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**Review Article:  
Democratic Governability in Latin America  
(Avenues for Future Research)**

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## **Abstract**

This paper asserts the differences between governability and governance as concepts, reviewing some of the literature's main claims for Latin America. With this, a research agenda is advanced in four main areas. First, it seems necessary to go beyond procedural definitions of democracy and include social and economic rights as the only way of assuring government more inclusive agendas being executed in the region. Secondly, plebiscitarian form of decision making, highly personalized politics and the lack of check and balances affect negatively better degrees of democratic governability. Representative democracy is the only feasible form of institutional development. Thirdly, problems arise when political or economic elite feels not obliged by the rule of law. If elites are not fully engaged with democratic governability, the prospects for the region are worrisome. This is why economic reforms and structural adjustment in the region tend to fail when conducted outside formal democratic institutions, affecting governability. That is the main difference, according to some literature, between first and second generations of reforms. The population needs to be involved in economic liberalization in order to succeed. Moreover, crucial are state capacity and civil services across the region for guaranteeing a fair distribution of economic openness benefits. In sum, real democratic governability can only be achieved if socio-political agendas are not pushed in the back of their constituencies.

## Resumen

Este trabajo examina las diferencias entre los conceptos de gobernabilidad y gobernanza, presentando una revisión de los principales postulados que se encuentran en la literatura especializada. Con esto, una agenda de investigación es sugerida en cuatro ámbitos principales. Primero, parece necesario avanzar más allá de las definiciones procedimentales de la democracia, incluyendo en el análisis los derechos económicos y sociales para asegurar que agendas más incluyentes sean realmente ejecutadas por los gobiernos de la región. Segundo, las formas plebiscitarias de tomas de decisión, como así mismo, los altos niveles de personalismo político y la falta de equilibrio en la división de poderes afectan de manera negativa el alcanzar mejores niveles de gobernabilidad democrática. Es en sentido, la única forma posible de desarrollo institucional es la democracia representativa. Tercero, los problemas se presentan también cuando las élites políticas o económicas no se sienten obligadas a comportarse de acuerdo a las reglas del estado de derecho. Si estos grupos no adhieren de manera específica a las reglas de la gobernabilidad democrática, los prospectos para la región no son auspiciosos. Esta es razón más para explicar fenómenos tales como por qué las reformas económicas estructurales en la región tuvieron una tendencia al fracaso cuando fueron realizadas fuera de las instituciones democráticas formales. Es esa la principal diferencia, esgrimida por algunos en la literatura, entre las reformas de primera y segunda generación. Más aún, si capacidad de presencia del estado y un servicio civil eficiente resultan cruciales para la mejor distribución de los beneficios de la apertura económica. En suma, la real gobernabilidad democrática sólo se alcanza si las agendas socio-políticas no se desarrollan a espaldas de la ciudadanía.

## REVIEW ARTICLE: DEMOCRATIC GOVERNABILITY IN LATIN AMERICA (AVENUES FOR FUTURE RESEARCH)

Jaime Baeza Freer<sup>1</sup>

### 1. Introduction

Governability is one of the most salient issues in the post-transition period of Latin America. While, since 1990, the continent has achieved significant democratic restoration (with the obvious exception of the Cuban regime), concern with institutional consolidation of polyarchy has been replaced by the fears over democratic performance. Before, the task was to ensure that democracy was “**the only game in town**”: As conceptualized by Linz and Stepan, consolidation entails that “democracy becomes routinized and deeply internalized in social, institutional, and even psychological life as well as in calculations for achieving success” (1996:7)<sup>2</sup>. Now, issues of Latin American Governability are focusing in the quality of democracy and institutions (and the State itself), beyond elite agreement about democratic procedures.

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<sup>1</sup> This research is part of the project “A new socio-economic agenda” developed by Corporación de Estudios para América Latina (Cieplan-Chile) and the Fernando Henrique Cardoso Institute (Brazil); and funded by the Inter-American Bank (BID), The United Nation Development Program (UNDP) and the Agencia de Corporación Española (AECA-Spain). I am especially indebted to Dr. Ignacio Walker and his team (Alda Arriagada and Sergio Toro) for their invaluable support. Also, Dr. Todd Landman has given me wise comments and recommendations. All mistakes and shortages are solely my responsibility.

<sup>2</sup> For Linz and Stepan, the concept of democracy as ‘the only game in town’ requires three main characteristics (*ibid*:7):

1. **Behaviourally:** No significant political groups seriously attempt to overthrow the democratic regime or secede from the state.
2. **Attitudinally:** When even in the face of severe political and economic crises, the overwhelming majority of the people believe that any further political change must emerge from within the parameters of democratic formulas.
3. **Constitutionally:** All actors in the polity become habituated to the fact that political conflict will be resolved according to the established norms and that violations of these norms are likely to be both ineffective and costly.

Although the concept remains ill-defined and is often confused with governance, governability has become an essential part of academic discussion on the continent. One example comes from the conference held at the Kellogg Institute of Notre Dame University in 2005, “Democratic Governance in Latin America”. Despite the title, the vast majority of the attendees talked about “Democratic Governability in Latin America” in their drafts, often mixing or interchanging the two terms.<sup>3</sup> The confusion extends to practitioners such as the World Bank, who, in their indicators of governance translates governance as “*gobernabilidad*” (governability), in the Spanish version of their website.<sup>4</sup>

Governance is, according to Domínguez and Lowenthal, the “*constitutional ruling* (of government affairs) *with stable political institutions that mediate among power contenders, restrain the dominant and protect the weak*” (1996:3). On the other hand, Bailey (2006) considers that democracy as a regime is about more than a set of rules – and requires a concept of governability as the “*exercise of power by state agencies acting within a legal framework to address priority problems in a society*” (*ibid*: 2).

Therefore, governability is more than abiding by the legal frameworks of government activity; it implies the possession of the capacity to solve societal problems. In other words, it involves developing and delivering an agenda of government activity without illegal interference from other institutions of the state. Theoretically, it can be achieved in a non-democratic context. However, democratic governability is the only

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<sup>3</sup> For the program and papers delivered, see Kellogg Institute for International Studies, N. D. (2005), “Democratic Governance in Latin America” at the institutional webpage: [www.nd.edu/~kellogg/events/pastconf/dgagenda.shtml](http://www.nd.edu/~kellogg/events/pastconf/dgagenda.shtml). Accessed on August 1st, 2006.

<sup>4</sup> See the webpage [www.worldbank.org/wbi/governance/esp/wp-e.html](http://www.worldbank.org/wbi/governance/esp/wp-e.html). For more information on good governance indicators of the World Bank, refer to [www.worldbank.org/wbi/governance](http://www.worldbank.org/wbi/governance). Accessed on November 25, 2006.

feasible method since it requires the accountability of civilian authorities, the possibility of government evaluation by the population in periodic elections, and a judiciary that can assure minority rights. In this regards, Angell believes in the superiority of this type of governability and considers “*an independent judicial system that can check populist temptations is obviously more possible to construct under democracy*” (2005:2).

Moreover, distinguished quarters of the academic literature have assessed democracy variously according to different measures of freedom, rule of law, or even certain social and economic rights. In this sense, a clear notion of what a democratic system can deliver is required, and thereafter the importance of governability needs to be addressed.

## 1.1 The research agenda proposed

This research will incorporate three initial stages of analysis. **Initially, the aim will be to highlight some theoretical aspects of the democratic process that make governability possible.** This includes a look at the genesis of democratization, identifying the groups responsible for change. Secondly, research will be conducted into minimum standards required for the democratic process. Finally, we will explore citizen-agency related to democratization and political parties in Latin America.

The analysis then unfolds **into two main sources of answers. The first proposes the notion of governability in the region from a purely institutional approach.** It presents an overview of the main literature of governability issues, with regards to

institutional constraints on post-democratic transitions, party system consolidation, and the role of elites in an actor-centered analysis.

**The second source of answers considers the impact on governability of economic reforms developed since the Washington Consensus.** For this purpose, we look at the idea of “missing social contract” developed by Bresser Pereira and Nakano (1998). This focuses on current poor levels of agreement between decision makers and their constituencies, which take away the legitimacy of economic reforms and other important political decisions. In this section, we highlight the differences in dealing with the first and second generations of reforms.

Finally, to understand where the academic literature poses its principal questions, **this work will conclude with a joint analysis of the approaches presented.** It identifies new areas of research that are part of an agenda for improving levels of democratic governability and chances for survival for the region’s democracies.

## ***2. Democracy as a source for building governability***

Why do societies that had been highly authoritarian move towards democracy? What are the actors or groups that trigger change? There is some main opposing views in the literature. Barrington Moore (1966) presents what he considers compelling evidence that the urban bourgeoisie promote democracy. Along with many other theorists, Rustow (1970) draws on modernization theory linking democracy with capitalist development. Reuschemeyer, Stephens and Stephens (1992) offer evidence

that democratization is triggered by working class action. These contradictory versions of democratic origin can help to explain where the literature searches for the driving social group behind democratization. They explain which groups are more prone to having governability levels that allow for agenda development -and where the source for democratic governability lies.

The role of middle classes in democratization is the main finding of Barrington Moore (1966). He found that in certain feudal societies where people had degrees of immunity against the landlords, democracy ensued. This was essentially complemented with advancement of commercial agriculture. Peasants and others in cities collaborated rather than clashed. This was the case in Britain, United States and France. Conversely, Germany and China remained under centralized power figures. With more closed aristocracies, these latter countries had a high sense of honor with a lack of interest in business or manual work. As an example, parliament victory in the War of the Roses helped diffuse the British crown power towards other groups. According to this view, two major historical characteristics had helped to develop democratic systems (*ibid*: 430):

- The development of a balance to avoid a too strong crown or too independent landed aristocracy
- Turning toward an appropriate form of commercial agriculture

Within these aspects, Latin America's elite and middle class are not uniform and has adopted different approaches within national contexts to the issue of democracy. Also, history would tend to show that the region does not present cases of the types

described by Moore as essential for democracy. In contrast, in Great Britain the weakening of the landed aristocracy and the prevention of an aristocratic-bourgeois coalition against peasants and workers was also decisive (ibid: 430).

Rustow's (1970) first relevant question regarded the shift from functional explanation of politics and democracy to a more genetic one, which enables exploration into the origins of social choices and their consequences (ibid: 344). For the author, the background condition for democracy is national unity, where people deposit their loyalty as an essential precondition (ibid: 351). In addition, in its preparatory phase, his case studies showed that this is a dynamic process, where the inciting factor varies depending on the specific situation faced. Polarization, however, seems to be common (ibid: 354).

The deciding phase is accepting the opposition as legal and getting used to or “habituated to” it. This doesn't necessarily mean fostering democracy and then economic modernization; to the contrary it involves imposing some preconditions and later democracy (346-7). Moreover, economic liberalization will enforce democracy.

More recently, a seminal view of democratisation from below is presented by Reuschemeyer, Stephens and Stephens. For them, there is a need for some degrees of industrialization, in order to consolidate democracy, “*because it produced the organizational strength the middle and lower classes needed to sustain pressure*” (ibid: 168). Their findings suggested that “*when subordinate classes began exerting democratizing pressures, the middle class played a leading role*” (ibid: 198).

In this context, state power to protect the weak is precipitated. However, the mobilization of lower classes was minimal in Latin America. Due to late development of a capitalist system and strong rural elite, the outcome was institutionalization for competition within the privileged group (*ibid*: 173). Indeed, not much in of the way of including other groups occurred, especially compared to Europe with greater urban working class mobilization (*ibid*: 182). This could explain historical failure of democracy in the region.

The possibilities analyzed above diverge over what democracy is, and because its content is not precisely defined. Landman (2005) recognizes three main stages in the development of democracy, showing the substance of what the system is about according to different definitions:

- a) Procedural
- b) Liberal
- c) Social

*a) Procedural definition:* According to Dahl, democracy is the continuing responsiveness of the government to the preferences of its citizens, considered as political equals (1971: 1). For this, the author believes that citizens can: a) identify their preferences, b) signify preferences at an individual and aggregate level, and also, c) have their preferences weighted with no discrimination (*ibid*: 2). The relevant notion of access to preference formulation requires a series of civil rights to be exercised, framed as institutional guarantees. They include seven basic issues such as freedom to form and join organizations, the right to vote, eligibility for public office,

freedom of speech, alternative information sources, free and fair elections, and institutions for making government policies depend on votes and other forms of preferences” (ibid: 3).

These basic guarantees are bi-dimensional. On the one hand, there is a group where participation is central, while the second is related to citizens’ rights to question state action. In this sense, Dahl believes that polyarchy is the best outcome that societies can expect for the enjoyment of these guarantees to be enforced. Although the author does not consider that an ideal product is possible, he believes that these basic guarantees should also be possible from within hegemonies (inclusive and closed) or with competition among the oligarchies (ibid: 7-8). Most of the real world is located somewhere in the middle, not fitting in any particular stereotypical identity. (ibid: 14).

b) Liberal: This conceptualization of democracy adds the explicit protection of human rights to the procedural definition (Landman, 2005:20). This includes an institutional dimension “*that captures the idea of popular sovereignty, and includes notions of accountability, constraints of leaders, representation of citizens, and universal participation*” (ibid: 20). Therefore, property and minority rights among other basic human rights are added to those political minimum requirements (ibid: 20).

c) Social: In addition to human rights and encompassing a liberal form of democracy, this stage includes social and economic rights (ibid: 20). In fact, Landman recognizes that minimal or liberal definitions of democracy had affected the study of democratic quality, which should consider social and democratic rights. (ibid: 25). In fact, the

author recognizes that the lack of these rights can affect the exercise of liberal freedoms and rights (*ibid*: 25).

The argument is taken by Schmitter and Karl. They praise Dahl's contribution to the field: however they consider his conceptualization as a "vain hope of gaining a greater measure of conceptual precision" (1991:75). In this sense, rather than a procedural characterization, they present democracy as a variety of governance where rulers are held "accountable for their actions in the public realm by citizens, acting indirectly through the competition and cooperation of their elected officials" (*ibid*: 76). Nevertheless, the system is just a variety of many other possibilities like authoritarianism or totalitarian regimes. What is striking is the existence of citizens, who are entitled to rights, but not only through electoral means or specific ways of majorities (consensus is utopian in modern times), but because there is a permanent and diverse amount of channels of expression that are integral and effective (*ibid*: 78).

Moreover, Schmitter and Karl add two main characteristics lacking in the polyarchic model. First, that there are no reserved domains overriding civilian constitutional authorities' decisions; and secondly, the polity is self-governed, contrasting to neo-colonial powers. This is viable where citizens respect the authorities, and authorities are conscious of their temporal power, in a context of "democratic bargain" (*ibid*: 82-83).

Schmitter and Karl argued that democracy opens a society, although by itself it won't bring better administration or economics. Neither is it necessarily a ground for improved stability; and in fact, governability is not assured. Nevertheless, it is the key

for opening a discussion; and in institutional terms, it is the gate for a real, unthreatened chance for reforming the future. In short, governability is not necessarily secured by democracy, but governability is definitely not possible without this baseline.

Then, a variant of the agency-structure discussion in a democratic context is needed for understanding democratic development. Within this discussion Mainwaring seems concerned with a crisis between the citizen (principal) and the agents (parties) as main actors in any representative democracy. In advance of a forthcoming book (2006), the author offers evidence supporting the so called “representation crisis”. Focusing on the Andean region, he asserts that a crisis develops “where patterns of representation are unstable and citizens believe that they are not well represented” (*ibid*: 15).

In this sense, models of plebiscitary democracy, rather than representative democracy, can be dangerous in creating a risk for governability. For Mainwaring the problem goes beyond old parties being replaced because they are not representing citizens' interests. They are occurring in a context of **“weakened institutional landscape ... paving the way for plebiscitarian forms of representation in which populist presidents displace parties as the primary vehicle of expressing popular will. Plebiscitarian representation chips away democratic institutions, and sometimes paves the way to the authoritarian or semi authoritarian regimes (like) of Peruvian President Alberto Fujimori in the 1990s and Venezuelan President Hugo Chávez after 1998”** (*ibid*: 18).

In this sense, Hartlyn warns that many Latin Americans are closer to *electoral democracies* rather than to *rule of law democracies*, adding that these are countries that by executive decrees, manipulation of the judiciary and other tools are seriously limiting citizen inputs into public decision-making (2003).

In sum, this theoretical perspective helps to assess the capacity of democracy to incorporate citizens and understand the limits of what democracy represents in terms of rights and responsibilities. Within this context, it is possible to better understand how governability is possible and examine the structures by which any political agenda can be developed.

### **3. Institutional and actor evolution of democratic governability in the Region: describing and assessing the current situation**

Several years after the third-wave of democratization, the honeymoon between citizens and their politicians ended over multiple causes recognized in the literature. In fact, as seen, authors characterize this divorce as a “crisis of representation”, or the lack of connection between voters and their leaders.

The 2004 report “Democracy in Latin America”, produced by of the United Nation Development Program (UNDP), gathered in one document the view of many relevant political scientists of the region, pointing out:

*“The crisis of politics is evident not only with respect to the low credibility and prestige of political parties but also to the inefficacy of governments in dealing with key issues that are evidently deficits of citizenship: in particular, issues concerning civil and social rights. Both dimensions of the political crisis – institutional and content related – are vital, for it is politics that should frame options, represent citizens and forge links between the State and society in order to generate democratic power.” (PNUD, 2004:51)*

This alleged crisis affects the ability of political parties to lead the political process, subdued in a decline throughout the region. In this sense, the study stresses that there is a rejection of the party oligarchy because the old style caudillo leadership is not matching with more modern citizen's expectations. Decision makers are no longer taking account of the choices made by citizens. Furthermore, politicians no longer fear an *impossible game* by the military, since they were sent back to the barracks in the majority of the region. This means that no longer there is threat of an undemocratic official umpire that can seize power. The aforementioned game, defined by O'Donnell (1973), basically consisted in that no possible winner could emerge when the umpire (the military) was willing to step inside the government and avoid Peronism taking power. Furthermore, the game becomes a façade with the same forbidden party hiding inside provincial parties, winning elections all over the country. This was the case of 1962, with a sound gubernatorial and congressional victory (Lorenzo: 1994b:261).

Therefore, a sense of political disorder and lack of institutionalization is perceived in some countries, with an increased incapability to deal with everyday business. At a

first glance, the core problem seems to be with the distrust of institutions in their capability of delivering. For this reason, institutions and the political and economic elite are the main actors to analyze. In this order, Helmke and Levitsky consider the region has “*experienced widespread and often severe problems of executive-legislative conflict. In many countries, the result has been policy failure, periods of governmental paralysis, severe institutional crises (including executive efforts to circumvent and close congress, and extra-constitutional efforts to remove presidents), and in extreme cases, democratic breakdown*” (2006, 11). This is why for studying governability, institutional factors that can explain government stability and capacity for delivering an agenda are a prime concern.

### **3.1 Institutional factors of governability.**

From a purely institutional perspective, Arturo Valenzuela (2004) presents thirteen cases of presidents who in the last decade were unable to finish their presidential term. Two new cases occurring in 2005 must be added to the earlier total. The author’s main argument concerns a flaw in presidentialism as a system, making it impossible for many presidents to conclude periods in office. Especially troublesome for Valenzuela is the inability of reaching political coalitions that can survive, with presidents tempted to by-passing Legislatures and govern by decree. This is in addition to the classic problems of fixed terms and dual democratic legitimacy<sup>5</sup> (*ibid*: 14). The prospects of this political system enduring in the region is so worrying that he asserts: “*What better moment could there be for citizens across Latin America to ask themselves whether their Presidentialist traditions are so dear that they must be conserved even at the expense of hopes for democracy's consolidation?*” (*ibid*: 18).

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<sup>5</sup> For Linz (1994) dual democratic legitimacy deals with the fact that constituents give power to two different branches of government, where “no democratic principal can decide who represents the will of the people” (*ibid*: 7).

Valenzuela presents a view about the failure of governments to approach ruling majorities could be overcome with some measures, such as pursuing parliamentary regimes, ideally with the Portuguese variant.<sup>6</sup>

Conversely, other authors are not that keen to blame presidential systems per se. Pérez-Linán (2003) conducted a research review regarding democratic governability and crisis in the last fifty years. Among his main overall findings, the author found a stronger institutional framework, able to bear in better conditions the political heat with lesser breakdowns than in the past. He recognizes that the main discussion of the last decades in the area of democratic governability has been centered on the “power struggle” between the executive and legislative power (*ibid*: 150).

According to this view, even among those who defend presidentialism, such as Shugart and Carey (1992) or Mainwaring and Shugart (1997), it is recognized that the problems are due to this system’s division of powers or “dual democratic legitimacy” (Linz, 1994). This notion is generally held, with the sole exception of Cheibub (2002). The Brazilian author believes conversely that, until 2002, only two countries (Peru and Ecuador) had really been through a “*governability crises*” (*sic*), and the rest had experienced legislative gridlocks that had been resolved in satisfactory fashion (after some years, it is now possible to add to the list the cases of Argentina in 2001 and Bolivia in 2003). Within this line of argument, Pérez-Linán has accounted for 45 “*presidential crises*” between 1950 and 2000. He has taken this as a unit of analysis

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<sup>6</sup> This variant include two main aspects: “1) The constructive vote of no confidence whereby any vote to bring down a government requires proposing a new one; and 2) the option under which the Prime Minister can declare any legislative proposals a matter of confidence, to be approved automatically unless parliament votes to dismiss the government.” (*Ibid*: 17)

where a crisis between Presidency and Congress can occur in three distinct situations (ibid: 151-152):

1. The President does not recognize Congressional legitimacy
2. Congress threatens to depose the President
3. Any of these powers seeks for a military interventions against the other

Within this range of possibilities, the Uruguayan author recognizes that not all of these situations are produced in the same context, because with different countries and historical moments, there are different levels of democratic consolidation, authorities' respect for the Constitution, and other conditioning factors. Of this variety of solutions, the third possibility (also called 'Praetorian') is the one that has mostly descended since the end of the Cold War and the third wave of democratization, as shown in table 2:

***Table 1***  
*Resolutions of presidential crises in Latin America 1950-2000*

Country	Total	Congress Dissolution	Government Dissolution	Praetorian Resolution
Brazil	8	2	5	6
Ecuador	8	1	3	4
Panama	4	0	3	2
Bolivia	3	0	1	1
Colombia	3	1	0	0
Paraguay	3	1	2	2
Argentina	2	1	0	2
Chile	2	0	0	1
Guatemala	2	0	2	2
Honduras	2	1	1	1
Peru	2	1	1	1
Uruguay	2	1	1	1
Venezuela	2	1	1	0
El Salvador	1	0	0	0
Nicaragua	1	0	0	0
Costa Rica	0	0	0	0
Mexico	0	0	0	0
Total	45	10	18	23

Source: Pérez-Linán (2003)

*Note: The source has been excluded from the 'dissolution' column the cases of Chile 1973, Argentina 1976 and Ecuador 1963 because both powers were dissolved after the coup. This means that the last column does not necessarily add up other columns figures (Ibid: 154).*

Within this table, the author has identified a main trend that is central to the discussion of governability. Traditionally anti-presidential scholars had stressed that governmental crisis in this political system means the breakdown of the whole constitutional and institutional framework. However, in the last decades it is observed how those “*power struggles*” now only knock down governments, having lost their capability to turn down entire political regimes (*ibid*; 157). This represents a significant change in what to expect in terms of political turmoil in the region and a place to search for improved governability levels.

Pérez-Linán does not discuss the sideline problems generated by this “government crises” **such as economic disruption, social chaos, and the loss of human life**. The examples are abundant, such as the cases of Ecuador repeated three times in the last decade, and Argentina in 2001 with complete social and political turmoil.

With different degrees of strength, both camps blame presidentialism for the main problems derived from the aforementioned “dual democratic legitimacy”. However, both systems can eventually work, depending on the particular conditions of a nation. Despite the apparent success of European parliamentarism, presidentialism can succeed (or at least try to) given the right conditions. It seems that the advantages of a parliamentary system outnumber the problems. Yet, for part of the scholar community, and given the current historical conditions, presidentialism should be given an opportunity to survive, assuming that not necessarily they will fall into democratic breakdowns.

In addition, Zelaznik presents a model of coalition building by analyzing the current conditions of governability in presidential countries with a proportional representation electoral system. The Argentinean author recognizes that minority presidents are a “*shortcoming for the working of a democratic system*” (2001, 62). However, the main issues regarding coalition building in Congress can be overridden by cabinet or electoral coalitions. In fact, empirical analysis within the continent shows that many possibilities are available for the President in order to gather support within chambers and pass legislation (or effectively enforce any given public policy). In this sense, for this author, it is problematic to pose presidentialism as the center of governability crisis. As shown in table 1, the frequency of political coalitions with minority presidents increases within more fragmented party system rather than decreases, taking into account 24 cases gathered between 1980 and 2000.

***Table 2***  
***Frequency of political configurations for different levels of Party System fragmentation***

Effective number of parties <sup>7</sup>	No coalition	Minority Coalition	Majority Coalition	Totals
<2.5	80%	----	20%	100% (5)
2.5-4	41.70%	29.20%	29.20%	100% (24)
>4.0	20.80%	41.70%	37.50%	100% (24)

Source: Zelaznik (2001)

Therefore, according to this view, the ability of the President to establish alliances that can help in delivering an agenda has been underestimated in the anti-presidential literature. In sum, it is possible to grasp that institutional conditions frame to a certain extent the outcome of democratic governability. However, the discussed

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<sup>7</sup> Using the Laakso and Taagepera indicator of Effective Number of Party Systems (1979), explained on page 19.

characteristics of the Latin American political system cannot explain by itself any deficit, shortages and improvements of the current system. There are other institutional aspects that need to be addressed.

In this sense, if we are looking for a more precise assessment of how much institutional democratic governability is achieved; this indicator should consider at least five essential elements of the existing political regime, using a model developed by Foweraker, Landman and Harvey (2003). With this classification it is possible to group the relevant literature and arguments regarding institutional factors and governability in the region.

### **3.1.1. The size of presidential party support in the legislative assembly:**

It seems clear that a president enjoying a majority within chambers tends to have a lower degree of legislative gridlock (*ibid*: 114). Though, as these same authors recognize, it depends on party discipline. On the issue, Morgenstern (2004) has measured how party discipline has evolved in the region. Using Argentina, Brazil, Chile and Uruguay as examples, he examines the level of discipline among voting agents (Congress members), constructing an indicator of Average Weighted Unity (AWU).<sup>8</sup> He uses a score from one to zero, one representing unanimous voting and zero a 50-50 split within the agents (*ibid*: 45). Using this as a base, Morgenstern

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<sup>8</sup> The method uses Rice indicators of roll call voting, where  $i$  is the single vote and  $j$  is the difference between an agent's yeas and its nay votes divided by the total of number of votes (*ibid*: 44). The Rice index would be expressed as  $Rice = \frac{yeaj - nayij}{totalij} * 100$ . Finally, AWU as an indicator would be measured according to this author as:

$$AWU_i = \frac{\sum_{j=1}^n Rice_{ij} * weight_j}{\sum_{j=1}^n weight_j}$$

recognizes that his weighting is based on vote closeness, which makes any strategic abstention of congress members relevant. The result is a score of unity where 100 is the maximum level of unity and party discipline. Some of the results for Latin America are interesting considering how those party systems are built as well as how some misconceptions of governability and stability are in place in many countries of the region. Table 3 shows findings reached with the examples that the author presents.

**Table 3**  
*Some Latin America average AWU and Rice Scores in House of Deputies*

<b>Argentina</b>	1995-		(Rice
	1997	97.9	indicator)
	1997-		(Rice
	1999	96.1	indicator)
<b>Brazil</b>	1991-		
	1994	78.2	
	1994-		
	1998	74.5	
<b>Chile</b>	1997-		
	1999	84.5	(party)
	1997-		
	1999	75.4	(coalition)
<b>Uruguay</b>	1990-		
	1994	68.2	(party)
	1990-		
	1994	82.2	(fraction)

*Source: Morgenstern (2004)*

These figures indicate a more complex situation. Party discipline is central, because it provides important predictability levels for the entire political process. It gives the government assurances of what to expect for legislatures when designing public policy.

However, measurements can be deceiving. For instance, the United States House of Representatives has an AWU of 68.6 from 1985 to 2001 (52.3 between 1965 and

1985) (*ibid*: 46), showing that the levels of governability in a two-party system model are basically given by permanent negotiation with freer agents who are basically fighting for leverage within their own party.

In multiparty systems or those whom are constituted by factions, discipline is extremely necessary. Otherwise, legislative chaos and un-governability can ensue. Many countries throughout the continent have this problem because governments fail to present a coherent agenda. Likewise, parties lack discipline with individual agents pursuing personal interest-driven agendas.

Alternatively, party discipline can be possible for a multiplicity of factors. Higher levels such as those presented in Argentina are probably due to pork barrel, local bossism and clientelism. Jones (2005) has researched the issue and concluded that discipline levels until recently were because local bosses (*caciques*) were dealing with central parties, imposing candidates and providing the necessary pork barrel to maintain loyal constituencies. Most of those benefiting from central government aid were governors running their political parties at a local level. Consequently, in order to maintain their prerogatives, legislators had to support “transfers of funds or other resources” to the provincial level (*ibid*: 137).

Therefore, it would be interesting to analyze legislative behavior during the last period of De la Rua’s administration when the entire political system fell apart. Rice indicators for levels of discipline were still very high at 95.7 (Morgenstern, 2004: 53). This could mean that problems were more than party discipline, since the whole system left the Presidency alone. Party discipline is still important, but it cannot be

separated from the degree of support for the same party of the President. Otherwise, you have an example of the most classic form of *dual democratic legitimacy*, a case where governability is unattainable.

Conversely, in other countries, a majority in Congress have sustained Presidents through troubled times, such as President Batlle in Uruguay or Uribe in Colombia. Others lacking the necessary support can represent big legislative and governability problems. President Fox in Mexico had a clear agenda for the country. However he failed in Congress for not only strategic mistakes in the fiscal reform, but also, for not having a working majority.

### **3.1.2. The number of effective parties in the party system**

This issue deals with the Laakso and Taagepera indicator of Effective Number of Party Systems (1979). This indicator establishes the number of parties that really influence political decision making at a legislative level. It is measured in terms of what the authors call “effective access parties”.<sup>9</sup> Within this context, Foweraker, Landman and Harvey determined in 2003, with a threshold of 2.5 parties, that only Colombia and Chile have <2.5 effective access parties (in this case, because these countries normally present parties in parliament and for elections in consolidated, long-term alliances such as the Concertación and Alianza); while Argentina, Bolivia, Brazil, Colombia, Ecuador, Uruguay, Venezuela, and others belong to the category of

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<sup>9</sup> It is measured in the search for what the authors call “effective access parties where:

$$N = \frac{1}{\sum_i P_i^2}$$

In this,  $P_i$  is the fractional share of the i-th party

(which represents seats in Congress for each coalition or party).

>2.5. Morgenstern (2002) measured this same indicator in several Latin American countries (table 4).

***Table 4***  
***Effective Parties in some Latin American countries***

Argentina (1989-1999)	2.83
Brazil (1990-1998)	7.98
Chile Parties (1989-1997)	4.89
Chile Coalitions (1989-1997)	1.96
Mexico (1997-2000)	2.82

(Source: Morgenstern, 2002)

For some authors like Mainwaring (1993), there is a problem with the amount of parties in presidential systems (in the entire Latin American continent). He assumes that presidential system can only really work with two parties. For other authors (as discussed), the issue is how coalitions are built. Nevertheless, it seems that there is a consensus within the literature that the fractionalization of parties represents impending dangers for governability: channels of decision making and expression become so dispersed that establishing a clear line of action for agenda setting is too complex.

### **3.1.3. The electoral rules (especially for the election of the Executive)**

Electoral rules for the Presidential and Congressional elections have been a major source of problems in the Region. In 2006, the very small margin achieved by the ruling party in México shows that unless important measures are taken, the legitimacy and capability of a government to establish itself can be challenging.. The Bolivian presidential elections in the last decade faced similar problems, in the second round

voted only by Congress members. This normally produced altered majorities of elite negotiation, where the rest of the population is left with a sense of detachment from the entire political system. Therefore, in Bolivia, two major institutional crises during this decade had altered the democratic process. With this, observers creating an account of this reality are interested in establishing electoral systems that are compatible with a greater degree of stability.

For instance, Foweraker, Landman and Harvey stress that a solution can be legislative assemblies elected through a “first-past-the-post” system in concurrent elections with the Presidency. Thus, generating majority or near majorities, less governability problems will occur (*ibid*: 117). In this sense, they divide Latin America “between those who run plurality-concurrent executive elections with low levels of multipartism, and habitually generate presidential majority-or near majority in their assemblies, and those which do not” (*ibid*: 117).

This seems to be a central problem for governability in the region. Within the context of presidential elections, Shugart and Carey (1992) warn that the majority run-off should be eluded, stating that “*Almost any other method is more conducive to the forging by parties of pre-election coalitions broad enough to approach closely, if not reach an absolute majority*” (*ibid*: 225). This is why the 2006 too-close-to-call election in Mexico is a prime example. With only a plurality in Congress and more than half of the electorate having chosen a different option, the presidency is unpleasantly dealing with an opposition not recognizing defeat.

### 3.1.4. The process of legislative coalition formation

As already discussed, the level of coalition making in the continent seems to be higher than what many anti-presidentialist authors believed. Deheza (1997) calculates that 2/3 of all Latin American Governments are the fruit of coalition building. This figure shows that Presidents are willing to work out differences with Congress and develop an agenda that can assure governability. For Cox and Morgenstern (2004), Chile and Brazil are examples of how “Presidents sometimes attempt to rule through the legislature, rather than around it” (*ibid*: 447). Though, increasingly in the region, cases of Presidents with “imperial tendencies” can be found.

This type of presidentialism was defined as delegative democracy by O’Donnell (1994), standing for “**whoever wins election to the presidency is thereby entitled to govern as he or she sees fit, constrained only by the hard facts of existing power relations and by a constitutionally limited term of office. The President is taken to be the embodiment of the nation and the main custodian and definer of interests**” (59-60). As examples of this worrisome reality we had Fujimori’s Peru, Chávez in Venezuela, and especially Menem and Kirchner of Argentina. Considering the case of Argentina, even though Menem enjoyed a majority in Chambers, he used and abused Executive Decree Authority.

Defined by Carey and Shugart, this refers to the executive’s power to establish law in lieu of action from the assembly. For these authors, this does not refer to presidential actions governing the administration of law after been sent by the assembly (2001:9).

Authority is exercised on issues that normally require a bill passed by the legislative branch, while the Congress remains silent with limited reactive powers. This mechanism was originally established as an institution for emergency or real necessity for the President. However, the wide range of issues ruled by this system range from national ID cards to soccer coverage on television (Ferreira and Goretti, 1998, 48-50).

On top of denying the nature of the institution, decrees had been promulgated without the formalities required by law. Authoritative and widespread legal opinion in the country establishes that the Constitution requires notification to Congress for the intention to promulgate a decree with this modality. In 1991, only 25% of decrees were effectively informed. Furthermore, the current procedure is a simulation of legality (Dalla Via, 2002:20).

This prime example shows the main problem for governability when Executives simply decide to override the powers of Legislatures and govern by themselves. This is why this characteristic is especially important for the chances of democratic survival and effective governability.

### **3.1.5. The degree of ideological polarization in the legislature**

It is conceivable that a lower degree of polarization favors governability. This is assuming that the ideological spectrum would be smaller with a two-party system than in a multiparty one. Taking this Sartori definition, Foweraker, Landman, and Harvey (2003) argue that it is unclear whether this is applicable to Latin America as a continent, with the exception of pre-1973 Chile. In this sense, Colombia, Uruguay and

other countries struggled with this during the Cold War, and clearly the idea of building a two-party system is not as easy as theory believes or would want for a presidential system.

In this order, the seminal classification of Mainwaring and Scully (chapter 1, 1995) carried out a decade ago can still help. They divided the party system between “**institutionalized**”, “**hegemonic**” and “**inchoate**” according to the degree of social roots and ideology depth. Countries like Chile, Uruguay, Colombia and Costa Rica (with Argentina to a lesser extent) are located in the first group because they are characterized as having strong social roots with modestly strong identification. Also, they present low levels of party polarization (with the unique Chilean exception of pre-1973). At the extreme, an inchoate party system is a volatile, changeable political system with weak roots with their members, and just the elite remaining ideologically consistent. This would be the case of Bolivia, Brazil, Peru and Ecuador. Finally, hegemonic party systems are found in the cases of Mexico’s PRI and Paraguay’s Colorado party.

The last decade has changed the picture in a dramatic fashion. Venezuela and Argentina can no longer be located in the same group, while Peru seems to have recovered a more institutionalized tradition. Mexico is now a three party system. As a conclusion of this classification measurement of institutional factors, Foweraker, Landman and Harvey concluded that there are three different groups, where the most governable are Argentina, Chile, Colombia and Uruguay and the least are contemporary Venezuela, Ecuador and Peru. According to these authors, Bolivia and

Brazil are in a contingent category depending on the particular President and the ability to build coalition-forming processes (2003:122).

All these issues are closely interrelated in establishing a path where the decision-making process is democratic and considered legitimate by the entire society. In this sense, it is relevant to understand how the institutions work, but also who are the elites running their countries and if their role during the last democratization affects the current level of regional governability.

### **3.2 The elite and governability**

Institutional factors are probably the most relevant way of grasping problems of governability. However, behind power and policy decision making there are actors, who in a context of bounded rationality, make choices to maximize benefits from the political, social or personal point of view. These decision makers are part of a certain political elite, but also most notably come from social and economic elite. In this context, it seems that the decision makers had developed a sense of identity and belonging to circuits of power that are reproduced throughout history. For this purpose, it is relevant to seek answers from a broader perspective with an actor-centered focus of inquiry.

Elites play a fundamental role in democratic consolidation. Due to some of their activity in the region governability has become problematic for many. In this line of argument, if different groups are determined to follow up and enforce democracy, they should then seek the approval of the population without cheating on the pledges

given to them by a mandate. These pledges can be defined as “*expectations politicians create in campaign about the actions they will take if they win*” (Stokes, 2001:4).

Then, it could be wise to state if campaigns are predictors of future policy (*ibid*: 6), even though the post-war experience in the developed world is different. In this sense, Stokes builds on Budge, Robertson and Hearls’ (1987) study for 19 developed countries. These authors found that there is a consistent relation between party manifestos and policies delivered by those same political groups after assuming office. This means that “*the hypothesis that politicians' sole concern is securing office - with the concomitant hypothesis that only minimal winning coalitions would form to secure and maximize the spoils had tended to reverse in the last 20 years*” (1987: 415-415).

Nevertheless, after the third wave of democratization, the trend in Latin America is dissimilar. Stokes finds two basic policy types presented by candidates in their manifesto. First, there are those who propose a security-oriented policy with a mix of job creation, industrialization and gradualist approaches to inflation stabilization. Secondly, there are those who propose an efficiency-oriented policy, focused on reducing the state’s size, privatizing state-owned enterprises and opening trade (*ibid*: 25).

From this perspective, between 1980-2000 Stokes shows that candidates running with a security-oriented policy have switched to efficiency-oriented policies in 41% of cases when they are later in office, as exposed in table 5. Those politicians switching

perceived that there was a risk of economically harming the country. Stokes adds that “*they believed that a majority of voters nonetheless preferred security policies, and hence that to advocate efficiency policies in campaigns would be tantamount of to defeat. Yet they anticipated that if they sent security messages in campaigns, won, and switched to efficiency, voters would come to support them and their parties in the subsequent election*” (*ibid:6*)

**Table 5**  
***Government policy and consistency with campaign pronouncements 1980-2000***

	Efficiency-oriented	Security-oriented
Consistent with campaign	17 (59%)	10 (100%)
Switch with [from?] campaign	12 (41%)	0 (0)
Total	29 (100%)	10 (100%)
Vague or no information: 5		

Source: Stokes (2001)

There are three main characteristics of the phenomena to take into account when assessing the situation (*ibid: 90-92*):

- Politicians believe that security-oriented policies lead to poor economic performances; but consider that voters are against efficiency-oriented manifestos
- Economic performance does better than consistent forms of governments. This is preferable despite voters having mildly punished policy switchers in later electoral processes
- Re-election is not a factor in switching to efficiency orientation

Nevertheless, it should be argued that violating the mandate is much more complex than politicians fearing defeat. It is the lack of a basic social-institutional pact by

which leadership will not deceive popular will. No matter how understandable a President is in switching policy because of extenuating circumstances, it seems unacceptable as a pre-meditated form of political activity. In this sense, what this behaviour shows is a feeling of impunity among some Presidents, with the approval of a business or social elite. They can decide for the rest of the country regardless of their democratic rights.

The need of free markets or the successful economic reforms that can be implemented should not be a subject of discussion anymore. Stable, responsible fiscal discipline and support for free economy is a reality in Chile, where few economic or political sectors would dare to question the system. In fact, Phillip points out that “*Chile is the country used to measure the cost of non-consolidation everywhere else*” (2003:105). Chile still faces problems of meritocracy and access to opportunities. Nevertheless, its elite’s non-abusive use of government apparatus and wide respect for the rule of law is generally praised.

Any form of elite institutional abuse is a prime sign of democratic deterioration. The already mentioned UNDP report (2004) carried out a survey to 231 leaders and thinkers throughout the continent. Their task was to identify and analyze problems facing democracies in the region and limitations for improvement. Among them, they pose an unfair and abusive relation between institutional powers and de facto powers that seems to be paramount in the region. Their findings stresses that “*real power tends to reside with institutions to which the law assigns other functions (as in the recent past the Armed Forces) or with groups that do not form part of the political-institutional order (traditional families, economic groups and others)*” (2004; 154).

Also, according to the UNDP report (2004) this trend is in detriment of political parties, concluding that “*the rejection of party oligarchies may result in part from the modernization of the expectations of citizens (the old caudillo government and the old paternalistic style neither are nor so easily accepted)*”. (ibid: 157). In fact, when consulting these leaders whether they consider that political parties are fulfilling their role, only Uruguay and Honduras had a positive evaluation (ibid: 157).

Informal institutions are a growing subject of interest for students of democracy and governability in the Region. A collection of essays edited by Helmke and Levistky (2006) shows the wide ranges of forms and relevance of para-constitutional institutions. Informal Institutions are defined by these authors as “*socially shared rules, usually unwritten, that are created, communicated, and enforced outside officially sanctioned channels*”. In this sense, the authors stress the importance of this concept for Latin America, since “*recent studies had suggested that dynamics of presidentialism cannot be understood in strictly constitutional terms. Studies had shown how norms of patrimonialism produce a degree of executive dominance that far exceeds that prescribed by the constitution*” (ibid: 2).

Furthermore, a study of Latin American political elites by Stevens, Bishin and Barr (2006) presents another survey analysis with leaders and influential people in 18 countries of the region. They measured how non-democratic feelings can affect the principal situation. Within their results they found that in Latin American 57% of those elite members interviewed were somewhat sympathetic to authoritarian attitudes, like banning political groups or authoritarian aggression.

In this regards, it is interesting to note, that Venezuelans were not more authoritarian than Argentineans at the time of the poll (2003). This can be explained because there is a statistically significant relation between economic threats and levels of support for authoritarianism with the need for compromising civil liberties. This was notably worse for Argentineans after the 2001 crisis. Also, it is valid to question any variance after Chavez has now been in power for a full term in Caracas.

About the ideological spectrum of those who are inclined to authoritarianism, some may argue that the elite constituents incline towards the right wing. However, the study shows that policies encouraging centrist positions calm down private sector worries (*ibid*: 2006). The Case of President Lula Da Silva in Brazil is good example, as well as the Chilean elite, which is more at ease with the center-left coalition of *Concertación* after years of distrust and fear of a government in the post-Pinochet era.

As can be noted, if elites are not fully engaged in democratic governability, the prospects for the region are not very encouraging. There is a black list of governments unable to finish their terms in office. Venezuela's current situation can be attributed to elites who were unable to modernize the "*pacto de punto fijo*" (elite pact after Pérez Jiménez dictatorship in the 50s), while others are electing populists after complete defeat of the ruling class to govern, such as in the case of Bolivia.

Accepting that populism and democratic deficit are part of the current problems of governability, it has been somehow overestimated in its capacity for changing the continent political landscape. Even President Chavez had to keep free market

economics and periodical election. There is no sign of a change in direction despite his undemocratic rhetoric. Even if it is not possible for the literature to overlook signs of growing degrees of populism, representative democracy is not threatened widely in the region (probably with the exception of the Andean Region according to Mainwaring's findings).

Therefore, as a summary, there are two principal problems facing the political realm across the Latin American region. First, there is a lack of credibility in politicians and institutions. Secondly, it seems that elite behavior and particularism in running their national government has resulted in low levels of institutional governability as well as relevant degrees of rampant corruption (where Chile is the principal exception under international standards such as Transparency International). However, corruption is a symptom rather than a cause of governability crises.

For important sectors of the population, the question of who wins elections had become irrelevant because all the alternatives represent the same system based on the un-rule of law and particularism. The basic danger of emptying democracy is clear. Using the Argentinean example, Linz and Stepan have warned consolidating democracies about the risk of emptying their institutions, affecting the ability of the state to perform their basic duties. An ambivalent attitude towards the rule of law produces a “low intensity democracy” with “low intensity citizenship” (1996:201).

That is why an alternative view to the sole classic institutional or rational choice perspective is presented to better understand governability issues. Within the decision

making process, economic reforms and crises have marked the continent since democratic instauration.

#### **4. Missing social contract, economic reform and governability**

If we incorporate political economy into the equation of governability, a “missing social contract” emerges as the best concept to explain the divorce between people and their elected authorities. Incorporating institutional economic analysis into the discussion, Brazilian authors Bresser Pereira and Nakano (1998) introduce the idea of governments that are acting by themselves, with populations outside the boundaries of the institutional framework. They present their hypothesis as:

**“The legitimacy of governments, that assures governability and allows for effective economic reforms, depends on the existence of a basic social contract; as long as this contract is well instituted in the advanced democratic societies, but weak, poorly accorded, in the developing countries, a development oriented political pact is required as a substitute” (ibid: 22).**

When necessary economic reforms are not carried with a strong state and allowing better social programs and promotion of economic growth, the chances of achieving governability are limited (ibid: 22). The problem of governability is not located in the core of the reforms, as argued by many critics on the continent, but responds conversely to a twofold problem. Specifically, they refer to the manner in which the reforms were imposed without following a proper agreement between those who

represent in Congress and the Executives on the one hand and their constituencies on the other.

Secondly, those reforms were performed massively in the region without providing any form of social protection from the unwanted effects of the important economic transformation. Indeed, some of the processes like privatization or strong neo-conservative policies were implemented first in regimes with questionable democratic credentials due to phenomena like delegative democracy, praetorian policies and others.

Again, the problem goes beyond technical correctness of economic reform, or that free markets can plausibly be fostered, but rather to the fact that they were implemented in the absence of constituents' opinions. This represents an inadmissible situation because it leaves the state without the important role of protecting its citizens and giving them tools to be part of society. Also, it means that the social contract by which people delegate sovereignty to the state is in doubt.

However, there is a main difference between first and second generation reforms. This can be found by comparing ideas of the transformation contained in the famous Washington Consensus with the less notorious but still relevant Washington Contentious. The first is portrayed by Williamson (1992 and 2000) as the ten measures that Washington specialists and international organizations considered desirable at the beginning of the 90s. These were to "*eliminate fiscal deficit, redirect and cut public expenditure (except health, education), tax reform and reduction, market determined interest rates, liberal trade policy with no subsidies, foreign direct*

*investment, Privatization of public enterprises, deregulation of the market and strong respect for property rights”* (2000, 18-23).

According to these lines of action, the International Monetary Fund and the World Bank established good governance policies to make sure that states in the region recognized the importance of reforms and to implement them in the short run. In this context, for the ***consensus*** defenders democracy was a moral pre-requisite but not a source of efficiency as such, since efficiency comes from the market itself (Philip, 2003: 98).

This was sustained even through weak party frames within their National Congress. In fact, the first generation reforms “***tended to be drafted by small groups of high-level technocrats insulated from political pressures and promoted by reform minded presidents, who often adopted top-down strategies to pass the reforms through emergency measures or executive decree, bypassing other political institutions***” (Panizza and Phillips, 2005:669). This also greatly contributed to a sense of political distortion of popular will and democracy as an empty system where peoples’ voices were not heard. It was combined with many economic measures taken with no regards for social problems such as unemployment and high levels of poverty.

Some years after (2001), the idea of the Washington Contentious gained certain sympathy in some quarters of Washington, basically because it represented a less narrow view of what a healthy economy would be. Bridsall, de la Torre, and Menezes compiled the findings obtained by an economic reform commission for Latin American inequalities that was sponsored by two mainstream Washington DC

institutions, Carnegie Endowment for International Peace and the Inter-American Dialogue. For them, it was necessary to go beyond the Washington Consensus to a “*new paradigm that explicitly embraces equity and poverty reduction - as fundamental objectives -that is, as ends in themselves and as effective means to higher growth*” (*ibid*:8). Within the new line of measures, these authors concluded that [what was needed was the “*maintenance of fiscal discipline, but also smoothing busts and booms; establish social safety nets that trigger automatically, school for the poor as a priority; taxing the rich and spending more on the rest; giving small business a chance; protections of workers' rights; dealing openly with discrimination, repairing land markets and consumer-driven public services*” (*ibid*: 10-13)].

Within this context, second generation reforms were more in tune with institutional building. Mexico and Uruguay, presented as examples by Phillip and Panizza (2005), can demonstrate degrees of advancement in democratic governability. Those reforms could not just be measured in terms of macro-economic effects, but they also needed to be measured considering their impact on the society, including better levels of governance and governability. Members of the public and the work force are now entitled to rights, making the free market and its benefits feasible with the right corrections to the economic model, while preserving the spirit of entrepreneurship and free endeavor.

Even though many orthodox economists and policy makers continue to set out the predicament of the Washington Consensus without any amendment, many within the political realm in the continent slowly understand its importance. As Panizza and Philip note for the cases of the second generation, these would had never passed

Congress approval if presented as a mere “market reform”, and contrary arguments were used in both National Congresses (2005:691). Among these reforms, the development of an independent civil service is an integral part of second generation reforms, even when many had argued that due to clientelism it would be impossible, because it is good for incumbent politicians (ibid:667).

This reform was essential for governability because it allows actors to take a position within the fiscal apparatus where agendas can be delivered with no institutional crises. With this, the state assures service delivery at a professional standard with no party intervention, limiting pork barrel and other forms of “public service diseases”.

In sum, considering this argument, there is no better way to conclude this argument than with Bresser Pereira and Nakanos’ understanding of governability in the region which speaks by itself:

*“Governability, the effective power to implement economic reforms, depends not only on institutional and personal consideration but essentially on a basic social agreement on the prevailing economic and political regime. When civil society is poorly structured, when the agreement is weak, when the property system and particularly the pattern of income distribution are being strongly contested, governments lack the legitimacy and face increasing problems in implementing economic reforms”* (ibid: 40).

## 5. Conclusions: where to go in the region

Considering the panorama presented in this paper, it seems relevant to reflect on future avenues of research and decision making to improve levels of governability within the region. I will concentrate on the lack of trust and, secondly, why institutions fail to deliver.

The trust deficit on institutions can only be addressed by raising the level of politics in general. As *Latinobarómetro* shows year after year, politicians are among the most distrusted people, due to massive cases of pork barrel, clientelism, corruption, and above all, a lack of ideas. This is mainly because the most capable people with public service vocation have deserted politics since the end of the Cold War. In many countries, after economic reforms, there are better opportunities in the private sector. Presently, politics is considered as any other business, and there is no sense of public duty. Government seems no longer considered a prime place to improve the situation of those who are in disadvantageous positions in society.

This belief is deeply related to a general crisis among political parties and extreme personalization with caudillos and opportunistic leaders. Certainly there are many exceptions, and Chile can account to a certain degree for that. However, the general picture within the literature and empirical reality is that politics is carried out behind peoples' backs. Strong political parties require policy agendas and prepared staff. Clear sources and resources for public financing of politics are required, where business and private interests are not above common good.

Therefore, the most prepared people need to be attracted to government activity. This can only be obtained by changes in the way political parties' recruit their membership, giving voice to their concerns and dreams. As has been previously shown, economic reforms were needed in the region's countries. However, they were implemented with no social input in the first generation, with an imposition of economic decisions, and also, ethical and practical problems, especially in how to deal with power. Free markets require the understanding of people to seek better results in a collaborative way. To the contrary, it seems that elite pacts had replaced democratic values, benefiting small groups of business and politic elites. For Hagopian (2005), this is translated into the idea that deteriorated relations between government performance and citizens' attachment to democracy are eroding the advancement of the third wave of democratization.

It also seems crucial to have a state sphere of action outside of pork barrel and partisanship. A prime way to deliver and make things work is the creation of a proper civil service, and this is a matter of urgency within the region. Additionally, policy-making levels and access to public services need to be improved. A step forward could result in improved social conditions and generate a better image of the State for the general population.

The missing social contract researched by Bresser Pereira and Nakano shows a path to follow in order to reengage people with the political process. Populism is not a real trend for long-term change; however it must be taken seriously. It represents a reaction of disfranchised voters with the traditional political system. Political and economic elites within the region need to understand that it is in their own benefit to

have a more inclusive, transparent political system. Advanced economies show that business and other socio-economic activities flourish in more stable, open societies.

Elite pacts with no bonds to the rest of the population represent a constant stress over markets and their own profits. In the empirical world, there are counter examples. For instance, Chile has a long way to go, but still the transition to democracy has meant a real improvement in the living conditions of the population with low levels of political conflict and decent standards of governability.

Concentrating on the institutional dimension, party fragmentation and political disfranchising can be blamed especially in countries with inchoate party systems and where the state has no sovereignty over its territory and population.

Finally, portraying the big picture of how governability can be fostered in the region is the main avenue of research. Up to now, a switch to parliamentary systems had been rejected by many without paying attention to the benefits that the academic community and an increasing number of practitioners had found. The Portuguese solution proposed by Valenzuela and others in the same line deserves to be listened to and analyzed thoroughly.

On the other hand, presidentialism as Pérez-Linán and others have shown is not performing as badly as predicted. This means that despite the advantages of a system switch, if presidentialism continues, then any discussion about electoral systems of the region should foster the capability of generating wider, better coalitions that can assure a better level of democratic survival and stability. Strong parties are required

no matter which system is used, and it is from those parties that agendas and solutions are desperately needed: this is a continent that needs to be shown that democracy can provide a better life.

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