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**THE TIMES OF DEMOCRATIC  
INVOLUTIONS**

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(translated into English by Judy Butler)

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### The Times of Democratic Involutions<sup>\*</sup>

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#### **Democracy in the Andes: from high expectations to attrition**

For a fleeting time, enormous hopes in the future of democracy could be found in the Andean area.<sup>1</sup> Between the end of the seventies and the early eighties, Peru, Ecuador and Bolivia put their military regimes behind them. Colombia relaxed the restrictions of its consociational regime and laid the groundwork for more open competition. Venezuela, the area's most developed and stable country, had also had a consociational regime and it was now also sliding toward a more competitive regime. The area seemed to be heading toward a safe port, according to the five basic aspects of democratic consolidation: avoid collapse, avoid erosion, institutionalise democracy, complete it and deepen it.<sup>2</sup>

This impression of slow, perhaps, but firm transition and/or consolidation now seems totally out of place. After a period of instability and war, Peru saw the collapse of its democracy and the advent of the Fujimori regime, which lasted ten long years and was supported, at least in its first phase, by solid electoral majorities. Since democracy was restored, the new President, Alejandro Toledo, has had no respite and is now, in mid-2002, one of South America's most discredited rulers. Venezuela, too, experienced a rupture of its political institutionality, which has both major similarities and evident differences with the Peruvian process. Ecuador has suffered endemic instability, punctuated by economic and institutional crises. Colombia is submerged in a bloodbath and, while various democratic institutions and practices remain, citizens' basic rights are severely deteriorated, a situation that will predictably worsen in the near future. Only Bolivia seems to have escaped this dynamic of democratic dismantling and involution, but even there, some of society's basic conflicts have begun to overflow institutional channels, and Bolivians' degree of satisfaction with democracy is as alarmingly low as in the other Andean countries (see Table 1). Worst of all is that no perspective of recovery and consolidation appears to be in sight in any of the five countries.

The democratic involution of the Andean countries is not, however, easy to grasp. None of them, not even Peru, has fallen into openly dictatorial regimes. What we have witnessed is the gradual installation of a 'strong presidentialism' characterised by the weakening of

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<sup>1</sup> Whitehead (2001). The Andean region will be understood herein as the following five countries: Bolivia, Colombia, Ecuador, Peru and Venezuela.

<sup>2</sup> Andreas Schedler, 'Concepts of democratic consolidation', presented at LASA, Guadalajara, 1997, p.4.

controls on the executive branch,<sup>3</sup> the emasculation of the congress and the formation of new majorities with anti-parliamentarian and anti-corruption motives. This has happened amid radical changes in the party system led by elected ‘outsiders’ (who claim to oppose the established parties and practices) and their forces: Fujimori with his *Cambio 2000* and Chávez with his Bolivarianism are only the most prominent examples of a phenomenon that has traversed the Andean world like a new phantom.

**Table 1. Satisfaction with democracy in the Andean countries.**

Source: Latinobarómetro

|                  | 1996 | 1997 | 1998 | 1999 |
|------------------|------|------|------|------|
| <b>Colombia</b>  | 16%  | 40%  | 24%  | 27%  |
| <b>Venezuela</b> | 30%  | 35%  | 35%  | 55%  |
| <b>Ecuador</b>   | 34%  | 31%  | 33%  | 23%  |
| <b>Peru</b>      | 28%  | 21%  | 17%  | 24%  |
| <b>Bolivia</b>   | 25%  | 34%  | 34%  | 22%  |

While this process unquestionably involves a deterioration of democracy, it cannot be explained away simply as a return to populism or to old dictatorial traditions, for at least three reasons. First, the rebellion against traditional political intermediation is linked to new forms of conceiving of political modernity that have received the support of a significant part of the citizenry, as well as of international actors. In fact, the anti-politicians think of themselves as pedagogues and cultural critics of pre-modernity. Second, corruption has become a critical issue for almost all democracies in the world, not only the Andean ones, and the outsiders in the area have been adept at constructing a reservoir of civic symbols and arguments that name the problem and offer solutions. In particular, they have successfully linked public morality, civic pedagogy and an anti-congress and/or anti-party discourse into a powerful alloy that has managed to change the map of political preferences and identities in a very short time. Third, the dismantling of the old institutions – supported by massive reforms and new constitutions – was offered to the population as a massive *inclusion* and thus as an expansion of democracy and citizenship. Liberation from the ‘party-ocracy’ in Venezuela and Ecuador, Colombia’s participatory democracy and even the Fujimori phenomenon in Peru, which proceeded under the motto of ‘direct democracy’, were presented as forms of expanding, not destroying, civic participation and of liberation from the old forms and machinery that oppressed them. In that regard, the declaration of former President León Febres Cordero is characteristic:

Liberty is for all. In Ecuador there can be no second-class Ecuadorians, thus we’ve asked Ecuadorians if they want independents to have the same right as those affiliated to political parties... A yes vote [in the plebiscite] is a vote in defence of the infringed-upon rights of independents in Ecuador. A no vote plays the game of the parties’ political cliques....<sup>4</sup>

The evolution of democracy in the five countries clearly does not obey a single set of regularities. The differences among Colombia, Venezuela, Ecuador, Peru and Bolivia are obvious at first glance. The central problems of each political community are different, but this is precisely what makes the area’s attraction toward a strong presidentialist system with

<sup>3</sup> Juan J. Linz & Arturo Valenzuela, *The Failure of Presidential Democracy: Comparative Perspectives*, Baltimore: Johns Hopkins University Press, 1994.

<sup>4</sup> In César Montúfar, *La reconstrucción neoliberal, Febres Cordero o la estatización del neoliberalismo en el Ecuador 1984-1988*, Quito: Universidad Andina Simón Bolívar– Abya Yala, 2000, p.84.

all its implications – the closing then re-adaptation of congress to make it more docile and efficient, the collapse of the traditional forms of intermediation and the centrality of anti-political forces and discourses – so striking.

This article focuses on discussing the diverse aspects of the involution in the Andean area, and on examining its relationship to mechanisms of democratic unsustainability – in other words, to forces that undermine the possibility of a democratic regime reproducing itself. The basic context is simple. The Andean countries, like many others, have in reality lived through a dual transition, on the one hand of their political regime and on the other of their development model. In both cases, a relatively neat difference can be established between Period 1 (the sixties and seventies) and Period 2 (the eighties and nineties).<sup>5</sup> Period 2, though, did not fulfil its promise (openness, both economic and political). Democracy and the new economic model have not gotten on very well in the Andes. As will be seen throughout the text, I am *not* proposing either that the first development model – endogenous – was more inclined toward democracy or that there is a necessary contradiction between democracy and the new development model. They can coexist well, poorly or somewhere in between according to the historic contingency. This obliges the analyst to specify the mechanisms that have led to outcomes that deteriorate democracy in the Andes. In this regard, I will suggest that: a) the tensions between the two transitions *simultaneously* undermine democracy and maintain it as a basic political regime; and b) the set of challenges and solutions that characterised the Andean countries' democratic options in the first development period have not shown themselves to be very viable in the new circumstances, rendering some of democratic life's central institutions – congress and parties – victims of an obsolescence process. In particular, the transformations of politics and of all things political have made it difficult to create consociational pacts. Explicit pactism may have constituted the Andean democratic alternative in the 1970's, but save exceptional conditions, they are not viable in Period 2.

The protagonist of the entire analysis will be time – or rather, the times. I will try to show from different angles how the times of democratic transition have become a decisive factor of disagreement between development and democracy in the Andean countries, and how they have also influenced the pact alternatives and their viability. I have divided the article into four parts. The first one establishes briefly what the main changes in Period 2 are: a simple and relatively easy piece of 'comparative statics'. The second analyses the interplay between economic and politic factors (the very core of the 'dual transition'), and discusses how this can provoke temporal mismatches that weaken democracy. I argue that the need to push through reforms that are urgent, yet can only be evaluated over time, has been an extremely heavy burden on the democratic institutions, and undermines political liberalism in general. The third section focuses on the obsolescence of core democratic institutions. I discuss what has happened with the congress (the (temporal) dilemma of agreeing to pay 'decision costs' or 'externalities') and the parties (the emergence of a new economy of signals formally posed in the terms of a rebellion of the future against the past). Here I also show that the problems of Period 2 might trigger political cycles of chronic instability. Part four deals with populism. This is a very old problem, about which an overwhelming literature has been written. Finally, I face the obvious: is there not a time of dissolution and breakdown? Were the regimes of Period 1 not condemned to death, due to their own inertias, closures and tensions? Are we not witnessing a natural process stemming from material fatigue? The conclusions deal with the specifics of the Andean region.

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<sup>5</sup> For a longer and much more elaborated periodisation, see Paul Drake & Eric Hershberg, 'Crisis in the Andes', *multigraph*, August 2001.

## Periodisation

Three basic conditions have changed dramatically between Periods 1 and 2. In the first place, the set of relations that the countries in the area had with the United States. In Period 1, it was motivated by the defence against an extra-continental state, the Soviet Union. That defence, in turn, combined ideological and military containment with social reforms, as contemplated in the Alliance for Progress. In the second place, concern about the nature of the political regime – with the exception of whether they were inclined toward communism – did not come onto the agenda of the international context, or of the relations between the Andean countries and the United States. In other words, there was latitude to move away from democracy; in Period 2, this was substantially reduced. In the third place, the economy was more ‘closed’ (in a technical sense, i.e. self-contained). Capital was much less mobile than today,<sup>6</sup> and the development model was centred on the domestic market. The technical basis for this change has been analysed numerous times.<sup>7</sup>

This explains the ecological diversity that can be observed in the Andean countries in the sixties and seventies (see Table 2). There had been consociational pacts in both of the northern Andean countries, Venezuela and Colombia – *Punto Fijo* and *Frente Nacional*, respectively – that bound the parties within the political system to a previously convened alternation and subordinated the military to civilian rule. In Ecuador, there was a non-democratic alternation between turbulent populist governments and reformist military ones. Military officers who advocated social reforms and a certain level of grassroots mobilisation were also the protagonists of the period in Peru. Almost without interruption, Bolivia lived under dictatorships of various ideological stripes, and was characterised by major instability.

**Table 2**

| <b>Regime/Period</b>          | <b>Period 1</b>                         | <b>Period 2</b>   |
|-------------------------------|---|-------------------|
| <b>Reformist military</b>     | Ecuador-Peru-Bolivia (Juan José Torres) |                   |
| <b>Dictatorships</b>          | Bolivia                                 |                   |
| <b>Consociational pacts</b>   | Venezuela, Colombia                     | Bolivia           |
| <b>Strong presidentialism</b> |   | Peru, Venezuela   |
| <b>Democracy without pact</b> |   | Ecuador, Colombia |

<sup>6</sup> The point should not be exaggerated, however. Several Andean rulers were quick to manifest their concern about the possibility of capital flight if they made certain decisions. But it was a different phenomenon, both by order of magnitude and by its very nature, with the empirical proof being that various governments adopted public policies in Period 1 that would be utterly unthinkable in Period 2.

<sup>7</sup> Which underscores, if needed, that the contrast between the two periods is *not* about nostalgia or the aphorism that ‘everything was better in the past’. Period 1 disappeared never to return, among other reasons because the new technical base has brought about a completely different world that cannot be rolled back. One of the best analyses of the nature of these changes and their global impact on democracy is found in Volker Bornschie, ‘Changing income inequality in the second half of the 20th Century: Preliminary findings and propositions for explanation’, *Journal of World Systems Research*, 8:1 (2002), pp.100-127.

Note that the margin of latitude of the rulers – or aspirants to the post – to establish their government's three basic parameters did not necessarily favour the population. The agnosticism of the international context with respect to the nature of the regime could shield brutal waves of repression and crimes against humanity. The struggle against the external enemy could encourage all manner of outrages against the population in the name of fidelity to a common cause. The closed economy, to use a well-known example, could punish consumers while favouring inefficient and/or corrupt industrialists.

Period 2 involves the move from a closed order to an open one, and with it the shrinking of the manoeuvring room in the three parameters mentioned above. Fleeing from democracy can have very high costs. The economy is now open and in the case of relative sudden changes in economic policy, capitalists can vote with their feet (or, better said, with their fingers on a computer keyboard). Citizens are the ones who can more accurately vote with their feet by emigrating, although with more restrictions than capital. The government's entangled links with different international agencies – from the International Monetary Fund to the risk qualifiers – is so dense that one could comfortably assume that the economic programme of these weak, subordinated countries with medium-low development is relatively fixed in the following sense: those opposing the standard liberal reforms can try to block them, but cannot propose viable alternatives.

This aside, there is a possible comparison with respect to the results, although with various difficulties. Some of them will be touched on here in passing, but none calls into question the 'phenomenological' aspect of the issue: in democratic transitions, the population evaluates the results based on available information (its own experience) and compares the old regime with the new. Here several of the Andean area's specificities begin to stand out. In the first place, their military regimes – unlike the dictatorships of Argentina, Brazil and Uruguay, and those of southern Europe and many of the Eastern European socialist ones – were rather '*dictablandas*' (soft dictatorships) involved in long-brewing exercises to promote social reforms and grassroots mobilisation (constrained, of course). They obviously used repression and were affected by inefficiency and corruption, but neither in Ecuador nor in Peru were the armed forces discredited as a demiurge of national breakdown. Even in Venezuela, where the dictatorship of Pérez Jiménez had a more traditionally 'Latin American' complexion, legitimisation via 'progress' was not completely unattainable. Bolivia is the exception,<sup>8</sup> and this has had simple but important consequences, as I will try to show later on. In the second place, contrary to other countries with a higher development level, extensive modernisation had not topped out when the political transition began. Thus, upon evaluating the change, many relevant sectors felt they had lost out. While Latin America's Gross Domestic Product (GDP) doubled between the sixties and eighties, with annual growth rates of between 5% and 6%, growth was perilously close to 0% in the succeeding two decades.<sup>9</sup> If the issue is observed from the perspective of the per-capita GDP, the Andean area had sustained growth in Period 1 and screeched to a halt in Period 2.

This, however, is but a small part of the story. The growth in Period 1 was perhaps unsustainable and its own dynamic was giving out, as the debt crisis in the eighties and the terrible performance of the area's anti-adjustment governments (Paz Zamora in Bolivia and Alan García in Peru) underscores. In addition, the international context changed radically, which demanded adaptive responses. Furthermore, the braking in Period 2 may have

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<sup>8</sup> It has had several highly repressive dictatorships, and the last one, that of García Meza, was intimately related to drug trafficking, which generated serious problems with the United States.

<sup>9</sup> Income distribution, which was already bad, also worsened, brusquely in some countries.

corresponded to a temporary sacrifice – the notion involved in the term ‘adjustment’ – to put the accounts in order and guarantee sustained and sustainable growth. The story would then be one of austerity today in order to have prosperity tomorrow. There are many ways to object to this viewpoint, however.<sup>10</sup> Independent of the turn that such a discussion takes, there are two fundamental consequences for the political transition. First, important sectors of the population have good reasons to assume that they have lost with democracy (or at least have gained nothing with it). In other words, there is a schism between the agendas of democratisation and development, in which the first ends up the loser. Such a motive is obvious behind some of the area’s most important examples of collapse and deterioration in recent years, such as Venezuela’s conflicts and the turbulent events in Ecuador. It also feeds the thematising of public ills linked to endowment effects (a ‘favour’ conferred over the years may become an obligation), as happened during the Chavist insurgency. Second, serious problems appear regarding the construction of viable temporal horizons for democratic intermediation. Insofar as the justification for governmental policies resides in a relatively distant future, some typical forms of liberal democracy – ranging from the idea that citizens are the best judges of their own interests,<sup>11</sup> to mechanisms such as the punishment vote – are fatally weakened.

In synthesis, choosing two periods permits both a comparison of the two and an analysis of the transition from one to the other. It cannot be over-stressed that such a comparison is not normative – is yesterday better than today? – simply because yesterday’s options are no longer available and probably will not be in the future. It does, however, have analytic interest: how have the multiple interrelations between the two transitions influenced democracy and politics?

### **The times of economics and politics.**

There is a venerable and powerful intellectual tradition regarding the political economy of democratic outcomes, of which Barrington Moore is probably the most brilliant exponent. Basing himself on the European experience, Moore concluded that the ways in which the upper rural classes and the peasants reacted to the challenge of commercial agriculture were decisive factors that led to certain political results.<sup>12</sup> Perry Anderson tested out an interesting adaptation for Latin America, proposing a diagonal interaction in which the interrelation between labourers and landowners would decide the political outcomes. A strong labour movement and weak landowners, such as in Argentina and Chile, would lead to dictatorships, while weak landowners and weak workers, as in Venezuela, would lead to democracy.<sup>13</sup> Put another way, democracy would depend on the lack of intensity of social conflict, or of the actors involved in them, a somewhat inexact idea but one with a very powerful underlying basic intuition.

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<sup>10</sup> To complicate things even more, that is symmetrically inverse to that of the defenders of real socialism, who upheld their own system with the idea of sacrifices in order to obtain benefits tomorrow. Neoliberals exhibit the same religious faith when they maintain that all the failures of the adjustment programs are their lack of match with the real world – the Platonic model, however, is still correct.

<sup>11</sup> This aspect has been stressed forcefully by Bernard Manin *et al.*, ‘Introduction’, in Bernard Manin *et al.* (eds), *Democracy, accountability, and representation*, Cambridge: Cambridge University Press, 1999.

<sup>12</sup> Barrington Moore, Jr., *Social Origins of Dictatorship and Democracy: Lord and Peasant in the Making of the Modern World*, Boston: Beacon Press, 1966.

<sup>13</sup> Perry Anderson, *Democracia y socialismo. La lucha democrática desde una perspectiva socialista*, Buenos Aires: Tierra del Fuego, 1988.

It is necessary to return periodically to these classic reflections, but in so doing, their weaknesses are revealed by their own strengths; both drink from the same fountain. First of all, they lack micro-foundations and sidestep the crucial problems in the construction of collective action. Because they are analyses supported only in the long haul, they cannot provide a good explanation for the variability of models that a single country exhibits: that is, its trajectory, which can move in and out of democracy (even intermittently). The same Bolivia that galloped into capitalism on the back of a powerful workers' movement and some weakened landowners has had periods of brutal dictatorial instability and of working democracy. In a less evident manner, they assume that what attracts democratic trajectories is a point (a final result that does not move unless there is an exogenous shock), when in reality there can be more complicated forms: for example, a cyclical movement or the segment of a curve. The Andean experience seems to suggest that this is precisely the case for many countries, whose outcome is not well defined with an arrival station but rather with a fluctuation among various political forms.

If the goal is to find something that allows social structures to be related to political ones, perhaps the best strategy would be to look into people's concrete experience using a phenomenological approach. I will start by noting that Period 2 was one of economic crisis for all the countries – with a very important time lag in Colombia. There are two kinds of crisis: of inflation and of growth, and both have two things in common. They etch themselves into the memory of the populations – in other words, they have long inertial effects on political behaviour – and they can set democracy staggering, as Przeworski and associates have shown based on a big numbers comparison.<sup>14</sup> In the Andean area, it is easy to note that hyperinflation crises have generated 'rightwing' solutions: that is, ample consensus around an adjustment programme that anything can be forgiven as long as it solves the main problem. Such is the case of Peru and Bolivia.<sup>15</sup> When the problem is one of growth, the social turbulence generates 'leftwing' solutions, as in Venezuela, or cycles of instability, as in Ecuador. Crossing the economic variable with the degree of disparagement suffered by the preceding military regime, in other words with the legacy of the previous period, we find the following classification of outcomes (see Table 3).

**Table 3A – Andean countries**

|                       | <b>Discredited Military Regime</b>        | <b>Not Discredited Military Regime</b> |
|-----------------------|---|--|
| <b>Hyperinflation</b> | Democracy with pact around the adjustment | Dictatorship with adjustment           |
| <b>Growth</b>         | Developmentalist democracy                | Developmentalist dictatorship          |

**Table 2B – Colombian version**

|                 | <b>Discredited military</b> | <b>Not discredited military</b> |
|-----------------|-----------------------------|---------------------------------|
| <b>Security</b> | Democracy with pact         | Rightwing civilians             |
| <b>Growth</b>   | Democracy with reforms      | Party government                |

<sup>14</sup> Adam Przeworski, *et al.*, *Democracy and development. Political institutions and well-being in the World, 1950-1990*, Cambridge: Cambridge University Press, 2000.

<sup>15</sup> I will omit the analysis of other examples outside of the area, such as Argentina.

When hyperinflation takes place in a society in which the military is seriously discredited because the immediately previous regime had produced enormous damage (as in Bolivia or Argentina), a relatively stable democratic pact is produced around the adjustment. The memory of hyperinflation remains and hence the degree of opposition either to the government making the adjustment or to its economic policies is low – and stays that way for years. When it appears in a society in which the military is not discredited, it produces a regime breakdown, as in Peru. When the crisis is one of growth, there is rupture if the military has the initial backing of the elites, as in Venezuela.<sup>16</sup> If, on the contrary, the initial situation is one of distancing, as in Ecuador,<sup>17</sup> there is continual instability. Where do we put Colombia? Colombia's political agenda is made up of other focal points, because it only began to suffer economic problems late, whereas those of security have traditionally been enormous.<sup>18</sup> But there is an analogous mechanism. When the security problems are defined in terms of wearing down and the military is discredited, the solution is a democratic pact (*Frente Nacional*). Exasperation with security problems and high military prestige could lead to another type of outcome.

This underscores the fact that neoliberal adjustment, despite its centrality in some countries, has not always and everywhere been the main motive for conflict and reaction. Where the historic memory of hyperinflation or of insecurity predominates, the conflicts have been articulated differently. How then shall we lay out the relationship between economics (neoliberal reforms) and politics (transition and democratic consolidation) in this context?

The first thing is to clarify what the specificity of the dual transition consists of in the Andean world, if indeed there is one. With Williamson, 'structural adjustment', or alternatively neoliberalism, can be defined as:

opening the economy plus reordering public expenditure priorities, financial liberalization, privatization, deregulation, and the provision of an enabling environment for the private sector.<sup>19</sup>

From this perspective, a good part of the world's democratic transitions were dual, both of political regime and of economic model. Almost all of them went from a (very) closed economy to an open one. As in the Andean world, many debates concentrated on deciding if such a leap should be gradual or radical.<sup>20</sup>

The specificity of our transition resides precisely in the fact that the leap was relatively short – from one type of market economy to another. In the 'real' socialisms, one of the fundamental focal points of the political sphere was the aspiration for 'economic freedom' (i.e., property rights). In the Andean countries, politics revolves around other themes, of which the central one is development. The magnitude of this crucial difference in the conformation of the political sphere can be grasped when the problem of temporal horizons in different contexts is

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<sup>16</sup> Chávez had the support of well-off sectors of society in his first stages.

<sup>17</sup> Currently. But it should be noted that when there was a threat, as in the sixties, a rupture occurred.

<sup>18</sup> In Peru in the late eighties, there was a superimposing of motifs: hyperinflation and security.

<sup>19</sup> John Williamson, 'The Progress of Policy Reform in Latin America', in John Williamson (ed.), *Latin American Adjustment: How Much Has Happened?*, Washington, DC: Institute for International Relations, 1990, p.402.

<sup>20</sup> See, for example, Jeffrey Sachs, *et al.*, 'Economic reforms and constitutional transition', *CID Working Paper* 43, Cambridge, MA: Harvard University, 2000.

examined. The motif of ‘tightening our belt today [the *zaciskanie pasa* of the Polish] to have prosperity tomorrow’ appeared very strongly in the Eastern and Central European transitions. But it corresponded to the aspirations of very broad population sectors – perhaps with the exception of unskilled workers, who had little political voice in any event – and paid off in the present: increase in private owners, foreign investment and links with Western Europe, etcetera, were palpable and attainable, even for the losers (many of whom could aspire to be winners afterward). Said in other terms, in the transitions from ‘real’ socialism, protection and growth were being sacrificed today to obtain economic freedom now, even though the reformers’ argument implied that both liberty and growth would be obtained in the future. In the Andes, in contrast, a new world is not being created, nor is there a panoply of opportunities for a very large number of new actors. Without any extenuating circumstances, the adjustment involves a strict interchange between different times. Sectors of the population are asked to make sacrifices today to obtain benefits tomorrow.

Such a circumstance has a dual effect on the way democracy acts and is conceived. The first, which is not hard to understand, is that it undermines its social base. Let’s assume for a moment a rather Panglossian outlook, and suppose that while the system punishes workers more than businesspeople, the adjustment favours all in the long term, because it brings the system closer to the frontier of optimality.<sup>21</sup> Even then, if a strict trade-off between today and tomorrow is demanded, huge distributional conflicts may arise if the discount rate of important sectors of the given society are sufficiently high. This, it can be argued, is precisely what happens in the Andean countries through the informalisation of labour (closely related, in turn, to the neoliberal programme).

Note that the tension between temporal horizons is typical of all development processes, and for that reason they put democratic regimes themselves into tension. The specificity of the adjustment is that the population sectors least able to wait are hit the hardest, unless they are highly organised. The governments thus face the dilemma of having huge masses that are highly organised and hostile to the adjustment (Ecuador, Bolivia), or not organised but radically worried about the present. Even with that, workers – especially informal workers – will oppose the adjustment because their discount rate time is typically higher than that of the capitalists. This obviously is not a ‘cultural’ problem:<sup>22</sup> the ability to wait of the unemployed and underemployed majorities in the Andes is very close to zero, since a cut in their well-being today endangers their very capacity to subsist and reproduce.<sup>23</sup> Ironically, it might be that where a very organised workers’ movement exists, supported in a solid formal economy, and able to obtain lateral payoffs and compensations, and to structure their distribution among their rank and file over time (Poland, New Zealand), adjustment programmes might fare better. Where organisational levels are relatively low and the informal economy widespread, such a possibility does not exist. It is no accident that a good measure of the discourse of the Andean economy, returning to its roots, has turned into a ‘theory of moral sentiments’,

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<sup>21</sup> I think that it is a probabilistic question in reality. If we assume that some adjustment is necessary but that there are two variants (orthodox and non-orthodox), taking the first, as in the Andean area, is like buying a lottery ticket. In some cases, wagering on the orthodox adjustment has functioned, in others it has not. Given that a lot is at stake, only actors very inclined to take risks – such as those who have gone through a hyperinflationary crisis and feel they have nothing to lose – will take the bet willingly.

<sup>22</sup> See Moore’s brilliant criticism of naïve culturalist explanations.

<sup>23</sup> Of course, this is only a hypothesis. If it carries any grain of truth it also offers another interesting irony: the greater the informal labour sector becomes, the more resistance based on short time horizons reforms will encounter. By informalising labour, neoliberalism engenders the conditions for the type of resistance that might make economic modernisation in its present form unfeasible. These kind of internal inconsistencies are one of the many reasons against the neoliberal theological conviction according to which the model is right, and that all the problems stem from the naughty reality (or the wrong culture).

dedicated to punishing the ‘culture of disorder’ and the immediatist focus of the majority of the population.

All this generates an abyss between the times of the elector and those of the ruler, altering the content of the representation and undermining the key liberal principle according to which a citizen is the best judge of her own interests.<sup>24</sup> Adjustment is posited in a dual temporal reference. On the one hand, its benefits will only begin to be registered in the future. Those opposed to it have not identified their own interests well – they are sacrificing their future prosperity in exchange for little now. On the other, delays could have irreparable effects and precipitate immediate disasters. It is urgent to proceed immediately, although the returns only begin to be seen much later.

### **The obsolescence of the political institutions**

Although the coexistence of both transitions has deteriorated democracy, undermining its social base and its liberal contents, it could strengthen it in many other key aspects. The expectations were precisely that. The adjustment had its own social justice banner – a fact that it is easy to forget – whose nucleus was the clearing away of entrenched privileges and opaque rules of the game.<sup>25</sup> The dismantling of the patronage system and of the protection of inefficient producers are canonical examples of what such a programme could offer. The correlate of putting an end to the privileges was to incorporate broad sectors of the population into a political game with accountability and transparency. In that regard, there would be positive feedback between the two transitions. In turn, as the dual transition was supported by the modernisation, urbanisation and strengthening of the middle class that occurred in Period 1, there would be a new, more adept social base to interact with the democratic institutions. Authors such as Diamond constantly express their hope that both processes are taking place;<sup>26</sup> but it is quite apparent that the balance in the Andean area has not lived up to such expectations. What has happened to the institutions? The general panorama is relatively easy to describe: a generalised rebellion against the parties and, save in the Bolivian case until recently, against the congresses. The institutions that make up the nucleus of democracy are being dismantled or seriously weakened. Why? I will propose some possible interpretations below.

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<sup>24</sup> Adam Przeworski, *et al.* (eds), *Democracy, accountability and representation*, Cambridge: Cambridge University Press, 1999.

<sup>25</sup> In practice, of course, such housecleaning has been selective: but what is of interest here is to present the general principle.

<sup>26</sup> Larry Diamond, *et al.* (eds), *Consolidating the third wave democracies. Themes and perspectives*, Baltimore and London: John Hopkins University Press, 1997. In fact, the supposed basis of the orthodox institutional engineering is that a confluence exists between liberal modernisation and democratisation on the one side, and between democracy and development on the other: “no further ideological debate is required to demonstrate that democracy is a necessary condition for development” (Fernando Carrillo (ed.), *Democracia en déficit. Gobernabilidad y desarrollo en América Latina y el Caribe*, Washington: Banco Interamericano de Desarrollo (BID), 2001, pp.4-10). In reality, it is empirically demonstrated that the correlation between democracy and development is tenuous if it exists at all (here I am being much more prudent than Przeworski *et al.* (2000), who definitively think it does not exist). The good news is that there is no inverse relation. I believe that something similar could be said with respect to adjustment and democracy, but this of course would have to be finally evaluated based on ‘big numbers’.

*The dismantling of the congress.*

In Peru, the congress was the institution that fell under Fujimori's most intense scorn, just as happened in Chávez's Venezuela. In Ecuador, virtually all Presidents have had violent clashes with the parliament. In Colombia, as was already pointed out, the spectre of a revocation of the congress was a constant of the nineties. These attacks are not the least bit mysterious or enigmatic: they correspond to the enormous disparagement of the congresses in their respective countries and to the possibility of earning points by attacking them. The constitutional engineers have moved in an analogous direction, not only in Peru and Venezuela, where a small and single-chamber congress was installed with the explicit objective of making it more docile, but also in Ecuador, where the 1998 Constitution gave more attributions to the executive by removing them from the legislative. The Colombian one of 1991 went in the opposite direction, but the demand of the executive, of public opinion and of the majority of political actors is to correct that tendency, and they have good chances of prevailing.

How can the weakening of the area's congresses be understood in the context of the dual transition? Although the issue has many aspects<sup>27</sup> – some of which will be touched on below – I will concentrate in this section on a central and simple one that can be enunciated very plainly: the congress has become a nuisance. It is an obstacle to urgent decision-making in the public interest. Many of the architects of the institutional changes that have weakened the Andean parliaments have formulated it just that explicitly. As has been said by former Ecuadorian President Oswaldo Hurtado, perhaps the main artificer of the 1998 charter:

No other Constitution has so reduced the influence of the National Congress in conducting the Ecuadorian economy free of instability and crisis, and this is the first Constitution that has deprived the Congress of the faculty it traditionally had: to dismiss, censure or remove ministers of state from office. The first and foremost problems of governance were in these fields....<sup>28</sup>

Why does the sensation exist that the congresses have become a “parliamentary Leviathan”?<sup>29</sup> Executive-legislative tensions are nothing new in the Andean area, and even in those countries with a strong democratic tradition, such as Colombia, the confrontations have been periodic and intense. What is new about the tension can be grasped in two ways. On the one hand, presidentialism plus proportional parliamentary representation generates an institutional division of labour in which the presidents embody ‘national interests’ and long-range concerns, while the congresses express the immediate concerns and demands of particular social groups. On the other, there is the need to push through urgent laws whose benefits will only be seen in the future and whose approval by a present-oriented congress responsive to particularistic demands is improbable and/or costly. The adjustment creates a terrain for debate between its advocates and its adversaries centred on the public good and, in the longer term, one constructed around categories such as nation and people; while the congresses, with their networks of single-issue clientele that can elect with ‘few’ votes, are completely out of place in such a discussion. It is the good of all (the citizenry, the members of an ethnic group or the people) against the good of a handful (the politicians and their cliques).

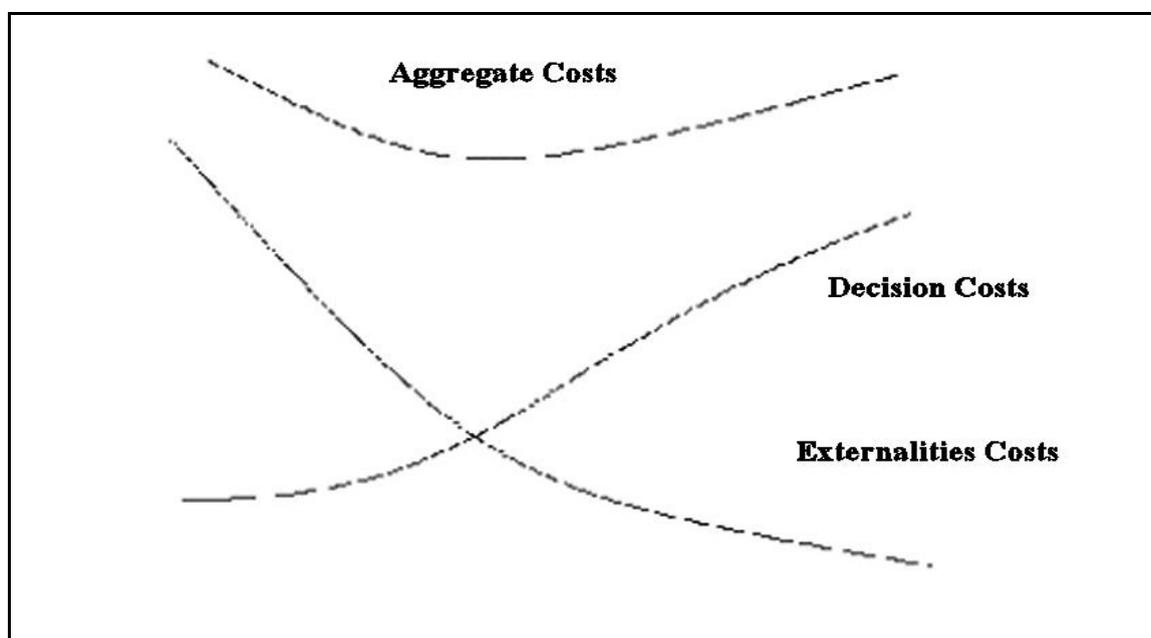
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<sup>27</sup> Some sub-national collegial bodies have also lost weight, but that issue is beyond the scope of this text.

<sup>28</sup> Cited in Peña (2002), p.45.

<sup>29</sup> Gary Cox & Matthew McCubbins, *Legislative Leviathan*, Berkeley: University of California Press, 1993.

As there has been a veritable constitutional storm in the Andean area (two new Constitutions and various substantial reforms in Ecuador; two in Peru; one in Venezuela; one in Bolivia; and the same in Colombia, with several major reforms along the way), the difficulties of the congresses could comfortably be posited from that perspective. In fact, what is happening could be understood in very compact form using the powerful conceptualisation of constitutional technology constructed by Buchanan and Tullock.<sup>30</sup> For them, when political agents find themselves in the (initial) constitutional situation, they must make a trade-off between two kinds of costs that will be imputed to them henceforward. The first are those of decision-making: how much will it cost in time, effort and money to collectively adopt a policy? The second are those of externalities: what externalities could be heaped on me if a given course of action is adopted? In a veto system – in which consensus is required to be able to do anything – the decision costs are enormous, but those of externalities nil (one can block anything that has a cost). In a dictatorship, those of decision are – at least hypothetically – near zero, but the externalities could end up infinite, as when the dictator takes away your life (see Figure 1). Insofar as the gamble keeps growing and delays threaten to generate a crisis of hyperinflation and insecurity, the emphasis starts falling on the onerous decision costs. In turn, the requirements of modernisation – and of public order in Peru and Colombia – also pressure for lowering the decision costs. Where different social sectors speak in the name of great categories and urgent reforms, the emphasis on decision costs starts shrinking the congress's role. The temptation to castigate minorities with externalities that are prohibitively high grows – and when it is articulated with transnational policies, like the 'war on drugs', it results in huge distributional and attributional conflicts (like in Bolivia or, in a much different sense, in Colombia). Note that the consociational pacts are found in the 'high decision costs-low externalities costs' extreme while the semi-democracies come closer to the 'high externalities costs-low decision costs' extreme.



**Figure 1**

<sup>30</sup> James Buchanan & Gordon Tullock, *The calculus of consent: logical foundations of constitutional democracy*, Ann Arbor: University of Michigan Press, 1962.

### *The rebellion against the parties.*

The obsolescence of the parties is hardly less dizzying than that of the congresses. Although we are very far from understanding even the rudiments of the problem,<sup>31</sup> some prominent aspects can already be put forward.

First, the patronage system is no longer what it once was. In fact, the patronage system seems to have fallen victim to its own success in more than one sense. A combination of wide-reaching social processes and institutional reforms common to the whole area – decentralisation, for example – separated the regional patrons from the centre and at times even cut them free from the local notables, converting them into a strange actor with respect to the national and sub-national elites. In some countries politics ‘ceased being respectable’, and stopped expressing ‘the majesty of the state’. The most radical process in this sense was the Colombian one, in which we moved from having a few political elites who more or less adequately expressed the social and regional structure, to other far more decentralised, tumultuous elites linked to multiple power centres.<sup>32</sup> In Period 1, they were the epitome of responsibility and claimed for Colombia the role of ‘moral force’; in Period 2, they have become an icon of decomposition.<sup>33</sup> But a similar process could have occurred in Ecuador. There the Populist forces, which are among the most patronage-riddled,<sup>34</sup> shifted from the ecumenical, sublime discourse of José María Velasco Ibarra (from the thirties to the sixties, approximately) to the neighbourhood bully language of the Bucarams (end of the seventies to date), which Cueva has called “lumpen politics”.<sup>35</sup> This “lumpen politics” also arranges things to be able to express the voice of illegality.<sup>36</sup> In either case, independent of the programme of each force, the political style acquires a dynamic of its own that can produce tangible deeds and influence the whole set of political and social forces (a theme that will be returned to in the following section).

In synthesis, three things have happened. First, aspects of the political agenda have been fixed (for better or for worse).<sup>37</sup> Second, some agenda issues have become urgent and national and/or of class/ethnicity, while the political forces represented in the congress have a particularist language and mobilisation techniques due to the division of labour between the legislative and executive branches. Third, society has become estranged from politics, both ‘downward’ and ‘upward’. The resources that could be shared out through the patronage networks are increasingly haggled over. In turn, a very deep rupture has occurred between

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<sup>31</sup> I would hold that we have not yet even conceptualised well what a political party is and what that denotes in the Andean world.

<sup>32</sup> Among them organised crime: see Francisco Gutiérrez, ‘Historias de democratización anómala. El Partido Liberal en el sistema político colombiano desde el Frente Nacional hasta hoy’, in Gutiérrez F. (ed.), *Degradación o cambio. Evolución del sistema político colombiano*, Bogota: Norma, 2002, pp.25-78.

<sup>33</sup> And the patron-client relationship, in diverse variants, is used in both.

<sup>34</sup> Amparo Menéndez Carrión, *La conquista del voto. De Velasco a Roldós*, Quito: Corporación Editora Nacional-Flacso, 1986; Jorge León, ‘Clientelismo y política en sectores urbanos’, *Ecuador Debate* 13 (May 1987), pp.129-142.

<sup>35</sup> Agustín Cueva, *El proceso de dominación política en el Ecuador*, Quito: Planeta, 1997.

<sup>36</sup> Simón Pachano, ‘Ecuador: Bucaram, ¡fuera!; Bucaram, ¿fuera?’, *Anuario Social y Político de América Latina y el Caribe*, 1997, pp.42-50.

<sup>37</sup> Although it can be agreed that the spectrum of choices of economic programs has narrowed effectively in the new times, Boix has shown that developed countries still have room for choice. This margin of choice shrinks in proportion to the degree of indebtedness and economic weakness (Carles Boix, *Partidos políticos, crecimiento e igualdad: estrategias económicas conservadoras y socialdemócratas en la economía mundial*, Madrid: Alianza Universidad, 1996). Of course, the Andean specificity is not absolute, as will be seen several times in the section on the pacts.

political personnel and socio-economic elites.<sup>38</sup> The most dramatic and constant manifestation of the phenomenon is surely found in Colombia, precisely where both sides are better articulated, but it is general, and in some cases has reached moments of authentic exasperation. At the same time that politics has seen its attributions stripped – to name only one case, with the creation of independent central banks in the new constitutions – it is also distancing itself from society and becoming irrelevant in mutually reinforcing processes. Nonetheless, the reach of this mechanism is limited: as society's leaders are rotated through elections, there is always manoeuvring room to struggle for the adjudication of scarce resources.

If this is the case, it forces upon politicians an 'economy of signals', the main aspect of which is the need to represent themselves as non political: they have to go to elections, to obtain votes in the name of society against politics. Note first of all that this kind of politics is Escherian: it is politicking about, and against, politics. It is no accident that the political reforms in Ecuador, Colombia and Venezuela – and the constitutional reforms throughout the area – have become a genuine myth that any candidate who truly aspires to win dare not ignore. The new options have been built over the grave of disparaged particularism,<sup>39</sup> and the economy of signals in the electoral game thus will depend on the capacity to present oneself as somebody new, who does not belong to the old cliques.

The discussion can be presented under a somewhat different light if the same idea is presented in slightly different language. The preferred space of the electors is built out of a few key problems (hyperinflation, security, growth, corruption). Electors have very imperfect information and little time to form their preferences, thus they will fix on prominent characteristics and visible cues that indicate whether a given candidate can produce renewal or not. Among such characteristics is that of 'being different,' of 'not being one of them,' precisely because part of the information of electors – both those 'at the bottom' and those 'at the top' – is that the old way of doing things offers shrinking marginal benefits in the best of cases. The parties have historically fulfilled the function of providing summarised information through differentiating icons and languages, but now with a tragic circumstance: together with that 'exercise of differentiation,' they transmit fairly enough the idea that 'they are the same ones,' a 'machinery' based on tradition, since the notion of organisation and of tradition are both vital if a party is to subsist. The parties, then, are poorly mated with Escherian politics. The renewal message, however, goes over very well on television, which became the main medium for shaping political preferences in the Andean world in the eighties.

'Not belonging to the same clique' and 'opposing politicians' has thus become an axis of the creation of political space, together with 'being hard-handed' when there is a security crisis – and honest. This has produced an impressive boom in symbolic politics: that is, an iconic and prosodic public auction for denouncing the traditional way of conducting politics and marking one's difference with it. In Ecuador, the candidate and then President Abdalá ('el Loco') Bucaram had a musical group – which went through diverse styles from salsa to rock – and an extravagant stage presence. With minor electoral bases, but in any event with varying degrees

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<sup>38</sup> In some countries, such as Peru in the sixties, the business class believed that politicians were one of the main obstacles to its activities (Carlos Vilas (ed.), *La democratización fundamental. El populismo en América Latina*, Mexico DF: Consejo Nacional para la Cultura y las Artes, 1994). In others, such as Colombia, the situation was different. Now, for a variety of reasons, there is tension and estrangement in all of them, which of course coexists with thousands of both affective and strategic links (starting with financing).

<sup>39</sup> It is worth stressing that the objective base of this disparagement is enormous: corruption, anti-technical allocation of funds, etc.

of relevance, television personalities and MCs such as Freddy Elhers made an important career. In Venezuela, Chávez's media *boutades* are well known (but the main one, his coup attempt, was what thrust him into the limelight as an individual free of the cliques). Fujimori, as has been extensively shown, was a TV man. Even in Bolivia and Colombia, with their relatively strong party traditions, the symbolic style has become more and more important. Bolivia's CONDEPA (*Conciencia de Patria*) is a child of television. The main independent Colombian figures disguise themselves as comic strip superheroes and create *happenings* with rats, cats, monkeys and rabbits around issues such as corruption and security. They measure their strength through their connection with the media. At the same time, the presence of dance artists and sports figures in the recent elections has been sizable. This extravagant style that so delights reporters – costumes, happenings that portray adversaries as long-tailed monkeys or rats, nudes, musical entertainment, sexual references of all kinds – goes far beyond folklore: it is a new economy of signals in the making. The style is acquiring increasing centrality because it is increasingly becoming the programme (i.e., not being one of the 'old ones'), in a turn that McLuhan would have applauded; the form (presenting oneself as external to the machinery) is the message. The learning process proceeds in the obvious manner: insofar as symbolic politics produces results, more and more 'traditional' politicians start using it, with the consequence that insiders are imitating the outsiders, which gradually guts the parties.

Three observations are worth making about this decay of the parties, which goes well beyond what is happening in Europe. First, despite everything, the 'folklore' surrounding this phenomenon – extraordinarily entertaining, all things aside – results from a rational behaviour in the midst of an economy of signals with imperfect information. There is no central architect planning the end of the parties (though of course there are many anti-party ideologies), but rather signals, learning experiences and fads. Many electors form their preferences based on new labels, precisely those that the party organisation *cannot* transmit, and the candidates start lining up to launch their personalist adventures with whatever technique is in vogue at the moment. Second, the weakening of the parties and the weight of tradition did not happen without skirmishes and readjustments. There were attempts to use the old solutions to deal with the new problems. At the onset of Period 2, electors were still thinking about the past, not the future. It is no accident that the emblematic figures and actors who founded the institutionality of Period 1 were often called upon to found that of Period 2. Carlos Andrés Pérez, the social democratic chief of *Acción Democrática*, the party that built modern Venezuela, was responsible for making the radical adjustment, and he failed only – and precisely – due to his inability to mobilize his party in that process. Paz Estenssoro, the patriarch of Bolivia's 1952 revolution, also initiated the neoliberal reforms with his new economic policy (NEP) of 1986.<sup>40</sup> In Colombia, the Liberal Party – which its most loyal electoral base viewed as synonymous with reformism and upward social mobility – initiated the adjustment policies in the 1990-1994 period.<sup>41</sup> The force of tradition played a self-destructing role: by heading up spectacular forward changes (i.e. governing in a way that was radically different from what could have been expected from the set of signals coming out of its history and its icons), the organisations weakened themselves and, in general, made it enormously difficult for electors to guide themselves in the electoral arena through party tags. This leads to the third observation: for this whole set of reasons, the alternative to a

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<sup>40</sup> Note how the memory is activated in these critical junctures. NEP is a direct Leninist reference, very apropos for a party that lives off its revolutionary tradition. Ironically, the NEP involved a successful dismantling of the Bolivian workers' movement.

<sup>41</sup> I do not think it is forcing the argument to recall that the populist Abdalá Bucaram instituted a vigorous adjustment.

particularism in decline in the Andean area has not been the programmatic parties built around social fractures, but rather highly personalised forces. Even in those cases where the former outsiders have burned out with the exercise of government, they have been beaten at their own game. Their opponents are ad hoc forces that depend on media muscle and on the economy of signals based not on organisations but on the capacity to present themselves as separate from the cliques: *Primero Justicia* in Venezuela or the Toledo coalition in Peru.

### **Pacts and selected solutions<sup>42</sup>**

The fact that the conditions are new, or that the problems being posed are different, does not in itself constitute either a great novelty or a great problem. The institutional forms can be adapted to other contents, strengthening and developing themselves in the process. Nonetheless, as seen in the previous section, the specific modality adopted by the tension between the two transitions in the Andean area has suddenly undermined the viability of central democratic forms for democratic intermediation, such as parties or congresses. It remains to be seen whether this in turn has contributed to the system's general debility, and how.

The answer is a simple yes, and the explanation is simple as well: the solutions and skills of Period 1 do not work in Period 2. Thus, in the best of cases, there will be a lag between the maturation of the problem and the development of solutions.

In Period 1, two modalities of democratic government appeared.<sup>43</sup> First, consociational pacts, such as in Colombia and Venezuela. Second, a post-revolutionary social pact, as in Bolivia (see Annex 2, with the respective details). In Venezuela there was the '*Punto Fijo*' Pact, signed on 31 October 1958 between the military and economic elites and the following parties: Democratic Action (AD), Social Christian Party (Copei) and Democratic Republican Union (URD).<sup>44</sup> The pact established the commitment to civilise party relations and defend constitutionality and the right to govern in accord with the electoral result: a national unity government (with participation in the Cabinet by the forces party to the pact); no party hegemony and the presentation of a minimum common programme. In Colombia, the National Front pact was constructed, signed by the Liberal and Conservative parties and approved by society through a referendum. It sought to solve the serious problem of inter-party violence that had characterised the previous stage and block the flirtations with populism of the military regime of General Rojas Pinilla (1954-1957). In Bolivia, the revolution made way for a corporatist regime in which 'co-government' by the unions was formalised. What these three experiences have in common is highlighted by Lijphart, who has developed the bulk of the literature on the issue: they offered different 'mutual veto' modalities, or guarantees of concurrent majorities, that would serve to protect the vital interests of the parties and, above all, of the significant minorities within the pact.<sup>45</sup> In Colombia, such a design implied the requisite of super-majority votes (two-thirds) to approve

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<sup>42</sup> The expositions in this part were detailed with the concurrence of María Teresa Pinto.

<sup>43</sup> There had also been two ways of governing dictatorially. Developmentalist regimes, which built the hope of making a social base for themselves in the military-peasant alliance, as in Peru and Ecuador, or in repressive dictatorships, as in Bolivia. Some, such as Bolivia's Bánzer, mixed the characteristics of reformism and repression. See Annex 1, Table B, which compares Periods 1 and 2 from the viewpoint of the regimes.

<sup>44</sup> Signed by Rómulo Betancourt, Raúl Leoni and Gonzalo Barrios, of AD; Jóvito Villalba, Ignacio Luis Arcaya and Manuel López Rivas, of URD; and Rafael Caldera, Pedro del Corral and Lorenzo Fernández, for Copei.

<sup>45</sup> See, for example, Arend Lijphart, *Democracies: patterns of majoritarian and consensus government in twenty one countries*, New Haven: Yale University Press, 1984.

legislation, equitable sharing of posts (including those of popular election) among the traditional parties, and a forced successive presidential alternation; and in Bolivia, the working class capacity to veto the policies that jeopardised it.<sup>46</sup> With all the ways in which these political processes and their contexts were distinct, they are similar in the sense that a disposition would be blocked if a significant sector with a voice within the pact so desired.

Such protection of minority interests – or of sectors with some sensation of threat – served many objectives, the main one of which, in accord with the basic precepts of the literature on transition, was to guarantee that democracy would be “the only game in town,” to use the expression popularised by Linz.<sup>47</sup> If the probability of reaching intolerably costly denouements was minimal, nobody would be tempted to bail out. Thus the country was protected from an involution, and at the same time the conditions were constructed for a more stable future. Although the term did not yet exist, the Andean consociationalists were gambling on consolidation. Like Molière’s manservant, they spoke prose without knowing it.

The consolidation did not take place, since the pacts were victims of their own success. Insofar as they restricted – albeit concertedly – key aspects of democracy such as alternation, routinising and/or ritualising it, the generation formed within the pacts began to rebel against them. What’s more, “strategic depoliticisation” (following Lijphart’s expression), which forms part of the pact’s programme and results from divvying up power and the negotiated transacting of conflicts, was added to the combination of presidentialism and proportional parliamentary election.<sup>48</sup> But that institutional division of labour, depoliticisation and the possibility of blackmailing an executive who had to win over very large majorities to push legislation through, fed particularism enormously. The same tools that consolidated democratic and political stability offered incentives for exclusion and corruption, not to mention immobilisation.

The pacts were thus corroded by their own dynamic. Once again, the time factor plays a key role: consociationalism is subjected to an intense material fatigue once the memory of the threat disappears and the routinising of the political procedures is completed.<sup>49</sup> After some years, even the pact’s advantages begin to seem relative. The guarantees to the minorities can be interpreted as particularist perks at the cost of the common good, and stability as stagnation.

In synthesis, the kit of democratic government solutions was very well defined in Period 1: pacts around large and clientelised parties, structured worker and peasant organisations, and highly institutionalised channels for transacting particular interests. The contrast between the constitutional technology of Periods 1 and 2 can also be described very synthetically and comfortably in the terms of the previous section: while in Period 1 the preference was to incur decision costs, avoiding those of externalities, the inclination in Period 2 was toward externalities costs and not those of decision. The preferred government socio-techniques in Period 1 are negotiation, lobbying and compensation, which are increasingly incongruent and unacceptable in Period 2.

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<sup>46</sup> The army had been virtually dismantled and replaced by national guards.

<sup>47</sup> See, for example, Juan J. Linz & Alfred Stepan, ‘Towards Consolidated Democracies’, *Journal of Democracy*, 7:2 (1996), pp.14-33.

<sup>48</sup> The latter constitutes another of the key characteristics of consociational regimes, as Lijphart (1984) reminds us.

<sup>49</sup> Lijphart already foresaw this, and we have eloquent examples of consociational erosion outside of the Andean area.

In Period 2, immobilisation has been defeated, but pacts and alliances appear only rarely: no one has guarantees against very disagreeable results, not even capitalists, who are occasionally severely affected by the adjustment or by some of its specific policies.<sup>50</sup> The veto and the concurrent majorities disappeared, swept away by the urgency of the reforms, but also because the national decision-making framework had deteriorated and because decision costs were considered high and those of externalities low. The desired result – ‘democracy as the only game in town’ – is obtained through a set of exogenous restrictions and/or the balancing of the domestic actors’ mutual fears, as in Ecuador. This implies that disastrous results for significant sectors come about within democracy. The effect is cumulative because it produces mutual memories and expectations of mistrust. The new democracy is associated with economic openness, but precisely for that reason it is exposed to intolerable – and procedurally hardly democratic – outcomes for important sectors. In Ecuador, for example, broad social groups had (and still have) reasons to think that the economic programme is completely fixed, insulated from political competition and independent of the political stripe of the government in office, and that the programme is imposing prohibitive costs on them.

The opening, then, has generated levels of uncertainty that significant actors might consider intolerable. One would like to see a mutual reinforcement between democratisation and stability, but the opposite has happened in the Andean area. Opening (both political and economic) and instability not only coexist, but reinforce each other.

Two questions remain to be answered. First, why has Bolivia been able – after a long dictatorial interregnum – to construct a democracy in Period 2 that has remained in good shape, albeit with growing signs of erosion? Because the attempt to reproduce the techniques of Period 1,<sup>51</sup> during the government of Siles Suazo (1982-1985), failed miserably and triggered hyperinflation. That generated broad consensus around an economic stabilisation and structural adjustment programme. As was pointed out in previous sections, such consensus, combined with the discrediting of the preceding military regime, made way for a broad democratic agreement. Its formal nucleus was the constitutional disposition that if no presidential candidate gets an absolute majority of the votes, the Congress of the Republic must determine the winner among the three candidates that received the most votes (until the 1994 constitutional reform, after which it was between the two that received the most). The installation of a parliamentary pact (called ‘Pact for democracy’) between Víctor Paz Estensoro (1985-89), Hugo Banzer’s Nationalist Democratic Action Party (ADN) and the Revolutionary Left Movement (MIR) took place in this context. This same pact led to the election of Jaime Paz Zamora (1989-93), although the agreement now took the name ‘Patriotic Accord.’ In 1997, the ADN, in alliance with the MIR, Condepa, the New Republican Force, the Christian Democratic Party and the Solidarity Civic Union got the presidency through a pact called ‘Commitment for Bolivia’. In all cases, there have been formal and informal guarantees that no prohibitive externalities would devolve upon the minority partners. With the spectacularly successful incorporation of the coca growers into active politics in 2002, the Bolivian pact will have to be retooled to offer guarantees to all and at the same time maintain the anti-drug policy set by international actors, which seems very much like squaring the circle.<sup>52</sup>

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<sup>50</sup> The conception of the adjustment implies favouring some ‘creative destruction’ of inefficient businesses.

<sup>51</sup> Ceding administration of the state mines to the unions, announcing that the foreign debt will not be paid, increasing export duties; this generated immediate conflicts with the IMF and the World Bank.

<sup>52</sup> But in politics it is possible to square the circle (albeit only with great difficulty).

Second and last: by forcing the political opening and raising the costs of moving away from democracy, the passage from Period 1 to Period 2 also ultimately renders the government methods that constituted Period 1's characteristic repertoire obsolete. How is this reflected in the level of political intermediation? In various characteristic ways. As was pointed out, by converting the congress into the epicentre of particularism, it gave the new entrants motive to attack the pacts or the established politics (here we are not looking at 'inventions' or a 'social construction of the corruption', but at the results of political dynamics that open windows of opportunity to new actors). Furthermore, the pact's material fatigue generates a prisoner's dilemma among its members: the best situation for each politician is to take the pact's benefits and denounce it at the same time. That way they can conserve their social bases and aspire to other new ones. Given that, the old politics' lack of loyal friends and the *hari-kiri* of the established forces is not so surprising. By making pacts difficult, the conditions of Period 2 produce electoral fragmentation – an endemic phenomenon in the whole Andean area – and the search for personalist solutions. As it is very costly to escape fully from democracy, this produces a strong presidentialism, which in turn intensifies all the conditions that generate fragmentation, leading to desperate new searches for the magic formula of the common good, through plebiscitarian practices and institutional engineering. But the institutional instability weakens the parties and the congress, slimming down the institutionality, sparking a new round of the cycle. The serpent has bitten its own tail.

## Conclusions

In this text I have developed a simple and in reality quite conventional argument. I suggested that the Andean area had gone through two transitions – one political and the other of its development model – and that they have not been very comfortable bedfellows. This lack of synergy between the two transitions is an empirical fact, not something given by the nature of the respective phenomena – neither pre-established harmony nor predetermined catastrophe. If democracy and adjustment can relate to each other in many ways (well, average or poorly)– then analysts are obliged to establish how and to exhibit the specific mechanisms behind differential outcomes. The challenge is difficult in the Andean area because two things must be explained simultaneously: a) the differential outcomes regarding democracies; and b) the weakness, but permanence and recurrence, of the democratic structures and practices in the area.

To deal with the problem, I essentially used the time factor, assuming that the times of the involution would reveal a significant part of the structure of incentives, learning curves, traditions and conflicts behind each result that are common to all countries, although in different combinations and articulations in each particular case. The assumption is that behind the superimposition of the two transitions there must be mechanisms of identifiable answers, but that at the same time the aggregation of the intentional action would generate its own dynamic, as authors such as Merton, Elster and Simon have shown so well. And, in effect, both specific mechanisms (see Annex 1, Tables A and B) and a series of processes that weaken but maintain democracy (see Annex 1, Table D) have come to light. Democratic improvements can have undesirable side effects, as when the effort to generate the rule of law illegalises broad sectors of the population. At times we come across haemostats, as in the Ecuadorian case, in which the army's role as arbiter paradoxically helps maintain the democratic structures, since it does not offer anyone enough probability of successfully getting out of the regime. On other occasions, we find processes with positive feedback, as in the destruction of the party functions, when one of the focal points of the political arena turns

into something new that does not belong to the old machinery, or when the adjustment increases the informal labour sector, generating high discount rates and thus making it difficult to promote the adjustment in democratic terrain.

Is all this idiosyncratic to the Andes? It could be argued that analogous phenomena to what has been analysed here have taken place in all countries in the world, that voluntary organisation and labour have been ceding some ground to the media/capital combination everywhere, and that political parties are thus decaying in general, not only in the Andean world. There are two responses to this observation. First of all, it is empirically debatable both that the decay is appearing everywhere,<sup>53</sup> and that its intensity is always the same. It is also possible that the contents that characterised party activity for years are no longer viable, but this does not mean that the form is necessarily collapsing. As Stein Rokkan has demonstrated, the European parties survived the social fractures on which they had been constructed.<sup>54</sup> It is perfectly possible that the narrow manoeuvring room in some terrains is coexisting with its expansion in others, which permits the forms to renew themselves and begin adapting – with changes, of course – to the new contents. What is notable in the Andean world is precisely the blockade of such saving mechanisms because – in both its negative and positive aspects – the possibility of political activity that proposes something different has been reduced to its minimum expression. The slightly melancholy nature of Toledo's transition in Peru is precisely due to this circumstance: he promised he would do things just like Fujimori, only better.

It is important to note that the explanation for the obsolescence of the classic institutions of democratic intermediation and deliberation requires *all* the factors discussed here. If the countries were not medium-sized, subordinated and with medium to low development, they would have more room for manoeuvre to set policies, and the opening would not have created so many reserved domains. If the move to Period 2 had only been a great social misadventure, without any element of genuine modernisation, it would already have been wiped from the map by a huge social upheaval. If it were possible to escape from democracy, the politicians' audiences would not necessarily be electoral ones and the emphasis on symbolic politics would be less pronounced. If the implementation of the changes were not so urgent, the deliberative arenas would not suffer such sharp deterioration, even if the returns from those changes were only seen in the long term. If the politics and the economics of Period 1 had not been so closed, such symbolism would have been unable to survive as a modernising aperture. If the military regimes had not occasionally shown a reformist variant, the move from Period 1 to Period 2 would have been different, and some electors would have few reasons to consider the pre-democratic regimes with a certain amount of benevolence. And so forth.

At times a set of variables generates a phenomenon, but limits its scope. It is like an imperfect haemostat, because it produces not stability but relatively wide fluctuations around a point. I have tried to show here that this could have happened in the relations between liberal globalisation-modernisation on one side and democracy on the other.

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<sup>53</sup> Howard Reiter, 'Party decline in the West: a skeptic's view', *Journal of Theoretical Politics*, 1:3 (1989), pp.325-348.

<sup>54</sup> See, for example, Stein Rokkan, *et al.*, *State formation, nation building and mass politics*, Oxford: Oxford University Press, 1999.

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## Annex 1

## Comparison of Period 1 and Period 2

Table A

| <b>Mechanisms that simultaneously strengthen and weaken democracy</b> | <b>More</b>  | <b>Less</b>  |
|---|--|--|
| <b>Limitations to sovereignty</b>                                     | Additional controls on the rulers; high costs of escaping from democracy | The conflicts are generated in a global framework and debated in a national one        |
| <b>Independent central bank</b>                                       | More mutual controls   | Sets economic programme; key public policies remain in hands of unelected authorities  |
| <b>Transparency</b>   | Accountability   | Deterioration of the more vulnerable bodies that are easiest to attack (like congress) |
| <b>Identity-based politics</b>  | Incorporation of new social sectors                                      | Weakening of the parties   |
| <b>Media activism</b>   | More accountability and public opinion oversight                         | Concentration of power; partiality; possible authoritarian tendencies                  |

Table B

|                                  | <b>Period 1</b>   | <b>Period 2</b>  |
|----------------------------------|---|--|
| <b>Flee from democracy</b>       | Possible, on condition of not allying with the communists | Very costly  |
| <b>Relation with the regions</b> | Basic instrument of government, through adjudication      | Institutionally bound adjudication                         |
| <b>Elections</b>                 | Few, periodical   | Many, with many exceptional convocations                   |
| <b>Economy</b>                   | Closed  | Open   |
| <b>Central bank</b>              | Dependent on the government                               | Independent  |
| <b>Economic policy</b>           | Changing (at times through violent jolts)                 | Fixed (the rhythms change, at times through violent jolts) |

**Table C**

| <b>Regime/Period</b> | <b>Period 1</b>                                     | <b>Period 2</b>                       |
|----------------------|---|---------------------------------------|
| Democracy            | Consociational pacts-<br>Bolivian social pact       | Competitive regimes-<br>Bolivian pact |
| Exit from democracy  | Developmentalist military-<br>Disciplinary military | Strong presidentialism                |

**Table D**

| <b>Mechanism</b>                      | <b>Cases</b>                                | <b>Example</b>  |
|---------------------------------------|---|---|
| Undesired side effects of improvement | Colombia, Bolivia                           | The establishment of law and order makes broad social sectors illegal                               |
| Unexpected side effects of worsening  | Ecuador                                     | Weakening of the parties makes the conflicts more manageable  |
| Haemostats                            | Arbiter role of the Ecuadorian army         | A mechanism generates a process that is limited to itself   |
| Positive feedback                     | All countries except Bolivia                | Fragmentation   |
| Trade-off                             | Fujimori's Peru, anti-politics in the area  | Political populism to be able to obviate the economic   |
| Confluence of adversaries             | Modernizing adjustment and ethnic movements | Weakening of the national state   |
| Tragedy of the triumph                | Colombia                                    | Clientelism was more democratising than expected, which separates it from the socio-economic elites |

## Annex 2

### Comparison of the pacts in Venezuela (Fixed Point Pact), Colombia (National Front) and Bolivia (Pact for Democracy, Patriotic Accord and Compromise for Bolivia )

Prepared by María Teresa Pinto

| Characteristic                     | Venezuela   | Colombia   | Bolivia  |  |  |
|------------------------------------|---|--|--|--|--|
| <b>Pact and years of duration</b>  | Fixed Point Pact (31 October 1958-1964)   | National Front (1958-86)   | Pact for Democracy (1985-89)   | Patriotic Accord (1989-93)   | Compromise for Bolivia” (1997-2001)  |
| <b>Participating parties</b>       | For Democratic Republican Union: Jóvito Villalba, Ignacio Luis Arcaya, Manuel López Rivas.<br>For the Social Christian Party Copei: Rafael Caldera, Pedro del Corral and Lorenzo Fernández.<br>For Democratic Action: Rómulo Betancourt and Raúl Leoni. | Liberal Party and Conservative Party   | Revolutionary Nationalist Movement and National Democratic Action.   | Coalition led by Banzer’s party, Nationalist Democratic Action (ADN), the Revolutionary Left Movement (MIR) led by former President Jaime Paz Zamora, (who was now co-allied with ADN between 1989 and 1993), and the populist parties Conciencia of Homelad (Condepa) and by Solidarity Civic Unity | From its birth until August 1998, made up of the greatest number of partners possible (four parties: ADN, UCS, MIR and CONDEPA), or eight parties if we consider that ADN and MIR established alliances with small parties such as the PDC, NFR, FRI and ASD |
| <b>Other participating sectors</b> | Military officers, business people and the grassroots sectors   | The military and the industrial, commercial and financial elites. The grassroots sectors participated through a plebiscite in which they were asked for approval of the National Front. The pact was approved by a majority (4,169,294 votes in favor, 206,864 votes against and 20,738 ballots left blank, where 70% of the eligible population voted). | The industrial, commercial and financial elites who benefited from the economic stability that the pact brought with it. |  |  |

|  |   |  |  |                            |  |
|--|---|--|--|----------------------------|--|
| <b>Governments through which the pact lasted</b> | The governments of Rómulo Betancourt ( 1958-63) and of Raúl Leoni (1963-69)   | 1958-62: Alberto Lleras Camargo. (Liberal). 1962-66: Guillermo León Valencia (Conservative). 1966-70: Carlos Lleras Restrepo (Liberal). 1970-74: Misael Pastrana Borrero (Conservative).   | V́ctor Paz Estensoro (1985-89)   | Jaime Paz Zamora (1989-93) | Hugo Banzer (1997-2000)  |
| <b>Presence of instability during the pact</b>   | In the government of Rómulo Betancourt (first government of the pact) there were various military uprisings and even an attempt on the life of the President. In 1962 there were various minilitary uprisings that received the names "Carupanazo" and "Porteñazo", for having been developed in the cities of Carúpano and Puerto Cabello, respectively. The attempt to which we refer occurred on the commemoration of the Day of the Army, 24 June 1960, when the President was on his way to preside over the military parade "The Heroes of Caracas" | A military coup attempt two days before the presidential elections (2 May 1958) promoted by discontented sectors of the military and Conservatives (one of the factors of instability was the lack of an internal accord within the Conservative Party).<br><br>Electoral Fraud of General Rojas Pinilla (1970). | Mobilisations of the grassroots sectors against the President's New Economic Plan. |                            | Conflicts among the participating parties due to the intentions of President Hugo Banzer to ignore the accord. |

|   |   |  |   |  |  |
|---|---|--|---|--|--|
| <b>Sectors excluded</b>                 | On 9 May 1962 the Communist Party of Venezuela (PCV) and the Revolutionary Left Movement (MIR) are barred and the newspaper <i>Tribuna Popular</i> is again closed.   | Communist Party and the peasant sectors whose demands for land radicalised.  | The programmatic accord excluded the grassroots sectors that worked in the minds and other sectors to be nationalised (the measure was rejected, especially by the COB, which went on strike. The government responded with a state of siege and confinement of leaders.  |  |  |
| <b>Factors that strengthen the pact</b> | Reformist efforts of the governing party (AD) and fears of the other parties of never being able to defeat AD.  | “Response of the elite to the perception of a crisis triggered by the fear of being excluded from power by the military government, the potentially revolutionary violence in the countryside and the economic stagnation” (Hartlyn, 1993, p.21).  | Institutional instability and the nationalist tints of the previous regime (This situation motivated President Hernán Siles of the UDP to resign in mid-1984, one year before his term was over).   | Inability of any presidential candidate to reach the absolute majority of votes. | Inability of any presidential candidate to reach the absolute majority of votes.   |
| <b>Outgoing regime</b>                  | Brutal and repressive military regime of Pérez Jiménez (1952-58) who lead a coup against Rómulo for “having been incapable of resolving the crisis and against Democratic Action for being a sectarian party.” Among the policies of the new regime, it expelled Rómulo Gallegos from the country and dissolved both the Democratic Action party and the Workers’ Conferation of Venezuela (CTV). This government was defeated due to the active participation of the masses. | The military government of Rojas Pinilla which initially was supported by certain sectors of the traditional parties as a mechanism for resolving the disputes they were facing and that had led to the historical period of ‘La Violencia.’ The government which had populist tints, prohibited the Communist Party and censored the press. | Military governments and a quite populist and nationalist democratic regime (Hernán Siles Zuazo 1982-85) that ceded the administration of the state mines to the unions and also announced that he would not pay the foreign debt (Under strong pressure from all the social sectors, the government cut short its own mandate) | Pactist government of Víctor Paz Estensoro (1985-89)                             | Government of Gonzalo Sánchez de Lozada which could well be called a conciliation government due to the presence of an indigenous leader in the vice presidency (Victo Hugo Cárdenas) and the policies favouring indigenous peoples. |

|                |  |   |   |  |   |
|----------------|--|---|---|--|---|
| <b>Accords</b> | <p>Defence of constitutionality and of the right to govern in conformity with the electoral result.</p> <p>Government of National Unity (it leaves it clear that none of the signatory organisations either aspires to or accepts hegemony in the Executive Cabinet, in which the national political currents and the country's independent sectors must be represented through a fair selection of capacities. Selection of a singly democratic presidential candidate, the formation of single slates for the collegial bodies)</p> <p>A minimum common program (formation of a single front based on one integral Government program)</p> <p>Creation of an Inter-party Commission of Unity in charge of overseeing the compliance with this agreement.</p> | <p>Alternation of the Liberal and Conservative parties in the presidency (in other words, that no other party could stand as an independent candidate) and splitting up of all the bureaucratic and political posts of power.</p> <p>This bureaucratic divvying up of power also included that of the ministries, which required a tacit accord among the parties to maintain a pact regarding some macroeconomic policies.</p> | <p>Political accord that permitted the election of Victor Paz Estensoro to the presidency (1985-89).</p> <p>Programmatic accord that permitted the neoliberal agenda to be introduced into the country.</p> | <p>Political accord that permitted the election of Jaime Paz Zamora to the presidency (1989-93) and gave him political support in the Congress for his policies.</p> | <p>Political accord that permitted the election of Hugo Banzer to the presidency.</p> |
|----------------|--|---|---|--|---|

|   |   |  |  |  |                                 |
|---|---|--|--|--|---------------------------------|
| <b>Finalisation date foreseen in the initial accord</b> | “for as long as the factors that threaten the republican attempt initiated on 23 January lasts”                 | The pact was to last 12 years.<br><br>The administration of Carlos Lleras Restrepo sought to put an end to the Nationalist Front pact through a constitutional reform in 1968 that sought to reduce the political parity by allowing parties other than the Liberals and Conservatives to stand in the elections for departmental assemblies and municipal councils starting in 1970 and for the parliamentary elections.<br><br>Presidential alternation ended in 1974. | The “Pact for democracy” was scrupulously respected until February 1989. The MNR unilaterally broke the accord to make viable the presidential candidacy of Gonzalo Sánchez de Lozada, who said “my hands are no longer tied.”                             |  |                                 |
| <b>Presence of corporativism</b>                        | Yes. The parties maintained strong links to mass organisations such as the unions and the peasant associations. | No.  | No, the government ignored the grassroots sectors (particularly the unions)  | No, although a major presence of the indigenous peoples. |                                 |
| <b>Factors that permitted the pact to be maintained</b> | Party stability.  | Constitutional character of the pact (on 1 December 1957 the plebiscite was called in which the population was asked whether it accepted an accord between the two traditional parties), party stability, civic participation.   | Party fragmentation that prevented the election of the President in the first round and the presence of article 90 of the Constitution, according to which if no candidate obtained the absolute majority of votes the Congress would elect the President. | Article 90 of the Constitution.                          | Article 90 of the Constitution. |

|  |                         |  |                     |                     |                     |
|--|-------------------------|--|---------------------|---------------------|---------------------|
| <b>Regime following the fall of the pact</b> | Opening to the Left     | Closed regime (fraud by Rojas Pinilla)<br>Intolerance and resistance to the incorporation of the armed Left into legal political life. | Democracy           | Democracy           | Democracy           |
| <b>Transformation of the regime for 2002</b> | Closed political regime | Open political regime (Constitution of 1991) with war.   | It is not yet clear | It is not yet clear | It is not yet clear |

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The aim of the Crisis States Programme (CSP) at DESTIN's Development Research Centre is to provide new understanding of the causes of crisis and breakdown in the developing world and the processes of avoiding or overcoming them. We want to know why some political systems and communities, in what can be called the "fragile states" found in many of the poor and middle income countries, have broken down even to the point of violent conflict while others have not. Our work asks whether processes of globalisation have precipitated or helped to avoid crisis and social breakdown.

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### Research Objectives

- We will assess how constellations of power at local, national and global levels drive processes of institutional change, collapse and reconstruction and in doing so will challenge simplistic paradigms about the beneficial effects of economic and political liberalisation.
- We will examine the effects of international interventions promoting democratic reform, human rights and market competition on the 'conflict management capacity' and production and distributional systems of existing polities.
- We will analyse how communities have responded to crisis, and the incentives and moral frameworks that have led either toward violent or non-violent outcomes.
- We will examine what kinds of formal and informal institutional arrangements poor communities have constructed to deal with economic survival and local order.



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