



ON FEDERALISM AND PUBLIC POLICIES

by José Angelo Machado

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The interest in federalism has grown as the knowledge about conditions that affect the formulation and implementation of public policies has advanced. The distribution of political authority between territories, between levels of government, seems to affect both how policies are designed and if they can be implemented in the same way throughout the national territory. If national goals are pursued, we must pay attention to institutional features of the federalism in that country to understand why there is more or less convergence in the local decisions that shape how such policies are implemented. But if national goals are never defined in a country, we must do the same.

Despite its importance, it is not easy to define federalism, just as it is not easy to reach some agreement about how it affects public policies. The enormous institutional variation between federations causes many confusions and difficulties, on both conceptual and empirical levels. Most of us can agree on a few points: in federalism, different levels of government govern the same people and territory; there is some division of responsibility between levels of government, whether it is about policy areas or about functions within the same policy area; representatives of the federated units participate in the national legislature. But between federations there are many differences with respect to how constitutions deal with levels of government, what powers supreme courts have, how the legislative process is organized regarding the two chambers or how to collect and share the public revenues between levels of government. Depending on how these features are combined, the number of veto players in national policy-making or the local governments' autonomy to decide where and how to spend the resources, among other characteristics that affect public policies, will vary.

Moreover, there are aspects of the political system that, in combination with federalism, produce specific effects on policies. Electoral systems can overrepresent local minorities to different degrees and they can or cannot provide incentives for national candidates to make concessions to local interests. Party systems, if more centralized, can lower costs of coordination of national policies vis-à-vis decentralized systems. All these points, far from leading to a denial of its importance, make studies about federalism even more relevant, especially in a comparative perspective. Comparison offers possibilities to test general propositions and to control for other variables that could affect political outcomes.

As a Brazilian scholar, I started my studies focusing on the tensions between social guarantees granted to all Brazilian citizens under the Constitution of 1988 and the decentralized implementation of the corresponding policies by local governments endowed with political, administrative and fiscal autonomy. Since that Constitution, local governments constitute a third level of the federation. Both the potential diversity of decisions and inequalities of capabilities between them could challenge the national objectives of these policies. But, curiously, this is not what the Brazilian political literature has shown in the last decades.

In Brazil, most social policies were structured under the coordination of the national government that had strong legislative powers and fiscal prerogatives, which enabled it to design incentive systems to induce choices of local governments to adhere to the principles and guidelines of these policies. Other policies, however, were not enacted in the same way. Focusing on the areas of health, social assistance and education, my research helped me to explore three kinds of coordination mechanisms used by the federal government: (1) Legal coercion: the Brazilian Constitution, for example, states that local governments must spend fifteen percent of their own revenue on health policies and twenty five percent on education; (2) Conditional transfers of resources from the national government to the local governments: federal programs have been the main source for financing social policies for the vast majority of municipalities; (3) Pacts in arenas in which the three levels of governments are represented: in health or social assistance that arenas distribute responsibilities and resources for policy implementation between levels of governments.

In other studies, focusing on health policies in a federative context, I have explored the conditions of the emergence of cooperation under two standards of regional governance. Firstly, consortia between local governments: voluntary associations that distribute costs and benefits between the members who cooperate in the production and provision of specialized services. However, they exclude citizens of non-associated local governments or those of associated ones that are indebted towards the consortium, which led to tensions with the national and universal character of the constitutional right to health. In the last standard, local governments establish regional pacts under national norms and coordination of provincial governments, being divided in exporters or importers of specialized services. With this arrangement, exporters take on commitments to offer services to importers and they receive the resources directly from national government. But, since resources rarely are enough and exporters keep autonomy to control access to all citizens to their services, the two sides end up engaging in distributive conflicts. Exporters tend to prioritize the access of their population to the services while importers tend to seek ways to circumvent the system. Each standard deals with different problems of collective action, offering advances but presenting limitations in achieve the potential of cooperation between local governments.

Considering these two lines of studies, I believe there is a great potential for further research about federalism. First, focusing on mechanisms of coordination, constructed under the features of the political system, and considering the specificities of public policies and of the constellation of actors involved, helps to understand how federalism affects public policies. Second, studies about regional governance have developed in the last years, looking to identify the variables that affect levels of cooperation between local governments for various purposes like scale economy gains or absorption of positive or negative spillovers. In short, in my view, beyond the cultivation of theoretical and methodological pluralism, one of the great challenges is the advancement of studies

in a comparative perspective, which in the case of the second line of research is perhaps even more challenging, considering the variation of institutional status assumed by local governments in different countries. In this context, I would like to welcome *Federal Governance* as an important channel for the dissemination of the necessary advances and academic dialogues, including future researchers still in the process of formation.