budget Office to classify our the entire population of cases in Argentina. Total infrastructure funds include transfers from the central government to the provinces from eighteen budget programs of the Ministry of Federal Planning, Public Works, and Services. All values are reported in thousand Argentine pesos (AR$), per capita, in constant values, and transformed into the natural logarithm to normalize the data.

The relevance of studying the allocation of infrastructure funds is twofold. First, these are crucial funds central governments have to correct territorial inequality. Second, these territorially redistributive funds have increased substantially in the last decade – 429 percent in real terms in Argentina, 280 percent in Colombia, and 108 percent in Brazil - becoming one of the most important redistributive tools in the hands of the central government.

On the other hand, the president has discretionary power over its allocation. We construct a simplified classification of provinces according to their structural characteristics. We divide the federation into two main regions, as Gibson (1997) and Gibson and Calvo (2000) do. We label them central pampas and interior provinces. In Argentina, the more developed and populated pampa region includes the provinces of of federal government infrastructure spending between 1999 and 2009 collected from the National Budget Office to classify our the entire population of cases in Argentina. Total infrastructure funds include transfers from the central government to the provinces from eighteen budget programs of the Ministry of Federal Planning, Public Works, and Services. All values are reported in thousand Argentine pesos (AR$), per capita, in constant values, and transformed into the natural logarithm to normalize the data.

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2 *Oficina Nacional de Presupuesto*, or ONP, Ministry of Economy. It is the first time that data on the territorial distribution of public infrastructure is systematically gathered for Argentina. We collected these data by reviewing ONP’s official documents (*Cuenta de Inversión*), for eighteen budget programs, for each of the provinces in each year of the series for which we have available data. We received important help of several research assistants (including a geographer who helped us georeferencing each of the budget items).

3 The original data in current pesos were deflated using the index of construction costs (ICC) reported by INDEC (base year is 1993=100). The models for the three cases were also calculated using the dependent variable in U.S. dollars and substantive results remain very similar to those reported.

4 These funds represented almost 8% of the total budget in Argentina in 2006, almost 3% of the total Brazilian budget in 2011 and 2% of the Colombian budget in 2011.

5 In Argentina, the federal executive can re-allocate budget items approved by Congress, making use of the so-called executive “extraordinary-powers.” In Brazil, the president has the final decision over the budget law, which is approved by Congress but it is not mandatory.
Buenos Aires, Córdoba, and Santa Fe. We also include, for analytical reasons, the Federal Capital.

The other provinces are the less populated interior, which we further divide into the relatively more developed Southern Patagonian provinces and the less developed Northeastern and Northwestern provinces.

We select four crucial positive cases for our analysis that fit within our criterion stated above (see table below): the Federal Capital, Córdoba, Buenos Aires, and Santa Fe. These are all cases that received few infrastructure funds but were compensated with programmatic transfers. They also demonstrate variation on the theoretically hypothesized scope conditions in terms of political alignment and poverty. We also select Santa Cruz as a crucial negative case. This province received a massive amount of discretionary transfers but few funds from programmatic social funds.

Table 1: Typological theory of Argentine Cases

<table>
<thead>
<tr>
<th>Theories of Expected Outcomes</th>
<th>Logic of Discretionary Spending (Cox, McCubbins)</th>
<th>Quelling Social Turmoil (Giraudy, Lodola, etc)</th>
<th>Fiscal Federalism</th>
<th>Presidential Contender</th>
<th>Empirical Outcome</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cases</td>
<td>X1</td>
<td>X2</td>
<td>X3</td>
<td>X4</td>
<td>Y1</td>
</tr>
<tr>
<td>Capital</td>
<td>Governor Position (Allied/Opposition/Swing)</td>
<td>Structural Factors (High Population and High Poverty)</td>
<td>Economic Conditions</td>
<td>Yes or No</td>
<td>Ranking (preferred for social spending)</td>
</tr>
<tr>
<td>Cordoba</td>
<td>Opposition</td>
<td>Y</td>
<td>N</td>
<td>3</td>
<td>23</td>
</tr>
<tr>
<td>Buenos Aires</td>
<td>Opposition</td>
<td>Y</td>
<td>Low</td>
<td>Y</td>
<td>2</td>
</tr>
<tr>
<td>Santa Fe</td>
<td>Allied</td>
<td>Y</td>
<td>Y</td>
<td>1</td>
<td>21</td>
</tr>
<tr>
<td>Mendoza</td>
<td>Opposition</td>
<td>Y</td>
<td>N</td>
<td>20</td>
<td></td>
</tr>
<tr>
<td>Salta</td>
<td>N</td>
<td>N</td>
<td>N</td>
<td>19</td>
<td></td>
</tr>
<tr>
<td>Entre Rios</td>
<td>N</td>
<td>N</td>
<td>N</td>
<td>18</td>
<td></td>
</tr>
<tr>
<td>San Luis</td>
<td>N</td>
<td>N</td>
<td>N</td>
<td>17</td>
<td></td>
</tr>
<tr>
<td>Tucuman</td>
<td>N</td>
<td>N</td>
<td>N</td>
<td>16</td>
<td></td>
</tr>
<tr>
<td>Misiones</td>
<td>N</td>
<td>N</td>
<td>N</td>
<td>15</td>
<td></td>
</tr>
<tr>
<td>Corrientes</td>
<td>N</td>
<td>N</td>
<td>N</td>
<td>14</td>
<td></td>
</tr>
<tr>
<td>Santiago</td>
<td>N</td>
<td>N</td>
<td>Y</td>
<td>13</td>
<td></td>
</tr>
</tbody>
</table>
As there is no variation on any of our variables of theoretical interest from a case study perspective for Buenos Aires and Santa Fe—two allied governors; high levels of urban protest; presidential contenders; high levels of social spending compared to infrastructure, we must add two more additional cases. We therefore chose initially to add the case of Cordoba as a positive case to that of Buenos Aires and Santa Fe. These cases would seem to suggest at pre-analysis stage that the probability of the social turmoil/protest hypotheses being true is high. This implication is based on the fact that Cordoba received higher than average per capita programmatic funds even though it was an opposition province and did not have a presidential contender. It did however exhibit high levels of protest, which would increase the probability of the protest hypothesis relative to the probability of the political alignment argument. We have also chosen based on our selection criteria to include the CABA as this is the only positive case where we don’t observe the protest/social turmoil factor, but we do have a clear presidential contender.

**Integrating Analyses of Discretionary and Programmatic Social Spending**

**Discretionary Spending**

As we would expect to hold true for the political alignment/dominant political economy hypothesis, incumbents in Argentina tend to allocate more infrastructure investment to districts controlled by close partisan allies. During the period of analysis, provinces received
109 AR$ per capita on average in infrastructure funds. Those districts which were politically allied with the president received on average 163 AR$ per capita, while those in the opposition got 72 AR$ per capita.

Allied districts in Argentina received, on average, 50 percent more funds than the mean province and 126 percent more than those districts in the opposition. These figures are much larger than what the literature found for general federal spending in the US, and even in other comparative studies.\(^6\)

Powerful presidents not only penalized opposition districts when they distributed federal infrastructure funds, but also the more populated provinces, particularly those in the opposition.

The four most populated districts in the central pampas (Buenos Aires, Capital Federal, Córdoba, and Santa Fe) received on average 29 AR$ per capita compared to 126 AR$ per capita for the rest of the country. The Kirchners severely punished these four big districts in the distribution of discretionary funds, either because they were part of the opposition: Capital Federal (ruled by the PRO, Mauricio Macri, 2007-2015), Santa Fe (ruled by the Socialists since 2007), and Córdoba (governed by the PJ opposition); or because they were ruled by politically allied governors, who were important challengers to presidential power, (i.e., Buenos Aires, ruled by Daniel Scioli, 2007-2015).

These large districts, mostly ruled by the opposition and challengers to presidential power, were followed by three medium size provinces: Mendoza (Julio Cobos, 2003-2007; Celso Jaque, 2007-2011), Salta (Juan Manuel Urtubey, 2007-), and Entre Ríos (Sergio Uribarry, 2007-2015).

\(^6\) In the US, districts and counties represented by members of the president’s party receive about 4-5 percent more; see Berry et al. 2010, 783. In India, Arulampalam et al. (2009) found that a state which is both aligned and swing in the previous state election is estimated to receive 16 percent higher transfers than a state which is unaligned and non-swing. This share is 20.4 percent in Brazil and 17 percent in Colombia (Gonzalez and Mamone 2015).
Presidents favoured politically allied governors. But among them, those from less populated provinces received more discretionary federal infrastructure funds than the rest. These provinces are largely overrepresented in Congress and presidents need them to govern.

Interior provinces received 126 AR$ per capita. However, the least populated Patagonian provinces received 239 AR$ per capita on average, while those in the Northeast got 88 AR$ per capita, and in the Northwest 80 AR$ per capita.

The most benefited provinces were the least populated and close political allies in Patagonia: Santa Cruz was the Kirchners’ home province. Sergio Acevedo (2003-2006) and Daniel Peralta (2007-2015) governed this province during the years of our analysis. They were close political allies with the federal government. As an empirical observation that would fit within the dominant theoretical hypothesis that legislatively over-represented small allied provinces are preferred, this province received 691 AR$ per capita on average, reaching a peak of 1,593 AR$ per capita.

Tierra del Fuego follows Santa Cruz in the list of the most favoured districts. Fabiana Ríos (2007-2015) was also among the closest political allies during the governments of Néstor and Cristina Kirchner. This province received 212 AR$ per capita on average.

La Pampa (Carlos Verna, 2003-2007; Oscar Jorge, 2007-2015), Río Negro (Miguel Saiz, 2003-2011, a Radical K), and Chubut (Mario Das Neves, 2003-2011; he was allied first but then in the opposition), followed them in the list of the major recipients of federal discretionary grants. All of them are sparsely populated districts, ruled by governors who were close political allies with the president. Neuquén was not among the top 10s most favoured provinces.

The next region was the North, though not all the provinces received the same amount of funds: in the Northeast, the sparsely populated and core allies, Formosa (ruled by Gildo Insfrán, in power since 1995) and Chaco (ruled by Jorge Capitanich, 2007-2015) were the provinces that received the largest amount of per capita funds.
In the Northwest, the most benefited districts were La Rioja (Luis Beder Herrera, 2007-2015), Jujuy (Eduardo Fellner, 1998-2007; 2011-2015), San Juan (José Luis Gioja, 2003-2015), and Catamarca (Eduardo Brizuela del Moral, 2003-2011, a Radical K, followed by Lucía Corpacci).

**Exploring Alternative Hypotheses for Social Spending**

In order to explore whether presidents do in fact utilize a dual strategy when it comes to distributing federal funds to the provinces, we contrast our empirical observations above with the distribution of means-tested income programs. Our goal is to understand which provinces the president allocates resources tied to large means-tested income programs like PJHJD, PF, and AUH. We find in contrast with infrastructure spending, presidents disproportionately favoured more populated provinces with large targeted income programs such as PJHJD, a federal workfare program, less so with a CCT named Plan Familias that was implemented through municipalities directly and largely failed, and again we see AUH favouring those large urban provinces with high levels of poverty and protest from 2010 onwards.

Scholars analysing the distribution of the earlier workfare program *Plan Trabajar*, do attribute the allocation of this spending to the extent and severity of protest activity (Lodola 2005; Weitz-Shapiro 2006; Giraudy 2007. The alternative hypothesis however, is that the motive to deliver non-discretionary spending is simply to motivate a large number of voters to go to the ballot box and vote for the national-incumbent, who can directly claim credit for providing such benefits. The provinces we identify as having gained the most from programmatic spending have the largest urban populations of poor inhabitants and are governed by potential contenders for national office. In these more urban and populous provinces, the policy spillover effects and the potential partisan realignments that favour the national incumbent (as observed in the case of CCTS in Brazil), is greater in provinces with larger populations of poor inhabitants. It should be highlighted, that over the period of our analysis, the patterns of policy implementation and policy design from Plan Trabajar, to PJHJD, to Plan Familias, to AUH, decreases the amount of discretion local power brokers have over the delivery of publically provided welfare goods providing preliminary evidence that president utilized them to weaken local patronage machines.
For example, we see that the logic of non-discretionary spending in the provinces changes according to the social program being analysed. *Plan Trabajar*, the first widely recognized federal workfare program with local labour contributions created by President Menem in 1996 (that ran until 2001), although means-tested and considered one of the most important programs of its time covering almost 20% of the unemployed nationally, was largely believed to have been manipulated in order to benefit certain groups, a result attributed to both partisan and protest factors (Lodola 2005; Weitz-Shapiro 2006; Giraudy 2007). Less attention however has been paid to whether it benefited certain provinces over others, and whether by design this was intentional, and how those provinces that did not benefit from these national programs because the have both less protest and less poverty are compensated?

Giraudy (2007) challenges the belief that there were federal motivations behind the Plan Trabajar’s territorial distributions because she finds no significant association between the presidential elections and the program’s allocation. However, evidence of the subsequent emergency workfare program created at the height of the crisis by President Duhalde in 2002, PJJHD, is largely believed to have been used to facilitate President N. Kirchner’s victory in the 27 April elections of 2003, particularly in the urban cone of the province of Buenos Aires, which was decisive for his victory. Plan Trabajar was federally financed, yet manipulated by the provinces to increase the support base of governors in key geographic areas during a time when President Menem had an incentive to court key PJ governors. By contrast, PJJHD was designed as a mechanism to build direct local alliances with local syndicates and civil society organizations that neither the governor, nor the mayors, could easily capture or control. Post-2001, the president had a specific incentive to directly credit-claim for national public expenditure with specific social constituencies. This does not discount the fact that key local party-brokers were able to capture the supply-side inputs that came from labour contributions of PJJHD recipients and use them as a power-generating resource.

Related to the *mala fama* of PJJHD particularly in Buenos Aires Province, the federal government decides to launch a new benchmark programmatic policy. The PJJHD program does continue to pay out to beneficiaries, although its registration was officially closed to
new recipients in May 2002. In 2004, President Kirchner and Alicia Kirchner, the Minister of Social Development, decide to create a new CCT inspired by the successful Mexican and Brazilian CCTS, called Programa Familias (PF).

PF relative to PJJHD however fails, primarily because of design limitations and the politics of its implementation that do not easily avoid governor intermediation as it originally intended (Fenwick 2016). The program had been designed to be administered at the local level and the contrapresaciones (conditions) required municipal level cooperation. The program however never really took off and was discreetly blocked in five provinces (CBA, La Pampa, Catamarca, Neuquén, and Santiago del Estero) undermining its territorial penetration, peaking at just over 700,000 recipients when the program terminated in 2009. The combined total of the two largest nationally financed CCTs, PJJHD, and PT, hit their lowest levels of distribution in 2009, with just over 1.2 million recipients, down 43% since the inception of both initiatives in 2003 (Fenwick 2013).

In 2009, a difficult year for President C. Kirchner because of decreasing economic context and mounting provincially based PJ dissidence (particularly in the province of Buenos Aires), plus the loss her legislative majority in the midterms, the president introduces two major centralizing reforms in 2009, the first was to further nationalize the public pension system, and the second was to end ‘top-down’ both PJJHD and PF by creating the Universal Child Subsidy (AUH), through ANSES, the National Administration of Social Security. According to Etchemendy and Garay (2011), the nationalization of the pension system during the economic downturn from 2008, was fundamental in paying for the massive expansion of AUH. Within the first year of its implementation in 2010, AUH included over 3.6 million families, up 67% from the combined total of the two previous CCTs in 2009 (Fenwick 2013).

Unlike the intended goals of both PJJHD and PF, AUH involves little to any subnational participation, either provincial or municipal. It therefore does not interact with subnational levels of government, civil society groups, or any subnational government agencies and departments. The only level of government that can credit-claim for this social program is the national government and it successfully managed to eliminate all political intermediation. Universal family allowances such as AUH represent a step towards social
policy centralization (Béland and Lecours 2008: 49). AUH is by far the most objective means-tested entitlement program that offers little to no discretion over territorial distribution as it is tied to the family benefits system.

Although programmatic spending is distributed according to means-tested criteria, the provinces exhibit great variation in terms of their socio-demographic characteristics. The central pampas have five times the number of poor inhabitants than the rest of the country. These provinces had an average of 802,000 poor inhabitants per province in 2001 (Buenos Aires had 2,161,064 in 2001). This value was 636,000 in 2010. The less populated interior provinces had an average of 157,000 in 2001 and 123,000 poor inhabitants in 2010.

Empirically for the years we have data, PJJHD covered 17.5 percent of the total poor households of the country on average. Nevertheless, this share varied significantly across provinces. It was 17.2 percent in the case of the interior provinces, but reached 23.4 percent of the poor households in the case of the largest and more populated pampa provinces.

The three largest provinces, which have the largest populations of poor inhabitants and largest amount of protests, were the most favoured. The share of poor households covered with the PJJHD was 18 percent in Córdoba, 20 percent in Buenos Aires, reaching 24 percent in Santa Fe.

On the contrary, the least favoured were the less populated Patagonian provinces (which were, as we saw before, benefitted with discretionary transfers): only 9.7 percent of poor households were covered with PJJHD in Santa Cruz, 9.8 percent in Tierra del Fuego, 11.7 in Chubut, 14.7 in Río Negro, and 15.1 percent in Neuquén. In these provinces the small economic inputs that come from programmatic spending into a community, and, the likelihood of a voter receiving or knowing someone who receives a non-discretionary benefit is greatly reduced.

**Case Analysis**
The governors from the most populated provinces were the key political contenders to presidential power. Mauricio Macri (PRO, Capital Federal) and Hermes Binner (Socialist Party, Santa Fe) were presidential candidates from opposition parties. Both of them controlled large portions of the electorate in their provinces, two of the most important electoral districts of the country. José Manuel De la Sota was a PJ governor from an opposition faction and a presidential candidate from another large district (Córdoba). All these opposition governors contested most of the policies of the presidents in power during the period and run for presidents.

The Kirchners punished opposition districts in the distribution of federal infrastructure funds. But among them, they particularly penalized the largest, most populated provinces, especially those ruled by governors who were running for presidents. The Kirchners did not want governors from these large districts to manipulate discretionary transfers. The Kirchners did not only penalize opposition provinces when the governors were presidential candidates from large populated districts. Both Néstor and Cristina also punished allied provinces when the ruling governor had presidential aspirations and controlled a large and populated province. That is the case of the province of Buenos Aires. This was the most affected district in the distribution of discretionary infrastructure funds despite Daniel Scioli, an allied PJ governor, ruled the province (La Nación, 2013d).

**Buenos Aires**

Néstor and Cristina politically conditioned Daniel Scioli in several ways. First, the two presidents nominated very close vice-governors to hold the governor accountable to them (Néstor nominated Alberto Ballestrini and Cristina to Gabriel Mariotto). The presidents also influenced the composition of the gubernatorial cabinet, appointing loyal figures to the presidents, who played a key role in influencing provincial policies. Silvina Gvirtz and Mariano Cascallares worked in the federal Social Security Administration (ANSES) and got positions in the provincial government in 2011, in the area of education (Dirección General

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7 Julio Cobos, from Mendoza, shared some of these characteristics.
de Cultura y Educación) and pensions (Instituto de Previsión Social), respectively (Lanzini and Erbiti, 2012, p.12).

Second, the federal government controlled a delegation of close partisan allies in the provincial legislature and used it to negotiate the approval of several bills with the governor. Scioli created a political faction to counteract the effect of the Kirchneristas in the provincial government and the local legislative (Clarín, 2012a). Tensions among these factions of the PJ were notorious by late-2011 and erupted by mid-2012, when the federal government and the Kircherista delegation in the provincial legislature pressed the governor to make one of his cabinet member resign based on accusations of human rights violations. The Kirchnerista faction in the legislature also requested the governor to respond to corruption accusations (La Nación, 2012a).

Third, the president built up political alliances with the mayors, bypassing the governor (Clarín, 2012c). In December 2012, the president signed Decree 2609/2012, through which the federal government could transfer federal funds directly to the mayors, circumventing the provincial administrations. In January 2013, the federal chief of staff signed resolution 13/2013 to further support this decree. A member of the federal cabinet publicly recognized that “the main goal (of the federal government) is to strengthen federal public works by arranging them directly with the mayors” and get their political support (La Nación, 2012b). This mechanism enabled municipalities for the first time in Argentine history to directly solicit financial support from the national government, without provincial intermediation. It provided incredible discretion to the head of the ministerial cabinet to distribute government revenues that corresponded to the execution of local responsibilities. The process of distribution was relatively straightforward; a mayor in financial need makes a request of funds, including a statement regarding the financial health of the locality, and an explanation of how the money was spent. In January 2013, $1.129 million pesos were already released from the executive level towards a group of non-specified municipalities, intended to cover municipal salaries, debts, and current expenditure. (La Nación, 24 of

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8 See Decree 2609/2012 at: http://servicios.infoleg.gob.ar/infolegInternet/anexos/205000-209999/206866/norma.htm
January 2013). According to a variety of media sources, this becomes quite problematic in that it increases the ability of the national government to invest directly in municipalities that are political aligned with the President, within a province that may be otherwise seen as an enemy to presidential power such as Buenos Aires. Moreover, because the funds directed towards municipalities are at the full discretion of the Casa Rosada, this mechanism leaves little room for either increased local accountability or transparency.

Larger provinces, especially Córdoba, Santa Fe, and Buenos Aires reacted forcefully (La Nación, 2013a). The Minister of Government of Córdoba, Oscar González, governor De la Sota’s right hand and a strong rival of the president, publicly declared “the intention (of the federal government) is to bypass the provincial administrations and leave the governors “ditched on the side of the road” (“tirados en la banquina;” La Nación, 2013a).

The province of Buenos Aires was severely punished with the distribution of federal infrastructure funds. The few public works it got were mostly negotiated between the Federal Ministry of Planning and the closest allied mayors in the province, such as Fernando Espinoza (from La Matanza), Julio Pereyra (Florencio Varela), Alejandro Granados (Ezeiza), and Martín Insaurralde (Lomas de Zamora) (Clarín, 2012c; La Nación, 2013a). This implies that although the province of Buenos Aires was being punished by being denied national discretionary grants that governors could then use to further their own political ambitions (Gonzalez and Lodola), the president still favoured certain municipalities within the province with discretionary spending. Likewise within the distribution of programmatic policies, we also observe that politically aligned mayors received the bulk of the benefits of Programa Familias.

According to official data received from the office administering Programa Familias within Desarrollo Social, from 2003 to the end of 2005, only ten municipalities received Programa Familias: E. Echeverria, Florencio Varela, Jose C. Paz, Ituzaingo, La Matanza, Lomas de Zamora, Moreno, Quilmes, San Fernando, and Mar del Plata. Except for Mar del Plata that from 2003 to 2007 was governed by one of the earliest Radical-K aligned mayors, Daniel Katz, the remainder of the mayors are were considered then (and many remain so today) the ‘Barons of Kirchnerismo’ in the Conurbano (surrounding urban area) of the City of
Buenos Aires. Buenos Aires actual coverage during the first two years of the rollout stage of this new program was only 11.2% of the ideal making it one of the most poorly covered provinces relative to the others. Moreover because it was only implemented in the municipalities list above, it was not evenly distributed within the province. In contrast to discretionary transfers, programmatic policies are a priori designed not to be captured by a political intermediary. However, confirming Kitschelt and Wilkinson (2007) claim, even programmatic policies can be considered as patronage spending depending on how they are implemented. PF was not free of political intermediation relative to AUH and benefitted the province of Buenos Aires more relative to other provinces within the nation.

Fourth, the president uses fiscal pressures to discipline the governor and traditionally so do the governors to discipline the mayors. Among those pressures, two strategies were the most salient during the Kirchner administrations in the province of Buenos Aires: on the one hand, Cristina Fernández delayed the allocation of mandatory legal federal transfers (coparticipación) to the province. The province was in a precarious fiscal situation during most of the period (the fiscal deficit was over 10 billion pesos in 2012) and needed federal transfers to cope with the basic functioning of the provincial government, particularly the payment of public employees’ salaries. The delay in federal funds put the governor in vulnerable situations, particularly vis-à-vis powerful unions (such as the workers’ confederation, CTA, the public employees’ union ATE, and the provincial teachers’ union, SUTEBA), which threatened the governor with recurrent strikes and mobilizations (Ámbito Financiero, 2012b; Página 12, 2012a). On the other hand, the president delayed or not approved the governor’s request to issue debt. In a context of increasing fiscal imbalances, inflationary pressures, and negotiations with unions, the governor requested the federal government to authorize its request to issue debt. The president delayed or simply refused those requests (La Nación, 2012d). Only after Scioli threatened to declare the state of economic emergency (La Nación, 2012c), the federal administration allocated federal loans and authorized the provincial administration to issue debt and pay for salaries (Página 12, 2012b).

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10 The federal government, through the Ministry of Economy, has to approve any decision of provincial governments to issue debt.
The main goal behind these pressures was to prevent the governor from Buenos Aires to run for president in 2015 and to force him support the candidates decided by the presidential office (Ámbito Financiero, 2012a; La Nación, 2013c). As a member of the presidential cabinet recognized to a national newspaper, “all this pressure is directed to prevent (Scioli) from being a (presidential) candidate” (La Nación, 2013c).

As a result, the president punished the province of Buenos Aires more than any other in the distribution of federal infrastructure funds. Córdoba, Santa Fe, and Mendoza followed this province as the ones that received fewer of these funds (La Nación, 2013d, 2015).

Members of the Radical Party (UCR) denounced there is a “great discrimination” against the province of Buenos Aires. The leaders of all the opposition delegations in the legislature signed a resolution calling on the governor to initiate legal actions against the central government (Clarín, 2012b).

Córdoba

In the case of Córdoba, governor José Manuel De la Sota and president Néstor Kirchner had a close relationship at the beginning of Kirchner’s term in office in 2003. De la Sota supported him as a presidential candidate. However, tensions between them began shortly after. In 2004, the governor backed up local farmers in a conflict with the federal government. That conflict erupted in 2008, when Juan Schiaretti, De la Sota’s candidate, was governor and Cristina Fernández was president (La Nación, 2011a).

During the roll out stage of Plan Familias from 2004 to 2006, Córdoba’s level of coverage is 17.1% of its ideal based on this social program’s formula compared to other provinces such as Mendoza, whose governor was a formal member of the governing coalition where the coverage reached 43.9% it the ideal within less than two years of roll out. Thus similar to the province of Buenos Aires we see a high rate of exclusion for this program within the province requires subnational acquiesce in order to be implemented.
De la Sota was reelected governor in 2011, in a campaign in which Kirchnerism did not participate. De la Sota and Schiaretti made constant demands to the federal government for 1.173 billion ARS due to arrears with the Provincial Pension Fund, and public works, mostly housing plans and roads (Ámbito Financiero, 2011). The federal Minister of Economy, Hernán Lorenzino, denied this debt and accused the governor for having political aspirations behind this claim, given that De la Sota is a possible candidate for the presidency (TN, 2011).

Both the governor and the federal government escalated in the conflict. De la Sota contended that “Córdoba does not ask for any help from the national government; we just want to get paid,” denouncing that for the federal government, “everyone who does not agree is an enemy” (La Nación, 2013b). In July 2012, the governor filed a lawsuit against the federal government in the Supreme Court of Justice, demanding it to pay for those funds. This conflictive relationship continued during all of CFK’s term in office (La Voz del Interior, 2013).

De la Sota resisted strong pressures from Cristina Kirchner to impose the candidate for vice-governor and to impose the lists of candidates to federal members of Congress (La Nación, 2011a). That was a key difference between him and the case of Buenos Aires. “They (the members of the national cabinet) attack us because, for them, Córdoba is a bad example. Would we do better if we were exposed to the humiliations and extortions of the national government? Ask the Province of Buenos Aires how they are doing,” De la Sota said, alluding to the Buenos Aires governor, Daniel Scioli (La Nación, 2013e). However, both governors shared some similarities: they both were presidential candidates and had to struggle with the federal government to get funds for their provinces (La Nación, 2011b).

On top of that, most governors, but particularly those from highly indebted, as the largest provinces, had to negotiate recurrently debt-reprogramming schemes with the federal government. Cristina launched the Federal Debt Elimination Program in May 2010, which allowed refinancing debts of 18 districts for USD 65 billion. Since the 2014 budget did not extend it, the federal government designed quarterly extensions that governors had to negotiate (Clarín, 2014). Those negotiations were used politically to discipline both allied and opposition governors.
The federal government also severely punished Córdoba in the distribution of federal infrastructure funds. Presidents penalized these opposition governors, particularly those from the more populated provinces of Buenos Aires, Córdoba, and Santa Fe, in the distribution of discretionary grants, because these governors were contenders to presidential power, controlled a large share of votes, and were all of them presidential candidates.

The Kirchners distributed federal infrastructure funds to a coalition of less populated, overrepresented, and politically allied provinces (La Rioja, La Pampa, Tierra del Fuego, Catamarca, and Formosa) (See La Nación, 2010a and 2010b, 2013, 2015). Among them, the most benefited was their home province, Santa Cruz.

**Some preliminary conclusions**

Based on very preliminary sketches of the selected case studies that we intend to develop further, there are observable implications that the distribution of programmatic and discretionary spending was intentionally used during the Kirchner presidencies as a mechanism to define the president’s relationship with the governor and also to send a signal to voters about the costs of this relationship. In our selected cases of Buenos Aires, CABA, Cordoba, we observe that the key scope condition that impacts presidential spending decisions is the governor’s aspiration to run as a presidential challenger. This empirical observation seriously reduces the plausibility of the political alignment hypothesis of the political economy literature because we observe that not all ‘allied’ governors are infrastructure winners, and not all opposition governors are punished by national spending initiatives.

We observe that whether the presidential contender was a partisan ally such as Scioli in Buenos Aires, or a staunch political opponent such as Binner in Santa Fe, or a PJ dissident such as de la Sota in Cordoba, presidential spending decisions towards these provinces was conditioned by each governor representing a real threat to presidential power. Hence the presidential power to use distributive spending (discretionary or non-discretionary) is a mechanism to control the presidential-governor relationship given how limited the
Argentine president’s ability it to control the provinces. Our narrative does not produce evidence that confirms presidential spending strategies were used as a direct mechanism to influence subnational voting behaviour, as is suggested in either the discretionary or non-discretionary hypotheses we laid out at the beginning. Rather we see it as sending a signal to voters that Scioli and De la Sota would have to go it alone in terms of provincial level spending.

For allied governors in the less populated Patagonian provinces such as Santa Cruz, which we intend to include in a later draft as an extreme negative case (a real counterfactual), the decision of the president to distribute infrastructure funds to the preferred Patagonian territories frames the president in the province as a “provider” of good things like schools, bridges, and road works. The president as provider allocates discretionary funds that benefit both the community and the governor directly. This is because provincial power brokers can capture local infrastructure projects funded by national monies.

However, we see that when presidential aspirations are present such as in the case of Buenos Aires, CABA, and even in Cordoba, the president no longer has an incentive to appear as a provider. In these cases, we observe that because of alternative conditions such as high levels of poverty, large urban populations, plus the presence of protest and social turmoil, the president adopts an alternative spending strategy after the failure of Plan Familias under the new benchmark program AUH. Once political intermediation has finally been eliminated and only the national government can claim credit for spending on this program via ANSES, we begin to see its coverage increase towards each province’s ideal. As our positive cases included herein are among the largest populated with the highest levels of poverty they are the top two recipients of this social program. Here, we see the president optimizing programmatic social spending as a mechanism that in contrast to De La Soto’s statement, the province does take national government help. This signals that the president is a “saviour” for families in the province that are socially vulnerable.

We observe that over time, from the non-contributory social programs of PJJHD to AUH; these social programs are increasingly better designed, top-down, to avoid governors, local capture (mayor or civil society orgs), and any type of political intermediation. Hence with
this type of distributive spending, the province’s relationship to national government becomes based on social need. The nature of this relationship is fundamentally important to the aspirations of any governor with presidential aspirations. It is the president who is in control of programmatic spending and its outcomes. Whether the empirical outcome is a quelling of social turmoil and protests, as is the case of Buenos Aires with PJJHD in the 2000s, or an actual relief of poverty as we see in the case of AUH towards the end of Cristina’s presidency, the “saviour” nature of this federal-provincial relationship is determined by the president’s decision to use non-discretionary spending as a strategy to undermine governor power beyond it already having been punished by decreased access to discretionary spending. The result of this dual strategy is to have impact upon the governor’s presidential aspirations. This is in stark contrast to the president’s decision to use discretionary spending as a tool to reward the governor and/or mayor allowing him or her to provide for the community through particularistic goods, a mechanism which enhances the power of a subnational executive.

We therefore contend that the logic of one type of spending versus another within a federal system of government such as Argentina’s cannot be researched exclusively. Both types of spending interact and we contend that distributive spending is used by the president as a mechanism to control their relationship with the governor, and, to send a signal to voters within that territory that can tarnish the governor’s presidential aspirations. The outcome of the decision to use one strategy versus another can only be understood within the context of each case. We find little plausible evidence in our case to either confirm the political alignment (core, swing, opposition) argument. We also show the protest/social turmoil hypothesis as causally incomplete. What we have suggested here used a deductive logic that traces our case studies in an effort to find evidence to increase the probability of one hypothesis relative to another, is that the president’s decision to allocate discretionary vs. non-discretionary spending in one province compared to another, is conditioned by the president’s need to control the president-governor relationship; a logic that cannot be understood simply as a result of a) the amount of protests or b) political alignment.
Ámbito Financiero, Al final, De la Sota bajó su lista de diputados y apoyará a los candidatos de Cristina, September 3, 2011.


Ámbito Financiero, Scioli anunció pago de aguinaldo en cuatro cuotas y los estatales respondieron con medidas de fuerza, June 29, 2012b.

Clarín, Debutó “La Juan Domingo”: Scioli reagrupa al peronismo bonaerense, May 6, 2012a.

Clarín, La oposición le reclama a Scioli que le haga juicio a Nación por los fondos coparticipables, July 4, 2012b.

Clarín, Escandalo político por las revelaciones del intendente de Lanús, July 7, 2012c.

Clarín, Nueva prórroga del Gobierno a la deuda de las provincias, April 29, 2014.

La Nación, Santa Cruz, otra vez beneficiada con fondos discrecionales, September 27, 2010a.

La Nación, Favorece a Santa Cruz el presupuesto, October 28, 2010b.

La Nación, De la Sota y la Rosada: una relación por conveniencia desde tiempos de Néstor, August 8, 2011a.

La Nación, De la Sota y Scioli: dos estilos, un mismo fin, August 9, 2011b.

La Nación, Estalló la disputa entre Scioli y Mariotto: denuncias cruzadas, May 12, 2012a.

La Nación, El Gobierno presiona para aislar a Scioli, July 1, 2012b.

La Nación, Scioli busca autorización para ampliar los recortes, July 6, 2012c.

La Nación, Cara a cara, la Presidenta criticó duramente a Scioli, July 12, 2012d.

La Nación, El Gobierno centraliza más el reparto de fondos en el año electoral, January 24, 2013a.


La Nación, Para darle fondos, el Gobierno exige a Scioli que congele su plan 2015, February 24, 2013c.

La Nación, Advierten fuertes inequidades en el reparto de fondos para obras, April 29, 2013d.
La Nación, De la Sota: “No vamos a ponernos de rodillas,” June 10, 2013e.

La Nación, Santa Cruz, la más beneficiada de la década con fondos para rutas y obras, April 25, 2015.

La Voz del Interior, Cristina-De la Sota, una historia de desencuentros, September 20, 2013.


Página 12, Scioli pagará el aguinaldo en cuotas, June 30, 2012a.

Página 12, De dónde salen los recursos, July 20, 2012b.


\[\text{\textsuperscript{1}}\] The Radicales-K were composed of members of the traditional opposition party the Radical Civil Union, UCR, who aligned themselves with the Kirchner’s PJ alliance nominated Frente Para la Victoria, FPV.