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Subnational electoral regimes and crisis recovery in Argentina and Mexico

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ABSTRACT

The confluence of Latin America's volatile economic development patterns and transition to democracy has given rise to a proliferation of work on the national-level political causes and consequences of economic shocks and recovery rates. We explore the subnational electoral determinants of crisis recovery through analysis of growth rates in Mexico's thirty-one states and Argentina's twenty-three provinces following their economic declines of 2000–2002. Consistent with a theory that views intra-national variations in democracy as critical to understanding broader development patterns, we find that subnational electoral "regimes" significantly affect provincial recovery rates. Provinces that have an established electoral legitimacy prior to the onset of an economic shock, and those in which the governor enjoyed a substantial margin of victory, had significantly stronger recovery rates than those provinces stuck in a subnational regime transition with a sitting executive who lacked any claim to an electoral mandate.

1. Introduction

Economic crisis has been an all too common feature of Latin America's development patterns over the past three decades. During this period of "dual transition," where countries have moved toward more democratic political systems and more market-based economic development strategies, a majority of the region's countries have suffered through what might be termed "crisis-based" development, where economic crisis leads to economic policy adjustments that bring some measure of economic progress that ultimately ends in another period of crisis, thus beginning the cycle again. Between 1982 and 2006, for example, there were over 45 instances in Latin America where a country's GDP contracted four percent or more.[1] In the six years that followed the 2000–2002 economic debacle in Argentina, the region enjoyed a measure of economic prosperity, with most countries posting sustained economic growth rates. By 2010, however, the region had gone through yet another round of economic downturns, albeit not as severe as predicted, that were brought about by the 2008–2009 global financial crisis.

As economic crisis has become an all too common feature of the neoliberal era, so too has a striking unevenness come to characterize much of the region's democratization process. Though most countries seem to have successfully shed the historical tendency to call on the military in times of crisis (notwithstanding the 2009 political crisis in Honduras), democracy remains under threat from a variety of more subtle attacks. Levels of crime and insecurity have skyrocketed, reports of corruption of all varieties are on the rise, and citizen dissatisfaction with the form of democracy they see in their daily lives remains high.[2] One enduring problem with most democratic

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[1] Adapted from Lustig (2000) through 2002.

[2] See the many country reports on citizens' views of their political systems across Latin America produced by the Latin American Public Opinion Project at http://sitemason.vanderbilt.edu/lapop.

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systems in the region has been the jagged transition process that has taken place at the subnational level. Just as the U.S. South resisted full democratization for much of the 20th century, myriad provincial and local-level governments across Latin America have either successfully insulated their political systems from national-level democratization processes or resorted to increasingly authoritarian means to unsuccessfully ward off the inevitable opening of regional and local political systems, with the resultant conflicts between the new and old elites producing a transition marred by civic unrest and political instability.

The central proposition of this paper concerns the relationship between subnational electoral "regimes" and intranational variations in recovery from economic crisis. We argue that the ability of a province to recover from crisis is shaped to an important degree by the role elections play in its political system at the time of the crisis. Because crisis is inherently destabilizing, and recovery from such a shock requires (among other things) a reimposition of political, economic, and social stability, subnational electoral regimes widely viewed as illegitimate, or worse, those caught in contentious transitions from "one-party dominant" to "multi-party competitive" at the time of a crisis, are fundamentally disadvantaged in their recovery process when compared to an electoral context that allows citizens a legitimate, peaceful political voice and permits winners of elections to make a legitimate, uncontested claim on power.

In such competitive regimes, elections serve several purposes particularly relevant to economic crisis and subsequent recovery prospects. They offer a peaceful outlet for the likely citizen discontent that will arise in times of economic difficulties. A widely accepted, competitive electoral regime also allows elected officials more effective tools of governance than those gaining power through fraudulent or repressive means. More generally, established multi-party competitive regimes provide economic agents much needed predictability and stability in the political realm during times of great economic instability. In electoral regimes that are either in transition or continue to be dominated by a single party, we argue that elections will tend to exacerbate the instability and unpredictability of an economic crisis, thus making recovery more difficult.

2. Economic crisis and subnational recovery

Most work on economic crisis and its aftermath understandably addresses the topic at the national level. National macroeconomic factors are seen as the key determinants of a country's recovery rates, while most state or provincial governments and policies are viewed as having little impact on growth chances. Similarly, most scholars of democracy and its economic consequences have also focused on the national level, assuming some measure of subnational political regime homogeneity that parallels the national-level regime characteristics. After nearly thirty years of democratic transitions, however, it is clear that this assumption of subnational regime uniformity generally does not hold. As O'Donnell pointed out fifteen years ago, "Provinces peripheral to the national center (which are usually hardest hit by economic crises and are already endowed with weaker bureaucracies) create (or reinforce) systems of local power which tend to reach extremes of violent, personalistic rule open to all sorts of violent and arbitrary practices" (O'Donnell, 1993, 10). Fox (1994) and others (Lawson, 2000; Gibson, 2005) have referred to these areas as authoritarian enclaves, and identified the problems they pose for a deepening of democracy.

As Latin American countries move forward in their democratization processes, however, a third, potentially more problematic, category of subnational regime has emerged that we argue may be particularly consequential for a provincial economy's chance at recovery from economic crisis - the "transition regime". Those subnational systems that have begun to shed their one-party, authoritarian past often face a long and difficult period of transition where the old-guard elite seek to stave off increasing pressures for democratic change. Though widely recognized as a prominent feature of regime transitions at the national level, these "democracy growing pains" tend often to persist much longer, with more intensity, at the subnational level. Just as the old elite of the U.S. South resisted with force the introduction of more inclusive democratic rules of the game during the 1950s and 1960s, so too have the old guard, political machines of many Latin American provinces produced sometimes extreme, albeit sporadic, levels of violence and instability. Recent political unrest and violence in the state of Oaxaca, Mexico, spawned by the contested 2004 gubernatorial election, is indicative of the potential for continued clashes between the old and new guard as the former fight in protection of the status quo while the latter fight just as hard to eliminate it.

The idea that subnational political transitions from authoritarian to democratic rule are particularly problematic for such areas as economic development and recovery from economic crisis challenges a basic proposition of much of the regime type-development research carried out at the national level. Throughout the long lineage of scholarship on this question, tests of a relationship between regime type and development have focused on the existence of a linear relationship between the two. For those positing a positive impact of democracy on development then, more democratic political systems should produce greater rates of development. Whether relying on continuous or dichotomous measures of regime type, the typical specification in such analyses only allows for such a linear dynamic between the two (e.g., Przeworski et al., 2000). While such a relationship may emerge at some point in a country's democratization process, we doubt such a pattern will characterize the early stages of democratization where challenges to the authoritarian status quo engender greater levels of violence and instability that would likely then have a negative impact on economic development even as the system is becoming more democratic.

Not only would such transitions tend to create greater chances for political and social unrest, but they also may raise investor concerns about the short-term economic climate of the region. These concerns would likely become most pronounced during the aftermath of an economic crisis. Though a province still stuck in a more authoritarian context would perhaps be passed over by investors in favor of a stable, fully democratic political environment, if forced to choose, investors will also likely opt for a stable authoritarian environment over an unstable, but slightly more democratic, region in transition. It is this nonlinear perspective on regime types and development outcomes that we view as widely absent from research on the political economy of development, and one that we propose to explore at the subnational level among the 23 provinces of Argentina and 31 states of Mexico and their recovery rates from economic downturns suffered in the first years of the 21st century. In addition to both experiencing varying degrees of economic crisis, these countries also typify the decidedly uneven, and prolonged, subnational political transitions that have come to characterize much of the democratizing world.

3. A theory of subnational political "regimes" and crisis recovery[3]

Before turning to a discussion of why we might expect to see a connection between subnational political regimes and recovery from economic crisis we should first clarify what we understand the term "regime" to mean in the context of subnational political systems. For our purposes, we offer a fairly narrow conception of what we refer to as an "electoral regime." In using this term, we wish to highlight our analytical focus on the degree to which a subnational political system is characterized by "institutionalized uncertainty" (Przeworski, 1991). Though we make no claims to be able to fully assess the degree to which such uncertainty exists, we attempt to measure the presence or absence of two fundamental features of Przeworski's term – contested elections with at least two viable contenders and a widespread acceptance among most relevant political actors that the results of elections are legitimate and will decide who takes office. We contend that across the states and provinces of Mexico and Argentina, there exists considerable variation on these two dimensions that will greatly influence their ability to mange and recover from an economic crisis.

Our focus on the electoral environment as the core element of our use of the term regime is guided by the theoretical role we see elections playing prior to and during an economic crisis. An environment characterized by a widely accepted and respected electoral process that produces a clear winner theoretically enhances the governing capacity of the elected official in a way that a disputed or illegitimate electoral process does not. This "legitimacy bonus" that comes with an established electoral process could prove critical for a leader's chances of governing during times of crisis. Similarly, when elections occur in the midst of a crisis, the chance to peacefully "throw the bums out" provides an outlet for citizen discontent during the crisis, minimizing the chances they opt for more violent forms of giving voice to their frustrations. Peaceful elections during times of crisis also sends a message to outsiders that the political system can provide an environment conducive to recovery. Conversely, an election that is neither respected nor legitimate will only worsen existing societal tensions, making recovery from a crisis more difficult. In short, though the electoral context surrounding competition for political office is not the sole element of a political regime, we highlight it due to its theoretical import for a subnational economy's recovery process.

Many of the theoretical propositions related to regime types and economic development that have been explored by scholars at the cross-national level can plausibly be applied to the subnational level as well. Work by North (1991) for example, that highlights the critical role that both political and economic institutions play in the economic decisions of investors applies equally as well to the subnational level. The level of transparency that such institutions provide economic agents and the predictability and security of commitments they may or may not provide are essential to the encouragement of investments and, as a consequence, sustainable economic growth (Brautigan, 1997; Comeau, 2003; Knack and Keefer, 1995; MacIntyre, 2001; North, 1989; North and Weingast, 1989; Pastor and Sung, 1995). Given the importance of foreign direct investment in the current economic development strategies of many countries, those regions within countries that are most able to attract investment will be far better positioned to recover from crisis than those areas where the crisis has combined with a political transition context to produce high levels of societal and political unrest. Given a choice between states and provinces that offer a stable, predictable electoral environment, and those where elections may be just as likely produce greater uncertainty, investors will almost certainly opt for the former. The influence on provincial-level investment environments, then, becomes the first mechanism through which subnational electoral regimes can potentially matter.

Related works have focused more specifically on the impact democratic institutions have on government officials as well as private sector agents. Olson (1993) posits a less burdensome tax rate in democracies than what will likely emerge in autocratic regimes. Bhagwati (1995) supports this view, noting that "The structure of democracy, with its institutions of voting rights, a free press, and an independent judiciary capable of restraining legislative and executive power… are vital if development is to be sustained…" (56). Though evidence remains inconclusive for such direct effects of democracy on economic growth, Helliwell (1994) and others have found evidence for the indirect contributions democracy can have on economic growth through its positive effect on key elements of human development such as education and health care. Higher levels of these, in turn, contribute to more sustainable economic development (see also Lohmann, 1999; Rodrik 1999; Scully, 1997).

A final strand of cross-national research on the regime type-development nexus that is compatible with an application to the subnational level concerns work on the role democratic institutions of voice and accountability play in providing a peaceful outlet to the almost inevitable societal strife that emerges in the context of an economic crisis. Rodrik (1999) in particular offers a convincing account of the economic benefits democratic systems provided certain countries during the economic turmoil of the 1970s and, conversely, the deleterious effects suffered by those

[3] Portions of this section that outlines the theory of the political economy of subnational crisis recovery are adapted from Hiskey (2005, 31–35).

countries with poorly functioning institutions of conflict resolution. Those features of a democracy that allow for a peaceful outlet of discontent, a stable and predictable means of removing government officials from office, and an enhanced ability to generate societal consensus around solutions to the crisis all serve to create a context conducive to recovery from an economic shock (Careaga and Weingast, 2003; Comeau, 2003; Przeworski, 1995). When combined with the direct and indirect theoretical benefits discussed above, we then have a set of institutional characteristics associated with democracy that should be just as evident and beneficial for economic outcomes at the provincial level as they are at the national level.

Similarly, when considering the institutional features of a less-than-democratic political regime and their potential consequences for economic growth at the national level we also find many that are likely to be equally consequential at the subnational level. An electoral system that causes conflict, rather than reducing it, for example, is just as likely to be found at the subnational level as it is at the national level. Countless stories abound across Latin America of contested and fraudulent mayoral elections producing ongoing instability within a particular community. Such electorally induced strife is antithetical to the type of investment environment sought by economic agents at any time, much less during or immediately following an economic crisis. Levels of government repression of such conflict also will likely be higher in less democratic areas, whether at the national or local level, and such violence also will have economic consequences. Workers in a locality characterized by high levels of political repression will be more inclined, for example, to consider emigration as a viable option, thus diminishing the labor force of the local economy (Comeau, 2003, 484; Hirschman, 1972). Investments in such a context also may be expected to suffer due to the higher levels of uncertainty that political repression may bring to the community. In sum, there are myriad propositions generated by work on the development consequences of regimes at the national level that we argue apply as much, if not more, to the provincial level.

The various propositions regarding the impact unstable, ineffective political institutions may have on the growth prospects of an economy can arguably be tested equally, if not more, effectively at the subnational level in a developing world where the "third wave of democratization" has covered up tremendous intra-national variations in the capacity of institutions to effectively create an environment that helps, rather than hinders, economic recovery. These disparate subnational institutional environments have become all the more significant as the decentralization of government activities has become an increasingly common element in the second wave of developing country political and economic reforms (Cornelius, 1999; Cornelius et al., 1999; Dietz and Meyers, 2002; Fox, 1994; Remick, 2002; Rodríguez, 1997; Snyder, 2001a; 2001b; Ward and Rodríguez, 1999; World Bank, 2000). With this widespread decentralization of power, the potential impact state and local-level institutions may have on a country's ability to recover from economic crisis takes on a new light and suggests that research on the political economy of crisis should incorporate subnational patterns of social conflict and institutional development to fully understand a country's ability to recover from macroeconomic shock. Through analysis of two countries that are both made up of distinct subnational regime types we can better isolate their relative role in recovery.

4. Political and economic transitions in Argentina and Mexico

Though clearly distinct in many ways, Argentina and Mexico share striking similarities in their economic development patterns over the past twenty years. Both countries typify the crisis-based development pattern discussed above, with Fig. 1 offering a clear picture of what such a pattern looks like and how it has manifested itself in the two countries. The fact that at various points during the neoliberal era, both Argentina and Mexico were put forth as prototypes of the market-reform strategy highlights the problems such reforms have faced with respect to the goal of economic stability. More importantly for our purposes, the multiple economic crises that afflicted these countries occurred in the midst of lengthy and uneven political transitions taking place across the 23 provinces of Argentina and the 31 states of Mexico. It is to these uneven subnational transitions that we now turn in order to provide a basis with which to explore the relationship between subnational political environments and recovery from economic downturns.

The dynamics of Argentina's and Mexico's national-level regime transitions are in many ways polar opposites. In Argentina, 1982 brought a humiliating military defeat, an economic crisis, and an end to the country's brutal military dictatorship. Elections were held in 1983, installing Raul Alfonsín as president and producing a legislature dominated by the country's two principal political parties – the Partido Justicialista, or Peronists, (PJ) and the Unión Cívica Radical (UCR). Despite a surprising persistence of the military in politics, leading some to characterize Argentina's transition as "incomplete" (McSherry, 1997), the country appeared to move quickly toward a relatively stable, peaceful, multi-party democracy by the 1990s. Having overcome various episodes of economic downturns, it appeared by the latter part of the 1990s that the country had

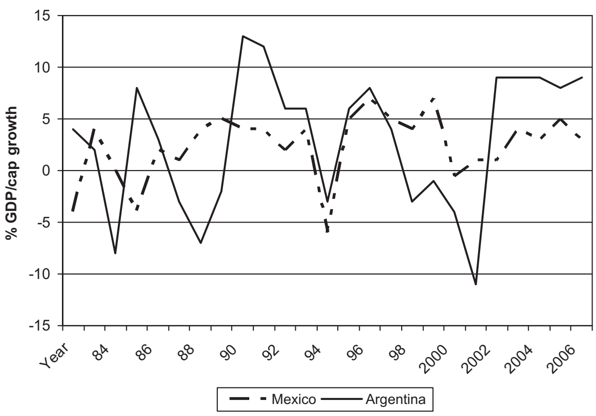

Fig. 1. GDP/cap Growth 1982–2007.

finally reached a point where both politics and economics seemed to stabilize.

As is often the case, however, appearances proved deceiving. Beginning in 1999, Argentina suffered through a four-year period of almost absolute economic and political collapse. The economy contracted by 19.2% over this period and a succession of presidential resignations and ousters created a general climate of extreme uncertainty and instability on both economic and political fronts. With this national-level instability as the backdrop, the end of the 20th century found starkly different subnational political environments across Argentina that in many ways were part of the country's national-level democratization story. As Gibson notes, "the founding years of Argentina's new national democracy were a golden age for Argentina's subnational authoritarian regimes" (2005, 122). Indeed, the PJ cemented its reputation for engaging in clientelistic practices, with Peronist governors playing the role of party boss, guaranteeing electoral support for the national party in exchange for access to federal government largesse used to grease their provincial political machines (Calvo and Murillo, 2004). In the pages below we offer an approach for distinguishing the various provincial political environments of Argentina circa 2000 and then examine to what extent these distinct contexts affected provincial recovery rates from one of the country's most severe economic crises of the past three decades.

We first turn to our other case of crisis-based development, Mexico, and briefly examine its national-level regime transition and how it manifested itself among the country's thirty-one states. In contrast to Argentina's relative rapid regime change, Mexico experienced a prolonged democratic transition that reflected in many ways the long tenure of the Institutional Revolutionary Party's (PRI) one-party regime that preceded it. Though scholars continue to debate the starting point for Mexico's transition, most include mention of the widely contested 1988 presidential elections as a clear beginning of the end for the PRI's hold over power. The more concrete point of transition, however, came in 1997 when the ruling party lost majority control of the lower house of the legislature, as well as control over Mexico City's government. There also is little disagreement on the decisive role the election of National Action Party (PAN) opposition leader Vicente Fox to the presidency in 2000 played in bringing this lengthy transition to fruition. The fact that Mexico fared reasonably well in navigating the razor-thin vote margin separating 2006 presidential candidates Andres Manuel Lopez Obrador and eventual winner Felipe Calderon suggests that in terms of national-level politics, at least, a competitive, multi-party democracy is clearly emerging.

As Mexico's long, national-level transition played itself out over the course of the 1990s a far more uneven democratization process was taking place at the state and local level (Foley, 1999; Fox, 1996; Guillén Lopéz, 1995; Handleman, 1997; Lujambio, 2001). In some regions of the country, state and local governments were far ahead of the democratic curve, breaking free from the grip of the PRI and firmly establishing relatively free, fair, and competitive elections by the mid-1990s. The state of Baja California, for example, elected the country's first opposition governor during the 70-year PRI reign in 1989, marking a critical first step in the country's state-level democratization process that would spread to many of the northern and central-western states in subsequent years (Guillén Lopéz 1995; Lujambio, 2001). More importantly, these "early democratizers" were able to establish prior to the arrival of national-level democracy a widespread acceptance at the state and local level of a new set of democratic rules of the game that allowed for elections to fulfill their role as a peaceful outlet for citizens' political voice.

In other areas of the country, the exact opposite pattern emerged. Rather than moving in the general democratic direction of the country, some state and local political systems became even more undemocratic as the country neared its watershed elections of 2000. Indeed, even as late as 2008, there remained seven state governments in which no political party other than the PRI had controlled the executive and legislative branches of state government. Though these states may in many ways be more democratic than they were thirty years ago, the fact remains that the PRI continues its 70-year, one-party grip on political power.

In the context of a decade-long effort to decentralize power to the state and local governments in Mexico, the continuation of one-party rule at these levels becomes all the more problematic, as control over state government is made easier through enhanced state-level access to government resources. Though beyond the scope of this paper, the ability of the PRI in these states to fend of multi-party competition while all around them the PRI was losing power speaks to the effectiveness and durability of key elements of the PRI's political machine that appear to have remained intact at the subnational level. Though less democratic than those states with multi-party, competitive elections where alternation has occurred, these one-party states at a minimum would seem to be able to provide a stable and predictable political environment within which economic agents can make decisions with sufficient information.

It is precisely the unpredictability and lack of information concerning the future political environment that makes the subnational transition category so problematic for economic recovery. In the case of transition states during Mexico's democratization process, the most violent and unstable period took place in the mid-1990s, when center-left parties, led by the Democratic Revolution Party (PRD) first began to make a sustained challenge to the PRI's grip on state and local governments (Alcocer, 1994; Bruhn, 1996; Bruhn and Yanner, 1995; Fox, 1996). The PRI apparatus in these states, rather than accept the arrival of competitive elections, chose instead to try to violently repress opposition groups. The pitched battles that took place typically revolved around local and state elections, thus making these contests sources of instability rather than a means to diminish it.

Previous research on these transition contexts offers strong support for the idea that their high levels of instability and violence directly affected state recovery rates from Mexico's 1995 economic crisis (Hiskey, 2005). By 2001, when Mexico suffered another economic downturn, albeit one that paled in comparison to the 1995 crisis, many of the early transition states that struggled out of the 1995 recession had moved beyond the flagrant electoral violence that characterized their transitions into a stage of relative widespread acceptance of election results. Other states, however, those that lagged behind the democratization curve, were just beginning to challenge the PRI by the end of the 1990s, and it is these states that we posit faced the most difficult time recovering from the 2001 downturn.

5. Categorizing subnational regimes

Having discussed the contours of the distinct subnational political environments in Argentina and Mexico, we now turn to the more difficult task of categorizing the 23 provinces of Argentina and 31 states of Mexico into distinct regimes. [4] In seeking to characterize the political "regime types" of 54 provinces across two countries, we make no claims to having sufficient knowledge of each case to fully capture the complex political dynamics involved in such an assessment.[5] Nor do we have much in the way of existing literature that offers an adequate guide to how such evaluations can be made.

Gibson's work on subnational authoritarian regimes in Argentina and Mexico focuses, with good reason, on two clear cases of subnational authoritarian regimes in the state of Oaxaca, Mexico and the province of Santiago del Estero, Argentina. Through intensive, on-the-ground knowledge concerning his selection rule of "the restriction of either of Robert Dahl's 'polyarchy' dimensions, 'contestation' or 'inclusion'" he accurately classifies both Oaxaca and Santiago del Estero as authoritarian (Gibson, 2005, 113). In doing so, Gibson highlights the measurement payoffs of a small-N approach, namely the tremendous gain in measurement validity that comes with greater detailed knowledge of the limited number of cases being studied. With our choice of a systematic analysis of the subnational regime-crisis recovery relationship across Mexico and Argentina, we lose some degree of this validity but enhance our ability to control for other important determinants of economic growth.

Accepting this tradeoff, we attempt to mitigate the measurement issues by applying a fairly clear-cut set of decision rules that will place a portion of our cases on one of the two ends of our regime continuum, categorizing them either as "one-party secure" or "established multi-party". In the former category are those provinces that remain, as they have been since the reemergence of democracy at the national level, under the rule of a single party. These are provinces that have never experienced alternation in power and have very little if any inter-party competition. Because both Argentina and Mexico have federal systems with similarly structured provincial-level governments we can be relatively confident that this indicator of a one-party environment – unchallenged single party control of the executive branch of state government – can be used in roughly the same manner for both cases. Empirically, then, this category consists of those provinces where a single party has controlled the governor's office since the establishment of democracy and the most recent gubernatorial margin of victory (prior to 2000) by this party was by twenty percentage points or more. With these fairly stringent conditions we identify only three provinces in Argentina (13%) and five states in Mexico (16.1%) as one-party dominant.

On the other side of the continuum are those states and provinces that have demonstrated through at least one alternation in power that there does exist the possibility of losing office. Given that the recent era of national-level democracy has been brief, we argue that one alternation in power is adequate, if not ideal, to identify those subnational political regimes where there exists widespread acceptance of the basic democratic rule of the game (competitive elections) that allows for the establishment of "institutionalized uncertainty" (Przeworski, 1991). Eleven states in both Argentina and Mexico, experienced some type of alternation in party control of state government during the 1980s or 1990s, suggesting that by 2000 a general acceptance of electoral competition, and the possibility of losing that comes with it, had become the norm in these states.

Note here that our reliance upon evidence of a transfer of power between parties as an indicator of the general acceptance of the uncertainty of outcomes that come with a multi-party, competitive electoral environment is not as stringent as Huntington's "two-turnover test" and thus raises some concerns with this measurement choice (1991). We are likely increasing the chance of mistakenly labeling some provinces and states as established, multi-party competitive environments when in fact they may still be in the midst of a "regime transition" at the time of the economic crisis in the early 2000s. What we do know for certain from our measure, though, is that a transfer of power from one party to another has taken place, suggesting that the competing political forces within the state have accepted the role of elections in deciding who rules – an important step in achieving the theoretically critical political and social stability that we view as essential in helping a state to recover from economic instability.

With the one-party category we are somewhat less concerned with making these types of errors, as unchallenged one-party control over the subnational executive branch for the entire period of democratization seems a fairly clear indication of a distinct political environment. What we are unable to capture here is the likely variation in one-party tendencies within this category. Gibson describes Santiago del Estero as overtly authoritarian in terms of levels of repression and control over the policy-making process, but other one-party provinces may have much less of an authoritarian character to them, surviving instead on clientelist appeals to particular constituencies or perhaps simply through good governance. The larger point here is that while we are confident that these categories are picking up meaningful differences in subnational regimes, we make no claim here to fully understand the particular dynamics of each of our 54 cases.

The remaining states and provinces that do not meet the criteria for having either a one-party or multi-party political environment are thus classified as transitional. Though

[4] We exclude the countries' federal districts from our subsequent analyses.

[5] Data for this section are drawn from a variety of sources. For Mexico's electoral data, we rely on the electoral data bases of www.cidac.org and www.imocorp.com.mx.

Table 1
Subnational regime types circa 2000 in Argentina and Mexico.

Political environment	Gross state/Provincial product growth, 2000-2002 (%)	GSP recovery rate, 2003–2005 (%)	Illiteracy (%)	Std GSP (Nuevo Leon and Santa Cruz = 100)	Margin of victory in most recent gov. election
Secure one-party ($N = 8$)	−.030	.143	7.1	50.36	28.62**
Transition ($N = 24$)	−.037	.124	8.0	45.90	9.85
Multi-party ($N = 22$)	−.046	.186**	4.6	50.61	9.25

**$p < .05$ in ANOVA test for groups of different size.

a default category, defined by what they are not, we contend that this in fact is precisely what the term "in transition" means – a situation where a common understanding of the political rules of the game has broken down, with some actors pushing for a democracy on the rise while others are clinging to a one-party machine in decline. It is this state of flux that we see as critical to understanding how a system may be moving toward democracy yet confront a political context entirely antithetical to recovery from economic crisis.

6. Comparing subnational regime categories

Tables 1–3 offer a comparison of the various groups of provinces for Argentina and Mexico.[6] Immediately apparent from these tables are the dramatic differences in the within- and cross-country comparisons for Mexico and Argentina. First, the severity of the economic downturn in Argentina is clearly of a different magnitude than the one that took place in Mexico. Indeed, none of the three categories of states in Mexico even suffered an aggregate decline in economic activity during the two years of economic stagnation. Rather, an analysis of Mexico's subnational economic downturn reveals a sporadic and slow developing "recession" that affected some states and not others. Only one state suffered negative growth for both years of the 2000–2002 period, while in Argentina 19 of the 23 provinces experienced a decline for both years. Indeed, in Mexico, eleven states maintained at least some measure of positive growth for both years. Thus for these states, the "crisis" was in fact a mere stagnation of growth patterns after several years of more significant increases. Six of Mexico's 31 states suffered a decline in economic activity only between 2000 and 2001, while thirteen posted positive growth for that one-year period, but saw their economies contract in the subsequent year. In treating this period as a "crisis" then, we are perhaps overstating the magnitude of Mexico's economic downturn, particularly for those eleven states that experienced no negative growth at all. In subsequent analyses, we incorporate these uneven manifestations of Mexico's economic downturn by examining models that include only those states that suffered a contraction of their economy between 2000 and 2002.

The more general issue that Mexico's uneven and relatively mild economic recession raises, though, is how well our theory performs in explaining subnational economic growth *absent* a significant economic crisis. At one level, we see our theory as offering a basis for a general explanation of subnational growth patterns, regardless of whether there is an economic crisis or not. We see transition environments as inherently destabilizing and this instability, all else equal, is not conducive to economic growth. Foreign investment decisions, the movement of labor, and human capital investments are all hypothesized to be in part a function of the degree of political and societal stability that exists within a subnational political system. The greater instability that comes with transition contexts should lead to lower economic growth.

Alternatively, such dynamics may require a "trigger" in the form of an economic crisis. An important element of our argument is that the inherent economic and social instability an economic crisis brings will add to an already unstable political transition context. The crisis-induced instability may bring the flaws of a transition regime to the surface, thereby disrupting or impeding economic recovery mechanisms. Absent the instability that a crisis brings, the transition regime may be able to muddle through with limited manifestations of the contentious battle taking place between proponents of the old and new rules of the game. Given these questions concerning the role of an economic crisis in revealing the growth effects of subnational regimes, we offer Mexico and Argentina as representatives of the extremes of an economic downturn – Argentina's being one of the most dramatic collapses in that country's history, and Mexico's being a relative bump in the road. Analysis of these cases then offers a test of how subnational political contexts may affect recovery in two distinct crisis settings.

Several other notable features emerge from Tables 1–3 that will also help enhance subsequent analyses. First, the average recovery rates for the three categories of provinces in Argentina appear to lend tentative support to our theory. In Argentina, the transition category has a significantly

[6] Data presented in the tables and used for subsequent analyses come from various sources. Illiteracy rates for both countries come from the respective census bureau websites – Mexico [http://www.inegi.org.mx] and Argentina [http://www.indec.mecon.gov.ar] and data collected and stored at the Centro de Investigacion para el Desarollo in Mexico City (CIDAC, 2003). For Mexico, all other socioeconomic data come from INEGI data bases as well. Election data were drawn from the website of the Instituto de Mercadotecnica y Opinion [http://www.imocorp.com.mx/]. These data were then checked against the states' own electoral institute webpages [e.g., for Jalisco, [http://www.ieej.org.mx/] and data collected and stored at the Centro de Investigacion para el Desarollo in Mexico City (CIDAC, 2003). For Argentina, election and certain economic data were gathered from the Argentine government's Interior Ministry's provincial information website [http://www.mininterior.gov.ar/provinfo/bd_provinfo_2/mapasituacion/Provincias.asp]. Gross provincial product data for Argentine provinces was collected from the Consejo Federal de Inversiones website [http://www.cfired.org.ar/Default.aspx].

Table 2
Subnational regime types circa 2000 in Mexico.

Political environment	Gross state/Provincial product growth, 2000–2002 (%)	GSP recovery rate, 2003–2005 (%)	Illiteracy (%)	Std GSP (Nuevo Leon and Santa Cruz = 100)	Margin of victory in most recent gov. election
Secure one-party ($N = 5$)	.01	.117	9.3	49.45	24.8**
Transition ($N = 15$)	.01	.115	10.28	47.91	9.03
Multi-party ($N = 11$)	.03	.149	5.83	60.22	9.65

**$p < .05$ in ANOVA test for groups of different size.

lower average recovery rate than the multi-party group average, while the one-party category, because of its limited number of cases, is not statistically distinct from either group, but on the surface at least is consistent with our expectations – higher than the transition category but lower than the multi-party average.

This same pattern does not hold for Mexico, with the one-party and transition group averages for economic recovery being virtually identical. Though the multi-party average is higher than either of the other two for Mexico, the difference is not statistically significant. This lack of significant differences between subnational regime categories in Mexico supports the idea that perhaps it is only in a severe economic downturn, like that of Argentina circa 2000 or Mexico circa 1995, where the instability of transition regimes and the benefits of a multi-party context fully manifest themselves.

Given the importance of a province's socioeconomic development level for its recovery chances, the comparison of socioeconomic profiles of the three groups of states and provinces in Tables 1–3 offers encouraging results for our subsequent analyses. In the Argentina case, there is no significant difference across the three categories of provinces for any of the socioeconomic indicators used in the comparison of means analysis. For the illiteracy rate in particular, the three categories are all within one percentage point from one another. The standardized gross provincial product per capita indicator, on the other hand, does raise a slight concern in that the one-party dominant category appears to have a substantially more developed group of provinces than the other two categories.[7] Though not statistically distinct from the other two groups, this difference in the aggregate level of economic activity suggests the need to pay attention to this control variable in the multivariate analyses that follow.

In Mexico, the correlation of socioeconomic and political regime differences is even greater. For both the illiteracy rate and the gross state product per capita score, the multi-party category of states appears to be substantially more advanced than either the transition or one-party states. While these latter two groups again look very similar to one another along these socioeconomic indicators, the multi-party states appear to be more developed, a fact that may facilitate economic recovery rates. We thus include these characteristics as controls in our multivariate models.

The final point of comparison in Tables 1–3 worthy of mention is the average margin of victories in the gubernatorial election held closest to the onset of the economic downturn in each country. For Argentina, this would be 1999, when all provinces held elections for the governor's office. For Mexico, and its staggered electoral calendar and six-year gubernatorial terms, the year of the most recent election varies by state, making this a far more noisier and less useful indicator of a state's electoral context immediately prior to the onset of the economic downturn. In some states, the election could have come as much as five years before the economic downturn during a period in which the country was still reeling from its 1995 crisis. Despite these problems with the Mexican cases, for both countries Tables 1–3 reveal that on average, the transition categories and the multi-party categories exhibit similar levels of electoral competition in those gubernatorial races. From this then, we highlight the fact that as a group, the multi-party category only distinguishes itself from the transition category by whether or not a "transitional election" – an alternation in party control of the governor's office – had occurred prior to the onset of the economic crisis. Simply put, both categories appear to have had fairly competitive elections prior to the economic crisis, but states and provinces in the multi-party category had successfully resolved the battle over the electoral rules of the game prior to the crisis, while in the transition states and provinces, this battle was playing itself out at the time the crisis hit.

7. Modeling subnational recovery rates

What emerges from this comparison of means is a picture of recovery rates that mirror our expectations of multi-party political environments producing higher recovery rates than transition or one-party contexts. What is not clear from the comparison above is whether there is any substantive difference between the one-party dominant category and the transition category. In neither case did a significant difference emerge between these two groups. In order to more fully explore these findings, and possible non-findings, we move next to a multivariate analysis of recovery rates across most of Argentina's twenty-three provinces and Mexico's thirty-one states. To the extent that these findings hold in these multivariate analyses, they highlight yet again the importance of intra-national variations in what is viewed as a national-level phenomenon.

With the limited number of cases available to use for analysis we have strived to construct parsimonious, yet

[7] We standardize the gross provincial/state products per capita for Argentine and Mexican provinces in order to enhance comparability across countries and have a measure of *relative economic development* within each country. The measure, then, assigned the most developed state/province within each country a value of 100, with the values for all other states and provinces calculated relative to that baseline.

Table 3
Subnational regime types circa 2000 in Argentina.

Political environment	Gross state/Provincial product growth, 2000–2002 (%)	GSP recovery rate, 2003–2005 (%)	Illiteracy (%)	Std GSP (Santa Cruz = 100)	Margin of victory in most recent gov. election
Secure one-party ($N = 3$)	−.092	.207	3.3	51.87	35.00**
Transition ($N = 9$)	−.122	.140	4.3	42.56	11.22
Multi-party ($N = 11$)	−.118	.232**	3.3	40.04	8.8

**$p < .05$ in ANOVA test for groups of different size.

meaningful, models of subnational economic recovery rates. We include controls for state-level variations in human capital, economic development, and the magnitude of the initial economic downturn as our primary controls in the models. To this end we use the state illiteracy rate for 2000, the standardized gross state product per capita in 2000, and the percent change in the gross product per capita between 2000 and 2002. In the two country model, we also include the necessary country dummy variable to capture the myriad country-level effects that may influence recovery rates for the respective states and provinces. These four variables then serve as our controls designed to allow for an assessment of the singular impact that a state or province's political environment may have on its economic recovery chances.

To test our ideas concerning the role subnational political environment play we pursue two modeling strategies. First, we include the one-party dominant and multi-party regime categories in the model, with the transition category serving as the baseline group, to capture the posited positive effects of each on economic recovery rates relative to the transition states and provinces. If our proposition is correct that the transition category is least conducive to economic recovery, we should find significant, positive coefficients for both the one-party dominant and multi-party variables.

Our second strategy involves disassembling the one-party dominant category and testing for the individual effects of electoral competitiveness (margin of victory in most recent gubernatorial election) and one-party rule (absence of alternation in power prior to onset of crisis) on economic recovery rates. This model, then, will include the dichotomous multi-party variable that distinguishes between those provinces and states that experienced a transitional election prior to the onset of the economic crisis and those that did not.

We then use the margin of victory in the most recent gubernatorial election (prior to 2000) as a separate variable. Given the relatively brief lifespan of even the most democratic subnational regimes in Argentina and Mexico, it may be the case that once controlling for alternation in power (and when it occurs with respect to the onset of a crisis), heated electoral contests that occur immediately prior to an economic crisis will still engender a degree of instability that is problematic for subsequent economic recovery. That is, once we take into account the question of whether all relevant actors have accepted the democratic rules of the game or not, competitive elections may not be what a state or province needs to adequately handle the demands of an economic crisis.

Conversely, a governor entering office with a significant margin of victory, and any mandate that may come with it, may be better able to navigate the choppy waters of an economic crisis in such way as to bring about greater economic recovery. With the inclusion of the margin of victory variable, then, we may find evidence for this alternative hypothesis that the specific electoral context leading into a crisis has an independent effect on recovery chances. We will also test for any interaction effects that may exist between an established multi-party context and the degree of electoral competition that existed on the eve of the economic downturn. If an electoral mandate is important for governing in times of crisis, it should matter more in states and provinces that have established multi-party democratic systems in place. Finally, we also run models in which we exclude those states in Mexico that did not suffer through a period of negative growth during that country's slight economic contraction. Through analysis of only those states and provinces that experienced an economic downturn, we should gain a better sense of whether our propositions matter for growth in general or only manifest themselves during times of crisis.

The results of these various tests are displayed in Tables 4 and 5. We find support for the general proposition that subnational political contexts do play a role in economic recovery rates, but their impact does not wholly coincide with our theoretical expectations of a nonlinear

Table 4
Comparison of crisis provinces and states.

Political environment	Gross state/Prov. product growth, 2000–2002	GSP Recovery Rate, 2003–2005	Illiteracy (%)	GSP/cap (2000)	Margin of victory in most recent gov. election (%)
Secure one-party (8)	−3.03	14.25	7.1	50.36	28.63**
Transition (19)	−5.9	12.96	7.4	43.28	10.44
Multi-party (16)	−8.38	20.30	3.8	48.49	8.33

**$p < .05$ in ANOVA test for groups of different size.

Table 5
Economic recovery and subnational political context.

Variables	Model 1: All cases	Model 2: All cases with margin of victory	Model 3: Crisis states and provinces	Model 4: Crisis states and provinces with margin of victory
Constant	.196 (.04)	.173 (.04)	.19 (.048)	.164 (.048)
Country (Argentina = 1)	.004 (.03)	.009 (.03)	.001 (.04)	−.002 (.04)
Illiteracy rate (%)	−.006*** (.002)	−.005** (.002)	−.005** (.003)	−.004* (.003)
Std. gross state produce	.0001* (.000)	.0001 (.000)	.000 (.001)	.000 (.001)
Econ. growth rate, 2000–2002	−.177 (.215)	−.216 (.216)	−.160 (.292)	−.14 (.641)
Multi-party (=1)	.048*** (.014)	.05*** (.014)	.057*** (.016)	.065*** (.016)
Secure one-party (=1)	.016 (.018)	–	.02 (.019)	–
Margin of victory	–	.001* (.001)	–	.001** (.001)
Adjusted R	.49 (8.76)	.51 (9.14)	.49 (7.19)	.54 (8.12)
N	49	48	39	38

*$p < .10$; **$p < .05$; ***$p < .01$.

relationship between more democratic political contexts and economic growth following a crisis. Rather, the analyses reveal strong support for the idea that an established multi-party political context is superior to both transition and one-party dominant environments with respect to recovery from a crisis, while there appears to be no significant difference between one-party dominant and transition environments with respect to their impact on recovery rates. Alongside this finding of the recovery benefits of a multi-party electoral context, comes the somewhat paradoxical finding that a resounding gubernatorial victory leading into an economic crisis appears to be associated with higher recovery rates as well. We discuss these findings in more detail below.

Looking first at the model that includes all cases for which data were available (columns 1 and 2 in Table 5), among our control variables we find strongest support for the role of human capital in crisis recovery rates. To the extent that a state or province's illiteracy rate taps its more general level of underdevelopment of human capital, our findings suggest that such underdevelopment is a significant obstacle to recovery from a crisis. That our illiteracy measure captures this relationship bolsters our confidence in providing an adequate control for these factors when teasing out the individual effects of a state or province's political context. The overlap between areas with low levels of human capital development and a political context of either one-party dominance or transition is of particular concern in the case of Mexico where, as revealed in the comparison of means (Table 2), illiteracy rates on average are significantly lower in the multi-party states than in the other two categories.

The second clear result that emerges from Table 5 in all of the models is the strong positive impact a multi-party political environment has on economic recovery rates. The fact that this coefficient emerges as significant in both statistical and substantive terms across all four models displayed in Table 5 suggests a robustness to the relationship that is not dependent on a particular specification of the model. Across each of these specifications, and with separate analyses for all cases and just those that suffered an economic contraction of some sort, the benefit of having an established multi-party subnational regime in place prior to heading into an economic crisis is estimated to be around a half a percentage point increase in the three year economic recovery rate.

The consistent strength of this relationship points to the importance of widespread acceptance of at least the most fundamental democratic rules of the game as a factor in providing a subnational unit with the stability and predictability that are so necessary for economic growth in the context of economic crisis. The fact that the impact of this minimum requirement is captured by the single, and somewhat crude, criterion of a successful alternation in power occurring prior to the onset of an economic crisis is a testament to its importance as a fundamental building block for economic recovery.

The absence of any such significant effect for the one-party dominant variable certainly calls into question our hypothesis regarding the ability of these environments to also provide a stable, predictable environment in which recovery can occur. From these initial results (Models 1 and 3) it appears that there is no difference with respect to economic growth between the environment of a one-party dominant state and the environment of what we have identified as transition states.

This null result raises several possible interpretations. The first is one of measurement error. It may be the case that our transition category includes cases that are either still one-party dominant or established multi-party environments and thus does not meaningfully capture the unsettled, destabilizing quality of a transition environment that we posit as so problematic for economic recovery from a crisis situation. Another possibility is that by the time the economic crisis hit Argentina and Mexico (to a lesser extent) in the early 2000s, one-party dominant provinces and states were just as unstable as transition environments despite the absence of a viable political party opposition at the time. That is, whether or not a first-time alternation in power occurred during the crisis years, the disconnect between a subnational political context dominated by a single party and an increasingly democratic national political context may have evoked sufficient societal discontent to hinder economic recovery.

Support for the importance of the timing of a subnational unit's "transitional" election, that is the election when power first changes hands from one party to another, also emerges from the results of models 2 and 4. In these models, we drop the dichotomous measure of a secure one-party context and insert instead a margin of victory variable. In both cases, we find a significant impact of a multi-party context on economic recovery rates. Thus the models not only offer additional support for the transitional election hypothesis, they also highlight the importance of an electoral cushion, or in a democratic context, perhaps an electoral mandate, for governors confronting an economic crisis. For what these results suggest is that once controlling for the presence or absence of a transitional election, a governor's ability to effectively recover from an economic downturn is greatly enhanced when she enjoyed a significant margin of victory.

Table 6 explores a bit further this role of a governor's margin of victory in the probability of her success in recovering from crisis by inserting an interaction term that combines the margin of victory variable and the multi-party regime dichotomous variable. What we are testing here, then, is whether the "margin of victory effect" is more pronounced when combined with an established multi-party environment. We should see an interactive effect if the electoral mandate thesis is at work, given that claims of such a mandate would be far more credible in an established multi-party context than in a one-party environment. In the latter, a large margin of victory likely reveals only the ability of the dominant party to curtail any effective electoral opposition. Though such dominance may provide greater stability during a crisis, it likely will not give the ruling party any more governing legitimacy.

The results of this interaction model, at least for the crisis cases, suggests that there may indeed be a slight "electoral mandate effect" that emerges when a substantial electoral victory occurs in a political environment that has already established a pattern of peaceful transfers of power. Though the individual effects of a multi-party regime and margin of victory are insignificant, the significant coefficient for the interaction terms suggests that margin of victory, while helpful in any context with respect to economic recovery, has an added bonus in established multi-party environments.

8. Discussion

Though the above analysis does not fully confirm the hypotheses we develop in the first part of this paper, the more general thesis that subnational political environments or regimes play an important role in economic development finds substantial support. Across nearly all specifications of the economic recovery models, the single subnational characteristic of a successful alternation in power prior to the onset of the crisis proved to be an important predictor of the state's subsequent recovery rate. At one level this finding substantiates at a subnational level what many have found at the national level, namely that democracy in one way or another is good for economic development. At another level, however, we have much more work to do before making that claim with confidence, for what we have found in this work is far less than saying "democracy matters." Rather, the best we can say from our findings is that a successful alternation in power, perhaps serving as a proxy for general agreement on the electoral rules of the game, matters. We have no way of knowing how much more or less democratic these states and provinces were in terms of respect for human rights and democratic freedoms, for example.

This lack of knowledge about these other aspects of democracy across the states and provinces of Mexico and Argentina, however, also make the findings in some respect all the more impressive. For only by knowing whether or not a "transitional election" has taken place, we can go a long way toward assessing the economic growth prospects of subnational units. Though we clearly want to have other information about those units in order to more fully evaluate their growth prospects, the role of a subnational unit's political environment provides a significant, yet understudied, piece of the subnational development story. Given the widespread and ongoing transitions taking place across the developing world, our findings suggest that development scholars, policymakers, and practitioners pay particular attention to those subnational regions of countries in transition that have yet to experience a successful alternation in power. For even when democracy appears to be fully in place at the national level, our findings suggest that there are still important political transition processes occurring at the subnational level, and these processes have clear development consequences.

The second finding that emerges from our analysis is the support we find for a "margin of victory effect." In the context of established democracies, the positive

Table 6
Economic recovery and the "Margin of victory effect".

Variables	Interaction model: All cases	Interaction model: Crisis states and provinces
Constant	.18 (.04)	.207 (.05)
Country (1 = Argentina)	.01 (.03)	−.02 (.04)
Illiteracy rate (%)	−.006** (.002)	−.005* (.002)
Std. gross state product	.000* (.000)	.000 (.000)
Econ. growth rate, 2000–2002	−.219 (.215)	.05 (.297)
Multi-party (=1)	.03 (.021)	.033 (.02)
Margin of victory	.001 (.001)	.001 (.001)
Interaction term – Multiparty regime Margin of victory	.002 (.001)	.003** (.0016)
Adjusted R	.516 (8.16)	.58 (8.29)
N	48	38

*$p < .10$; **$p < .05$; ***$p < .01$.

relationship between a governor's margin of victory and her province's subsequent recovery rate suggests the benefits of having an electoral mandate in times of crisis. Given the somewhat limited range of macroeconomic policy choices available to a governor, this mandate effect may manifest itself more simply in terms of enhancing the governor's ability to instill confidence in capital, both foreign and domestic, and labor that there will be sufficient political and societal peace and tranquility to allow for a healthy economic recovery. To the extent that the electoral margin of victory also matters in one-party dominant areas, the assurance of relative domestic tranquility that comes with a large margin of victory may also be at work. An added benefit in both cases is likely found in the greater ease with which economic policy responses to the crisis are approved and implemented when the governor received a large share of the electorate's support.

The period following the 1999 national elections in Argentina offers anecdotal support at the national level for the idea that the absence of an electoral mandate greatly hinders governance capabilities during an economic crisis. While the Alianza (UCR/FREPASO) candidate Fernando de la Rúa won the presidency by a seemingly healthy ten-point margin in 1999, his victory paled in comparison to those by his predecessor, Carlos Menem, and subsequent Argentine presidents Néstor and Cristina Kirchner. Furthermore, 1999 marked the first time in decades that an Argentine president had faced a divided government, with the Senate dominated by the PJ and no majority party in the lower chamber (Bavastro and Szusterman, 2003). When the economic crisis hit rock bottom in late 2001, it became apparent that de la Rúa and his cabinet had little room for error, as explosive social protests against the government pushed Argentina to the brink of total chaos. Moreover, in the 2001 legislative elections, the percentage of the vote won by the Alianza plummeted by more than twenty percent, with one out of every five Argentine voters casting a blank or spoiled ballot. Eventually, these events would result in de la Rúa's resignation in December 2001, further destabilizing a country in dire need of steady leadership during times of unprecedented economic calamity.

These general findings point to the notion that economic recovery is in part a function of public confidence in and widespread acceptance of a subnational unit's political system and its ability to return society to some degree of normalcy. This observation, and the importance of transitional elections and an electoral mandate of some sort, take on added weight in the context of the recent global financial crisis that in 2009 and 2010 appears certain to trickle down in varying degrees to the countries of Latin America and the rest of the developing world. Indeed, mid-2009 IMF projections for Mexico's economic growth rate in 2009 were a striking negative 7.3 percent. Similar projections for Argentina were slightly less catastrophic, projecting a 2009 economic contraction of "only" −2.5 percent.[8] If accurate, 2009 could rank as one of the worst economic downturns for a region that has suffered through many such downturns in the past. The findings we present in this paper suggest recovery from this most recent crisis will be at least partly determined by the countless subnational transition dynamics occurring within the countries of Latin America. That those subnational units with fairly well-established democratic political systems stand a better chance of recovering from this crisis does not bode well for the widespread intra-national development gaps that exist in the region. For it appears that in times of crisis, the political development gaps may only make the already prevalent economic development gaps even worse.

[8] For Argentina see [http://www.imf.org/external/country/ArG/index.htm]; for Mexico see [http://www.imf.org/external/country/mex/index.htm].

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