

**KEYWORDS**

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# A historic turning point. Political change and the socio-institutional situation in Latin America

*Fernando Calderón*

*“Irremediably and in the sight of all, the traditional ‘consistency’ of Latin America is now being lost. (...) This raises two essential and unavoidable questions. First, what are the foundations of the new structure which is superseding the old one and was contained within it from the earliest stages of its decomposition? Second, where is the ultimate basis for the prise de conscience that, with the advent of the new economic cycle, is disclosing the physiognomy of the immediate future?”*

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**L**atin America is going through a time of political crisis, reconfiguration and change in which the relationship between institutions and equity will be crucial to future democratic governance. In particular, this crisis and this reconfiguration are first and foremost sociocultural in nature. Politics and political actors would be in no position to resolve politico-institutional problems if they were not capable of confronting society's problems, particularly those of equity and poverty. This article synthesizes and reviews a number of socio-historical trends, formulates some observations aimed at illustrating and disaggregating its main findings, considers the medium-term outlook and suggests a road map for improving democratic governance in Latin America.

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# I

## Introduction

The purpose of this paper is to synthesize certain socio-historical trends in Latin America that are critical to the outlook for democratic governance, and to see what lessons can be drawn from them.

Following a period of major structural reforms and democratic transition, Latin America is beginning a new cycle in its history. This is particularly apparent in the member countries of the Regional Project for Political Analysis and Short- and Medium-Term Scenarios (PAPEP), which are considered here.<sup>1</sup> This recent experience has created a climate of disappointment and dissatisfaction, but has also generated great expectations of change and progress under democracy, which society still perceives as the most acceptable form of government. Dissatisfaction is conjoined with the emergence of more critical and independent citizens associated with new public spaces of participation, conflict and dialogue.

The organizing idea behind this study is that Latin America is going through a period of political crisis, reconfiguration and change in which the relationship between institutions and equity will be crucial to future democratic governance. The progress made on these two fronts, with their

specific international and local economic contexts, will largely determine the prospects of the current reconfiguration offering a route towards renewed democratization and development.

It is also argued that this crisis and reconfiguration are primarily sociocultural in nature: politics and political actors will be in no position to resolve politico-institutional problems if they are not capable of confronting society's problems, particularly those of equity and poverty.

A fundamental question is how to go about constructing politico-institutional options for resolving these problems. Or, to put it another way, how politics and democratic institutions will process the changes being experienced by Latin American societies in a context of rapid globalization.

This article examines socio-historical trends and offers some observations that are intended to illustrate and disaggregate its main findings. It also discusses medium-term prospects in the form of basic scenarios and formulates a proposal for improved governance in Latin America that includes a basic road map of the aspects to which most attention needs to be paid.

# II

## Socio-historical problems and challenges

Of all the various problems and challenges facing the different Latin American countries, it has been possible to identify some that affect democratic

governance and that constitute frames of reference for short- and medium-term political scenarios. The main ones will now be examined.

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This paper has drawn on national studies dealing with economic trends and short-term scenarios in Argentina, Bolivia, Ecuador, Honduras, Nicaragua, Panama, Peru and Uruguay, on studies by the PAPEP Regional Observatory and on a wide range of bibliographical material and secondary data on the subject.

<sup>1</sup> PAPEP is part of the UNDP regional strategy on democratic governance in Latin America, and is intended to strengthen that governance. The main activities of the Project include preparing reports on current economic conditions and short- and medium-term scenarios (see <http://www.papep.org> for further information).

## 1. Crisis situations and politico-institutional risks

The crisis situations and politico-institutional risks that many Latin American countries have been experiencing are affecting the development of democracy, altering the region's political profile and indicating a need for new types of linkage between institutions and society at large.

So far this century, over 30% of Latin American democracies have experienced acute politico-institutional crises affecting their key institutions (presidency and legislature).<sup>2</sup> Taken together, these situations of acute crisis and of risk or near-crisis make it plain that consolidating the Latin American democracies is a difficult process whose success is not assured. Furthermore, a number of Latin America's best-consolidated democratic regimes are passing through periods of "soft" socio-political reconfiguration.<sup>3</sup>

Unrealized expectations among the population at large are an empirical factor that is crucial to the relationship between institutions and society, since they can trigger episodes of ungovernability if combined with fragile public institutions and poor economic conditions.<sup>4</sup> These situations reveal the weaknesses of Latin American democracies and the

risks they face and will probably carry on facing. To contribute to the consolidation of democracy in Latin America, it is therefore necessary to reach a better understanding of the nature of political change and the prospects it opens up, before going on to look for solutions that can help bring about democratic development.

## 2. The limits of representation and intermediation systems

Politico-institutional problems are associated with the limits of representation systems and a widespread mistrust of institutions, particularly political parties and intermediation mechanisms generally (figure 1). The emergence of thoughtful, critical and independent citizens and demands for local participation, recognition of indigenous movements and gender equity are factors that can reconfigure systems of representation.

Institutional problems stem from the limited ability of party political action to represent society institutionally. This translates into crises of political representation and intermediation. The slogan "Out with the lot of them!" heard in Argentina, the October 2003 crisis in Bolivia and the demands of the so-called "Outlaws' Rebellion" (Rebelión de los Forajidos) in Ecuador are examples of widespread disenchantment with politics and political parties in the region. According to the *Latinobarómetro Report 2006*,<sup>5</sup> 58% of Latin Americans believe that there can be no democracy without political parties, but just 22% trust them.

In some countries the crisis of representation is being made more complex by the manifestations of multiculturalism, especially among indigenous peoples, given the traditional inability of institutional systems to represent them. These peoples are demanding participation and change throughout much of Latin America, and political systems are being substantially modified as a result, especially in Bolivia, Ecuador, Guatemala and Peru.

Continuing institutional constraints on women's participation are another feature of many Latin American countries. Gender inequality is the outcome of a set of mutually reinforcing cultural

<sup>2</sup> Since the beginning of the twenty-first century, at least six countries have experienced crises of this nature: Paraguay (2000), Peru (2000), Argentina (2001), Venezuela (2003), Bolivia (2003 and 2005) and Ecuador (2000 and 2005). Of these eight situations, six ended in the downfall of the president of the day (Fujimori in Peru, De la Rúa in Argentina, Sánchez de Lozada and Mesa in Bolivia and Mahuad and Gutiérrez in Ecuador), either because the legislature removed them from office or because they resigned. One crisis involved the military and culminated in the removal from office of Cubas Grau as President of Paraguay and the murder of a vice-president, and the last was an unsuccessful coup d'état against President Chávez of Venezuela. There were other political crises that came close to, but stopped short of, the kind of extreme situations described. They include those of Nicaragua (late 2004 and early 2005) and Honduras (early 2006).

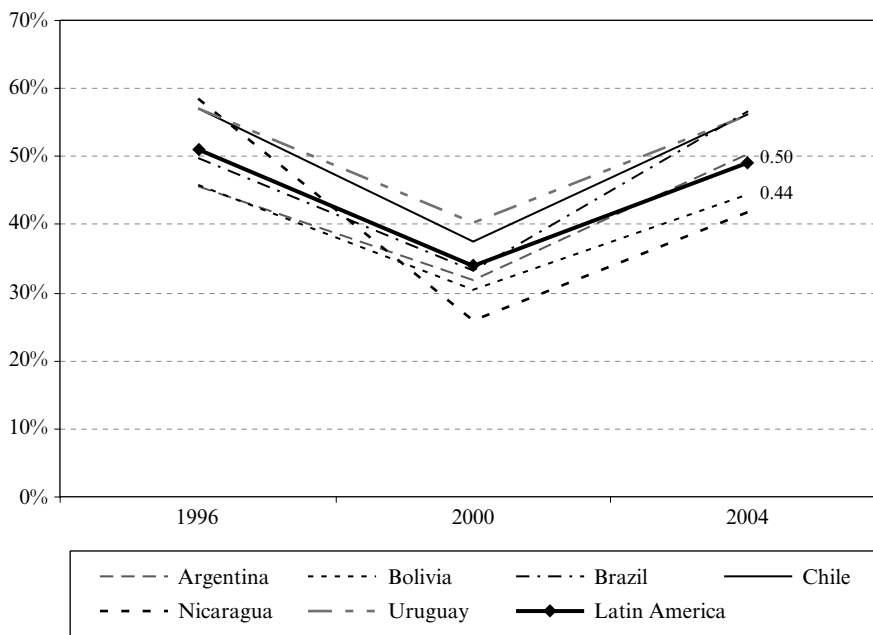
<sup>3</sup> Uruguay is an example. As Moreira (2006) puts it, Uruguay is not in crisis; however, "the arrival of the left in government marks a turning point which, in much the same way as crises, provides an excellent window of opportunity to initiate a public debate encompassing our different positions and attitudes towards the country".

<sup>4</sup> An analysis by González (2006) empirically demonstrates the relationship between institutional shortcomings (judicial-legal effectiveness index) and unrealized expectations (per capita gdp growth in 1975-2003), revealing a moderate but significant association between these two variables. The seven countries that experienced acute political crises display negative outcomes for the two variables, while the three "consolidated" countries (Chile, Costa Rica and Uruguay) are at the opposite extreme.

<sup>5</sup> The *Latinobarómetro Report* appears in the bibliography of this article under the name of the organization that publishes it, the Corporación Latinobarómetro.

FIGURE 1

**Latin America: trust in State institutions, 1996, 2000 and 2004**  
(Percentages)



Source: prepared by the author using data from Corporación Latinobarómetro (various years).

and political inequalities. These affect women's access to property rights, wealth and education, restricting their ability to participate in labour markets and power structures generally. Despite the progress made by women in terms of public policy and political participation,<sup>6</sup> politico-institutional actors still find it difficult to process changes and demands on a basis of gender equity. This has adverse effects on the quality of democracy and democratic governance.

Lastly, divides between subnational regions (territories) in Latin America appear to be widening. New conflicts and strains are arising between the global, local and national levels. Subnational regions are now seeking their own forms of democratic

legitimacy, autonomy within their countries and a direct link with globalization; these demands and aspirations translate into economic tensions, with political and electoral consequences, and sometimes into major politico-institutional crises. These are clearly on display in Bolivia (between the altiplano and the lowlands), whose elites believe that subnational regional factors are among the main components of the crisis. But there are many other countries where subnational divides (coast-uplands or north-south) are expressed politically. Another source of strain here is the emergence of a new institutional order.

### 3. Demands for greater State involvement and more citizen oversight

In different ways and to varying degrees, there have been new demands in the political sphere, first, for greater State involvement in the management of development and the expansion of democratic institutions and, second, for greater citizen oversight over the public authorities.

Large sections of the population are calling for a new relationship between the State and

<sup>6</sup> Empirical data show that the political involvement of women has increased in the countries studied, although it remains low. While Argentina, Bolivia, Brazil, Ecuador, Honduras, Mexico, Panama and Peru have established quotas laying down a minimum level of female participation (between 20% and 40%) in party lists for elections to the legislature, only in Argentina does female participation in parliament exceed 30%. In the other countries the percentage ranges from 23% (Mexico) to 6% (Honduras) (ECLAC, 2006a).

the economy whereby the State works for social integration and equity at the same time as bolstering the economy in a context of globalization. According to the *Latinobarómetro Report 2005*, an average of only 31% of the Latin Americans interviewed believed that privatization was advantageous. The *Latinobarómetro Report 2006* asked where the responsibility for wealth creation lay, using a scale of 1 to 10 where “1 = the State has to produce wealth” and “10 = private enterprises have to produce wealth”; a medium-high level of support for State control among Latin Americans emerged, as the average score for the region was 4.1. In Argentina, interviews with members of elites and public opinion surveys revealed a shared desire to reshape relations between businesses and the State: 28.5% of those surveyed said that the State should intervene to ensure that the benefits of economic growth were fairly distributed, while 45.6% expressed a wish to see providers of public services return to State ownership and 44.7% said they should remain in private hands but with greater State oversight (UNDP Argentina, 2005). Similarly, over 70% of Bolivians expressed a desire for the State to become more involved in the gas business (UNDP Bolivia, 2004). In general, all the national studies carried out revealed a desire for greater State ownership in the interests of democratic governance.

It is also likely that this demand for greater State involvement is related, first, to the need for greater human security, an issue that increasingly affects the day-to-day lives of citizens,<sup>7</sup> and second, to a rise in anomic behaviour by excluded social groups, especially youths, reflecting the limits of social cohesion and a degree of social breakdown.

At the same time, there are demands for coordination between citizens and the State with a view to introducing mechanisms for greater citizen participation, as well as demands for the consolidation of State institutions in the interests of public service and State unity. The issue of accountability, which concerns public policy transparency, information and citizen oversight mechanisms, comes up in round after round. The demands for a transparent, independent and

TABLE 1

**Latin America (13 countries):  
Corruption Perception Index scores, 2005**  
(In descending order)

Country	Position	Score
Chile	21	7.3
Uruguay	32	5.9
Colombia	55	4.0
Brazil	62	3.7
Mexico	65	3.5
Panama	65	3.5
Peru	65	3.5
Argentina	97	2.8
Honduras	107	2.6
Nicaragua	107	2.6
Bolivia	117	2.5
Ecuador	117	2.5
Guatemala	117	2.5

Source: prepared by the author using data from Transparency International.

institutionalized judiciary reveal that this is a real touchstone for the population, something that is clearly reflected in the Corruption Perceptions Index produced by Transparency International (table 1).

#### 4. The problems of inequality and poverty

These problems are at the heart of socio-economic trends and may be the factors that most influence both democratic governance and the development of new political options in the countries studied.

The structural reform policies applied by the countries of Latin America resulted in a whole array of socio-economic changes that altered the configuration of the different national societies. One of their most significant effects was to make social differentiation processes increasingly complex, something that has affected the quality of social reproduction in its different forms.

Even as social differentiation processes have resulted in growing disparities between developing and industrialized countries (Latin America remains one of the world's most unequal regions, and inequalities and differences between nations are actually on the increase), developing countries are characterized by persistent and in some cases widening internal divides in most aspects of life. In many of them, the income share of the wealthiest 20% of the population has increased, while that of the poorest 20% has held

<sup>7</sup> According to World Health Organization (who) data, the murder rate was 16.7 per 100,000 inhabitants in 1991, but 27.5 in 2000. Information available at [http://www.who.int/violence\\_injury\\_prevention/violence/world\\_report/en/annex.pdf](http://www.who.int/violence_injury_prevention/violence/world_report/en/annex.pdf).

steady or declined (table 2).<sup>8</sup> Various social indicators also reveal profound disparities between the sexes, subnational regions, socio-economic classes and ethnic groups.

Where gender disparities are concerned, there are still large pay gaps between men and women with the same number of years of completed education (table 3). On average, women earn approximately 80% as much as men. The adverse effects of this wage inequality may have been intensified by the increase in the number of women household heads.

Social differentiation is also revealed by the large disparities between countries in the proportion of people living in indigence, which has substantial implications for governance. At one extreme (Bolivia,

TABLE 2  
**Latin America (13 countries):<sup>a</sup> personal income concentration, 1990 and 2005**  
(Percentages)

Country	Poorest 20% of the population			Wealthiest 20% of the population		
	1990	2005	Change	1990	2005	Change
Argentina <sup>b</sup>	4.1	3.5	-0.6	54.9	57.2	2.3
Bolivia	1.3	1.5	0.2	61.2	64.4	3.2
Brazil	2.1	2.4	0.3	66.8	65.5	-1.3
Chile	3.5	3.7	0.2	60.6	60.4	-0.2
Colombia	3.7	2.9	-0.8	57.8	63.0	5.2
Ecuador <sup>b</sup>	4.8	3.8	-1.0	51.9	56.3	4.4
Guatemala <sup>c</sup>	2.7	3.7	1.0	62.7	59.3	-3.4
Honduras	2.4	2.4	0.0	65.7	62.4	-3.3
Mexico	3.9	3.7	-0.2	58.7	57.6	-1.1
Nicaragua	2.1	2.5	0.4	61.3	61.7	0.4
Panama	2.8	2.5	-0.3	60.0	58.2	-1.8
Peru <sup>d</sup>	3.0	3.8	0.8	57.9	55.2	-2.7
Uruguay <sup>b</sup>	5.1	4.8	-0.3	51.9	50.7	-1.2

Source: prepared by the author using data from ECLAC (2007).

<sup>a</sup> Selection criterion: the member countries of PAPEP were included (Argentina, Bolivia, Ecuador, Honduras, Nicaragua, Panama, Peru and Uruguay) along with others deemed relevant for reference and comparison purposes.

<sup>b</sup> Urban areas.

<sup>c</sup> 1990 and 2002 data.

<sup>d</sup> 1997 and 2003 data.

<sup>8</sup> Between 1990 and 2005, the Gini coefficient fell in Brazil, Colombia, Guatemala, Honduras, Mexico and Uruguay, held steady in Chile, Nicaragua and Panama and increased in Argentina, Bolivia and Ecuador. Furthermore, in 2005 only Uruguay qualified as a country with a low level of inequality, while many of the region's countries display inequality levels that are high or, in the case of Argentina, Brazil and Honduras, very high (ECLAC, 2007).

TABLE 3

**Latin America (13 countries):<sup>a</sup> ratio between men's and women's wages, by years of study completed, around 2004**  
(Percentages)

Country	Year	Total	13 years of education and over
Argentina	2004	86.6	76.6
Bolivia	2002	74.4	64.2
Brazil	2003	76.7	61.9
Chile	2003	81.7	69.0
Colombia	2002	89.2	80.0
Ecuador	2002	83.7	72.9
Guatemala	2002	82.4	87.0
Honduras	2002	82.8	68.7
Mexico	2004	82.1	69.6
Nicaragua	2001	83.0	71.9
Panama	2002	82.7	71.4
Peru	2003	77.4	70.8
Uruguay	2002	80.8	66.8

Source: prepared by the author using data from ECLAC (2006a).

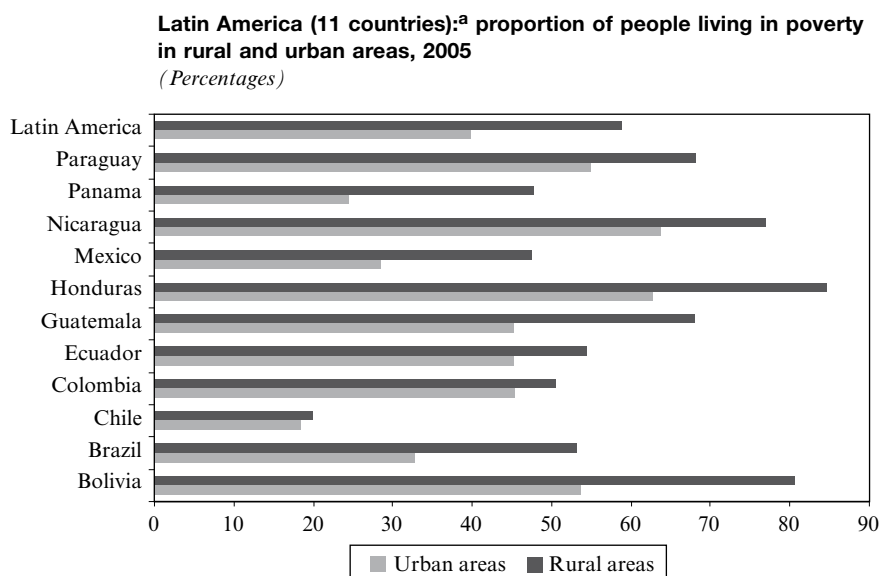
<sup>a</sup> Selection criterion: the member countries of PAPEP were included (Argentina, Bolivia, Ecuador, Honduras, Nicaragua, Panama, Peru and Uruguay) along with others deemed relevant for reference and comparison purposes.

Guatemala, Honduras and Nicaragua), indigence affects over 30% of the total population, whereas at the other (Chile, Costa Rica and Uruguay) indigence levels are below 10% (ECLAC, 2007).

Poverty in the Latin American countries is not homogeneous but is socially and culturally differentiated, as can be seen from the variations in poverty levels by geographical area, gender and ethnic origin. In 2005, 39.8% of Latin Americans were below the poverty line, but if rural areas only were taken the proportion increased to 58.8% (figure 2).

Furthermore, as Buvinic and Roza (2004) argue, gender and ethnic origin interact to produce an even greater degree of social exclusion. In consequence, the education levels of indigenous women are much lower than those of non-indigenous women. Over 50% of indigenous girls in Bolivia and Guatemala have left school by 14 (Arias and Duryea, 2003). In Bolivia, Peru and Guatemala, indigenous women are more likely to be working for low pay and in the informal sector (Duryea and Genoni, 2004). This adverse interaction is compounded by another factor, geographical location, since indigenous peoples tend to live in rural areas with higher levels of poverty than urban areas.

FIGURE 2



Source: prepared by the author using data from ECLAC (2007).

<sup>a</sup> Selection criterion: the member countries of PAPEP were included (Argentina, Bolivia, Ecuador, Honduras, Nicaragua, Panama, Peru and Uruguay) along with others deemed relevant for reference and comparison purposes.

To be effective, governance and public policies aimed at combating poverty need to take the heterogeneity and complexity of inequality and poverty itself into account. Other factors in the relationship between governance and social inequality are people's subjective perceptions, the willingness of society to change the situation, the frustration of a more educated population's expectations, the limitations in the behaviour of elites that do not guide their societies but only dominate them and, most especially, the dynamic of old and new socio-cultural conflicts. Confronting the issue of poverty and inequity means first and foremost empowering societies and States to generate policies that enhance the civic capabilities of the poorest and most excluded. Meanwhile, the poor and/or excluded themselves should be seeking to turn their needs into demands that are expressed in the political system and generate results. What seems to be at stake in the management of democratic governance, then, is the ability to manage changes already in progress.

### 5. Thwarted expectations

A crucial factor in the relationship between politico-institutional change and social change is the growing

frustration of people's expectations, the result of the severe problems of inequality and poverty already described interacting with higher levels of education and greater access to traditional and new communications media (table 4). The result is societies that are better educated and more exposed to cultural consumption but lack the resources to meet the demands this exposure gives rise to. This leads to thwarted expectations and is probably one of the main sources of the conflict and dissatisfaction that complicate the task of democratic governance.

In this context, citizens are no longer satisfied with political programmes (which are perceived as unfulfilled) or with the options made available by a promising market economy. They are tending to be more realistic, critical and informed and to have a clearer notion of their own independence and freedom of action.

### 6. Poor leadership by governing elites

One factor that contributes to institutional crises is poor national leadership by governing elites.

It would appear that alterations and structural limitations in social and political leadership, particularly among groups at the top of the power

TABLE 4

**Latin America (13 countries):<sup>a</sup> indicators of technology use, 1990 and 2002**  
(Per 100 inhabitants)

Country	Telephone lines and mobile phones			Personal computers			Internet users		
	1990	2004	Change	1998	2004	Change	1996	2004	Change
Argentina	9.3	58.1	48.8	5.5	8.2	2.7	0.2	16.1	15.9
Bolivia	2.8	27.0	24.2	0.8	2.3	1.5	0.2	3.9	3.7
Brazil	6.5	59.8	53.3	3.0	1.7	7.7	0.5	12.2	11.7
Chile	6.7	83.6	76.9	6.3	13.9	7.6	0.7	27.9	27.2
Colombia	6.5	40.1	33.6	3.0	5.5	2.5	0.5	8.9	8.4
Ecuador	4.8	39.1	34.3	1.9	5.5	3.6	0.1	4.7	4.6
Guatemala	2.1	34.0	31.9	0.8	1.8	1.0	0.0	6.0	6.0
Honduras	1.7	15.7	14.0	0.8	1.6	0.8	0.0	3.2	3.2
Mexico	6.6	53.9	47.3	3.7	10.7	7.0	0.2	13.4	13.2
Nicaragua	1.3	16.8	15.5	1.9	3.5	1.6	0.1	2.2	2.1
Panama	9.3	38.8	29.5	2.7	4.1	1.4	0.2	9.5	9.3
Peru	2.6	22.1	19.5	3.0	9.7	6.7	0.3	11.6	11.3
Uruguay	13.4	49.4	36.0	9.1	13.3	4.2	1.9	21.0	19.1
Latin America	6.4	50.1	43.7	3.4	9.1	5.8	0.3	11.9	11.6

Source: prepared by the author using data from ECLAC (2007).

<sup>a</sup> Selection criterion: the member countries of PAPEP were included (Argentina, Bolivia, Ecuador, Honduras, Nicaragua, Panama, Peru and Uruguay) along with others deemed relevant for reference and comparison purposes.

structure, are contributors to the low institutional profile of most Latin American countries. There must be a question mark, then, over the ability of elites to develop the kind of national vision and practice needed to resolve socio-institutional problems as part of a comprehensive governance approach.

Again, the perceptions of elites are a particularly important factor when exploring the evolution of democratic governance. The interviews conducted by PAPEP with 206 business, political and social leaders reveal a broad consensus in these groups that the problems of poverty and institutions are the main challenges facing democracy in Latin America. The information obtained by the PAPEP Regional Observatory indicates that: (i) about 50% of the elites in Argentina, Brazil and Mexico consider that poverty and inequity are the recurrent causes of the problems of democracy in the region; (ii) most European elites believe that the region's main problem is its bad income distribution and structural poverty; and (iii) elites in the United States have divided views, with 47% believing that institutional failings are Latin America's main challenge and 44% casting poverty and inequality in this role (Observatorio Regional PAPEP, 2006-2007).

Public opinion is at one with the elites in considering that poverty and inequality affect the functioning of democracy in Latin America. According to the *Latinobarómetro Report 2005*, on a scale of 1 (poorest) to 10 (richest), the average score Latin Americans give themselves is 3.66. The *Latinobarómetro Report 2006* finds that more than 66% of Latin Americans believe their countries to be governed by a few powerful groups who act in their own interest. Indeed, in Ecuador, Guatemala, Nicaragua and Panama less than 20% of inhabitants believe that their country is governed for the benefit of the whole population. Elites in Argentina, meanwhile, are only partially attuned to citizens' perceptions since, unlike these, they are somewhat reluctant to prioritize the fight against poverty in the light of events in recent years.<sup>9</sup> In Honduras, the disrepute into which elites have fallen particularly affects judges, whom 51% of Hondurans consider untrustworthy, and deputies in the National

<sup>9</sup> Only 17% of business leaders consider poverty to be the country's main problem, while 30.2% of the Argentineans surveyed mentioned unemployment and poverty as the two aspects the country most needed to improve (UNDP Argentina, 2005).



Congress, mistrusted by 71% of the population (UNDP Honduras, 2005).

In Latin America, cultural tendencies that have traditionally characterized elites (lack of austerity and solidarity and a lack of proportion between ends and means) seem to persist, and would account for the unequal distribution of power and for these public perceptions. However, the behaviour patterns of elites have also been changing, or new elites with different cultural tendencies have emerged. Better knowledge of changes in the composition, forms of socialization and tendencies of elites would make it possible to improve the accuracy of political mapping, which is a key to diagnosing democratic governance trends in the region.

### 7. The growth and fragmentation of social conflict

Broadly speaking, social conflicts in Latin American societies have increased and intensified, but they have also fragmented. In some cases these are conflicts of reaction and protest, while in others what is at work are new sociocultural forces that are configuring new political options. These conflicts reveal how difficult it is for institutions and the State to achieve integration, recognition and social progress. What seem to be emerging are new political maps oriented not by a single reference point but by several more limited yet powerful ones. These societies might be said, then, to be polycentric.

Citizens have sought other channels to express their demands and their dissatisfaction with politics, including alternative organizations with the capacity to defy and thereby weaken the State, and organized street protests. A number of these protest movements have come together in alternative political projects, such as the Movement to Socialism (MAS) in Bolivia, or in support of progressive forces in several of the continent's countries. Anomic behaviour can also be seen, especially among young people, aimed against an order that they do not recognize and that has no place for them.

To sum up, institutional problems and those of inequity and poverty are mutually reinforcing, as well as being affected by the existing social situation. This

seems to represent a severe constraint on democracy in Latin America and to suggest some very intractable scenarios. This is why it is so vitally important to link social reform with politico-institutional reform to improve democratic governance.

### 8. Spaces of communication

Spaces of communication, whether the traditional ones or the new electronic networks, are an ever more important factor when it comes to understanding the scope and agendas of political power and change. Political and sociocultural actors participate and take decisions in these spaces and governance cannot be understood without them.

One development of particular importance is the mediatization of politics by television and, more recently, by horizontal methods of communication such as the Internet, mobile telephony and others. The arena of expression or representation of politics is increasingly media-dominated and the main characteristic of the media is that they are the space in which power is expressed. In the region, according to data from the *Latinobarómetro Report 2006*, television and radio are among the most trusted institutions: 69% and 64% of those consulted, respectively, claim to trust them; furthermore, television is the most heavily used information medium, with 83% of Latin Americans getting their news from television in 2006.

In fact, 65% of 231 Latin American leaders interviewed in consultation rounds named the media as being among the most powerful institutions in the region (UNDP, 2004). In Bolivia, the media, and especially television, are having a growing impact on the way politics is conducted (UNDP Bolivia, 2004). During the Outlaws' Rebellion in Ecuador (April 2005), tens of thousands of families were called out on to the streets of Quito by e-mail and mobile phone, leading to the resignation of President Lucio Gutiérrez. Generally speaking, it is the media arena that determines the dynamic of political representation systems and creates the conditions for institutional legitimacy in the region; it also points to the emergence of an audience democracy, an issue that requires further investigation and analysis.

### III

## Basic governance scenarios

Developments in the world economy between 2005 and 2007 were favourable, particularly for Latin America, which enjoyed a positive growth rate (about 5% in 2006) with a modest slowdown in 2007 (ECLAC, 2006b), owing to a fall-off in the pace of world economic activity, higher oil prices and the incipient subprime crisis, which was to unleash the global recession that has spread across the world this year. The moderation of growth was accompanied by regional convergence around the average growth rate of Latin America and the Caribbean. Two categories of countries can be established: (i) those with exceptionally high growth rates in 2004 (Argentina and Uruguay), which were to grow at a rate closer to the average, and (ii) those with below-average growth rates that year (Bolivia), where growth would pick up.

The region's economic activity was largely driven by external demand. Latin America's terms of trade improved, and this was particularly true of countries exporting oil, gas or metal ores (such as Bolivia, Chile, Peru and the Bolivarian Republic of Venezuela). In an optimistic scenario, the prices of coffee and sugar are expected to remain at their present high levels, as are remittances sent by migrants to their home countries.

The economic growth outlook is relatively favourable or less negative for the region over the medium term. However, whatever growth is attained will not generate greater social equity on its own, nor will it automatically feed through in a desirable way to policy and institutions. The question must be, then, how this growth will affect the socio-institutional dynamic, how the orientation of economic growth will stimulate dynamics of social equity, and what role the national State will play.

The different political forces are offering different approaches to integrating social demands and popular pressure. In this context, it is possible to envisage four general policy approaches and three types of governance scenario.

#### 1. General policy approaches

To group these approaches, the following typology has been prepared on the basis of the political characteristics predominating in the region.<sup>10</sup>

- (i) *Conservative modernization*: modernization of the party system, restoration and reinforcement of authority, institutional reform to connect actors and systems, relegitimization of authority on the basis of incontrovertible shared values, moral order associated with market expansion and ideological association with the United States.
- (ii) *Practical reformism*: renewal and refashioning of the party system, secularism, alliance-building, quest by the State for a form of institutional management combining economic growth with inclusiveness, modern party system and pragmatic relationship with the United States.
- (iii) *Popular nationalism*: quest for political hegemony, central role for the State in the organization of development and democracy, mass mobilization, charismatic leadership legitimized by democracy, primacy of redistribution over production, anti-imperialism.
- (iv) *Neo-developmental indigenism*: expanded political participation and deliberative democracy, strong social and indigenous movements, State that negotiates with transnational enterprises and pursues inclusiveness, and egalitarianism and moderate anti-imperialism.

Given these approaches, we need to consider how the following issues are addressed. How are the demands of society dealt with and how is wealth distributed? What is the right way to operate in conditions of increasing social activism, especially in countries with substantial natural resources? How can democratic political control be exercised

<sup>10</sup> This typology is qualitative and is based on speeches by political leaders, party manifestos and election results.

over the whole State apparatus? In short, how can growth be combined with institutional change and the distribution of power?

## 2. Scenarios

In an ideal scenario, a virtuous interaction would be achieved between social reform and institutional change, with strong conflict prediction and management capabilities; the result would be progressive governance and sustainable economic dynamism. In a second scenario, a continuation of the status quo, there would be a continuing divide between the social and institutional spheres; only the political and social reforms indispensable for a minimum of economic governance would be implemented, and conflict anticipation and management capabilities would be variable. In a third scenario, outbreaks of social unrest, the fragmentation of conflicts and institutional breakdown could conceivably lead to situations of social chaos, economic crisis and a retreat from democracy; conflict anticipation and management capabilities would be very poor.

In reality, the likelihood of the different scenarios depends on the political capacity of national actors to combine domestic change with participation in global change. They may find themselves in something resembling one of the three scenarios described, with institutional factors, equity-poverty and the innovation capacity of actors

in the political system combining in different ways. They may attach different levels of importance to each component and will differ in their political development. Some will give priority to institutional advances and will seek to reduce poverty, while others will try to improve equity without attempting much on the institutional front. Others still may look for particular one-off combinations. Thus, combinations will vary depending on the political actions and approaches that prevail in the region.

Scenarios are subject to constant change and risk. The way risks are turned into opportunities and uncertainty (inherent in modern change) is coped with will undoubtedly help to determine which political paths the society concerned may be in a position to follow. The existing institutional basis and the progress made with equity and poverty reduction are other important factors underlying political developments. Likewise, the strength and quality of citizen participation will have a critical influence on the quality of change. The more citizens are empowered to make choices or create alternatives by accepting risk, the better the prospects of a virtuous evolution. In short, the quality of the political structure that is created will be a decisive factor.

The medium-term scenarios set out in a variety of national studies prefigure the trends likely to be displayed by the countries of the region that are part of PAPEP.<sup>11</sup>

# IV

## A road map for a democratic governance agenda

The historic turning point Latin America has now reached offers new potential to combine economic opportunity with measures that can strengthen the ability of political and sociocultural actors to initiate a new cycle of democracy and development on the basis of more and better social equity. The political options are varied and the challenge ahead is to understand the changes now taking place and act upon them in the light of the new tendencies in society, the economy and politics. A new form of citizenship is arising in all the countries and there are new types of linkage between society and the State.

It seems likely that there will be a redistribution of power in society.

Any agenda for action on democratic governance ought to include the aspects described below.

(i) *Restore and enhance political ethics based on equity and respect for institutions.* There is a need to promote a political culture that values the public good, in association however with rigorous policies

<sup>11</sup> See [www.papep.org](http://www.papep.org) for further information.

for oversight of public activities. Accordingly, it is important to strengthen citizen oversight and the development of independent institutions with specific powers of judicial investigation, and even to allow audits by international organizations such as Transparency International.

(ii) *Link policy renewal to changes in society (new social structure, new intercultural reproduction mechanisms, new patterns of socialization, development of the network society, strategic importance of migration, etc.) and also to the new problems and challenges of globalization.* This means rebuilding society's political management capabilities, strengthening political and sociocultural actors, enhancing the capacity for autonomous and independent analysis (in universities, academic centres and other institutions) with a view to preparing short- and medium-term proposals, encouraging deliberation processes, creating shared options, establishing new grammars of conflict (i.e., new languages with different and more complex rules) and orienting renewal towards results that legitimize political action itself. In short, there is a need for agendas that focus on managing policy renewal. No political party on its own has the resources to guide development. The new social complexity requires polycentric coordination, a network of negotiations and agreements, and progress beyond a purely electoral form of democracy, while recognizing the intrinsic value of this. The renewal of political parties cannot come solely from within the party system but has to be based on a new relationship between State and society.

(iii) *Propose new forms of representation and participation to restore confidence in the party system and the institutions of democracy.* This means bringing cultural recognition issues into the institutional process, which in turn means recognizing historical forms of self-government and especially interculturality in all areas of public life and creating institutional mechanisms (indigenous or subnational regional assemblies, etc.) with specific rights within the institutional structure of the State. It also means accepting public representation and deliberation as a form of self-organization that promotes new channels of participation both for particular issues and geographically for subnational regions. It seems essential to connect social and multicultural participation with local governments and those of subnational regions in order to strengthen civil society in these spheres and enhance territorial autonomy, while maintaining the principle of subsidiarity and the

unity of the State. This involves the use of electronic communication as a tool for open access to public information, as a means of consultation, interaction and debate, and to ensure equality of opportunities. To this end, it will be necessary to expand the use of electronic communications in the community and make more equipment and public funding available to facilitate democratic participation by citizens. Innovative ways will also have to be found to provide public financing to civil society institutions in order to strengthen civic participation and activity. Of fundamental importance here is for civil society and the State to work in coordination for the common good. However, civil society is not to be confused with a political party or a programme of government: it cannot have a comprehensive strategy for social change. Any aspiration for a social or cultural actor or a political programme to monopolize the public space means denying that space to the diversity and freedom which is essential if civil society itself is to be able to expand. There is a need to strengthen the autonomy of individuals and civil society as the best defence against hegemony or absolutism of any kind. The challenge, then, is to include and try to combine the different actors, interests and orientations in new spaces of deliberation and participation that generate a new civic and political culture and promote options for democracy and development.

(iv) *Increase the State's power of action.* In a renewed conception of development, the market and the State can work alongside each other in the interests of society and for the provision of public goods. This has been demonstrated recently by the new approaches and actors of politics and development. The reorganization and renovation of the State must encompass at least three aspects:

- Participation in global markets is governed by the systemic competitiveness paradigm; what matters is not the competitiveness of one firm or another, but the country's ability to organize and manage its affairs so that economic and non-economic factors are coordinated. Competitiveness entails a coordinating role for the State in the different processes of systemic competitiveness.
- The weight of the market and its disaggregating tendencies give the State a primordial role as a guarantor of social cohesion. Reformulation of the welfare State and development policies is a vital step towards viable development.
- The law-governed State encompasses autonomous

citizen action since what it is, ultimately, is a democratic State capable of speaking for and bringing together the citizen community. It is essential to increase the powers of action of a legitimate State capable of participating in globalization in the name of society and in constant relation with it. The State's capacity to create social cohesion will allow economic growth, distributive policies and development policies to be coordinated as the interests of the nation require in pursuit of greater social justice and poverty reduction. It is essential to regenerate State institutions, which in turn means strengthening a society independent of the State whose form must be determined by each country's particular historical situation. In summary, it seems vital to enhance the capacity and legitimacy of the State so that it can take on and effectively perform the role of an agent of development and democracy. Over and above the technical assistance function, this State leadership can be manifested in the consistency given to the country's programmes by a comprehensive intersectoral vision; the need for coordination through specific programme areas and institutional jurisdictions; the incorporation of transparency mechanisms in management practices and accountability mechanisms for the public authorities and for private-sector actors and civil society organizations; and public-private coordination for development, with programme and project implementation and the adaptation of policies and instruments to different national situations and to the challenges raised by the centre-municipalities relationship.

(v) *Associate advances in equity with the strengthening and renewal of the institutions of democracy.* There is a vital need for virtuous interaction between equity and institutions, on the basis of common social values and goals. Equity means first and foremost the practical recognition of equality for all and the final eradication of the patronage and class-based discrimination which are so common in the political life of Latin America. It is important to promote a practical political culture associated with institutional mechanisms to punish discrimination based on ethnic origin or gender or directed at migrants or other minority groups. Equity means not just correcting unequal distribution but also considering the demands and attitudes of citizens, with a view to recognizing and altering

situations of inequity to which a variety of social groups are subject. Thus, the structural problem of poverty and inequality in Latin America needs to be understood as a political problem and addressed by measures to encourage the poor and excluded to turn their needs into demands that are heard by the institutional system.

(vi) *Strengthen the capabilities of today's more autonomous and active citizens.* It is very important to reinforce and legitimize the practice of an active and autonomous citizenship, with better informed citizens whose autonomy and freedom are more firmly rooted and who are better able to speak out and find a hearing. Political parties can no longer impose themselves without listening or govern without convincing, and they are increasingly having to respond to demands for truthfulness, transparency and civic respect. Given the emergence and consolidation of a citizenry of this nature and the development of new spaces of political deliberation, it is becoming essential to renew today's systems of political representation and action.

(vii) *Appreciate the importance of the new media in the configuration of the public space.* Latin American societies are increasingly interconnected. Citizens obtain information and take positions on matters of public interest by following the debates that take place in open forums, particularly the media and the new information technologies. Citizens listen and make themselves heard, furthermore, via public opinion and its connection with the media. While there are obvious tendencies towards private control of public communication, it seems vital for citizens to develop technological capabilities that allow them to engage in new forms of participation and communication through mobile phones, blogs, the Internet and other means. Modern information and communication technologies are powerful agents of a new kind of personal, participatory and interactive communication. Electronic communication can make it easier to debate, form opinions and spread ideas. It would be helpful to formulate policy proposals that opened up new forms of civic participation and citizen oversight of the actions of public institutions and that were submitted to public debate through these communication systems that are increasingly penetrating people's daily lives. The future of democratic governance is bound up with the transformation of traditional public spheres into interactive communication systems. It is hard to combat the politics of scandal or conspiracy by

placing restraints on the media: what is needed is to foster debate and reduce corruption. To attain these goals it is essential to improve media access to sources of information on corrupt practices and thereby discourage these, to give statutory

protection to journalists, and to find ways of regulating media practices in collaboration with the media themselves.

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