

Democracy and Institutions in Latin America:

Reforms Without Illusions

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March 15, 2005

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Attempts to understand the impact of political institutions—defined here as the formal rules adopted to regulate the process whereby legally binding decisions are made and implemented—have been driven by a hope. Of the various factors affecting the political process, institutions seem more open to change in the short run than factors such as political culture, level of development, or a country’s place in the global economy. They also seem to create incentives that generate a normatively relevant impact: certain institutional arrangements are seen as leading to political and social outcomes that are held to be desirable by analysts and practitioners—greater governability, more accountability, more social welfare—while other institutions produce undesirable outcomes. Thus, seeing institutions as key levers of political change, institutionalists have focused on a two-fold challenge: i) identifying, through research, the design of state institutions that are most conducive to certain goals and ii) pursuing, through political action, institutional reforms so as to “get the institutions right.”

In Latin America, a focus on institutions is a relatively new thing. Marking a break with the prevalent mode of thinking in and about the region during the second half of the 20th century, the seminal works of Juan Linz (1990, 1994) forcefully argued that presidentialism—an institution shared by all Latin American countries—has a negative effect on the functioning and stability of democracy. Since then, academics have more and more turned to institutionalist forms of analysis, and have been busy debating about the impact of a large array of democratic institutions. As a result, we currently have a large body of literature on the rules that regulate, among other things, elections, political parties, the powers of the executive, and the role of legislatures.

Starting also in the early 1990s, various actors in the international community put an accent on institutions and institutional reforms and deliberately sought to “export” certain institutions to Latin America. International financial institutions, in particular, promoted second generation reforms that entailed a heavy dose of institutional change (Naim 1994, Kapur and Webb 2000). Likewise, many actors in the international community concerned with democratic governance focused their attention on a wide variety of institutions and made institutional reform the call of the day (Santiso 2001). Today the matter of institutions is at the heart of much thinking and action that is directly relevant to Latin American politics.

This chapter considers the state of knowledge on institutions and, though embracing the hope to strengthen democracy through institutional reforms, makes a case for a more cautious approach to institutions than is customary these days, both within academic and policy circles. First, it considers the debate on the effect of presidentialism in democracies, one of the most researched questions in the literature, and suggests that our knowledge about the impact of democratic institutions is still quite speculative. In particular, the failure to properly address the interaction among institutions and the problem of endogeneity—the status of institutions as outcomes—is highlighted. Second, taking cases of crises of democratic governance, rather than certain institutions, as the point of entry into the analysis, this chapter emphasizes the need to focus on the triggering process that leads up to a crisis. It argues that to understand the nature of the problems of democratic governance and to initiate the search for solutions that prevent, rather than only react to, crises, it is necessary to move beyond a discussion centered on the means of resolving a crisis. By way of conclusion, some common pitfalls of institutional reforms are discussed.

1. The Impact of Democratic Institutions: What Do We Know?

Research on the impact of institutions was given a boost in the Latin American context with the debate prompted by Linz's (1990, 1994) critique of presidentialism. Linz's thesis was much discussed (Linz and Valenzuela 1994) and some statistical analyses showed that there is something to Linz's arguments. Presidential democracy is associated with a higher propensity toward democratic breakdowns than parliamentary democracy (Przeworski et al. 2000: 128-36). Specifically, as Adam Przeworski et al. (2000: 129) report, "the probability that a presidential democracy will die during any particular year is 0.0477, and the probability that a parliamentary democracy will die is 0.0138." Moreover, presidential democracy is associated with a higher propensity toward gridlock than parliamentary democracy. Thus, as the data analyzed by José Antonio Cheibub et al. (2004: 578) show, the rate of legislative success of all presidential democracies is 62 percent as opposed to 80 percent for all parliamentary democracies. This evidence is certainly suggestive. However, it is important not to jump to conclusions about the impact of an institution such as presidentialism on the basis of this type of evidence. Before such a conclusion can be reached, some complex issues must be addressed.

One such issue concerns the *interaction among institutions*. Essentially, if there are reasons to suspect that an institution has an impact through the way it interacts with other institutions, the proper way to estimate its impact is by considering that interaction and not studying the institution in isolation. This point has been recognized in the literature on presidentialism. Indeed, several scholars have recently studied the link between presidential democracies and gridlock this way, by focusing in a more delimited manner on variations with presidential democracies. And the results of this research are instructive.

Focusing on the interaction between executive and legislative bodies, Gary Cox and Scott Morgenstern (2002) argue that there is no inherent propensity to gridlock in presidential democracies, because presidents face different types of legislatures and may be effective in enacting policies by using different strategies according to the type of legislature they face. In other words, the variable interaction among the executive and legislative branches of government and not constant features—the direct election of the chief executive for a fixed term—is the determinant of government action and does not lead to a generalized expectation of gridlock. In addition, in an analysis of the legislative success of governments, Cheibub et al. (2004: 578) show that even though presidents that lead single majority governments have the highest legislative success rate—72 percent—presidents that lead single minority governments perform only slightly worse—61 percent—and actually do better than when they lead coalition minority governments—53 percent—or even coalition majority governments—51 percent. Thus, when the interaction between presidentialism and other institutional factors are addressed, worries about gridlock in presidential democracies are seen as lacking a theoretical basis and empirical support.

The research that considers an institution such as presidentialism in relationship to other institutions has broad implications. First, it shows that the results of current

research are quite unstable and thus that, from a practical standpoint, it is sensible to treat existing findings as tentative and subject to revision. Second, it helps to clarify the challenges faced by theorizing on institutions. Inasmuch as institutions do not operate in isolation, theorizing should go beyond the relationship between the executive and legislative branches of government and analyze the interaction among an array of institutions that regulate access to government offices and the decision making process (see Table 1). Moreover, extending this same logic, the interaction among institutions and non-institutional variables, such as political culture or economic crises, should also be considered.

Table 1. Rules of Access to Government and of Decision Making

<p><i>I. Access to elected government positions</i></p> <ul style="list-style-type: none"> • <i>Voting:</i> suffrage rights, compulsory nature of voting, voter registration procedures • <i>Parties:</i> party registration, party financing, intra-party candidate selection • <i>Elections:</i> type of executive, ballot form, campaign financing, district magnitude, electoral formula, term length, timing of elections, term limits, thresholds and quotas <p><i>II. Decision making with the state</i></p> <ul style="list-style-type: none"> • <i>Executive:</i> nomination powers (cabinet formation, dissolution of legislature), legislative powers (initiation of legislation, decree, budget-specific powers, veto, plebiscite) • <i>Legislature:</i> number of chambers, nomination powers (dismissal of chief executive officer, censure of cabinet ministers), legislative powers, internal rules (committees, introduction of legislation to floor, passage of legislation) • <i>Judiciary:</i> nomination procedure, tenure, power of judicial review • <i>Non-elected bodies within the state:</i> role of the military and the bureaucracy • <i>Subnational government:</i> administrative decentralization, political decentralization

Another complex issue that must be addressed is the problem of *endogeneity*, that is, the status of institutions as outcomes in addition to any potential role they may play as causal factors. Endogeneity can take different forms. Most proximately, the policy outcomes of institutions could affect the propensity of politicians and other actors to act within institutional channels or seek to change these institutions. And institutions could also be endogenous in the sense that certain antecedent conditions affect the institutions a country has. But the conventional view, assumed in empirical analyses, is that institutions are exogenous to the political process. This is another reason for treating the results of existing tests as preliminary, pending theorizing that endogenizes institutions and tests that take the status of institutions as outcomes into account.

In sum, though current research has advanced our knowledge about the impact of institutions, certain important methodological caveats deserve emphasis. These caveats raise questions about the purported effect of specific institutions. Even more broadly, these caveats go to the heart of the common assertion that “institutions matter” and suggest that the impact of institutions should be treated less as an established fact than as an assumption that remains to be tested. Thus, it is prudent not to overstate the current state of knowledge, to be aware that further research could alter views that are currently

in vogue, and to be careful about drawing strong conclusions until theorizing has addressed some obvious shortcomings and systematic tests have yielded more robust results (Munck 2004: 445-50).

2. Democratic Governance in Latin America: The Nature of the Problems, The Search for Solutions

In light of the state of knowledge, it is also advisable to explore other research strategies. Specifically, it is instructive to focus squarely on cases that exemplify the outcome of interest as opposed to analyze the potential effect of institutions, the strategy adopted by the literature reviewed in the previous section. All that can be provided in the following pages is a very sketchy analysis. Yet it shows that some significant leads for future research can be obtained by focusing on cases of crises and working backwards, so to speak, first trying to gain an understanding of the nature of the problems of democratic governance faced by Latin American countries, then searching for potential solutions to these problems.¹

Table 2. Some Recent Crises in South America

<i>Argentina</i>	Resignation of president in context of social upheaval (December 2001)
<i>Bolivia</i>	Resignation of president in context of social upheaval (October 2003)
<i>Ecuador</i>	Ousting of president in context of social protest with military support (January 2000)
<i>Paraguay</i>	Assassination of vice-president, followed by resignation of president (1999), failed military coup attempts
<i>Peru</i>	Closure of Congress (1992), electoral fraud and resignation of president (2000)
<i>Venezuela</i>	Failed coup attempt, with military involvement (April 2002)

A quick recollection of the events surrounding recent crises in Latin America (see Table 2) reveals a basic fact: even though the failure of presidents to end their constitutionally determined term has been an all-too-frequent occurrence,² in most cases these crises were resolved by replacing the displaced presidents by constitutionally mandated successors. This is the positive aspect of these crises. And this form of resolving crises—in particular, the avoidance of old style military coups—can no doubt be attributed in part to the effective constraining force of the OAS and the actions it has taken to support democracy in the region since 1991. Yet an equally basic fact is that the

¹ This research strategy is closer to the one used profitably by Linz in his 1978 book *Crisis, Breakdown, and Reequilibration*, still the key reference for any discussion of threats to democracy.

² Though other types of crisis have occurred, such as the closing of Congress in Peru in 1992 and the removal of Supreme Court justices in Ecuador in late 2004, the failure of presidents to finish their term in office has been the most common form of crisis in recent times in Latin America. For a full list of political crises in post-1985 Latin America, see Valenzuela (2004: 6-11).

avoidance of responses to crises that do not make these crises worse does not mean that the process that triggered the crisis does not by itself inflict damage on a country's record of democratic governance. Indeed, an insight that comes from considering cases of crisis is the importance of distinguishing between the *means of resolution* of a crisis and the *triggering process* that leads up to a crisis, and the need to focus on the process that triggers crises.

First, paying attention to the process that triggers a crisis is key to understanding the nature of current problems of democratic governance. In this regard, it is important not to underestimate the normative significance of the process that has triggered recent crises in Latin America. Some cases have involved violence, against either political office holders or common citizens. And all cases entailed praetorian actions, that is, actions outside the channels sanctioned by institutional rules (Huntington 1968: 78-92, Ch. 4). Specifically, the recent crises in Latin America have been associated with actions that break with the institutional options for removing presidents prescribed by constitutions in the region: launching an impeachment procedure on the basis of constitutionally established grounds or waiting until the next election.³

Second, a focus on the process that triggers a crisis is crucial to the search for solutions to these problems. It is undoubtedly important to devise mechanisms to resolve crises in the short term. In this regard, the trick is to create rules that add flexibility to presidential systems while not contributing to instability. The German style constructive vote of no confidence is an example of such a mechanism in the context of parliamentary democracies.⁴ But it is also important to address the process that triggers a crisis. For one, this means that the rules of resolving crises must not reward, or offer an incentive for, irresponsible behavior or, in any way, allow the instigators of praetorian actions to whitewash their actions. Among other things, such procedures would cast a shadow of illegitimacy over the institutions of democracy. And, more ambitiously, this means that the process that triggers a crisis should be searched for clues that might indicate how crises may be prevented from emerging in the first place.

In thinking about how to prevent crises, analysts would have to address the broad array of institutions that regulate the making and implementation of political decisions. But such an analysis would also have to take note that democratic governance is affected by a range of state and non-state actors and that crises may have different roots. Indeed, recent crises in Latin America have been fostered by different actors seeking, in turn, different goals. In some cases, the business sector has played a key role; in others, the mobilization of new mass actors, especially indigenous groups, has been at the core of the

³ Because presidents have resigned in some cases, instigators of such praetorian actions can shield themselves in the interpretation that these presidents were not pushed and, rather, that they jumped. But it is possible, on the basis of evidence, to document such actions. Indeed, it is possible to make a well-founded distinction between the cases in Table 2 and the removal of the presidents of Brazil in 1992 and Venezuela in 1993, two cases where impeachment represented the institutional resolution of an executive-legislative conflict.

⁴ The decision of Bolivian president Carlos Mesa to submit his resignation to parliament contingent upon congressional acceptance of his resignation, and the Bolivian Congress' refusal to accept Mesa's resignation, in March 2005, points to the possibility of adapting certain aspects of the notion of a vote of no confidence to presidential systems.

process leading up to a crisis. In some cases, the military has played a role, sometimes supporting the business sector, other times mass actors. Moreover, party leaders and elected officials have not been bystanders, merely reacting to the praetorian actions of other actors. Thus, the challenge of thinking about how to prevent, as opposed to react to, crises requires an analysis not only of how a range of institutional rules might provide an incentive for actors to behave a certain way but also of the diverse set of actors that can potentially threaten democratic governance. That is, it is necessary to understand the interests of these actors and the strategies they use, and to imagine ways of getting them to accept democratic institutions or, at least, of minimizing the impact of their failure to act democratically. This is, no doubt, a pretty tall order. But such an agenda does start to offer a sense of the magnitude of the issues that have to be addressed to prevent threats to democratic governance.

3. Conclusion: Pitfalls of Institutional Reforms

The goal of strengthening democratic governance is central to the future of Latin America. But we currently have many doubts about precisely which institutions will work best to ensure democratic governance, about which are the “right” institutions. We are still trying to get a clear understanding about what democratic governance entails, where the problems of democratic governance lie and what might constitute solutions to these problems. Thus, it is important to be cautious about the claims that are made regarding the promises of institutional reform. More pointedly, it is critical to avoid certain common pitfalls of institutional reforms.

One such pitfall is the desire to pin hopes on one institution of the overall structure of the state. At best, such reforms prove to be ineffective, if nothing else because actions have unintended and unforeseen consequences. But such reforms can also be counterproductive. To give one example, though term limits have been promoted as a way to avoid the capture of the state by a political class, its implementation frequently creates an incentive for elected politicians to ignore voters and to start looking for career opportunities as lobbyists for the business they are regulating. Thus, it is a sign of responsibility to acknowledge that things are usually complex, that the effect of a single institution depends on a range of other frequently poorly understood factors, and to avoid naïve and costly social experimentation.

Another pitfall is the neglect of the process that triggers crises due to an exclusive focus on the institutions that might provide a means of resolving crises. The search for responses to crises that avoid their deepening and escalation is critical. But to understand the nature of problems of democratic governance and, most vitally, to start getting at solutions that prevent crises from emerging in the first place, it is necessary to work back from crises to the process that triggers these crises. Such a broadening of concerns is imperative.

Finally, yet another pitfall is the technocratic temptation of thinking that the core challenge is to figure out what are the best institutions. Ideas are, no doubt, an important component of political action. But it is also important to grasp the sense in which institutional reform is a political process and that all politics is about interests. Thus, it is not sufficient to be clear about *what* agenda of reforms is being proposed. In addition, it

is necessary to be clear about *how* such an agenda will be carried forward and *who* is capable of promoting such an agenda (Munck 2003: 580-83).

Any effort to understand and promote democratic governance in Latin America must confront the issue of institutions and institutional reforms. After all, institutions are key markers of political power. However, as these comments have sought to show, more attention needs to be paid to the limitations of current knowledge about institutions, and even to the limitations of institutional solutions. The challenge is to face up to these limitations without thereby losing the sense of hope that infuses work on institutions.

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