

SCRUTINIZING DEMOCRACY IN LATIN AMERICA

A discussion of the
UNDP's report on
democracy in
Latin America

June 2005



The Inter-American Dialogue

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The State of Democracy in Latin America

A presentation and discussion of *Democracy in Latin America: Towards a Citizens' Democracy*
prepared by UNDP Project for Democratic Development in Latin America (PRODDAL)

A Forum in Washington DC

Convened jointly by the United Nations Development Programme and the Inter-American Dialogue

July 7, 2004

AGENDA

Location: Rayburn House Office Building, Room B-340

8:15 to 8:30 a.m. Continental Breakfast

8:30 to 9:00 a.m. **Welcoming Remarks:**
Rep. James Leach (R-IA)
Rep. Xavier Becerra (D-CA)
Rep. William Delahunt (D-MA)
Rep. Robert Menendez (D-NJ)
Peter Hakim, Inter-American Dialogue
Elena Martinez, UNDP

9:00 to 9:45 a.m. **Presentation of the Report:**
Dante Caputo, UNDP and Former Foreign Minister of Argentina
Gerardo Munck, University of Southern California

Remarks:
Paulo Renato de Souza, Former Minister of Education of Brazil
Epsy Campbell, Congresswoman of Costa Rica

9:45 to 11:00 a.m. **Open Discussion**

11:15 to 12:45 p.m. **Panel Discussion:**
The Findings: What Do They Tell Us? What Is New? What Is Missing From The Analysis?
Agenda For The Future: Policy Implications.

Chair:
Michael Shifter, Inter-American Dialogue

Commentators:
Thomas Carothers, Carnegie Endowment for International Peace
Carol Graham, Brookings Institution; Carl Gershman, National Endowment for Democracy
Arturo Valenzuela, Georgetown University

Open Discussion

12:45 to 1:00 p.m. **Wrap-up Remarks:**
Senator Christopher Dodd (D-CT)

1:00 to 2:30 p.m.. **Luncheon and Keynote Address:**
Senator Norm Coleman (R-MN)
Jorge Quiroga, Former President of Bolivia

FOREWORD

The Inter-American Dialogue and the United Nations Development Programme (UNDP) are pleased to present this report from our joint forum on the UNDP's widely cited report on the strength and quality of democracy in Latin America, *Democracy in Latin America: Towards a Citizens' Democracy*. The session was an opportunity for U.S. political leaders and policy analysts to actively engage the Latin American authors of the report in an extensive discussion of its finding and implications.

The event took place as part of UNDP efforts to disseminate the report, especially in policy-making circles and academia, with the vision of enriching a discussion about democracy that promotes citizenship in all its dimensions, strengthens institutions, and broadens participation in decision-making processes.

Participants addressed the main questions posed by the report's findings, focusing in particular on how the socio-economic conditions of a vast majority of Latin Americans are affecting democracies in the region. There was a rich discussion regarding whether citizens are discontent with democracy per se, or with the politics and economic performance of their own countries. The discussion probed whether economics was decisive in forming citizens' opinions of democracy; whether

"Are citizens
discontent with
democracy per se..."



Dante Caputo and Elena Martínez of UNDP

“...or with the politics
and economic
performance of their
own countries?”

democracy can co-exist with high levels of inequality; and what to do about popular discontent with democratic institutions and distrust of politicians.

The forum brought important attention to the main challenge facing political leaders in the hemisphere today—how to make their democracies more effective, inclusive, and responsive to citizens’ needs. While there was no one consensus solution advanced, the congressional leaders urged increased U.S. and international development aid and long-term investment to help Latin America break free of the cycle of poverty, inequality, and weak governance. Additionally, former president Jorge Quiroga of Bolivia urged Latin American politicians to use the report’s general conclusions to examine their own national landscapes and find country-specific solutions.

UNDP’s findings provoked a lively give and take of ideas, which we have sought to capture in this document. Financial assistance received by the UNDP from the European Union has made possible the publication and dissemination of the report, *Democracy in Latin America: Toward a Citizens’ Democracy*, and related documents. We are grateful for their support.

Elena Martínez
Assistant Administrator
and Regional Director
for Latin America
and the Caribbean
UNDP

Peter Hakim
President
Inter-American Dialogue

Scrutinizing Democracy in Latin America

Rapporteur's Report by Eleonora Sharef

On July 7, 2004, the Inter-American Dialogue and the United Nations Development Programme (UNDP) co-sponsored a forum on the UNDP's report, "Democracy in Latin America: Towards a Citizens' Democracy." Held on Capitol Hill, the meeting was an opportunity for a discussion of the report's findings among U.S. and Latin American political leaders, policy officials, and private analysts.

The report sought to analyze Latin America's political landscape and suggest ways to strengthen democracy in the region. The report's findings are based on interviews with over 230 political and economic leaders, comprehensive statistical indexes, and a public opinion survey conducted in 18 countries.

The report highlights the great strides democracy has made in Latin America and analyzes the social, economic and political challenges democratic governments continue to face, emphasizing the high levels of inequality and poverty in the region. As its title suggests, the report's main conclusion is that democracy must include citizens in the decision-making process and respect their civil, political and social rights so that it is a true "citizens' democracy."

Opening remarks

The meeting was opened by Elena Martinez, assistant administrator and regional director for Latin America and the Caribbean of UNDP, and Peter Hakim, president of the Inter-American Dialogue. Congressional hosts Jim Leach (R-IA), Xavier Becerra (D-CA), Bill Delahunt (D-MA) and Robert Menendez (D-NJ) offered brief remarks. All of them stressed the importance of the United States taking a greater role in supporting the

"The main challenge is how to make democracy more effective, inclusive, and responsive to citizens' needs."

“If the U.S. is to have a lasting impact on Latin American democracy, it will have to stop underfunding development aid programs.”

consolidation of democracy in the region. Delahunt argued that the United States should increase development aid and make a lasting investment in the region.

The congressmen discussed the recent free trade agreements and concluded that trade is important, but cannot by itself solve Latin America's problems of political instability, poverty, and crime. Becerra argued that although free trade is a good first step, if the United States is to have a lasting impact on Latin America, it will have to stop underfunding development aid programs in the region.

Leach pointed out that although democracy is no protection against bad judgment, it is still the best system of government as it can set right the mistakes caused by bad judgment. Becerra added that there is no viable alternative to democracy and noted that because democracy's roots remain shallow in Latin America, greater efforts must be made to sustain it.

Menendez pointed to recent events that illustrate just how unstable democracy still is in Latin America. He reminded the participants that in October 2003 Bolivia's president Gonzalo Sánchez de Lozada resigned after weeks of indigenous protests, and that in February 2004 Haiti's president Jean-Bertrand Aristide was forced into exile after a widespread rebellion. The congressmen applauded the report's timeliness in light of these events and commended the UNDP's efforts to evaluate Latin America's deeply entrenched problems.

Presentation of the report

The report's architects, Elena Martinez and Dante Caputo, laid out its main conclusions. Gerardo Munck of the University of Southern California, who led the team responsible for the indicators in the report, also commented. The report, Martinez noted, was inspired by a desire to reinvent politics in Latin America and to find ways to move forward in the struggle to consolidate democracy. She emphasized that the report had struck a chord among American and international readers because of its relevance to current events.

Caputo pointed out that 25 years ago only Colombia, Costa Rica and Venezuela were democracies, while today only a few non-democratic regimes are still in power. Munck delineated several positive trends. The Electoral Democracy Index (EDI), a compound measurement prepared for the report, provides statistical evidence of the strides democracy has made in the region. On a scale from 0 to 1, where 0 indicates the complete absence of electoral democracy and 1 indicates absolute electoral democracy, the average EDI has increased from 0.28 in 1977, to 0.69 in 1985, to 0.86 in 1990 and finally to 0.93 in 2002. Moreover, representation by women has increased dramatically, and there have been extraordinary advances in terms of human rights

Clearly, these are real achievements. Munck noted, however, that their analysis also identified several negative trends. There is a crisis of political parties, which rate extremely low in terms of public trust. Latin America boasts the highest number of homicides in the world. And, as Menendez suggested, it is difficult to appreciate the merits of democracy when you cannot feed your family, when you do not have a roof to sleep under, and when you do not see any prospect for change. According to the report, more than 25 percent of the population lives under the poverty line in 15 out of the 18 countries studied, and more than 50 percent of the population lives under the

"25 years ago only Colombia, Costa Rica, and Venezuela were democracies."



Xavier Becerra (D-CA), Bill Delahunt (D-MA) and Gerardo Munck, University of Southern California

"Democracy may be at risk if citizenship is not expanded."

poverty line in seven of those countries.

Because the advances of democracy are accompanied by such high levels of poverty and inequality, Latin America's situation presents an astonishing paradox. According to Caputo, the report is in part an effort to answer two core questions that arise from this scenario: How much poverty can liberty bear? How much inequality can democracy endure?

The report explains that electoral democracy is only one piece of the puzzle. Although democracy cannot exist without elections, elections themselves are not enough to engender true citizen's democracy. In order to create a true citizens' democracy, all three dimensions of the democratic system—political, civil, and social—must be in place. In Latin America, citizens are able to vote and choose their political representatives, but lack some of the elements pertaining to civil and social citizenship, such as freedom of expression, the right to security, and a minimum economic well-being. Caputo explained that it is imperative to move from electoral democracy to citizens' democracy because Latin Americans are becoming dissatisfied and democracy itself may be at risk if citizenship is not expanded.

The report's polls and interviews show that democracy's popularity is beginning to decrease. The report does not suggest that Latin Americans want to abandon democracy, but it does show that Latin Americans are disenchanted by democracy's failure to address their economic and social problems and want to see rapid change. According to the report, 54 percent of citizens would choose an authoritarian regime if it could solve their economic problems, 44 percent do not believe that democracy has the capacity to solve the country's problems, and 43 percent agree that presidents have the right to violate the law.

Caputo explained that the report does not pretend to find concrete answers to all questions nor to deliver foolproof solutions to Latin America's problems. The report does, however, pave the way for a more detailed discussion about the failings of Latin America's democracies. The final chapter

of the report is devoted to outlining an expanded agenda of democratic reform to serve as a guideline for further debate. The problems associated with democracy, Caputo explained, can only be resolved through more democracy. The reform agenda urges Latin American politicians and international actors to discuss ways to increase civil and social citizenship.

Reactions to the report

Former minister of education Paulo Renato de Souza of Brazil and congresswoman Epsy Campbell of Costa Rica commented on the report. Both applauded UNDP's effort to tackle such a difficult issue, but noted that some areas had been left unaddressed.

According to de Souza, citizen dissatisfaction with democracy is not characteristic of Latin America alone. Globalization, the effects of the third industrial revolution, and the emergence of a knowledge society have altered the world, making it more difficult for democracy to find undisputed support. De Souza explained that the third industrial revolution has caused employment opportunities to shift, making income distribution less equal, and increasing competition among people in all parts of the world. Moreover, he argued that Latin American politicians have been running on national platforms because

"The problems associated with democracy can only be resolved with more democracy."



Peter Hakim, Jim Leach (R-IA), and Robert Menendez (D-NJ)

"Gender and race equality are decisive in the democracy-building process."

that is what is most appealing in Latin America, making it seem as though their governments had complete autonomy to produce change. In reality, globalization has rendered nations interdependent, and politicians are incapable of fulfilling their nationalist campaign promises, thus causing voter disenchantment with democracy itself.

The importance of economics and education in this struggle to strengthen democracy was emphasized by de Souza. Although increased trade and market reforms have helped solve some of Latin America's deepest economic difficulties, many problems still lie ahead. Instead of trying to maximize short-term economic gains, de Souza warned, governments should prioritize long-term economic growth and market expansion. Moreover, governments should increase their efforts to integrate into the global economy so that they can profit from globalization and take advantage of the new opportunities.

The UNDP report shows that people with a higher level of education tend to favor democracy and are less likely to support other forms of government in times of economic hardship. Therefore, improving education throughout Latin America is an investment that will strengthen democracy. De Souza emphasized the need to guarantee all Latin Americans a basic education and to improve the quality of schools and universities.

Epsy Campbell argued that gender and race equality were decisive in the democracy-building process. Although equality should be inherent in democracy, in Latin America high levels of inequality persist. Campbell warned that governments have to pay attention to minorities and ensure that their rights are respected. Campbell also called attention to migrants, noting that they are denied most legal rights. Because migrants contribute to the economy significantly by earning an income to send remittances back home, they should be given the opportunity to be active in the political sphere where they live and work.

Panel Discussion

Next, a panel of leading U.S. analysts—Thomas Carothers of Carnegie Endowment for International Peace, Carol Graham of Brookings Institution, Carl Gershman of National Endowment for Democracy, and Arturo Valenzuela of Georgetown University—engaged in a roundtable discussion about the report’s findings and recommendations, chaired by Michael Shifter of the Inter-American Dialogue.

Like de Souza, Tom Carothers argued that Latin America’s lack of support for democracy is no exception. Africa, Southeast Asia, the former Soviet Union and even the European Union have shown signs of frustration in light of democracy’s inability to solve their problems. Carothers presented what he called a “radical hypothesis,” that the discontent is rooted entirely in economics. If people feel that their economic security is threatened, they will be unlikely to support the system in power. In times of economic hardship, democracy therefore becomes less popular.

There are two schools of thought as to the source of Latin America’s economic problems and where the solutions to these problems lie. Many believe that although the market model is right, it is not being implemented correctly. Others, however, have raised the possibility that the market model itself is simply

“In times of economic hardship, democracy becomes less popular.”



Former education minister Paulo Renato de Souza of Brazil,
Amb. Andrés Bianchi of Chile

*"Elections are more
than elections."*

mistaken. The elections of Lula in Brazil and Kirchner in Argentina show that many Latin Americans have begun to reject the market model and now favor other economic options.

Carl Gershman noted that the report risks undervaluing the importance of elections. While it properly says that democracy is more than elections, Gershman urged the forum's participants to remember that "*elections* are more than elections". Elections require freedom of expression and association and are ultimately a means to hold governments accountable. Gershman also argued that the report's question concerning the choice between democracy and authoritarianism is a Faustian dilemma. Latin Americans do not want to replace democracy with authoritarianism, but merely want to see positive reforms to the current system.

According to Arturo Valenzuela, many have become accustomed to the notion that, if democracy does not solve the problems of poverty, then democracy itself has failed. This idea, however common it may have become in recent years, is simply mistaken. Democracy is no more than a set of rules of the game based on popular sovereignty and political equality—a means of generating decision-making power based on the popular will. Although economies often thrive under democracy, democracy is no guarantee of prosperity or economic success.

Valenzuela outlined four dimensions to democracy: (1) state capacity; (2) accountability; (3) representation; and (4) governance. In order for democracy to function properly and produce the desired results, all four dimensions must be strong. This is not the case in Latin America, however. The first and second dimensions are weak—governments are often ineffective or corrupt and thus unable to generate sufficient revenue and maintain adequate security. The third dimension, representation, is also weak since political parties have become increasingly unpopular. Valenzuela emphasized the fundamental importance of governance, noting that Latin America's institutions must be strengthened for democracy to succeed.

Carol Graham argued that when the report was released in May, most major newspapers focused only on the polling result that showed that 54 percent of Latin Americans would support an authoritarian government if it solved their economic problems. Like Carl Gershman, she questioned the phrasing of that particular polling question, its meaning and its implications. According to Graham, Latin Americans distinguish between the theoretical concept of democracy and the way democracy works in their own countries. Simply because citizens are showing discontent with their governments does not imply that they want to discard democracy entirely.

In response to these comments, Martinez, Caputo and Munck sought to clarify aspects of the report that might be open to misinterpretation. Regarding the concept of democracy used in the report, they noted that in no way was the role of elections undervalued. Indeed, part of the reason for developing the Electoral Democracy Index (EDI) was to drive home the point that democracy is never less than elections. At the same time, they said that the exercise of basic political and civil rights depends upon the development of certain capabilities that hinge on the satisfaction of material needs. Thus, delinking the discussion of democracy from social condition invites a critique of democracy as “merely formal,” a critique that has

“Democracy is no more than a set of rules of the game, based on popular sovereignty and political equality.”



**Congresswoman Epsy Campbell of Costa Rica; Michael Shifter;
Amb. Eduardo Ferrero Costa of Peru**

“Delinking
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been gaining ground in Latin America and that the report sought to counter.

Regarding the data and findings presented in the report, Munck stressed that it was important not to summarize the study’s assessment of the state of democracy in terms of one or two figures from the public opinion survey. He stated that to analyze citizen support for democracy and avoid potentially misleading conclusions from one or two questions, the report presented a Democratic Support Index (DSI)—an index that gathers responses to eleven questions. In addition, he emphasized that to offer a truly balanced assessment, the report also provided a wealth of indicators and drew on the views of leaders in the region. The bottom line, as Caputo argued, is that significant gains and accomplishments have been made in Latin America but that enduring challenges, which must be confronted head on, remain.

Concluding Remarks

Following the panel discussion, Senators Norm Coleman (R-MN) and Christopher Dodd (D-CT) joined former president Jorge Quiroga of Bolivia to close the meeting with their reflections on the UNDP findings.

Coleman emphasized that the success or failure of the democratic system in Latin America will have repercussions around the world. Through the Millennium Challenge Account, President Bush sent a message that there can only be true development when there is good governance and all are treated equally under the law. “The international community must take interest in the political landscape of Latin America since it cannot afford to watch democracy fail where it has so recently taken root.”



**Former president Jorge Quiroga
of Bolivia**

Coleman also pointed out the importance of incorporating a greater number of societal actors in the democratic process. In a region with the most unequal income distribution in the world, it is critical to the success of democracy to give the poorest and most underprivileged sectors a sense of participation. Coleman mentioned specifically the case of the indigenous peoples in Bolivia.

The proposed Free Trade Area of the Americas (FTAA) is an important step towards hemispheric integration, but Coleman warned against “overselling” trade agreements as a way to solve Latin America’s political difficulties. He noted that the United States should pay particular attention to those whose situation becomes worse as a result of trade agreements, because the resulting backlash may be against democracy as well as free trade.

Senator Dodd pointed out that the report offers a message of hope and one of caution. On the positive side, democracy has made tremendous progress in the region over the course of a generation. Military governments have given way to democratic regimes, and many countries are now adopting constitutional protections of vulnerable groups, including Afro-descendants, women, and indigenous populations.

But the report urges caution, Dodd noted, because many of the opponents of democracy have been marginalized from the

“It is critical to the success of democracy to give the underprivileged a sense of participation.”



Senators Chris Dodd (D-CT) and Norm Coleman (R-MN)

"Underdevelopment weakens democracy, and weak democracy inhibits development."

benefits of economic growth and a decent education. Hence they have low expectations of social mobility and harbor a deep distrust of democratic institutions and of politicians." Dodd argued that the core of the problem is that underdevelopment weakens democracy and that weak democracy in turn inhibits development. Latin America must break out of this vicious cycle for democracy to be successful. Latin America needs the support of the United States as well as the help of international institutions like UNDP. Dodd maintained that the lack of U.S. interest in Latin America is unacceptable for an administration that claims to be determined to promote democracy around the globe.

President Quiroga applauded the report's broad, region-wide approach—disputing the earlier suggestion of Chilean ambassador Andres Bianchi who called for country specific analyses. Nevertheless, the former president urged that the report be followed up by debate within different countries about their national situations. Latin American politicians can and should use the report's general conclusions to examine their own national landscapes and find country-specific solutions. Without restructuring the political sphere, Quiroga maintained, U.S. and international aid will not be successful at effecting positive change. Reform is of greatest importance in countries such as Haiti and Bolivia that are suffering extreme levels of poverty. Latin American politicians need to be honest and self-critical in order to end the region's political instability and economic inequality.

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