FEDERALISM IN LATIN AMERICA:
A Comparative Analysis of the effects of Federalism on the Quality of Democracy in Mexico and Venezuela.

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Biography
Nicole Warmington-Granston is a PhD candidate at Florida International University. She received her MSc. in Government and a BSc. in Economics and Political Science from the University of the West Indies, Jamaica. She has had 5 years of teaching experience at the Florida International University and three accredited universities in Jamaica. Her area of interest is comparative regional integration. She continues to do research on past and present manifestations of regional integration worldwide with the view of providing the Latin and Anglo-Caribbean with a workable solution to Caribbean unity.
INTRODUCTION

The recent transitions from Authoritarian regimes to Democratic regimes in Latin America (Diamond and Plattner 1996; O’Donnell and Schmitter 1986) have reignited the desire to seek improvements in the quality of democracy (Diamond and Plattner 1996; Sartori 1994; Lijphart 1992, 1999) in the region. By extension, given that the four largest states – Argentina, Brazil, Mexico and Venezuela – are federations, this discourse has also revived the topical relevance of federal systems in these states. Latin American scholars have discussed federalism and have sought to determine the balance of power between the national and regional governments.

The Latin American literature found that federalism results in Consensual democracy for the American and European models of federalism but that this outcome is less certain in Latin America. Hence, it is difficult to determine the degree to which federal structures in Latin America enhances/hinders the quality of democracy. To decipher the most accurate picture of the impact of federalism on the quality of democracy in Latin America, a comparison will be made between Mexico and Venezuela.

Mexico and Venezuela, until recently, only experienced federalism in theory. There was an overcentralisation of power in the federal government with single party authoritarianism in Mexico and a competitive two party democracy in Venezuela. In other words, they both had ‘fake’ federalism but Mexico had ‘fake’ democracy while Venezuela had ‘real’ democracy. During the 1980s and early 1990s, reforms in these states resulted in greater decentralisation and participation, and the quality of democracy drastically improved. There were greater inclusiveness, fairness, transparency, effectiveness and honesty in these states. Since then, Mexico has continued to enhance its quality of democracy while Venezuela has steadily retreated not just from consensual democracy but democracy overall. How do two states of similar size and profile produce such different outcomes?
The paper will investigate whether federalism on its own has improved/hindered the quality of democracy after the initial decentralisation process in these states. One hypothesises that federalism was important in Mexico’s democratisation process and Venezuela’s decentralisation process but that other institutions and/or political actors have had positive and negative impacts on quality of democracy, which have turned Mexico into a ‘real’ democracy and Venezuela into a possible autocracy. The author will examine the Mexican and Venezuelan constitutions and political amendments made over the last 20 years and compare them with federalism in reality for the same period. Additionally, in order to determine the reason for the differences in the quality of democracy, one will also investigate the interplay of federalism, electoral code/system, party system and structure of government.

**LITERATURE REVIEW**

*Theory of Federalism*

Federalism is defined as being “concerned simultaneously with the diffusion of political power” (Elazar 1991, 33), which involves the “division of law-making power between a central body and a number of territorial units” (Heywood 1999, 114). Federalism, in the context of this paper, is equivalent to a federation. A federation is a political structure whereby “powers are distributed between the central and regional authorities so that each has sovereignty within the area of responsibility” (Bealey 1999) that is specified in a written constitution.

Federalism is traditionally associated with the organisation of state power as it relates to a national government as in the cases of Canada and the United States. The central government traditionally deals with international affairs while the sub-national governments deal with regional affairs. Scholars of the federalism support the development of a political union given that states when isolated become vulnerable (Hodges 1972; Lewis 2002, 22). Political integration was encouraged by factors such as similarity in political institutions, the need for military security, the desire to have an economic advantage, and a desire to be independent from foreign powers (Wheare
1963). Therefore, the federation is established within a set geographical area with states that had homogeneous political systems or had diverse economic, political and social issues but a united desire to meet a common goal (Wheare 1963; Riker 1964; Franck 1968). Hence, federalists would argue that political integration, or in this case federation, amounts to the ‘coming together’ of states (Hodges 1972). However, in Latin America, federalism was different.

**Federalism in Latin America**

The most profound study of federalism in Latin American is Edward L. Gibson’s *Federalism and Democracy in Latin America*. Traditional federalism theory notes a balance in power between the central and sub-national governments (Wheare 1963; Franck 1968) but Gibson and his contributors, particularly Alfred Stepan (in Gibson 2004, 32), observe that most federal systems outside of industrial societies tend to have a concentration power in the federal government with little or no power left for the regional governments.

Stepan suggests that there are multiple routes to federalism as opposed to sovereign political entities voluntarily ‘coming together’ as noted by William Riker and other traditional federalism scholars. He states that multi-ethnic states in Latin America adopted federalism as a means of ‘holding together’. The ‘holding together’ position maintains that there may be cultural and/or national diversity among regions within a state. As such, for the proper function of the state, regions either would through bargaining or force form a federal structure that will recognise this diversity or represent the most dominant group. In addition, chapters written by Gibson, Stepan, Michael Penfold-Becerra, and Enrique Ochoa-Reza suggest that federalism can facilitate democratic transition and governance but can hinder democratic consolidation as well, depending on the institutional features of the federation.

**Consensual Democracy and the Quality of Democracy**

The discourse over the past forty years states that federalism should result in Consensual democracy and enhance the quality of democratic life (Franck 1968; Lijphart 1999; Wheare 1963).
Consensual democracy is not satisfied with the support of a simple majority and would advocate for institutions that represent “as many people as possible” (Lijphart 1999, 2). Arend Lijphart describes the characteristics of institutions under the pure Majoritarian and Consensual Models of democracy as follows:

Lijphart’s characteristics for describing democracies

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<th>Consensus</th>
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<td><strong>Executive-parties dimension</strong></td>
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<td>Single-party majority cabinets</td>
<td>Multiparty executive coalitions</td>
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<td>Executive dominance</td>
<td>Executive-legislative balance of power</td>
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<td>Two-party system</td>
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<td>Majority electoral law</td>
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<td>Pluralist interest group system</td>
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<td>Unitary and centralised government</td>
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<td>Unicameralism (or Asymmetrical bicameralism)</td>
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<td>Flexible or “unwritten” constitution</td>
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Thus, given these characteristics, the consensus model is “characterised by inclusiveness, bargaining and compromise” (Kaiser 1997, 434). Although these authors believe that federalism should amount to consensual democracy it does not necessarily follow that there is a perfect direct relationship between consensual democracy and a better quality of democracy.

The quality of democracy is dependent on two necessary features: inclusiveness and public contestation (Barrow-Giles 2002). The former is the right of every adult to participate in public activity, including the right to stand as a candidate at elections. The latter is all those civic freedoms, which allow citizens to exercise preferences, criticise authority, organise opposition against the government and dismiss it if a majority choose to do so. Therefore, quality is measured by the amount of civil liberties and political freedoms granted to citizens, repeated and regular free and fair elections, the proper functioning of government (rule of law), pluralism, and high levels of mass participation (Dahl 1998, 60).
Democracy and Federalism

Federalism provides a scenario in which democracy and governance can be extended across a large number of states. It has also been associated with diversity, accountability, innovation and citizen participation (Gordon 2001). Federalism enhances democracy in four ways. First, it allows for diversity in policymaking. The diversity between and within states in wants, needs, and conditions complements the decentralised structure of governing allowing for more governing bodies to participate and propose policies to meet the wants, needs, and conditions of individual states. Second, local governments will be able to handle local problems, as they are more in touch with the people. At both the state and federal level, as people are more aware what each governing body can offer, they will participate more and vote more so they can influence all the governing sectors. Third, there is experimentation. Under federalism, states are encouraged to innovate and experiment with ideas that will improve democracy and governance. Fourth, there is the inclusion of minorities.

In summary, federalism propagates governance through consensual and popular democracy. Federal systems increase political pluralism and so increase opportunities for political participation. In pluralist societies, like those in Latin America, it helps to satisfy the diversity of needs, wants and interests. However, it may also amount to the converse with well-formed, well-financed interest groups representing small segments of society influencing policies that may or may not reflect the popular will of the people.

FEDERALISM IN THE CONSTITUTION, IN OTHER FORMAL DOCUMENTS and IN PRACTICE

Mexico

The *1917 Constitution of the United Mexican States* closely follows the United States Constitution. It constitutes a federal system with an executive, a bicameral legislature and a judiciary with each branch having the powers to check the other branches. There is a relatively even distribution of power between the federal and state governments. State structures are parallel to the
federal structure, with the exception that they have unicameral legislatures. The major differences between the two constitutions are the Mexican Senate’s ability to remove state governors and replace them prior to elections, the provision for minority party representation and the non-consecutive re-election of state representatives.

On paper, the sheer number of state and municipal governments, 31 and 2,000 respectively, in addition to the federal executive and legislative branches enhances consensual democracy. Federalism has created the multiplicity of governing bodies, which increases the chance for citizens, institutions and groups to participate and propose policies to meet the wants, needs, and conditions of individual states (Crisp 2007, 193). In other words, it ensures that each state can establish a power base to promote its interests. The different levels of government provide many opportunities for a citizen to be heard. If municipal leader does not address the concerns of citizens, they may appeal to their representatives at the state or national level (Ward and Rodríguez 1999).

The political system should be decentralised. According to Articles 74, 76 and 89, the federal government has the power to enact and execute national and foreign policy laws, while Article 115 maintains that each state government is autonomous and has its own constitution, which expresses its right to legislate and levy taxes other than interstate customs duties. The state executive branch is headed by a governor, who is directly elected for only one six-year term by simple majority vote. The unicameral state legislatures meet in two ordinary sessions per year, with extended periods and extraordinary sessions when needed (Merrill and Miró 1996). The number of Deputies in the state legislature is based on population size and serve three-year terms but cannot be immediately re-elected. Legislative bills may be introduced by the deputies, the state governor, the state Superior Court of Justice, or by a municipality within a given state (Article 115).

Municipal governments are responsible for many public services such as water and sewerage, public safety, street lighting, and cleaning and maintenance. They also assist state and
federal governments in the provision of elementary education, emergency fire and medical services, and environmental protection (Article 3 § viii; Crisp 2007; Hamilton in Vanden and Post 2006; Levy and Bruhn in Diamond et al. 2006). Democracy is enhanced since state and municipal governments will handle the disputes over policy at the state and local level. The decentralisation of power between the federal and regional governments is indicative of consensual democracy.

Title III, Chapters I to III and Title V of the Mexican Constitution clearly outline the division of power at and between the federal and regional levels of government respectively. The constitution also guarantees that no amendment be made unilaterally by any branch at the federal or regional levels. Article 135 states that “In order that the additions or amendments shall become a part thereof, it shall be required that the Congress of the Union, by a vote of two thirds of the individuals present, agree to the amendments or additions and that they be approved by a majority of the legislatures of the States”. This fulfils the rigid constitution criteria of consensual democracy outlined by Lijphart.

The direct popular election of municipal heads, state governors, state legislatures, and councils and restrictions on the re-election of these representatives and bodies (115 § i and iii) are good for democracy but not continuity. The direct popular election state governors using a plurality electoral formula is representative of Majoritarian democracy because it accepts majority rule as the minimum requirement (Lijphart 1999). The state legislatures and municipality councils are elected through a mixed member proportional formula (Crandall et al. 2005). This system qualifies as consensual because the list PR seats should act as a counterbalance to the disparity created by the single member districts (Lijphart 1999). While not directly talking to the party system, this should encourage a multiparty system because where parties are unable to win seats in single member districts they have another opportunity for representation in the state and national legislatures if they garner at least 2% of the overall vote (Article 115 § i and iii). In addition, the composition of the
chambers is indicative of consensual democracy because it should create diversity in the assembly that allows all to be heard and compromises to be made (Shugart and Carey 1992).

Given the formal rules outlined in the constitution and the electoral law. Federalism should create consensual democracy. There is the multiplicity of governing bodies for citizens to access, local governments will be able to handle local problems and there is the provision of minority representation, all indicative of a better quality of democracy.

**Federalism – the Mexican Experience**

During the 1980s, the federal system was highly centralised with the president being the central decision maker (Camp 2007; Craig and Cornelius 1995). State politics mirrored this formula as state legislatures catered to the preferences of the governor, who was handpicked as a candidate by the president. By extension, he could dismiss governors arbitrarily if they failed to maintain order. His ability to appoint and remove public officials at will led to him being a “formidable source of patronage for incoming administrations and…the regular, orderly turnover in office of competing elite factions within the official party” (Merrill and Miró 1996). Roderic Ai Camp (2007, 192) supports this observation and states, “[it] is important to recall that no governor from the opposition party won office from 1929 to 1989, thus giving the [Partido Nacional Revolucionario] PRI a monopoly over the state governments.”

The provision for the division of powers at the federal and local levels was non-existent. The autonomy of the state and municipal governments was limited as the state governments transferred most of their power to the federal government in exchange for federal funds (Lehoucq 2005, 47). With the transfer of power, the state and municipalities’ only other source of income was from small allotments and fees from licences and fines (Levy and Bruhn 1999). Because of the PRI monopolising the political system, state legislators understood that if they wanted to have successful political careers they would do anything the national executive demanded.
The strength of the presidency continued into the 1990s and the 2000s, but its dominance over of the federal and state legislatures began to wane as the PRI lost legitimacy. This led to political and electoral reforms that made federalism act more in line with the constitution. In an effort to regain legitimacy, the PRI decentralised the system and introduced consensual democracy. Limited interference from the central executive in direct elections of state governors has renewed the autonomy of the states. Similarly, changes in the 1986 electoral law improved competitiveness at the local level. By 2005, the control of PRI at the state level was reduced to the point that more than half of all state governors were from either Partido de Acción Nacional (PAN) or Partido de la Revolución Democrática (PRD). There were more divided governments, which helped strengthen the checks and balance mechanism in the state government (Ochoa-Reza 2004). This has also created conflict between the two levels of government and various interest groups are now presenting their demands to state governments as policies from the state and local level have begun to influence national legislation.

The states are still heavily dependent on the central government for revenue. Carlos Rosales (2005, 161) observed that in 2004 the federal government transferred “31 percent of the national budget directly to states. Municipalities [depended] on the federal government for two-thirds of their total funds”. However, they are no longer content to have it give states funds disproportionately in favour of the richer states. Additionally, state governments have increased control over revenues. As a result, it “provides an incentive for individuals, institutions and groups to seek help from state and local governments and to influence the outcome of state legislation beneficial to their interests” (Camp 2007, 193). Furthermore, the governor and the state legislature are now tied to the state electorate. So much so, that in 2004, double the number of Mexicans (27% to 13%) believed that their state legislator is more concerned about their problems than their federal representative (Parametria 2004). Additionally, the greater autonomy and legitimacy under
President Fox’s (2000-2006) administration have pushed state governments and municipalities to exert more influence over national policy (Camp 2007; Díaz-Cayeros 2004; Ward and Rodríguez 1999; Ward and Durden 2000).

Over the last 20 years, the federal system has become decentralised and one can easily observe the separation and division of powers between branches at the federal and state levels. Initially, there was executive dominance and a federal but centralised system. An autocracy provided the façade of democracy in the 1980s. From the 1990s to the 2000s, the opposite is true. There were free and free elections at the state level in 1994 and thereafter, political pluralism, freedom of association and organisation, and consensual democracy in Mexico.

**Venezuela**

Two constitutions will be addressed in this section – the *1961 Constitution of the Republic of Venezuela* and the *1999 Constitution of the Bolivian Republic of Venezuela*. The 1961 constitution established a strong federal government with an executive, a bicameral legislature and a judiciary. States possessed few significant powers (Fitzgerald 1961). Each state had a state legislature and a governor that was appointed by the President. This was nullified by a 1989 amendment, which had governors directly elected. The 1999 Constitution has a strong federal system that provides state governments with more powers than under the 1961 constitution. The president under this constitution has significantly more power than the previous constitution. The 1961 and 1999 Constitutions have many contradictions embedded in them. They distribute powers between state and the federal governments but the system is highly centralised.

Like Mexico, the sheer number of state and municipal governments in addition to the federal executive and legislative branches under the 1961 constitution enhances the quality of consensual democracy. There are 20 state governments and 202 municipalities (Haggerty 1990; Articles 9, 13 and 14), which should increase the chance for citizens, institutions and groups to participate and propose policies to meet the wants, needs, and conditions of individual states. The same is true
under the 1999 constitution in addition to the introduction of popular referendum and initiative, the establishment of the Offices of Citizen Power (Ombudsman, Public Defender’s Office and The Republican Ethic Council) and the establishment of intergovernmental organisations such as the Federal Council on Government (Articles 62, 273-286 and 185). These new bodies and actors protect citizens’ civil rights (freedom of expression, personal autonomy and individual rights), carry out the rule of law, and promote a high quality of democracy. However, the increased multiplicity of governing bodies could also promote hyper-pluralism or extensive factionalism (Madison, 1787), which slows down the democratic and governing process and promote tyranny of the majority.

The 1961 Venezuelan federalism is a hybrid. While offering the separation of powers, federalism has made the decision making process highly centralised in the federal government in general but more specifically in the hands of the president. The constitution notes that state governments and municipalities are autonomous and equal as political entities (Articles 16 and 25). It delegates the establishment of municipalities and other local entities to the states. The municipalities elect their own officials and may collect certain revenues. Municipalities have autonomy in the election of their authorities (Article 29 § i) and unicameral state legislatures are directly elected by proportional representation (Article 19). The municipal councils, however, had no decision-making powers and served “as administrative units in charge of garbage collection, sewer construction, and other municipal services. The councils also provide information about local politics to the district council and serve as advocates for local citizens with the national bureaucracy” (Haggerty 1990). The President appointed state governors. Article 21 to 23 § i states that...

a Governor...is the agent of the National Executive in his respective district...the Governors shall be freely appointed and removed by the President of the Republic. The powers and duties of a Governor are: 1) to comply with and enforce this Constitution and the laws, and to execute and see to the execution of orders and resolutions received from the National Executive.
This contradiction of being autonomous while taking directives from the National Executive presents a limit in citizens’ influence on state legislation. The governors were to draft the state’s budget and submit it to the state legislature, and execute the directives of the national executive. The appointment makes the governor loyal to the president, thus, making it difficult for the state legislature to legislate as it cannot remove the Governor if he refuses to pass locally initiated legislation. This would amount to adversarial politics and go against proper functioning of government in line with the will of the people. This has a negative effect on political rights and by extension, the quality of democracy. This Article was amended in 1989 to allow for not only the direct elections of municipality leaders (Mayors) but also Governors (Crisp 2000; McKoy and Myers 2004; Penfold-Beccara 2004). Governors, therefore, would now be able to exert greater authority.

The same is true for the 1999 Constitution. While state governments are considered “political equals and autonomous” (Article 159), they are even more restricted. The state governor is directly elected; however, the National Assembly crafts state and municipal governments’ power to determine how to regulate state public services. For example, Article 156 § 14 notes that the National Assembly dictates how property taxes should be regulated, which, according to Article 179 § 3, is the municipalities’ responsibility. This demonstrates a concentration of power in the central government and thus, proves that there is less inclusiveness, bargaining and compromise on the part of state governments.

Under the 1961 constitution, Title I, Chapters III to IV, Title V and Title VI clearly outline the division of power between the federal and regional levels of government. Federalism in Venezuela does guarantee that no branch at the federal or regional levels can make an amendment unilaterally. However, it is easy to amend or change the constitution. According to Articles 245, 246 and 248, either ¼ of one of the chambers of Congress or ¼ of the state legislatures can initiate an
amendment. To be passed, an amendment requires a simple majority and if passed by Congress it needs the approval of 2/3 of the state legislatures to become part of the constitution. When rewriting the constitution, the process is started by 1/3 of vote from the state legislatures or one of the chambers of Congress. The rewrite can only be ratified if passed by a 2/3 vote in Congress and approved through a national referendum. The opposite is true under the 1999 Constitution. It guarantees that any branch at the federal or regional level make amendments unilaterally. An amendment can be initiated either by a majority vote of the National Assembly or 15% of citizens on the Electoral Registry and approved by 2/3 of the Assembly and a national referendum (Articles 342-344). There is no mention of state governments initiating or approving amendments although there is provision for citizens to directly affect any changes to a constitution.

Under the 1961 constitution, the state legislatures and municipality councils are elected through proportional representation for minorities (Article 19 and 29). While not directly talking to the party system, the electoral system used should encourage a multiparty system because where parties are unable to win seats in direct party list seats they have another opportunity for representation in the state legislatures if the garner the minimum overall vote. In addition, the composition of the legislatures is indicative of consensual democracy because it should create diversity in the assembly that allows all to be heard and compromises to be made (Shugart and Carey 1992). In the 1999 constitution, the state legislative councils “shall proportionally represent the population of the state and the municipalities” (Article 162) but it does not dictate the number of seats that fall under the plurality or PR formulas. Hence, it is difficult to determine how many seats would represent municipalities or the population. However, this proportional formula should produce a multiparty system, an opportunity for minority representation and freedom of expression – aspects of civil liberties and by extension, the quality of democracy.
The intergovernmental organisation, the Federal Council on Government (FCG), under the 1999 constitution is “charged with the planning and coordination of policies and actions to develop the process of decentralization and transfer of powers from National Authority to States and Municipalities” (Article 185). It would consist of members from the national, state and municipal governments and would be in charge of the Interterritorial Compensation Fund (ICF) and the balanced distribution of resources between states. The involvement of state and municipal governments allows them to go to bat for their citizens and create an atmosphere of debate and bargaining, all of which is good for democracy.

It is evident, that based on these constitutions, Venezuelan federalism is highly centralised, more so under the 1999 Constitution but it still provided an outlet for diversity in policymaking, the inclusion of minorities and a local government that is ‘for the people’. Thus, federalism on paper provides Venezuela with a Fair to Good quality of democracy.

Federalism – the Venezuelan Experience

Under the 1961 Constitution, political customs and practices in Venezuela gave undeniable primacy to the central government, in general and the president, in particular. In the 1980s, the president’s ability to appoint governors resulted in them all being from his party and pushing his agenda onto the states (Kornblith and Levine 1995). The president dominated the state legislative process. By the 1990s, the decentralisation process met with mixed results. The direct election and re-election of governors and separate elections for municipal governments made the state and local sphere a significant political space. Different groups apart from the established Acción Democrática (AD) and Comité de Organización Política Electoral Independiente (COPEI) gained autonomy and legitimacy and small opposition parties began questioning the two traditional parties’ dominance while experimenting with new forms of opposition (Kornblith and Levine 1995). Previously uninvolved citizens and groups had a new space for political participation and eroded the AD’s
dominance through the formation of coalitions and winning state races in the most populous states of Aragua, Bolívar, Mérida, Miranda and Zulia (Carrasquero and Welsch 1989).

Increased autonomy and legitimacy of states had narrowed the distance between voters and their representatives, which has encouraged them to behave responsibly in order to be re-elected (Penfold-Becerra 2004). Throughout the 1990s, governors and municipalities strengthened their management capacities (De la Cruz 2004, 200). A study showed that there was a direct correlation “between the success of the governors when they stand re-election and the attention they have given to developing and monitoring efficient service delivery during their term in office” (Veneconsultores 1993).

Unfortunately, the state governments still had limited power, as they were still dependent on the federal government, particularly for the distribution of their budgets and the ability to collect taxes (de la Cruz 2004; Haggerty 1990; Levine and Crisp 1999). With a minority in the National Legislature, President Calderna (1994-1999) refused demands for the transfer of responsibility to state and municipality governments and he reduced the national income allocated to the Intergovernmental Fund for Decentralization (FIDES) (de la Cruz 2004, 196). This caused a great deal of conflict with state governments and municipalities, and led to greater central government interference in local politics and a reduction in the autonomy they gained after 1989.

By 1999, Venezuela had an uneasy and slow movement towards consensual democracy, but was limited by executive dominance. Under the leadership of Hugo Chávez, there was a further increase in the power of the national executive. He made promises regarding greater decentralisation in accordance with the new constitution but his government is yet to implement any of these decentralisation measures. The FCG, which would consisted of members from the three levels of government and influence central policymaking, has yet to be established (de la Cruz 2004). In addition, without the FCG, the ICF that was to replace the Intergovernmental Fund for
Decentralization (FIDES) was also not established. The FCG was to manage this fund and determine the distribution of resources to states and municipalities. Without this fund, decisions on the transfer of resources lay squarely with the president and the National Assembly further weakening aspects of the federal system. Unfortunately, other intergovernmental bodies have also not been awarded the autonomy and legitimacy denoted in the constitution. They operate as the means of consolidating Chávez’s power.

Even the National Assembly has stalled numerous bills meant for the transfer of power to state and municipal governments at the behest of Chávez (Crisp 2000; de la Cruz 2004; Hellinger 2006). Governors and Municipal leaders have not retreated though. The National Association of Governors, which since 2000 consists mainly of opposition governors, has been very vocal about the lack of transparency, however, “there is evidence that discretionary transfers have been channeled to subnational authorities close to the president” (de la Cruz 2004, 198). This leaves the sub-national governments autonomy and legitimacy influx.

Federalism in Venezuela was on its way to becoming consensual but was limited by executive dominance. In all, Venezuelan federalism can be summed up in one quote, “[while] power has devolved to some degree, reformers have been unable to break the national dominance, the hold of party elites over individual legislators, and the basic relations between the executive and Congress” (Levine and Crisp 1999, 403).

**DOES FEDERALISM ALONE AMOUNT TO A BETTER QUALITY OF DEMOCRACY IN MEXICO AND VENEZUELA?**

**Mexico – Structure of Government, Electoral Codes/System, and the Party System**

Federalism helped to make democracy real in Mexico; however, it was not the only institution to assist in this transition. Research shows that while state and municipal governments facilitated greater participation from citizens, their attitudes towards them are mixed. The ordinary Mexican knows less about state political institutions than they do about the national political
structure. To quote *Percepción del Congreso de la Unión y los Congresos Estatales* (Camp 2007, 194)...

in 2005 only half of all Mexicans were sure that state legislatures actually existed. Since an equal number were aware that it was the responsibility of the national congress to make laws, it is unlikely that few would know the role of the state legislatures. Indeed, the principles of the separation of powers and federalism are not well understood by the average citizen since one-third believed the state legislature was dependent on the national congress, and only a fourth knew definitely that it was independent of the national congress.

Therefore, the expected results of federalism on the quality of democracy are less than stellar. Some citizens knew about state and municipal governments and even had more confidence in them than their national governments; however, the increased participation was not fully realised.

The decentralising and democratising process carried over into Congress with changes made to the electoral law. The creation of an independent and reliable electoral authority (The Electoral Federal Institute) and a new system for voter registration (Ochoa-Reza 2004) guaranteed all citizens right to vote and each party’s protection by ensuring the principle of ‘one man, one vote’. The assurance of free and fair elections meant that the victory of any party would be accepted as legitimate. Today, there is only limited overt coercion and all elections are free and fair (Polity IV 2008). This increased the people’s confidence in the electoral process and protected their political rights and civil liberties, thus, providing the foundation for a better quality of democracy in Mexico.

Congress is elected through a mixed member proportional formula (Crandall et al 2005). The election of deputies to the Chamber of Deputies has 200 deputies elected by proportional representation (PR) from party lists and the remaining 300 from single-member districts with a 2% threshold for minority representation (Federal Electoral Commission 1987). The Senate has two senators per state (for the winning party) elected through a plurality vote, another 1 via nationwide PR and 1 seat for the leading minority party (Federal Electoral Institute 1996). The list PR seats should act as a counterbalance to the disparity created by the single member districts (Lijphart
The constitutional amendments on the composition of Congress have encouraged a multiparty system because where parties are unable to win seats in single member districts they have another opportunity for representation in the state and national legislatures if they garner at least 2% of the overall vote. In addition, there is diversity in the chambers that allows all to be heard and compromises to be made (Shugart and Carey 1992).

By limiting the amount of seats a winning party can get, expanding of the number of seats available to the minority party representatives, and easing restrictions on party participation there have been multipartyism, and increased debate, inclusiveness, participation, bargaining and compromise. Beginning in 1988, the electoral law made it difficult for there to be executive dominance. The PRI lost their 2/3 majority in the Chambers of Deputies and the first opposition candidate was elected to the Senate in 1988. By 1997, the PRI lost its absolute majority in Chamber of Deputies and the same was true for the Senate in 2000, which led to Mexico’s first divided government (Camp 2007; Crandall et al. 2005; Hamilton 2006). There was now a strong legislature that would modify or reject the president’s bills, as in the case under President Fox’s leadership, and it has placed increased attention to bills originating in either chamber, strengthening the symmetrical bicameralism ensured in the constitution (Camp 2007). By extension, the government lost the flexibility to amend the constitution at will since no party has a supermajority.

The stringent 1977 party registration law and its 1996 replacement helped to foster a strong national party system (Crandall 2005, 18). Prior to the introduction of primaries, the inability for legislative re-election and national party committees influenced those who would become candidates for the national and local elections (Craig and Cornelius 1995). Therefore, the laws led to the formation of “regional branches of national parties rather than regional parties” (Ochoa-Reza

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1 The 1977 law required parties register “65,000 [members] nationwide, 3,000 in half of the states [and] 300 in half of the districts. The 1996 law required minimum of 0.13% of voter registry, 3,000 in 10 states or 300 in 100 districts.
This, in conjunction with the PR system, helped to create less polarised parties as well as institutionalise the party system and structure the vote.

The ‘demos-enhancing’ potential of the federal system in Mexico can be traced to the interplay between Mexico’s federal electoral process and partisan political mobilisation through the process of electoral reform. Mexico as a result changed from a single party dominant system to a genuine multiparty system with a divided government. Mexico, thus, enhanced the quality of democracy by increasing the number of veto players from one (the president) to four (the president, bicameral legislature and sub-national leaders) by practicing real federalism, presidentialism and bicameralism. The chambers use their absolute veto power and the president and governors are both capable of halting legislation. Electoral reforms and the strength of parties in Mexico have produced greater proportionality in the National Legislature than those in Argentina and Brazil (Ochoa-Reza 2004). Ochoa-Reza (2004) believes that the democratic transition altered federal institutions making them less likely to impede movement towards democratic consolidation.²

**Venezuela – Structure of Government, Electoral Codes/System, and the Party**

Federalism, when reignited in 1989, helped to rejuvenate democracy in Venezuela. It started “vigorous local and regional politics” (Levine and Crisp 1999, 368), which in turn caused changes in intraparty politics, leadership recruitment and the way legislatures operate. However, federalism had mixed results. The introduction of direct elections for mayors and governors was expected to spark local participation but was met with high levels of abstention. In 1988, state and local abstention was 54.8%, which was much higher than the national level, 18.09% (Kornblith and Levin 1995; Levine and Crisp 1999). High abstention rates may amount to the people not viewing federalism either as important or, after 40 years of two-party dominance, believe that they will not have control over political outcomes. AD and COPEI still dominated gubernatorial and municipal

² To see trends of increased quality of democracy in Mexico, see appendix for Polity IV Project and Freedom House graphs.

As at 1995, governors have higher approval ratings than national representatives (Kornblith and Levin 1995). The decreased percentage of the two dominant parties in regional politics meant that less established parties have found arenas to launch their political careers that would not have been possible at the national level. Even with a lower level of participation than that of national elections, the population was free to express their desires and legitimised these new parties. Therefore, the expected results of federalism on the quality of democracy are less than stellar.

The fractionalisation of the party system allowed for multipartyism, increased debate, inclusiveness, participation, bargaining and compromise within Congress and with the president. In 1994, the number of parties in the legislature increased from two to five and for the first time in 20 years, Venezuela had a divided government with the coalition Convergenia-Movimiento al Socialismo (Conv.-MAS) winning the presidency and AD and COPEI having a plurality in the Senate and the Chamber of Deputies respectively (Crisp 2000; Molina 2004). This created a multiparty cabinet and minimal movement towards a more balanced executive-legislative relationship as there was the increased personalisation of the vote (Penfold-Becerra 2004) – all of which are consensual features of democracy. In 1998, the continued fractionalisation led to a socialist populist coalition, The Patriotic Front led by Movement for the Fifth Republic (MVR), winning a plurality of seats in Congress and the MVR presidential candidate, Hugo Chàvez winning the Presidency with 56% of the vote (Polity IV Project 2008, 2).

The fractionalisation of the party system also had a negative effect on the quality of democracy. It turned an institutionalised stable two-party dominant system into a deinstitutionalised polarised multiparty system. The degree of party system institutionalisation is based on four criteria: the origins of party competition, the strength of political parties as actors in the wider political
system, the relationship between parties and the state, and the nature and importance of the electoral system in determining patterns of party competition (Mainwaring and Scully 1995). The decentralisation process removed national party leadership’s power in selecting candidates for regional elections. The AD and COPEI, parties that were extremely centralised, found it difficult to adjust to separate elections for governors and mayors and found themselves with internal conflict (Molina 2004; Penfold-Becerra 2004). As a result, the population began to turn to new parties and disgruntled AD and COPEI members formed their own regional parties.

Unlike Venezuela’s pre-federalism period, the traditional and new parties lacked discipline and organisational strength, and were unable to structure the vote when they pursued national politics. For example, Convergencia, a party that won the 1993 presidential elections bringing forth the first non-traditional party president, and Proyecto Venezuela, which was the first runner-up in the 1998 presidential elections, after gaining national recognition were relegated to regional parties in 2000 (Hellinger 2006; Molina 2004; Penfold-Becerra 2004). Years of civil society groups’ inability to impact politics caused a loss of legitimacy, increased citizen activism, popular grassroots support and promoted hyper-pluralism or extensive factionalism, which slowed down the democratic and governing process. This in turn resulted in a decline in party-centred politics and a rise in personality-centred politics (Alvarez 1998). Hugo Chávez gained popularity and campaigned on the promise to “sweep away the old institutions that underpinned the traditional parties” (Hellinger 2006, 484). MVR popularity rises and falls with the popularity of Hugo Chávez. It acts as his personal vehicle for political domination.

Under Chávez’s leadership, Venezuela has suffered from ‘delegative democracy’. Under the new constitution, the president can dissolve the National Assembly. There have been weak checks and balances among the federal branches, an extremely strong presidency and very charismatic leadership (O’Donnell 1994). This has weakened democracy and has brought Venezuela on the
verge of authoritarianism. It is now considered a hybrid system that mixes an authoritarian personality with democratic institutions. Chávez provides a unique form of democracy. While impeding the proper functioning of formal institutions, he has been able to promote the direct participation by the people through the formation of informal groups – ‘Bolivarian circles’ – to maintain support for his ‘revolution’. The ‘Bolivarian circles’, grassroots poor urban and rural supporters, helped restore Chávez to the presidency after an ill-fated coup d’état in April 2004 when they raided the capital and demanded that their president be returned to power (Hellinger 2006, 486).

The ‘demos-constraining’ potential of the federal system in Venezuela is based on the interplay of the deinstitutionalisation of the party system due to electoral reform and an authoritarian personality. The deinstitutionalised party system was inimical to democracy because it fostered populism. Political parties had difficulty in structuring the vote. The lack of structure led to the electorate being drawn to the charismatic personality rather than developing any lasting party affiliation. Hugo Chávez, when he acquired power, undermined institution building and created a cycle of institutional breakdown that caused a decline in the quality of democracy. Venezuela, thus, lowered the quality of democracy, as it rolled back federalism, by reducing the number of veto players from four (the president, bicameral legislature and sub-national leaders) to two (the president and the masses). The democratic reawakening altered federal institutions making them less likely to impede movement towards democratic degradation and authoritarianism.3

**CONCLUSION**

Institutions matter but not all equally. Federalism alone cannot explain all the changes that occurred in Mexico and Venezuela. It made a positive impact on the quality of democracy; however, other institutional factors (party system, electoral rules, internal party politics and the

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3 To see trends of increased quality of democracy in Venezuela, see appendix for Polity IV Project and Freedom House graphs.
structure of government) enhanced or diminished the quality of democracy in these states. These institutional factors that have many similarities have also produced different political outcomes in these states as noted throughout the paper. In addition, other factors (cultural, economic, ideological and/or social) can also explain why Mexico moved towards democratic consolidation and Venezuela moved towards authoritarianism. All of which go beyond the scope of this paper.

**APPENDIX**
KEY: PR- Political Rights; CL- Civil Liberties. The higher the scores, the lower the quality of democracy. PR and CL are averaged to get the overall score. Mexico started out as partly free and ended the period as free. 1987-1999=Partly Free; 2000-2005=Free

Source: Polity IV Project: Political Regime Characteristics and Transitions, 1800-2008

Mexico started the period (1987) with a score of approx. -3. Using Polity IV ratings, it was an ‘anocracy’ – a mixed, or incoherent, authority regime. It ended the period with a score of 8 – a fully institutionalised democracy with no possibility of polity fragmentation.
KEY: PR - Political Rights; CL - Civil Liberties. The higher the scores, the lower the quality of democracy. PR and CL are averaged to get the overall score. Venezuela started out as free and ended the period as partly free. 1987-1991 = Free; 1992-1995 = Partly Free; 1996-1998 = Free; 1998-2005 = Partly Free.

Source: Polity IV Project: Political Regime Characteristics and Transitions, 1800-2008

Venezuela started the period (1987) with a score of approx. 9. Using Polity IV ratings, it was a fully institutionalised democracy – with no possibility of polity fragmentation. It ended the period with a score of 5 – an ‘anocracy’ with a high level of factionalism.
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