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Party discipline and the determinantes of voting: the case of Resolution
125 and kirchnerism in the Argentine Congress

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Party discipline and the determinants of voting: the case of Resolution
125 and kirchnerism in the Argentine Congress*

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Abstract: This paper investigate the determinants of legislative voting with a single case study -resolution 125/2008- and a probit model. This resolution -born as an executive decree and later submitted to the National Congress- became the first project rejected during both Mr. and Ms. Kirchner administrations. I hypothesize the primacy of party discipline, taking into account other variables. I conclude that although the electoral cost seems high, party discipline is the best predictor of a vote unless the possibility of electoral punishment is added together with the margin for political action and ambition for a more important elective office.

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Introduction

The 2008 lock-out by the agricultural sector in Argentina was a conflict between the country's National Government and the said sector, started in March and extended into a prolonged period of turbulent politics. The crisis began with four agricultural sector employers organizations taking direct action such as road blocks to protest against Ms. Kirchner's decision to raise export taxes on soybeans and sunflower.

In March 2008, Ms. Kirchner's government introduced a new sliding-scale taxation system for agricultural exports, effectively raising levies on soybean exports from 35 percent to 44 percent at the time of the

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announcement. The aim was to raise government funds for social investment by increasing the government's share of returns from rising world grain prices, and to reduce domestic food prices by encouraging farmers to switch to grow staple foods like wheat and corn, rather than grow crops such as soybeans. Farmers, on the other hand, felt that the export duties were already too high.

The move led to a nationwide lockout by farming associations, starting on March 11, with the aim of forcing the government to back down on the new taxation scheme. As a result, on March 25 thousands of demonstrators marched banging cooking pots around the obelisk in the capital and in front of the presidential house. Protests extended across the country. In Buenos Aires, hours after Ms. Kirchner verbally attacked farmers for their two-week strike and "abundant" profits, violent incidents between government supporters and protesters took place, and the police was accused of willfully turning a blind eye.

Because of the farmers' strikes, mass protests and road blockades in various parts of the country, President Kirchner was forced to send the government's farm exports tax proposal to the Argentine Congress. On July 5, the Argentine lower house narrowly approved the government's tax package on agricultural exports by a vote of 129-122.

However, in the early morning of July 17, after seventeen hours of tense debate, the Argentine Senate rejected the government's grain exports tax measure by a vote of 37-36, with Vice-President Julio Cobos casting the decisive, tie-breaking vote against the measure.

On July 18, the Argentine government officially revoked Resolution 125. Levies on agricultural exports returned to March 10 levels (i.e. before the controversial Resolution 125 was imposed by a presidential decree).

This conflict represented the political epicenter of the newborn Ms. Kirchner administration. Furthermore, the consequent rejection of the Resolution 125, meant, in perspective, the only legislative setback suffered by kirchnerism. Given the exceptionality brought to the case by the government's defeat and the media exposure attached to it, and taking into account that this issue was the starting point for some fractures in kirchnerism -giving rise to PJ disidente, a dissident branch of peronism-I intend to analyze in a simple and intuitive, yet theoretically and empirically relevant way, the determinants of legislative voting.

For this, I briefly describe the Argentine political system and its institutional design which shape political incentives. Then, I will raise the working hypothesis, sketch the formalization of the case in the form of a sequential decision-tree with perfect information, show some empirical evidence, and finally outline some brief conclusions.

Argentine Political System

Following the comparative literature for Latin America, and particularly Shugart and Carey (1992), Mainwaring and Shugart (1997), Mustapic (2000) and Jones et al (2002) I think its important to briefly describe the argentine political institutions. As Jones et al (2002) argue, "Argentina has a presidential form of government and a bicameral legislature. The Chamber of Deputies has 257 members, elected from province-wide multi-member districts for four-year terms. The deputies are chosen from closed party lists using proportional representation. One-half of the Chamber is renewed every two years, with every district renewing one-half of its legislators. The political parties employ three methods of candidate selection: elite arrangement, assembly election, and direct primary. Regardless of which method is used, the provincial-level party leaders are the key players in the nomination process, with the national party leadership and rank-and-file members playing a decidedly secondary role" (De Luca, Jones, and Tula 2002).

On the other hand, the Senate has 72 members, elected from province-wide three member districts for six-year terms. Senators are elected by direct election, with the party with the most votes being awarded two of the province's senate seats and the second-place party receiving the third seat. One-third of the Chamber is renewed every two years. Thus, one third of the districts renew all of its legislators every two years.

Furthermore, if party nomination is inconsequential for electoral success, as is the case for incumbents in the Brazilian Chamber of Deputies (Ames 2001), party re-nomination will play no substantial role in shaping legislators' behavior. In contrast, in Argentina, "where local party bosses dominate the construction of the local party list, legislators' ability to independently pursue a legislative career is substantially curtailed. In this sense, Argentina is neither Brazil nor the United States, where the decision to run for reelection lies almost exclusively with the incumbent legislators. From the Argentine legislators' point of view, in order to pursue their desired career paths, they must maintain a good relationship with their local party bosses. Although challenging the local party boss could at times be an optimal strategy, it is certainly a risky one, and the timing of the challenge must be strategically chosen. Absent a challenge, career progression requires the support of the local party boss, whose main interest, it can be safely assumed, is to retain power"(Jones et al 2002).

Indeed, given the present electoral system, especially the Argentine closed lists and a D'Hont system, it is understandable that a politician

whose ambition -I assume-is keeping his/her office and/or party-political influence prioritize intraparty cooperation to the interest of his/her constituencies.

However, besides the potencial political cost, there should be as well a perception of possible electoral cost, defined as loss of electoral support. In this regard, data provided by the Confidence in Government Index prepared by the Universidad Torcuato Di Tella shows us that while in January 2008 the Confidence was at 2.37 –in a 1-to-5 scale being 5 the highest confidence level–, in June of that year, The index reached 1.27. Indeed, the Kirchner administration’s positive image dropped to only 16%.

Furthermore, this kind of incentives to cooperate within the party may differ in the Senate. The substantial difference with Deputies can be explain through various arguments. First, while the deputy seats legally belong to a political party, this is not the case with the seats in the Senate which are personalized. Incentives are also directly correlated with the attribution of responsibility, which is facilitated by the smaller number of legislators (72 versus 257), greater media exposure, greater partnership with the governor and, on this basis, the notion that if senators seek to minimize overall costs by rejecting the project, some deputies, particularly kirchnerist deputies, can be exempted from the political cost supporting the project, as well as being exempted from election costs when the Senate rejects it.

It can be assumed that problem arises when the expected payment for party discipline fails to meet the future expectations of certain legislators, as would be with potential 2011 presidential runners such as Julio Cobos, Carlos Reutemann and Felipe Sol’a. But beyond these exceptional cases, where the political situation takes complex variables, party discipline, especially in the better defined political blocks –ruling and opposition-is a major determinant of legislative voting.

Decision Model

The following model aims to formalize the vote in a decision tree with perfect information. For the first subgame, each deputy is facing its own utility function, namely:

$$(1) U^{di} = \alpha^{di} + \beta^{di}$$

Where α^{di} is the political cost, and β^{di} , is the electoral cost that any deputy i faces.

Similarly, if the project is approved by the Chamber of Deputies, it must be analyzed in the Senate: the second subgame of this model, where the utility function of each senator is:

$$(2) U^{si} = \alpha^{si} + \beta^{si}$$

Clearly, this model assumes a utility function where lawmakers hold instrumental rationality; they perceive no consumer benefits since their interest is narrowly political, not ideological.

However, given the sequential nature of the law making decision, we use game theory to find the subgame perfect Nash equilibrium.

The peronist deputies, who may fear electoral punishment and therefore may reject the project, in fact approve it because the political costs are high, and the election costs will be absorbed mostly by the Senate, since the latter will face the proper incentives to reject the project. That is, the deputies face a political cost α^d , that is greater than the electoral cost β^d , for two reasons. First, because the electorate will put the responsibility largely on the Senate, and second, because the political party controls the deputies candidate lists.

Therefore, for those legislators who do not have the political power to separate from the party and hold bigger ambitions –as would be the case of Felipe Sol’a for instance– their utilities are:

$$(3) \alpha^{di} + \beta^{di} < 0 \text{ if they reject (where } \alpha^{di} > \beta^{di} \text{), } \alpha^{di} + \beta^{di} > 0 \text{ otherwise (where } \alpha^{di} < \beta^{di} \text{)}.$$

Moreover, for an opposition deputy, there is no conflict between α^d and β^d . Finally, there are cases for which we must postulate $|\alpha^d| \approx |\beta^d|$, depending on variables such as political power itself and future political ambitions. Analogously, in the Upper House we assume the following:

$$(4) \alpha^{si} < \beta^{si} \quad \forall si \in [FPV]$$

We infer from the foregoing that, in general:

$$(5) |\alpha^{di}| / (|\alpha^{di}| + |\beta^{di}|) < |\alpha^{si}| / (|\alpha^{si}| + |\beta^{si}|)$$

$$(6) |\beta^{di}| / (|\alpha^{di}| + |\beta^{di}|) < |\beta^{si}| / (|\alpha^{si}| + |\beta^{si}|)$$

Furthermore, we believe that while β is an important variable, the major determinant of voting is α . Party discipline plays a fundamental role, and we could say that in exceptional cases where β increases and α decreases, party discipline fails not because the party itself fails, but because of the political ambitions and scope of the agent itself.

[FIGURE 1 ABOUT HERE]

Figure 1 shows the sketch of the decision model. As we can see, given this hypothesized payments for peronist lawmakers, the subgame perfect Nash equilibrium tells us the following: the deputy chooses to support the bill, then, the Senator does the opposite. If the deputy would not support the bill his payment would be negative while supporting it –no matter what the Senate does– would give him a positive utility. On the other hand, the Senator is better off rejecting the project than supporting it.

Now, in order to provide empirical support to this model, I will statistically analyze the determinants of voting in order to further analyze how high party discipline is in the case of Resolution 125/2008. Thus, the main hypothesis is: party affiliation is the major determinant of the vote. Complementary to it, I will intend to study what impact other factors have in imposing the discipline, namely: the relative importance of grains and oilseeds –defined as the cultivated acreage area as a share of total provincial area–, provincial vertical fiscal imbalance (Meloni, 2009) and if the legislative term ends in the upcoming partial election. By doing so, we will better understand the α and β values for both Deputies and Senators, and challenge the decision model proposed.

To this end, I will present a series of probit models where the dependent variable is the vote of each legislator, supporting or rejecting the project at issue. It is a binomial variable that takes a value of 1 if a legislator supports the bill, and 0 otherwise. The independent variables seek to capture the main determinants of the Legislators' vote. The following explanatory variables are considered:

For Deputies:

Political Party: variable that represents the party membership of the lawmaker. Consists of four dummies, namely:

FPV: takes a value of 1 if a legislator belongs to Frente para la Victoria.

PJ: takes a value of 1 if a legislator belongs to Partido Justicialista or some other kind of peronismo, and 0 otherwise.

Opposition: takes a value of 1 if a legislator belongs to UCR, PRO, CC, PS, Frente Cívico, and 0 otherwise.

Other: Takes a value of 1 if a legislator belongs to neither incumbent parties nor peronism nor clear opposition, ie: Solidaridad e Igualdad (SI),

and 0 otherwise.

2009: Takes a value of 1 if the legislator's term ends in 2009, and 0 otherwise.

2009 * FPV + PJ: takes a value of 1 if the legislature's mandate ends in 2009 and belongs to the Frente para la Victoria or some kind of Peronism (Partido Justicialista), and 0 otherwise.

Farming: this variable indicates the importance of the agrarian issue per province by showing soy beans and sunflowers area cultivated as respect of the total provincial area in square kilometers. The data were drawn from 2002 Argentine National Census.

VFI * GobNoJ: indicates the vertical fiscal imbalance interacted with the provinces whose governor is not from the Peronist Party.

For Senators:

Party Pol: FPV, PJ, Opos, Other. See the previous definition.

2009: See the previous definition.

Farming: See the previous definition.

VFI: indicates the vertical fiscal imbalance per province.

I consider FPV an PJ separately.in order to control for those politician who a posteriori break from FPV. I assume that if the agent does not respond to the principal anymore, since it creates a new party or aligne with an old party a new form of neoperonism or dissident peronism. Thus, seek to analyze the party discipline for those agents, namely the "orthodox" PJ members, considering them within the FPV party is simple misguided.

All variables but those related to FPV and PJ, and VFI are expected to have a negative effect on the legislator's vote.

4 Empirical Analysis

[TABLE 1 ABOUT HERE]

4.1 Chamber of Deputies

All variables in the model are significant except the farming variable. On one hand, the coefficient signs match with our expectations, as well as the lack of significance of the "Farming" variable. The effect of the Chamber's partial renovation is exactly as expected: generally negative, and positive for peronist deputies. We must also emphasize that the fiscal variable, despite being statistically significant, has little marginal effect

on the probability of voting in favor. Thus, not only are partisan factors the most influential, but the variable related to electoral punishment – the farming variable – does not affect the decision as common sense would predict, confirming our hypothesis that under conditions of subgame perfect Nash equilibrium the project is approved by Deputies, since it will be rejected in the Senate, thus avoiding both the electoral and political cost for peronist lawmakers.

4.2 Senate

Given the differences with the Lower House, one can see that while the party variables remain the most influential factors in the vote, "Farming" shows the trend that we have proposed before: $\alpha^{si} < \beta^{si}$. It is also interesting to note that in fact, the only statistically significant variables are party membership to FPV or the opposition, and the farming variable. Furthermore, one can also see how the PJ breaks from Mr. and Ms. Kirchner, giving rise to what became known as "dissenting peronism". That is, those politicians whose political ambitions are high, requiring the support of voters in their provinces for a possible run for governor or for the support for the 2011 presidential race, do more than being party-undisciplined. They break with the party -in 2007 most of PJ Senators had been elected under the FPV party label, and Néstor Kirchner was still the president of the PJ-giving rise to a new dissident, yet peronist, political space.

5 Conclusions

This single-case study has led us to analyze some aspects of party discipline, and especially the party indiscipline.

The first reflection refers to the primacy of party discipline, particularly in policy areas as clearly divided as governing and opposition parties. On the other hand, the low incidence of fiscal variables is striking. However, this should not be surprising if we think about other important cases where there is evidence in the same vein, like Law 26,425 of nationalization of the retirement funds administrators (AFJP) and Law 26,456 extending the tax on cheks. In both cases, the legislative majority voted against greater sharing of resources to the provinces, basically neglecting the federal coparticipation principle. In other words, I believe that the expected benefit of political agreements and intraparty political cost is higher than the one that would have involved in challenging one's own party in pursuit of ensuring the interests of their provincial constituencies.

Secondly, I highlight the notion of subgame perfect Nash equilibrium. I

also believe that the sequential decision model is simple and useful, but also remember its limitations. Indeed, there are no ideological considerations, the potential Supreme Court's veto as a third player in the model (Tsebelis 2002) is not taken into account, and I failed to include in the probit analysis variables that are effectively fiscal such as investments made by the federal government in different provinces. This would entail some sort of "back scratching" where congressional support could be repaid with federal investments.

A third consideration leads us to clarify the existence of cases where the expected benefit of challenging the party is greater than the benefit from cooperation. A representative case being the "kirchnerist exodus" whose best examples are Carlos Reutemann, Felipe Sola, and the Vice-president Julio Cobos.

Therefore, based on this analysis, it can be concluded that the major determinant of the "non positive" vote on Resolution 125 was not lack of party discipline, but quite the opposite. The latter, as I have tried to show, is the most important variable. The biggest issue arises when the expected payment of discipline fails to meet the future expectations of certain legislators, as would be the "presidential ones"-again Cobos, Reutemann and Sol'a. But beyond these exceptional cases -where the political situation takes complex variables-party discipline, especially in the political blocks better defined is the major determinant of legislative voting. As a final comment, given that this defeat in Congress was the only one suffered by the Kirchner administration ever since they took office back in 2003, we must remember that the resolution was born as an executive decree, and after weeks of protest was submitted to the National Congress. Thus, as hypotheses for future research, we can say that an "hyper" hyperpresidentialism interacted with high social mobilization represents a window of opportunity for politicians who receive better odds of fulfilling their political ambitions being undisciplined.

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Table 1. Ordinal Probit Regression Models

Variable	Chamber of Deputies		Chamber of Senators	
	Coefficient	Marginal Effects	Coefficient	Marginal Effects
FpV (*)	1.2042*** (.3109)	.5487 (.0981)	1.5717** (.6384)	.5657 (.1833)
PJ (*)	-.5469 (.5992)	-.2034 (.1992)	.4167 (.6593)	.1650 (.2569)
Opos (*)	-1.0983*** (.3530)	-.3940 (.1017)	-1.2571* (.7375)	-.4402 (.1986)
2009 (*)	-.8931*** (.3498)	-.3423 (.1248)	.6180 (.4804)	.2426 (.1822)
2009 * FpV (*)	.8715** (.4550)	.3352 (.1617)		
Farming	-.6984 (.8804)	-.2773 (.3495)	-3.7092** (1.8752)	-1.4756 (.7465)
VFI			-.0015 (.0141)	-.0006 (.0056)
VFI * GobNoJ	.0120*** (.0037)	.0047 (.0014)		
Constant	-.4737 (.2852)		-.3338 (1.2559)	
N	256		72	
Log-likelihood	-89.2712		-32.293342	
Pseudo R2	0.4969		0.3529	
Obs. P		.5039063		.5
Pred. P.		.4611257		.470154

Note: standard errors are below the estimated coefficients in parenthesis.
 * = p-value < .10, ** = p-value < .05, *** = p-value < .01. "Otros" dropped because of collinearity. (*) dF/dx is for discrete change of dummy variable from 0 to 1

Figure 1. Decision making tree for most kirchnerist lawmakers.

