CONSEQUENCES OF INSTITUTIONAL DESIGN:
TERM LIMITS AND BUDGETARY PROCEDURES
IN PRESIDENTIAL SYSTEMS

John M. CAREY

SUMMARY: I. Introduction. II. Legislative Term Limits. III. Budgetary Procedures. IV. References.

I. INTRODUCTION

At the outset, I must state unambiguously that I am not an expert on Mexican politics. It appears to me, however, that the political changes Mexico is currently experiencing are potentially among the most profound occurring in any country. Changes in the party system may generate demands for reform of other institutional structures and in the procedures by which policy decisions are made. Two potential areas for reform are the prohibitions on reelection for legislators and the budget process. In this paper, I review and extend some of my research on these subjects in other political systems, with the hope that the results will be relevant to debates over subsequent political reform proposals in Mexico.

The paper consists of two parts. In the first, I discuss prohibitions on legislative reelection (term limits), reviewing their effects on the national legislature in Costa Rica since 1949 and on many of the US state legislatures, which adopted these measures in the early 1990s. In the second part of the paper, I summarize and extend recent research on the effects of budgetary procedures in presidential democracies on government spending policy, and on the relative influence of the executive and legislative branches over spending priorities.

II. LEGISLATIVE TERM LIMITS

Prohibitions of any sort on the reelection of legislators (term limits) are relatively rare. Whereas most popularly elected presidencies are limi-
ed to a single—or at most two consecutive—terms, only Mexico, Costa Rica, and the Philippines constitutionally prohibit the reelection of legislators at the national level.¹

In Costa Rica, prohibitions on the consecutive reelection of incumbent legislators were adopted by the Constituent Assembly in 1949, largely due to the perception among the victors in the 1948 Civil War that long-term incumbency had encouraged corruption and legislative complicity with the executive in overturning the 1948 election results to perpetuate the rule of the Partido Republicano (Aguilar Bulgarelli, 1986). Similarly, term limits were adopted in the Philippines after the People Power revolution of Corazón Aquino, out of a conviction that long-term incumbents had regularly manipulated elections during the Marcos era to perpetuate themselves in office. In the US, popular dissatisfaction with high rates of incumbent reelection in the late 1980s and early 1990s generated widespread support for legal restrictions on reelection. With incumbent members of Congress unwilling to curb their own career prospects, reformers turned to direct democracy, via citizen’s initiatives, which are available in the constitutions of about half the US states. During the electoral cycles of 1990-1994, term limits initiatives proved to be overwhelmingly popular among the electorates in states where they are allowed. Limits on the reelection of state legislators were adopted in 21 states, with all these and two additional states passing similar initiatives placing limits on the reelection of their representatives in the US Congress. In 1995, however, the US Supreme Court ruled that state-sponsored prohibitions on congressional reelection violate the Qualifications Clause of the US Constitution (Article 1), and so are invalid. The decision left term limits on state legislators intact.² Tables 1 and 2 review the legal details of the national-level legislative term, as well as US state-level term limits.

¹ Ecuador also limited legislative reelection after the return to democracy in the late 1970s, but the restriction was overturned by a popular referendum in the early 1990s. Many US states attempted to impose term limits on their delegations to Congress in the early 1990s, but these were ruled unconstitutional by the Supreme Court in 1995.
² Subsequently, three state Supreme Courts have found term limits inconsistent with their own states’ constitutions and overturned them. However, term limits have withstood judicial scrutiny in many states, such that they remain in place in 18 US states, including some with highly professionalized legislatures, and they began to kick in (i.e. to bar incumbents from reelection) in 1996.
Table 1
Prohibiciones de la reelección para legisladores nacionales

<table>
<thead>
<tr>
<th>País</th>
<th>Años</th>
<th>Restricciones</th>
</tr>
</thead>
<tbody>
<tr>
<td>Costa Rica</td>
<td>1949-presente</td>
<td>4 años; no reelección consecutiva.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Diputados de listas provinciales: 2 años; no reelección consecutiva.</td>
</tr>
<tr>
<td>México</td>
<td>1933-presente</td>
<td>Diputados: 3 años; no reelección consecutiva.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Senadores: 6 años; no reelección consecutiva.</td>
</tr>
<tr>
<td>Filipinas</td>
<td>1986-presente</td>
<td>Diputados: tres períodos de 3 años, máximo</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Senado: dos períodos de 6 años, máximo.</td>
</tr>
</tbody>
</table>

Table 2
Term limits on US state legislators

<table>
<thead>
<tr>
<th>State</th>
<th>Lower House (years)</th>
<th>Upper House (years)</th>
<th>Year adopted</th>
<th>Year of first impact Lower House</th>
<th>Year of first impact Upper House</th>
<th>Break in services</th>
</tr>
</thead>
<tbody>
<tr>
<td>Arizona</td>
<td>8</td>
<td>8</td>
<td>1992</td>
<td>2000</td>
<td>2000</td>
<td>2 years</td>
</tr>
<tr>
<td>Arkansas</td>
<td>6</td>
<td>8</td>
<td>1992</td>
<td>1998</td>
<td>2002</td>
<td>lifetime</td>
</tr>
<tr>
<td>California</td>
<td>6</td>
<td>8</td>
<td>1990</td>
<td>1996</td>
<td>1998</td>
<td>lifetime</td>
</tr>
<tr>
<td>Colorado</td>
<td>8</td>
<td>8</td>
<td>1990</td>
<td>1998</td>
<td>1998</td>
<td>4 years</td>
</tr>
<tr>
<td>Florida</td>
<td>8</td>
<td>8</td>
<td>1992</td>
<td>2000</td>
<td>2000</td>
<td>2 years</td>
</tr>
<tr>
<td>Louisiana</td>
<td>12</td>
<td>12</td>
<td>1995</td>
<td>2007</td>
<td>2007</td>
<td>4 years</td>
</tr>
<tr>
<td>Maine</td>
<td>8</td>
<td>8</td>
<td>1993</td>
<td>1996</td>
<td>1996</td>
<td>2 years</td>
</tr>
<tr>
<td>Massachusetts</td>
<td>8</td>
<td>8</td>
<td>1994</td>
<td>d</td>
<td></td>
<td>2 years</td>
</tr>
<tr>
<td>Missouri</td>
<td>8</td>
<td>8</td>
<td>1992</td>
<td>2002</td>
<td>2002</td>
<td>lifetime</td>
</tr>
<tr>
<td>Nebraska</td>
<td>8c</td>
<td></td>
<td>1994</td>
<td>d</td>
<td></td>
<td>2 years</td>
</tr>
<tr>
<td>State</td>
<td>Initial</td>
<td>Total</td>
<td>Years</td>
<td>Years</td>
<td>Years</td>
<td>Years</td>
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<tr>
<td>------------</td>
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<tr>
<td>Nevada</td>
<td>12</td>
<td>12</td>
<td>1994</td>
<td>2008</td>
<td>2008</td>
<td>lifetime</td>
</tr>
<tr>
<td>Ohio</td>
<td>8</td>
<td>8</td>
<td>1992</td>
<td>2000</td>
<td>2000</td>
<td>4 years</td>
</tr>
<tr>
<td>Oklahoma</td>
<td>12 years</td>
<td>total in legislature</td>
<td>1990</td>
<td>2004</td>
<td>2004</td>
<td>lifetime</td>
</tr>
<tr>
<td>Oregon</td>
<td>6&lt;sup&gt;f&lt;/sup&gt;</td>
<td>8&lt;sup&gt;f&lt;/sup&gt;</td>
<td>1992</td>
<td>1998</td>
<td>2002</td>
<td>lifetime</td>
</tr>
<tr>
<td>South Dakota</td>
<td>8</td>
<td>8</td>
<td>1992</td>
<td>2000</td>
<td>2000</td>
<td>2 years</td>
</tr>
<tr>
<td>Utah</td>
<td>12</td>
<td>12</td>
<td>1994</td>
<td>2006</td>
<td>2006</td>
<td>2 years</td>
</tr>
<tr>
<td>Washington</td>
<td>6/12&lt;sup&gt;h&lt;/sup&gt;</td>
<td>8/14&lt;sup&gt;h&lt;/sup&gt;</td>
<td>1992</td>
<td>d</td>
<td>contingent</td>
<td></td>
</tr>
</tbody>
</table>

<sup>a</sup> Number of years an individual may serve before term limits are applied. A pair of numbers indicates that an individual may not serve more than a certain number of years over a longer period—e.g., six of twelve years—whether or not those years are consecutive.

<sup>c</sup> Length of time an individual must "sit out" before serving (or having ballot access) again. The time may be contingent when the term limit law specifies that an individual may serve no more than a certain number of years over a longer period.

<sup>d</sup> Term limits were overturned by the courts in Massachusetts in 1997, in Nebraska in 1996 and in Washington in 1998.

<sup>e</sup> Nebraska's legislature is unicameral.

<sup>f</sup> No more than 12 years total in the legislature.

<sup>g</sup> Passed by the legislature in early 1994.

<sup>h</sup> No more than 14 out of 20 years combined in both houses of the legislature.

Sources: Limits, year adopted, and year of first impact are from Chi and Leatherby (1998) (corrected for Oregon Lower House). Percent support is from National Conference of State Legislatures website (http://www.ncsl.org/). Mechanism and break in service are from texts of state measures.

Term limits reform in the US during the 1990s has generated debate over a wide range of potential effects. Among the more prominent areas are:
— political professionalism and careerism,
— The constituencies and interests to which term-limited legislators are responsive, and
— unity and discipline in political parties.

I discuss these issues in turn, drawing on both the Costa Rican and US state cases.

1. A New Breed of Politician?

According to many reform supporters in the US, the main problem afflicting legislative representation is simple careerism, whereby legislators remain in office for long periods of time. Increase turnover and the problem will be solved. Others maintain a need for new kinds of legislators, not merely new legislators, arguing that reform must encourage the election of individuals who are less interested in their own careers and are more interested in service to the state or nation and in legislative accomplishment. Reformers expect this to end “politics-as-usual”, opening up legislative office to persons without conventional political backgrounds—in particular, to those who are not in the legal profession or prior public office-holders (Petracca, 1991). Others suggest more generally that term limits will attract citizens of more diverse backgrounds to state legislative office (Fund, 1992).

Expectations of change do not stop there. It is plausible that term limits could have an effect on the issue positions and ideology of legislators. Ehrenhalt (1991) argues, for example, that liberals find government careers inherently more attractive than conservatives because of their beliefs about the place of government in society. Reforms that discourage careers in politics thus may make political institutions attractive to a larger number of conservatives, who would be willing to make a short-term commitment to serve. One might also argue that reforms that reduce the social and material benefits of service would place greater reliance on the policy motivation for office holding, which could result in more strong ideologues running for and holding political office (Brown, Powell, and Wilcox, 1995; ch. 4).

In extensive analysis of survey data from state legislators, my co-authors and I demonstrate that these expectations were not realized in among the few cohorts of legislators elected after term limits had been
adopted in the states (Carey, Niemi, and Powell [Carey, Niemi, and Powell] 1999). Consider, for example, occupation. We coded our respondents’ jobs prior to legislative service into 98 categories and selected the three most common — lawyer, insurance agent, and real-estate agent — to determine whether these occupations are any more or less common among post-term limit legislators. They are not. There is no significant difference between legislators elected after term-limits were adopted and those elected before they were adopted in term limit states (nor between those elected in term-limit versus non-term limit states) in the proportion of legislators drawn from these professions.3 It is also noteworthy that term limits have no impact on the proclivity of surveyed legislators to state that they regard politics as a career, nor on the proportion who maintain active careers outside of politics while they serve in state legislatures.

Apart from occupation, race, religion, age, education, and income are key demographic indicators that turn up no evidence of any effect. There is no difference in the average level of education or family income of legislators across any of our four groups of legislators, nor in the likelihood that a legislator is black or a fundamentalist Christian. In short, once we control for the demographics of state legislative districts and the characteristics of the legislatures themselves, we find no systematic differences in the backgrounds of legislators from term limit and non-term limit states, whether we are talking about “oldtimers” or “newcomers”.4 The only demographic characteristic of US state legislators on which term limits appear to have had any impact is gender. Term limits appear to have helped women by mitigating somewhat the effects of an electoral tide that ran against female candidates in the 1994 elections, although the effect is small and barely reaches conventional levels of statistical significance.

We were also interested in possible term-limits effects on the ideology of those who ran for and won legislative office. Our most straightforward test was simply to ask our survey respondents to place themselves on a seven-point scale ranging from extremely liberal to extremely conservat-

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3 In all cases, when I report differences between pre- and post-term limit legislators, or between term limit and non-term limit states, the results are based on multivariate analyses in which state institutional characteristics as well as legislative district demographics are controlled.

4 By “oldtimers”, I refer to longstanding legislators — those first elected before the wave of term limits reforms in the early 1990s; and by “newcomers” to legislators first elected after term limits were adopted in their states (or after 1992, in states without term limits).
ive. On this measure, there is no significant difference between those in term limit and non-term limit states, either among the oldtimers or newcomers. Nor are there any differences in the degree of ideological extremism (measured as the legislator’s self-placement score “folded” at 4, the midpoint). By these measures, the term limit reform appears to have had no effect on the ideology of legislators.

In short, with respect to the US state legislatures, we detected virtually no effect of term limits on the demographics of those elected, nor on their tendency to regard politics as their profession and to treat it as such. At the same time, term limits guarantee that politicians cannot build a career within one legislative chamber, so politicians with professional aspirations will have to build careers across various offices. Many experienced legislators we interviewed complained that because term limits inevitably decrease overall levels of legislative experience and expertise, they also weaken the legislative branch of government, and consequently damage the quality of public policy.

These evaluations are consistent with those of Costa Rican legislators, who complained that the first year of each four-year Assembly was nearly lost to policymaking as the new deputies learned parliamentary procedure and familiarized themselves with the details of public policy (Carey, 1996:43-45). As early as a 1964, a Legislative Assembly committee recommended abolishing term limits, stating:

Today, the job of deputy has become highly specialized. The current organization of the Assembly tends to stimulate activity by legislators on specific issues, such that the obstacle to reelection causes the country to lose valuable experience accumulated in legislative work. It is precisely at the moment when the deputy has gained thorough understanding of the country’s problems, and his own jurisdictional and capacities, that he is compelled to abandon his post according to the current constitutional provision (ALCR, Exp.A-18-E-4131, November 6 hearing).

2. The Electoral (dis)Connection

Another point of intense interest in the term limits debate is how prohibiting reelection affects the responsiveness of legislators to constituents in the districts from which they are elected. Of course, the method of legislative election is as important in shaping this relationship as is the possibility of reelection. In the US, where all legislators are elected on the
basis of personal (not party list) votes, and almost all are elected from single-member districts, critics regularly decry legislators' focus on constituency service and seeking pork-barrel spending projects for their districts, to the point of losing sight of the general public good (Fiorina, 1989). Adherents of term limits contend that such district-specific behavior is purely motivated by reelection. By this account, prohibiting reelection forces legislators to adopt a broader conception of the public good—one that encompasses the concerns of the state, or nation, beyond their specific geographical district, and perhaps a longer time horizon than the next scheduled election. With respect to this claim, there is some supportive initial evidence from the US state legislatures.

Carey, Niemi, and Powell (1999) asked state legislators to evaluate the amount of time they devoted to a number of activities, including:

- "keeping in touch with constituents",
- "helping constituents with problems with government,"
- "making sure your district gets its fair share of government money and projects" (i.e., pork),

all of which are generally regarded as reelection-oriented (Cain, Ferejohn, and Fiorina, 1987). The results suggest small but likely effects of term limits. For one thing, longstanding ("oldtimer") legislators in term limit states reported spending less time than others communicating with constituents (Carey, Niemi, and Powell, Table 3.4). For another thing, legislators elected after term limits were adopted ("newcomers") in term limit states are less engaged in both keeping in touch with constituents and with constituent service than are newcomers in non-term limit states (Carey, Niemi, and Powell, Table 3.5). This is true even though newcomers in term limit states are equally committed to running for reelection when allowed to as are their counterparts in non-term limit states, and devote just as much time to campaigning and fundraising. The differences with respect to seeking pork-barrel spending projects were even more striking. Whereas newcomers who are not subject to term limits report devoting more effort chasing pork than any other group, newcomers who are subject to term limits report devoting the least (Carey, Niemi, and Powell Table 3.6). In short, in the US states, term limits have not made le-

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5 That is, lobbying state and federal bureaucracies on behalf of specific district concerns.
legislators less ambitious to pursue political careers, but they have changed the ways in which ambitious politicians channel their effort and attention.

Corresponding to changes in legislative time budgets, term limits also appear to be altering legislators' orientation toward district interests. One Washington state legislator holds that term limits provide greater independence from constituents' demands:

"Before, if a constituent said something I disagreed with, I might tend to softpeddle. Now, I'm much more likely to tell them, 'I think you're simply wrong.' In that sense, you might say there's been some improvement (Thomas, 1997)."

Consistent with the arguments of some term limits proponents, this suggests that the reform encourages legislatures to address politically difficult issues that may require policy solutions with unpalatable short-term effects. Term limits opponents, on the other hand, argue that prohibiting reelection undermines the responsiveness and accountability of elected officials.

Carey, Niemi, and Powell (1999) also asked legislators two survey questions to address specifically the issue of how legislators perceive the public good. The questions asked legislators to scale (from 1 to 7) the extent to which they should give priority to:

--- the needs of their district versus the state as a whole, and
--- the demands of district voters versus their own conscience,

if these values should ever conflict. On these questions, oldtimer legislators in term-limit and non-term limit states, as well as newcomer legislators in term-limit states were statistically indistinguishable. Newcomers in non-term limit states, however, were more inclined toward district demands than any of these groups on both questions (Carey, Niemi, and Powell, Tables 3.7 and 3.8). These results are consistent with the premise that term limits dampen the responsiveness of legislators to the districts from which they are elected (Zupan, 1991; Carey, 1996, ch. 5), but that in doing so they encourage the sort of detachment from the demands of narrow district interests that Burkesian like George Will (1992) propound.

It is worth emphasizing here that there is no consensus on behalf of the Burkesian position favoring independence of legislators from district demands. Indeed, the Venezuelan electoral reforms of the late 1980s and early 1990s were motivated in large part by dissatisfaction with legislators' de-
tachment from their district constituencies and their corresponding responsiveness to national party leaders who controlled nominations to closed lists, and thus to reelectoral prospects. Among other changes, the reforms established single-member districts for some legislators and opened party lists for state legislators in order to force legislators to cultivate personal support in geographically distinct districts. According to one analysis, the idea was to "improve the quality of responsiveness to the demands of local communities, which will be the basis of better control by society over this part of the government... The obligation of a deputy, of whichever party is elected to a seat, will be increasingly to the community that elected him" (Paredes Pisani, 190:199).

Even in the US states, not all agree that the detachment from district interests is beneficial. Greater concern for statewide interests at the expense of the district may reflect a broader conception of the public good, or it may simply reflect legislators' efforts to increase their visibility before a wider electorate, in order to win higher office after being term limited out of their current position. There is no guarantee that such efforts contribute to good public policy. As the Speaker of the Massachusetts House put it:

I'm troubled by, generally speaking, the method or manner in which people try to vault from the legislature to this new higher office. Often it's done at the expense of their fellow legislators with what I call 'positioning' legislation or positioning amendments. Things that the candidate himself —Let's say it's Tom Finneran, legislator, now running for State Treasurer or Auditor or something like that— things that I know in my heart of hearts —if I was to go into a confessional with you I'd say, 'This bill's the biggest piece of shit in the world and we should never do it'— but it elevates me, it gives me a profile, gives me a stature that I don't have if I continue to vote the responsible way against this because we can't afford it or because of this or that consequence (Finneran, 1997).

3. Effects of Term Limits on Parties

Despite the differences among the cases, the initial adoption of legislative term limits in Costa Rica, the Philippines, and the US share an important similarity: the impetus came from outside the leadership of the dominant political parties, and was motivated by the sense that unlimited reelection had generated a class of professional legislators who used the
their positions to maintain themselves in office. These were, then, cases of term limits by “insurgency” —a characteristic that may distinguish them from the Mexican case, in which central leaders of the Partido Nacional Revolucionario (PNR) favored the adoption of legislative term limits in 1933 in order to strengthen the dependence of legislators on the national party and weaken their ties to local constituencies (Weldon, 1997).

The distinction between term limits by insurgency and those generated from within the ruling party is relevant to how we evaluate the effects of term limits on legislative parties. My argument, in brief, is that the effects of term limits on legislative parties depend on the relative control by party leaders over legislature-specific goods (beneficios exclusivamente legislativos) that legislators want versus their control over non-legislative career paths (beneficios nolegislativos). This statement is sufficiently dense that it is worthwhile spelling out at greater length the specific premises on which it is based and their empirical implications.

The first premise is that legislators are politically ambitious, that they desire reelection if it is allowed other political office if it is not. This much is established in my research on US state legislators (Carey, Niemi, and Powell, 1999) and on the Costa Rican Assembly (Carey, 1996), parts of which are reviewed above. A second premise is that political party leaders across political systems have varying levels of control over the resources that aid political careers. These resources may be legislature-specific or they may pertain to non-legislative career advancement. The former might include re-nomination as the party’s candidate, campaign funding, assignment of legislative offices and staff resources, committee assignments, advancement through the party leadership structure, privileged treatment for a legislator’s policy initiatives or amendments, etc. The latter refers to the party’s control over nomination to other elected office and campaign funding, or to patronage appointments to non-elected office. If party leaders exercise substantial control over legislature-specific resources but less over the resources that facilitate non-legislative careers, then we should expect term limits to diminish the authority of party leaders over rank-and-file legislators.
Table 3
Beneficios legislativos y no legislativos controlado por líderes partidarios

<table>
<thead>
<tr>
<th>Beneficios exclusivamente legislativos</th>
<th>Beneficios profesionales no legislativos</th>
</tr>
</thead>
<tbody>
<tr>
<td>• re-nominación para reelección</td>
<td>• nominación para elección para otros puestos electorales</td>
</tr>
<tr>
<td>• financiamientos para campañas de reelección</td>
<td>• financiamientos para campañas para otros puestos electorales</td>
</tr>
<tr>
<td>• designación de oficinas, empleados</td>
<td>• nombramiento para otros puestos políticos</td>
</tr>
<tr>
<td>• designación a comisiones legislativas</td>
<td>• acceso a puestos no políticos después del servicio legislativo</td>
</tr>
<tr>
<td>• promoción en la jerarquía del liderazgo del partido legislativo</td>
<td></td>
</tr>
<tr>
<td>• control de la agenda legislativa</td>
<td></td>
</tr>
</tbody>
</table>

For example, in the US state legislatures (as well as in Congress), party leaders generally exercise substantial control over committee assignments, office and staff resources, the legislative agenda, and (increasingly) over campaign finance—all resources that legislators value highly. In contrast, US party leaders exercise very little influence over alternative political careers. The system of primary elections seriously weakens party leadership control over nominations, and the relative scarcity of appointed offices\(^6\) in the US limits the supply of patronage available with which to reward former legislators. Thus, prohibiting reelection in the US undermines the value of the legislature-specific things that parties control, whereas party control over non-legislative goods is minimal to begin with. One should expect, then, that legislative term limits in the US will weaken the influence of party leaders over career-oriented legislators.

A survey of over 3,000 US state legislators in 1995 shows that in the first years after term limits were adopted in many US states, but even before they kicked in, legislators those in states with term limits perceived a significant decline in the influence of majority party leaders (Carey, Nie-

\(^6\) Especially at the state and municipal levels, many offices that are filled by appointment in other countries are filled by election in the US.
mi, and Powell, ch. 4). The Speaker of the Massachusetts House of Representatives described the rationale behind this effect, from the perspective of a legislative party leader:

[Term limits] affect my ability to [put together coalitions] because, if somebody is operating on this now artificially imposed deadline, they're looking to either move to higher office or another office because the calendar is marching against them. They are then very, very much less likely to abide by any type of committee assignments that I make, the delegation of committee responsibilities, with a suggestion to those who have only been here a little while, 'You have to wait your turn. You have to develop a little seasoning, a little bit of experience', and the like. There could be, quite frankly, an incipient revolution, I think, at any point in any legislature that has term limits from those who are not part of the leadership. There's no gain for them to wait because when they wait, the guillotine that falls on their head (Finneran, 1997).

Similar sentiments were echoed from the perspective of a legislator outside the party leadership, this time from California’s Lower Chamber:

I think that now party leaders and party discipline mean nothing. There isn’t any such thing. So the party breakdown is severe. And even within a caucus, what are supposed to be the organizationally empowered individuals, well... You know no one would ever dare cross [the former House Speaker] —you just didn’t do it. But people feel pretty free to cross the new ranks of leadership. And right now I can tell you that if our governor and the President of the Senate and the Speaker of the Assembly and their Republican counterparts— the four highest ranking legislators and the governor —sat down and cut a deal and said ‘This is what we’re going to do on taxes this year’, the rest of us don’t have to go along with it. I can feel free to say ‘To hell with you guys. I don’t have to support that deal’. I don’t owe it to my Speaker; I don’t owe it to the governor; I don’t owe it to anybody. People can become much more, sort of single-issue focused, and if all I care about is abortion funding, I don’t care if the governor is telling me ‘I can’t get your pet thing in there but just be patient’; I’ll just vote NO and tell him to go look for some votes somewhere else. (Are there specific sanctions that the leadership used to exercise that they don’t exercise anymore because of term limits?) Absolutely. I think the leadership is afraid to even make demands because they know they can’t back up the demands. But the sanctions that used to be imposed could include everything from lack of financial support in your next campaign to withholding key commit-
tee assignments, from loss of your staff, of the quality of office that you occupy—all that kind of stuff. The leadership just wouldn’t dare play those kinds of games anymore. The Speaker needs your support to keep this job, in which he has diminished power, and he can only keep it if we let him keep it. And since there’s plenty of other people willing to undermine him, to take the job away from him, he really can’t afford to alienate anyone.

As another example, consider the case of Costa Rica. The prohibition on consecutive reelection eliminates the possibility of legislative careers, undermining the value to deputies of legislature-specific goods. What matters to politically ambitious deputies are post-legislative political career opportunities which, in Costa Rica’s unitary system of government, means appointments to positions in the executive branch, primarily ministerships, ambassadorships, and positions on the boards of autonomous state corporations. These appointments are made by the president, almost exclusively to co-partisans, as shown in Figure 1.

Figure 1
Appointments of Costa Rican ex-deputies to executive posts during term immediately following legislative service
Term-limited legislators in Costa Rica, then, are overwhelmingly dependent on executive-controlled patronage for their post-legislative career prospects. In this sense, the Costa Rican case appears to resemble Mexico. The critical difference, however, is that the identity of the executive who will control this patronage is far more uncertain in Costa Rica than has been the case in Mexico from the 1930s through the 1990s. In the first place, Costa Rican presidential terms are perfectly concurrent with legislative terms, and presidents are likewise prohibited from immediate reelection. Thus no incumbent president ever controls appointments relevant to any incumbent deputy. Second, the Costa Rican presidency has been subject to close party competition during the entire term limits period, with changes in partisan control of the executive commonplace. Thus, there is no certainty among incumbent deputies as to whether their party will even have access to patronage positions after their service in the legislature is over. Finally, within parties, competition over presidential nominations is open and fierce, and presidential aspirants solicit endorsements and support from incumbent deputies. Thus, even if a deputy’s copartisan wins the subsequent presidential election, one’s factional affiliation during the previous nomination battles affects one’s prospects for a post-legislative patronage appointment.

To sum up, Costa Rica’s term limits force ambitious former deputies to rely on appointments to further their political careers, but for any given set of incumbent deputies, partisan control over future appointments is highly uncertain. Moreover, open intrapartisan competition over presidential nominations means that the very idea of party control over one’s political future is tenuous. In this context, term limits undermine the ability of party leaders to enforce discipline among legislators. As the leader of the Assembly’s PLN delegation put it in 1992:

It is not at all unusual for members of the party to vote differently [from the rest of the party] on a given issue. But it is hard to say exactly what it means ‘Voting with the party’ or ‘Voting against the party.’ There is such a difference of opinion within the country over what is the PLN — whether it is defined by the presidential candidates (and which candidate), or defined by the secretary general of the party, or by the party leadership in the Legislative Assembly, or by the individual deputies — that it is difficult to say what the party is. Therefore, it’s difficult to say what constitutes a vote with or against the party (quoted in Carey 1996:148-149).
The same legislator later summed the situation up more concisely: "Because of term limits, as minority leader, I have no stick to beat anyone with" (quoted in Carey, 1996:153).

III. BUDGET PROCEDURES

The second issue addressed in this paper is the process by which government spending decisions are made. My principal argument is that the procedure by which budget legislation is drafted, amended, and passed into law directly affects the tendency of regimes toward fiscal restraint, and the relative bargaining strength of executives versus legislatures on spending policy.

1. The Model

Consider budgetary policymaking under four formats found in presidential democracies: the package veto, item veto, aggregate ceiling, and item-by-item ceiling formats. The first is a simplified version of budgetary policymaking in the US and elsewhere, in which the congress presents the president with a budget law, which the president must either accept in its entirety or veto, in which case spending is set at some reversion point known to both players. Under the item veto format, found in Latin American countries such as Argentina and Brazil, as well as in many US states, the Congress passes a budget and the president then has the option of vetoing specific spending provisions while promulgating the rest, with spending on those vetoed items set at the known reversion point. Under the aggregate ceiling format, the president proposes a budget that establishes the overall maximum level of spending; amendments in the legislature can increase spending on some programs only if those increases are offset by cuts to other items. Congressional amendments to spending le-

7 The discussion that follows is based in part on a recent article co-authored with Lisa Baldez (Baldez and Carey, 1999) that focuses on the effects of the budget procedure used in Chile. The model developed in that work provides a means by which to compare the Chilean procedure with those in other presidential systems, and therefore can be extended to inform comparisons among various budget procedures under presidentialism.

8 Of course, in the US, there are generally a number of annual appropriations bills, establishing spending levels in various government departments. For the purposes of the model, however, these can each be regarded as budgets because each inevitably governs spending across multiple programs, or policy dimensions.
gislation that shuffle funds among programs may then be subject to presidential veto, which implies some reversion policy in the absence of agreement (e.g. Uruguay, Philippines) or, in the absence of a veto that requires a supermajority override (e.g. Peru), congressional majorities may be able to make their amendments stick. Under the item-by-item ceiling format, used in Chile and South Korea, the president proposes the budget, but only amendments that reduce specific items are allowed. Again, amended budget bills may or may not be subject to a presidential veto, and if they are, the location of the reversion spending policy becomes central to bargaining.\footnote{In Chile, moreover, if Congress does not pass a final version of the budget within a set time period (60 days), the president’s proposal takes effect.}

Figure 2
Four budget proposal games

\textbf{Package Veto}

\begin{itemize}
  \item Congress proposes on dimensions \(X, Y\)
  \item President
  \item accepts Congress's proposal on \(X,Y\) implemented
  \item vetoes Reversion policy on \(X,Y\) implemented
\end{itemize}

\textbf{Item Veto}

\begin{itemize}
  \item Congress proposes on dimensions \(X\)
  \item President
  \item accepts Congress's proposal on \(X\) implemented
  \item vetoes Reversion policy on \(X\) implemented
  \item Congress proposes on dimensions \(Y\)
  \item President
  \item accepts Congress's proposal on \(Y\) implemented
  \item vetoes Reversion policy on \(Y\) implemented
\end{itemize}
Initially, let us make some simplifying assumptions for the purpose of comparing these formats. First, the focus for now is on the initial proposal/amendment/acceptance stage of the game, ignoring veto overrides in the first two formats and vetos in the latter two, to keep the comparisons tractable. Second, assume that players have unique preferred policies; thus, assign an ideal point to the Congress and one to the president. Third, assume the players know each other's most preferred policies and the reversion point. Finally, for the formats in which the reversion policy is not specified as one of the players' ideals (e.g. as in Chile), assume that...
the spending reversion point is lower than the spending levels preferred by either Congress or the president on all dimensions. This is consistent empirically with government budgetmaking procedures, whereby the reversion policy is generally either zero spending, or the current spending level, unadjusted for inflation.

Consider budget outcomes across two dimensions of spending under the various procedures. In Figure 3, the two axes represent levels of spending along dimensions X and Y. C and P represent the ideal points for Congress and the president, respectively. R is the reversion point if no spending bill is passed, and is less than either player prefers on either dimension. The circle centered on C and passing through R represents all the points to which Congress is indifferent to the reversion outcome; Congress prefers all policy points inside this circle to no agreement on a bill, and prefers no agreement to all points outside the circle. The same is true for the president with respect to the indifference curve passing through R and centered on P.

Figure 3
Equilibrio presupuestal en dos dimensiones, según varios procedimientos presupuestarios
In our example, Congress prefers higher spending than the president on one policy dimension (Y) and the president prefers more than Congress on the other (X). We choose this particular configuration of preferences for both empirical and theoretical reasons. Given the vast range of policy areas on which national budgets set policy, it is virtually inevitable that there will be some issues on which Congress wants more spending than the president and others on which the reverse holds. The configuration of preferences depicted in Figure 3 is also theoretically more interesting than the case in which one actor is the “high-demand” and the other the “low-demand” on all dimensions. Where Congress and the president differ across issues as to which prefers higher spending, bargaining (logrolling) over spending levels can potentially occur across various dimensions of policy. Because the rules of procedure on which we focus affect actors’ ability to realize such logrolls, this configuration of preferences most clearly illustrates the potential effects of procedure on policy.

Under the package veto format, Congress should offer a bill setting spending on both dimensions as close to its own ideal point as possible constrained by the president’s willingness to sign the bill rather than accept the reversion outcome. This policy is the point just inside the president’s indifference curve labeled “Package Veto” in Figure 3. Perpendicular lines extending to each axis from this point would indicate spending outcomes on each policy dimension.

Under the item veto format, the president has the ability to “unpack” congressional proposals, effectively considering each dimension independently. Congress, then, can think of itself as making two separate proposals—one on dimension X and the other on Y. On dimension X, Congress should thus propose spending exactly at level C, given that the executive will prefer this to the reversion outcome. On dimension Y, the situation is somewhat different, as the president’s ideal point is between R and C. Congress should propose a policy as close to C as possible, but which the president marginally prefers to R. In Figure 3, this point is identified in two dimensions as Item Veto, with spending levels on both axes lower than under the Package Veto format.

10 If the president’s ideal point were between C and R, and were closer to C than to R, of course, Congress could simply propose its ideal point, C, on this dimension as well, and the president would accept.
Next consider the two formats by which presidential proposals establish budget ceilings. Under the item-by-item ceiling, the president proposes an entire budget. Congress can amend specific items downward only. The president can simply propose the ideal spending level on both dimensions, point P. Congress accepts the president's proposal on dimension Y, given that it prefers even more but cannot amend upward. On dimension X, Congress can use its amendment power to reduce spending to its own ideal level. The outcome is spending at the level indicated by the point "Item Ceiling". On dimension X, this is equal to the level under the Item Veto format, but it is lower on dimension Y, reflecting the preferences of whichever branch, Congress or the executive, prefers less spending in each particular issue area.

Under the aggregate ceiling format, any proposal the president makes establishes a budget "ceiling", which can be represented as a 45° line passing through the proposed point. If Congress's ideal policy is located below this ceiling (i.e., it prefers less overall spending than the president proposes), it can simply amend the proposal to its ideal policy. If Congress prefers more spending than the proposal, such that its ideal policy is above the 45° line representing the budget ceiling, then its best response is to amend the president's proposal to the point on the 45° line closest to its own ideal point. The viable strategies for each player in this bargaining game are portrayed in Figure 4. The series of 45° lines connecting the X and Y axes represent the budget ceilings implied by an array of potential presidential proposals. Congress's best response to any of these proposals is represented by the line anchored at its ideal policy point, C, and passing through each potential budget ceiling at the perpendicular. From the president's perspective, then, the feasible set of final budgets is represented by the latter line. Of these, the president's most preferred is the budget that results from proposing his ideal point. Thus, in equilibrium under the aggregate ceiling format, the president proposes his ideal budget; if Congress prefers less spending overall, it amends to its ideal budget; if Congress prefers more spending overall, it amends to the point closest to its ideal along the budget ceiling.
Figure 4

"Best response", mejor respuesta legislativa a la propuesta ejecutiva bajo el procedimiento "aggregate ceiling"

The model illustrates the importance of proposal authority, restrictions on amendments, veto powers, and the position of the reversion policy on bargaining between the branches. It also establishes a set of expectations about the effects of specific configurations of powers on spending policy. For example, we should expect spending to be highest under the package veto format, lowest under the item-by-item ceiling format, and between these extremes under the item veto and aggregate ceiling formats. The model also implies that, of the formats discussed, only the package veto induces outcomes on the contract curve between the players in equili-
brium; all the other formats generate Pareto sub-optimal outcomes.\textsuperscript{11} The loss of Pareto optimality results from the inability to make logroll agreements that are binding across policy dimensions, because in all but the package veto format such logrolls can be "unpacked", either by presidential item vetoes or by congressional amendments. This effect could quite reasonably be the product of intentional institutional design, which facilitates budget cuts to encourage fiscal restraint. Under the formats discussed here, the president is generally the privileged budget cutter, either as the holder of the item veto, or as the ceiling setter. Thus, presidents who prefer low spending are generally at an advantage.

2. Evidence

Testing the model requires assessing the relative success of presidents and legislatures in realizing their ideal spending policies, as well as some way of measuring spending restraint. The former requires thorough analysis of the policy preferences of specific politicians and parties, which is beyond the scope of this paper.\textsuperscript{12} As a measure of spending restraint, I propose examining annual budget deficits. Clearly, a number of factors apart from budget procedures affect governments' proclivity toward deficit spending, among the most important of which are tax structure, economic growth rates, and the availability of credit to the state from central banks. The first of these I assume to be stable relative to spending policy because most states must pass new budget legislation each year whereas the tax structure is fixed by default. The latter two factors can be measured (\textit{de jure}, in the case of central bank independence) cross-nationally.

Table 4 shows thirteen major presidential democracies according to the size of their mean budget surplus/deficit as a share of GDP, along with a group of economic and institutional factors that we might expect to affect fiscal balance. Most of the cases experienced transitions from authoritarian rule either immediately prior to, or early in, the time period examined.\textsuperscript{13}

\textsuperscript{11} Thanks to Gary Miller for pointing this out.
\textsuperscript{12} See Baldez and Carey (1999) for an application to the Chilean case.
\textsuperscript{13} Because international credit markets and the policies of international lending institutions directly affect budget constraints for almost all the countries we consider, we draw data from a uniform time period for all countries, including data from all years in which budgets were formed by the procedures described in Table 1. We do not include the Central American countries other than Costa Rica because either their budgets were heavily dependent on foreign aid during this period, or their democratic credentials were especially dubious, or both.
Longstanding democracies are in italics. The institutional variables included are an index of the legal autonomy of central bank officials from pressure by elected politicians (Cukierman et al., 1992) along with four different budgetary powers afforded to presidents in various constitutions. The first of these, gatekeeping, indicates whether the president exclusively has the authority to introduce spending bills (or, alternatively, whether legislators also may do so). The second, ceiling, indicates whether president’s annual budget proposal establishes maximum spending levels; and if so, whether as an aggregate ceiling across the entire budget (within which legislators may transfer funds by amendments to the budget bill), or item-by-item. Reversion indicates whether the president’s proposed budget serves as the reversion policy if Congress does not succeed in passing a budget bill. Item veto indicates whether the president may reject specific spending items in legislation while implementing the rest of the legislation.

Table 4
Deficits/surpluses in post-transitional presidential democracies, 1985-1996

<table>
<thead>
<tr>
<th>Country</th>
<th>Mean Deficit/ Surplus as % of GDP</th>
<th>Mean Annual Rate of Real GDP Growth</th>
<th>Cukierman Index of Central Bank Autonomy</th>
<th>Presi dential Ceiling</th>
<th>Reversio n</th>
<th>Item Veto</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chile</td>
<td>2.01%</td>
<td>8.45%</td>
<td>.46</td>
<td>Yes</td>
<td>Item</td>
<td>Yes No</td>
</tr>
<tr>
<td>Ecuador</td>
<td>0.16%</td>
<td>2.93%</td>
<td>MD</td>
<td>No</td>
<td>No</td>
<td>No</td>
</tr>
<tr>
<td>South Korea</td>
<td>-0.16%</td>
<td>7.44%</td>
<td>.77</td>
<td>Yes</td>
<td>Item</td>
<td>No</td>
</tr>
<tr>
<td>Colombia</td>
<td>-0.76%</td>
<td>4.36%</td>
<td>.27</td>
<td>Aggregate</td>
<td>Yes</td>
<td>No</td>
</tr>
<tr>
<td>Uruguay</td>
<td>-1.09%</td>
<td>3.85%</td>
<td>.24</td>
<td>Aggregate</td>
<td>No</td>
<td>Yes</td>
</tr>
<tr>
<td></td>
<td>Change</td>
<td>Initial</td>
<td>Lag</td>
<td>Fiscal</td>
<td>Monetary</td>
<td>Budget</td>
</tr>
<tr>
<td>--------------</td>
<td>--------</td>
<td>---------</td>
<td>-----</td>
<td>--------</td>
<td>----------</td>
<td>--------</td>
</tr>
<tr>
<td>Venezuela</td>
<td>-1.30%</td>
<td>2.81%</td>
<td>.43</td>
<td>No</td>
<td>No</td>
<td>No</td>
</tr>
<tr>
<td>Philippines</td>
<td>-1.58%</td>
<td>3.86%</td>
<td>.43</td>
<td>No</td>
<td>Aggregate</td>
<td>No</td>
</tr>
<tr>
<td>Argentina</td>
<td>-2.04%</td>
<td>3.31%</td>
<td>.40</td>
<td>No</td>
<td>No(^e)</td>
<td>No</td>
</tr>
<tr>
<td>Peru</td>
<td>-2.58%</td>
<td>2.28%</td>
<td>.43</td>
<td>Yes</td>
<td>Aggregate</td>
<td>Yes</td>
</tr>
<tr>
<td>Costa Rica</td>
<td>-3.20%</td>
<td>4.13%</td>
<td>.47</td>
<td>No</td>
<td>No</td>
<td>No</td>
</tr>
<tr>
<td>United States</td>
<td>-3.39%</td>
<td>2.46%</td>
<td>.48</td>
<td>No</td>
<td>No</td>
<td>No</td>
</tr>
<tr>
<td>Bolivia</td>
<td>-5.13%</td>
<td>2.59%</td>
<td>.50</td>
<td>No</td>
<td>No</td>
<td>No</td>
</tr>
<tr>
<td>Brazil</td>
<td>-7.98%</td>
<td>2.43%</td>
<td>.21</td>
<td>No</td>
<td>No(^e)</td>
<td>No</td>
</tr>
</tbody>
</table>

\(^a\) Based on Table A-1 in Cukierman et al. (1992). Maxfield (1997) reports that Argentina, Colombia, and Venezuela enacted reforms in 1992 to increase the legal autonomy of their central banks.

\(^b\) Data are from 1991-1996, following the transition to democracy in 1990.

\(^c\) The status of any type of veto (package or item) over the budget is subject to dispute, as discussed above in text, but it is not explicitly provided by the constitution.

\(^d\) Data are from 1989-1996, following the transition to democracy in 1988.

\(^e\) Data are from 1987-1996, following the transition to democracy in 1986.

\(^f\) The years 1992 and 1993 are omitted. In April 1992, partly as a result of a dispute with Congress over the budget, President Fujimori carried out a presidential coup with the support of the military, shutting down the legislature. As a result, the budgets for 1992 and 1993 were implemented by decree. Because the presidential budgetary powers discussed in this paper are identical under the new 1993 constitution and the previous constitution of 1979, we do not distinguish the two as separate regimes in our analysis.

Table 4 reveals several patterns. First, the cases with strongest economic growth performance tend toward smaller deficits (or surpluses). Among the institutional variables, the cases with gatekeeping and ceiling authorities tend to exhibit more positive fiscal balances.\textsuperscript{14} No obvious relationships are evident between deficits and either formal central bank independence, reversion powers, or item vetoes. These bivariate patterns are illustrated more clearly in Table 5, which shows mean deficits for cases, broken down according to values of the explanatory variables.\textsuperscript{15}

Table 5
Mean deficit as % of GDP, 1985-1996, by values of growth and institutional variables.

<table>
<thead>
<tr>
<th>Mean Rate of Real GDP Growth Over Period</th>
<th>greater than 5.0%</th>
<th>4.0-4.9%</th>
<th>3.0-3.9%</th>
<th>2.5-2.9%</th>
<th>less than 2.5%</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>0.93% (2)</td>
<td>-1.98% (2)</td>
<td>-1.57% (3)</td>
<td>-2.09% (3)</td>
<td>-4.65% (3)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Cukierman Index of Formal Central Bank Independence</th>
<th>greater than .45</th>
<th>.40-.45</th>
<th>.30-.39</th>
<th>.25-.29</th>
<th>less than .25</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>-1.53% (3)</td>
<td>-1.88 (4)</td>
<td>-5.13 (1)</td>
<td>-0.46 (2)</td>
<td>-4.54 (2)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Presidential Gatekeeping Over All Appropriations</th>
<th>Yes</th>
<th>No</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>-0.52% (5)</td>
<td>-3.06% (8)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Presidential Proposal Sets Spending Ceilings</th>
<th>Item-by-item</th>
<th>Aggregate</th>
<th>None</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>0.93% (2)</td>
<td>-1.50% (4)</td>
<td>-3.27% (7)</td>
</tr>
</tbody>
</table>

\textsuperscript{14} With respect to the sole case with gatekeeping in which mean deficits are on the high side, Peru, Gregory Schmidt (personal communication) indicates that absolute presidential gatekeeping has not always been effectively enforced.

\textsuperscript{15} Standard statistical analyses of this dataset quickly run into serious problems. In OLS regressions of mean deficits on each of our explanatory variables alone (with ceiling coded as 0=none, 1=aggregate, 2=item-by-item; and the other presidential powers as 0/1 dummies), growth, ceilings, and gatekeeping all produce strong and significant coefficients; the others do not. However, these three prime explanatory variables are all strongly correlated (significant at the .05 level in each case), such that multivariate analysis is hampered by both multicollinearity and degrees of freedom problems.
Presidential Proposal Sets Reversion Budget

<table>
<thead>
<tr>
<th>Yes</th>
<th>No</th>
</tr>
</thead>
<tbody>
<tr>
<td>-1.62% (4)</td>
<td>-1.59% (9)</td>
</tr>
</tbody>
</table>

Item Veto

<table>
<thead>
<tr>
<th>Yes</th>
<th>No</th>
</tr>
</thead>
<tbody>
<tr>
<td>-3.02% (5)</td>
<td>-1.73% (7)</td>
</tr>
</tbody>
</table>

Note: The number of cases falling into each category is in parentheses beside each mean.

Source: International Financial Statistics (various issues).

Countries with the strongest growth over this period exhibited the most positive fiscal balance, and those with the most sluggish economies the largest average deficits, although in the middle range of growth rates the pattern is slightly less clear. With central banks, there is a weak overall tendency toward larger deficits as autonomy shrinks, but some of the smallest deficits are found among countries with low levels of formal independence. Among the presidential powers, which are scored in a more blunt fashion, the patterns (or lack thereof) are easier to spot. Mean deficits among cases with gatekeeping are around half a percent of GDP, compared to an average of over three percent for the others. The two cases with item-by-item ceiling authority, Chile and South Korea, show mean surpluses; those with aggregate ceilings moderate deficits; and those where the president’s proposed budget imposes no fixed constraint have average deficits over three percent of GDP. Neither presidential authority to establish the reversion policy nor the item veto, by themselves, appear to constrain spending — with mean deficits under item veto formats actually higher than where this power is absent. Analysis of variance tests reject the null hypotheses that gatekeeping and ceiling powers have no impact on deficits with greater than 90% confidence.

To keep the model in Figure 3 visually manageable, we do not consider the effects of alternative reversion points. The effect such provisions would have on the spatial model depends on the requirements for veto override. Except Bolivia, the systems in which the president’s proposal sets the reversionary budget do not require extraordinary majorities to override presidential vetoes (whether item or package); thus, these presidents cannot simply offer a proposal and then veto alternatives preferred
by legislative majorities. Once congresses in such systems amend the initial proposal and send it back for executive consideration, the initial proposal is effectively moot as a reversionary policy, and we are henceforth in either the standard congressional proposal or item veto game.

3. Summing up

This paper addresses two quite distinct issues of institutional design, both of which may well be targets of reform in Mexico in the coming years: legislative term limits and budget procedures.

With respect to term limits, evidence from the US and Costa Rica suggest that prohibiting reelection does not substantially affect the composition of legislatures—that is the demographic characteristics or the ideological or professional dispositions of those who run for and win legislative office. Term limits do, however, alter the relationship between legislators and the voters who originally put them in office in predictable ways. Legislators not eligible for reelection are less directly responsive to their districts than those who can run again. This electoral disconnection has been welcomed by many term limit proponents in the US as a means of discouraging localism and particularism. At the same time, it has been decried by opponents of the reform as encouraging recklessness and undermining accountability. The big question outstanding is this: If term limited weaken responsiveness to district voters, to whom will ambitious legislators be more responsive under term limits? In the US and Costa Rica, where partisan control over post-legislative career paths is not particularly strong, term limits undermine the authority of party leaders. The more general answer to the question is that legislators will be responsive to those who control their post-legislative career prospects. In different political systems, this may be voters in a broader geographical district, party leaders, or interest groups with a stake in legislative decisions.

With respect to budgets, the spatial model presented here portrays a simplified process of bargaining between executives and legislatures over spending policy. I emphasize the importance of the authority to make budget proposals, restrictions on amendments to proposals, veto author-

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16 If Chillean presidents are allowed to exercise a veto over budgets, then Chile would join Bolivia in this category in the future. It would be worthwhile to investigate whether Bolivian presidents have relied on the strategy of exercising—or threatening—vetoes to prevent Congress from passing amended versions of the proposed budget.

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