The Origins of Liberty:

Political and Economic Liberalization in the Modern World

Edited By

Paul W. Drake and Mathew D. McCubbins

1997

Dedicated to our Susans

Table of Contents

Acknowledgments i

List of Contributors ii

1. The Origins of Liberty 1

Paul W. Drake and Mathew D. McCubbins

2. Limited Government and Liberal Markets: An Introduction to "Constitutions and Commitment" 16

Douglass C. North and Barry R. Weingast

3. Constitutions and Commitment: The Evolution of Institutions Governing Public Choice in Seventeenth-Century England 21

Douglass C. North and Barry R. Weingast

4. Democracy, Capital, Skill, and Country Size: Effects of Asset Mobility and Regime Monopoly on the Odds of Democratic Rule 51

Ronald Rogowski

5. The International Causes of Democratization, 1974-1990 92

Paul W. Drake

6. The Political Economy of Authoritarian Withdrawls 125

Sephan Haggard and Robert R. Kaufman

7. When You Wish Upon the Stars: Why the Generals and Admirals Say “Yes” to Latin American “Transitions” to Civilian Government 159

Brian Loveman

8. Political Structure and Economic Liberalization: Conditions and Cases from the Developing World 221

William Heller, Phil Keefer, and Mathew D. McCubbins

9. Afterword 278

Paul W. Drake and Mathew D. McCubbins

References 281

The Origins of Liberty[*]

by

Paul W. Drake and Mathew D. McCubbins

Why would sovereigns ever grant political or economic liberty to their subjects? Under what conditions would a person or group that possesses ultimate authority over a society willingly give up any of that authority? What is the logic that leads power-and-purse-maximizing rational rulers to cede ground to other political and economic actors?

We will investigate both "why" a sovereign might liberalize and "when." By "sovereign," we refer to the institutional locus of sovereignty. It is the supreme national political authority with a monopoly on the legitimate use of force. That combination of state and regime can reside in a king, a dictator, an elected president or parliament, or any ruling body that exercises executive and legislative powers.

In this collection, our authors are usually asking what might motivate an authoritarian regime to make concessions to its subjects. We concentrate on autocrats as the toughest cases to explain because they are, by definition, the least likely to deliver liberties to their underlings. In a few instances, however, we will investigate the reasons why a democratic regime might expand the liberties of its citizens. We do so because liberalism is a continuum, not a dichotomous function, and we seek to explain why and whence it changes.

When discussing "liberalization," we have in mind the standard concept of increasing the numbers and freedoms of competing participants in the political or economic system. This process involves opening the arena to a broader constellation of conflicting interests. We are discussing regimes that become more liberal--in the classic political and/or economic sense of expanding individual rights and freedoms--than they were before, without implying that they become paragons of liberalism. Of course, these are matters of degree. Despotic political systems may become less restrictive without becoming fully democratic in the historic Western mold of freely elected, representative, accountable institutions. Even if dictatorships do evolve into democracies, they may only meet the most narrow formal criteria for such systems. For example, they may recognize the people's rights to govern through elections, judicial procedures, and administrative processes, but they may retain severe constraints on those channels. To varying extents, all democracies are limited as to who can participate, who can govern, and what the governors can do.

Although most of our authors concentrate on political changes, some--particularly Douglass North and Barry Weingast and William Heller, Philip Keefer, and Mathew McCubbins--also investigate economic reforms. Political and economic liberalization may or may not occur together. Economic liberalization usually includes the right to own private property and to exchange goods and services in markets relatively unencumbered by the state. However, few, if any, markets are totally free from government interference, although some are clearly less fettered than others. Moreover, we realize that political and economic organizations can offer greater equality of opportunity without improving social equity.

What are the central causes of liberalization? Obviously, it can be promoted by either the state or civil society, by elites or subordinates. Conceivably, an opening can be generated from above or below. Often the interaction, bargaining, tugging ,and hauling between state power holders and other contenders determines the resulting degree of liberalization or even democratization. Scholars have frequently argued that political liberalization within authoritarian regimes depends on the balance of power and negotiations--explicit or implicit--between dictators and democrats. Within that relationship, some analysts have shown that liberalization typically begins when the despots bestow some limited civil liberties on particular groups within society. This “top-down” tendency was forcefully presented in the landmark multivolume study of transitions from authoritarian rule by Guillermo O’Donnell, Philippe Schmitter, and Laurence Whitehead.

Our anthology carries that focus on elite-led cases a bit further by concentrating on the conditions under which ruling groups will initiate and carry out political or economic liberalization. In this volume, we are looking at the decisions and subsequent actions of sovereigns who preside over liberalization attempts. This book examines governments that are immune to revolutionary uprisings; they are too entrenched to be overthrown by force. When these rulers face conflict with their opposition, they must either repress those that seek reform or give in to demands to liberalize. They may choose liberalization for many reasons, including their own ideological propensities, reactions to exogenous shocks, or pressures from social or political movements. It goes without saying that one of the primary factors that policymakers take into account is the character and clout of their opponents.

Once liberalization is unleashed from above, it can take many courses. As it unfolds, the opening can be reversed by reactionaries in the authoritarian camp, halted in midstream by clashing interests, or propelled on to fullblown democratization by reformers inside or outside the regime. Once in train, this process may go farther than the elites ever intended, perhaps damaging some of the interests they had thought they could preserve. Like anyone else, sovereigns can miscalculate, and they may have to recalculate as liberalization proceeds. These alternative outcomes assume that revolutionaries do not seize the initiative, for successful insurrections are few and far between.

As many scholars have established, even the triumph of democratization should not blind us to the limits and legacies left by the authoritarians. Although the peaceful installation of representative, electoral democracy may be seen as a victory for the democrats, it will seldom materialize unless it is also in the self interest of the dictators. The essays in this volume argue that liberalization or democratization will rarely occur unless the authorities calculate that the expected benefits will exceed the costs for them and their preferences. As Alexis de Tocqueville in the 1830s observed about French politics from the 12th to the 19th century:

> In the course of these seven hundred years, it sometimes happened that the nobles, in order to resist the authority of the crown, or to diminish the power of their rivals, granted some political influence to the common people. Or, more frequently, the king permitted the lower orders to have a share in the government, with the intention of depressing the aristocracy. In France, the kings have always been the most active and the most constant of levellers (Tocqueville 1956: 27).

When will sovereigns conclude that they can maximize their benefits and/or minimize their costs by opening up spaces for their subjects to exercise political and/or economic freedoms? From the point of view of the logic of power holders, what analysis might convince them to cede some control over resources, whether people or property? Sovereigns have a certain amount of power and security, and when they decide to liberalize it is because they believe that this stock of leverage and safety will increase more or decrease less under a more liberal system. This collection proposes that peaceful transitions to less authoritarian political and economic systems are most likely to transpire when the existing autocrats are reaping some gains while retaining some protections of their welfare, rights, privileges, and interests.

Whenever the question of liberalization comes up, the chief of state will be wise to calculate carefully the potential costs and benefits. Some of the costs of liberalization a ruler might pay include increased risk of personal injury or death, less control over policy implementation, and uncertainty or losses in the economic sector. The benefits are more subtle, but they can include less political unrest, a more robust economy, and more efficient production of social services. Whatever the particular costs and benefits the sovereign envisions, his analysis is crucial to the inauguration and implementation of liberalization.

When choosing to reinforce or relax controls, the ruler’s considerations reflect five main concerns. Conceivably, either repression or liberalization might be the best alternative for heads of state to attain their five goals:

(1) Personal Welfare: When weighing a decision to intensify or relieve pressure, sovereigns will first evaluate which choice is best for their personal situation. Rulers have to preserve their own welfare in order to retain their power, maintain order, and enact policies. Above all, they will seek to avoid being punished, for example by trial, imprisonment, exile, or execution. They will also try to enhance and insure their personal gains and safety, whether by exterminating their enemies or turning power over to their least hostile adversaries. During liberalization, the supreme authorities may structure the incentives created by the new institutions in such a way as to safeguard their lives and honor.

(2) Personal Power: The ruler will also seek to obtain or retain as much personal power as possible. Either tightening or loosening the screws could conceivably incur the following costs: dividing the ruling coalition, alienating the special security forces, weakening the rule of law,

losing legitimacy, or forfeiting the office entirely. Only repression would entail the additional cost of paying the internal security forces and perhaps the added benefits of satisfying them and monopolizing resources. By contrast, only liberalization would carry the risks of having to share some resources and maybe even turn power over to an unacceptable alternative. Despite those dangers, dictators might decide to lighten their hand in order to broaden the ruling coalition, reduce the cost and clout of the security forces, preserve some resources, or pass power on to a tolerable successor.

(3) Internal Order: Either coercion or concessions, sticks or carrots could spread disobedience, conflict, violence, rebellion or revolution. Conversely, both strategies have the potential to diminish and moderate the government's opponents, to mitigate strife and bloodshed, and to encourage obedience. Under varying circumstances, intimidation or co-optation might be equally effective at establishing tranquillity and averting upheaval. Improving civil liberties might have the added virtue of generating information and feedback from the citizenry as well as nurturing the consent of the governed.

(4) External Order: The quest for national security, international respect, and peace abroad are all manifestations of the sovereign’s desire for external order. An iron fist might be an effective means to those ends because it could frighten outsiders as well as insiders. However, a velvet glove might be more effective at defusing foreign animosity, attracting external cooperation, and convincing other democracies not to go to war against a fellow liberal state.

(5) Policy Preferences: Policy goals would presumably include control over the government budget as well as a host of public issues. The substantive agenda of particular sovereigns might be benevolent or malevolent for the rest of society. In most cases, the rulers’ highest priority will be a healthy, stable, growing economy that pleases investors as well as

consumers. Economic crises and downturns will render all other objectives less attainable, since depressions damage all governments, and no regime can survive without revenues.

A sovereign's reliance on either bullets or ballots could help or harm the economy. Brutality seems more likely to guarantee the hegemon almost exclusive domain over the budget and policies, whereas mercy could require the ruler to share fiscal resources and modify the policy choices available. Nevertheless, the autocrats as well as their subjects might see some economic advantages in liberalization. These positive features could include economic freedom, rule of law, sanctity of contracts and private property from government whims, checks and balances on arbitrary actions, vetoes against extreme policy shifts, less uncertainty about alternative rulers and programs, transparency of transactions, and reliable income for the state.

As sketched above, there are certain outcomes authorities want to achieve and others they want to avoid. In order to realize their five main objectives, they must always make a delicate calculation of the relative strengths of their proponents and opponents and the likely risks of alternative strategies. Thus they must decide whether to repress or liberalize.

Since the potential benefits are greater, repression is usually tempting as the first option, especially when there is still some chance of maximizing gains. In most cases, only a heavy hand will allow the sovereign to optimize personal welfare, sustain a narrow governing coalition with whom to share spoils, satisfy the repressors, monopolize resources, extract maximum obedience, and implement budgets and policies without significant modifications or concessions. Most other benefits discussed in the preceding paragraphs could conceivably be obtained either through closing or opening the polity and/or economy, depending on the balance of forces between the ruler and the ruled.

Liberalization becomes more attractive to the sovereign when the odds are in favor of merely minimizing losses. The leader becomes willing to give up some assets so as not to sacrifice more, believing that benefits are more likely to be realized from lifting up rather than from clamping down the lid. In other words, toleration appears less expensive than persecution. One of the main attractions of opening safety valves is that it may allow the sovereign to rule with the consent of more of the governed, thus slashing police and transaction costs. However, letting off steam is extremely unlikely to be chosen voluntarily if it seems destined to lead to anarchy or to severe personal or policy losses for the ruler. Therefore authoritarians will frequently try to build in safeguards to assure that liberalization does not result in chaos or regicide.

After balancing the costs and benefits inherent in all five categories and deciding that liberalization is a sound policy, when will a sovereign opt to carry out these changes? Once the person in charge wants to liberalize, four necessary conditions will have to be met. The first fundamental requirement for liberalization to take place successfully is the existence and maintenance of order. It is a sine qua non for the survival of society, political or economic liberty notwithstanding.

Protection from the Hobbesian war of all against all--rampant disorder--is the root of a sovereign's power, as the monopolist of legitimate force within a country. The authority to enforce laws and defend borders is a byproduct of this monopoly. Government in general enjoys a comparative advantage in the production of force, and the ruler controls when and how this weapon is used. If the necessary order can be sustained without the application of massive firepower, then the extension of liberties may occur if three other conditions hold.

The second requirement is that the sovereign must possess unified power and purpose. To succeed at liberalization, the ruling body can not be divided against itself. Even an absolute monarch with the desire and knowledge to liberalize might not be in a position to do so. This is the case when there is more than one decisive group within the country. Even in totalitarian regimes, factions within the governing strata can act to oppose any attempt to liberalize the political or economic system.

In many nations, sovereign power is held by a group. How these people exercise authority is determined, in part, by how they make decisions. The institutional structures--the rules of the game--can shape outcomes. For example, if the dominant clique makes decisions by unanimity rule, then the decisive group is the entire sovereign. If, however, a sovereign legislature such as the English Parliament makes decisions by majority rule, then the decisive group is a little more than half of the membership. If there is no decisive group within the government who desires liberalization, then it will not occur.

In democracies, divided and coalitional government can lead to effective resistance to change. If, however, the sole source of force or authority resides within one decisive group, they can liberalize whenever they see fit. The converse of this premise is that either policy losers are not decisive, or they can be bought off. In the first instance, it must be the case that losers neither hold a veto position over policy change nor possess enough strength to hold the decisive group hostage. If losers from policy change are capable of exerting influence, then they must agree to go along with proposed changes. Losers of this type (who by virtue of their influence are important actors) can often be compensated for their losses with side payments.

Third, the sovereign must be capable of enforcing his policies within his own country. The sovereign must be a privileged group capable of supplying a public good, in this case liberty, of its own accord. We have previously discussed how the Hobbesian war of all against all is the source of the sovereign's authority, specifically the ability to prevent or end this war. The top decision-maker must consolidate his own power before attempting to liberalize, but then he must also insure that he commands sufficient force to eliminate threats to this authority both at home and abroad.

Not all attempts to liberalize succeed, even in the presence of all the necessary conditions discussed above. In order for liberalization to succeed, a ruler must satisfy a fourth condition: a credible commitment not to renege. In order to achieve this commitment, a chief executive may sometimes give up some political power for economic advancement, in effect selling off political assets for capital. In some cases, when rulers are insolvent, the only collateral or guarantee they can offer is their office. Credible commitments receive the most attention in the essays by North and Weingast and by Heller, Keefer, and McCubbins, and to a lesser extent in the article by Loveman.

In selecting the chapters for this volume, we sought an unusual mixture of theoretical and empirical approaches to the question of why sovereigns might liberalize. Some authors employ abstract models of decision making, some statistical analysis, and some historical methods. We believed that this diversity of approaches was the most effective way to uncover the many different origins of liberty. Looking at this central question from a number of fresh perspectives helped elucidate and debate the sufficient conditions for liberalization.

We realized that trying to generalize and theorize about this complex issue across centuries and borders would slight many significant contextual, historical, regional, social, and cultural differences, contradictions, and nuances. Obviously, liberalization in seventeenth-century England had different meanings and imperatives than in twentieth-century Chile. Nevertheless, we felt that a broad sweep was necessary in order to abstract a model using simplifying assumptions. We tried to balance those generalizations with enough case studies to show that our theory can be applied in the real world and has to be qualified there.

The authors vary as to which aspects of top-down liberalization they examine and highlight. All of the chapters offer both theoretical claims and empirical findings. Some tilt more toward abstractions, while others lean more toward case materials. Theoretically inclined social scientists may be more satisfied with the essays that emphasize principles and axioms, while area or historical specialists may be more pleased with the contributions that spotlight the idiosyncrasies and complexities of time and place. Combined, these approaches provide both grand generalizations and rich examples. In our view, these two approaches are necessary, complementary, and too seldom brought together. Whether concentrating more on the forest or the trees, all of the chapters address and illuminate the unifying question of why and when rulers are prone to liberalize.

In the first chapter, Douglass North and Barry Weingast ask why a king would choose, however reluctantly, to yield to subjects demanding participation and rights. The authors unveil the conditions that favored liberalization in England in the seventeenth century. As in many of our cases, exogenous factors provided important motivations for changing the rules of the game in the direction of liberalization. Britain and France were at war, and the English monarch needed money to defend the realm. In order to secure this capital, the monarch needed to make a commitment to pay back all debts. If he could not commit himself in some credible way, then the interest rates would be too high, and the amount too small. This commitment was made credible by liberalizing the political institutions of England. In short, the Stuart King abdicated some of his political power to insure his safety and well-being. The crown created an independent judiciary and legislature in what has become known as the bloodless revolution. This accomplished his principle goal of personal security at the expense of the secondary goal of personal power. Like several of our authors, North and Weingast emphasize the role of institutions, demonstrating that new institutional arrangements helped a government to make credible commitments to restrain its own behavior and thus facilitated tandem political and economic liberalization.

Ronald Rogowski’s contribution to this volume addresses the question of why the rulers of some types of countries are more likely to liberalize and democratize than others. He explains why democracy is more prevalent in nations blessed with abundant physical and human capital but a small population. A key factor is a sovereign’s reaction to capital flight. A credible commitment to secure property rights is necessary to encourage investment. In particular, Rogowski focuses on human capital flight, and the development of democracy as a response to the expanding needs of the labor market. As the populace grows wealthier and better educated, its human capital becomes more valuable. In order to maintain high levels of human capital, an authoritarian regime may well liberalize rather than risk losing its most precious assets, the people.

Paul Drake analyzes the issue of why so many despots relinquished perquisites and power in the tidal wave (“tsunami”) of democratization from the 1970s to the 1990s. He argues that the effect of the international climate on their options and decisions has been underestimated. He studies two types of external factors. First, some conditions, such as economic downturns, could have disrupted order under any kind of regime, but in this historical cycle they mainly undermined dictatorships; these elements provoked regime alterations without determining the direction of change. Second, other factors, such as ideological influences, encouraged a particular type of change, in this period inducing tyrants to liberalize instead of lash out. In another era, for example the 1930s, economic crises could topple democracies, and foreign ideologies could favor their replacement by dictatorships. With an emphasis on Latin America, Drake illustrates the significance of such global forces in recent years by showing their impact on Chile's Augusto Pinochet, a dictator who seemed exceptionally impervious to outside pressures.

Exploring similar questions in the same decades of democratization, Stephan Haggard and Robert Kaufman disaggregate that global phenomenon. They investigate which types of authoritarian regimes were most susceptible to international and other forces encouraging transitions toward democracy. They underscore the differential impact of economic trends and crises on varying configurations of authoritarian institutions and coalitions. Concentrating on Latin America and Asia, Haggard and Kaufman conclude that divided military governments were more likely to acquiesce in liberalization than were unified military regimes or dominant party systems. They warn, however, that democratic sovereigns are also vulnerable to exogenous shocks.

Looking at a subset of authoritarian rulers, Brian Loveman inquires as to why the Latin American militaries, despite their ability to rule by force, are willing to give ground to civilians. He shows that the armed forces, like other sovereigns, may promote democracy out of their own personal, institutional, and programmatic self interests. Lacking legitimacy as permanent rulers, the military grants liberties to civilians but only within limits and only with guarantees for its own institutional protection, needs, and values. Loveman reminds us that since the armed forces left office largely on their own terms, they can also return to power for their own reasons.

Our final chapter tries to solve a somewhat different puzzle about liberalization by sovereigns. William Heller, Philip Keefer, and Mathew McCubbins explain why both authoritarian and democratic governments in developing countries have become surprisingly willing to shrink themselves in the interest of economic liberalization. These leaders divest themselves of certain powers in the pursuit of economic efficiency and growth. Drawing on examples from Latin America and Asia, the authors establish that a sovereign needs the desire, ability, and knowledge to open up the economy. These reforms succeed only when policy makers want change, control the necessary political and institutional resources, and possess adequate expertise to make the new laws produce the desired results. Further, they show how institutional variations play an important role in determining the nature and extent of liberalization. Finally, Heller, Keefer, and McCubbins underscore how a credible commitment to carry out and maintain the proposed reforms is necessary to make the transition permanent.

As all our authors show, the origins of liberty usually lie in the calculations of its supposed enemies. It is often a self-interested sovereign who fears losses, disorder, insurrection, revolution, or foreign defeat that institutes liberal political and/or economic policies. Liberalization and democratization can also emerge from the grass-roots, but that is only part of the story, and maybe not the decisive part. In their struggle for liberty, its champions should realize that, since they lack superior force, they are more likely to succeed if they can convince the ruler that concessions are in his self interest. In order to explain why and when sovereigns will decide to liberalize, it is necessary to explore further the logic of liberalization from their perspective.

Footnotes

---

* For comments on earlier drafts of this introduction, we wish to thank Bruce Bueno de Mesquita, Gary Cox, Peter Gourevitch, Eric Hershberg, Evelyne Huber, David Laitin, and Eduardo Silva.

Political Structure and Economic Liberalization: Cases from the Developing World[**]

by
William B. Heller, Philip Keefer, and Mathew D. McCubbins

1. Introduction

Liberalization has become the orthodoxy of economic development. In pursuit of deregulation, privatization, and free trade, an increasing number of countries have taken a leap of faith from government planning of the economy to the invisible hand of the marketplace. Many countries, such as Chile, have successfully liberalized and now experience high rates of growth and development. Others' attempts at liberalization have yielded little more than chaos, with economic and political disruption. Given the potential rewards and the obvious risks, it is natural to ask when we might expect to see liberalization, both attempted and successful.

Scholars have sought to answer this question by suggesting a link between economic crisis, such as debt crises, inflation, or declining income, and policy change. Although there is some support for this hypothesis, there are numerous counter-examples. Many countries have reformed, for example, even though they were not suffering a crisis (e.g., Japan), while other countries have failed to reform despite persistent economic crises (e.g., Senegal). Economic crisis may indeed be a factor that affects economic policies directed at liberalization, but it is neither necessary nor sufficient to bring about economic reform.

We are interested here in defining necessary and sufficient conditions for reform. We argue that liberalization will come only when made possible by the confluence of three necessary conditions. First, liberalization will not be attempted unless the political leaders consider reform desirable. This requires a change in the interests or incentives of the leadership so that reform becomes attractive relative to the status quo of government ownership and planning. This could come about in a number of ways, including changes in the leadership itself, changes in the leadership's support coalition, or changes in the value of the status quo to the leadership. Note that we leave the definition of "desirable" open; reform might be desirable for ideological reasons, but it also could be useful if it denies issues to political opponents. The key to the desirability of reform is that it depends on the known, inferred, or imputed preferences <u>of the reformer</u> and not on objective standards. In economic terms, reform is desirable if it leads to an expected benefit for the reformer that is greater than the expected benefit from doing nothing. Second, for reform to occur, policy makers must believe that they can identify plausible alternatives that correspond to their preferences. Third, liberalization will not occur unless policy makers who favor reform control the political resources to enact and implement the policy change. This requires that reformers both play a role in agenda setting and control the institutional means to legislate and execute policy. In other words, reformers have to control all the key institutions from the outset or, failing that, they must replace or form coalitions with those who have the institutional (or, possibly, organizational) wherewithal to block reform.

We claim that liberalizing reform will occur only if these three conditions are met. The conditions are necessary, since it is difficult to conceive of anybody undertaking to proposing reform in the absence of the first two conditions (that is, positive expected benefits) and it seems clear that reform will succeed only if the third condition holds. The conditions are sufficient, in that they require no additional circumstances to make reform occur. It is possible to break the conditions into more detail (e.g., the power of unions to mobilize street demonstrations and the propensity of politicians to care), which we do to some extent when we discuss individual cases, but these three conditions as stated are necessary and sufficient for liberalizing reform.

We argue that institutional structure sets the context for political decision making and reform. Although there exists no straightforward relationship between institutions and outcomes—such as, authoritarian countries can reform while democracies cannot—institutions do create incentives for political leaders and shape and constrain their actions. Under different contexts, institutions might make reform more feasible or they might hinder reform. Institutional structure can stack the deck in favor of reform and provide incentives for the leadership to enact liberalizing policies.

While the three necessary conditions may seem obvious, the existing literature on policy reform does not systematically explore them and their relation to reform. However, we cannot begin to understand when events such as coups, elections or economic upheavals will lead to liberalization until we understand these political foundations for moving to more liberal policy. The contribution of this chapter is to look at the three conditions, particularly the first and third, comprehensively. In the following section, we describe these conditions further. We then demonstrate the importance of these conditions with an analysis of the recent histories of economic liberalization (or lack thereof) in seven cases: Chile, South Korea, Mexico, India, Turkey, the Philippines, and China. These cases run the gamut from established democracies to democratizing (or recently democratized) political systems to an authoritarian regime. Although these brief case studies are too few to constitute a test of the necessity or sufficiency of the three conditions, they clearly illustrate the fundamental importance of political structure to reform outcomes.

2. Conditions for Reform

Traditionally, the dichotomy between strong and weak states forms the basis for the analysis of economic reform. In Huntington's classic formulation, for example, economic growth in the absence of strong state leadership is likely to lead to political chaos (Huntington 1968). In this view, the social unrest caused by economic reform requires a relatively insulated state, which can impose short-term costs on the society for long run benefits. As many have noted, however, including Huntington himself, (see, e.g., Lipset 1959; Dahl 1971: 62-80; Huntington 1984; Clague, Keefer, Knack, and Olson 1994), this prediction rarely seems true, for democratic states also have the highest level of economic development.

We believe explanations of liberalization based on concepts of strong and weak states, and on liberal and illiberal political traditions, are insufficient to explain why governments ever choose to liberalize, or why some succeed where others fail. It is not necessarily true that strong governments adopt liberal economic policies; nor is it the case that political liberalization is inextricably linked with weak governments. A more fruitful approach to the analysis of reform is to consider directly the incentives of policy makers and their capacity to implement policies that correspond to their preferences.

We see the fundamental source of both illiberal policies and pro-liberal reform as political. Illiberal policies—even inefficient, costly ones—tend to survive for political reasons (Bates 1988a; 1988b). Politicians care about how policy affects their bases of support. That is, they care about outcomes—the distribution of income, wealth, or political power in society—and not about policy per se. Politics, rather than economic efficiency, determines winners and losers when politicians have interests in benefiting their constituents. The politically charged issues—such as the incidence of benefits and losses from policy change — thus become vitally important. Indeed, we contend that the expected incidence of benefits and costs will be critical to the decision of whether to liberalize.

We argue that a government will institute policy change if and only if three conditions hold:[1]

1) a potentially decisive group within the government prefers some plausible alternative to the status quo;
2) the same decisive group within the government can obtain sufficient knowledge to formulate an appropriate policy to yield the desired outcome; and
3) this decisive group can both legislate and implement policy changes to obtain the desired outcome--and expects to remain decisive after the reform.

The essence of these three conditions is that the government must want to change policy, must know how to change policy to produce desired outcomes, and must have the ability to change policy. We discuss these three conditions in turn.

2.1 Condition I: The Desirability of Reform

Policy makers' political preferences determine whether reform is desirable. Although individuals' personal and ideological interests are difficult (if not impossible) to discern, we can identify the institutional factors that structure decision makers' motivations. In democratic systems, office holders' tenure in power depends on whether they maintain their constituents' favor. Electoral laws affect policy makers' preferences by shaping and reinforcing leaders' reliance on their constituents' support (Mayhew 1974; Carey and Shugart 1995).[2] Therefore, the interests of the socio-economic coalition supporting the political leadership in part determines the desirability of reform relative to the status quo.

Particular policies distribute benefits and costs—such as who pays the tax bill, who receives government-sanctioned monopoly rights, and so on—among members of the society. Reform tends to redistribute these benefits and costs. The political risks of reform, however, threaten to devalue the liberalization's benefits and magnify the costs. Thus, for political leaders to choose to reform their economies, the net expected utility from the proposed policy change—the risk-weighted benefits minus the risk-weighted costs—must exceed the expected net value from retaining the illiberal status quo. Since office holders remain in office only with the "permission" of their supporters, we presume that they have the incentive to make policy to benefit their constituents. Therefore, we expect to see liberal reforms only if constituents who support the government stand to enjoy a net gain from liberalization.

Government ownership and regulation of the means of production, however, was chosen originally to secure the benefits of production for certain constituents—be they, for example, the military, labor, or the landed elite. What circumstances might lead to a change in the calculus of benefits and costs? Four types of circumstances are sufficient to alter the relative values of the status quo and reform. First (and most obviously), an altogether new leadership will face different benefits and costs from individual policies: different leaders represent differing constituencies, whose interests are expected to vary. If the new leadership's core constituents are likely to benefit from privatization, particularly if the new leaders have been selected because of a promise to privatize, then the impetus for reform may be sufficient to fulfill our first condition. If we define regime change narrowly, as the passage of government control from one political party to another, the connection with reform is clear as long as the parties appeal to different constituencies. For example, until recently, a change in control of government from Conservative to Labour (or vice versa) in Britain has carried with it clear, predictable implications for government policy (see, e.g., Butler and Stokes 1976, Moodie 1971:30-32). In general, a change in leadership should be a clear indicator of a shift in the desirability of reform.

Second, even if the individuals in power do not change, coalition realignments—a change in the government's base of support—can provide a motive for reform. As long as political leaders care about maintaining their hold on power, changes in their supporters' preferences will induce them to alter their policy stances.[3] They may do so in order to create new bases of support more amenable to their own preferences, or in response to a change in the institutions which structure their incentives. For example, an electoral change that requires broadening coalitions could lead to significantly different patterns of constituency preferences. Constituency changes or electoral realignments therefore might indicate a sufficient change in leaders' preferences to make reform desirable.

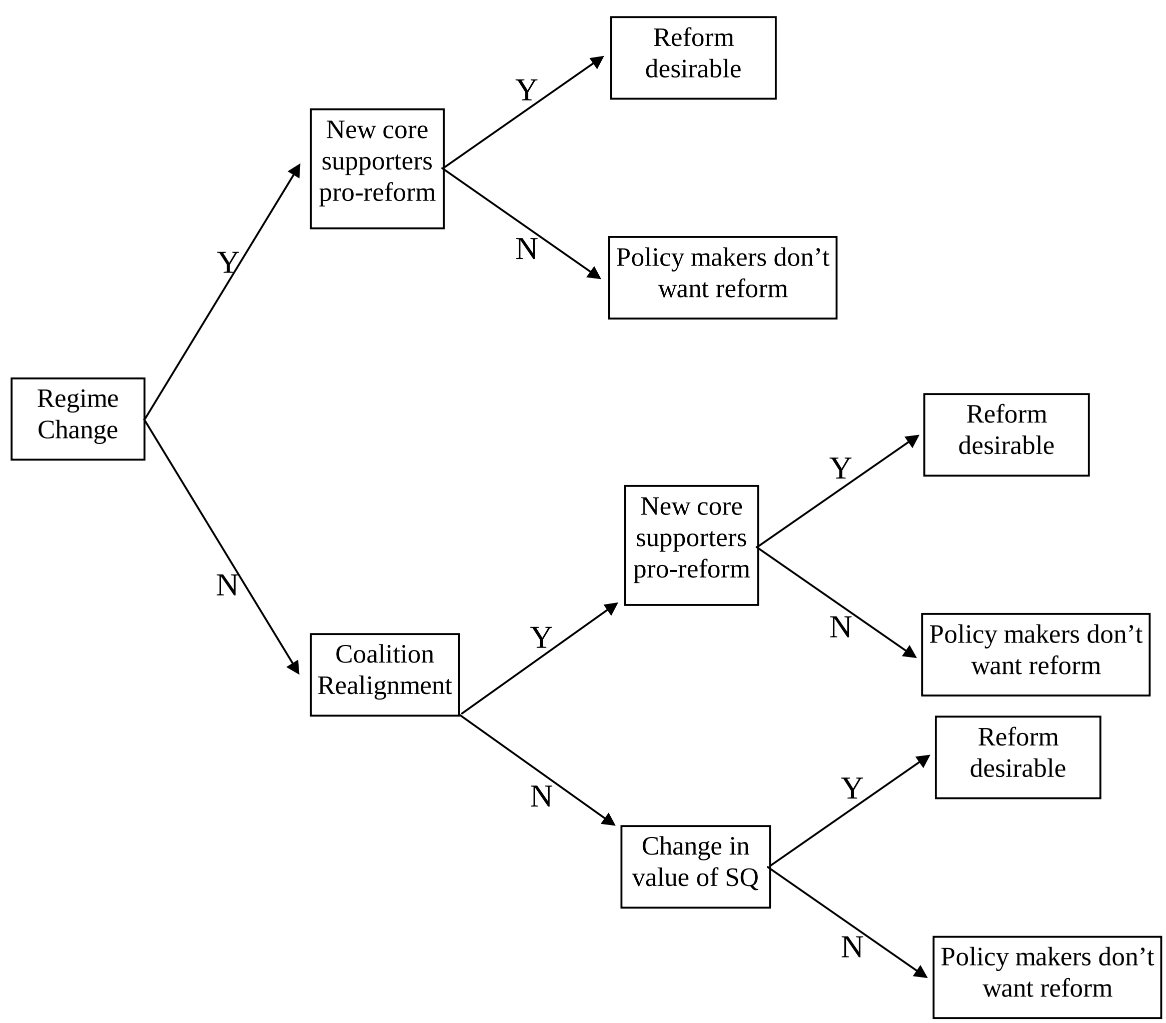
The two previous sufficient circumstances stem from changes in the government's support coalition. Two more possibilities consist of changes in the value of the status quo itself. First, the value of the status quo may be altered due to an external change in the economic environment, such as a debt crisis, runaway inflation, or a recession. If the set of policies in place maintains the economic dire straits or hinders the economy's ability to heal itself, then the net value of reform will increase greatly.

Predicting the magnitude of a crisis needed to produce a given reform is not a simple task, however. A crisis that affects resources available to the government may vary in the degree to which it stimulates reform depending on such factors as demographic pressures, technological change (see, e.g., North 1981), the availability of foreign aid, the overall state of the government's economic policies, and so on. In addition, a number of political or procedural factors can affect the size of the drain and how much it constrains the government—from legally mandated accounting practices, for example, to the political salience of budget shortfalls (see, e.g., Alt and Lowry 1994; Cox and McCubbins 1991; Fiorina 1992). The Latin American debt crisis of 1982 is one clear example of a widely perceived change in resource constraints. The crisis sounded the death knell for import-substitution industrialization in many Latin American countries. Nevertheless, while leading to reform in Mexico, it marked the beginning of eight years of steadily deteriorating economic performance (and policy) in Peru. Elsewhere, foreign aid softened the blow of economic crisis and therefore economic pressures failed to motivate reform efforts. Thus a macroeconomic crisis may indicate a change in the desirability of reform, but—contrary to common belief—it is not in itself sufficient to guarantee reform.

Finally, the value of the status quo may change “internally” due to the accumulation of the leadership’s own decisions. State ownership of enterprises often diminishes the enterprise’s capital stock as the government expropriates the enterprise’s cash flow, depreciating its assets. Hence a utility, for example, may become nonproductive due to insufficient reinvestment. In this way, a purely internal change—rather than a macroeconomic crisis—as policies accumulate over time may devalue the status quo policy. In this example, privatization may be an attractive alternative to reinvestment. In the broader set of cases, liberalization in general may be seen as an attractive solution to a devalued status quo, despite the coalition remaining constant.

We recognize that the assertion that reform will only occur if leaders want reform may sound almost tautological. However, our emphasis on the leaders accentuates the facts that: (1) contrary to conventional wisdom, the existence of a crisis itself does not necessarily imply that a reform will occur; and (2) the interests of and changes in the leaders’ socio-economic coalition determine whether reforms are desirable. For the case studies, then, we should be able to identify for every reform program clear cases of either leadership change, coalition realignment, or economic factors which make reform relatively attractive compared to the status quo. Figure 8.1 summarizes this assertion. However, these occurrences are each sufficient only to fulfill one necessary condition—that of desirability. Where reform does not follow liberalization-favoring changes in the coalition or in the value of the status quo occurs, our argument implies that some other necessary condition is not fulfilled. We argue, therefore, that knowledge of reform policies and the political feasibility of reform limits the degree to which desired reform actually occurs.

Figure 8.1: Why do some governments liberalize and others do not?
Condition (I)



2.2 Condition II: Knowledge

The second condition for reform is that leaders must know—politically and technically—how to accomplish their policy objectives. Knowledge is important for two reasons: first, no leader will propose policy change without the belief that the change will lead to better outcomes; second, policies designed in the absence of sufficient knowledge might lead to unintended consequences. While we certainly think knowledge is important, we mention it only in passing here. For our purposes, we consider the second condition to be met in most cases. Governments have myriad resources to draw on in this respect, such as educated elites, information-gathering agencies, technology transfer, and third parties that can offer specialized expertise to decision makers.

2.3 Condition III: The Feasibility of Reform

Reform will take place only if the policy makers who want to reform have the means to enact the policy change. This is the essence of the third necessary condition. Which policy makers have the means to institute or block policy change—hence, whether reform can succeed—is again a question of political structure: the rules that define who sets the agenda and who has authority to veto or amend the agenda setter's proposals (Lijphart 1984; Carey 1993, 1994; Grofman and Lijphart 1986; McNollgast 1992). First, agenda setters are those actors who possess the authority to propose policy change. For example, in the United States, the House of Representatives and the Senate share agenda power.[4] In most parliamentary systems, the agenda is controlled by the prime minister or various cabinet ministers. Second veto gates consist of institutional hurdles that must be crossed for a proposal to become legislation. Veto players are defined as those actors who control veto gates. The preferences of veto players must be taken into account by strategic agenda setters. Their veto power may consist of the ability to block legislation outright—presidents, second legislative chambers, partners in a multiparty coalition government, and legislative committees often have this power—or they may have other, weaker means to amend, postpone, or oblige other actors to negotiate with them on policy. Veto players' authority might be circumscribed, as in the United States where a presidential veto can be overridden by a two-thirds vote in both congressional chambers, but it can also be absolute.

The nature and number of veto gates and veto players are influenced by both electoral and governing institutions. The number of veto players can vary from one (in the hypothetical case of an absolute dictator or a single party majority in a unicameral parliament) to many (as in multiparty coalition governments; see Tsebelis 1993). Table 8.1 shows some general types of electoral rules and some of their effects. A proportional-representation system, for example, tends to lead to multiparty legislatures and governing coalitions and thus often increases the number of parties able to block policy.

Table 8.1: Electoral rules and their policy effects

Electoral system	Election	Candidate selection	Effect on party system	Effect on the likelihood of policy change
Proportional representation	Candidate-centered: open list, single-member district, non-transferable vote	Local committees or party leaders National party congress National party leaders	Proportional-representation rules do not in themselves lead to more or less parties, but they do make it easier for smaller parties to win legislative seats	More localization leads to more particularistic policy benefits to constituents. Politicians may have to cut deals across constituencies, which makes changing policy difficult due to bargaining costs. The greater the number of parties, the more likely that policy enactment requires coalition bargaining across parties. Each party in the governing coalition is a veto player, making it's policy more difficult to enact.
Plurality	Party-centered: closed list—or, as in Britain, "decisive" elections (Strom 1990) and strong party discipline	Primary (open or closed)	Plurality election rules tend to the formation of a two-party system.	The more candidates compete on grounds other than party label—for example, intraparty primaries and SNTV—the more politicians will seek to claim credit for particularistic policy. There corresponds a reduction in party discipline.

Vetoes may also be created by such constitutionally defined institutions as a bicameral legislature, federalism, or presidentialism. Table 8.2 provides a categorization of the effects that different political institutions have on the number and nature of veto players. The division of policy authority among various actors—and even among tiers of government—may increase bargaining costs and reduce the effective bargaining space. Requiring the agreement of additional players implies, all else equal, a greater diversity of interests and hence greater disagreement over changes to the status quo. Therefore, increasing the number of veto players is likely to reduce the likelihood of reform, but should also make policies more sustainable as they will be more difficult to alter in the future. Rules also determine the autonomy of different institutions in policy making. Certain bodies may have the authority to veto only certain types of policy. For example, the German upper house (Bundesrat) possesses a veto over policy affecting the states

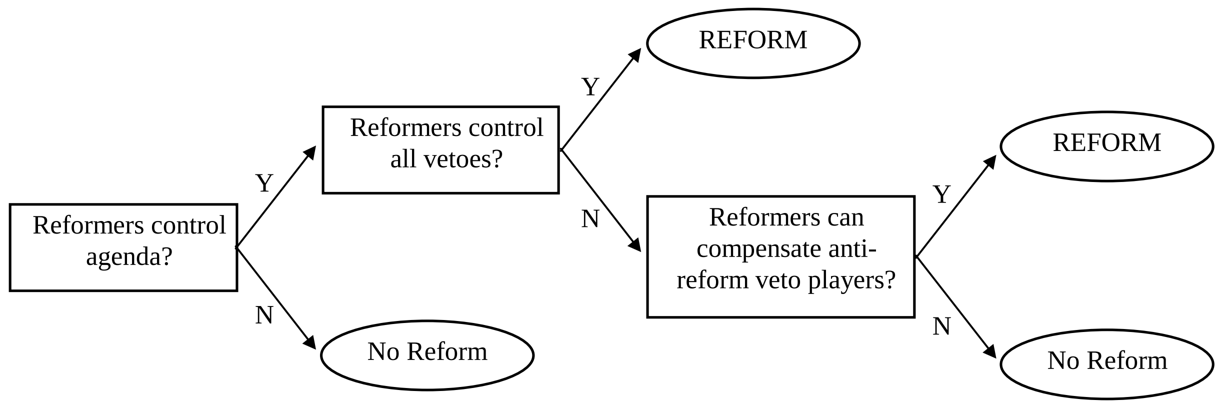
(Länder), but not over national policies. Therefore the lower house (Bundestag) is autonomous in making national policies, but not policies which impact the states directly.[5] Furthermore, the degree of independence of the judiciary, as well as the sphere within which they can make or review policy, are defined largely by formal rules, and may—as in the case of France (Stone 1992)—provide another potential veto gate over policy. In general, rules of procedure are used to determine winners and losers in policy making. Combined with the constraints of constitutional structure, we may determine a great deal about the feasibility of reform by investigating who holds what veto gates, and within what spheres of policy are those vetoes legitimate.

Table 8.2: Institutional rules and policy authority

Institution	Structure	Agenda authority	Consequences
Government structure	Presidential Parliamentary	Proposal power: propose legislation? decree power? Veto power: package or line-item? absolute or circumscribed? Can parliamentary backbenchers propose or amend legislation? Degree of cabinet control over legislative process?	The more expansive the president's powers, the more he is likely to prevail in getting his own policy passed. A reformist president with the power to propose legislation is much more likely to be able to carry out reform than a president with only a package veto. Of course, it is very difficult to reform against the wishes of a powerful president. The power of the cabinet vis-à-vis the parliament tends to be an artifact of electoral rules and coalitional makeup more than constitutional institutions. Some such institutions do play a role in strengthening the government's hand, however, by giving the government special agenda powers (Huber 1991; Heller 1993).
Legislative structure	Unicameral legislature Bicameral legislature	Do chambers have coequal powers? Do both possess veto powers?	Due to the additional veto gate of the second legislative chamber, reform is more difficult than a unicameral system. The flip side of this, of course, is that it also is more difficult to <u>change</u> policy once it is in place. Increased numbers of vetoes over policy—particularly if they have diverse interests—may lead to inflation, higher taxes, increased deficits, and fewer resources available for investment (McCubbins 1991a; 1991b; Alt and Lowry 1994; Cox and McCubbins 1991; Fiorina 1992).
Federalism	Unitary state Federal state	How dependent are local authorities on the central government? Do regional governments have access to their own resources?	The existence of multiple tiers in policy making makes implementation more difficult unless policies enjoy widespread support. Reform policies often may be weak, as politicians focus on local constituencies in creating particularistic policies.
Judiciary	Independent Subservient	Can courts set their own agenda? Are courts dependent on politicians or elections for their influence?	The existence of an independent judiciary (where the U.S. Supreme Court qualifies as quite independent, and Stalinist courts and 16th Century England's Star Chamber rank as quite subservient) may enable reform-minded politicians to lock their preferences into legislation and guard against it being undermined in the implementation stage (McCubbins, Noll, and Weingast 1987; 1989; McNollgast 1992).

Figure 8.2 summarizes the influence of institutions on reform possibilities. To enact reforms, reformers must control the agenda sufficiently to make proposals. If reformers do control the agenda, they must further control the veto gates necessary to legislate changes to policy. If those conditions are met, the next question is whether they have the economic and political capital to pay the costs that reform might necessitate, in popularity as well as in tangible side payments to the reform's potential opponents. These payments may have to be made to potential coalition partners, in order to gain the approval of all veto players. Gaining compromise among coalition partners is made more difficult by the existence of numerous preferable alternatives or multidimensional issues, either of which may increase bargaining costs and may entail time-consuming negotiations. Consider, for example, the problem of building a coalition to rationalize telephone or electric rates. In order to gain the support of rural consumers, whose rates might be dramatically increased, reformers may need to change banking laws (to cheapen money), create farm or mining subsidies, and so forth, to create offsetting benefits for those consumers. This increases the range of policies over which policy makers must agree, made necessary by the need to build a coalition in favor of reform. Bargaining costs are exacerbated in coalition governments where different coalition partners hold different ministries, each with veto power over policy changes within its ministry's jurisdiction (Laver and Shepsle 1990). Figure 8.2 demonstrates that neither preferences nor institutions alone can account for why and when policy reforms are enacted. The coincidence of both, however, will fulfill two of the necessary conditions for change.

Figure 8.2: Will reform succeed (and to what degree)?
Condition (II)



support, although not in the coalition, may prove necessary for the reform's success—of the reform's long term viability as well. In the absence of credible government commitment, investors hesitate to commit capital to investments whose rate of return may vary with political and policy shifts. Investors in privatizing industries are unlikely to make investments which face political risk unless they can be guaranteed either a sufficiently high rate of return to compensate them, or a veto or voice in the decision making process (see, e.g. Rogowski in this volume).

The long-term feasibility of reform may be tenuous to the extent that reforms are passed with fragile coalitions or significant opposition. Even if a decisive group can initiate reform, it might not remain decisive long enough to implement reform. Anticipation of changes in electoral results, within a party, or within a governing coalition may forestall reform even when it is desirable and short-term feasible. To undertake or persist in reform in light of this requires the government to account for the riskiness of a reform proposition.

3. Cases

Our basic hypothesis is that when our three necessary and sufficient conditions for reform hold, then policy will change. If those with the political authority to promulgate reform have no desire to do so, then we expect to see no policy change. If some veto players prefer the status quo to reform, then we expect to observe either no attempts to change policy (if policy makers anticipate failure and decide not to bother), or only attempts which are stymied along the way.

As noted earlier, the case studies that follow do not constitute a test of the necessity and sufficiency of our three conditions. The sample size is too small to allow for rejection of counterfactual hypotheses. However, we believe the cases are diverse enough to provide a persuasive picture of both necessity and sufficiency. All of our country cases involve some form of liberalization, ranging from deregulation of the private sector to the privatization of public enterprises. We narrow the field of possible choices by looking only at developing countries because we assume that their resources are tight, and therefore the conflicts over and the effects of reform are likely to be more pronounced and easily identified. Moreover, the policy debates regarding liberalization have potentially the greatest implications for these countries since liberalization in general marks a more substantial departure from previous policies than in developed countries. We also present cases of relatively successful reforms as well as unsuccessful reforms. Finally, there is what we see as a dangerous tendency to affirm that successful economic liberalization can best be achieved by authoritarian governments. Hence we present some cases where political liberalization and a concomitant openness to policy conflict was either already in place (as in India) or part of the political debate.

While we do not intend our case studies to be in-depth studies of liberalization in various countries, we did want to keep the number of cases to a manageable level. We therefore settled on seven countries: Chile, China, India, South Korea, Mexico, the Philippines, and Turkey. Of this sample, Chile's liberalization efforts have met with the most success. Korea also has been quite successful, and reforms in the Philippines appear to be gaining steam. Mexico's ambitious liberalization plans have been marginally successful, while India and Turkey have made little headway. In China, the "marketization" of many of that country's state enterprises has proceeded with little apparent liberalization at all.[6]

3.1 Chile

The success of economic reform in Chile seems consistent with the conventional wisdom that dictators may reform more easily than democracies, as Chile reformed under the iron hand of Pinochet. Dictators, as sole veto players, are seemingly unconstrained by institutional checks, and can thus set policy as they like. An examination of Chile with respect to the conditions for reform, however, suggests that the reforms are sustainable "despite" the recent transition to democracy.

Until the early 1970s, Chile provided a shining example of democratic politics in Latin America. Elections were regular and respectable, and state involvement in the economy was limited. In 1970, Salvador Allende was elected president with a scant plurality of one-third of the votes cast. Allende, who campaigned on a socialist platform, proceeded to nationalize a large number of firms or simply "intervene" by bringing them under direct state control without formal state ownership. From November 1970 to March 1972, the Chilean state increased the number of firms in which the state owned a controlling interest from 43 to 164 (Oppenheim 1993:63). More than half the increase can be accounted for by firms in which the state owned more than 99 percent interest. Allende's policy preferences, extreme though they seemed, were consistent with those of his constituents: non-agricultural working class voters, who were more likely to gain from nationalization, favored him by a wide margin over his two competitors from the center and the right.

In 1973, Pinochet took power in a coup. During his tenure in power, the state reduced its role in the economy significantly. A program of liberalizing reforms occurred throughout Pinochet's regime (1973-89), but two major periods of reform took place in 1974, following the coup, and in 1985 after the debt crisis and recession. Both periods of reform activity are consistent with our model's predictions regarding the desirability of reform. In the first case, following the 1973 coup, a leadership change occurred, and with it a new constituency rooted in the upper and middle classes became represented by the political leadership (see Valenzuela 1978, Table 15).[7] In the second case, the debt crisis significantly reduced the value of the status quo to the government. Perhaps out of fear of a socialist resurgence, the Pinochet government reasserted a policy of economic liberalization. The creation of a vibrant, capitalist economy was seen as the surest way to prevent the forces that elected Allende from again realizing their ambitions for the Chilean economy (Drake 1993; Corbo, Lüders, and Spiller 1995).

As a solidly ensconced dictator with the essentially complete loyalty of the military, and a well-deserved reputation for suppressing dissent, Pinochet was in a position to implement whatever reforms he saw fit. In other words, the Pinochet government easily fulfilled our third necessary condition for reform, in that no institutional or social barriers appear to have inhibited the reform's feasibility in either period.[8]

An outstanding fact of the Chilean case is the government's emphasis on sustainability. Pinochet understood that preventing nationalization and intervention in the economy by subsequent governments would be difficult. In part, the 1980 constitution was an attempt to address this problem. The actions taken conform with our prior argument regarding feasibility, in that the 1980 constitution placed additional veto players in the way of subsequent policy change. For example, the electoral laws adopted gave excessive representation to sparsely-populated rural areas. The electoral formula used to elect members of the Chamber of Deputies (d'Hondt proportional representation in two member districts; Caviedes 1991) also provides the second-strongest party in a district a good chance at equal representation with the first-strongest party.[9] Smaller parties—so long as they can muster just over one-third of the district vote—can compete and win seats even in districts where the larger party commands an overwhelming (but smaller than two-thirds) majority. Due to this rule, Pinochet's allies remain disproportionately strong in the Chamber of Deputies. Beyond the electoral rules, constitutional rules governing selection to Chile's upper house are designed to ensure overrepresentation of the natural allies of Pinochet's policies. The constitution specifies that membership of the upper house will be augmented by up to eight appointed senators—the designados—and by an indeterminate number of 'life senators,' an honor bestowed on those who have occupied the presidency for at least six years (Const. Art. 45). Given the legislative and electoral institutions now in place, Pinochet's supporters control at least one veto gate in the policy making process. According to our earlier prognosis, any reform that does not benefit Pinochet's constituents is not feasible. Hence, it would be very difficult for a later government to reverse the liberalization policies enacted under Pinochet's rule.

Pinochet's institutional reforms have succeeded to date. The electoral-law induced parity in the House of Deputies militates against any party or coalition having a strong majority in the lower house, and the senatorial appointments made by Pinochet before leaving office have denied the governing Concertación—a coalition of seven parties dominated by the Christian Democrats (DC)—a majority in the Senate. As shown in Table 8.3, the Concertación won majorities of the elected seats in the Senate in 1989 and 1993, but ended up with only 47 and 46 percent of seats because of the designados. The Christian Democrats have controlled the presidency since Pinochet stepped down, first through Patricio Aylwin (who took office with 55 percent of the popular vote in 1989) and now through Eduardo Frei (who garnered 58 percent of the popular vote in December 1993; Auth 1994: 341).

Table 8.3: Chile: Votes and Seats, 1989 and 1993.

	Election: December 1993			Election: December 1989	
Party	Popular vote (percent)†	Percent Senate seats	Percent Chamber seats	Percent Senate seats	Percent Chamber seats
DC^C	27.0	27	31	28	33
PS^C	12.0	11	13	9	15
PPD^C	12.0	4	13	2	6
PR^C	3.0	2	2	7	5
SD^C‡				2	0
Other^C	1.5	0	1		
PC+^L	5.0	0	0	0	2
Ind.^L	4.8	0	0		
Other^L	—-	0	0		
RN^R	16	24	24	28	27
UDI^R	12	7	13	4	12
UCC^R	3.2	2	2	0	0
Ind.^R	4.8	4	3	1	2
Total	100	81*	100	83*	100

Source: Compiled by Dan Kaufman.
Notes: ^C member of Concertación; ^L member of left opposition to Concertación; ^R member of right opposition to Concertación; † popular vote figures for 1989 elections not available; * percentages add up to less than 100 because the appointed senators are not counted (there were 47 Senate seats in 1989, with 9 designated senators, and only 46 seats and 8 designated senators in 1993).

The institutional reforms which accompanied the economic reforms allowed Pinochet's liberalization to succeed despite a change in power,[10] but the current deadlock may break in the near future. In 1997, certain designados are set to be replaced by four new appointees, who may shift the balance within the Senate towards the Concertación (Baldez-Carey and Carey 1996). However, despite the change in leadership and accompanying change in support coalition membership, the new government does not appear to significantly favor changes to the current liberal policy. The actions of the 1989 and 1993 governments lend support to the idea that reforms are secure. Prior to the 1989 elections, the Concertación sought to avoid conflict and promote consensus. Since then, the Concertación has accepted economic liberalization and the economic model promoted by Pinochet's regime (Godoy Arcaya 1994: 305). In essence, the Concertación represents a compromise wherein its more left-wing members have given up many of their traditional economic and political goals in favor of the center right's version of capitalism and democracy (Drake 1993: 4).

The Chilean case is consistent with the model's predictions regarding both the desirability and the feasibility of reform. The 1973 and 1982 reforms were preceded by clear shifts which made policy change preferable to the status quo. Furthermore, Pinochet, as dictator, could feasibly implement his policy preferences, and was additionally capable of reforming institutions to make reform sustainable. The institutional changes provide a key contribution to our ideas about how the structures of electoral representation and legislative procedure (i.e. veto gates) may sustain reform beyond the regime itself. Due to the success of the current policy in promoting growth and development, institutional and socio-economic factors jointly maintained the liberal reforms, despite the change in power.

3.2 South Korea

The sobriquet of “miracle” has long been affixed to the stunning record of Korea’s economic growth. It may also be applicable to the political reforms that led to the democratic transfers of power in 1988 and 1992. Following the adoption by plebiscite of a new constitution in 1987, President Chun Doo-Hwan—who had seized power in a coup in the early eighties—was replaced by democratically elected General Roh Tae-Roo. This new political era would precipitate a series of economic reforms.

In the 1988 elections, Roh’s Democratic Justice Party (DJP) failed to win an overall majority in the National Assembly. In 1990, the DJP merged with two rival parties to form the Democratic Liberal Party (DLP) which managed to hold onto a bare majority through the 1992 elections, albeit not without a fair amount of internecine strife. In December 1992, South Koreans elected Kim Young-Sam, their first civilian president in over 30 years (see Rich and Johnson 1993). Table 8.4 summarizes election results in the newly democratic South Korea. As president, Kim undertook a number of surprising reforms. His policy reforms led to liberalization, while his procedural reforms allowed the liberalization to be sustained over strong opposition.

Table 8.4: Distribution of Seats by Party, Korean National Assembly[a]

	Dec. 1987	Dec. 1992	May 1993	Jan. 1994
Democratic Justice Party†	125			
Reunification Democratic Party†	59			
New Democratic Republican Party†	35			
Peace and Democracy Party	70			
Democratic Liberal Party		149	167	172
Democratic Party		97	95	96
Unification National Party (United People's Party)		31	14	11
Other	10	22	23	20
Total	299	299	299	299

Source: Europa World Yearbook, 1991, 1609; Europa World Yearbook, 1994, 1734; CIA World Factbook 1993; CIA World Factbook 1994.

[a] The CIA World Factbook notes that the intra-election changes in party seat shares "reflects the fluidity of the current situation where party members are constantly switching from one party to another (see http://www.econ.uni-hamburg.de/ciawfb/ks.htm)."

† Merged into the Democratic Liberal Party in February 1990.

Government officials have traditionally determined access to credit, investment and imports. Since his victory, Kim has taken dramatic steps to loosen many of these restrictions. In the face of stiff opposition, he partially opened rice markets, and Korea has opened 132 of the remaining 224 closed business sectors (though key sectors such as financial services, cable TV, and cellular telecommunications remained closed). Legal reforms have moved parallel with changes in economic policy, three of which are particularly noteworthy. First, Kim acted to prohibit the establishment of bank accounts under fictitious names, "through which businesses had slipped money to politicians." Second, the government has conducted a popular, vigorous, anti-corruption campaign (Flake 1994; see also, Glain 1994), leading to the arrests of many high-ranking businessmen and the two previous presidents (including Roh Tae-Roo). The third and most profound change has been the reform of administrative procedures ("Basic Law for

Administrative Regulations and Civil Affairs"). The new law abolishes administrative guidelines, notices and regulations that lack a legal basis. Moreover, the government is also now required to provide notice and allow comment on proposed rule making along the lines of the U.S. Administrative Procedure Act. By opening up administrative decision making to public scrutiny and public participation, government decisions are more predictable and transparent (EIU Korea 1992/93). Since the opacity of government decision making has been a principal means by which government policy has favored some firms over others, particularly established firms over potential competitors, this law is a crucial link to a more competitive internal market.

The reforms were desirable to Kim principally because they broke the concentration of political power that supported his most dangerous opposition—the old core of the DJP. The administrative reforms allowed Kim to better control a bureaucracy composed entirely of structures and personnel built up under military and DJP governments. The popularity of the anti-corruption measures further enhanced the reforms' political attractiveness, particularly since Kim's supporters were unlikely to be caught up in the anti-corruption net, having been excluded from power for decades. [11]

Reform also met the feasibility condition, such that Kim was decisive on the issues for which he sought reforms. While, as Table 8.4 shows, the party maintained only a scant majority in the National Assembly, and former members of the DJP (the target of Kim's reforms) were presumably well-placed to block reforms that they disliked, Kim was able to overcome their opposition, as the sheer popularity of such anti-corruption measures made dissent difficult. Despite the costs that the policies imposed on former DJP members, serious resistance to the policy would have jeopardized their future at the polls. This absence of opposition allowed Kim to sustain the political costs of replacing, or allowing the resignation of, fourteen members of his cabinet, including the Prime Minister and the Deputy Prime Minister and Chairman of the Economic Planning Board (Kwon 1994).

Korean political institutions also increased the feasibility of reform. Under the terms of the 1987 Constitution, South Korea has a presidential system of government with a unicameral legislature. The unicameral system in South Korea, like Chile's of course, provides fewer veto gates than is typical in a bicameral system. This should, all else constant, reduce the number of possible roadblocks to reform.[12] In addition to the unicameral legislative process, which may reduce the difficulty of achieving the institutional consensus necessary to meet the feasibility condition, the Korean president has a number of constitutional powers at his disposal. The president may assume the role of agenda-setter in the National Assembly. Moreover, he holds a veto over all legislative proposals, and he may act autonomously through decree powers in areas delegated to him by the legislature (Art. 75). In times of emergency, the president may also be granted broad authority to "preserve the interests of the nation" (Art. 76; see Maddex 1995: 258). The Constitution requires the president to submit the annual budget to the legislature (Art. 54(2)), which "shall deliberate and decide" upon it (Art. 54(1)). More importantly, all legislative proposals are subject to prior examination and amendment by the State Council (Art. 89), which the president heads and whose members he has a hand in appointing. These formal powers exceed the formal authority of the Mexican and Filipino presidents.

The Korean case is consistent with our hypothesis, as the Kim government desired the reform and could feasibly legislate and implement the policy change. Furthermore, institutional reforms solidified the economic reforms, as those individuals with an interest to obstruct further liberalization lost significant influence in procedural changes.

3.3 Philippines

The modern Philippine government took shape when Corazon Aquino assumed the presidency in 1986, when Ferdinand Marcos fled the Philippines in the aftermath of his fraudulent reelection. Once in office, Aquino immediately sought broad political and economic reforms in keeping with her campaign promises to right the wrongs of Marcos' rule (Haggard and Kaufman 1989: 72). Marcos had left his country "saddled with huge foreign debts and an economy ill-equipped to compete with its Asian neighbors" (Business Monitor International—henceforth, BMI—1994b: 21). Privatization of the state-enterprise sector was an important goal of the new, democratic government; more important politically, however, was the need to loosen the economic grip of the beneficiaries of Marcos's system of economic cronyism, under which Marcos' friends and loyalists were granted monopoly property rights in key economic sectors.[13] By enacting liberalizing economic reforms, the democratic government could weaken the influence of Marcos loyalists and undermine support for a return to the Marcos era.

Although reform was clearly desirable to the new leadership, Aquino faced two major feasibility problems with respect to her reform efforts. First, democratic stability was threatened by military participation in several coup attempts between 1986 and 1989, as well as the rebellion by Communist and Muslim secessionists. The search for lasting civil peace was an overriding political objective (see EIU Philippines 1993/94, 1994/95; BMI 1994b) that limited the government's ability to enact economic reforms. It meant, in particular, that the military exercised some veto power.

Second, Aquino's own constitutional reforms made further policy changes significantly more difficult. One of Aquino's major political reforms was the establishment of a new constitution that resembles the one crushed by Marcos' 1972 declaration of martial law. The

1987 Constitution institutes an American-style presidential system with substantial new controls on executive power (EIU Philippines 1994/95: 6; BMI 1995). Aquino's failure to build a legislative coalition in Congress exacerbated the gridlock created by multiple veto gates and placed severe limitations on her own authority. Divided government was a "key factor undermining the effectiveness of her government" (BMI 1994b: 24). At the end of her time in the presidency, Corazon Aquino had made only modest progress in economic reform.[14] On the other hand, she was able to hand power to her democratically-elected successor Fidel Valdes Ramos in a smooth, constitutional transfer in May 1992.

President Ramos won election with only 24 percent of the popular vote. In the Senate, his party took a mere two of twenty-four seats, while the opposition LDP won a comfortable majority in the Senate with fifteen seats. The LDP also won 44 percent of the House of Representatives, but Ramos' Lakas-NUCD took 25 percent and forged a majority "rainbow coalition." Like Aquino before him, then, Ramos has faced a divided government that undermines reform feasibility. (BMI 1994b: 7). In the first years of his administration, he concentrated on establishing political stability. While he seems to have achieved a laudable degree of success in that effort, economic reform remains elusive, as implementation of the necessary policy and legislative changes has been fairly slow. So far, Ramos has managed to enact some important reforms, particularly following his allies' success in the May 1995 elections. Trade policy has opened, reversing forty years of import-substitution policies, and foreign investment is now more welcome than before following the legalization of full foreign ownership of companies in some sectors (EIU Philippines 1993/94; BMI 1995). Ramos's government privatized the state oil company, Petron, in 1994, is selling shares in the National Steel Company, and hopes to sell off its holdings in a number of other firms.[15]

While both Aquino and Ramos had strong motivations for undertaking to reform economic policy, they differed substantially on their ability to move in that direction. Simply put, Aquino was unable to enact reforms, in part because she was forced to concentrate her resources elsewhere to ensure the survival of democracy, and in part because the very constitution that she saw to fruition created divided government. Ramos, by contrast, has been less constrained by threats to democracy, and voters have given him more solid backing in the legislature, allowing him greater policy flexibility. With improved backing in Congress and the apparent strong support of the electorate, he was able to make more significant reform progress.

3.4 Mexico

Since the end of the Mexican Revolution, Mexico has experienced little change in the identity of key decision makers. The Partido Revolucionario Instuticional (PRI) retains its customary unified government, and hence it continues to control policy making and implementation. Despite the apparent continuity of political authority, however, serious economic reforms began around 1982, during the tenure of President de la Madrid, which were precipitated by the Latin American debt crisis. It was during de la Madrid’s presidency that traditional “machine” politicians began to be excluded from the top ranks of the PRI and replaced by technocrats (Centeno 1994; Centeno and Weldon 1990; Centeno and Maxfield 1989).

As the old core of the party began to take a back seat to the new group of young, technically adept politicians, a near-disastrous schism within the PRI developed. This new generation sought the support of different socio-economic groups than the older party leaders. A realignment was forthcoming (Collier and Collier 1991). While the old PRI depended on the support of labor and peasant organizations, the reforms of de la Madrid, Salinas, and now Zedillo have targeted other groups at the expense of labor and peasants. To bring about the realignment, the government sought to reform the state-run sectors of the economy, typically by privatizing parastatal firms in each sector. Initially, then, economic crisis made reform more desirable than the status quo. However, crisis also allowed a technocratic group to gain greater control of the PRI. This group appealed to a new constituency, which also favored reform.

Mexico’s institutional structure—particularly the electoral rules and presidential authority—enhances the feasibility of reform. Mexico has a presidential system of government with a bicameral legislature. The membership of the Chamber of Deputies is elected by a combination of first-past-the-post (300 members) and proportional representation rules (currently 200 members). This electoral rule greatly overrepresents any party that wins a plurality, which has historically manufactured majorities for the president’s party. For the Senate, each state and the Federal District has a total of four representatives, three of which go to the party whose list garners the most votes.[16] The Mexican president has both a package veto and a limited line-item veto,[17] and may initiate legislation with both houses of Congress. However, unlike the case in Korea, much of the president’s apparent dominance of policy making derives from the president's position as party leader, rather than from his formal authority as head of government. A law which prohibits reelection to elective offices induces tight party discipline, as party members must rely on the president to continue their political careers by nominating them to other positions (see, e.g., Cavarozzi 1994; Cook, Middlebrook, and Molinar 1994; Molinar 1991; Carey 1993).

Reform is usually feasible in Mexico thanks to the dominance of the PRI. To date, the hierarchical nature of the PRI, along with the president's constitutional authorities of appointment and nomination, have made implementing new policies unproblematic. In the past, once the leadership of the PRI shifted its policy gears, the party machinery had little trouble steering the policy through the Congress and transmitting it to the Mexican bureaucracy. While this ability to change policy quickly allowed the new generation in the PRI to initiate radical changes in the government's role in the economy,[18] it also makes long-term commitment to policy very difficult.

Many of the PRI old guard are still in the party and continue to oppose reform, while the PRI overall continues to lose electoral support, further strengthening the old guard, since declining electoral fortunes are associated with the actions of the technocrats. Reforms that require legislative support in Mexico have therefore slowed. Shortly after Zedillo assumed office, the Salinas administration’s image of success collapsed as the new president was forced to devalue the peso and take harsh measures to keep Mexico afloat. These exceptional measures were taken by administrative fiat in the Central Bank and Ministry of Finance. Other reforms must pass through a larger number of veto gates, and have been less in evidence.

3.5 India

Particularly after 1991, significant policy making positions in India were filled by technocratic, reform-minded individuals. However, their influence on policy outcomes has been less than in Mexico, and economic policies in India have changed more slowly. This is partially because reform is not entirely desirable to decision makers, and less so than was the case in Mexico. In particular, the economic crises that catalyzed reforms in the Mexican case have been largely absent in the Indian.[19] In addition, reform has not been feasible in India. As in Turkey, a case discussed below, supporters of reform are not decisive, and are unable to make sufficient side payments to mute the opposition of reform opponents. There are underlying institutional reasons that explain the differences and similarities among these countries that this section will highlight.

The Congress Party (I) has lost its post-independence grip on the prime ministership in India only three times and for short periods (1977 - 1980, 1989 - 1991, and 1996 to the present). The party long claimed to support economic liberalization. When Narasimha Rao became prime minister in 1991, this rhetoric began to be matched by action (Gould and Ganguly 1993: 222-223). Rao appointed Manmohan Singh, a strong reformer with a Ph.D. in economics, to the post of Finance Minister, putting him in charge of economic reform and liberalization. Singh initiated a number of policy changes to open up the economy (see, for example, the Swiss Review of World Affairs, nov. 1994: 20-21). These included scrapping or loosening controls on the private sector (EIU India 1993/94: 13), and the removal of quantitative regulations, such as import quotas (EIU India 1993/94: 16). This burst of reform did not extend to public enterprise reform, nor was the early rapid pace of reform matched later in the 1990s.

There is substantial evidence that the limitations on reform are due, first, to the fact that the Congress Party is not unified on reform; some factions of the Congress Party view reform as antithetical to their electoral interests. The resignation of Arjun Singh, Minister of Human Resource Development, is one signal of the disunity of the Congress Party on the issue. He ostensibly resigned over the government's lack of decisiveness in ferreting out corruption. At the same time, he has expressed a desire to "bring the economic liberalization policy in tune with the aspirations of the people and to assuage their apprehensions about it, . . .to give a human face to this policy" (Dahlburg 1994). Other parties share this view, and together with the anti-reform Congress factions are able to block reform.

The political risks of reform to all parties are also increasingly evident. There are many explanations of recent electoral losses by the Congress Party, beginning with critical state elections and culminating in the party's exclusion from the current government. These include reaction to perceived corruption in the Congress Party, and the increasing dominance of regional or sectarian interests and the regional or sectarian parties that represent them. However, some also attribute Congress Party losses as evidence that economic reforms are too politically risky and should be proceeding more cautiously (e.g., Economist 1994: 17 - 18). This evidence suggests that India does not fully meet Condition I, despite the presence of a finance minister committed to reform.

The feasibility of reform is also problematic. The Congress Party is not as hierarchical as the PRI in Mexico, so it is more difficult for reformers to control the party apparatus. In addition, federalism is much more developed in India than in Mexico, with state governments controlling important enterprises, such as power companies, and authorizing major subsidies, such as those governing electricity and water consumption by rural users. State governments are thus an additional veto gate for specific aspects of continued liberalization (such as power sector reform). The authority of the state governments is reinforced by the growing influence of regional parties, and small, single-member electoral districts that compel national parties to pay close attention to regional concerns (see, e.g., Wallace 1993). These electoral institutions impede the central government from using its budgetary leverage over state governments to induce them to reform more rapidly. Finally, with the increased influence of more regional parties, it is increasingly difficult for single parties to achieve a legislative majority.[20] To the extent that governments are coalition-based (as has also become the case in Turkey), additional veto gates, in the form of coalition partners, arise to impede policy reform.

While these difficulties hinder the prospects for reform, India does enjoy significant advantages over Mexico in sustaining those reforms that do occur. Reforms that are implemented are as difficult to overturn as they were to approve, insulating them from political pressures to reverse them. Indian reforms are therefore likely to enjoy greater credibility, when they are eventually enacted.

3.6 Turkey

Like Mexico, Turkey in the 1980s and 1990s has felt the presence of reform-minded prime ministers (Turgut Özal and Tansu Çiller), and experienced economic crises that might stimulate reform. However, reform was often undercut or stymied by a more fractious political climate and tighter restrictions on ministerial action than existed in Mexico; that is, for reformers in Turkey, reform has often not been feasible. Turkey's political structure is primarily responsible for this: the country has a parliamentary system, with a history of multiparty, democratic governments, albeit punctuated by temporary military regimes. The judiciary has weighed in as an independent force in several economic policy decisions. This system has given opponents of reform greater leverage than they enjoyed in Mexico.

The most notable reform effort in Turkey occurred in the early 1980s, spurred by economic disaster. Through the end of the 1970s, Turkey had followed an import-substituting industrialization strategy. A debt crisis in the late 1970s, when the public sector deficit swelled from less than 2 percent to more than 6 percent of GNP from 1974 to 1979, made the option of non-reform considerably less attractive (Canevi 1994: 182). A military coup in 1980 was followed by sharp measures to curb spending and impose monetary discipline. These policies were pursued under the military government by Turgut Özal; after 1983, when the military withdrew, Özal continued these policies as prime minister. At this time, parliamentary influence over policy making was either non-existent (under the military), or was muted by the majority control of the Motherland Party, so reform was feasible.

Beginning with local elections in the late 1980s, however, Özal's Motherland Party began to lose support to the opposition True Path and Social Democrat Parties. In 1991, the party's parliamentary majority was reduced from 292 seats in the 450 seat parliament to less than a plurality. The center-right True Path Party obtained 178 seats and formed a coalition with the center-left Social Democrat Populist Party (88 seats). Since the late 1980s, there has been no sustained macroeconomic reforms in the country. Even when the leading party figures (Özal or, in the True Path Party, Çiller) favored reform, they could not find coalition partners to back them; in their own parties, there are influential constituencies that oppose reform. The failure of the condition that reform be feasible, therefore, has been a chronic problem for recent economic reform attempts in the country.

The record of privatization reform attempts provides another demonstration of the lack of reform feasibility in Turkey. However, in the case of privatization it is doubtful that reform was even desirable to decision makers. The state has always played a significant role in the economy (Saracoglu 1994: 63). It has interests in mining, iron and steel, power generation, chemicals and textiles (EIU Turkey 1994/95: 30). The fiscal difficulties that were the primary focus of Turgut Özal's reform efforts were intimately related, then, to subsidies to public enterprises. Consequently, Özal's Motherland Party included privatization as an "indispensable element" of its economic platform (Canevi 1994: 188) in the 1980s.

He was opposed in privatization efforts by both the True Path and Social Democrats. At that time, these parties could not defeat the proposals in parliament, but were able to use the courts to stymie two privatizations that the government had already negotiated with foreign investors (Waterbury 1992: 209). The reason for reform failure could have been the existence of a veto gate opposed to reform--the courts--and opposition from other parties. This would represent another breakdown of Condition II. However, it is also true that even inside the Motherland Party, support for reform was limited. Waterbury (1992: 210) notes:

> "the electoral coalition that has kept the Motherland Party in power does not in any direct sense benefit from the economic reforms. . .The way Özal has placated various interests is by directing some of the growth in the economy into compensatory payments to select constituents within a narrow coalition."

Canevi (1994: 183) observes that the "center right, the center left, the nationalists and the religious conservatives" might have benefited from Turkey's export focus under Özal, but they gained little from privatization, and may have even been hurt by it. In 1987, faced with growing political pressures, the Motherland party "was driven. . .to use public expenditures and the SOE sector to shore up its narrow coalition" (Waterbury 1992: 211).

It appears that all parties appeal to constituencies who benefit from public enterprises--not surprising considering that state enterprises employ 20 percent of the industrial work force. Where the True Path and Social Democrat parties opposed Özal and the Motherland Party's attempts to privatize in the 1980s, in 1991 it was the Motherland party that strongly supported public enterprise employees, offering them large wage increases in 1991 in the lead up to the early parliamentary elections that year (Waterbury 1992: 211). Agricultural reform is similarly hampered; in an effort to increase support in the 1987 elections, "Özal pumped over a billion dollars into the countryside through increases in crop purchasing prices" (Waterbury 1989: 53).

The inherent difficulties of reform in Turkey, and the tendencies to form coalition governments, which undermine both the desirability and feasibility of reform, have institutional roots. The electoral system is proportional representation, and encourages multiple parties (5 in 1996) and unstable governments. Parties must win between 20 and 25 percent of the district vote, and at least 10 percent of the national vote to gain representation in parliament (Turan 1994: 49-50). These rules are sufficient to restrict political competition to a few parties, but, as in India, the net result is to provide significant veto power to smaller interests that lose from reform efforts. This same system insulates the courts somewhat from political interference, since it is difficult for the parliament to reverse court decisions through legislation. This ensures that the courts as well can act as veto gates for reform.

Abstracting from the significant background role of the military in Turkey, which this discussion has done, there is a substantial similarity in the policy outcomes and the political environment in India and Turkey. While this environment makes reform difficult, it also has the advantage of cementing reform, and making it more credible. In Turkey, however, the credibility advantage may be somewhat lessened by the role of the military and the apparently more frequent lifting of constitutional protections in the interests of national security. To the extent that the security rationale for relaxing institutional checks on arbitrary behavior is easily extended to economic policy spheres, reform credibility in Turkey may be less than in India.

3.7 China[21]

Political power in China resides in the Communist party. Leaders are responsible to each other in a complex web of relationships wherein leaders in successive tiers of authority are selected by their immediate subordinates—who are in turn appointed by their leaders (Shirk 1993: 82-86; see also, Roeder 1990). This has two important effects with respect to policy change. First, once key policy makers decide on policy reforms, enactment of those reforms is virtually a foregone conclusion. Second, no reform is sustainable unless it removes future decision-making power from within the government's reach.

China's economy has opened up considerably since the late 1970s. The key to Chinese economic reform has been a move away from economic planning to "marketization." (BMI 1994a: 1). This has meant, in part, that control of many firms has been privatized or devolved to municipal or regional political authorities, while towns and villages have been allowed to undertake significant new economic activities (known as "township and village enterprises, or TVEs).

Devolving regulatory authority to lower-level authorities tackles two problems confronting the national government. First, state-owned enterprises are in large part a burden to their owner: they are overmanned and inefficient, they face distortionary incentives from their non-market pricing system, and they are weighed down with burdensome welfare responsibilities (BMI 1994a: 3). Second, insofar as the government seems to have realized the inefficiency of economic planning, removing state enterprises from its direct control helps it commit to abandon planning in favor of the market. Although the central government has increased its credibility in the eyes of foreign governments and international investors by decentralizing (see, e.g., BMI 1994a: 127), freedom from the heavy hand of central government control has not necessarily translated into increased competition or greater freedom from regulation for firms. Indeed, at lower levels of government, where public officials' opportunities for personal enrichment are limited, the incentives for public-sector meddling in firms are high, although constrained by previously non-existent cross-jurisdiction private enterprise competition.[22] This suggests two things: first, the central government's ceding of control over public enterprises does not necessarily imply privatization; and second, privatization and privatized firms will operate according to political exigencies, not market ones (see Lieberthal and Oksenberg 1988; Oi 1990).

Leaders have both the incentive (to attract investment and to get rid of onerous liabilities) and the ability to privatize or devolve state enterprises. However, the limits to this strategy are clear: the largest and most obsolete state-owned enteprises, mostly industrial, remain with the central government, since lower level governments have neither the resources nor the desire to shoulder the subsidies required to keep them afloat.

4. Conclusion

While the degree of success at liberalization has varied significantly across countries, we argue that political factors systematically determine when a country will reform and whether that reform will succeed and be sustained. A first necessary condition is that liberalization must be preferred to the status quo by the political leadership. This desirability must originate in either a change in the political leadership, a change in the government's socio-economic coalition, or a modification in the value of the status quo. For every case of reform discussed above, we can clearly identify at least one of these situations. In Chile, for example, the 1973 coup d'etat replaced Allende—a leader supported by a working class social coalition—with Pinochet, who was supported by the middle and upper classes. We can easily interpret the reforms following the coup as a redirection of policy away from an interventionist-state status quo towards policies which benefited Pinochet's constituent groups. The re-energized liberalization following Chile's 1982 debt crisis and recession demonstrates the desirability of reform for a different set of reasons: not due to a shift in power, but rather because a devaluation of the status quo resulted in the need for the same group of leaders to re-stimulate the economy through liberalization.

We can also identify cases where the desirability condition is met, but no reform occurs, as in Turkey and the Philippines. This is the case because we have posited the existence of another necessary condition—that reform must be politically feasible. In other words, reform-oriented leadership must have some meaningful control over the agenda and occupy the institutional veto gates. If a veto player's constituents oppose reform, then—due to the electoral connection in democratic states[23]—we expect that actor to veto any policy changes which are contrary to the interests of her socio-economic coalition. Therefore, we argue that liberalization will not occur unless policy makers who favor reform control the political resources to enact and implement policy change. Table 8.5 summarizes the case studies in terms of whether the seven nations have satisfied the two key necessary conditions for reform.

Table 8.5: Summary of Case Studies

Country	Necessary Condition I: Desirability	Sufficient: regime change? coal. realigned? change in value of status quo?	Necessary Condition II: Feasibility	Sufficient:
Chile	1973: yes	regime change	1973: yes	dictator, so unified veto gates
	1982: yes	debt crisis (external crisis)	1982: yes	
South Korea	1992: yes	regime change	1992: yes	held both veto gates; weak opposition
Philippines	1986: yes	regime change, external crisis	1986: no	divided veto, civil unrest
	1992: yes	same pro-reform regime	1992: yes	unified veto, less unrest
Mexico	1994: yes	debt, inflation external crisis	1994: yes	PRI controls unified veto
India	1996: no	[change in leadership to non-reformers]	1994: no	regional and ethnic splits
Turkey	1980: yes	coup changes leadership	1980: yes	dictatorship, unified veto
	1991: no	coalition split on reform	1991: no	split coalition government
China	yes	internal change in value of status quo policies	yes	unified party control of veto gates

The case studies illustrate the fundamental importance of political desirability and political feasibility to reform outcomes. While some institutional structures may hinder policy change by making the attainment of decisive political control more difficult, other structures may make reform more likely by providing incentives for leaders to abandon the status quo. Therefore it is important to consider political institutions when we assess a developing nation's potential for successful reform. We believe that, by specifying the necessary conditions above, we have taken a step toward a systematic understanding of when economic liberalization can flourish.

Footnotes

[**] An earlier version of this paper was presented at the Annual Meeting of the Public Choice Society and Economic Science Association, Houston, Texas, April 12-14. We thank Scott Basinger, Greg Bovitz, Vin Brandt, John Carey, Paul Drake, Dan Kaufman, Christopher Nevitt, Sunita Parikh, Mike Thies, Jeff Weldon, and a lively audience in Houston for their valuable input.

[1] For a similar argument and discussion of cases related to public enterprise reform, see World Bank (1995).

[2] The logic behind this assumption comes from the “Mayhewvian” portrayal of elected politicians as goal-oriented, reelection seeking actors.

[3] For an excellent discussion of office-seeking as a motivation for politicians, see Laver and Schofield (1990: 39-60).

[4] The agenda power that is commonly attributed to the U.S. president goes only so far as making proposals. However, on most policy—and certainly with respect to the budget—Congress is free to ignore any proposals the president (or anyone else outside Congress) may make. We define agenda-setting power not only as the authority to make proposals, but also the authority to ensure that decision making bodies consider them.

[5] Some scholars (e.g. Lijphart 1984) believe there to be systematic connections between a federal state, the upper house both having a veto and representing the states directly, and an independent judiciary to enforce the “federal bargain” (e.g. Bednar, Eskridge, and Ferejohn 1994).

[6] Whether marketization without liberalization signals that the policy has been successful or unsuccessful depends entirely on one's perspective. While it is clear that liberalizers should be unhappy with the progress of Chinese reforms, we suspect that the "reformers" themselves are getting just the results that they wanted. We should note in this context that our model addresses the question of whether reforms will be implemented, not the efficacy of those reforms.

[7] Although, there exist no electoral results from the 1970s to confirm the assertion.

[8] As for the second condition, information, while in most cases we choose simply to assume that leaders can get the necessary expertise somewhere if they want it, the Chilean case is worthy of note in this regard. In Chile, Pinochet was able to draw on the expertise of the much-maligned Chicago boys—young, American-educated economists who advised Chile's policy makers or made policy themselves (Frieden 1991: 155; Piñera 1994: 227).

[9] Many observers think of Chile's small-district d'Hondt system as distinct from proportional representation altogether. They see it, rather, as a "binomial majoritarian system" (Godoy Arcaya 1994: 303)

[10] Not all the institutional barriers to policy change are in the legislature. Pinochet also managed to appoint many conservative justices as well as to make both the central bank and the military into bastions of conservative strength that are well-shielded from political meddling. Nonetheless, in 1997 certain designados are set to be replaced by four new appointees, who may shift the balance of power towards Allende (Carey and Carey 1996).

[11] As of this writing, April 1996 parliamentary elections have denied Kim Young Sam's DLP a legislative majority. The president remains a decisive player, due to his constitutional prerogatives, but this new development could "slow down policy making and economic reform" (Schuman 1996). At the same time, of course, the separation of powers and the presence of a key veto player (the president) who clearly favors the reforms already wrought means that the new parliament is unlikely to be able to roll back reforms, even if it should want to.

[12] Unicameralism reduces the number of veto gates, but the electoral institutions determine the number of veto players by leading to bipartism versus multipartism and majority coalitions.

[13] In fact, Marcos "persisted in using his … reserves of money and personal loyalty to destabilize the regime" (EIU Philippines 6).

[14] Sales of public enterprises had been quite controversial (e.g., Philippine Airlines and the Philippine Shipyard and Engineering Co.).

[15] Including Philippines National Bank, National Shipping Corporation, Metro Manila Transit Corporation, Philippine National Railways, Manila Hotel, Manila Electric Co., and San Miguel Corporation (BMI 1994b: 86; 1995: 34).

[16] The fourth seat goes to the first candidate of the second-place party (Const. arts.52-56).

[17] The president can veto part of a bill, but it must be reconsidered in committee. If the committee approves and the floor concurs, the bill is treated as new legislation. If the committee disapproves, the floor can override the veto by a margin of two-thirds. It is unclear

what happens if the committee and the floor disagree (personal communication with Jeff Weldon).

[18] This is less true with Zedillo, who seems unwilling (or perhaps unable) to play the role of party leader by controlling candidate selection and other internal party matters. Some of his reforms have been heavily modified by Congress, and still others are being held up in committee.

[19] This is, of course, perhaps a tribute to the better management of macroeconomic policy in India compared to Mexico.

[20] India’s first-past-the-post electoral system, according to a straightforward application of Duverger’s Law (1959), might be expected to lead to single-party, majority governments, and enhance the chances that India would meet Condition II. Our explanation for India’s departure from this expected outcome is that the distributional impact of policy change across regions, states or sectarian groups makes it more difficult for parties to attract membership that crosses these divides.

[21] We thank Chris Nevitt for discussing with us his current research on post-Leninist economic reforms. His help on this section was invaluable.

[22] A recent example of Chinese authorities' ability unilaterally to change the terms of a contract can be seen in that case of the McDonald's restaurant in Beijing. McDonald's, which claims to have a twenty-year land-use lease for the site of the restaurant that opened in Beijing in 1992, has been given an eviction notice to make way for a new commercial and residential development. As The Economist puts it, the only thing standing in the way of the new development is "McDonald's, and the sentimental notion of the rule of law, … and neither

seems a match for a Communist market economy with Chinese characteristics" (Economist 19?? (Nov. 26): 36).

[23] Some authors assert that a similar process is at work in authoritarian states (see the discussion of the electorate in Roeder 1990).

Afterword

Paul W. Drake and Mathew D. McCubbins

In the last two centuries, many countries around the globe have established liberty, democratized, and opened free markets. Moreover, the previous two decades have seen an unprecedented upswing in individual political and economic liberty in nations as different as Argentina and Taiwan, as distant as Chile and Poland, and as previously illiberal as South Korea and Russia. While citizens in each of these countries have made important gains in their ability to control their own political and economic destiny, the end result of these current liberalizing policies may not be democracy and free markets. Many additional liberalizing steps may be necessary for the development of democracy and free markets.

Further, it is important to remember that the swing toward liberty is not unidirectional. Previous waves of liberalization eventually led to a back flow of retrenchment, where tyranny and dictatorship replaced democracy and free markets. Indeed, the pendulum may swing toward liberalization for a time, but the inexorable gravity of political power may cause the upward swing to stall, or even retreat.

The authors in this volume have recounted the pendulous swings of liberty. Together they have demonstrated that the prerequisites of liberalization are that a sovereign desire liberal reforms, and that he possesses the capabilities to achieve those reforms. The chapters here have shown that when reforms occurred, there is plausible reason to believe that the prerequisites were met.

But, the search for the necessary conditions of liberalization are perhaps misplaced as they are, in practice, often insufficient and difficult to identify and measure. Thus, the authors here sought to identify sufficient conditions for liberalization. The question they asked was “When will liberalization begin, or, alternatively, when will a sovereign’s desire and capability together be sufficient for liberalization to proceed?”

Each of the authors in this volume explained how, in varying situations, a sovereign makes the tradeoff between maintaining control, on the one hand, and increasing productivity through liberalization, on the other hand. In the North and Weingast chapter, for example, a sovereign’s need for capital impels him to abdicate some power to ensure the credibility of a commitment to the owners of capital. This abdication, in turn, leads to liberalization. Rogowski focuses on the need of a sovereign to extend representation to other mobile factors of production in order to ensure that these assets do not leave the country. Drake explains how the need to gain trading and investing partners in an increasingly connected liberal world economy, combined with the collapse of Soviet and U.S. support for many non-liberal regimes, induced authoritarians to undertake liberalizing reforms.

Another set of authors focus on the role of the military in liberalization. Haggard and Kaufman examine how economic conditions affect the level of factionalism in domestic politics, and how the level of factionalism, in turn, creates incentives for the sovereign to liberalize. Loveman isolates the influence of institutions on the likelihood of both military intercession into politics and military exit from politics. Heller, Keefer, and McCubbins discuss a variety of conditions that are sufficient to explain the presence or absence of liberalizing reforms in a number of developing countries.

The explorations in the present volume should be thought of as suggestions of sufficient conditions. We have not specified the circumstances under which these conditions are in fact sufficient for an increase in individual liberty and when they are not. For example, when will the need for a sovereign to make credible commitments lead him down the path of liberalizing reforms, as opposed to employing alternative, illiberal strategies (e.g., confiscatory taxation)?

Furthermore, the studies in this volume examined only upward swings in the pendulum. The authors here did not examine the conditions whereby liberal societies pursue illiberal policies. But, as Loveman's chapter reminds us, regimes may vacillate between liberal and illiberal policies and reforms. Thus, it may be critical to specify when a sovereign will be expected to continue a liberalizing strategy, as opposed to reversing or circumscribing the process of reform. What economic, institutional and cultural conditions facilitate the transformation of a regime to a democracy and retard moves back to authoritarianism? What are the forces that cause the pendulum to swing up and what pulls it back down; what brings about liberal and illiberal equilibria in the pendulum's arc? Such questions reflect the boundary of our current knowledge.

Further study needs to more completely analyze the sufficient conditions for liberalization, as well as the long-term viability of moves towards democratization. In addition, future empirical work should further evaluate the hypotheses suggested by the authors herein. When such work is undertaken, we will improve our understanding of the processes of liberalization.

References

Alchian, Armen A., and Harold Demsetz. 1972. "Production, Information Costs, and Economic Organization." American Economic Review 62:777-795.

Alfonso, Juan Maestre. 1989. Constituciones y Leyes Políticos de America Latina, Filipinas y Guinea Ecuatorial, II, Los Regímenes de Seguridad Nacional, I, Chile, Uruguay. Sevilla: Escuela de Estudios Hispano-Americanos de Sevilla.

Alt, James E., and Robert C. Lowry. 1994. "Divided Government, Fiscal Institutions, and Budget Deficits: Evidence from the States." American Political Science Review 88:811-828..

Amnesty International. 1988. Honduras Autoridad Civil-Poder Militar, Violaciones de los Derechos Humanos en la Década de 1980. London: Amnesty International Publications.

Anderson, Perry. 1974. Lineages of the Absolutist State. London: NLB.

Arat, Zehra F. 1988. "Democracy and Economic Development: Modernization Theory Revisited." Comparative Politics (October): 21-36.

Arendt, Hannah. 1951. The Origins of Totalitarianism. New York: Harcourt, Brace.

Arendt, Hannah. 1966. The Origins of Totalitarianism, "new ed." New York: Harcourt, Brace, and World.

Arrow, Kenneth A.. 1951. Social Choice and Individual Values. New Haven: Yale University Press.

Auth, José. 1994. "Elecciones presidenciales y parlamentarias de 1993." Estudios Públicos (fall):339-361.

Ballesteros, Enrique Bernales. 1993. "La Constitución Autoritaria de 1993." Análisis Internacional

Lima: CEPEI. 4: 15-28.

Baloyra, Enrique. 1987. Comparing New Democracies: Transition and Consolidation in Mediterranean Europe and the Southern Cone. Boulder: Westview Press.

Barro, Robert P. 1991. "Economic Growth in a Cross Section of Countries." Quarterly Journal of Economics 106: 407-43.

Barro, Robert J., and Jong-Wha Lee. 1993. "International Comparisons of Educational Attainment." Journal of Monetary Economics 32: 363-94.

Bates, Robert H. 1981. Markets and States in Tropical Africa: The Political Basis of Agriculture Policies. Berkeley: University of California Press.

Bates, Robert H. 1988a. "Governments and Agricultural Markets in Africa." In Toward a Political Economy of Development: A Rational Choice Perspective, ed. Robert H. Bates. Berkeley, Calif.: University of California Press.

Bates, Robert H. 1988b. "The State and Development: Taiwan, Argentina, and Central America." In Toward a Political Economy of Development: A Rational Choice Perspective, ed. Robert H. Bates. Berkeley, Calif.: University of California Press.

Bates, Robert H., and Anne O. Krueger. 1993. Political and Economic Interactions in Economic Policy Reform: Evidence from Eight Countries. Cambridge: Blackwell.

Bates, Robert H., and Da-Hsiang Donald Lien. 1985. "A Note on Taxation, Development, and Representative Government." Politics & Society 14: 53-70.

Baloyra, Enrique. 1987. Comparing New Democracies: Transition and Consolidation in Mediterranean Europe and the Southern Cone. Boulder: Westview Press.

Bergquist, Charles, Ricardo Peñaranda, and Gonzalo Sánchez. 1992. Violence in Colombia. Wilmington, Delaware: Scholarly Resources.

Bethell, Leslie. 1995. The Cambridge History of Latin America. Vol. VII, Part 2. New York: Cambridge University Press.

Bethell, Leslie, and Ian Roxborough. 1992. Latin America between the Second World War and the Cold War, 1944-1948. Cambridge: Cambridge University Press.

Blakemore, Harold. 1986. South America, Central America, and the Caribbean. London: Europa Publications.

Bolivia: Neoliberalismo y Derechos Humanos. 1988. Comisión Andina de Juristas.

Boström, Mikael. 1989. "Political Waves in Latin America." Ibero Americana Nordic Journal of Latin American Studies. XIX(1): 3-19.

Bratton, Michael, and Nicolas van de Walle. 1994. "Neopatrimonial Regimes and Political Transitions in Africa." World Politics. 46(4):453-489

Bruneau, Thomas C. 1982. The Church in Brazil. Austin: University of Texas Press.

Burn, A. R. 1982. A Pelican History of Greece. Baltimore: Penguin.

Business Monitor International. 1994a. China 1994. London: Business Monitor International Ltd.

Business Monitor International. 1994b. Philippines 1994. London: Business Monitor International Ltd.

Business Monitor International. 1995. Philippines 1995. London: Business Monitor International Ltd.

Butler, David, and Donald Stokes. 1976. Political Change in Britain, 2nd ed. New York: St. Martin's.

Callaghy, Thomas M., and John Ravenhill. 1993. Hemmed In: Responses to Africa's Economic Decline. New York: Columbia University Press.

Canevi, Yavuz. 1994. “Turkey.” In The Political Economy of Policy Reform, ed. John Williamson. Washington, D.C.: Institute for International Economics.

Carey, John Michael. 1994. "Shirking and the Last Term Problem: Evidence for a Party-Administered Pension System." Public Choice 81:1-22.

Carey, John Michael. 1993. "Term Limits and Legislative Representation." Ph.D. dissertation, University of California, San Diego.

Carothers, Thomas. 1991. In the Name of Democracy: U.S. Policy toward Latin America in the Reagan Years. Berkeley: University of California Press.

Carr, Barry, and Steve Ellner, 1993. The Latin American Left: From the Fall of Allende to Perestroika. Boulder: Westview Press.

Carter, Jimmy. 1982. Keeping Faith. New York: Bantam Books.

Carter, Miguel. 1991. El papel de la iglesia en la caída de Stroessner. Asunción, Paraguay: RP Ediciones.

Castañeda, Jorge G. 1993. Utopia Unarmed: The Latin American Left After the Cold War. New York: Knopf.

Cavarozzi, Marcelo. 1994. "Mexico's Political Formula, Past and Present." In The Politics of Economic Restructuring: State-Society Relations and Regime Change in Mexico, ed. Maria Lorena Cook, Kevin J. Middlebrook, and Juan Molinar Horcasitas. San Diego, Calif.: Center for U.S.-Mexican Studies, University of California, San Diego.

Cavarozzi, Marcelo, and Manuel Antonio. 1989. Garretón, Muerte y resurrección: Los partidos políticos en el autoritarismo y las transiciones del Cono Sur. Santiago: Facultad Latinoamericana de Ciencias Sociales.

Caviedes, Cesar. 1991. Elections in Chile : The Road toward Redemocratization. Boulder, Colo.: Lynne Rienner.

Centeno, Miguel Angel. 1994. Democracy within Reason: Technocratic Revolution in Mexico. University Park, Penn.: Pennsylvania State University Press.

Centeno, Miguel Angel, and Sylvia Maxfield. 1989. “The Marriage of Finance and Order: Origins and Implications of Change in the Mexican Political Elite.” Paper presented at the conference, “Mexico: Contrasting Visions,” New York City, April.

Centeno, Miguel Angel, and Jeffrey A. Weldon. 1990. "The New Científicos: Technocratic Elites in Mexico." Paper presented at the annual meeting of the American Sociological Association, August.

Cerda-Cruz, Rodolfo, Juan Rial and Daniel Zovatto. 1992. Elecciones y Democracia en America Latina, 1988-1991. San José, Costa Rica: IIDH-CAPEL.

Chalmers, Douglas A., Maria do Carmo Campello de Souza, and Atilio A. Boron. 1992. The Right and Democracy in Latin America. New York: Praeger.

Chalmers, Douglas A., and Craig H. Robinson. 1982. "Why Power Contenders Choose Liberalization: Perspectives from South America." International Studies Quarterly 26(1): 3-36.

Clague, Christopher, Philip Keefer, Stephen Knack and Mancur Olson. (forthcoming). "Democracy, Dictatorship and the Institutions Supportive of Economic Growth." In Institutions and Economic Development, Christopher Clague, ed. (Publisher)

Collier, Ruth Berins. 1982. Regimes in Tropical Africa: Changing Forms of Supremacy, 1945-1975. Berkely, Los Angeles, London: University of California Press.

Collier, Ruth Berins and David Collier. 1991. Shaping the Political Arena: Critical Junctures, the Labor Movement, and Regime Dynamics in Latin America. Princeton University Press.

Conaghan, Catherine M., and James M. Malloy. 1994. Unsettling Statecraft: Democracy and Neoliberalism in the Central Andes. Pittsburgh: University of Pittsburgh Press.

Cook, Maria Lorena, Kevin J. Middlebrook, and Juan Molinar Horcasitas. 1994. "The Politics of Economic Restructuring in Mexico: Actors Sequencing, and Coalition Change." In The Politics of Economic Restructuring: State-Society Relations and Regime Change in Mexico, ed. Maria Lorena Cook, Kevin J. Middlebrook, and Juan Molinar Horcasitas. San Diego, Calif.: Center for U.S.-Mexican Studies, University of California, San Diego.

Corbo, Vittorio, Rolf Lüders, and Pablo T. Spiller. 1995. "The Institutional Foundations of Economic Reforms: The Case of Chile." Typescript, Universidad Católica de Chile and the University of California, Berkeley.

Cox, Gary W., and Mathew D. McCubbins. 1993. Legislative Leviathan: Party Government in the House. Berkeley, Calif.: University of California Press.

Cox, Gary W., and Mathew D. McCubbins. 1991. "Divided Control of Fiscal Policy." In The Politics of Divided Government, ed. Gary W. Cox and Samuel Kernell. Boulder, Colo.: Westview.

Dahl, Robert A. 1971. Polyarchy: Participation and Opposition. New Haven: Yale University Press.

Dahl, Robert A. 1973. Regimes and Oppositions. New Haven: Yale University Press.

Dahl, Robert A. 1982. Dilemmas of Pluralist Democracy. New Haven: Yale University Press.

Dahl, Robert A. 1989. Democracy and Its Critics. New Haven: Yale University Press.

Dahl, Robert A., and Edward R. Tufte. 1959. Size and Democracy. Stanford: Stanford University Press.

Dahlburg, John-Thor. 1994. "No. 2 Man's Resignation Weakens Indian Leader." Los Angeles Times, Dec 25, A12.

Danopoulos, Constantine. 1988. The Decline of Military Regimes. Boulder: Westview Press.

Demsetz, Harold. 1967. "Toward a Theory of Property Rights." American Economic Review 57:347-359.

de Toqueville, Alexis. Democracy in America. New York: Vintage Books.

Dean, Warren. 1970. “Latin American Golpes and Economic Fluctuations, 1823-1966.” Social Science Quarterly. LI: 70-80.

Di Palma, Giuseppe. 1990. To Craft Democracies: An Essay on Democratic Transitions. Berkeley: University of California Press.

Diamond, Larry. 1988. "Democracy in Latin America: U.S. and Other External Influences." Unpublished manuscript. Stanford.

Diamond, Larry. 1992. “Economic Development and Democracy Reconsidered.” American Behavioral Scientist 35: 450-499.

Diamond, Larry, Juan Linz, and Seymour Martin Lipset. 1988. Democracy in Developing Countries. Boulder: L. Rienner.

Diamond, Larry, and Marc F. Plattner. 1993. The Global Resurgence of Democracy. Baltimore: Johns Hopkins University Press.

Downing, Brian. 1992. The Military Revolution and Political Change, Origins of Democracy and Autocracy in Early Modern Europe. Princeton: Princeton University Press.

Downs, Anthony. 1957. An Economic Theory of Democracy. New York: Harper.

Drake, Paul. 1993. “Obstacles to Policy Changes in Chile.” Typescript, University of California, San Diego.

Drake, Paul W., and Iván Jaksic. 1991. The Struggle for Democracy in Chile. Lincoln: University of Nebraska Press.

Drake, Paul W., and Iván Jaksic. 1995. The Struggle for Democracy in Chile. Revised edition. Lincoln: University of Nebraska Press.

Drake, Paul W., and Eduardo Silva. 1986. Elections and Democratization in Latin America, 1980-85. San Diego: Center for Iberian and Latin American.

Drake, Paul W., and Arturo Valenzuela. 1989. "The Chilean Plebiscite: A First Step Toward Redemocratization." LASA Forum 19(4): 18-36.

Dubin, Jeffrey A., and R. Douglas Rivers. 1986. SST: A User's Manual. Pasadena, CA: Caltech, mimeo.

Duverger, Maurice. 1959. Political Parties, 2nd ed. London: Methuen.

Economist Intelligence Unit Country Profile, 1992-93, Korea. London: EIU.

Economist Intelligence Unit Country Profile 1993-94, India. London : EIU.

Economist Intelligence Unit Country Profile, 1993-94, Philippines. London: EIU.

Economist Intelligence Unit Country Profile, 1994-95, Philippines. London: EIU.

Economist Intelligence Unit Country Profile, 1994-95, Turkey. London: EIU.

Economist, The. 19??. "The Ultimate Takeaway." Nov. 26: 36.

Economist, the. 1994. "The Trouble with Democracy, Part 2," December 17, 333(7894): 17- 18.

Ekiert, Grzegorz. 1991. "Democratization Processes in East Central Europe: A Theoretical Reconsideration." British Journal of Political Science. 21(3): 285-313.

Europa World Yearbook, 1993. London: Europa Publications.

Europa World Yearbook, 1994. London: Europa Publications.

Fagen, Richard R. 1979. Capitalism and the State in U.S.-Latin American Relations. Stanford: Stanford University Press.

Feldstein, Martin. 1995. "Global Capital Flows: Too Little, Not Too Much." The Economist, 24 June, 72-3.

Feldstein, Martin, and Charles Horioka. "Domestic Saving and International Capital Flows." 1980. Economic Journal 90: 314-29.

Fiorina, Morris. 1992. Divided Government. New York: Macmillan.

Flake, Gordon. 1994. "The Republic of Korea: The Korean Economy in 1993." Korea's Economy 1994. Washington, D.C. Korea Economic Institute of America., Washington DC.

Forrest, W. G. 1966. The Emergence of Greek Democracy: 800-400 B.C. New York: McGraw-Hill.

Fossedal, Gregory A. 1989. The Democratic Imperative: Exporting the American Revolution. New York: Basic Books.

Frieden, Jeffry A. 1991. Debt, Development, and Democracy: Modern Political Economy and Latin America, 1965-1985. Princeton, NJ: Princeton University Press.

Frieden, Jeffry. 1991. "Invested Interests: The Politics of National Economic Policies in a World of Global Finance." International Organization 45: 425-51.

Friedman, David. 1977. "A Theory of the Size and Shape of Nations." Journal of Political Economy 85: 59-78.

Frohmann, Alicia. 1993. "Chile: External Actors and the Transition to Democracy." Unpublished manuscript. Santiago.

Fukuyama, Francis. 1992. The End of History and the Last Man. New York: Maxwell Macmillan International.

Gallardo, Lt. Colonel Juan M., and Lt. Colonel Edmundo O'Kuingttons Ocampo. 1992: "El Rol de las Fuerzas Armadas en la Sociedad, Doctrina Militar en el Acontecer Político de SudAmerica." Military Review. Edición Hispanaméricana (Nov-Dec): 14.

Gasiorowski, Mark. 1993. "Economic Crisis and Political Regime Change: An Event History Analysis." Unpublished manuscript. Department of Political Science, Louisiana State University.

Gastil, Raymond D. 1986. Freedom in the World: Political Rights and Civil Liberties, 1985-1986, a Freedom House book. New York: Greenwood Press.

Geddes, Barbara. 1994. The Politician's Dilemma: Building State Capacity in Latin America. Berkeley: University of California Press.

Gerchunoff, Pablo, et al. 1992. Las privatizaciones en la Argentina. Washington, D.C.: Banco Interamericano de Desarrollo.

Gettleman, Marvin E., et. al. 1981. El Salvador: Central America and the New Cold War. New York: Grove Press.

Gillespie, Charles G. 1987. "From Authoritarian Crises to Democratic Transitions." Latin American Research Review, XXII(3): 165-184.

Gillespie, Charles G. 1991. Negotiating Democracy: Politicians and Generals in Uruguay. Cambridge: Cambridge University Press.

Gilpin, Robert. 1987. The Political Economy of International Relations. Princeton: Princeton University Press.

Ginsberg, Benjamin. 1982. The Consequences of Consent: Elections, Citizen Control, and Popular Acquiescence. Reading, MA: Addison-Wesley.

Glain, Steve. 1994. "Shackled 'Tiger': South Korean Leader Struggles to Free up a Regulated Economy." Wall Street Journal, March 30, A1, A10.

Godoy Arcaya, Oscar. 1994. “Las elecciones de 1993.” Estudios Públicos (fall):301-337.

Goodman, Louis W., Johanna S.R. Mendelson, and Juan Rial. 1990. The Military and Democracy; the Future of Civil-Military Relations in Latin America. Lexington, MA: Lexington Books.

Gould, Harold A., and Sumit Ganguly. 1993. "Introduction to Part Two." In India Votes, ed. Harold A. Gould and Sumit Ganguly. Boulder: Westview.

Gourevitch, Peter A. 1978. “The Second Image Reversed." International Organization. 32: 881-912.

Gourevitch, Peter A. 1979. "The Re-emergence of 'Peripheral Nationalisms': Some Comparative Speculations on the Spatial Distribution of Political Leadership and Economic Growth." Comparative Studies in Society and History 21:303-322.

Gourevitch, Peter. A. 1986. Politics in Hard Times: Comparative Responses to International Economic Crises. Ithaca: Cornell University Press.

Gunnemark, Erik V. 1991. "Countries, Peoples, and Their Languages: The Geolinguistic Handbook." Dallas, TX: Summer Institute of Linguistics. Cite in Hall and Jones 1996.

Grofman, Bernard, and Arend Lijphart, eds. 1986. Electoral Laws and their Political Consequences. New York: Agathon Press.

Hachette, Dominique, and Rolf Luders. 1992. Privatization in Chile: An Economic Appraisal. San Francisco: ICS Press.

Hachette, Dominique, Rolf Lüders, Guillermo Tagle, Héctor Ottone, Catalina Le Blanc, Pilar Vicuña; and Sergio Cobo. 1992. Seis casos de privatización en Chile. Washington, D.C.: Banco Interamericano de Desarrollo.

Hadenius, Alex. 1992. Democracy and Development. New York: Cambridge University Press.

Haggard, Stephan, and Robert Kaufman. 1992. The Politics of Economic Adjustment: International Constraints, Distributive Conflicts, and the State. Princeton: Princeton University Press.

Haggard, Stephan, and Robert R. Kaufman. 1989. “Economic Adjustment in New Democracies.” In Joan Nelson et al., Fragile Coalitions: The Politics of Economic Adjustment. Washington, D.C.: Overseas Development Council.

Haggard, Stephan, and Robert Kaufman. 1995. The Political Economy of Democratic Transitions. Princeton: Princeton University Press.

Haggard, Stephan, and Robert R. Kaufman, eds. 1992. The Politics of Economic Adjustment. Princeton, N.J.: Princeton University Press.

Hall, Robert E., and Jones, Charles I. 1996. "The Productivity of Nations," version 2.0. Website paper: http://www.stanford.edu/~chadj/ 18 October.

Halperín Donghi, Tulio. 1969. Historia contemporánea de América Latina. Madrid: Alianza.

Handelman, Howard, and Thomas G. Sanders. 1981. Military Government and the Movement Toward Democracy in South America. Bloomington: Indiana University Press, 1981.

Hanushek, Eric A., and John E. Jackson. 1977. Statistical Methods for Social Scientists. Orlando, FL: Academic Press, Inc.

Hartlyn, Jonathan, Lars Schoultz, and Augusto Varas. 1992. The United States and Latin America in the 1990s: Beyond the Cold War. Chapel Hill: University of North Carolina Press.

Helliwell, John F. 1994. "Empirical Linkages Between Democracy and Economic Growth." British Journal of Political Science 24: 225-248.

Herman, Edward S., and Frank Brodhead. 1984. Demonstration Elections. Boston: South End Press, 1984.

Hermet, Guy, and Richard Rose. 1978. Elections without Choice. New York : Macmillan.

Herz, John H. 1982. From Dictatorship to Democracy: Coping with the Legacies of Authoritarianism and Totalitarianism. Westport, CN: Greenwood Press.

Higley, John, and Richard Gunther. 1992. Elites and Democratic Consolidation in Latin America and Southern Europe. New York: Cambridge University Press.

Hirschman, Albert O. 1970. Exit, Voice, and Loyalty. Cambridge, MA: Harvard University Press.

Hobbes, Thomas. 1950. Leviathan. New York: Cambridge University Press.

Huntington, Samuel P. 1984. "Will More Countries become Democratic?" Political Science Quarterly 99 (2).

Huntington, Samuel P. 1968. Political Order in Changing Societies. New Haven, Conn.: Yale University Press.

Huntington, Samuel P. 1991. The Third Wave: Democratization in the Late Twentieth Century. Norman: University of Oklahoma Press.

Ilkin, Selim. 1994. "Privatization of State Economic Enterprises." In Politics in the Third Turkish Republic, ed. Metin Heper and Ahmet Evin. Boulder: Westview.

Inkeles, Alex. 1991. On Measuring Democracy. New Brunswick, NJ: Transaction Books.

Issacs, Anita. 1993. Military Rule and Transition in Ecuador. Pittsburgh: University of Pittsburgh Press.

Jackson, Robert H. and Carl G. Rosberg. 1985. "Democracy in Tropical Africa: Democracy Versus Autocracy in African Politics." Journal of International Affairs 38(2).

Jaquette, Jane S. 1989. The Women's Movement in Latin America: Feminism and the Transition to Democracy. Boston: Unwin Hyman.

Johnson, John J. 1958. Political Change in Latin America: The Emergence of the Middle Sectors. Stanford: Stanford University Press.

Johnson, Lt.Colonel Carlos Molina. 1987. Algunas de las Razones del Quiebre de la Institucionalidad Política. Santiago: Estado Mayor del Ejército.

Jowitt, Ken. 1992. New World Disorder: The Leninist Extinction. Berkeley: University of California Press.

Kahler, Miles. 1986. The Politics of International Debt. Ithaca: Cornell University Press.

Karl, Terry Lynn. 1990. “Dilemmas of Democratization in Latin America.” Comparative Politics 23(1): 1-22.

Karst, Kenneth L., and Keith S. Rosenn. 1975. Law and Development in Latin America, A Case Book. Berkeley: University of California Press.

Katzenstein, Peter. 1985. Small States in World Markets: Industrial Policy in Europe. Ithaca, NY: Cornell University Press.

Kaufman, Robert R. 1990. “Stabilization and Adjustment in Argentina, Brazil, and Mexico.” In Economic Crisis and Policy Choice: The Politics of Adjustment in the Third World, ed. Joan M. Nelson. Princeton, N.J.: Princeton University Press.

Keohane, Robert, and Helen Milner, eds. 1996. Internationalization and Domestic Politics. New York: Cambridge University Press.

Kindleberger, Charles P. 1951. "Group Behavior and International Trade." Journal of Political Economy 59: 30-46.

Klarén, Peter F., and Thomas J. Bossert. 1986. Promise of Development: Theories of Change in Latin America. Boulder: Westview Press.

Klein, Benjamin; Robert C. Crawford; and Armen A. Alchian. 1978. "Vertical Integration, Appropriable Rents, and the Competitive Contracting Process." Journal of Law and Economics 21: 297-326.

Krugman, Paul R. 1991. Geography and Trade. Cambridge, MA: MIT Press.

Kuczynski, Pedro-Pablo. 1988. Latin American Debt. Baltimore: Johns Hopkins University Press.

Lake, David A. 1992. "Powerful Pacifists: Democratic States and War." American Political Science Review 86: 24-37.

Laver, Michael, and Norman Schofield. 1990. Multiparty Government. Oxford: Oxford University Press.

Laver, Michael, and Kenneth Shepsle. 1990. "Coalitions and Cabinet Government." American Political Science Review 84:873-890.

Lernoux, Penny. 1989. People of God: The Struggle for World Catholicism. New York: Viking.

Levine, Daniel H. 1979. Churches and Politics in Latin America. Beverly Hills: Sage Publications.

Levine, Daniel H. 1988. "Paradigm Lost; Dependence to Democracy." World Politics 40(3): 377-394.

Levine, Daniel H. 1992. Popular Voices in Latin American Catholicism. Princeton: Princeton University Press.

Lieberthal, Kenneth G., and Michel Oksenberg. 1988. Policy Making in China: Leaders, Structures, and Processes. Princeton, N.J.: Princeton University Press.

Lieuwen, Edwin. 1961. Arms and Politics in Latin America. New York: Praeger.

Lijphart, Arend. 1984. Democracies: Patterns of Majoritarian and Consensus Government in Twenty-One Countries. New Haven, Conn.: Yale University Press.

Lipset, Seymour Martin. 1959. “Some Social Requisites of Democracy: Economic Development and Political Legitimacy.” American Political Science Review 53: 69-105.

Lipset, Seymour Martin. 1960 Political Man: The Social Bases of Politics. Garden City, NY: Doubleday & Co.

Lipset, S.M., K.-R. Seong and J.C. Torres. 1991. "A Comparative Analysis of Social Requisites of Democracy." Unpublished paper. Hoover Institution, Stanford University.

Londregan, John. and Kenneth Poole. 1990. "Poverty, the Coup Trap and the Seizure of Executive Power." World Politics 42: 151-83.

Loveman, Brian. 1991. “Misión Cumplida? Civil-Military Relations and the Chilean Political Transition.” Journal of InterAmerican Studies and World Affairs, 33(3): 35-74.

Loveman, Brian. 1993. The Constitution of Tyranny: Regimes of Exception in Spanish America. Pittsburgh: University of Pittsburgh Press.

Loveman, Brian. 1994. “Protected Democracies…” ???

Loveman, Brian, and Thomas M. Davies, Jr. 1989. The Politics of Antipolitics: The Military in Latin America. Lincoln: University of Nebraska Press.

Lowenthal, Abraham F. 1990. Partners in Conflict: The United States and Latin America in the 1990s. Revised edition. Baltimore: Johns Hopkins University Press.

Lowenthal, Abraham F. 1991. Exporting Democracy: The United States and Latin America. Baltimore: Johns Hopkins University Press.

Lowenthal, Abraham F., and J. Samuel Fitch. 1986. Armies and Politics in Latin America. Revised edition. New York: Holmes and Meier.

Lynch, John. 1973. The Spanish American Revolutions, 1808-1826. New York: Norton.

MacEwan, Arthur. 1988. "Transitions from Authoritarian Rule." Latin American Perspectives 15(3): 115-130.

MacLeod, Dag. 1993. "Worker Rights in a Global Economy." Masters Thesis. University of California, San Diego.

Maddex, Robert L. 1995. Constitutions of the World. Washington, D.C.: CQ Press.

Mainwaring, Scott. 1986. The Catholic Church and Politics in Brazil, 1916-1985. Stanford: Stanford University Press.

Mainwaring, Scott, and Alexander Wilde. 1989. The Progressive Church in Latin America. Notre Dame: University of Notre Dame Press.

Mainwaring, Scott, Guillermo O'Donnell, and J. Samuel Valenzuela. 1992. Issues in Democratic Consolidation: The New South American Democracies in Comparative Perspective. Notre Dame: University of Notre Dame Press.

Malloy, James M., and Mitchell A. Seligson. 1987. Authoritarians and Democrats: Regime Transition in Latin America. Pittsburgh: University of Pittsburgh Press.

Maniruzzaman, Talukder. 1987. Military Withdrawal from Politics: A Comparative Study. Cambridge, MA: Ballinger.

March, James G., and Herbert A. Simon. 1958. Organizations. New York: Wiley.

Martin, David. 1990. Tongues of Fire: The Explosion of Protestantism in Latin America. Cambridge: B. Blackwell.

Mayhew, David R. 1974. Congress: The Electoral Connection. New Haven, Conn.: Yale University Press.

McKelvey, Richard D. 1976. "Intransitivities in Multidimensional Voting Models and Some Implications for Agenda Control." Journal of Economic Theory 12:472-482.

McNollgast. 1992. "Positive Canons: The Role of Legislative Bargains in Statutory Interpretation." Georgetown Law Journal 80:705-42.

McSherry, Patrice. 1992. “Military Power, Impunity and State-Society Change in Latin America.” Canadian Journal of Political Science. XXV(3): 463-488.

Milkis, Sidney M. The President and the Parties: The Transformation of the American Party System Since the New Deal. New York: Oxford University Press.

Milner, Helen. 1988. Resisting Protectionism: Global Industries and the Politics of International Trade. Princeton, NJ: Princeton University Press.

Moffett, Matt. 1994. "Seeds of Reform: Key Finance Ministers in Latin America Are Old Harvard-MIT Pals." Wall Street Journal, Aug. 1, A1, A6.

Molinar Horcasitas, Juan. 1991. El Tiempo de la legitimidad: elecciones, autoritarismo y democracia en México. Mexico: Cal y Arena.

Moodie, Graeme C. 1971. The Government of Great Britain. London: Methuen.

Moore Jr., Barrington. 1966. The Social Origins of Dictatorship and Democracy: Lord and Peasant in the Making of the Modern World. Boston: Beacon Press.

Morales, Héctor Alejandro Gramajo. 1989. Tesis de la Estabilidad Nacional, Guatemala: Editorial del Ejército.

Munck, Gerardo. 1993. "Beyond Electoralism in El Salvador: Conflict Resolution Through Negotiated Compromise." Third World Quarterly. 14(1): 75-93.

Muñoz, Heraldo V. 1986. Las relaciones exteriores del gobierno militar chileno. Santiago: PROSPEL-CERC, Ediciones del Ornitorrinco.

Muñoz, Heraldo V. 1992. El fin del fantasma: Las relaciones interamericanas después de la guerra fría. Santiago: Hachette.

Muñoz, Heraldo V., and Carlos Portales. 1987. Una amistad esquiva: Las relaciones de Estados Unidos y Chile. Santiago: Pehuen.

Muravchik, Joshua. 1986. The Uncertain Crusade: Jimmy Carter and the Dilemmas of Human Rights. Lanham, MD: Hamilton Press.

Muravchik, Joshua. 1991. Exporting Democracy: Fulfilling America's Destiny. Washington, D.C.: AEI Press.

Nelson, Joan M. 1989. "The Politics of Pro-Poor Adjustment." In Joan M. Nelson et al., Fragile Coalitions: The Politics of Economic Adjustment. Washington, D.C.: Overseas Development Council.

Nelson, Joan M., ed. 1990. Economic Crisis and Policy Choice: The Politics of Adjustment in the Third World. Princeton, N.J.: Princeton University Press.

Nelson, Joan M. 1992. Encouraging Democracy: What Role for Conditioned Aid? Washington, D.C.: Overseas Development Council.

Nelson, Joan M. 1994. Intricate Links: Democratization and Market Reforms in Latin America and Eastern Europe. New Brunswick, NJ: Transaction Publishers.

Nelson, Joan M. 1994. "Overview: How Market Reforms and Democratic Consolidation Affect Each Other." In Joan M. Nelson et al., Intricate Links: Democratization and Market Reforms in Latin America and Eastern Europe. Washington, D.C.: Overseas Development Council.

Nelson, Joan M. and Stephanie Eglington. 1992. Encouraging Democracy: What Role for Conditional Aid? Washington D.C.: Overseas Development Council.

Nelson, Joan M., et al. 1989. Fragile Coalitions: The Politics of Economic Adjustment. Washington, D.C.: Overseas Development Council.

Nelson, Joan M., Jacek Kochanowicz, Kálmán Mizsei, and Oscar Muñoz. 1994. Intricate Links: Democratization and Market Reforms in Latin America and Eastern Europe. Washington, D.C.: Overseas Development Council.

North, Douglass. 1981. Structure and Change in Economic History. New York and London: W. W. Norton & Co.

North, Douglass C. 1990. Institutions, Institutional Change, and Economic Performance. New York: Cambridge University Press.

Nunn, Frederick. 1983. Yesterday's Soldiers. European Military Professionalism in South America, 1890-1940. Lincoln: University of Nebraska Press.

O'Brien, Philip, and Paul Cammack. 1985 Generals in Retreat: The Crisis of Military Rule in Latin America. Dover, NH: Manchester University Press.

O'Donnell, Guillermo. 1973. Modernization and Bureaucratic-Authoritarianism: Studies in South American Politics. Berkeley: Institute of International Studies, 1973).

O'Donnell, Guillermo, Philippe C. Schmitter, and Laurence Whitehead. 1986. Transitions from Authoritarian Rule. Baltimore: Johns Hopkins University Press.

Oi, Jean C. 1990. "the Fate of the Collective after the Commune." In Chinese Society on the Eve of Tiananmen: The Impact of Reform. Cambridge, Mass.: Harvard University Press.

Olson, Mancur. 1971. The Logic of Collective Action: Public Goods and the Theory of Groups. Cambridge: Harvard University Press.

Özbudun, Ergun. 1988. "The Status of the President of the Republic under the Turkish Constitution of 19982: Presidentialism or Parliamentarism?" In State, Democracy and the Military: Turkey in the 1980s, ed. Metin Heper and Ahmet Evin. Berlin: de Gruyter.

Pastor, Robert A. 1989. Democracy in the Americas: Stopping the Pendulum. New York: Holmes & Meier Publishers.

Pindyck, Robert S., and Daniel L. Rubinfeld. 1991. Econometric Models and Economic Forecasts, 3rd ed. New York: McGraw-Hill.

Piñera, José. 1994. “Chile.” In The Political Economy of Policy Reform, ed. John Williamson. Washington, D.C.: Institute for International Economics.

Pinkney, Robert. 1990. Right-Wing Military Government. London : Pinter.

Pion-Berlin, David. 1989. The Ideology of State Terror, Economic Doctrine and Political Repression in Argentina and Peru. Boulder: Lynne Rienner.

Posición Constitucional de las Fuerzas Armadas en Iberoamérica y en España. 1992. Sevilla: Tecnos.

Pridham, Geoffrey. 1984. The New Mediterranean Democracies: Regime Transition in Spain, Greece, and Portugal. Totowa, NJ : Frank Cass.

Pridham, Geoffrey. 1991. Encouraging Democracy: The International Context of Regime Transition in Southern Europe. Leicester: Leicester University Press.

Przeworski, Adam. 1991. Democracy and the Market: Political and Economic Reforms in Eastern Europe and Latin America. New York : Cambridge University Press.

Puryear, Jeffrey M. 1992. "Building Democracy: Foreign Donors and Chile." Conference Papers, 57. Columbia University.

Puryear, Jeffrey M. 1994. Thinking Politics: Intellectuals and Democracy in Chile, 1973-1988. Baltimore: Johns Hopkins University Press.

Ramseyer, J. Mark, and Frances M. Rosenbluth. 1995. The Politics of Oligarchy: Institutional Choice in Imperial Japan. New York: Cambridge University Press.

Remmer, Karen. 1985. “Redemocratization and the Impact of Authoritarian Rule in Latin America.” Comparative Politics. 17.

Remmer, Karen L. 1989. Military Rule in Latin America. Boston: Unwin Hyman.

Remmer, Karen L. 1991a. Military Rule in Latin America. Boulder: Westview Press.

Remmer, Karen L. 1991b. "New Wine or Old Bottlenecks? The Study of Latin American Democracy," Comparative Politics 23(4): 479-496.

Rial, Juan. 1990. Las Fuerzas Armadas en los Años 90, Una Agenda de Discusión. Montevideo: Peitho.

Rich, Robert, Jr., and Eric L. Johnson. 1993. "Democratic Transition in Korea: The 1992 Elections." Korea's Economy 1993. Washington, D.C. Korea Economic Institute of America.

Riker, William. 1962. A Theory of Political Coalitions. New Haven: Yale University Press.

Rock, David. 1994. Latin America in the 1940s: War and Postwar Transitions. Berkeley: University of California Press.

Roeder, Philip G. 1990. "Reforming the Constitution of Stalinism: Gorbachev's Institutional Problem." Paper presented at the annual meeting of the American Political Science Association, Aug. 30-Sept. 2.

Rogowski, Ronald. 1989. Commerce and Coalitions. Princeton, NJ: Princeton University Press.

Romualdi, Serafino. 1967. Presidents and Peons; Recollections of a Labor Ambassador in Latin America. New York: Funk & Wagnalls.

Root, Hilton L. 1989. "Tying the King's Hands: Credible Commitments and Royal Fiscal Policy During the Old Regime." Rationality and Society 1(2): 240-258.

Rouquié, Alain. 1987. The Military and the State in Latin America, Translated by Paul E. Sigmund. Berkeley: University of California Press.

Rosenau, James. 1969. Linkage Politics: Essays on the Convergence of National and International Systems. New York: Free Press.

Rueschemeyer, Dietrich, Evelyne Huber Stephens, and John D. Stephens. 1992. Capitalist Development and Democracy. Chicago: University of Chicago Press.

Rustow, Dankart A. 1970. "Transitions to Democracy." Comparative Politics 2.

Rustow, Dankart A. 1990. "Democracy: A Global Revolution?" Foreign Affairs 69(4): 75-91.

Saracoglu, Rüsdü. 1994. "Liberalization of the Economy." In Politics in the Third Turkish Republic, ed. Metin Heper and Ahmet Evin. Boulder: Westview.

Schuman, Michael. 1996. "South Korea Voters Deliver a Defeat To Ruling Party." The Wall Street Journal, April 12, A8.

Schmitter, Philippe C., and Terry Karl. 1991. "What Democracy is...and is Not," Journal of Democracy. 2: 75-88;

Schoultz, Lars. 1981. Human Rights and United States Policy Toward Latin America. Princeton: Princeton University Press.

Shirk, Susan L. 1993. The Political Logic of Economic Reform in China. Berkeley, Calif.: University of California Press.

Shugart, Matthew Soberg, and John Carey. 1992. Presidents and Assemblies: Constitutional Design and Electoral Dynamics. Cambridge and New York: Cambridge University Press.

Sigmund, Paul E. 1990. Liberation Theology at the Crossroads: Democracy or Revolution? New York: Oxford University Press.

Sigmund, Paul E. 1991. The United States and Democracy in Chile. Baltimore: Johns Hopkins University Press.

Silva, Eduardo. 1991. "Capitalist Coalitions and Economic Policymaking in Authoritarian Chile, 1973-1988. Ph.D. dissertation, University of California, San Diego.

Skidmore, Thomas E. 1993. Television, Politics, and the Transition to Democracy in Latin America. Baltimore: Johns Hopkins University Press.

Sistemas Electorales y Representación Política en LatinoAmerica. 1986. 2 vols. Madrid: Fundación Friedrich Ebert/ ICI.

Smith, Brian. 1982. The Church and Politics in Chile. Princeton: Princeton University Press.

Smith, Peter H. 1991. "Crisis and Democracy in Latin America." World Politics 43(4): 608-634.

Smith, William C., Carlos H. Acuña, and Eduardo A. Gamarra. 1994. Democracy, Markets, and Structural Reform in Contemporary Latin America: Argentina, Bolivia, Brazil, Chile, and Mexico. New Brunswick, NJ : Transaction Publishers.

Smith, William C., Carlos H. Acuña, and Eduardo A. Gamarra. 1994. Latin American Political Economy in the Age of Neoliberal Reform: Theoretical and Comparative Perspectives for the 1990s. New Brunswick, NJ: Transaction Publishers.

Spalding, Hobart A,. Jr. 1977. Organized Labor in Latin America. New York: New York University Press.

Spiller, Pablo T., and Luis Viana Martorell. 1994. "How Should It Be Done? Electricity Regulation in Argentina, Brazil, Uruguay and Chile." Typescript, University of California, Berkeley.

Stallings, Barbara. 1987. Banker to the Third World: U.S. Portfolio Investment in Latin America, 1900-1986. Berkeley: University of California Press.

Stallings, Barbara. 1993. "The New International Context of Development." Items 47(1): 1-6.

Stallings, Barbara, and Robert Kaufman. 1989. Debt and Democracy in Latin America. Boulder: Westview Press.

Stepan, Alfred. 1971. The Military in Politics: Changing Patterns in Brazil. Princeton: Princeton University Press.

Stepan, Alfred. 1988. Rethinking Military Politics: Brazil and the Southern Cone. Princeton: Princeton University Press.

Stepan, Alfred. 1989. Democratizing Brazil: Problems of Transition and Consolidation. New York: Oxford University Press.

Stephens, Evelyne Huber. 1989. "Capitalist Development and Democracy in South America." Politics and Society 17(3): 281-352.

Stephens, Evelyne Hubner. 1990. “Democracy in Latin America: Recent Developments in Comparative Historical Perspective.” Latin American Research Review. XXV(2): 157-176.

Stoll, David. 1990. Is Latin America Turning Protestant? The Politics of Evangelical Growth. Berkeley: University of California Press.

Stolper, Wolfgang Friedrich, and Paul A. Samuelson. 1941. "Protection and Real Wages." Review of Economic Studies 9: 58-73.

Swatos, William H. 1995. Religion and Democracy in Latin America. New Brunswick: Transaction Publishers.

Szoboszlai, Gyorgy. 1992. Flying Blind: Emerging Democracies in East-Central Europe. Budapest

Taagepera, Rein, and Matthew Soberg Shugart. 1989. Seats and Votes: The Effects and Determinants of Electoral Systems. New Haven, Conn.: Yale University Press.

Tiebout, Charles. 1956. "A Pure Theory of Local Expenditures." Journal of Political Economy 64: 416-424.

Tilly, Charles. 1975. "Reflections on the History of European State-Making." In: Tilly, ed., The Formation of National States in Western Europe. Princeton, NJ: Princeton University Press.

Tsebelis, George. 1993. [veto players in multiparty governments]

Turan, Ilter. 1994. "Evolution of the Electoral Process." In Politics in the Third Turkish Republic, ed. Metin Heper and Ahmet Evin. Boulder: Westview.

United Nations Development Program. 1992. Human Development Report 1992. New York and Oxford: Oxford University Press.

United States Marine Corps Small Wars Manual. 1987. Reprint of 1940 Edition. NAVMC 2890.

Urrutia, Miguel. 1991. Long-Term Trends in Latin American Economic Development. Washington, D.C.: Johns Hopkins University Press.

Valenzuela, J. Samuel. 1989. "Labor Movements in Transitions to Democracy: A Framework for Analysis." Comparative Politics. 21(4): 445-473.

Vanhanen, Tatu. 1990. The Process of Democratization, A Comparative Study of 147 States, 1980-88. New York: Crane Russak.

Varian, Hal R. 1992. Microeconomic Analysis, 3rd ed. New York and London: W. W. Norton & Co.

Villanueva, Víctor. 1973. Ejército Peruano, Del Caudillaje Anárquico al Militarismo Reformista. Lima: Editorial Juan Mejía Baca.

Wallace, Paul. 1993. "The Regionalization of Indian Electoral Politics 1989-90: Punjab and Haryana." In India Votes, ed. Harold A. Gould and Sumit Ganguly. Boulder: Westview.

Wallerstein, Immanuel. 1974. The Modern World-System I. New York: Academic Press.

Walter, Knut, and Philip J. Williams. 1993. "The Military and Democratization in El Salvador." Journal of InterAmerican Studies and World Affairs, 35(1): 39-87.

Waterbury, John. 1992. "The Heart of the Matter? Public Enterprise and the Adjustment Process." In The Politics of Economic Adjustment, ed. Stephan Haggard and Robert R. Kaufman. Princeton, N.J.: Princeton University Press.

Waterbury, John. 1989. "The Political Management of Economic Adjustment and Reform." In Joan M. Nelson et al., Fragile Coalitions: The Politics of Economic Adjustment. Washington, D.C.: Overseas Development Council.

Weber, Max. 1968 [originally published 1922]. Economy and Society. 3 vols. Guenther Roth and C. Wittich, eds. New York: Bedminster Press.

Weinstein, Martin. 1988. Democracy at the Crossroads. Boulder: Westview Press.

Welch, Claude E., Jr. 1987. No Farewell to Arms? Military Disengagement from Politics in Africa and Latin America. Boulder: Westview Press.

Welch, Claude E., Jr. 1992. "Military Disengagement from Politics: Paradigms, Process, or Random Events." Armed Forces and Society. 18(3): 323-342.

Weldon, Jeffrey A. In press. "The Logic of Presidencialismo in Mexico." In Presidentialism and Democracy in Latin America, ed. Scott Mainwaring and Matthew Soberg Shugart. Cambridge and New York: Cambridge University Press.

White, Lynn. 1962. Medieval Technology and Social Change. Oxford: Oxford University Press.

Wiarda, Howard. 1979. Critical Elections and Critical Coups: State, Society and the Military in the Process of Latin American Development. Athens, Ohio: Ohio University Center for International Studies.

Wilkie, James W., and David Lorey. 1987. Statistical Abstract of Latin America. Los Angeles: UCLA Latin American Center Publications. 25: 862-910.

Willems, Emilio 1967. Followers of the New Faith: Future, Change, and the Rise of Protestantism in Brazil and Chile. Nashville: Vanderbilt University Press.

Williamson, Oliver E. 1975. Markets and Hierarchies, Analysis and Antitrust Implications: A Study in the Economics of Internal Organization. New York: Free Press.

Williamson, Oliver. 1985. The Economic Institutions of Capitalism: Firms, Markets, Relational Contracting. New York: The Free Press; London: Collier Macmillan Publishers.

World Bank (International Bank for Reconstruction and Development). 1993. World Development Report 1993: Investment in Health. Oxford: Oxford University Press.

World Bank. 1995. Bureaucrats in Business: The Economics and Politics of Government Ownership. Washington D.C.: The World Bank.