



**PART I
AUTHORITY AND
POWER**

AUTHORITARIANISM AND DEMOCRACY IN LATIN AMERICA

How have governments ruled in Latin America? In this chapter we look at the main historical tendencies that have defined governmental power and authority in the region since the early nineteenth century. In doing so, we refer to three main problems that have faced all modern nation-states. These are: (1) the founding of state power in the face of external pressures and internal divisions; (2) the expansion of the state's authority in response to mass politics; and (3) the reform of the state in response to international changes and domestic politics.

Although power can be held by individuals and groups, in this chapter we are concerned with different types of governmental power. Until the modern period of nation-state formation, governmental power was often weak and had many contenders, such as rival states and regional fiefdoms. In Europe, the rise and gradual consolidation of governmental power was produced by similar processes, in particular the waging of war (which required the creation of standing armies and modern bureaucracies) and the transition from agrarian to industrial societies. In the process, individuals came to demand rights as members of nation-states, lending authority to government in exchange for protection of rights as citizens. This process has of course presented variations in the type of regimes which emerged and has therefore constituted an important issue in comparative politics (Moore 1966; Tilly 1998; Skocpol 1979).

When discussing the sources of governmental power, that is, what allows governments to govern in the way that they do, we are concerned with the question of authority. Comparativists have given a great deal of attention to the question of how governments

gain, keep, or lose authority, distinguishing different kinds of relationships and interactions between governments, social classes, and individual citizens (Migdal, Kohli, and Shue 1994; Linz and Stepan 1978).

A common way of distinguishing between different kinds of authority is to compare democratic and non-democratic forms of government. Although, as chapter 2 makes clear, there is no single definition of democracy, it does imply some degree of free political competition for elected office, the constitutional protection of civil rights, and the removal of barriers to participation in public life. A key concept in this regard is that of legitimacy, which we discuss in chapter 3. Some governments are able to derive legitimacy from the regular holding of free elections, while others are not. The legitimacy of elected governments, however, may also be limited if democratic rights, such as civil liberties and freedom of the press, continue to be violated. Elections may also be insufficient instruments for addressing deep social inequalities and ethnic cleavages. It should also be noted that elections are not the only source of legitimacy. Governments may also appeal to nationalist sentiments or the personal charisma of individual leaders. In Latin America, governmental power and authority have sought legitimacy through both democratic and non-democratic means, to different degrees and at different moments in its history. It is to this history that we now turn.

Founding state authority: nation-building and early modernization

Constitutionalism and caudillo government

Despite the dominant tendency of authoritarianism in Latin American political history, the region has also been characterized by a long association with constitutional government. In fact, the achievement of national independence from European powers in the nineteenth century was accompanied in many Latin American countries by a political commitment to the republican form of government in which power would no longer derive from the divine will of kings, but instead from the will of the people. In this case, however, the “people” was defined narrowly to include the native-born (or “Creole”) property-owning classes. Nevertheless, the rules of political competition were shaped by the constitutional republic, which stood in opposition to the monarchical basis of colonial rule. As a result, the various competing factions of the Creole elite had to continually appeal to the

ideals of constitutionalism, if only to distinguish their political identity from that of the old colonial regime.

This appeal to constitutionalism makes sense in the context of early national independence. The builders of an independent nation could only succeed if they adopted a different model to that of their colonial predecessors. However, constitutional rules were rarely followed in practice. Most countries in the region experienced several decades of instability and civil war before the authority of central governments was recognized. The main source of conflict was between conservatives and liberals, the former supporting the Church and economic protectionism, the latter favoring a secular state and greater integration into the world market. Although the liberals emerged as the stronger faction, they were also obliged to negotiate pacts with their conservative rivals in order to establish stable governments. As a result, the early faith in constitutionalism was transformed into a preoccupation with governability and modernization, or “order and progress.”

Constitutionalism did not necessarily imply support for liberal democracy. Instead, government in Latin America would appear democratic in form, but would be authoritarian in practice. Noting the parallels with ancient Rome, the Venezuelan writer Laureano Vallenilla Lanz (1870–1936) dubbed this form of government “democratic Caesarism” (Hale 1996: 177).

Many Latin American intellectuals lent weight to this argument. They were heavily influenced by “positivism,” a philosophical current which argued that societies, like natural phenomena, could only be known through the scientific study of their inner workings. Drawing on what they saw as unassailable scientific knowledge, by the late 1890s most leaders and intellectuals pessimistically concluded that liberal democracy could not exist in Latin America. Disorderly and uncivilized societies were instead naturally predisposed to “caudillo government,” and the best that could be hoped for was the rule of enlightened and competent caudillos who would work for national unity and material progress.¹

In this formulation, the idealism of early constitutionalism was seen as an expression of the radical and egalitarian tendencies of the French Revolution. The belief that a written document could mold a society to its abstract ideals was something that European conservatives such as Edmund Burke had condemned as early as 1791 (Burke 1955). The new intellectual elite argued instead that societies are shaped by their historical customs and traditions, which, in the Latin American context, meant hierarchical and centralist forms of rule and an organic versus an individualistic conception of society. Con-

servative ideas came to dominate the region's governments in the period between 1870 and 1930, with profound implications for political development in subsequent decades. For these elites, the purpose of politics was not the promotion of abstract ideas such as liberty and equality, but rather the efficient operation of government in accordance with local tradition and the demands of economic modernization. "Conservative liberalism" became the preferred doctrine, one in which politics would be guided by the conservative values of authority and discipline, while economics would be guided by the classical liberal doctrine of private enterprise and limited government.²

Oligarchical democracies and personalist dictatorships

This conservative brand of liberalism did, however, permit the establishment of some of the formal institutions of democratic government. In Argentina, Chile, Uruguay, and Costa Rica, the holding of regular elections for presidents and congresses and the formation of political parties laid the basis for future democratic development. In these countries, elites rotated power and learned to compete for office through peaceful means. For some scholars, these "oligarchical democracies" were better prepared to face later pressures for expanding political participation, conceding gradual reforms that allowed for stability and continuity (Diamond, Linz, and Lipset 1989: 8–9; see also Dahl 1971). On the other hand, where elites effectively blocked electoral competition, as in Mexico under Porfirio Díaz, political reforms were won only after a period of polarization and social revolution.

In Central America and the Caribbean Basin, the consolidation of "conservative liberalism" was also encouraged by the actions of the US government. Throughout the nineteenth century the United States, invoking the myth of its "Manifest Destiny," sought to establish its own sphere of influence in the Western hemisphere.³ At first this project advanced by territorial expansion, largely at the expense of Mexico. Later, the preferred strategy was to gain financial and commercial control of the region's economic resources. Between 1898 and 1934, the US intervened militarily on more than thirty occasions to support conservative oligarchies in Central America and the islands of the Caribbean (Smith 1996: 52–62). Although the official justification for these interventions was the "export of democracy," the real motives were economic and geopolitical. On the one hand, the US needed to open up new export markets for its surplus production of industrial goods. On the other, the US was determined to keep competing imperial powers out of the Western hemisphere.

Political instability and economic mismanagement were dangerous not because they threatened the US directly, but rather because they provided European powers with a strong pretext to intervene in the region. The US sought to avoid such a prospect by using military force to restore order in alliance with local conservative elites. At the same time, US banks were entrusted with control of customs houses in order to guarantee repayment of debts to European creditors. In this context, the US was also able to gain sole rights to build and operate the first transisthmian canal through Panama, which was completed in 1914. By the 1930s, with Europe embroiled in its own problems, the US represented the dominant imperial power in Central America and the Caribbean, although democracy was not among its list of exports. Instead, the most visible legacy of this period were the new National Guards, created and trained by the US army to maintain order once the marines withdrew. These forces would become central to the consolidation of personalist dictatorships in the region between the 1930s and 1950s. These regimes were tightly controlled by caudillos linked to wealthy elites. Examples of personalist dictatorships were the Somoza dynasty in Nicaragua until the Sandinista revolution of 1979, the rule of Rafael Trujillo in the Dominican Republic until his assassination in 1961, and the Duvalier family in Haiti until 1986. They were unwilling to make concessions to popular demands, nor were they able to provide for the stable transfer of executive power. As a result, they generated polarization and violent opposition, and retained control through repressive means.

Expanding state authority: divergent responses to mass politics

In most Latin American countries, the combination of “order and progress” led to the rapid growth of the primary export sector, which provided minerals and foodstuffs to meet the growing demand in Europe and the United States. One result of this process was the growth of urban-based middle- and working-class populations tied to the export economy. In some countries, particularly Argentina, Uruguay, and Southern Brazil, labor shortages were compensated by mass immigration from Europe. The changing social composition of Latin American societies and the emergence of liberal, socialist, and anarchist ideologies, led to a series of conflicts and reforms which gradually saw the expansion of state authority into more areas of political and economic life. In this section we review the different types of response to the challenge of mass politics in Latin America

in the twentieth century. We also note the continued influence of the United States in the region's political history.

Liberal and populist responses

In Argentina, Chile, and Uruguay, the traditional landed oligarchies were challenged by the emergence of new political parties, organized labor movements and the growth of a sizeable middle class. Industrialization and urbanization created strong demands for greater political inclusion, leading to the initial democratization of these countries in the first half of the twentieth century (Rueschemeyer, Stephens, and Stephens 1992).

In Argentina, the Radical party mobilized middle-class and popular sectors in support of electoral reform and the expansion of the right to vote. This reform was won in 1912, allowing for the electoral victory of the Radical party in 1916 and its subsequent rule until it was overthrown by a military coup in 1930. Although the oligarchy resumed power for the following thirteen years, it was unable to prevent the reemergence of pressures for expanding political participation.

In Uruguay, a similar process of social mobilization and political reform was accompanied by the establishment of the first welfare state in Latin America in the 1910s. In this case, labor was incorporated via one of the traditional parties, the Colorados. In Chile, the early consolidation of oligarchical democracy in the mid-nineteenth century allowed for a longer experience with political competition than anywhere else in the region. As a result, opening the system to broader mass participation was achieved through limited concessions and social reforms. Like Uruguay, Chile embarked on a long period of virtually unbroken democratic rule until 1973.

Given its dependence on external trade, Latin America was severely affected by the crash of 1929 and the subsequent depression in Europe and North America. The political impact was to further weaken the traditional oligarchies and allow for the expansion of state authority in the economy and in organizing new bases of support among urban and rural labor. After 1930, the export-oriented model could no longer direct the national economy. Instead, a more inward-looking model was called for and various efforts were made to promote import-substitution industrialization (ISI). In this context, leaders sought new sources of legitimacy and many found the answer in "populism," a style of governing which combined a modern sense of nationalism, support for the state, and ideals of social justice (see chapter 3).

Populist leaders gained power during the 1930s and 1940s in Mexico, Argentina, and Brazil and generated many similar movements throughout the continent. The state took an active role in forming and regulating the confederations of labor unions, peasant organizations and business groups. This model of control, known as "corporatism," allowed some benefits to the more modern sectors of the economy, particularly industrial labor. For example, urban workers in Argentina provided the strongest base of support for the populist leadership of President Juan Domingo Perón between 1945 and his overthrow in a military coup in 1955. Despite the official proscription of his political party and the installation of new military regimes in 1966 and 1976, the Peronist movement has remained a significant, although changing, political force in Argentina to the present day. In the Argentine case, the corporatist organization of labor and business groups has often led to stalemates in which neither side is able to gain sufficient support for its project of national transformation. Such stalemates have impeded the consolidation of stable institutions that could mediate between conflicting interests. Instead, political impasses have tended to be broken by the intervention of the armed forces (in 1966–73 and 1976–82).

For populist regimes democracy was valued less for its formal procedures and more for the promise of bringing modernization to the mass of the population through an independent, national path. This entailed an evident danger in that populist politics might polarize societies already marked by deep socioeconomic inequalities (see pp. 67–70).

The populist experiments also coincided with the onset of the Cold War in the late 1940s. US involvement in Latin American politics became deeper and more widespread, extending beyond individual leaders or elite factions to penetrate virtually every area of domestic politics from the military to political parties and labor unions. The guiding rationale was the containment of the alleged threat of communism to the Western hemisphere. This policy inhibited the growth of democracy in Latin America. For example, in the brief period between the end of the Second World War in 1945 and the onset of the Cold War in 1947, democratic governments replaced authoritarian regimes in several countries of Latin America, including Brazil, Venezuela, and Guatemala. These new governments included nationalist reform-minded leaders, including members of broad-based socialist or communist parties. With fascism and authoritarian rule discredited, newly elected governments enjoyed a high degree of legitimacy. However, the logic of the Cold War led the US to undermine reformist democracies, most notably in 1954 when the CIA

helped overthrow the democratically elected government of Jacobo Arbenz in Guatemala.

The US continued to strengthen anti-communist forces throughout the Americas in the wake of the Cuban revolution of 1959. US policy sought in vain to overthrow the Castro regime. It then concentrated on the avoidance of “another Cuba” in the hemisphere, at first seeking centrist alternatives to dictatorship during the Kennedy administration, before abandoning such hopes and settling for alliances with anti-communist regimes, despite their obvious lack of democratic credentials.

Elite-pacted democracies: Colombia, Venezuela, and Costa Rica

After the 1950s, only three Latin American countries were able to sustain unbroken democratic rule: Colombia, Venezuela, and Costa Rica. In Colombia, a decade-long war between supporters of the rival Liberal and Conservative parties, known as “la Violencia,” was brought to an end when the leaders of the two parties established the National Front pact in 1958 that also allowed for the transition from military to civilian rule. This bipartisan (or consociational) pact resulted from elite fears of either protracted military rule or social revolution. It permitted the two main parties to alternate power and thereby exclude other political forces from influencing government. The pact lasted until 1974, during which time the presidency was alternated and other government positions were distributed between the two parties. After 1974, competitive presidential elections were resumed and the pact began to unravel, particularly in the face of increasing popular opposition and armed insurgency which were in part produced by the exclusionary nature of the National Front. Faced with a deep crisis of legitimacy and mounting guerrilla violence, Colombian elites accepted the need for far-reaching political reforms in the late 1980s (van Cott 2000b: 40–41).

In 1991 a Constituent Assembly was elected with the sole purpose of drafting a new Constitution in the hope that this would overcome widespread disillusionment with the political system and convince some guerrilla organizations to lay down their arms. Although the Constituent Assembly did allow for much broader participation of Colombian society, it was unable to break completely with the power of the two main parties or reduce the multiple forms of violence perpetrated by guerrillas, the armed forces, paramilitary organizations, and drug-traffickers. By the mid-1990s, the political system was still

seen by most Colombians as corrupt and unresponsive to popular demands for such basic necessities as personal security and material well-being. The ruling Liberal party was also tainted by allegations that drug-traffickers had supported the successful electoral campaign of Ernesto Samper in 1994. His administration was unable to dispel these allegations and, in 1998, the voters chose the candidate of the rival Social Conservative party, Andrés Pastrana, for president. Pastrana was unable to fulfill his promise to achieve a peace accord with the guerrilla movements. Instead, violence continued unabated throughout his administration. Peace talks collapsed and, in the face of a new wave of kidnappings and bombings in 2002, voters gave their support for a more hardline approach advocated by presidential candidate Alvaro Uribe. Uribe, a former Liberal who ran on an independent ticket, received strong backing from the US government which, as part of its global "war on terrorism," agreed to support the Colombian military in its counterinsurgency efforts. In addition, Uribe proposed the creation of a "citizens' militia" to work alongside the armed forces in its battle with the guerrillas. Critics argue that this measure will lead to more violence and human rights abuses, thereby reducing rather than strengthening the democratic authority of the Colombian state.

In Venezuela, democratic rule was established in 1958 following a decade-long military dictatorship. Unlike Colombia, armed insurgency was defeated in the 1960s, and the political system was able to enjoy a greater degree of legitimacy, although it too became dominated after 1968 by two main parties, the center-left Democratic Action (AD) and the center-right Committee for Political Organization and Independent Election (COPEI). The system came under greater strain in the 1980s as it faced rising foreign indebtedness and declining prices for its main export commodity, oil. Austerity policies imposed by the AD government of Carlos Andrés Pérez in 1989 led to mass protests and riots, government repression, and two failed coup attempts. One of the coup leaders, Hugo Chávez, formed a new party with a large popular following and won the presidential elections in 1998, reformed the Constitution the following year, and retained control of the presidency in new elections held in 2000. Although mass participation has been achieved, democratic institutions have been weakened by the corruption of the traditional parties, and more recently by the centralization of power by the Chávez government. As a result, Venezuela has become highly polarized between supporters and opponents of Chávez, as manifested in a failed coup attempt in April 2002.

Costa Rica has been the exception of stable democracy in Latin America. The country benefited from its relative isolation during Spanish colonial rule. It did not develop the kind of unequal land distribution seen in other countries nor did it suffer the ravages of civil war in the post-independence period. Poverty tended to have a leveling effect on the entire population until the emergence of the coffee-exporting elite in the second half of the nineteenth century. Even this process of class formation occurred without the degrees of inequality experienced in other countries of the region. This was in part due to the shortage of labor, which had the effect of keeping wages relatively high. In these circumstances, elites followed the path noted above for oligarchical democracies. They first established the rules for political competition among themselves before opening up the system to mass participation. Despite the early establishment of electoral competition, however, Costa Rica also witnessed unstable military and civilian rule for most of the nineteenth century as rival elite factions sought to manipulate elections in their favor.

The expansion of the right to vote and the incorporation of the working class in the early twentieth century meant that elections gradually became more meaningful channels of political contestation. Social reforms were implemented as social democratic and populist leaders sought power on the basis of alliances with the popular sectors. At the same time, corruption and electoral fraud remained serious problems and led to the outbreak of civil war in 1947. The victorious National Liberation Army carried out significant reforms, including the writing of a new constitution, the establishment of an independent electoral tribunal and the abolition of the armed forces. It also transformed itself into a political party, the Party of National Liberation (PLN), and won power through clean elections in 1953. Since that time, Costa Rica has been a pluralist liberal democracy. The expansion of social welfare programs, the abolition of the armed forces, and broad commitment to electoral procedures help explain the consolidation of Costa Rican democracy in subsequent years. Since the 1980s, like most developing countries, Costa Rica has had to face external pressures to service its large foreign debt by privatizing state-owned corporations and cutting back on social services. The government was able to weather the crisis in the 1980s due to the financial support provided by the US, which attempted to enlist Costa Rica as a strategic ally in the war against the Sandinista government in neighboring Nicaragua. In addition, political elites have tended to negotiate the pace and scope of privatization and spending cuts with domestic actors, avoiding the kind of crisis that we noted for Venezuela (p. 19).

Rise and fall of bureaucratic-authoritarian states

Elsewhere in the region, populist and reformist governments failed to meet rising expectations of newly mobilized sectors and succumbed in the early 1960s to a new crisis of constitutional rule. This time it was the armed forces that would intervene to establish a new form of regime, first in Brazil in 1964, followed by Argentina in 1966, Chile and Uruguay in 1973, and Argentina again in 1976. Although the Brazilian regime maintained much of the formal apparatus of constitutional government and embarked on a process of political liberalization in 1974, elsewhere the 1970s saw the closing down of democratic institutions such as congress, political parties, independent labor unions and the media. This was not the first time that the armed forces had openly intervened in politics in Latin America. However, in previous decades such interventions were designed to back one faction of the civilian elite against another, with the intention of leaving office quickly. In contrast, the military coups of the 1960s and 1970s brought to power regimes with more ambitious projects. Their diagnosis was that populism and communism were threatening not only to the interests of economic elites, but also to national security. As a result, a new “bureaucratic-authoritarian” (BA) state emerged with the dual goal of reestablishing economic stability and political order (O’Donnell 1973, 1978).

In order to attract foreign investment, this form of regime sought to offer political stability through the suppression of internal dissent, involving the arrest and forced disappearance of thousands of political opponents, labor union leaders, community activists, students, and journalists. Important areas of the economy became effectively transnationalized as multinational corporations found a favorable environment for their investments, particularly in Brazil where a “Triple Alliance” of state, domestic, and foreign capital was formed. Economic decisions were brought under the exclusive control of military generals and pro-business economists, or “technocrats.” However, the military regimes also kept strategic areas of the economy under state control. For this they could rely on the availability of cheap loans from international private banks to finance new large-scale mining industries and the construction of hydroelectricity dams. With the removal of populist and socialist leaders from the scene, the military regimes could also dismantle many of the social programs, which had provided patronage for politicians and basic needs for the poor.

By the mid-1970s, it appeared that a new governing alliance of military leaders, technocrats, and transnational corporations was

consolidating itself. The alliance could also count on the support of the US government, which, as noted earlier, favored those regimes that supported its anti-communist foreign policy during the Cold War. However, the tensions within this alliance began to emerge in the latter part of the decade, leading to the return of democratic and constitutional government in the 1980s (O'Donnell 1979).

Several factors led to the unraveling of military rule. First, the high levels of borrowing during the 1970s could not last forever. Declining export revenues, mainly due to the onset of economic recession in the North, combined with rising interest rates to produce the foreign debt crisis in 1982. In such conditions, foreign investors began to distance themselves from military rulers who were seen as incapable of successful economic management. Second, internal rivalries among factions of the armed forces led some key officials to argue that the institution had become too politicized by its years in government, threatening its own unity and sense of purpose. In short, government was for civilians, and, with the threat from populist and socialist forces effectively contained, there was little to fear from a peaceful transition of power to an elected government. A third factor was that the international climate was becoming less friendly to military regimes and more conducive to democratization. In the US, the Carter administration (1976–80) took a more principled stance against human rights violations in Latin America, while events in Europe seemed to signal a shift in favor of democratization as Portugal, Greece, and Spain all underwent transitions from authoritarian rule in the 1970s.

Democracy was chosen by the political and economic elites not because of its intrinsic worth, but because it offered them a way out from the failed projects of military rule. Moderate sectors of these regimes, or “softliners,” argued that more could be gained from a pacted transition with similarly moderate opponents than would be lost with the continuation of a weak, divided, and isolated military regime. The moderates won out and most transitions to democracy took the form of elite pacts rather than violent ruptures (see chapter 2; O'Donnell, Schmitter, and Whitehead 1986; Mainwaring 1992; Higley and Gunther 1992; Przeworski 1991).⁴

Dictatorship and democratization in Central America

After 1930, most Central American governments continued to be ruled by dictatorships that served the interests of elites linked to the agricultural export sector of the economy. These countries did not experience rapid industrialization or urbanization in a form compa-

rable to Brazil, Argentina, or Chile. Political development was not accompanied by the rise of a modern state apparatus and mass political parties with strong bases of support in industrial unions. Political power was concentrated in the hands of a small group of influential families, such as the Somoza dynasty in Nicaragua, rather than in the more modern and institutionalized form of the populist or bureaucratic-authoritarian state.

In 1979 a popular revolution, led by the Sandinista Front of National Liberation (FSLN), succeeded in overthrowing the Somoza dictatorship in Nicaragua and embarked on an ambitious project of social transformation. Despite the Sandinistas' decision to cooperate with the private sector in the development of a mixed economy, the Reagan administration in the US sought to prevent what it deemed a "communist beachhead" in Central America. The US-backed counter-revolutionary force, or *contras*, failed to overthrow the FSLN but wreaked havoc on the economy and diverted scarce resources from the revolution's social programs to its defense budget. Elections in 1990 produced a shock defeat for the Sandinistas as an alliance of opposition parties capitalized on the war weariness of the general population and the desire for economic respite after a decade of war. The new government of Violeta Chamorro had few economic successes but did manage to steer a pragmatic course between *somocistas* and Sandinistas. The 1996 election of Arnaldo Alemán confirmed the shift away from Sandinismo to a more conservative, pro-market agenda. Unlike Chamorro, however, Alemán proved to be an example of the worst features of corrupt and centralized executive power. Even members of his own party distanced themselves from his actions which included the offer of tax breaks to legislators in exchange for their votes in congress. The FSLN took advantage of this situation by winning local elections in 2000, but were unable to regain the presidency. In November 2001, the electorate chose another Liberal party candidate, Enrique Bolaños, who promised to run a clean government and respond to social needs.

In El Salvador, a decade of civil war (1979–89) produced an impasse between the two major contenders, the armed forces and the Farabundo Martí National Liberation Movement (FMLN). By the end of the decade, faced with a decline of US support for the war, Salvadorean elites looked for a negotiated solution and in 1992 all parties to the conflict signed a peace agreement that called for demilitarization, the gradual restructuring of the armed forces, and the transformation of the FMLN into a political party. As in Nicaragua, elections led to a decline in ideological polarization, but also to a high degree of disengagement from the political system as people focused

primarily on their economic survival, which was increasingly tied to the informal economy or migration to the United States.

In Guatemala, a resurgence of guerrilla activity in the late 1970s was concentrated in the mainly indigenous region of the western highlands. Between 1980 and 1982 the Guatemalan military carried out a scorched earth operation against the Indian villages, with the goal of eliminating potential support for the armed struggle. Hundreds of communities were destroyed and thousands killed or forced to flee into neighboring Mexico. In 1983 an internal coup within the armed forces brought a different faction to power and advocated a less overtly repressive strategy toward the conflict. Recognizing the changing international climate, the new military leaders sought a pacted transition to democracy with moderate civilian leaders in which the military would retain full control of internal security, including counterinsurgency operations. A new constitution was approved in 1984, opening the way for the election of a civilian president the following year and, by 1987, the initiation of peace talks with guerrilla leaders. Although the peace process took much longer than in El Salvador, accords were finally completed in 1996. Despite the establishment of civilian government in Guatemala, human rights abuses persist and past violations remain unpunished. One clear indication of the gap between democratic rhetoric and reality was the assassination of Bishop Juan Gerardi in April 1998, just two days after he formally presented the final report of the Recovery of Historical Memory Project (REMHI), which demonstrated the army's responsibility for the vast majority of human rights abuses and atrocities committed during Guatemala's civil war (Ogle 1998).

Dominant and single-party rule: Mexico and Cuba

Although Mexico has had an unbroken history of civilian rule since the 1920s, it has until recently been a dominant-party state. This is due to the almost complete control that the Institutional Revolutionary Party (PRI) exercised over every branch and level of government. However, cracks in this system began to appear in the 1960s as newly mobilized urban sectors demanded greater political freedoms and an end to corruption. The most significant opposition was mounted by university students who called for autonomy from government control as well as a broad range of economic, social, and political reforms. In 1968 the government used troops to suppress this movement, killing hundreds of unarmed student demonstrators at a rally in downtown Mexico City. Public outrage at this act led subsequent governments to make gradual political reforms that allowed

for greater pluralism with the intention of bolstering the regime's legitimacy.

Of more immediate value for the PRI in the 1970s were the increasing revenues from oil exports, as well as the availability of international loans. Mexico's state-led development model was based on an authoritarian political system in which patronage, corruption, and occasional repression were the norm. But massive capital flight, a dramatic fall in oil prices, and higher interest rates on Mexico's \$100 billion foreign debt, combined to send the economy into recession and forced the government to declare a moratorium on debt payments in August 1982.

After 1982 the Mexican government began implementing austerity policies recommended by the International Monetary Fund (IMF) in exchange for the rescheduling of debt payments over a longer period. At the same time, the government abandoned its traditional state-led development policy, embracing instead "neoliberal" economic theory (see p. 27), which favors private enterprise and free markets. Mexico implemented one of the most orthodox neoliberal reform programs in Latin America. The administration of Carlos Salinas de Gortari (1988–94) was responsible for a rapid process of trade liberalization with the goal of increasing the competitiveness of Mexican firms and of gaining access to the lucrative US market. This policy culminated in the negotiation of the North American Free Trade Agreement (NAFTA) with the US and Canada in 1993. Despite warnings that, without adequate transition measures, free trade could wipe out many small- and medium-sized businesses Salinas pushed forward with supreme confidence in the merits of neoliberal theory.

This style of policy-making was characteristic of the neoliberal era in which executives and their economic teams of technocrats were effectively insulated from political dissent. In the Mexican case, it was also facilitated by a long history of centralization of decision-making in the presidency. Despite the rise of opposition parties and the gradual consolidation of a multiparty system, the legacy of presidentialism prevented any serious discussion of neoliberalism and NAFTA.

Economic crisis and reform were accompanied by the increasing strength of parties opposed to continuation of PRI rule. In 1997 the PRI lost its traditional majority in the federal Chamber of Deputies. It also lost in the first direct election for Mexico City's mayor, which went to the candidate of the center-left Party of the Democratic Revolution (PRD), Cuauhtémoc Cárdenas. The center-right National Action Party (PAN) strengthened its representation in congress and

by 1999 held the governorships of several of the most industrialized states in northern and central Mexico. In 2000 the PRI was finally defeated in presidential elections. The PAN candidate, Vicente Fox Quesada, won 43 percent of the vote, eight points more than the PRI candidate Francisco Labastida Ochoa. Fox promised to bring change to the political system by attacking corruption, increasing efficiency, and promoting high levels of economic growth. However, his first two years in office were disappointing as little impact was made on any of these fronts and the Mexican economy contracted as a result of the recession in the United States. Fox also maintained the same macroeconomic policies that he inherited from the Zedillo administration. Politically, however, Mexico is no longer a dominant-party state. Its long, slow process of democratization has produced a competitive party system at the national level, although authoritarian enclaves continue to exist at sub-national levels (Cornelius, Eisenstadt and Hindley 1999).

The problems facing democratization in Cuba stem from that country's revolution against the US-backed Batista regime in 1959. Although many other problems have arisen in the subsequent four decades, the relationship between the US government, the Cuban exile community in the US, and the regime of Fidel Castro still shapes the prospects for democracy in Cuba. The Cuban revolution represented the only successful armed insurgency in the region until the Sandinistas seized power in Nicaragua two decades later. The Castro regime produced great advances in education, literacy, health, and general welfare. However, the government established a single-party state, maintained strict control over political dissent, and became increasingly dependent on aid from the Soviet Union. Cuban foreign policy in the 1960s and 1970s became more active in supporting national liberation movements in Africa and Latin America, leading to costly commitments that began to sap the economy in the 1980s. The disintegration of the Soviet Union in 1989–91 threw Cuba into a deep crisis, as revenues from subsidized sugar exports collapsed and forced the government to search for alternative sources of international investment while attempting to maintain the goals of the revolution.

The 1990s saw a hardening of the regime's position towards opposition groups as it responded to increasing threats from the Cuban exile community in Miami. Believing that Cuba would soon follow the path of other communist states, the anti-Castro lobby, organized as the Cuban American National Foundation (CANF), hoped for additional support from the US government to finally topple Castro and install a new government in Havana. Eager for votes (and cam-

paigned funds) from CANF supporters in southern Florida and New Jersey, US presidential candidates sought to outbid each other in their commitment to tightening a thirty-year-old trade embargo against the island. In 1996, President Clinton signed into law the “Cuban Liberty and Democratic Solidarity Act,” better known as “Helms-Burton” after the two senators who sponsored the bill. The most controversial element of the new bill was that it would allow individuals to sue, in US courts, entities suspected of “trafficking” in properties which the Cuban government confiscated after the 1959 revolution. This meant that virtually any employee or shareholder of any foreign company doing business with Cuba would be liable to such action. The measure was clearly designed to discourage foreign investments in Cuba and had a marginal impact in this regard. However, the greater impact was on the continued reluctance of the Cuban government to open up the political system as long as the US embargo persists.

Reforming state authority: neoliberalism and delegative democracies

Debt crisis and structural adjustment

Democratic government is today present in varying degrees in most Latin American countries. Given the history of the region’s political development, this represents an important shift, although many limitations remain. Among these are the negative impacts that economic crisis, structural adjustment, and social exclusion are having on the participation (or inclusiveness) dimension of democracy in the region.

The debt crisis which broke in the early 1980s not only brought an end to military rule. It also marked the end of state-led economic development. Faced with massive fiscal deficits and the sudden decline in international lending, Latin American governments were obliged to adopt a new model based on the “neoliberal” doctrine of promoting private enterprise and free markets. The reference to liberalism was economic rather than political, favoring the unfettered pursuit of individual self-interest in open and competitive markets. This doctrine is often traced to the eighteenth-century economist Adam Smith, whose ideas were used by the emerging bourgeois capitalist class in challenging the institutional constraints of feudalism, monarchy, and the Church. Economic liberalism gained supremacy with the laissez-faire policies of nineteenth-century British capital-

ism. However, unregulated capitalism led to cyclical crises of overproduction and underconsumption, culminating in the crash of 1929 and the subsequent worldwide depression of the 1930s. Between 1930 and the 1970s, economic liberalism lost its dominance to a variety of alternatives in which the state was given a central role. In Latin America, state-led development was politically supported by populist coalitions until the onset of military rule in the 1960s and 1970s. Although some military regimes (notably Chile) began the shift to neoliberalism as early as 1975, most could continue to count on external borrowing to maintain a significant presence for the state until the debt crisis hit in 1982.

It was the debt crisis that allowed for critics of state-led development to argue more forcefully for a return to the main assumptions of economic liberalism. The main institutions responsible for implementing this shift in Latin America were the World Bank and the International Monetary Fund (IMF), which receive most of their funding from the advanced industrialized countries. Together with the US government, large private banks, and transnational corporations, these multilateral institutions consolidated the dominance of neoliberalism over all alternatives during the 1980s and 1990s. High-level support for this model, dubbed the "Washington Consensus," made it virtually impossible for a debtor country to choose any other path of national development. Although some countries sought to resist the immediate imposition of Structural Adjustment Programs (SAPs), their attempts were usually unsuccessful and often exacerbated existing problems. By the end of the 1990s, the "Washington Consensus" reigned supreme throughout the Americas, despite the mostly negative assessments of its impact on wages, social conditions, and income inequality (Bulmer-Thomas 1996; Green 1995; Peeler 1998: 148–53).

Although the precise content of neoliberal reforms tended to vary between countries, in general they sought to restore macroeconomic stability through a reduction of fiscal deficits and promotion of private investment. This meant a severe contraction of the public sector in most Latin American countries, the privatization of state-owned corporations, deregulation of key sectors of the economy, trade liberalization through the removal of tariffs on imported goods, and suppression of wage demands in order to control inflation. Although critics of neoliberalism denounced the fact that the negative costs of adjustment policies fell disproportionately on the poor, the lack of a politically viable alternative left the Washington Consensus virtually unchallenged at the national level. This does not mean that Latin Americans passively accepted neoliberal reforms. Popular grassroots movements mobilized throughout the 1980s and

1990s to resist job losses and falling wages caused by privatization and deregulation. In some cases, neoliberal reforms have provoked wide-scale riots, as in the Dominican Republic in 1984, Venezuela in 1989, Argentina in 1993 and 2001, and Peru in 2002. The Indian uprising in Chiapas, Mexico, in 1994 was also designed to draw attention to the social exclusion of indigenous farmers who are unable to compete in newly liberalized markets. More commonly, unionized employees in state-owned firms have mobilized against privatization plans, while students have resisted fee increases and cuts in public education.

As we have noted, the adoption of neoliberal policies coincided with the return of elected government in most Latin American countries. This political transition was clearly more complex than a simple reflection of shifting economic doctrines. However, the enormity of the debt crisis and the absence of alternative sources of capital clearly limited the range of macroeconomic policies for transitional democratic governments. Popular expectations that democracy would lead to greater social justice were frustrated by adverse economic conditions. Although there were no successful attempts by the military to retake power, the new democracies remained vulnerable to social and economic instability.

In the main, the values of democracy and constitutional government were accepted by a broader range of political actors than ever before. However, economic restructuring of the type envisioned by the IMF and World Bank required the demobilization of important sectors of civil society, particularly the more independent and oppositional labor unions. The most significant example of this was the Bolivian government's repression of a 1985 strike to resist privatization of the mining sector. The defeat of the Bolivian unions facilitated the imposition of IMF orthodoxy under three successive governments. The establishment of pacts between the three main political parties did allow for greater stability than in neighboring Peru and Ecuador, but this stabilization tended to exclude significant sectors of the population from decision-making. Nevertheless, neoliberal policies did bring down inflation from over 8,000 percent in 1985 to 11 percent by 1987, allowing the various elite factions to deepen the process of privatization over the subsequent decade, without significant opposition from the weakened labor movement (Peeler 1998: 144–5).

In fact, during the 1990s many observers noted the hollow quality of formal democratic procedures (Markoff 1997; Petras and Morley 1992; Silva 1999). This was exemplified by the declining appeal of traditional parties and the election of presidents who proclaimed them-

selves as “national saviors.” By attacking parties and interest groups, these new leaders appealed to the sense of urgency created by hyperinflation, increasing poverty, and social disorder. In these cases elections were seen more as a plebiscite to provide a single leader with absolute power, rather than as a means of representing a broad range of opinions and projects.

Delegative democracies: Peru and Argentina

By the early 1990s the new democracies of Argentina and Peru had not succumbed to military coups. They were instead taken over by elected executives for whom the constitutional framework of congress, the judiciary, and the party system were simply obstacles in the path of national recuperation. Political scientist Guillermo O’Donnell named this type of regime “delegative democracy,” contrasting it with “representative democracy” (O’Donnell 1994). Whereas the latter is built on horizontal accountability between firmly embedded democratic institutions, delegative democracy did its best to avoid accountability and by its actions obstructed or undermined much needed institution-building in new democracies.⁵ The flow of political power did not pass through key institutions that enjoyed widespread consensus, but rather was concentrated in the president and his immediate economic and internal security advisers. Government became detached not only from the majority of the population, but also from those very institutions that could give it cohesion, legitimacy, and continuity.

It is important to note that delegative democracy was not simply the result of short-term calculations, nor was it purposefully imposed as the preferred model by outside actors. Instead, it corresponded to a deeper structural problem in many Latin American countries, and revealed in a dramatic fashion the legacies of authoritarianism.⁶ For O’Donnell, only Chile and Uruguay escaped this scenario, precisely because of their longer and more continuous democratic history. In practical terms, this meant that new democratic presidents in these two countries have had to negotiate important economic measures with congress and interest groups. This allowed both countries to avoid the types of disruptions and severe economic crises that plagued Peru and Argentina where presidents were freer to rule through decree measures (*decretismo*). Moreover, delegative democracy and *decretismo* had the effect of further eroding public trust in public institutions and elected officials, as manifested in higher rates of abstentionism and rejection of politicians.⁷

In Peru and Argentina, delegative democracies were instituted during the 1990s. At the start of the decade, Presidents Alberto Fujimori and Carlos Menem, respectively, were able to bring hyperinflation under control, but not without inflicting a heavy cost in terms of higher unemployment, greater income inequality, and crumbling public services. In Peru, inflation ran at over 7,000 percent in 1990, the year that Fujimori was elected president. Although he campaigned on a fairly populist platform, he soon reversed position and advocated the orthodox IMF package of neoliberal reforms: privatization of state-owned corporations, job cuts in the public sector, deregulation, trade liberalization, and wage controls. Unable to win approval for his proposals from opposition deputies, Fujimori resorted to a “self-coup” in April 1992, dissolving congress and calling for new elections for a constituent assembly.

Despite initial protests, Fujimori was able to count on the support of the armed forces and leading business associations, as well as an effective media campaign. A new pro-Fujimori assembly was elected and, in 1993, passed constitutional amendments that allowed for presidential reelection, while expanding the powers of the executive over all other branches of government. These new measures gave Fujimori a freer hand in implementing his neoliberal package. The short-term results were positive as foreign investors were attracted to the Peruvian stock market, resulting in a 12 percent increase in economic growth in 1994. This performance allowed Fujimori to be easily reelected in 1995, although voter turnout was much lower, reflecting a growing disenchantment with the formal channels of political participation.

The institutionalization of Fujimori’s rule was also assisted by the army’s campaign against the Maoist guerrilla organization, Shining Path, whose leader, Abimael Guzmán, was captured in September 1992. The decline in guerrilla activity was clearly a relief to many Peruvians who had endured unprecedented levels of insecurity during the 1980s as a result of the war between Shining Path and the armed forces.

Fujimori’s second term was in marked contrast to the first and a weakening economy led to a decline in his popularity. By 1997 his approval ratings in polls had fallen to under 20 percent, the lowest figure since his appearance on the political scene in 1990. His alliance with the armed forces was also seen as severely constraining democratization and most Peruvians viewed his style of government as dictatorial. The military was given a more expansive role in dealing with social problems such as crime and drug-trafficking, leading to an

increase in human rights abuses and less accountability to civilian institutions. This increasing reliance on the armed forces led some observers to call this type of regime a militarized or “guardian” democracy (McSherry 1998). Fujimori sought to extend his rule for a third term and used fraud to claim victory in elections held in 2000. A broad-based opposition movement, led by defeated candidate Alejandro Toledo, forced Fujimori from office in 2001, allowing for new elections and Toledo’s victory the same year.

Delegative democracy followed a similar path in Argentina. As the candidate of one of Latin America’s classical populist parties, the Peronists, Carlos Menem could count on the backing of popular sectors, particularly the labor movement. The first democratic government that succeeded the military regime in 1983 was led by the Radical party of Raúl Alfonsín. This government had inherited a large foreign debt and economic recession, but tried to avoid imposing the orthodox IMF structural adjustment package, fearing that the social costs would destabilize the new and fragile democracy. However, Alfonsín’s government failed to control spiraling inflation, which reached 4,923 percent in 1989, the year that Menem came to power.

Like Fujimori, Menem immediately reversed his position, replacing populism with neoliberalism. To bring inflation under control, he quickly moved to suppress wages, control the labor unions, open up the economy to cheaper imports, cut social spending, and privatize state-owned corporations. Most significantly, the government established parity between the peso and the dollar. While this allowed Argentina to increase imports and thereby reduce inflation in the short term, it also created a large trade deficit that became difficult to finance as the decade wore on. By 1994 inflation was down to 3.6 percent, enabling Menem to deflect criticisms of his authoritarian style and disregard for democratic procedure. Like Fujimori, Menem was also able to win support for a constitutional amendment allowing for his reelection in 1995. However, his popularity also declined in his second term as the economy began to reveal serious structural problems, particularly the country’s vulnerability to sudden withdrawal of foreign investment, rising indebtedness, and declining government revenues. Rising unemployment and education cuts led to widespread protests by students and youth, as well as significant electoral defeats for Menem’s party in the 1997 congressional elections. The Peronists finally lost power when the opposition Radical party and Front for a Country in Solidarity (Frepasso) formed an alliance for the presidential election in 1999.

The Radical party President Fernando de la Rúa, however, continued to implement the same economic policies, provoking further

discontent among not only the poor majority but also large sectors of the middle class. Declining wages and rising unemployment were exacerbated in 2001 by a rapid increase in capital flight which depleted the country's foreign reserves to such an extent that, by the end of the year, the government imposed limits on the amount any individual could withdraw from their bank accounts, provoking widespread street protests by middle-class residents of the largest cities. The mounting protests led to the resignation of de la Rúa in late December 2001. The largest party in congress, the Peronists, regained control of the presidency following intense negotiations with the Radicals, but immediately became embroiled in a bitter internal dispute over which of its several factions would rule until new elections could be held. On the positive side, party leaders and legislators were able to overcome the political crisis through peaceful negotiations, demonstrating the potential for democratic consolidation in the future. However, given the growing public hostility toward the political establishment, parties need also to show that they are capable of responding to economic and social demands of the population.

The above discussion reveals some important lessons for understanding the problems facing government in the region today. Power and authority have been wielded in different ways during Latin America's modern history. In this chapter we have noted the early development of caudillo government, oligarchical democracies, and personalist dictatorships. These regimes were forced to respond to pressures to broaden the arena of political participation. Some countries were able to accommodate such pressures through democratic reforms. In other cases, revolution and populism provided new channels for the incorporation of popular actors. In the post-1945 period, populist regimes often gave way to military interventions and the establishment of new, exclusionary forms of authoritarian rule. The return to democracy in most of the region has not eliminated authoritarian practices, as seen in the case of delegative democracies. The historical trajectories outlined above are therefore important when assessing the prospects for democracy in the region today.