

INEQUALITY AND PARTIAL DEMOCRACY: SOUTH AMERICA IN COMPARATIVE PERSPECTIVE

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This paper will discuss the question of whether it is possible to have a high-quality democracy in a very unequal society. The empirical focus will be on South America. All the polities in this region are democratic, but these democracies vary substantially in terms of their quality. And it is well known that Latin America is not the poorest region of the world, but it is the most unequal.

I will start by presenting my argument in a nutshell:

1. There is an elective affinity, in Max Weber's sense, between a dualized society, i.e. a very unequal society, and the type of democracy I will call "partial" (term to be explained below).
2. The underlying mechanism in this relationship between social structure and political regime is the congruence between politicians' typical orientations and the forms of political action characteristic of the organized and the disorganized sectors of society.
3. This is an equilibrium regime, i.e. one that tends to persist, because it generates strong inertial forces, which I will describe.

My point of departure is Ralf Dahrendorf's proposition that the central cleavage in modern societies is the one between the organized and disorganized sectors, i.e. between groups that have a high capacity for organizing and mobilizing in defense of their interests and values, and those which lack this capacity, or that have

it only intermittently. I intend to explore the implications of this cleavage for political institutions in highly unequal societies.

Conceptualizing the Issue.

It will be useful to begin by clarifying a few basic concepts. I will be using the term "democracy" in Robert Dahl's sense, which became standard in the social sciences. A polity will be called democratic ("polyarchic," in Dahl's terms) if and when it satisfies, to a substantial extent, three basic criteria: inclusiveness, competitiveness, and institutionalization of fundamental civil and political rights. Inclusiveness refers to the fact that authorities are elected, and in elections in which the broadest proportion of members of the polity are able to participate; competitiveness means not only that these elections are competitive, but also, and very importantly, that the opposition is allowed to function unhindered between elections; and finally basic civil rights (due process, association, religious practice, speech, etc.) and political ones

(voting, running for office, etc.) are institutionalized when they can be effectively exercised, again, by the broadest possible proportion of citizens.

The quality of a democracy can be vary along any of these dimensions, which are ordinal variables: whether authorities are elected, whether suffrage is universal, whether elections are competitive, whether opposition to those who exercise power is permitted, whether civil and political rights can be exercised by everybody or only by elites, etc. For the purpose of my argument, it will be useful to emphasize a dimension of the quality of democracy: the extent to which there are effective institutional limits to the power of the ruler. The establishment of these limits has always been the focus of liberal constitutional design. The boundaries in question may be enshrined in laws that determine what the ruler can or cannot do, or may be based on practices considered legitimate by all the important social and political actors. In any case, these laws or practices are institutionalized when they effectively limit the power of the incumbent of the Executive, i.e.

the President or Prime Minister. There are two polar types in this regard, republican and plebiscitarian democracies. The underlying criterion is, of course, the extent to which power is concentrated in the hands of the Executive.

A republican democracy is based on the separation of powers, in the case of presidentialism, or on the subordination of the Executive to the Parliament, in the case of parliamentarism. In the latter, “subordination” means that the Parliament elects the Prime Minister and the cabinet, and that it can fire them through a vote of no confidence. In both forms of institutional design, for the democracy to be of high quality, there should also be a Judiciary with extensive powers of judicial review.

A plebiscitarian democracy, on the contrary, is a regime in which the Executive controls the Parliament and the Judiciary. The extreme case would consist of parliaments and judiciaries that rubber-stamp whatever the Executive decides. However, such polities could still be democracies, albeit of a low quality, if they satisfy minimally Dahl's criteria: Elections are competitive and

based on universal suffrage, opposition parties are allowed to function, and both the supporters and the opponents of the government enjoy basic civic and political rights.

In contemporary South America, Uruguay, Chile, and Colombia are more republican, and Venezuela, Ecuador, and Bolivia more plebiscitarian. Brazil and Argentina occupy an intermediate position, Brazil closer to the republican type and Argentina to the plebiscitarian one.

Democracies, of whatever quality, should be distinguished from two non-democratic regimes which are superficially similar: What Steven Levitsky and Lucan Way, following Juan Linz, have called elective authoritarianism, and what Larry Diamond has referred to as pseudo-democracy. Both are formally democratic, in the sense that they have elections, parliaments and judiciaries, and government and opposition parties. However, in these regimes centralization of power in the hands of the Executive is very high, higher than in a plebiscitarian democracy, and incumbents use consistently the laws, the Judiciary and the power of the state

apparatus (regulatory agencies, the tax authorities, etc.) against their opponents. Under elective authoritarianism, some degree of competitiveness remains, so that a victory by the opposition is at least possible, e.g. elections may be usually rigged but once in a while opposition candidates may win, the Judiciary obeys the Executive but there may be a few cases in which independent judges rule against it, etc. No such uncertainty exists in a pseudo-democracy, which conforms to the ideal-type of authoritarian regime. In contemporary South America, Venezuela is close to the elective authoritarian model, and there are no pseudo-democratic regimes.

The Institutionalization of New Democracies.

We may approach the subject by inquiring whether there are institutional prerequisites for a high-quality democracy, and to examine whether these prerequisites are present in South America.

We are dealing with the possibilities of institutionalization of democracy in transitional societies: Almost all the countries in the region were under military rule until the 1980s (nine out of ten, Venezuela at that time being the only exception). The processes of political transformation initiated a generation ago aimed at establishing institutions that would allow for high levels of inclusiveness, competitiveness, and enjoyment of civil and political rights, i.e. republican regimes.

The basic premise of institutionalism is that incentive structures, when maintained in time, become institutionalized in the long run, i.e. they effectively regulate individual and collective behavior. A central point I would like to make is that, as transplanting plants is hazardous, the same occurs with institutions: A plant may not grow at all in a new environment, or it may do so but have different properties than in the original milieu. In the 1980s and 1990s, the dominant segments of the political elites and most of the citizenry in the countries we are discussing, and also in Central and Eastern Europe, that endeavored to establish in their

societies institutions based on the principles of democratic theory and similar to those of the West, were not generally aware of the fact that democracy would not grow everywhere, and that, even if it did, it would not necessarily resemble the models that democratizing elites were trying to emulate.

Obviously, it was very unlikely that an institutional transplant could transform a country like Iraq into a polyarchy, in Dahl's sense of the term, as some American neo-conservatives expected in the beginning of this Century; but South American countries belonged to Western civilization in terms of their religion and language, were born at the time of the Reformation, had experienced in most cases the democratic and in some the industrial revolutions, etc. And democratization was for them an endogenous process, rather than something imposed from without. These countries appeared, to their elites and to external observers, as plausible candidates for the instauration of the typical political institutions of the West.

What these elites and observers missed is the fact that successful institutional transfer occurs only when the social structure

and institutions of the recipient society are congruent with the new institutions being established. It is the level of this congruence what determines the degree of conduciveness of a society to institutional transfer. To this issue I now turn.

The Foundations of Republican Democracy.

Thus, if republican democracy can take root and reach the level of stability that we mean when we use the term “institutionalization” only when it is compatible with properties of the larger institutional framework of the society, we must attempt to conceptualize these prerequisites. I would like to argue that this political regime will work only if its economic, social, and political foundations are present to a substantial degree. It seems to me that these foundations are at least the following:

a. Economic. The economic institutions most consistent with a republican democracy are those that allow for long-term economic

growth, rather than being self-limiting (more on this below); produce elites (capitalists, professional, labor, etc.) that are autonomous vis-a-vis the state; and generate strong pressures for accountability.

Open-market economic institutions meet these requirements, but two other frameworks present in several South American countries at the time of the transition to democracy do not: the partially autarkic economies based on import-substituting industrialization (ISI), and the rentier economies centered on the export of natural resources in high demand and with few substitutes, oil being the typical example. By now there is substantial evidence that ISI, or autarkic development, is self-limiting in the long run, because it leads to the formation of large non-competitive manufacturing sectors, it spawns economic and labor elites dependent on government protection for their survival, and for this reason it generates weak demands for accountability. The reason for the latter is that accountability implies groups of citizens that view themselves as principals and government officials as their agents,

and this situation is incompatible with the level of dependency on the government characteristic of capitalists, labor, and other social actors in the autarkic situation. Of course, I am referring to an economy in which protection is strong and generalized, i.e. it centrally affects a large proportion of the capital and the labor in the society, and is unlimited in time. Trade barriers protecting small sectors, or large-scale ones that are selective and temporary would not have these systemic consequences.

Finally, oil-export economies, unless they develop in societies with diversified and competitive productive sectors and republican polities already in place (Norway is the obvious example of this situation), are subject to “the curse of natural resources.” They experience strong cyclical fluctuations, following the dynamics of commodity markets, and generate governments whose revenue, which takes the form of rent, does not depend on domestic taxation. These institutions generate an incentive structure that orients governments toward the maintenance of the country’s position in the international economy, i.e. toward non-developmental economic

policies, and capitalists and other social groups to the distribution of rents, allocated by the government, rather than to production for competitive markets. This situation is not conducive either to strong pressures for accountability.

b. Social. The central social prerequisite for a high-quality democracy is, following Alexis de Tocqueville, the existence of a strong civil society, i.e. a network of voluntary associations that effectively represents the most important interest groups and value communities in a society. A civil society of this type fulfills two basic functions in relation to democratic institutions: it limits and balances the state, and it generates demands for accountability.

This argument refers to a civil society that is strong.

Neither Tocqueville nor contemporary theorists that discussed these issues, such as Ernest Gellner, have theorized civil society strength. Of course, the strength of a civil society, as is the case with all social attributes, is variable, and there is no reason to assume that it will necessarily develop. In an effort to conceptualize the problem, I

have proposed three dimensions of strength that are implicit in the Tocquevillean argument and also in contemporary discussions of the issue, such as Gellner's: density, autonomy, and self-regulation. By density I mean the extent to which all major groups and interests are organized and mobilized, autonomy refers to independence vis-a-vis the state, and self-regulation denotes the degree to which conflicts among the constituent units of civil society develop within the institutions of the democratic state. A civil society can be called "strong" when it has high levels of these three properties.

c. Political. Finally, a republican democracy presupposes a strong state, i.e. a state with substantial extractive, regulatory and distributive capacities. The state's regulatory capacity involves the ability of both the Judiciary and administrative agencies to enforce the rules that govern the markets for goods, labor, and capital, and to preserve and deliver public goods. Without a substantial regulatory capacity, it would not be possible for the state to serve as the last-resort guarantor of contracts. Secondly, the state should also be able

to manage adequately the distribution of resources: health and educational systems, and pensions and other social policy programs. Republican democracies, whose welfare states are very extensive, would not function adequately without very high distributive capacities. Finally, the exercise of both the regulatory and the distributive capacities presupposes the ability to raise revenue through taxation, i.e. a satisfactory level of extractive capacity.

The presence of these prerequisites of republican democracy at the time of the transitions, in the 1980s and early 1990s, was variable in the region. While the economic and political foundations sketched above existed in some cases, the social foundations were weak everywhere. As for the economic institutions, Argentina, and to a lesser extent Brazil, still had quite autarkic economies. Chile had also had an extreme form of ISI in the past, but it had already dismantled protectionism under the military dictatorship. Venezuela, on the other hand, was a typical example of a rentier-type oil economy. With respect to state strength, it also varied a great deal in South America: The state's extractive,

regulatory, and distributive capacities were stronger in Chile and Uruguay than in Brazil or Argentina. The states of Venezuela, and more so Bolivia and Paraguay had very weak capabilities. But there was a constant throughout the countries we are discussing: All had very high levels of inequality, with large proportions of the urban and rural population under the poverty line and without formal and continuous insertion into labor markets. As I will show, this type of social structure produces a weak civil society.

This is, then, the Achilles' heel of democracy in South America. Since this is the factor common to all the countries in the region, in what follows I will focus on it.

The Politics of Dualized Societies.

As I pointed out above, Ralph Dahrendorf has argued that the central cleavage in modern societies is the one between the organized and the disorganized sectors. On one side, there are the elites, middle classes, and organized labor: groups with a strong

capacity to organize and mobilize for the defense of their interests and values. On the other, the poor, the marginal, the excluded, who are either individually isolated or integrated into communities that are themselves isolated from the rest of society, and who lack these capabilities.

In this regard, South American societies are not qualitatively different from those of Western Europe or North America, but what varies radically is the proportions of the population in each sector: The disorganized pole represents about 5-15% in the advanced democracies, but one- to two-thirds of the population in South American countries. It makes sense to view the population of these societies as consisting of two large poles, the organized and the marginal. The criterion behind this distinction is the capacity for dense, permanent, and autonomous organization for the defense and advancement of the groups' interests and values.

This brings us to the issue of civil society formation and the fact that social classes have a differential capacity for participation in civil society.

Civil society in the West and other regions came into being as a consequence of the breakdown of the communal, ascriptive communities characteristic of pre-industrial, pre-urban social structures. The new capitalist institutions generated groups with different propensities for independent and continuous association in voluntary organizations. Elites always have had such capacity, but it is non-elites that have varied in this regard. A proposition appears to me as consistent with the evidence: There is a positive correlation between a group's location in the class hierarchy and its capacity for autonomous collective organization.

The cause of the elites' high capacity for organization lies in their size, as Mancur Olson has pointed out, and in the fact that their control of resources, economic, political, or cultural, renders their interests transparent, to use Max Weber's term, with which he referred to the working class but that obviously applies to elites. The middle classes, both urban and rural, have also shown a high capacity for organization. Aristotle justified his argument that these groups are the best social base for a constitutional polity in the fact

that they are more secure and “more rational in their judgment” (perhaps because of the greater “security”, or stability of their positions in the social structure?).

Industrial workers have also shown a high potential for autonomous organization. Karl Marx has contended that this is due to their participation in the productive process (their “productiveness”, as Nikolai Bujarin has called it), and the fact that the division of labor, i.e. the fact that workers toil alongside each other and carrying out complementary tasks, fosters a common culture.

The poor, finally, have a low capacity for sustained autonomous collective organization. Familiar causes have been adduced for this: their deprivation and dependency (Marx, and also Aristotle, who referred to the poor’s insecurity as a hindrance to their participation as citizens in a constitutional polity), susceptibility to manipulation by elites or other outsiders (Marx), etc. Political apathy is frequent among the poor, and this could be explained by Abraham Maslow’s hierarchy of needs: In a situation

of extreme deprivation, people's attention and energy are likely to focus on satisfying basic individual and family needs, such as food and shelter, rather than on collective action and political involvement.

Transitional Societies and Partial Democracy.

I will argue that a dual society of the type I have described is conducive to a variety of democracy that I call partial. The essence of this regime is the bifurcation of the polity: civic articulation between the state and the organized sector of society, and non-civic with the marginal one. This articulation is civic when citizens face the government making demands and offering supports. They see themselves as principals and view the officials as their agents. Non-civic articulation, on the other hand, could be based on state corporatism, clientelism, or forcible exclusion. In these cases, both officials and citizens see the former as the principals and the latter as their agents. Politicians' interaction with the organized pole, i.e.

elites, middle classes, organized labor, is based on exchange: demands and supports vs. political platforms or actual policies. As for the marginal pole, which consists of the urban and rural poor and the informal workers, it is available as a political base, with a potential for dependent participation.

Transitional societies vary in terms of the relative size and strength of each sector. Broadly, there are two patterns. First, one of the two sectors may prevail, and the aggregate polity looks predominantly republican or plebiscitarian. However, the “other” option exists in the background, as a latent alternative to the political regime on the surface. The manifestation of this duality is a cyclical shift of the polity between more republican or more plebiscitarian phases. Secondly, there could be a stalemate between the two poles, and the aggregate polity is split, with a bi-facial state confronting a dual society. In this case, republicanism and plebiscitarianism coexist in the same state.

The mechanism underlying partial democracy is a convergence between politicians' orientations and the forms of political action characteristic of the groups in each of the two poles.

Politicians' goals are the same in all polities: to be elected to office, remain in office for as long as possible, further their political careers beyond the current office. The forms of political action that prevail in the organized pole, made up of organizations that represent different interests and values, are those of institutionalized participation in a democratic polity, from lobbying and demonstrating to involvement in political campaigns. The marginal pole, on the other hand, may show instances of autonomous and sustained organization, but it is structurally susceptible to apathy, short-lived riotous collective action, and dependent participation, either state-corporatist or clientelistic.

What characterizes dependent participation is the fact that it is based in a relationship of exchange, in which the poor receive material benefits, such as salaries, welfare stipends, or pensions, allocated in a discretionary and conditional manner, as a quid pro

quo for their support for a politician or party. Dependent participation is state-corporatist when these benefits are granted to an organized collectivity (e.g. a trade union), and the grantor is an organization (a government agency, a ruling party). Clientelism, on the other hand, is the situation in which benefits are granted, in a particularistic manner, to specific individuals, and usually by specific individuals (politicians, government officials). These discretionary, and therefore revocable and contingent mechanisms of allocation of benefits should be distinguished from the ones characteristic of the universalistic welfare state, which are statutory and unconditional.

Partial Democracy as an Equilibrium Regime.

The dualized social structure and the convergence mechanism I described above generate strong inertial forces, which institutionalize partial democracy. Republican, plebiscitarian and authoritarian tendencies, which may be intense, give rise to

countervailing trends. The net result is the development of centripetal forces toward the hybrid and combined forms.

The source of hybrid regimes lies in the fact that democracy, as well as capitalism, is a complex, multi-stranded institution. Going back to Dahl's conceptualization, the inclusiveness component is more easily transferable than the others, such as competitiveness, institutionalization of rights, or the limitation of the power of the Executive. The reason is that these multiple dimensions of democracy have a differential congruence with the broader institutional structure of the recipient societies, i.e. their economic institutions, their civil societies, the capacities of their states. The proposition I am advancing is that inclusiveness "travels better", is more susceptible of institutionalization, than the other components of democracy. In almost any society, it is structurally possible to shift from whatever mechanism exists for the appointment of the highest officials of government to elections with universal suffrage. Generating and establishing stable incentive structures for the legitimation of opposition, rule of law, and the effective

establishment of civil and political rights, in a regime in which the concentration of power in the hands of the Executive is relatively low is a much more complex process, which depends not only on time but of the level of congruence with other institutions of the society.

My conclusion is that partial democracy, far from being an aberration, or a stage in the development of republican democracy in transitional societies, constitutes a distinctive type of polity, with potential for institutionalization. In fact, given the sheer number of transitional societies in the contemporary world, it is likely to become more frequent than other varieties of democracy. Thus, most constitutions in these societies contain the norms characteristic of liberal, republican democracy, but the regimes institutionalized in the end in many of them are likely to resemble the low-quality variety I have called partial democracy. This conclusion is not only inconsistent with classic modernization theory, which would expect that all capitalist, urban industrial societies generate conditions hospitable to a democracy of reasonable quality, but also with

institutionalism, for which new normative frameworks, if sustained in time, end up becoming the effective incentive structures of a society. However, this state of affairs is compatible with the multiple modernizations approach, a research program rather than a precise theory, which expects processes of social transformation to have variable outcomes, as a function of the differences in institutions and cultures across societies.