

Democratic Transformation in Latin America

by Jennifer L. McCoy

We are currently witnessing a demand to expand citizenship to civil and social realms in Latin America, the region of the world with the most unequal income distribution. This may be seen as a new stage of democratization within the Third Wave begun in 1978, one that inherently creates conflict over the redistribution of power and resources.

During the initial years of the Third Wave, Latin American societies adopted formal procedures of democracy and created a broad consensus on macroeconomic liberalization. In the second stage, citizens—particularly the urban poor and indigenous groups—are striving to move beyond the broadly established political rights of electoral competition in order to also enjoy civil rights (freedoms and access to justice) that are incompletely and inconsistently applied, and social rights (providing the basic capabilities to citizens to make free choices) that are woefully underprovided.¹ Middle class groups are insisting that their governments perform better, deliver promised services, and represent broader societal interests.

With existing political institutions failing to adequately include these groups in political and socioeconomic terms, they are finding their voice through street politics and the ballot box. Nearly a dozen presidents have been forced out of office prematurely in the last decade as a result, at least in part, of citizen mobilization and street protests. One interpretation sees this as a threatening sign of mob rule or even “civil society coups.” Another interpretation views the active participation of citizens voicing their demands as a welcome sign of more truly democratic societies. This article seeks to make sense of the current attempts at democratic transformation in Latin America.

HEIGHTENED FRUSTRATIONS

Latin America is once again in a moment of transition regarding both its democratization and the global context, creating opportunities for innovation and new models. Previously, the Great Depression and World War II interrupted trade relations between Latin America and the North. These events also ushered in

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economic, theoretical creativity led by the Economic Commission of Latin America (ECLA) school of thought and a period of state capitalism in the region. After a spate of military authoritarian regimes in the 1960s and 1970s, along with the debt crisis of the 1980s, Latin America was a leader in the Third Wave of democratization. This wave ushered in the most extensive period of democracy in the region's history, alongside the reopening of the economies to market capitalism and globalization.

However, after two and a half decades of democracy and market reform that promised an improvement in living standards, Latin American citizens are beginning to express growing frustration and demand a new level of inclusive democracy with expanded citizenship rights and improved quality of life. Simultaneously, the global context is in flux. The liberal democratic consensus that seemed so established in the 1990s is now questioned, with US hegemony and soft power challenged and damaged, and security concerns in the forefront. The new world order that we thought was being defined in the last decade now appears to be unraveling.²

With the US distracted by the Middle East during the last five years, coinciding with both an economic growth resurgence, and weakening of the controls formerly imposed by strong international financial institutions over Latin American economic policy, the moment could provide a grand opportunity for Latin America. Will Latin Americans devise new political and economic models to meet their citizens' dreams, without serious threat of outside intervention, in this period of relative autonomy? Or will they miss the opportunity?

A positive consequence of thirty years of electoral democracy is that it has awakened and empowered the voice and demands of common citizens. Recently, we have seen impatient electorates that have not only forced the early retirements of presidents, but also produced extremely close elections in polarized contexts. During the "year of elections" in Latin America, with eleven national elections between December 2005 and December 2006, two of them, Costa Rica and Mexico, were won with only a half percentage point difference between candidates presenting competing economic models. Four other elections (Peru, Ecuador, Chile, and Brazil) went to run-offs in more or less polarized atmospheres. Several countries (Mexico, Ecuador, Peru, and Bolivia) fractured into geographically-based voting blocs, with the poorer areas generally voting for the more nationalist, populist or radical change options. In the presidential elections, three countries chose social democratic market-oriented candidates, four countries chose anti-neoliberal and anti-imperialist candidates, and the remaining four countries chose center-right market candidates.

Why are expectations today still frustrated, despite five years of economic growth and the opportunities mentioned above?³ Answers vary by country, but contributing factors generally include the erosion of government services, popular perceptions that political parties and leaders are uncaring and unrepresentative of their constituents, and the failure to budge high rates of income inequality. Latin America has made some progress in reducing poverty in recent years (from 48 percent in 1990 to 40 percent in 2005). Yet, experiences vary widely. Six countries

account for much of the progress, having managed to reduce poverty rates at least 10 percentage points since 1990: Brazil (12 points), Chile (20 points), Colombia (10 points), Ecuador (17 points for urban), Mexico (12 points), and Panama (16 points for urban).⁴ The resurgence of economic growth in the last four years has helped. After a dismal rate of average annual per capita income growth of only 0.1 percent between 1980 and 2002, per capita income surged to almost 3 percent per annum from 2003-2006; concomitantly, poverty rates dropped by 5 percent in the same time period.⁵

The Economic Commission for Latin America and the Caribbean reports that despite the progress, absolute rates of poverty and indigence for the region are still unacceptably high at 38.5 percent and 14.5 percent, respectively.⁶ The World Bank is pessimistic even about Latin America's chances to reach the Millenium Development Goal of halving, between 1990 and 2015, the proportion of people with incomes less than \$1/day.⁷

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Income inequality (the highest regional average in the world) is more difficult to tackle. The GINI index measures income inequality in a country on a scale from 0 to 1, with 1 being the worst. Latin America's GINI index average is 0.535. Only six countries have managed to decrease their GINI rates by .02 percent since 1990: Colombia, Guatemala, and Honduras (though a worsening trend after 1999), Panama; Peru (starting at 1997), and Uruguay. In addition, Mexico improved after 2000 and Brazil improved after 1999, though it is still one of the highest. Five countries have actually increased in inequality from 1990 to the most recent data year provided: Argentina, Bolivia (tying with Brazil for the highest rate), Costa Rica, Ecuador, and Venezuela.⁸

In a recent report by the major international institutions working in the region on challenges facing Latin America and the Caribbean, income inequality and social exclusion were at the top of the list.⁹ The consequences of inequities in income and government services are many. The International Organization of Migration reports, for example, that the high levels of inequality led to 20 million nationals from Latin America and the Caribbean moving outside their homelands. Remittances from these migrants reached \$66 million in 2006, accounting for 40 percent of total world remittances and helping to bolster incomes in Latin America.¹⁰ More generally, "the high rates of poverty and inequity are undoubtedly a factor in social exclusion and

prevent the construction and consolidation of social cohesion, understood as a “sense of belonging” to a common and inclusive national enterprise.”¹¹ This lack of social cohesion, I argue below, underlies much of Latin America’s apparent inability to clearly define a shared societal vision to accomplish an inclusive democratic transformation.

THE GAP BETWEEN EXPECTATIONS AND STATE CAPACITY

Why has Latin America had such a hard time tackling the poverty and the inequities impeding social cohesion? A major part of the answer is the lack of state capacity to respond to the needs of its citizens. With the economic reforms and massive privatization of the 1990s, many states shrank in size. A culture of patron-client relations and weak accountability mechanisms has also contributed to inefficiency and corruption in the provision of government services. Improving state capacity requires resources, however, which depends on the basic tax agreement of a society, as well as the state’s ability to enforce that agreement. In Latin America, the tax burden as a percentage of GDP is well below OECD countries. From a high of 18 percent for the welfare state Uruguay to a low of 10 percent for the tax-starved Guatemalan state, these rates are well below the 25 percent rate of the U.S., Korea and Japan. These figures are even further below the 30 percent rate of Australia, the 33 percent rate of Canada, and the comparatively high rate of 44 percent in Finland.¹²

As the Economic Commission on Latin America and the Caribbean points out, “despite numerous far-reaching tax reforms in the region, there are still issues with respect to distribution of the tax burden among the different socio-economic strata and low levels of tax collection that make it difficult to fund a social agenda that aggressively combats poverty.”¹³ Reducing tax evasion could be accomplished with a stronger state enforcement capacity, but building that capacity requires new resources. This, plus the even tougher challenge of redistributing the tax burden and prioritizing a social agenda to combat poverty, requires building a political coalition able to negotiate a new social pact that will redistribute resources. We thus have a vicious circle: poverty and inequality impede the social cohesion and sense of a shared national purpose that could produce a new social pact to fund a stronger state and social agenda that in turn could combat poverty and inequality.

Charles Tilly argues that state capacity and democratization interact with one another and that this interaction explains regime change. Tilly further argues that democratization itself involves state-citizen struggle.¹⁴ In Tilly’s framework, increases in both capacity and democratization reinforce each other. However, if capacity develops farther and faster than democratization, the path to democracy passes through authoritarianism. If democracy develops faster and the regime survives, the path passes through a “risky zone of capacity building.”¹⁵

In Latin America, state capacity has been historically weak (with the exception of occasional bouts of very efficient repressive capacity). Thus, historic popular demands to expand political rights put huge strains on the state and, at times during

the twentieth century, created backlashes of authoritarianism. What about today in the twenty-first century? How can we understand the relationship between state capacity and democratization as new demands for an expansion of democratic rights are surging?

Guillermo O'Donnell provides helpful insights as he contrasts the Northern states' experience with that of Latin America.¹⁶ In the North, the expansion of full rights to excluded classes and sectors increased the credibility of the state. In contrast, since independence, governments in Latin America have attempted to govern with scarcely any state apparatus; populations do not consider themselves belonging to the same state; constitutions have pitted individualist assumptions against communitarian concepts; capitalist social relations have been established in only parts of the territory; conflictive and uncertain territorial boundaries have abounded; and national centers have combined more or less constitutional patterns with patrimonial forms of authority in uneasy coexistence. The resulting structural heterogeneity is reflected not only in the economy and society, but also in state bureaucracies and legal systems. As a result, Latin American states are weak in four dimensions; they lack efficient bureaucracies, effective legal systems, credibility in achieving the common good, and a filter between citizens and the outside world.

Crucially, O'Donnell argues, Latin American states have failed to implement all the rights actually won by subordinate classes or sectors, or cancelled those rights soon after being won. This pattern has grave consequences not only for social and economic development, but also because it signifies that these states have scarce capacity to democratize societies affected by a long history of inequality and social heterogeneity.¹⁷

ADDRESSING CITIZEN DEMANDS FOR CHANGE

What are the implications of these deficits in state capacity for Latin American democracy today? Latin American societies have dealt with this basic gap between citizen demands and state capacity in different ways. These include a) rapid change with elite displacement, b) negotiated consensus for gradual reform, c) strongmen politics, and d) slow learning.

The rapid-change path toward addressing the gap generally includes elite displacement, a rejection of previously negotiated agreements across sectors, and a redistribution of power and resources, led by strong charismatic leaders and social movements. In Venezuela, Bolivia, and Ecuador these were the most dramatic and attention-grabbing processes. In these countries disaffected middle class voters, and previously excluded sectors voted in new political leaders and are effectively instituting a change in the balance of power. At the outset in each case, the new presidents enjoyed widespread support and high approval ratings across classes and sectors.

Each country has different historical grievances and dynamics. For example, Venezuela struggled over control and distribution of national oil revenues. Bolivia fought to recognize previously "invisible" indigenous citizens and Ecuador has

endeavored to forge a political system representative of national interests rather than private or local interests. Yet as they each strive to address the demand for expanded and equitable citizenship, the fundamental question changes: must new power groups displace the old ones in a confrontational path to accomplish the desired change? Or can a democratic framework facilitate the negotiation of a new social pact based on coexistence within a reformulated distribution of power?

In Venezuela, the country furthest into the process of change, a tripling of the poverty rate between the 1970s and the 1990s along with a widespread perception that political leaders represented only private interests, led to rejection of the traditional political class and a demand for radical change. In 1998, voters chose a former coup leader, Hugo Chávez, who viewed his mandate for change as requiring the elimination of establishment parties and institutions in Venezuela. He is carrying out a double-edged transformation of Venezuelan politics under the rubric of the Bolivarian Revolution. On the one hand, Venezuela has experimented over the last eight years with a number of citizen participatory models, from the early Bolivarian Circles to the most recent Communal Councils, attempting to mobilize citizens from below to provide new forms of citizen participation, empowerment, and decision-making. It is exciting to see these experiments. On the other hand, the democratic transformation has produced a dangerous level of conflict and polarization that first threatened to erupt into violence in 2002–2003. More recently, there has been an extraordinary concentration of power in the executive.

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Most of the Bolivarian participatory experiments have actually been imposed from the top—from the president—and depend on government revenues. These experiments raise important questions about how grass-roots movements striving to provide new citizen-based forms of government oversight or functions can preserve their autonomy from the state, while at the same time being dependent on the resources of that state. Further, can these measures be institutionalized to become sustainable? Can Bolivarian participatory experiments develop the needed capacity, expertise, and internal accountability, particularly in a petro-political culture where citizen groups have historically formed to make demands of the state?

Chavismo has attempted radical change in the balance of power and control over state resources in Venezuela through a confrontational route. It was believed that only through confrontation could the movement hope to overcome the resistance of established interests. This radical change has brought about the dangerous side of the concentration of power not only in the Bolivarian movement, but increasingly in the person of the president himself as he delegates less authority and takes more control of decision-making. Over recent years, the traditional checks

and balances of liberal democracy (independent institutions of accountability and oversight, as well as separation of powers of judiciary, legislature, and executive) have been severely weakened. New proposals instead favor increased presidential prerogatives and a new “Popular Power” that appears to provide for citizen assemblies in an organizational form paralleling, and potentially displacing, existing municipal and regional governments.

Venezuela has thus achieved one aspect of democratic transformation—it has given visibility and dignity to a previously marginalized class of citizens, redistributed resources and changed the balance of power. But, Venezuela has done so at the cost of destroying old institutions or subordinating them to the president. While the viability of new forms of citizen participation are still being tested and many marginalized citizens now feel included, a new form of intolerance, the creation of ‘the Other’, prevents the creation of a shared national purpose with all crucial social sectors having a stake in ensuring its success. Thus, the Venezuelan experiment raises the following questions: To what extent are the new organizational forms improving the quality of life? Can the society accomplish democratic transformation without hegemonic control? Is it possible to achieve national unity, tolerance, inclusion in this framework of change?

Since Ecuador initiated the Third Wave transition to democracy in 1978, the country has had difficulty establishing democratic governability. Since 1997, by congressional vote, three presidents have been removed from office on shaky legal grounds in the wake of mass mobilizations, complicated by the withdrawal of support for the president by top military officials. In two cases, Bucaram in 1997 and Mahuad in 2000, economic crises and unpopular policies preceded the ousters. In 2005 with the removal of President Gutierrez, a series of inter-branch conflicts between the executive, congress, courts, and electoral tribunal preceded the ouster. With Bucaram and Gutierrez mass protests against the president were led by middle class opposition, while in Mahuad’s case there was a strong indigenous leadership component with the cooperation of certain military factions. In each case, the questionable legality of the Congressional votes to remove the Presidents was overlooked in the context of mass mobilizations by a citizenry despondent with an apparently dysfunctional political system.

The electoral and party laws have provided incentives for political parties limited to regional and ethnic bases, whose support depends on benefits they can deliver to their supporters, rather than national parties with ideological programs. No president has had a majority in Congress, and constant deadlocks between Congress and Executive have made the country practically ungovernable much of the time. The political culture is characterized by “political cannibalism” in which, as soon as one president is elected, future potential candidates try to destroy him to enhance their own chances during the next election. The courts and other supervisory bodies (banking, electoral, comptroller, ombudsman) have been politicized and allegedly corrupted. All political institutions are thoroughly discredited in the eyes of the

people.

Rafael Correa ran for president in 2006 as a complete political outsider, refusing to run any candidates for the Congressional races because he argued Congress was corrupt and illegitimate. Correa claims a popular mandate to confront the established interests (traditional parties, banks, and media) who have held the reins of power in Ecuador, and has maintained high popular approval ratings his first year in office. As in other countries undergoing democratic transformation, Ecuadorians have turned to the idea of writing a new constitution in order to deal with severe political crisis.¹⁸ They elected a constituent assembly on September 30, 2007, with a majority from the President's political alliance. Tasked with completing a new constitution by June 2008, this process provides an opportunity for Ecuadorians to reach a broad consensus on new, inclusive representative institutions and a social pact to distribute resources more equitably within the society. Alternatively, Ecuadorians could impose a vision of a democratic transformation, following the Venezuelan model, risking the possibility of a backlash and greater polarization.

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Bolivia has been linked to Venezuela in popular commentary, but its history of demand for change is quite distinct. Evo Morales was the first indigenous leader elected in that country and the first to be elected with a clear majority in the first round since its democratic transition in 1980. Taking office in January 2006, Morales and his movement are seeking a transformation of the country to bring equality to those, particularly the majority indigenous groups, who had been subordinated in the past. As Vice President Alvaro Garcia Linera said in a recent speech in Canada, "When the indigenous entered politics in 2005, they wanted power, and thus began the most important revolution in Bolivia's history."¹⁹ The issues dividing the country include: autonomy for the departments (including control over oil and gas), autonomy for indigenous groups (including a parallel indigenous justice system), demands from a poverty-stricken population for fast results from their leaders, legalization of coca production, and restructuring of democratic institutions.

The Morales government itself emerged from a culture of protest. While not a violent nation, many Bolivians feel their country is one in which political disputes repeatedly lead them to the brink of conflict, while a timely negotiated agreement or compromise at the last minute brings them back from the brink. This political culture, combined with strong social movements and a low-capacity state, has resulted in a focus on day to day crisis-control, rather than long-term planning and

change.

Like Venezuela and Ecuador, Bolivia also chose a Constituent Assembly as the arena to debate the demands for expanded citizenship and structural change. Unlike the 1999 Venezuelan constituent assembly or the assembly recently elected in Ecuador, the Bolivian government's political allies do not enjoy the super-majority required for approval within the constituent assembly. It is not clear at this juncture whether a new social pact can be negotiated within the space provided by the constituent assembly or whether Bolivians will seek an alternate route to decide the pressing demands for a more inclusive democracy.

A second route to change is a gradual reformist route of compromise, agreements, and coexistence based in strong party systems and institutions. Brazil, Chile and Uruguay fit this pattern.²⁰ Each of these countries has relatively strong state capacity and a social democratic party option.²¹ In 2006 Brazil's president Lula da Silva was reelected for a second term. He had been the first union leader and leader of the Worker's Party to be elected as President. With high expectations from his supporters, Lula nevertheless took a pragmatic approach to the economy. Brazil was one of the very few countries able to substantially reduce both poverty and inequality; even though the issue of inequality has only been addressed since 1999. Despite lacking a majority in the legislature, Lula was able to build on previous government programs and initiate new cash-transfer programs to accomplish these goals.

Chile's Socialist Party, in alliance with the Christian Democrats, has been in office since 2000. The Concertación alliance between the two parties has governed Chile since the restoration of democracy in 1989, thus giving a tremendous amount of stability. Chile has made significant improvements in poverty while maintaining an open market economy. Yet, inequality has not budged, even under the Socialist government. As indicated above, there are signs of growing impatience in the populace. Uruguay, also with a stable two-party dominant system, elected for the first time in 2004 a third party—the leftist Broad Front. With a history of welfare state and egalitarianism, Uruguay has not faced the same level of demand for redistribution of resources. Along with Costa Rica and Chile, Uruguay has the lowest poverty rates in the region. Uruguay and Costa Rica also have the lowest inequality rate.

Other countries in the region do not appear to be undergoing significant democratic transformation and have responded to crises in different ways. Argentina responded to economic crises by electing two strong Peronist leaders—Menem in the 1990s and Kirchner in 2003. Peru supported Fujimori's self-coup in 1992 in the face of hyperinflation and a grave security threat from the Shining Path insurgency. Colombians reelected Uribe who ran on a platform of taking a firm hand against the guerrillas. Each of these leaders are charismatic leaders with varying degrees of autocratic tendencies who have addressed serious national crises.

A fourth pattern reflects a slow learning process and greater foreign influence. Central America and the Dominican Republic exhibit this pattern. Guatemala,

Honduras, and Nicaragua have among the highest poverty rates in the region, well above 50 percent. Furthermore, all of Central America, except Costa Rica and (recently) El Salvador, have GINI coefficients above 0.50. After suffering dictatorship, civil wars, and hardship in the 1970s and 1980s, Central America has returned to democratic politics but with great variation.

Costa Rica has long been the exception, with competitive politics and a welfare state providing relatively low inequality. Recently, Costa Rica has been plagued by corruption scandals and polarization over how far to go in opening the economy to market forces. Panama and the Dominican Republic, in particular, have modernized their economies and party systems, with Panama making significant progress in reducing poverty and inequality. After their 1990s peace accords, El Salvador and Guatemala have yet to transfer power from the political right. As such, it has yet to be seen whether established interests would accept a shift in both political power and resources to those who had been previously marginalized. Finally, Nicaragua recently voted the Sandinista party back into power; a party that had been out of power since 1990. Politics in the country seem to have reverted to the *caudillo* politics of the past.

CONCLUSION: EXPLAINING VARIATION IN RESPONSE TO DEMANDS FOR MORE INCLUSIVE DEMOCRACY

The path a particular country takes is determined by its own political dynamics and history. But some general patterns are emerging regarding the factors that appear to explain the paths chosen. These factors include:

a) The degree of perceived exclusion by social groups and their capacity to mobilize or be mobilized.²² High degrees of perceived exclusion combined with a capacity for social mobilization tend toward the path of rapid and radical change.

b) The existence, or nonexistence, of perceived political alternatives—particularly social democratic parties or, in the case of eroding confidence in political parties', political outsider leadership. Countries with a politically viable social democratic party tend to have a better chance at a negotiated path to change, in part due to such parties moderate reformist tendencies. In contrast, countries with either a failed social democratic alternative or a collapsing party system lack the institutional mechanisms for the gradual negotiated path. In these cases, a political outsider may be chosen by the electorate to bring about the desired change, since a political outsider is more likely to favor the radical change path or the strongman crisis-manager path.

c) The level of state capacity. The higher the level of state capacity to respond to the needs of its citizens, the more likely the negotiated path to change will occur and show results.

Notes

¹ For a full discussion of citizenship rights, see Guillermo O'Donnell, "Human Rights, Human Development and Democracy" in *The Quality of Democracy*, ed. Guillermo O'Donnell, Jorge Vargas Cullerl, and Osvaldo Iazetta (Notre Dame, IN: University of Notre Dame Press, 2004).

² For a discussion of the erosion of the global liberal democratic consensus after 2002, see Laurence Whitehead, "From Miami Summit to Mar del Plata: The Fading Regional Consensus on Democratic Convergence," (unpublished manuscript, 2007).

³ Latinobarometer reports that satisfaction with democracy increased some in 2006 (to 38 percent compared with the five-year average of 31.6 percent), this is still low, particularly given the positive economic conditions during that time period. In fact, in some cases positive economic trends may actually fuel dissatisfaction, as in Chile where expectations that two Socialist governments would have a more equitable distribution of the benefits of economic success led to protests and discontent in 2006-2007. (This point is made by Daniel Zovatto in "Rally Electoral," (unpublished manuscript, 2007).

⁴ Economic Commission of Latin America and the Caribbean, *2006 Annual Statistical Yearbook*, March 2007.

⁵ Organization of American States, *Towards the Fifth Summit of the Americas: Regional Summary*, Report of the Joint Summit Working Group, 2007. Available at: <http://www.summitamericas.org/IV%20Summit/Publicaciones/Eng/mainpage-eng.htm> (accessed October 12, 2007): 10.

⁶ Organization of American States, *Towards the Fifth Summit of the Americas*, 30.

⁷ Organization of American States, *Towards the Fifth Summit of the Americas*, 56.

⁸ Economic Commission of Latin America and the Caribbean, *2006 Annual Statistical Yearbook*.

⁹ The report was compiled by the Joint Summit Working Group and published by the OAS. It includes individual reports from the Economic Commission on Latin America and the Caribbean, International Organization of Migration, the Inter-American Development Bank, Pan-American Health Organization, and the World Bank, among others.

¹⁰ Organization of American States, "Towards the Fifth Summit of the Americas," 114.

¹¹ Statement by the Economic Commission for Latin America and the Caribbean in OAS (2007), 32.

¹² All figures are for 2003. Source for Latin American countries is the World Bank *WBI Online* and for the OECD countries is www.oecd.org/dataoecd/8/4/37504406.pdf. (Accessed on May 14, 2007)

¹³ Organization of American States, *Towards the Fifth Summit of the Americas*, 12.

¹⁴ Charles Tilly, *Democracy* (Cambridge, UK: Cambridge University Press, 2007), 14.

¹⁵ *Ibid.*, 77.

¹⁶ Guillermo O'Donnell, remarks at, "Where is Latin America Headed" (conference, Universidad Nacional de San Martín in Bariloche, Argentina, May 9-10, 2007).

¹⁷ *Ibid.*

¹⁸ Ecuadorans have historically turned to constituent assemblies to solve political crises, writing nineteen constitutions in the past, and demonstrating the fragility of democratic institutions. I appreciate Kelly McBride making this point to me.

¹⁹ Vice President Alvaro García Linera, (keynote address to the Congress of the Latin American Studies Association, Montreal, Canada, September 7, 2007).

²⁰ Brazil does not have a well-institutionalized party system, but has other strong institutions.

²¹ Utilizing the World Bank Institute's Governance Indicators—Government Effectiveness for 2004, on a scale of -2.0 to 2.0, Uruguay ranked 1.80, Chile 1.27 and Brazil 0.02, compared with Bolivia at -0.63, Ecuador at -0.85, and Venezuela at -0.96. Another measure is Bureaucratic Competence combining measures from the Bureaucratic Merit Index and Functionality Index produced by Stein, et al, in 2006. On these measures, Brazil and Chile rank high, Venezuela and Uruguay medium, and Bolivia and Ecuador low. Author's calculations from indices found in Ernesto Stein, Mariano Tommasi et al., *The Politics of Policies: Economic and Social Progress in Latin America 2006 Report* (Washington DC: Inter American Development Bank, 2006).

²² Social exclusion may be measured by discrepancies in access to various services for vulnerable groups, including indigenous or women. For example, access to electricity in Bolivia showed indigenous groups consistently 20 points lower than non-indigenous, and with only a 5 point improvement between 1997 and 2002. Ecuador showed a similar 20 point gap between indigenous and non-indigenous access to electricity. In contrast, Brazil's pardo/white gap improved from a 13 point gap in 1992 to only a 3 point gap in 2004 and pardo access increased from 80 percent to 95 percent in the same time period. Chile's indigenous/non-indigenous gap showed a similar improvement and high rate of access by 2003. See Inter-American Development Bank, *Information System on Social Indicators and Equity*. SDS/POV, MECOVI. Available at: <http://www.iadb.org/xindicadors/> (accessed October 13, 2007).