

Democratic Consolidation in Latin America

The influence of socio-economic factors on consolidation in Peru,
Ecuador, Chile and Uruguay

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Introduction

In the early 1980s most Latin American countries made a transition from authoritarian to democratic regimes. They went along with the third wave of democratization that had started in the 1970s in Southern Europe (Linz, Stepan and Gunther 1995, 124). In 1978 only three of the twenty Latin American countries were democratic; Colombia, Venezuela and Costa Rica. By 1992, 15 of the remaining countries transitioned to semi-democratic or democratic regimes. Democracy had been experienced previously in this region, but it was a very oligarchic regime with limited competition. Besides, democracy had never lasted long and it has never involved as many countries as after during the third wave (Hagopian and Mainwaring 2005, 1-2). However, this does not mean that democratization has been entirely successful. Unlike the Southern European countries which were able to consolidate, most Latin American countries are still facing challenges of creating stable, consolidated democracies. In fact, many of these countries are not fully democratic yet or are facing democratic erosion (Millet 2009, 5; Linz, Stepan and Gunther 1995, 124). This is mostly due to the fact that governments have not been able to deal with certain problems that most Latin American countries have in common: problems like poverty, inequality, and high crime rates. This has led to dissatisfaction with democracy and to popular unrest (Hagopian and Mainwaring 2005, 1-2). Fortunately, this does not apply to all countries. Chile, Uruguay and Costa Rica for example, are considered to be consolidated democracies.

Why is it that democracy has consolidated in some countries and it hasn't in others? According to Lipset and Przeworski for example, socio-economic factors are important determinants of consolidation. Research on this relationship has led to different results. While some find evidence to support the claim that economic growth and high inflation has a negative effect of durability of democracy, others find weak or no results (Hagopian and Mainwaring 2005, 35). Even others have completely neglected the possible influence of these factors on consolidation. The following questions remain unanswered: Do socio-economic factors influence the likelihood of consolidation in Latin America? Does poverty and inequality explain why many countries have not been able to consolidate? The main question in this paper is; What is the influence of socio-economic factors on democratic consolidation in Latin

America? This question will be answered by first analyzing whether a relationship exists between socio-economic indicators and democracy. Then, the mechanisms behind this relationship will be analyzed, it is argued that democratic consolidation is influenced by attitudes and behavior, which are in their turn influenced by economic circumstances. By comparing Chile, Ecuador, Peru and Uruguay, I hope to contribute to the understanding of the influence of these factors on the consolidation of democracy in Latin America. The expectation is that countries that have a more favorable economic environment have been more successful at consolidating democracy than countries with a less favorable economic environment due to higher support of democracy by the masses.

Theoretical Framework

In 1959 Lipset pointed out the correlation between democracy and wealth, industrialization, urbanization and education (Lipset 1959, 75). Each of these factors is higher in democratic countries than in non-democracies. A possible explanation is that economic development leads to increased income, economic security and better education. Citizens can develop more gradualist perspectives of politics and will be less inclined to support extremist ideologies. Also, economic growth will lead to a growing middle class which can moderate conflict. Besides, without a middle class, the upper class is more likely to find the lower class vulgar and inferior. They will resist democracy because sharing power with the vulgar lower class seems absurd to them. This condescending attitude of the upper class may intensify extremist views by the lower class and can lead to conflict (Lipset 1959, 83-84). When it comes to urbanization, according to Harold J. Laski, democracy is a product of urban life, which is why it appeared first in the Greek city states. As to the relationship between education and democracy, education is seen as a way to “broaden men’s outlooks, enable them to understand the need for norms and tolerance, restrain them from adhering to extremist and monistic doctrines, and increases their capacity to make rational election choices” (Lipset 1959, 78-79).

Many years later Przeworski et. al mention a couple of economic factors that contribute to the probability of consolidation. The first factor is wealth ; once a country has democratized; economic development has a strong influence on the probability of consolidation. Democracy can be expected to last an average of about

8.5 years in a country with per-capita income under \$1,000 per year, 16 years in one with an income between \$1,000 and \$2,000, 33 years between \$2,000 and \$4,000, and 100 years between \$4,000 and \$6,000 (Przeworski et. al 1996, 40-41). The second factor is economic performance. Even if a country is poor, when the economy grows rapidly with a moderate rate of inflation, democracy is much more likely to last. Democracies that grow faster than 5 per cent annually have a greater probability of survival than countries that have a slower annual growth. Third, consolidation is also influenced by income inequality. A democracy with shrinking inequality is expected to survive for about 84 years, while a democracy with increasing inequality is only expected to survive for about 22 years (Przeworski et. al 1996, 40-42). A fourth factor that can have an influence on consolidation is economic regime. Linz and Stepan argue that democracies cannot be consolidated in a command economy because a certain degree of market autonomy and ownership diversity is necessary to produce an independent and lively civil society. A completely free market is not beneficial for consolidation either. For a democracy to endure it is necessary to have public goods (education, health and transportation). Also, a safety net is essential to reduce inequality (Linz and Stepan 1996, 3-5).

Of course socio-economic factors are not the only determinants for the existence and stability of democracy. Robert Pinkney mentions other factors that have been emphasized by several authors. Four of these factors will be mentioned below. The first factor is political attitudes and behavior; are people willing to accept losing and will they comply with the rules of the game even when they are in disadvantage? According to Almond and Verba this depends on historical and cultural factors like colonization and earlier behavior of the elite (Pinkney 2003, 26). However, economic development can have a positive influence on behavior and attitudes through better education. It will allow citizens to be tolerant and abide by the rules and it will restrain them from resorting to extremism. The same can be said for the second factor, inter-elite relations. Tolerance for example, will also improve the relations between elites. The third factor, emphasized by Moore, is social structure and interactions between social groups. According to Moore, democracy emerges out of bourgeois revolution. Yet, looking at history this has not always been the case (Pinkney 2003, 28-29). The fourth factor is the strength of political institutions. Institutions should be able to contain conflicts without being pushed to authoritarianism. All the other

mentioned factors, including economic development, will be useless without political institutions like parties, legislatures and bureaucracies. However, institutionalization and socio-economic development are certainly linked even though the mechanisms behind this link are not entirely clear (Pinkney 2003, 31-32).

Thus, even though there are other determinants of consolidation, socio-economic factors are very important and should not be disregarded. In this paper the influence of the mentioned factors will be analyzed. Moreover, explanations of how socio-economic factors influence the consolidation of democratic consolidation in Latin America will be explored. However, before we move on it is necessary to define and operationalize the key terms in this paper.

Democratic Consolidation

It is important to note that this paper is not about the transition or the quality of democracy, it is about the consolidation of democracy. Therefore, Przeworski's minimalist definition of democracy will be used, he defines democracy as a regime in which those who govern are elected by the population through meaningful elections (Przeworski 2000, 15). As to democratic consolidation there is no consensus on how to define this concept. There are many definitions of democratic consolidation. A well known minimalist definition is that of Adam Przeworski:

“democracy is consolidated when under given political and economic conditions a particular system of institutions becomes the only game in town, when no one can imagine acting outside the democratic institutions, when all the losers want to do is to try again within the same institutions under which they have lost” (Przeworski 1996, 26).

This definition is regarded minimalist because it takes behavior and attitudes into account but it does not include norms and the interdependence of actors and political institutions (Faulenbach 2007, 6). Huntington's definition is in between the minimalist and maximalist definitions. He emphasizes political culture and behavior by stating that the population has to accept the democratic institutions and that democratic norms must be internalized. Therefore, consolidation is a process that takes a considerable amount of time. Also, he adds the two-turnover test which means that there must be two peaceful and democratic turnovers of parties. The logic behind this

is that a turnover of power shows that political leaders are sufficiently committed to democracy to surrender power (Huntington 1991, 266-267). However, this indicator on its own is certainly not sufficient measure. According to the two-turnover test, Germany for example would not have been seen as a democratic country until 1993.

A maximalist definition of democratic consolidation is that of Linz and Stepan. They define consolidated democracy as a political regime in which democracy has become the only game in town. This seems similar to Przeworski's definition, but it includes a behavioral, attitudinal and constitutional dimensions. Also, they state that consolidation occurs in five arenas; civil society, political society, economic society, rule of law, and the state apparatus. On the behavioral dimension, we can speak of consolidation when there are no actors that spend significant resources attempting to create a nondemocratic regime. On attitudinal dimension, democracy is consolidated when a majority of the public finds democracy the most appropriate way to govern, even in bad economic conditions. On the constitutional dimension, we can speak of consolidation when governmental and non-governmental forces become habituated to resolving conflicts within the bounds of specific laws, procedures and institutions (Linz and Stepan 1996, 6-15).

Larry Diamond draws on the definition of Linz and Stepan and defines consolidation as "the process of achieving broad and deep legitimization, such that all significant political actors, at both the elite and mass level, believe that the democratic regime, is the most right and appropriate for their society, better than any other realistic alternative they can imagine" (Diamond 1999, 62-68). Thus according to him, consolidation occurs on two dimensions; normative and behavioral, and on three levels; elites, organizations and the mass public. This generates a three by two-table to assess consolidation. In this matrix he gives specific indicators of consolidation on each level and dimension. When all indicators show commitment to democracy on both dimensions we can speak of consolidation. Consolidation on the level of mass for example, requires at least two-thirds of the citizens consistently supporting democracy (believing it is the best form of government) and a maximum of 15 per cent rejecting it actively (Diamond 1999, 62-68). But why these exact thresholds? One could argue that the chosen thresholds are arbitrary.

The problem with these definitions is that they are difficult to operationalize. Civil society and political culture for example, are rather vague concepts that cannot be defined easily. Even when one operationalizes these concepts, this could be arbitrary like in the case of Diamond's thresholds. Therefore, in this paper the definition of Gasiorowski and Power will be used. They define democratic consolidation as the process by which a democratic regime becomes durable enough so that a democratic breakdown, thus a return to non-democratic rule, is no longer likely. Gasiorowski and Power develop a measure of consolidation that is more empirical and allows clear operationalization. These indicators are more direct measures of behavior instead of norms and attitudes, which are more difficult to operationalize and measure. The first indicator is whether a new democratic regime survives the holding of a second election for the national executive. This indicator shows us whether the opposition accepts the conduct and outcome of free, fair elections. The second indicator is whether a democratic regime survives an alternation in executive power that leads to a change in the partisan character of the executive office. This indicates willingness of the elites to respect the rules of the game and surrender power. It is true that alternation in power might be ascribed to certain political events instead of consolidation. Also, if power is not alternated this does not mean that a democracy is not consolidated. However, the three indicators taken together have a high success rate in measuring consolidation. That being said, the last indicator is the survival of democracy for a certain period. Democratic institutions are said to become stable and legitimate over time. Gasiorowski and Power state that democratic breakdown is less likely after 12 years of democracy (Gasiorowski and Power 1998, 745- 764).

The choice for this minimalist definition does not mean that political culture, political institutions and norms are not regarded as important factors of consolidation. The reasons for choosing this definition are first of all to have a clear, empirical and relatively simple operationalization. Besides avoiding vague conceptualizations and arbitrary thresholds, this is important because the length of this paper does not allow an extensive definition since four countries are being studied. Most important, the purpose in this paper is not to find out whether the four countries studied are consolidated democracies or not. The purpose is to determine the possible influence of socio-economic factors on democratic consolidation and the mechanisms of this relationship.

Methodology

In this paper a comparable cases design will be used in which four Latin American countries of the southern cone will be compared. The reason that Latin America has been chosen is that this region has always been plagued by poverty and inequality. A most similar system design will be used, which means that similar cases will be selected in terms of religion, language, colonizer, third-wave democracratization and region. The cases differ in the dependent variable, which in this case is consolidation of democracy. This way I hope to find which factors may account for consolidation.

As to the specific cases, two countries that are regarded as consolidated democracies will be compared to two countries that are not regarded as consolidated. The first two countries that have been chosen are Chile and Uruguay. Both countries are considered to have a consolidated democracy and are southern cone countries. Chile made the transition to democracy in 1990 and Uruguay in 1985 (Hagopian and Mainwaring 2005, 3). The other two countries that have been chosen are Peru and Ecuador. Peru made the transition to democracy in 1980. However this did not last for long. After 1982 the regime went through periods of semi-democracy, democracy and authoritarianism. In 2001 the regime returned to democracy until today. Ecuador made the transition to democracy in 1979; it became semi-democratic in 2000 and democratic again from 2001 till 2003. After 2003 democracy has been deteriorating in Ecuador and it went back to a semi-democracy. Thus, it is clear that democracy has failed to consolidate in both countries (Hagopian and Mainwaring 2008, 57-61).

For the first part of this paper I will look for a relationship between socio-economic factors (the independent variables) and democratic consolidation (the dependent variable). The independent variables are: wealth measured by GDP per capita, economic growth measured by annual GDP growth, inequality measured by the Gini index, inflation rate, and urbanization which will be measured by urban population in percent of total population. To measure education, adult literacy rate will be used as well as gross primary, secondary and tertiary school enrollment. For the second part of the paper I will then attempt to analyze how these factors impact democratic consolidation through support for democracy by examining the responses of the Latinobarómetro in Peru, Ecuador, Chile and Uruguay. Here I propose two hypotheses. The first hypothesis is that economic factors influence consolidation

because the population evaluates the system in terms of economic performance. The second hypothesis is that economic factors influence consolidation due to the lack of resources in relatively poor or unequal countries.

Democratic Consolidation in Peru, Ecuador, Chile and Uruguay

Democratic Consolidation in Peru

Since the beginning of the third wave, democratic consolidation in Peru was seen as something very unlikely to happen. Peru became democratic in 1980 after 12 years of military dictatorship. It had many problems; an economic crisis, inflation, an internal armed conflict, a lack of experience with democracy and weak democratic institutions. Bolivia, Argentina and Brazil also experienced hyperinflation and Colombia encountered armed conflict. However these countries did not have setbacks in the 90s in the way that Peru did (Hagopian and Mainwaring 2005, 261-262). Between 1980 and 1990 Peru went from high inflation to hyperinflation (annual rate of thousand per cent or more), real wages fell dramatically and there was a recession. The deterioration of the economy led to decreasing support for the president and disillusionment with democracy. For example, presidents Fernando Beláunde (1980-1985) and Alan García Pérez (1985-1990) were popular in the beginning of their terms, but as the economy deteriorated so did their popularity (Mettenheim and Maloy 1998, 64-65). The dissatisfaction with economic performance allowed Alberto Fujimori's rise to power in 1990, which brought on a complete reversal of democratization. Fujimori established an authoritarian and personalistic regime with an anti-institutional and anti-party discourse. After 1992 Fujimori was able to finally lower inflation rates which had reached four digits in 1988 and 1989, something that led to growing support of the government (Hagopian and Mainwaring 2005, 262-273).

As to the three indicators of consolidation Peru meets two of the three conditions of consolidation. The first indicator is survival of a second election for the national executive. In 1980 when Peru went back to democracy, president Beláunde was in power. In this short period there were no elections and no change in the partisan character of the government, so the second condition is not met either. Peru was only democratic for two years, after which it went to semi-democracy. This means they do not meet the 12-year requirement, the same can be said for the democratic period of

1985 to 1987. In 1990 Alberto Fujimori came to power, stability disappeared and democratization was completely reversed. After 1990 Peru went through democratic, semi-democratic and authoritarian regimes. Therefore Peru cannot be considered a consolidated democracy (Hunefeld 2004, 273-275).

Democratic Consolidation in Ecuador

Ecuador was under military rule from 1972 to 1979. During this period the socio-economic landscape was changing due to the oil boom, industrial expansion and agricultural modernization (Corkill 1985, 63). While in 1971 the value of petroleum and gas was almost zero, in 1974 it was 23 percent of the GDP. Inflation was relatively low and Ecuador was one of the fastest growing countries in Latin America (The World Bank 2005, 2-3). However, in the early 1980s the economic situation started deteriorating, mainly due to fiscal debts. This led to a transition to neo-liberalism (De la Torre and Striffler 2008, 275). In 1986 oil prices collapsed which led to falling GDP rates and higher inflation (The World Bank 2005, 2-3) .

In 1979 Ecuador returned to democracy. Even though it stayed a democracy until 2000, there was a lot of political instability during this democratic period. Between 1979 and 2000 Ecuador had 9 presidents, this means the average term was of 2 years and 4 months. President Abdalá Bucaram, Jamil Mahuad and Lucio Gutierrez for example, were forced to resign due to social unrest, military intervention or crisis of governability (De la Torre and Striffler 2008, 271). With the return to democracy came a new system based on the separation of power between the executive and the Congress. However, this system of checks and balances turned out to be a power struggle in practice that led to political stalemate several times. This deteriorated the political system and hindered the policy making process and thereby the ability of the government to respond to problems living in the society. (De la Torre and Striffler 2008, 274). In 2000 a coup was organized by the military and indigenous activists, both groups were concerned with the economic situation. They evicted president Jamil Mahuad from power and vice president Gustavo Noboa took over (Becker 2011, 68).

Ecuador was a democracy for 20 years, from 1979 to 1999. In this period it survived changes of the national executives, presidents alternated from left and right on the political spectrum. Thus all three indicators of consolidation are present; democracy lasted for more than 12 years, the regime survived a change of national executive and a change of partisan character of the executive office. While Ecuador might have seemed like a consolidated democracy the period of 1979 to 2000 is marked by political and social instability until democracy broke down in 2000 (Hagopian, Mainwaring and Brinks 2008, 59). Even though all three conditions are met, democracy failed to consolidate in Ecuador. The operationalization of consolidation does not seem to apply to this case. This shows the importance of taking a culture into account when assessing democratic consolidation. While Diamond's definition might raise the problem of arbitrary thresholds and conceptualization, these disadvantages might be outweighed by the advantage of a more elaborate definition that takes all aspects into account. Perhaps the definition given by Gasiorowski and Power should be slightly altered to include political culture. A democracy should be regarded as consolidated not only when a regime survives turnover in power of the executive and the executive office, it should only be regarded as consolidated when this turnover occurs in a peaceful and democratic manner. The military interventions and forced resign due to social unrest in Ecuador, can certainly not be called peaceful and democratic. The coup of 2000 proves that a part of the population, the indigenous groups, did not abide by the rules of the game. When this is added to the definition, Ecuador cannot be classified as a consolidated democracy.

Democratic Consolidation in Chile

In 1939 an import substitution model was adapted in Chile. The government had an important role in the economy; it controlled import and export, wages and salaries, prices, investments and social services. By the late 1960s it controlled as much as forty percent of the GDP. Despite this policy the economy remained problematic; inflation, low growth rate, dependency on foreign capital and unequal income distribution, problems that led to unrest in Chile (Mettenheim and Malloy 1998, 92). In 1973 a military coup took place. The Pinochet regime (1974-1990) blamed socialism for Chile's economic problems. The constitution of 1980 gave General Pinochet more power and established a personalistic, repressive regime. Also, an end was put to interventionism and Chile became a market economy. However, the

economic model had mixed success. The state had no choice but to intervene, but the neo-liberal rhetoric was maintained and the economy was stabilized. In 1983 GDP growth was – 3.79 and in 1984 it was 7.97. In the meantime, political activity had returned, the opposition became more powerful and a referendum in 1989 forced Pinochet out of power. Patricio Alwin became president and led the reconstruction and democratization of Chile. Pinochet and the military remained in control because they retained their seats in the Senate. President Alwin continued the neo-liberal model and implemented a tax reform to lower income inequality. He succeeded in lowering poverty, inflation and inequality (Mettenheim and Malloy 1998, 100-105). There is no other Latin American country that has pursued a market economy approach for as long and as consistently as Chile has. However, after Pinochet the role of the government has increased and so has social spending. Chile's economy has grown more quickly and consistently than other Latin American countries (Blake 2005, 228-229).

As to the three indicators of consolidation Chile meets all three requirements. After Pinochet, democracy survived several presidential elections; Patricio Alwin, Eduardo Frei, Ricardo Lagos, Michelle Bachelet and currently President Sebastián Piñera. While Alwin and Frei were both Christian democrats, Lagos and Bachelet came from the Socialist party. However, both parties are from the same coalition; la Concertación. It is not until 2010 that a president from another coalition was elected. This was president Piñera from the conservative party National Renewal, which is part of the Alianza por Chile coalition. So, democracy has also survived changes in the partisan character of the executive office. Finally, democracy has survived in Chile for 22 years without any disruptions. This means that Chile can be considered a consolidated democracy according to the measure used here (Rector 2005, 21-22).

Democratic Consolidation in Uruguay

Uruguay was a democracy from 1945 until 1973, when democracy collapsed and Uruguay came under military rule. In 1972 salaries were lower than the average in 1950-1967, there was a great foreign debt and a negative balance of payments. This economic situation facilitated the military coup, many citizens believed it was the only way to make economic progress (Kaufman 1979, 23-26). After 1973 a neo-liberal program was implemented to reform the economy, which had been seeing

negative trends since the 1950's due to the exhaustion of the import-substitution model. It was hoped that the transition from a statist to a free market economy would solve Uruguay's economic problems, which were blamed on the import substitution model. However, the military refused to fully support this neo-liberal program and to dismantle the two traditional parties, the Colorados and the Blanco, as many officers supported one of these parties (Mettenheim and Malloy 1998, 143). In 1980 a new constitution was submitted to a referendum. The referendum did not pass which weakened the military's belief in their legitimacy while it strengthened the traditional party's confidence in their legitimacy. The military started negotiations with representatives of the traditional parties about a democratic transition, this resulted in the Navy Club Pact which meant a return to democracy (Mettenheim and Malloy 1998, 144). In 1985 Sanguinetti was democratically elected and he had the task to restore the economy. The liberalization that had started during the military dictatorship was continued. The economy revived mainly due to increasing demand of neighboring countries (Buxton and Philips 1999, 82-92). Uruguay has remained democratic since 1985.

Uruguay meets all three conditions of consolidation. In 1985 a president from the Colorado Party was elected; Sanguinetti. His successor was Luis Alberto Lacalle, from the National Party. This means that a change of national executive took place simultaneously with a change in the partisan character of the executive office. This happened again in 2005 when a president from the Frente Amplio party was elected. Finally, Uruguay has been a democracy for 27 years and thus can be considered a consolidated democracy (Buxton and Philips 1999, 82-83).

Socio-Economic factors in Peru, Ecuador, Chile and Uruguay

Socio-economic factors in Peru

The GDP per capita in Peru has increased by 127, 47 % since the short lived democracy during the third wave. This time democracy has lasted longer, with 11 years of democracy it is now the longest democratic period in Peruvian history. However, there does not seem to be a clear and consistent trend when analyzing the average GDP per capita and GDP growth. Out of the three times that Peru was democratic, two times this transition followed a growth in GDP per capita (table 1), in the democratization in 1980 and in 2001. Against expectations, in the 1985 transition

from semi-democracy to democracy, the GDP per capita declined. However, during this democratization there was a significant GDP growth of 6.93 percent, while the previous year showed a negative GDP growth of -3.3 and was accompanied by a democratic breakdown. This significant growth of the GDP makes up for the slight decrease of the GDP per capita. Be that as it may, the GDP growth does not show a consistent trend either as one of the three democratization periods is accompanied by a decline in GDP growth. The inflation rates in Peru do not seem to be consistent with the regime types either. Nevertheless, in the short democratic periods of 1980 to 1982 and 1985 to 1987, there was a relatively high inflation. In the current, relatively longer democratic period the average inflation is only 1.93 per cent, which is very low especially considering that Peru has reached four-digit inflation levels. As Przeworski said, even when a country is poor, economic growth and moderate inflation make consolidation more likely (Przeworski et. al 1996, 40-42).

As to the Gini index it has been increasing over the last decade, which makes consolidation less likely. Despite growing inequality became a democracy again in 2001. This is explained by Christian Houle, who states that inequality only harms consolidation but not democratization. What characterizes the path of Peru is not inability to democratize, as this has happened 3 times since the third wave, it is the inability to consolidate democracy which could partly be explained by inequality. It is argued that inequality is the reason why Eastern Europe is more stable than Latin America in terms of democracy (Houle 2009, 590-597). Urbanization has also increased from 65.06% urban inhabitants during the third wave democratization, to 71,01% in the current democratic period. Finally, when it comes to education literacy and enrollment have been increasing since 1968. Especially secondary school enrollment has increased by 90%. This is a very good development and is enabling Peruvians to make rational decisions during elections, as well as enabling them to understand norm, compromise and compliance to the rules of the game. The current durability of democracy could be explained by this significant increase in education. Nevertheless, tertiary school enrollment is still very low. So, Peru was not able to consolidate during the third wave democratization, a period during which all the mentioned economic indicators were not favorable, except for economic growth. Currently Peru has been democratic for 11 years and it has a better average GDP per capita, GDP growth, inflation rate, urban population, literacy and enrollment. Thus,

socio-economic factors definitely seem to influence stability and consolidation of democracy.

Table 1 Peru: Economic Indicators

Regime type¹	A	D	S	D	S	A	S	D
	1968-1979	1980-1982	1983-1984	1985-1987	1988-1991	1992-1994	1995-2000	2001-2007
GDP per Capita (\$)	754.21	1195.20	1029	1015.32	1084.43	1678.22	2217.16	2718.73
GDP Annual Growth (%)	3.62	3.22	-3.3	6.93	5.84	5.72	3.53	5.39
Inflation Rate (%) ¹	24.20	59.15	111.15	109.05	2989.22	48.62	7.62	1.93
Gini Index	-	-	-	45.72	-	44.87	49.59	52.70
Urban population (%)	60.03	65.06	66.21	67.30	68.67	69.74	70.50	71.03
Literacy rate (%) ³	-	81.92	-	-	-	-	-	88.47
Primary School enrollment(%) ⁴	112.01	115.18	115.22	117.20	117.68	117.36	121.78	117.31
Secondary School enrollment(%)	45.80	58.64	61.23	63.47	66.35	67.01	77.27	87.03
Tertiary School enrollment(%)	12.37	19.18	21.21	25.01	30.16	28.60	26.79	32.93

1. *D=Democratic, S=Semi-democratic, A=Authoritarian*
2. *Inflation is measured by change in CPI*
3. *In percentage of population above 15 years of age*
4. *Gross enrollment ratio is the ratio of total enrollment, regardless of age, to the population of the age group that officially corresponds to the level of education shown. Therefore it can exceed the 100 %.*
5. *Source Data: World Bank Source regime types: Hagopian, Mainwaring and Brinks 2008*

Socio-economic factors in Ecuador

Ecuador has seen a very significant growth of GDP per capita in a short time. In the period before the third wave democratization the GDP per capita was only 587,29 dollars, it then increased with as much as 135% (table 2) contributing to the long democratic period. In 2000 the GDP decreased again and there was a democratic breakdown. However, after this period the data goes against expectations. In 2001 democratization takes place despite of the decrease in GDP per capita. While the average GDP per capita increases by 171, 6% in the period of 2004 to 2007, a transition to semi-democracy takes place. As to the average GDP growth, this also goes against expectations except for the transition of 2001 where democratization goes together with an increase in average growth. The same can be said for the average inflation rate and the Gini index. The inequality shown by the Gini index does not seem to have impeded democratization, however it probably did affect the probability of consolidation. The average percentage of urban population has been increasing every period but it must be noted that Ecuador seems to be behind on Peru. On average 60 per cent of the population were urban inhabitants for the period of 1968-1979, in Ecuador it was only about an average of 42 per cent in the period of 1970 to 1978. Like in Peru, primary and secondary enrollment has increased over the years, especially secondary enrollment. Literacy has seen a slight decrease when comparing the literacy rate during the democratic period and the current semi-democratic period. Literacy was relatively higher in 2001-2003 when democratization took place, and thereby seems to be the only trend that meets the expectations together with tertiary enrollment, which is even lower than in Peru. So, comparing the current semi-democratic period to the democratic period of 1979 to 1999 inequality is

slightly higher and literacy is lower despite higher enrollment, indicating a possible decline in the quality of education.

Table 2 Ecuador: Economic Indicators

Regime Type	A	D	S	D	S
	1970-1978	1979-1999	2000	2001-2003	2004-2007
GDP per Capita (\$)	587.29	1381.94	1291.34	1053.55	2891.53
GDP Annual Growth (%)	7.59	2.21	2.80	3.92	5.34
Inflation Rate (%)	12.05	35.26	96.09	25.27	2.62
Gini Index	-	53.56	56.59	54.21	53.88
Urban population (%)	41.98	53.72	60.30	61.6	63.93
Literacy rate (%)	-	85.93	-	87.61	84.19
Primary School enrollment(%)	103.42	116.55	115.52	113.46	117.04
Secondary School enrollment(%)	35.42	54.88	57.14	49.45	65.11
Tertiary School enrollment(%)	16.20	27.43	-	23.88	-

Source Data: World Bank; Source regime types: Hagopian, Mainwaring and Brinks 2008

Socio-economic factors in Chile

According to Przeworski, the higher the GDP per capita, the longer democracy can be expected to survive. Chile's first democratic period lasted for 40 years with a relatively low average GDP per capita. This shows that poor countries are capable of democratization, however consolidation might be a problem. The current GDP per capita in Chile is 504 per cent higher than during their first democratic period (table

4). Compared to Ecuador and Peru, Chile's GDP is very high with 5088, 63 dollars. The average GDP growth meets expectations; it is higher during the democratic periods than during the authoritarian period. The same can be said for inflation, which is much higher during the authoritarian period than for both democratic periods. The current inflation is 76.9 per cent lower in the current democratic period than in the period of 1932 to 1972, which could explain why democracy did not consolidate in the previous democratic regime. This decreasing inflation makes democracy more durable. Inequality has also decreased in the democratic period of 1990-2007 making democratic consolidation more likely. The trend of the urban population is not consistent with the regime types as in Peru and Ecuador, however it is significantly higher in the period of 1990 to 2007 than in 1932 to 1972. The literacy rate in Chile is high, especially compared to Ecuador and Peru. It is also higher now than during the authoritarian period. School enrollment has generally increased although tertiary school enrollment is still low. So, Chile has had a very favorable economic development, when comparing the current democratic period to the prior period, there is a higher average GDP per capita, a higher GDP growth, decreasing inflation rates and inequality, higher urbanization, literacy and school enrollment. In Chile, these better economic conditions during the third wave democratization seem to have contributed to democratic consolidation which failed in the less favorable circumstances of the democratic regime from 1932 to 1972.

Table 3 Chile: Economic Indicators

Regime Type	Democratic	Authoritarian	Democratic
	1932-1972	1973-1989	1990-2007
GDP per Capita (\$) ¹	842.00	1686.02	5088.63
GDP Annual Growth (%)	4.04	3.43	5.47
Inflation Rate (%)	37.78	122.49	8.70
Gini Index	-	56.21	54.65
Urban popu-	73.41	80.92	85.57

lition (%)			
Litera-cy ra te (%)	-	91.13	95.00
Primary School enrollment(%)	117.79	115.69	101.78
Secondary School enrollment(%)	51.12	65.96	86.57
Tertiary School enrollment(%)	11.49	14.17	35.83

1. For Chile the GDP deflator is used as a measure of inflation.

2. Earliest data available from 1963

Socio-economic factors in Uruguay

In 1942 Uruguay managed to democratize despite the relatively low GDP per capita, however democracy was not able to consolidate. In the period of 1985 to 2007 the average GDP per capita was 575, 7 per cent higher than during the first democratic period and Uruguay is now considered a consolidated democracy (table 4). The average GDP growth is also higher than during the previous regimes. Inflation has always been relatively high in Uruguay, but after the third wave democratization it has decreased by 27, 2 per cent compared to the period of 1942 to 1972. Literacy rate is higher than during the authoritarian regime and school enrollment has increased in general. Finally, the average urban population was already high during the period of 1942 to 1972 and is now as high as 96, 95 of the population. As in the other three countries tertiary school enrollment is still low. Overall, Uruguay has had a positive development with the exception of inequality. Like in Chile, the economic circumstances were not very favorable in the previous democratic regime in which democracy did not manage to consolidate. With the higher average GDP, higher GDP growth, lower inflation, more urban population, higher literacy rates and more school enrollment, democracy has consolidated in Uruguay.

Table 4. Uruguay: Economic Indicators

Regime Type	Democratic	Authoritarian	Democratic
	1942-1972	1973-1984	1985-2007
GDP per Capita (\$)	709.73	2060.26	4793.37
GDP Annual Growth (%)	1.16	1.04	2.97
Inflation Rate (%)	54.60	58.07	39.75
Gini Index	-	43.65	44.65

Urban population (%)	81.84	84.82	90.26
Literacy rate (%)	-	93.86	96.95
Primary School enrollment(%)	113.01	109.56	109.68
Secondary School enrollment(%)	60.10	63.22	88.72
Tertiary School enrollment(%)	-	17.70	36.06

Earliest data available from 1963

In order to find out which democratic factors could have influenced democratic consolidation in Latin America, it is necessary to compare the results of the consolidated countries to that of the non consolidated countries. This way we can see if there are any factors that are present in the consolidated democracies but not in the unconsolidated democracies. When comparing Chile and Uruguay against Ecuador and Peru a couple of differences can be perceived. First of all, all countries started out with a relatively low GDP per capita, but Chile and Uruguay have made more progress as they both have higher GDP. Their combined average GDP during their third wave democratization is 284 per cent higher than that of Peru and Ecuador during their third wave democratization. The relationship between GDP and democratization seems to be present in these countries. Moving on to inflation, Uruguay has always had relatively high inflation rates, however this has never reached the levels that it did in Peru. You can see that during Ecuador and Peru's third wave democratization inflation rates are relatively high. Peru had an average inflation of 59,15 per cent and democracy survived for only 2 years, Ecuador had an inflation of 35,26 percent and survived for 20 years, Chile had an inflation of 8.7 per cent and is now considered a consolidated democracy. Uruguay seems to be the only exception; they have survived for 22 years with an average inflation rate of 39.75 per cent. However, it must be noted that since 2004 inflation rates have finally reached the one digit levels.

Even though Uruguay is divergent, it seems clear that inflation is important for democratic consolidation. As to the urban population there is quite a difference between the consolidated and the unconsolidated democracies. During their third wave period of democracy percentage of urban population was lowest in Ecuador with 53 per cent urban inhabitants. In Chile it was 85 per cent and in Uruguay even 90 per cent urban population. Thus, Harold Laski might have been correct when he stated

that democracy is a product of urban life (Lipset 1959, 78-79). Literacy rates are also higher in the consolidated democracies where they approach the 100 per cent. The same can be said about secondary in tertiary enrollment. Of course we are comparing different periods in time because the third wave democratization took place earlier in Ecuador and in Peru. This is justified by the fact that we are trying to look for a link between certain factors and consolidation of democratic breakdown during the first wave. Besides, when comparing the latest period for each country, there is a relatively big difference between the consolidated and the unconsolidated democracies in terms of GDP per capita, urban population and literacy rate. That is, if we can even call Ecuador a democracy at the moment. Concluding, during the democratic regimes after the third wave democratization, Uruguay and Chile had a higher GDP per capita, lower inflation rates (especially in Chile), a higher percentage of urban population, higher literacy rate and finally, higher secondary and tertiary school enrollment.

How socio-economic factors influence consolidation

Having stated that the relationship found by many scholars between socio-economic factors and democratic consolidation seems to be present in Latin America, there is still an important question that needs to be answered. How exactly do socio-economic factors influence democratic consolidation? According to Schedler, behavior, attitudes and structural environment have different levels of causation and are linked with each other. As visible in figure 1, behavior is a proximate cause of regime stability, attitudes are a proximate cause of behavior and structural factors are an important cause of attitudes and actors.

Figure 1. Chain of causation

Structural context

Attitudes

Behavior

Democratic stability/Consolidation

Source: Schedler 2001, 69

Generally, when the behavior of actors is not democratic, democracy is in danger. Think of the many military coups and indigenous riots in Ecuador for example. This behavior endangers democracy because consolidation requires democracy to be the only game in town. Mass support for democracy is important to prevent crisis and to ensure democracy is able to survive a crisis. Anti-democratic behavior is expressed in three ways; violence, rejection of elections and the transgression of authority (Schedler 2001, 69-72). Nevertheless, behavior does not say everything, Actors might for example sustain a façade of compliance to the rules of the game. Therefore, when assessing consolidation it is important to analyze attitudes instead of waiting for anti-democratic behavior to take place (Schedler 2001, 76).

So, it is clear how attitudes and behavior can influence democratic consolidation. But how can the structural context, in this case socio-economic factors, influence attitudes? According to Simon, when there is poverty and the political system is new, the population generally makes evaluations in terms of economic performance. This means that when there is bad economic performance, disillusionment with the incumbents and even the system is likely. Another explanation is that people who live in poverty have few resources to spend on anything besides their basic needs. Voting can have functional costs like transportation and forgone income for a missed day at work, which is why people are less inclined to vote (Simon 2002, 24-25). By analyzing individual-level data (Latinobarómetro responses from 1995 to 2010) and looking at voter turnout and reasons for not voting, support for one or both of these hypotheses will be sought, hereby focusing on attitude and behavior on the mass-level. The expectation from the observation of attitudes is that respondents generally express higher concern for economic performance instead of democracy and its attributes and that they evaluate the government and/ or the system in terms of economic performance. The expectation related to resources is that resources like time and money impede the population from participating in the elections.

Evaluation of Democracy

Let us now move on to the responses of the Latinobarómetro. When asked what the most important characteristics of democracy are, in all three countries the majority responds with open and fair elections with the exception of Chile (table 5). There, the economic system is ranked on the first place by the majority. Peru ranks the economic

system on the third place and both Ecuador and Uruguay rank it on the second place. This shows how important economy is regarded by many people, more important than equality before the law, respect of minorities, majority rule, freedom of speech (except in Peru), representativeness and a competitive party system. Also, in all countries except Uruguay, more than 50 per cent of the respondents find economic development more important than democracy (Latinobarómetro 2010). The biggest difference between the consolidated and unconsolidated countries can be found on the approval for the way the government is confronting the economic crisis. In Chile and Uruguay a large majority approves, this could help explain political stability in these countries. Furthermore, in Peru and Ecuador the population is most dissatisfied with democracy and is the least convinced that democracy is the best form of government. When it comes to economy the populations of Peru and Ecuador are most dissatisfied and think the economic situation is bad. Another clear difference between the countries is the willingness of participating in protest movements. In Peru and Ecuador more people think that protesting is the best way to bring about change and let their opinions be heard. It is this evaluation of the government and the system in economic terms and the unconformity to the rules of the game that have contributed to political instability and economic breakdown in Ecuador and Peru. While in Uruguay for example many people are also dissatisfied with the economic situation, democracy is still supported. Perhaps the population in Uruguay does not solely blame the economic situation on the government or maybe this can be attributed to political culture and democratic maturity.

What is striking is the lack of support for and satisfaction with democracy in Chile. Especially regarding the fact that Chileans are the least pessimistic about the economic situation. Perhaps this is due to the amount of time that democracy has been in place. Chile has been democratic for 22 years, which is 5 years less than Uruguay. Inequality can also be an explanation, the Gini coefficient in Chile is similar to that of the unconsolidated democracies while in Uruguay there is less inequality. As much as 57.8 per cent of the Chileans disapprove of the policy to eradicate poverty, in Uruguay that is 43,2 per cent. Finally, it is possible that Chileans do not feel like their vote will have a lot of influence. To the question of whether respondents think their vote will have an influence in the future, 41,4 per cent says no in Chile against 23,5 per cent in Uruguay. Be that as it may, the data shows support for the first hypothesis. It seems

that many people do find economy more important than democracy and they make evaluations of the system based on economic performance, due to for example the novelty of the regime or bad economic conditions.

Lack of Resources

Table 5 Responses on democracy and economy

	Peru	Ecuador	Chile	Uruguay
Democracy is preferable to any other kind of government	60.7 %	55.0 %	56.4 %	82.1 %
I am satisfied with democracy	21.8 %	28.4 %	38.6 %	64 %
The best way of contributing to change is by protesting	19,9 %	21.3 %	8.3 %	7.8 %
Economic development is more important than democracy	66.7 %	62.6 %	56.5 %	34.5 %
I approve the way in which the government is confronting the economic crisis	26.7 %	48.1 %	78.0 %	83.8 %
The current economic situation is bad	46.4 %	47.5 %	34.7 %	40.9 %

Source: Latinobarómetro 2010

As it can be seen in table 6, turnout is generally quite high with the highest turnout in Uruguay. Chile has the lowest turnout; again this is probably partly because many Chileans (41.4 per cent) believe their vote does not have a lot of influence in the future. In Ecuador 50, 5 per cent of the respondents share this view and 40 per cent in Peru, while in Uruguay that is only 23,5 per cent. However, another very important reason in Chile for not voting is that respondents lived far away. This is also the second most important reason in Uruguay. This means that resources in the form of time and money are indeed of importance. Thus, these results confirm the second

hypothesis, voting is impeded by lack of resources. However, against expectations, respondents in the wealthier countries find this an issue instead of the respondents in Ecuador and Peru, which could partly be explained by the still high inequality in Chile and Uruguay.

Table 5 Electoral behavior

	Peru	Ecuador	Chile	Uruguay
I voted in last presidential elections	83.2%	85.8 %	71.1 %	91.1 %
Reason for not voting				
Did not have voting ID	48.8 %	6.6 %	1.8 %	6.9 %
Lived far away	2.8 %	6.5 %	20.2 %	8.6 %
Sick / Pregnant	5.9 %	18.2 %	6.8 %	6.9 %
Had no age	-	25.7 %	3.8 %	58.5 %
Dislike all parties / candidates	2.3 %	11.0 %	4.8 %	3.9 %
Other	40.2 %	32 %	62.2 %	15.2 %

Conclusion

The main question that I attempted to answer here is what the influence is of socio-economic factors on democratic consolidation in Latin America. The relationship between economy and democratic consolidation that many claim exists, is indeed found in these countries. During the democratic regimes that came to place during the third wave of democratization, the consolidated countries had a higher GDP per capita, lower inflation rates, a higher percentage of urban population, higher literacy rates and higher school enrollment compared to Ecuador and Peru and compared to their previous democratic regime in which consolidation failed. In Peru, Ecuador, Chile and Uruguay economic problems have led to political unrest and instability. In Ecuador and Peru this amounted to riots, the masses and the military forcing resignation of the president and the election of non democratic presidents like in the case of Fujimori. In Chile and Uruguay economic dissatisfaction led to military coups which many citizens supported first because of the possible economic benefits. This reveals the importance of compliance of the elites and especially the masses so that democracy becomes the only game in town. For this reason it was argued that socio-economic factors influence democratic consolidation through behavior and attitudes. The responses of the Latinóbarometro support this claim. All four countries attach a lot of importance to the economic system and many respondents even find economy more important than democracy. Also, the lack of resources due to unfavorable economic conditions seems to affect voter turnout. As to the differences between the countries in which consolidation succeeded and the countries where it did not, Uruguay and Chile are most satisfied with democracy and they are the most convinced that democracy is the best form of government, although in Chile satisfaction and support are not as high as expected.

Under no circumstances do I claim that socio-economic factors fully determine the commitment of the population to democracy, Uruguay proves this is not the case.

Neither do I claim that socio-economic factors determine democratic consolidation. However, socio-economic indicators are structural factors that make democratic consolidation more likely as the population will start to see democracy as the only game in town. The level of education that is necessary so that citizens are can make rational choices, understand politics and do not resort to extremism is also of great importance and partly influences attitudes and behavior.

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