

Effects of Federalism on Social Policies in a Comparative Perspective: Argentina and Brazil*

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This article analyzes the relationship between federative institutions and social policies in the new constitutional order in Argentina and Brazil. It draws on literature and data to describe two characteristics of federalism in both countries and relate this with the equitable advancement of policies such as education, health, and social assistance: jurisdictional centralization, which refers to the capacity of the central government to produce legislation about policy design; and fiscal federalism, concerned with the definition of revenues and social expenditure by the different levels of government. The conclusion is that Argentina and Brazil are example of centralized federalism and that this is not an impeditive to the advance of egalitarian social policies; but there are important differences between them. In Brazil there is greater jurisdictional centralization combined with fiscal federalism that includes centralized and stable rules to compound public revenues and a better definition of social expenditure, which structures more favorable conditions for universal and egalitarian social policies. In Argentina, jurisdictional centralization is lower and is combined with fiscal federalism with ample latitude for bargaining between the federated entities to divide revenue and define expenditure, factors which better accommodate territorially segmented social policies with a lower equalizing potential, as is the case of health.

Keywords: Federalism; social policies; equality; Argentina; Brazil.

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The aim of this review essay is to analyze the effects of federative arrangements on social policies in two Latin American countries, Brazil and Argentina, based on a revision of the literature about the institutional-legal design of federalism complemented by secondary data refereeing to the two cases. The association between federalism and social policies has gained relevance in contemporary political studies, revealing diverse connections and interdependent aspects. It is assumed here that federalism should be understood as a multiple phenomenon which, depending on context and institutional configuration, can have differentiated effects on social policies.

The relationship between federalism and social policies attracted greater attention in the 1970s, when political institutions once again became important in the analysis of public policies under the impact of new institutionalism (PIERSON, 1995; SKOCPOL, 1985). However, the impact of federalism on the adoption, expansion, and conformation of social policies was perceived in a controversial form. On the side of this controversy, scholars such as Peterson (1995) and Swank (2001), centered on the United States, saw federalism as limiting social policy by dispersing power and increasing the number of 'veto players', inhibiting universal and equitable policies. On the other hand, authors such as Obinger, Leibfried and Castles (2005), and Greer (2009) deny that federalism is in itself an obstacle: positive or negative impacts on the welfare state depend on specific institutional configurations. They recommend relating different types of federalism with different features assumed by social policies in countries, in order to establish connections and elucidate causal mechanisms.

Situated in this second approach, this essay analyzes how different federative arrangements can affect education, health, and social assistance policies from a perspective of universality and equality. It thus considers two dimensions of federalism: jurisdictional centralization, referring to the capacity of the central government to produce legislation on policy design, and fiscal federalism, related to the definition of revenue and social expenditure among the levels of government. According to the literature, including Arretche (2013; 2012; 2009), greater jurisdictional centralization increases the capacity of central

government to formulate and coordinate social policies, potentializing alterations in the status quo and great social inclusion, while fiscal centralization can favor a greater allocation of social expenditure and more equitable policies in the national territory (OBINGER, LEIBFRIED, and CASTLES, 2005).

These effects do not only result from federalism and are associated with other institutional and contextual characteristics. Nationalized party systems combined with the presence of pro-welfare state parties can favor the expansion of universal and redistributive policies, as well as macroeconomic contexts with greater stability and prosperity. Recently, Argentina and Brazil, especially between 2004 and 2011, have experienced economic progress and governments which expanded social policies, with federalism being the intervening variable.

In order to achieve the proposed objective, bibliographic revision and documentary analysis – notably legislation from both countries – were combined with the collection and analysis of information available in the databases of governmental and research institutions.

The text is divided into three sections, in addition to the introduction and conclusions. The first discusses the relationship between federalism and social policies, considering the institutional dimensions of this type of state which can affect equality. In the next section jurisdictional centralization and fiscal federalism in Argentina and Brazil are compared and analyzed, highlighting similarities and differences which can affect universality and equality in the offer of social policies. The third and final section explores the effects of federalism in the design and results of education, health, and social assistance policies in the two countries.

It is concluded that Argentina and Brazil are centralized federations in terms of the jurisdictional and fiscal aspects, enabling the federal government to advocate universal and equanimous policies. However, there are important differences in the level and manner by which these centralizations were established in both countries, which has impacts on social policies. In Brazil the federal government has more institutional resources that affect the design and funding of social policies. This has favored a more equanimous treatment of these policies, especially in health and social assistance. In Argentina, the combination between

reduced jurisdictional centralization in relation to social policies and dependence on bargains between the federated levels of government, over the division of public revenues and expenditure rules, favors territorially segmented social policies with a lower potential equalizer. This reality can be observed in three policy areas, but with important specificities.

Federalism and social policies

The relationship between federalism and social policies is not a new question in Political Science and related areas. Since the 1970s studies dealing with this relationship have multiplied, offering contradictory conclusions with few generalizations for the set of federated countries. It is worth mentioning the contrast between those who point to the limiting factors of federalism for the expansion and equality of social policies and those which highlight the multiplicity of federative forms and thus their varied impacts on social policies, whether positive or negative.

Research treating federalism as a limiting factor has focused principally on processes of political and fiscal decentralization. Federalism is characterized by dispersing power, increasing the number of actors with veto power in the legislature, which hinders the obtaining of majoritarian support by the central government to establish social welfare policies (SWANK, 2001). In the fiscal aspect, decentralization disperses social expenditure and resources, with the effect being the reproduction of territorial inequalities and restrictions on the expansion of expenditure in social programs. This is because subnational units suffer constraints to fund social policies, since higher taxation and the offer of services can drive away private investors and attract great demand for these policies (PETERSON, 1995).

Criticism of this approach focuses, above all, on its generalization; federations such as Austria, Belgium, and Germany have strong social welfare systems. Comparative studies show that federalism varies considerably between countries and that the fiscal and political decentralization observed in the United States, where this thesis is most widely accepted, is not observed in other federations, suggesting different impacts on social policies (OBINGER, LEIBFRIED, and CASTLES, 2005).

The conclusion is that “federalism clearly matters, how it matters will depend on the characteristics of a particular federal system and the ways in which federal institutions interact with other important variables” (PIERSON, 1995, p. 449). Following the establishment of this point, what has gained relevance is the debate about the definition of which characteristics of federalism are important for social policies and how much they matter. This is a challenging task when the multiplicity of factors which interact in the production of social policies are considered. From this perspective, the treatment of federalism has been associated with its interaction with factors such as party systems, political and economic configurations, and the characteristics of social policy. Social policies have their own elements, such as stakeholders, the distribution of competences, the type and scope of goods and services offered, funding and other aspects which are affected and which affect the dynamic of federalism generating, for example, varied types and levels of decentralization.

From this perspective, studies on federalism and social policies have analyzed how the variability of federative configurations affect social policies, especially their scope, development, and results. In this paper it is proposed to identify the institutional arrangements adopted in Argentine and Brazilian federalism and the shaping of three social policies: education, health, and social assistance. For this reason, we sought to select those characteristics of federalism which most directly impact on universality and the equality of social policies.

The focus is not on the formal rules which define federalism in these countries' constitutions since these provide little information about the effective reality of this form of state. In other words, the constitutional pact of autonomy for the Union and subnational governments points more to a normative directive in the distribution of political power than reality. The shaping of this autonomy depends on other variables, whether defined or not in legislation: the distribution of financial resources, the ways in which political parties are structured at the national and subnational level, and electoral systems amongst others.

In the literature, according to the authors mentioned below, it is possible to identify institutional characteristics associated with federalism which

seem to matter for social policies, notably the following: 01. Level of jurisdictional centralization; 02. Fiscal federalism¹.

Jurisdictional centralization is related to the capacity of the central government to legislate in a way that can affect subnational interests. It depends on the distribution of legislative competences among levels of government and specifically the prerogatives of subnational governments to restrict the power of the Union to legislate (ARRETCHE, 2009). Jurisdictional centralization is higher the more wide-ranging the content of national legislation about public policies and the lower the subnational capacity to veto legislative initiatives of the central government. Greater jurisdictional centralization gives increased power to the Union to formulate, coordinate, and direct the implementation of social policies throughout the country. However, the Union's power to legislate, even when wide-ranging, can be used in distinct forms in the shaping of social policies, in other words, some policies will be regulated to a greater or lesser degree which signifies greater or lesser constraints on the action of subnational governments (ARRETCHE, 2010).

The organization, functioning, and connections of political parties at the different levels of government are also important for jurisdictional centralization. Political parties, as highlighted by Riker (1964), are not part of the federative constitutional pact, but are fundamental institutional actors for the analysis of political decentralization. Democratic federations are characterized by the existence of autonomous levels of power, in which governments are formed through elections based on party competition. The way parties are organized at national and subnational level characterizes party systems in federalism, which can be more or

¹Another institutional aspect which has emerged with important social policy impacts in the Brazilian case, but which does not seem to have the same importance in Argentina, at least from the literature surveyed, is the role of the Supreme Court in relation to social policy. Under the auspices of the phenomenon known as 'the judicialization of politics', the Brazilian judiciary has moved into the sphere of social policies, affecting the definition and compliance of social rights, as well as the obligations and prerogatives of the different levels of government in this aspect. Some Brazilian authors (CAMARGO, 2013; OLIVEIRA, 2009) have pointed to a centralizing perspective in the actions of the Brazilian Supreme Court (*Supremo Tribunal Federal*), with faster and more favorable decisions to the interests of the Union when there is a conflict of interest with subnational governments. This is a new area of research which was not considered here due to the distinct weight which the variable seems to have in the Argentine case, and also due to the lack of more robust data for comparison.

less centralized. It is necessary to consider some factors to analyze this level of centralization: the level of party fragmentation (LIJPHART, 2008; TSEBELIS, 2009), the level of nationalization of the party system (RIKER, 1964; STEPAN, 1999), levels of cohesion and party discipline in the parliamentary arena (TSEBELIS, 2009), and the relations between social cleavages and the political party system (LIJPHART, 2008), in which are situated the presence and strength of national pro-welfare state parties (OBINGER, LEIBFRIED, and CASTLES, 2005).

Jurisdictional centralization is favored when federalism can count on cohesive and disciplined national parties in the national legislature, with the capacity to form a coalition of support for the national executive in proposing public policies. In the context of presidentialism and multiple parties, as in the Argentine and Brazilian cases, a governing party coalition – with a significant number of parliamentarians – and with relevant pro-welfare state forces favors social policies.

Fiscal federalism, in turn, is one of the perspectives most present in the institutional debate about the effects of federalism on public policies, as is highlighted in the classic works in Public Choice Theory, begun by Tiebout (1956), and in more recent works focused on the search for equalization in the offer of social policies (BOADWAY, 2006; DAFFLON and VAILLANCOURT, 2003; HIERRO, ATIENZA and PATIÑO, 2007). This dimension covers the distribution of revenues and public expenditure among national and subnational governmental organizations, but also regulatory authority over public finances, as highlighted by Rodden (2005); and here there is a point of intersection with jurisdictional centralization. It is an important dimension of intergovernmental relations and has significant effects on social policies, principally for its universal and equalizing nature in relation to the distribution of the offer of services and the results achieved. Fiscal federalism tends to favor social policies when it is more centralized, this is, when the Union concentrates fiscal legislation and tax collection and can minimize vertical and horizontal inequities between federated entities by establishing perennial mechanisms for the distribution of resources and fiscal responsibility.

Studies on Latin American federalism - Argentina, Brazil, Mexico, and Venezuela – whether under the production of Public Law or Political Science, have not frequently dealt with the effects of this form of state on social policies and even

more rare has been comparative production. This essay presents itself as relevant and challenging in this aspect, advancing in the description of institutional characteristics highlighted above to deal with social policies as diverse as education, health, and social assistance.

The next section will describe fiscal and jurisdictional centralization in Argentina and in Brazil, in their more general characteristics associated with social policies.

Jurisdictional centralization and fiscal federalism in Argentina and Brazil

Jurisdictional centralization

The 1994 National Constitution of the Argentine Republic (CN/94) establishes the form of the federal state in its first article and during the text discusses aspects of its shaping, autonomy, and relationship between the two principal levels of government, the Federal Government, and the provinces. Constitutionally supported, the 23 provinces and the City of Buenos Aires, capital of the country, have significant political powers, characterized by the autonomy to form their own governments and influence the central government through the National Congress (CAO, 2012).

In the jurisdictional aspect, the 1994 Constitution attributes the provinces any powers not delegated to the national government, in other words, the residual competence to legislate. Provincial legislative autonomy is established in Article 05, where it is defined that each province can its own constitution under a representative republican system, create their own institutions without the interference of the national government, as well as legislate in areas such as education, health, and social assistance.

The autonomy of the municipal level is also established in the Constitution, however, this has to be stipulated by the provinces in their constitutions (BARRIENTOS, 2009, pp. 57-58), which in practice signifies low municipal autonomy and an enormous diversity in the shaping of local power, something very distinct from the Brazilian case. Iturburu (2012) points to the lack of clarity about the meaning of the municipality in Argentine federalism, which has a direct reflection on its jurisdictional configuration in the provincial constitutions.

There is a lack of recognition of municipal autonomy in three important provinces (Buenos Aires, Mendoza, and Santa Fe) and “limiting regulations in the majority of provinces which recognize it” (ITURBURU, 2012, p. 170).

The analysis of jurisdictional centralization not only involves verifying the division of legislative competences, but also assesses the capacities of the national executive to obtain success in the approval of its initiatives. For this it is important to know if there is veto power among the subnational governments over issues against their interests, in other words, if they are veto players in the national legislative dynamic (ARRETCHE, 2009).

Argentine presidentialism has been characterized as ‘potentially dominant’ in relation to legislative production, including veto power and the publication of presidential decrees about a broad spectrum of themes (BARRIENTOS, 2009, p. 62). This allows increased interference in federative subjects and social policies, minimizing the veto potential of provincial governors in the national legislative dynamic (BAZAN, 2013, p. 80). In relation to this, the literature highlights the fundamental role of governors in the passing of measures initiated by the national executive. The combination between the small number of provincial deputies and the renewal of half of them every two years produces an over-representation of majoritarian forces in each province (ARDANAZ, LEIRAS, and TOMMASI, 2012), strengthening the influence of governors on provincial deputies, especially in the small and numerous provinces. According to Altavilla (2011), governability in the parliament since redemocratization has depended on alliance of majoritarian parties with intermediate forces – national minority parties or provincial bases – through the negotiation of benefits for provinces. In the parliamentary arena, Congress has ended up with a reactive role in relation to the initiatives of the national executive, resulting from agreements with governors, while parties act in a government/opposition cleavage, in which the governing party controls the legislative agenda (JONES, HWANG and MICOZZI, 2009).

In this way, the rules of representation of provincial deputies, added to the decentralization of electoral systems for this level of government (ARDANAZ, LEIRAS, and TOMMASI, 2012), end up strengthening the position of governors in

Argentine federalism, pointing to the operation of 'real forces' (STEPAN, 1999) which, more than the formal legal structure, define the balance of power which maintains a determined federalism (RIKER, 1964). Thus, the Argentine federalist organization of the party system is marked by the strong influence of governors in the organization of subnational political forces and also in the National Congress, directly affecting the national executive's regulation power, which depends on constant negotiations and agreements for the approval of its agendas. However, the terms of the negotiations between the president and governors are distinct between allies and opponents of the president, structuring a standard of inter-governmental relations called 'federalism of executives' (ALTAVILLA, 2011, pp. 114-117), which strongly impacts on the government/opposition cleavage in the national legislature (JONES, HWANG, and MICOZZI, 2009).

National public policies, including social ones, and adjustments in the distribution of public revenues for their implementation are negotiated directly by the national executive (presidents and ministers) with the provincial governors, who instruct legislators to ratify or oppose the agreements in Congress (ARDANAZ, LEIRAS, and TOMMASI, 2012, pp. 05-06). The stability of the system depends less on national coalition parties, as in Brazil, since the governmental deputies frequently consist only of the president's party, or this party and one or two more allied parties, especially provincial ones, with small numbers of deputies. Federative bargains thus assume a central place in the formation of preferences of deputies and senators, with it being fundamental that presidents have discretionary powers to maneuver financial resources through inter-governmental transfers in order to obtain the support of governors and parliamentarians (ALTAVILLA, 2011, p. 119). In these bargains, the over-representation of small provinces and the use they make of this additional power to exchange political support for national government resources is still important, which exemplifies a standard of 'reallocative federalism' which favors small provinces to the detriment of larger ones (GIBSON, CALVO, and FALLETI, 2004).

The Brazilian case differs from the Argentinian due to the greater amplitude of the legislative prerogatives of the Brazilian government, greater uniformity and autonomy of municipalities, and the party dynamic of the functioning of the national legislature.

In the first article of the 1988 Constitution of the Federative Republic of Brazil (CF/88) the federal nature of the country is defined, highlighting the shape, autonomy, and relations between the three levels of government: the Union, States, and Municipalities. The 26 states and the Federal District, the regional level of government, divide with 5570 local entities public resources and competences related to decentralized public policies. In the 1988 Constitution the municipality is the third autonomous government entity of the federation and, different from the Argentine case, its organization, administrative and legal competences, and available fiscal resources are stipulated in the Constitution. This removes from states the power to shape local government and strengthens the Union, since Brazilian legislation directly affects the two subnational entities.

The new constitutional configuration also expanded the quantity and qualification of constitutionalized issues, regulating various questions in complementary legislation at the national level. Nor were high costs imposed for constitutional amendments, while questions of the private legislative competence of the Union were expanded.

In terms of legislative competences, the Constitution reserved for states residual competence to legislate (art. 25, § 1º), similar to the Argentine case. Municipalities were given responsibility for legislating on 'questions of local interest' and 'supplementing federal and state legislation where applicable' (art. 30). In practice, due to the amplitude of national legislation, the legislative authority of states and municipalities is restricted. The Constitution is extensive and detailed, is frequently amended, and is supplemented by complementary and ordinary legislation predominantly at the initiative of the national Executive. In health, social assistance, and education, CF/88 established concurrent competences and left to complementary legislation the detailing of attributions and the definition of forms of cooperation between the three levels of government (ALMEIDA, 2005, p. 36). Since the Union concentrates the power to legislate, the result has been the

prevalence of national legislative production in social policies, with broad authority to legislate the competences to be exercised by states and municipalities (ARRETCHE, 2012, p. 80).

Unlike the Argentine case, the Brazilian national legislative process, whether in the Chamber of Deputies or the Federal Senate, is not guided by prior bargains between the president and governors, but by party orientations, even when decisions negatively affect subnational interests (ARRETCHE, 2013; CHEIBUB, FIGUEIREDO, and LIMONGI, 2009).

The combination of these three institutional aspects – establishment of municipal power in national legislation, the wide ranging legislative margin of the Union, and the reduced veto capacity of subnational entities – has favored alterations in the federative status based on different instruments. Between the promulgation of the Constitution on 05 October 1988 and December 2018, 99 constitutional amendments were approved (BRASIL, 2019a), many affecting social policies. In the same period, 105 complementary laws were passed, including questions of the social policies and public finances (BRASIL, 2019b). Even ordinary laws have modified aspects of the federative dynamic (ARRETCHE, 2009). Presidential decrees have also been used with some frequency to establish changes in public policies, something which does not differ from other Latin American countries (INACIO and LLANOS, 2015).

Argentina and Brazil are cases of jurisdictional centralization, concentrating legal initiatives and the power of decrees in presidents, though there is a greater concentration in the Brazilian case. CN/94 reserves the Argentine president important jurisdictional powers over social themes, including through decrees, it is less detailed than the Brazilian one, with provinces being responsible for regulating municipal power, and more restrictive competences of the Union in the social area, at the same time that governors are relevant actors in national legislative production, becoming veto players. The Brazilian 1988 Constitution attributed an important role to the municipality in the federative dynamic, with its amending being relatively less costly, including for the regulation of social policies, defined as the concurrent competence of three levels. There are no large obstacles to the Brazilian federal government altering the federative status quo or

of social policies, due to the predominant party logic in the lower house and in the Senate, and parties tend to cooperate with the national executive when they are majoritarian governmental coalitions.

Fiscal federalism

Argentine and Brazilian fiscal federalism are similar in terms of the high incidence of intergovernmental transfers from the Union to subnational levels. However, in the Argentine case there is only marginal participation of municipalities in public expenditure and revenues and less regulation of these transfers. There is also greater lack of definition about the funding of social policies such as education, health, and social assistance.

The incongruence between the distribution of resources and competencies attributed to government in social policies – vertical imbalance – is one of the principal fiscal problems in Argentina. The country experienced two ‘waves’ of decentralization in the areas of education and health without the due fiscal counterpart – the first in the 1970s and the second in the 1990s – which triggered attenuating measures after the 1994 Constitution. According to Cetrángolo and Goldschmit (2013, p. 20), decentralization was not aimed at efficiency or equality in the provision of policies but sought to promote a fiscal adjustment through the transfer of expenditure to the provinces. The national government controlled the timing and type of decentralization according to its preferences, starting with the decentralization of the administration of public services while delaying fiscal decentralization (FALETTI, 2006), with the results being large imbalances in provincial finances and a greater fragmentation of the educational and health systems. In the road opened by the new 1988 Co-Participation Law (Nº 23.548) – negotiated between President Alfonsín, at that moment weakened with minority support in Congress due to the mid-term elections and governors led by the *Justicialista* Party -, the 1994 Constitution and later infra-constitutional legislation sought to rebalance provincial expenditure and revenue through inter-governmental transfers, promoting greater fiscal decentralization, even without affecting the growing centralization of tax collection which began in the 1970s.

The Argentine intergovernmental transfer system is complex and has two principal mechanisms: Federal Tax Co-Participation (CFI), compulsory and unconditioned; and other conditioned legal transferences, including funds formed by the national government with the aim of financing determined policies. CFI dates back to 1935 and its objective is to coordinate taxation competences and to distribute resources between the national governmental and the provinces (ALTAVILLA, 2015, p. 137). Its newest regulation, with a more encompassing nature, was the above mentioned Law 23.548, from 1988, which established the percentages of co-participation tax for the Union and provinces.

After the 1994 Constitution there was a substantial increase in the tax burden - which reached 32.2% of Gross Domestic Product (GDP) in 2014, the second highest in Latin America (OCDE, 2016) – as well as transfers to the provinces via co-participation, principally benefiting the poorer ones. However, despite various attempts, aspects of co-participation lack regulation and their obligatory nature, under fixed and non-conditioned coefficients, did not guarantee the efficient destination of resources and the promotion of greater social equality, with many of these resources being received and used by provincial politicians to create and maintain clientele networks (ALTAVILLA, 2015, p. 138). CFI is complemented by other transfers from the Union, such as the five federal funds created in the 1990s for provincial education. These transferences have grown over the last two decades as a bargaining instrument of the national government to obtain votes in Congress or electoral support through negotiation between the president and governors (ARDANAZ, LEIRAS, and TOMMASI, 2012, p. 14).

The fiscal debility of municipalities and dependency on national transfers to the provinces reinforced the power of the central government in Argentine fiscal federalism. According to Cetrángolo and Goldschmit (2013, p. 40), in 2009 Argentine municipalities accounted for 8% of public expenditure, being funded principally by provincial transfers; the provinces accounted for 40% of expenditure, having national transfers as the principal source. In 2012, 40% of the resources of the 23

provinces and the City of Buenos Aires came from their own taxes, 39% from Federal Tax Co-Participation and 21% of other federal transfers.

Since the 1994 Constitution, presidents and governors have negotiated rules and amounts for the transferred resources, conditioning them on conjunctural factors and the correlations of forces. The lack of greater regulation of CFI and the growth of inter-governmental transfers gave greater bargaining power to the national government, interested in obtaining political support in the National Congress. However, negotiations with governors have been difficult and sometimes non-decision has prevailed, as in the case of advances in the regulation of CFI. In addition, some decisions were agreed but not implemented, such as the Fiscal Responsibility Law (Nº 25.917, from 2004), which by not defining clear punishment for any breaches lost its impositive nature.

Brazilian fiscal federalism is distinguished by greater fiscal decentralization to the benefit of municipalities, which significantly increased their participation in public expenditure and revenues, above all due to intergovernmental transfers from the states and the Union. Broadly speaking, the process of fiscal decentralization from the 1980s increased the capacity for subnational tax collection, benefitting the richest units, while intergovernmental transfers benefited the less populous units, some of which are also the poorest. Among the most important Union transfers were the State Participation Fund (FPE) and the Municipality Participation Fund (FPM), compulsory and non-conditioned, consisting of 46% of the principal national taxes: Income Tax and the Tax on Industrialized Products.

Brazilian fiscal decentralization, unlike the Argentine case, preceded the transfer of responsibility for social policy. Moreover, the expressive increase in constitutional transfers discouraged the tax-raising efforts of subnational entities and did not ensure a better redistribution of income at a national dimension (REZENDE, 2010; VARSANO, 1996). In addition, the absence of fiscal responsibility mechanisms led to the growing indebtedness of governmental entities, especially states.

Jurisdictional centralization allowed the national government to carry out 'recentralizing' fiscal reforms, starting in the middle of the 1990s, minimizing

problems and halting the hyperinflation which plagued the country until 1994, when the Real Plan was adopted. The reforms allowed the recovery of the financial capacity of the Union, directed subnational expenditure to social policies and established fiscal responsibility mechanisms. The combination of these reforms with an increased tax base - reaching 33.4% of GDP in 2014, the largest in Latin America (OCDE, 2016) - allowed the increase of social expenditure, principally in the first decade of the 2000s, when political and economic contexts were favorable.

The Brazilian case presents some differences from the Argentinian in relation to the distribution of public resources among the levels of government. There is a great concentration of tax revenues in the Union and intergovernmental transfers are more perennial and benefit municipalities above all. According to BRASIL (2015, p. 21)², in 2014 the Union received 54% of available revenues, states 24.8%, and municipalities 21.2%. State revenues predominantly consist of their own taxes (62%), while transfers account for 25% and other revenues 13%; municipal revenue, in turn, have transfers as their principal source (65%), with their own taxes accounting for 20% and other revenues 15% (MENDES; MIRANDA and COSIO, 2008, p. 23). Despite the large volume, the sharing criteria of constitutional transfers such as FPE and FPM are not very efficient to correct regional and social inequalities (MENDES; MIRANDA and COSIO, 2008; REZENDE, 2010), a problem minimized by conditioned transfers from the Unified Health System (*Sistema Único de Saúde* - SUS) and Fundef/Fundeb, which have better redistributive effects (BAIÃO, 2013; MENDES; MIRANDA and COSIO, 2008).

Argentine fiscal federalism is more centralized than the Brazilian in terms of the collection and distribution of revenues, with the provinces being more dependent on resources transferred from the national government. However, this fiscal centralization, which can favor redistributive social policies, is limited by the lack of greater regulation of the resources of co-participation and by ad hoc agreements, often not fulfilled. The distribution of fiscal resources between the governments is frequently changed as a means of exchange for obtaining support by governors and, consequently, by members of congress. The funding of

²Reference to José Roberto Afonso's presentation at the Chamber of Deputies on April, 28, 2015.

social policies is greatly affected by the political dynamic and depends on the correlation of party forces in the national legislature and the results of the constant negotiations and agreements between national and provincial executives, which produces uncertainty and discontinuity. Nor are there effective legal rules about fiscal discipline, which contributes to economic instability and negatively affects the funding of social policies.

Brazilian fiscal federalism is more decentralized than in Argentina in terms of tax collection and the distribution of resources: states collect more taxes and are less dependent on intergovernmental transfers; municipalities have an important share of the available revenues. However, jurisdictional centralization in the fiscal sphere, due to the private competences over taxation and the elevated capacity to legislate on subnational revenue, expenditure, and indebtedment, has given, since the 1990s, the national government redistributive power and the capacity to induce social expenditure by subnational governments, positively affecting the expansion and equality of public policies. However, certain problems have restricted the capacity of the central government to expand universal egalitarian social policies. The principal is the low redistributive power of constitutional intergovernmental transfers, FPM and FPE, whose unconditioned nature benefits states and municipalities with the lowest population, a problem which is minimized by national transfers conditioned by universal social policies: health, education, and social assistance.

Argentina and Brazil are federations whose fiscal centralization gives the Union power to define social expenditure. They also share fiscal problems related to the low redistributive capacity of constitutional transfers, economic instability, and public indebtedment. However, Brazilian fiscal federalism has clearer and more stable distributive rules among governmental entities.

Federalism and education, health, and social assistance policies in Argentina and Brazil

Education, health, and social assistance are policies with universalist and egalitarian perspectives in Argentina and Brazil, according to constitutional and infra-constitutional legislation. It requires, in accordance with the assumptions of this paper and taking into account the territorial inequalities of

both countries, a central government with capacities for formulation, coordination, policy induction and equalization capacities, in other words, fiscal and jurisdictional centralization. These institutional conditions are present in the two federations with distinct weights and contours. This section analyzes how attributes of the jurisdictional centralization and fiscal federalism in the two countries affect basic education, health, and social assistance policies under the perspective of universality and equality.

Basic education

Argentina and Brazil recognize basic education as a constitutionally guaranteed social right, making the state responsible for the provision of free public education, from infant education until the completion of secondary school. In both countries decentralization exists in the offer of education, but with differences in the trajectory and actions of central government in the regulation and funding of policy.

In Argentina, basic education policy³ was centralized in the first decades of the nineteenth century and its coverage and costs expanded resulting in “low rates of illiteracy and elevated coverage of primary education in relation to other countries in the region in a very rapid form” (ANLLÓ and CETRÁNGOLO, 2007, p. 398). In the 1970s the federal government transferred administration of primary schools to the provinces; and did the same for federal secondary schools at the beginning of the 1990s (FINNEGAN and PAGANO, 2007). Decentralization sought to reduce the fiscal imbalance of the federal government rather than being a part of a pedagogical project. The result was the significant increase in provincial expenditure, from an average of 14% in 1977 to almost 20% in 1982 (FALETTI, 2006), as well as territorial educational inequalities (MORDUCHOWICZ, 2008).

The 1994 Constitution gave education competing competences among the federal government, provinces, and the City of Buenos Aires (CABA), but which advanced little in the specification of rights and mechanisms for their funding. Later regulations were gradual and fragmented, making changes and complementing the

³The National Education Law (Nº 26.206/2006) stipulated three levels for basic education in Argentina: initial (or pre-primary) education, primary education, and secondary education. The duty of the state in relation to the offer of education extends from the age of four to the end of secondary education (a modification introduced by Law Nº 27.045/2014), which represents a minimum of 14 years of free compulsory education.

Federal Education Law (Nº 24.195, from 1993), with improvements in 2005, when the Educational Finance Law was passed (Nº 26.075), and in 2006, with the National Education Law (Nº 26.206). These laws redefined the levels of education, extended the obligation to offer basic education and established a public target of a minimum expenditure of 6% of GDP for education until 2010.

Basic education is principally funded by the resources received by the provinces through the CFI, a source without adequate regulation, subject to frequent changes and non-compliance in relation to the percentage of taxes transferred to the provinces. In addition to CFI, national education funds have also grown in importance since the 1990s, responding to problems of scarcity and inequities associated with the decentralization of policy and the extension of the obligation of education, as well as the pressures of teacher unions. An example is the National Teaching Staff Incentive Fund - FONID (Law Nº 25.053) -, created in 1999 in a provisional manner to guarantee the minimum pay of teachers, but which has been maintained and expanded by the need of the central government to “create conditions for governability” (MORDUCHOWICZ, 2010, p. 244-245).

Argentine jurisdictional centralization had positive results for the expansion of expenditure on education, which rose from 3.9% of GDP in 2005 to 6.3% in 2015 (RIVAS and DBORKIN, 2018, p. 12). The provinces, induced by national legislation and agreements with the central governments over the transfer of new resources, contributed decisively to this increase by expanding their expenditure on education from 3.3% to 5% of GDP; in the federal government it rose from 0.6% to 1.3% of GDP.

Basic Brazilian education⁴ has had a decentralized trajectory since the nineteenth century, when primary education was defined as free and the competence of the states, leading to significant territorial inequalities. Later evolution consolidated the predominance of states in the offer of primary and secondary education until the 1960s, when the national government began to act

⁴Brazilian basic education currently covers three principal levels: infant education (creche and pre-school), fundamental education, and second level education. The duty of the state to offer compulsory free education extends for at least 14 years, from four to 17 years of age, according to Constitutional Amendment Nº 59/2009.

more actively in its regulation, funding and encouraging municipalization (ABRUCIO, 2010). Until the new constitution, the context was of the persistence of inequalities: primary education was still not universalized and secondary education still not obligatory and with restricted access.

The 1988 Constitution and later infra-constitutional legislation guaranteed the expansion of the right to free public education on a more egalitarian basis. In the constitutional text, basic education is the common competence of the three levels of government, in a collaborative regime, with municipalities being responsible for priority action in infant and fundamental education and states in fundamental education and second level. The Union is responsible for redistributive and supplemental functions with other subnational entities. Article 212 defined minimum levels of expenditure on education by the federated entities: 18% of the Union revenue and 25% of states and municipals revenue.

Two constitutional amendments had significant impacts on the municipalization of fundamental education, educational directives, and a greater equalization of expenditure in the sector. Constitutional Amendment N° 14 from 1996 created the Maintenance Fund for Fundamental Education and the Valorization of the Teaching Profession (Fundef), composed of 27 accounting funds (in 26 states and the Federal District) formed by a total of 15% of states and municipals revenues. These resources were exclusively aimed at fundamental education and were distributed among state and municipal teaching networks according to student numbers. In 2006, Constitutional Amendment N° 53 created the Basic Education Maintenance and Development Fund and the Valorization of Education Professionals (Fundeb), to replace Fundef, maintaining the structure of state funds, though expanding its composition to 20% state and municipal funding and also covering infant and second level education.

The Union has acted in a supplemental and redistributive form along with states and municipalities through national programs and transfer to Fundeb, complementing resources from state funds which did not reach the national minimum per student defined annually by the federal government. This, combined with national legislative measures, resulted in a significant growth in registration numbers and educational expenditure. There was a real increase of 42%

in educational expenditure from 1995 to 2005, and an expansion of 16.4% in registration at all levels of education, notably second level (CASTRO and DUARTE, 2008). Under Fundef, it was municipalities which most expanded their share of expenditure: from 27.9% in 1995, to 38.9% in 2005 (CASTRO and DUARTE, 2008, p. 22). Between 2005 and 2015, expenditure on education rose from 4.5% to 5.4% of GDP, with alterations in the participation of the different levels of government: the Union rose from 0.7% to 1.3%; states fell from 2% to 1.8%; while municipalities rose from 1.8% to 2.3% (FONSECA, PEREIRA, and LOPES, 2018).

The comparison between Argentina and Brazil shows high jurisdictional centralization in basic education in both cases, allowing the national government to produce changes in the status quo of this policy. In the Argentine case, the Education Finance Law and the National Education Law are examples of this, altering the design and funding of policies. In the Brazilian case, Fundef and Fundeb are examples which established mechanisms for connecting and distributing revenues among states and municipalities. These measures were positive for the expansion of expenditure on policy, but there are important differences between the countries. First, the challenge of universalization and equality in basic education is greater in Brazil than in Argentina, which is less populated, has less social inequalities and a more positive historical legacy. Second, the participation of municipalities in education is marginal in the Argentine case and more expressive in the Brazilian case. Finally, Argentine national regulation has been less effective in the formatting of a perennial and redistributive financial system, something related to a political dynamic marked by constant pacts between national and provincial executives. In Brazil, jurisdictional centralization was used in a more intensive form to induce subnational universalist and equalizing behavior, in a context of coalition presidentialism with less influence on governors.

Health

The organization of health services in Argentina results from the combination of two historical movements: on the one hand, a corporatist welfare structure covering categories of employees formed during the first Perón administration, later giving rise to the '*Obras Sociales*' (OS); on the other, the

decentralization of public hospitals to the provinces, which began in the 1970s and concluded in the 1990s, without the decentralization of corresponding resources (CETRÁNGOLO and GATTO, 2002). This combination produced an offer of services segmented in three subsectors, with their own clientele, funding mechanisms and coverage: 'public', administered and funded by the provinces which, although formally attending everyone, is aimed at a clientele from the poorest parts of the population; 'social security', formed by the 'OS', funded in a contributive form by the different categories of workers and regulated by the different levels of government according to their scope; 'private health insurance', voluntary and based on prepayment, with low state regulation of operators and a lower population coverage than the previous subsectors (CETRÁNGOLO and GATTO, 2002).

In the 1994 Constitution the right to health is not mentioned, while the recognition of this by the state - resulting from adhesion to international treaties - also does not point to directives to revert segmentation in health care. The provinces remain principally responsible for the formulation and implementation of health policy in the public sector, under the limited coordination power of the national government, whose action is restricted to specific national programs (CETRÁNGOLO and GOLDSCHMIT, 2018). Provinces are responsible for the offer of services from primary to hospital health care, the latter with a central position. The participation of municipalities is residual and diversified, depending on the provincial delegation.

The Argentine Ministry of Health interferes little in the formulation and functioning of the public services offered to the population (CETRÁNGOLO and GOLDSCHMIT, 2018) and there is a low level of regulation of the public subsystem by national legislation or rules which can constrain or guide provincial policies, due to the limitations of competence of the national government, which is more concerned with the regulation of national OS. In addition, the funding of the health policy for the public subsector is included in the set of bargains between the national government and provinces, with transfers, arising out of the former, being limited to specific national programs and implemented via partnerships which the latter can choose to join. Between 2005 and 2015, the share

of governmental expenditure allocated to health rose from 2.7% to 4.9% of GDP (WHO, 2019). As a result, despite the rise in the proportion of GDP spent on health, the distribution of services and their coverage in the national territory have some overlaps, public offer is lacking, and there are elevated levels of territorial inequalities (CETRÁNGOLO, 2014; CETRÁNGOLO and GOLDSCHMIT, 2018).

In Brazil, the health sector was formed through a duality between the social security assistance – begun with the Retirement and Pensions Funds (*Caixas de Aposentadoria e Pensões - CAP*), in the 1920s, and expanded with the Retirement and Pension Institutes (*Institutos de Aposentadoria e Pensão - IAP*), created during the Vargas Administration – and public health focused on vertical programs to control disease. A decisive landmark, distinct from the Argentine case, was the fusion of the various IAPs in the 1960s, which led to the creation of the National Institute of Social Security (*Instituto Nacional de Previdência Social - INPS*), unifying the system of medical care for all formal workers (MALLOY, 1986; OLIVEIRA and TEIXEIRA, 1985). In the economic crisis of the 1980s initiatives were adopted to integrate the medical care system based on social insurance, centralized in the national government, and the public primary health care network, administered by states and municipalities, leading in practice to the universalization of access and coordinated decentralization before the 1988 Constitution (STRALEN, 1996). With redemocratization, the 1988 Constitution established the right to health and a unified and decentralized public health system, with shared administration between the Union, state, and municipalities, at the same time that it reserved space for a private system with a supplementary nature.

The Unified Health System (SUS) is based on detailed national legislation and a vast set of regulations produced by the Ministry of Health, responsible for the coordination and definition of national standards for governmental action. States are supposed to exercise complementary coordination and regulation in their respective jurisdictions, as well as monitor, control, and technically support regionalized health care networks. Municipalities assumed a central role in the planning, organization, and administration of public health services. The implementation of administrative instruments such as health plans and funds, as well as councils with the participation of civil society, service

providers, and government, occurred in the three levels of government in order to make allow for articulated planned, the transfer of resources, and the creation of arenas for the public control of policy implementation (IPEA, 2007).

In relation to funding, a minimum level was established for the allocation of expenditure at each level of government by Constitutional Amendment N° 29, from 2000, with states being responsible for allocating 12% of their revenues to health and municipalities 15%, a determination later regulated by Complementary Law N° 141, from 2012. Moreover, the national government demonstrated a strong induction power over subnational governments in the adoption of federal programs through conditioned transfers which, different from Argentina, meet more universal and stable criteria. These transfers had a redistributive bias and contributed to the reduction of regional inequalities (ARRETCHE, 2012; BAIÃO, 2013), like the national diffusion of primary models of care, such as the Family Health Strategy (ESF), structuring municipal and regional health networks, as well as important components, such as the Mobile Urgent Care Service (*Serviço de Atendimento Móvel de Urgência* - SAMU). In Brazil, between 2005 and 2015, the allocation of governmental expenditure on health rose from 3.3% to 3.8% of GDP (WHO, 2019), reaching in this period levels that were clearly inferior to Argentina.

In the Brazilian case, segmentation is connected to the coexistence of the public system with a supplementary and private one, which covers around a quarter of the population, with the principal modality being collective contracting by companies for their workers (MENICUCCI, 2007).

Comparatively, the health sector is constituted in institutional forms which differ in the two countries in terms of fiscal and jurisdictional centralization. In comparison with Brazil, in Argentina the national government has reduced legislative powers and a low coordination capacity in terms of national policy for the public subsystem, strongly decentralized to the provinces. In Brazil, a unified public system coordinated by the national government was created, operating under detailed national legislation, and with a strong weight in the production of national parameters and norms. From the fiscal point of view, while in Argentina the funding of services depends on bargains between the president and governors, in Brazil subnational governments are constitutionally constrained to allocate minimum

levels and to receive conditioned and more stable transfers, with uniform rules. In this context, Argentine federalism contributes to higher levels of regional inequalities in the allocation of public resources and the installed capacity of services, vis-à-vis the Brazilian.

Social assistance

Two fields of governmental action can be distinguished in Argentine and Brazilian social assistance policy: benefits and income transfer monetary programs, offered to citizens or low income families without prior financial contributions; and social assistance services, continuous actions for the provision of services to the population, generally related to protection in situations of vulnerability or violence.

At the beginning of the nineteenth century Argentina constructed a social protection system based on retirement and pension funds aimed at segments of workers, later including new categories in the social security system and offering more non-contributory benefits and services in the 1940s, in the Perón administration (1946-1955). Despite the important participation of the State in the funding and offering of services, the trajectory of social assistance services has been marked by fragmentation and the disconnection of actions between public and private entities and also between national and provincial governments; and also by clientelist practices, distant from a universal egalitarian ideal.

Social assistance is not mentioned in the 1994 Constitution, but in attributing a constitutional status (art. 75) to the international treaties approved in Congress, the principles and directives of these treaties were incorporated, such as the 1989 Convention on the Rights of the Child and the 2006 Convention on the Rights of Persons with Disabilities, ratified respectively in 1990 (Law N° 23.849) and 2008 (Law N° 26.378). Argentine social assistance policy is based on national infra-constitutional legislation and principally provincial and municipal regulation. At the national level, the most recent focus has been income transfer programs, notably the 2009 Universal Child Allowance Program - Social Protection (*Programa Asignación Universal por Hijo - Protección Social -AUH-PS*). The national government has also produced laws for the protection of specific groups, such as

children and adolescents (Law N° 26.061/2005) and women in situations of vulnerability (Law N° 26.485/2009), and acting in the provision of social assistance and work protection services through the means of national programs, some in partnership with states and municipalities. However, it is at the provincial and municipal levels that the regulation and offer of social assistance services is concentrated, with enormous variations in their design, scope, and target public, configuring a fragmented and unequal policy throughout the national territory.

According to the data of Silva (2019), in the fiscal dimension, social assistance policy had a positive evolution, rising from 1.44% of GDP in 2003 to 3.17% in 2015. The share of the national government in the cost of this rose from 0.53% (2003) to 2.21% (2015), propelled by family-oriented income transfer programs. Municipalities also increased their expenditure, rising from 0.17% to 0.26% of GDP; while the provinces, the largest funders of social-assistance services, declined slightly, falling from 0.74% in 2003, to 0.70% in 2015.

In Brazil, the social protection system originated in the 1920s with the retirement and pensions funds aimed at specific sectors of urban workers. Unlike Argentina, social security advanced more slowly and in a restricted manner. In the 1940s new categories of workers were incorporated in the social security system, including rural workers and self-employed, the elderly, and disabled people with low incomes, groups with an irregular contribution history. Parallel to this, the offer of social assistance services was the responsibility of private institutions, under greater regulation and funding from the national government after 1930, under President Vargas. As in the Argentine case, these services were offered under a philanthropic logic, with a high degree of fragmentation, inequality, and actions marked by clientelist practices.

The 1988 Constitution established social assistance as a social right (Art. 06), 'provided to whoever needed it', irrespective of social security contributions (Art. 203). Also defined in the constitutional text is the duty of the state to guarantee a minimum payment to low income elderly and disabled people. Infra-constitutional legislative production at the national level advanced from the 1990s onwards. The Social Assistance Basic Law (*Lei Orgânica da Assistência Social* - Loas – Law N° 8.742, from 1993) was the first general law to give a clear shape to the policy. It regulated

Article 203 of the Constitution, establishing the Continuous Cash Benefit (*Benefício de Prestação Continuada* - BPC), which assures the payment of a minimum monthly wage to elderly and disabled people with low incomes, concentrating competences in the Union to define the beneficiary profile, funding, and policy administration. Also established were the Eventual Benefits, offered to individuals for births, deaths, and other such events, with their regulation and offer being the responsibility of municipalities. Among the national income transfer programs, the *Bolsa Família* Program (PBF) was created in 2003 by Provisional Measure N^o 132, transformed into Federal Law N^o 10.836 in 2004, establishing direct monetary transfer to low income families upon compliance with certain conditions related to health and education.

Using health policy as a reference, a national system was regulated by the Union as a 'unified' system, operating with instruments established at each level of government: the Social Assistance Fund, to administration its own resources and those coming from transfers; the Social Assistance Plan, to establish policy objectives and targets; and the Social Assistance Council, for the representation of the government and civil society in policy decisions. The transfer of resources from the national government to subnational entities is dependent on the institution and the proper functioning of these instruments.

Under the Unified Social Assistance System (*Sistema Único de Assistência Social* - SUAS), the Union assumed a policy formulation and coordination function, with states being responsible for regionalized actions and cooperation with municipalities, which primarily act in the implementation of social assistance services. The Union has produced extensive regulations to complement and detail the design of Suas, guided by universalization and equality, as in the definition of minimum financial levels to be transferred to states and municipalities in accordance with the services offered or seeking greater standardization of human resources (Resolution N^o 269, from 2006) and the services provided through the Typification of Social Assistance Services (Resolution N^o 109, from 2009).

In relation to expenditure, according to Silva (2019), three aspects can be highlighted in Brazilian social assistance policy. First, its expressive growth, rising from 0.83% of GDP in 2003 to 1.56% in 2015, propelled by the expenditure of the

Union which rose from 0.49% (2003) to 1.22% of GDP (2015). Second, similar to the Argentine case, national expenditure on social assistance was principally concentrated on direct income transfers, BPC and PBF represented around 90% of expenditure. Finally, the participation of states has been low and tending to fall, probably due to the secondary role in relation to the Union and municipalities in the administration of Suas. In 2003, state expenditure represented 0.13% of GDP, a level which fell to 0.10% of GDP in 2015. While the expenditure of municipalities represented 0.21% of GDP in 2003 and 0.24% in 2015 (SILVA, 2019).

It can be concluded that, both in Brazil and Argentina, there is a strong fiscal and jurisdictional centralization in relation to direct transfers of income to the population, which gained greater expression based on legislative initiatives and Union expenditure, principally in the 2000s. Social Assistance expenditure is much more expressive in the Argentine case, but in relation to social assistance services, there is less regulation and national coordination, resulting in a greater fragmentation and inequality in the offer of services, which were decentralized in the provinces; in the Brazilian case, there is a greater jurisdictional centralization of social assistance services, which resulted in a strong expansion, standardization, and greater social inclusion, with a strong involvement of municipalities.

Conclusions

Argentina and Brazil are federations with striking similarities and distinctions in their economic, political, and social configurations. Both are recently industrialized developing countries; marked by economic instability; democratic, but with a recent past of authoritarianism; presidentialist and federalist. They are distinct, however, in economic size: Brazil was the 9th largest and Argentina was the 28th global economy in 2017, in terms of GDP based on Purchasing Power Parity (PPP) (CIA, 2019a). However, Brazilian per capita PPP of U\$15,660 in 2017, was inferior to Argentine GDP per capita, which was U\$20,900 (CIA, 2019b). Argentina has an elevated level (0.825) on the Human Development Index (HDI), in 47th global position among 189 countries, while Brazilian had a high level (0.759), and is in 79th position in the world in 2017 (UNDP, 2019). Based

on GINI, Brazil was more unequal (0.533) than Argentina (0.406) in 2017 (BANCO MUNDIAL, 2019).

This paper has explored similarities and differences between the federative arrangement of both countries focusing on two institutional characteristics - jurisdictional centralization and fiscal federalism - to which we can attribute some features assumed by the social policies analyzed. Federalism did not in itself constitute an obstacle to the adoption and expansion of social policies in both countries. In both there was an increase in expenditure and social programs, principally from the 2000s onwards, contributing to the reduction of poverty and inequality (GINI) and to an improvement in human development (HDI). GINI fell from 0.533 in 2001 to 0.406 in 2017 in Argentina, and from 0.584 to 0.533 in Brazil, in the same period (BANCO MUNDIAL, 2019). HDI went from 0.771 in 2000 to 0.825 in 2017 in Argentina, and from 0.684 to 0.759 in Brazil, in the same period (UNDP, 2019). In both cases, economic growth cycles combined with national governments committed to the advance of social policies altered the status quo of social policies. They are both cases of centralized federalism, with the president being the prominent figure in the political dynamic, hence the denomination of hyper-presidentialism that is frequent in the Argentine case, but also used in the Brazilian case. However, particularities in the federative dynamic distinctly affect social policies under the prism of universality and equality.

In Argentina, national legislative production suffers more constraints than in the Brazilian case, with there being more space for provincial legislation, including social policies. Also different from the Brazilian case, governors are relevant actors in the national legislature, maintaining control of the parliamentarians elected in their jurisdictions, especially in small provinces, where parliamentary elections assume strongly majoritarian traits. As a result, governors prevail over national political party leaders and negotiate directly with presidents, with the presidential coalition founded on federative agreements and dependent on ad hoc negotiations about attributions and the distribution of resources for public policies. Argentine fiscal federalism is more centralized than the Brazilian, considering both tax collection and a greater provincial dependence on inter-governmental transfers from the Union, which

allowed the national government to better bargain for the support of governors for their legal initiatives. As a result, the discretion of the national government in relation to the territorial distribution of resources constitutes an important factor of governability.

Brazil has a higher level of jurisdictional centralization, while the national executive can produce constitutional and infra-constitutional legislation with less influence on governors in the national congress. The formation of the coalition which supports the president's legislative agenda has a political party base, involving the distribution of governmental positions and budget resources to allies, which in turn constrains the agenda power of the national executive. Brazil has a higher decentralization of tax revenues for states and municipalities, though compensated by the interference of the Union in the form of the implementation of expenses by subnational government, resulting from jurisdictional centralization, strengthening fiscal responsibility and better sustaining social policies.

Differences in status conferred on the municipality in both countries have important implications for the development of social policies. In Argentina, the political status of municipalities results from provincial constitutions, giving them a marginal position and great dependence on governors, restricting the direct reach of the initiative of the central government over them. In Brazil, municipalities have a constitutionally defined political status and are directly related to the Union. In the case of social policies, many that were formulated by the Union stand out in terms of funding and implementation.

The combination between different levels of fiscal and jurisdictional centralization explains important aspects of the shaping of basic education, health, and social assistance policies in both countries. In Argentina, under the combination between tax collection concentrated in the national government and the fiscal dependence of the provinces, 'executive presidentialism' restricts the development of stable legislation, based on the universalization of social rights and general rules for subnational governments to access resources. In this context, legislative prerogatives and the implementation of social policies by the provinces reinforce the great decision-making diversity and strong constraints on the redistributive and national nature of social policies. In Brazil, the social policies

analyzed were constitutionally established with a universal reach, despite being conditioned on the social needs of individual according to the rules of social assistance policy. All those involved in the functional sharing of responsibilities between the three levels of government – where the Union assumes the formulation and national coordination of the policies implemented by subnational entities – which combined with the elevated capacity for the production of legislation coordinated by the national executive, which left governors with little influence, leading to the construction of universalist parameters for the offer and funding of services, as well as the construction of policies or programs with an equalizing nature.

While in Brazil the federative institutional conditions (the polity) favored the production of more perennial, universal, and equitable social policies at a national dimension, in Argentina, with a more positive social legacy, there are greater institutional constraints on the development of social policies with these characteristics. This results in the preservation of segmented rights, based on insertion in the labor market, as occurs with health, and an ad hoc territorial distribution of fiscal resources, which results in bargains between national and provincial governments, resulting in strong uncertainty for both the beneficiaries of the resources and the funding of social policies.

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