Neoliberalism, Populism and Presidential Impeachment in Latin America

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Abstract

This essay explores the convergence between neoliberalism and populism that took place in Latin America during the 1990’s, and suggests that the presidential impeachments that were observed in the region can be traced back to a dismissal of democratic practices that are part of both neoliberal and populist approaches, what is here called neo-authoritarianism. The historical development of neoliberalism, populism and their hybrid neo-populism are analyzed, and also their individual and joint impacts on democratic practices. The essay explores two case studies of presidential impeachment, Fernando Collor de Mello in Brazil (1990-1992), and Abdala Bucaram in Ecuador (1996-1997), concluding that while the impeachments may represent the success of institutions against neo-authoritarianism, the fact that these presidents were elected in the first place point to deeper problems in Latin America polities.
Introduction

For more than ten years the unabashed view that politics is an unworthy career, fit only for those with low moral values, has been taking roots in most of the world, and especially so in Latin America. This region has seen frequent break-downs in democratic order, corruption scandals, economic crises, human rights abuses, and generalized violence. Blaming fingers had summarily pointed to politicians and politics in an attempt to attribute responsibility for this unusual share of bad luck. Aware of this fact, some questions come to mind: where does this dismissal for politics come from? How does it impact a country's prospects for development? And what, if anything, should be done about it? These are the questions that motivate me to write this essay. Nevertheless, they can only be investigated in a well defined context, and for the present purpose it will be Latin America during the 1990's, when so many democratically elected presidents were impeached under charges of corruption.

Peculiar things happened in Latin America. It started in 1992 when Alberto Fujimori, president of Peru, closed congress and courts, blaming the political class for the dire situation of his country. A few months later Fernando Collor de Mello, president of Brazil, left office in disgrace, resigning midway through his term amidst an impeachment process and charges of corruption. Less than a year afterward Carlos Andres Perez, president of Venezuela, met similar fate. And in 1997 Abdala Bucaram, president of Ecuador, was stripped of his mandate in analogous circumstances. Characterizing a disturbing trend, in January 2000 his successor, Jamil Mahuad, was also removed from office, in what is the latest episode in a series of anomalies in democratic order in the region.

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1 Carlos Andres Perez had overcome a coup attempt in February 1992 and, since Fujimori's autogolpe, rumors of military intervention spread in several Latin American nations.
Corruption is considered a key factor behind these events. In all of the cases the "c-word" appeared with prominence, both in the international and national arenas\(^2\). But how important is it in explaining the observed outcomes? It is a well known fact that accusations of corruption are powerful political weapons all over the world, and they need not be grounded on factual evidence to cause impact. Some presidents in the region faced similar finger pointing while in office (e.g. Ernesto Samper from Colombia\(^3\), and José Sarney, from Brasil\(^4\)), but were not deprived of their posts. And, in an opposing way, other presidents completed their terms unscathed, but faced prosecution, exile and even imprisonment afterwards (such as Carlos Salinas, from Mexico\(^5\), Alan García from Peru\(^6\), and Carlos Menem, from Argentina\(^7\)). It seems that actual guilt and judicial conviction are not good predictors of political outcome in these spheres of power. As such, the first question this essay will try to answer is: "Why were the ousted presidents actually ousted?" And then another important question follows: "Was it a coincidence that all these episodes happened so close in time and space to each other or are there underlying lessons to be drawn from them?"

The answer to this question is at the overlap of politics and economics. At the time of the impeachments, countries around the world were undergoing processes of deep political and economic transformation, the so called dual transitions. Not only in Latin America, but also in Central and Eastern Europe, and to a lesser extent even in Africa, dictatorial regimes were giving

\(^2\) In the case of Andres Perez, see James Brooke in "Venezuelan Leader Quits to Face Trial" (The New York Times, May 21\(^{st}\) 1993, A-6); Collor see James Brooke in "Looting Brazil" (The New York Times Magazine, November 8\(^{th}\), 1992, 31); Bucaram see Gabriel Escobar in "Ecuador Counts Losses to Allegedly Epic Corruption" (Washington Post, February 16\(^{th}\), 1997, A-33); Salinas see Alexander Norris in "Have You Seen This Man?" (The Gazette - Montreal, July 22\(^{nd}\), 1995), and for an overview including many references see Larry Rohter in "New Latin Scandals" (The New York Times, October 22\(^{nd}\), 1995, 14)

\(^3\) Larry Rohter in "New Latin Scandals" (The New York Times, October 22\(^{nd}\), 1995, 14)

\(^4\) Jan Rocha in "Brazil Uncovers Network of Graft" (The Guardian, May 3\(^{rd}\) 1988)

\(^5\) Phil Gunson in "Mexico's Ex-President Goes On The Offensive" (The Guardian, December 5\(^{th}\) 1995, 10)

\(^6\) Sally Bowen in "Peru corruption claims extend to former ministers" (Financial Times, August 13\(^{th}\) 1991, 5)

\(^7\) Anthony Faiola in "Court Indicts Ex-President Of Argentina; Menem Accused of Leading Conspiracy to Sell Weapons" (Washington Post, July 5\(^{th}\) 2001, A08)
way to electoral democracies at the same time that controlled economies were being replaced by market based systems. The dynamic of these transformations is very contentious, and nowhere is the relationship between politics and economics more tense and intricate than during a dual transition.

It is a well established fact that democracy and market based systems go well with each other. (Przeworski et al. 2000, 78). However, the details of a transition to this blissful state are much more contentious (Przeworski et al. 2000, 79; Collier 1979). Most of the developed world adopted capitalist practices first, while under feudal regimes (Moore 1966), and developed democratic practices later. Based on these experiences, the first generation of development literature, also known as "modernization theory", argued in the 1960's that, as a general rule, capitalism had to be instituted first, and democracy would follow (La Palombara 1963, 57; Huntington and Nelson 1976, 23). Still today, as a matter of empirical evidence, the relationship between regime type and economic growth seems to be inconclusive (Przeworski and Limongi 1993). Nevertheless, a long list of countries engaged in dual transitions over the past 20 years, and many of the lessons of this global transformation are still to be learned.

The relationship between regime type and economic development is a very controversial question in the social sciences. Which system is better equipped to promote growth and well being: democracy or dictatorship? Many say that the answer is obvious, but nobody seems to agree which of the alternatives is the obvious one (Przeworski et al. 2000, 2-7). It is true that support for dictatorial regimes has recently been on the wane, but still today many international institutions and donor governments are willing to turn a blind eye to violations of democratic rights if the goal is economic growth (4). The difficulties associated with dual transitions frequently make the conflict between these two views surface. It gets even more evident in times of economic crises, when local politics is
often blamed for all kinds of mishaps\textsuperscript{8}. On these occasions it is common to hear calls for stronger governments, more insulated technical teams, and the need to protect the local people from their own myopic and self-destructive instincts\textsuperscript{9} – in other words, it is often assumed that politics brought the disaster and is obstructing the way to recovery. There is a rich literature dealing with dual transitions and the relationship between regime type and economic development, and these bodies of knowledge will provide the backdrop for this essay in its discussion of presidential impeachment and dismissal of politics.

Latin America enters the 21\textsuperscript{st} century in a gloomy mood, and its transition still has to be consolidated. The region is weathering its second recession since 1998, Colombia is plagued by guerrilla activities, Venezuela under Hugo Chavez is a country on the edge, Peru witnesses frequent popular protest and a resurgence of terrorism, and Argentina, once the envy of the continent, is beyond the brink of economic collapse\textsuperscript{10}. In general, systemic economic, social, and military crises of this sort point to deeper political failures as root causes. The assumption of this paper is that politics provides the solution, and is not the reason behind the problem. Current events in Latin America show that there is still much to be learned about democracy in the region, and this paper takes on the task to contribute to this debate.

\textsuperscript{8} Comments on the Argentinean crisis (2001 and ongoing) provide a good example.

\textsuperscript{9} Rodrik (1996, 23) cites Ranis and Mahmood (1992, vi) and Krueger (1993, 19) as authors that advance the myopic causes of economic debacle, and offers a rebuttal.

\textsuperscript{10} See The Economist, March 1\textsuperscript{st}, 2002 for an overview on the recent quandaries of the region.
Purpose and Structure of the Paper

Two main questions motivate this study:

(1) Why were certain Latin American presidents removed from office?

and

(2) Why did all these impeachments occur during the 90's, so close in time and space to each other?

Explanations for the removal of a president are complex and multifaceted. In the recent episodes in Latin America, corruption is always part of the equation, but it does not seem to be the full story. As argued by Weyland (1993, 3), "corruption, in and of itself, is not sufficient to bring a politician down; it becomes politically fatal only when employed as a weapon by powerful adversaries". Complementing the importance of rule of law, accounts of the impeachments usually rely on a combination of five additional factors to justify the outcome: (1) history, the country's tradition, image of self and ingrained expectations; (2) economics, the level of current economic dissatisfaction and hardship; (3) political structure, encompassing the design of the political system, the degree to which state powers are separated, and the country's governability at the moment; (4) personal characteristics of the leader, including psychological traits such as his moral values and ability and willingness to negotiate; and (5) circumstantial factors, the unforeseeable events that may occur before or during the impeachment process, and that allow it to exist and/or continue with enough momentum to reach completion. These factors are undeniably important, but over reliance on

them precludes the generalization and abstraction that are at the core of any theoretical advancement.

It can be expected that actors with vested interests – opposition politicians, former allies, business interests, etc – will advance the interpretation that improve their own causes, and different analyses of the same event give varying emphasis to each of the explanatory elements listed above. For instance, while some assessments stress the importance of personal oddities of the leader, others point to economic crisis coupled with a lack of governability. And distinct answers to the question "why were the president removed from office?" lead to a different policy outcome - if personal oddities are to blame, the recommendation is for the electorate to chose better next time, but if structural factors are considered to be the main culprits, the recommendation is to reform the political system. In addition, media coverage usually focuses on the proximate causes and tend to ignore the broad context. The result tends to confusion, and no accurate understanding of the problem is achieved.

It is the purpose of this essay to investigate and compare some of these episodes of impeachment, looking for underlying common reasons that may have caused this atypical occurrence in so many countries. It is this paper's hypothesis that the most important reason behind the ousting of presidents in Latin America during the 1990's was their resort to authoritarian practices, even though these practices were not overt and occurred even when basic elements of representative democracy were formally in place. It will be argued that presidents that did not respect the consultation and negotiation processes that characterize democracy provoked a deadlock that was solved through

\[ \text{It is interesting to notice that Jeffrey Sachs (1994, 505), analyzing economic crises, claimed that "in deep crises, there simply is no consensus to build upon, only confusion, anxiety, and a cacophony of conflicting opinions" so he advocated for shock therapy - the imposition of the "one true way" that will be discussed throughout this essay.} \]
impeachment. And the coincidence of so many episodes of impeachment happening so close to each other in time and space is the result of a historic moment and a specific ideological arrangement, coming both from internal and international sources, that favored authoritarian practices exactly during the region's dual transitions.

The essay will use an interpretive approach, first laying down a theoretical foundation and then revisiting and re-telling two cases of democratic disruption – Brazil in 1992, with Fernando Collor de Mello and Ecuador in 1997, with Abdala Bucaram – with special attention to the neo-authoritarian elements present in each of these three stories. These cases were chosen for a reason. Collor was the first president to be impeached under charges of corruption, and Bucaram is the extreme case, since he was removed from office only 6 months after being elected, thanks to popular protests coupled with a simple majority in Congress and a constitutional loophole. The similarities and differences among these cases will provide the backdrop for the conclusion.

The essay is divided in three parts. The first part establishes the theoretical framework for the discussion, and it is divided in five subsections. The first subsection describes what neoliberalism is and how it reached prominence in Latin America in the late 1980's. The second subsection discusses populism, an old Latin American phenomenon, and traces its evolution from early 20th century, through neoliberal times, and till the emergence of a new hybrid form called neo-populism. The third subsection analyzes the impact of neoliberal practice and discourse on the representative nature of democracies. The fourth subsection does the same for populism and the fifth subsection, concluding part one of the essay, describes how populism and neoliberalism can merge, and how their joint effect may produce a specific form of authoritarianism. The second part of the essay introduces the case studies. The first is the case of Fernando Collor de Mello, president of Brazil from 1990 to 1992, the second is Abdala Bucaram, president of Ecuador from 1996 to 1997. In each
of these cases the basic facts of ascension to presidency and fall from grace are presented, together with references to neo-authoritarian discourse and practice, as defined in part one. The third and final part of the essay compares and contrasts the cases, analyzing the validity of this essay’s hypothesis, that is, that neo-authoritarian traits were a key aspect behind the destiny of these presidents, and it also assesses the impact of the findings on Latin America's democracies.

**Part 1 - Historical and Political Background**

**Section 1 - Rise of Neoliberalism**

The rise of neoliberal ideology in Latin America is an intricate phenomenon. Economic and political elements compounded to permit the rise of neoliberal thought, and this section will try to disentangle this process. It will be argued that the shift happened in two stages: first, in response to the debt crisis of 1982, and second, as a reaction to failed attempts to curtail sustained hyperinflation. In addition, interest groups that could oppose the new policies had been demobilized, while other groups supported the shift, opening a clear path for change.

Neoliberalism is a by-product of classical, liberal economics, strengthened by monetarist and rational choice approaches. It preaches the reduction of the role of the state, and relies as much as possible on the market to allocate resources. In its fundamentalist form it resembles laissez-faire economics, and it is strongly associated with the policies spearheaded by Margaret Thatcher and Ronald Reagan, who famously proclaimed, in his first inaugural address on January 20th 1981, that:
"These United States are confronted with an economic affliction of great proportions. ... in this present crisis, government is not the solution to our problems, government is the problem."\(^{13}\)

With the demise of communism in the late 80's, economists thought that the long years of disagreement in their profession were coming to an end, and finally they would be able to compile a canon of economic truth. The basic tenet of the neoliberal ideology – the Washington Consensus - was published by John Williamson in 1990. He summarized "the common core of wisdom embraced by all serious economists" (Williamson 1994, 18) into ten policy prescriptions:

1. Achieve fiscal discipline
2. Redefine public expenditure priorities
3. Broaden tax base and decrease marginal contribution
4. Institute market based interest rates
5. Adopt competitive exchange rates
6. Liberalize trade policy
7. Welcome foreign direct investment
8. Privatize state owned enterprises
9. Deregulate the economy
10. Strengthen property rights

It is interesting to note that Williamson's original register was not supposed to illustrate the radical market based policies that are also known as market-fundamentalism. His original list purposefully contained several caveats to avoid "one-size-fits-all" solutions and rigidity in the prescriptions (Williamson 1999). However, public usage eliminated the nuances and the term 'Washington

\(^{13}\) http://reagan.webteamone.com/speeches/in1.html
Consensus' came to indicate neo-conservatism, i.e., the advocacy for the infallibility of the market in achieving maximum economic and social welfare.

The Washington Consensus formalized a process of change that had started at least one decade before. The event that triggered the economic transition in Latin America was the debt crisis of 1982 (Rodrik 1996, 10). In comparison to East Asian countries that had adopted an "export-oriented" approach and saw no crisis, Latin American interventionist policies were considered a lost bet. A clear and obvious comparison showed that countries in the region should amend their ways as soon as possible, preferably by copying the East Asian way.\(^\text{14}\)

The second push for policy change came from the failure of heterodox measures in tackling inflation.\(^\text{15}\) By the mid 80's, the dual transitions were underway, democracy was rooting its foundations, and most countries in the region already had civilian presidents. But inflation was a major problem, and leaders such as José Sarney in Brazil (Ruge-Murcia 1997, 5-8), Raul Alfonsin in Argentina (14-17), and Alan Garcia in Peru (Pastor 1992, 85) tried to solve it through heterodox (i.e. non-liberal) stabilization plans - respectively Plan Cruzado, Austral and Inti. However, they all failed in stabilizing their economies after an initial bout of success (Conaghan, Malloy and Abugattas 1990, 4). According to subsequent analyses, these plans failed mainly due to their reliance on structural theories of inflation - a view scorned by neoliberals. It comes as no surprise that these presidents left office with extreme low rates of popular approval, together with their discredited heterodox policies. By then, interventionist policies had, in economic terms, failed twice in Latin America.

\(^{14}\) It is important to note that some authors argue that East Asian countries did not follow the so called "East Asian" model. These authors point to several "heresies" committed by East Asian countries, including the adoption of highly interventionist and protectionist measures, that are absent from recommendations based on these cases. See Amsden (1989)

\(^{15}\) For a description and analysis of the first round of stabilization attempts, see Morales (1996)
America - first by exposing the region to the debt crisis, and second by failing to solve the hyperinflation problem.

But two cases of economic success in the region strengthened the neoliberal approach. The first one - Chile - served as a counter-factual in the first stage of transformation. Chile under Augusto Pinochet had adopted neoliberal policies since 1973, and this country's economic success during the period 1985-1991 reinforced the case for neoliberalism in the region. After stepping down, Pinochet was replaced by a coalition of center-left parties, but Patricio Aylwin, the new president, maintained and supported most of the neoliberal policies then in place, reinforcing the supremacy of the neoliberal way of managing the economy (Sikkink 1997). And the second example - Bolivia - proved that orthodox policies were more appropriate to solve the inflation problem. In 1985 Bolivia adopted market based policies in one of the first instances of the soon-to-be-famous 'shock treatments', successfully curbing a case of severe hyperinflation (Conaghan, 1994). In addition, even CEPAL (Economic Commission for Latin America and the Caribbean - ECLAC / UN), the bastion of structuralism and birthplace of the Dependencia school that provided a foundation for the ISI policies, changed gears. Abandoning the concept of "inward looking development" that characterized the previous decades, in the early 90's CEPAL started promoting the mainstream "outward looking development" and supporting neoliberal policies (Sikkink, 1997).

Furthermore, the political base that would permit the economic side of the transition to evolve had been planted long before the crisis hit. This assertion may appear to be contradictory, because most countries in the region were applying protectionist measures in the 1970's, a far cry from the neoliberal attitude that would follow. But the military dictatorships then in power engaged actively in weakening the representation of civil society that, in their view, threatened the regime. Popular organizations were consistently demobilized, as well as trade unions, civic associations and peasant
organizations. Military force was directed against mine workers in Bolivia, and against strikers in the manufacturing and other productive sectors in Argentina, Uruguay, and Chile (Petras, 1997, 87), just to mention a few. This de-mobilization and weakening of civil society was an important factor in clearing the path for structural reforms.

Business interests, always a strong force in society, were also pushing for reform. High inflation, price freezes, shortage of products and all the economic abnormalities of the 1980's were making life very difficult for the productive sector. As argued by Kingstone (1998, 77):

"The successive plans wreaked havoc in the private sector. Each plan generated price distortions that left some firms reaping big returns while others suffered losses. Each successive plan spurred greater speculative behavior, as firms raised prices in an effort to beat the next price freeze. The plans pitted suppliers against buyers in bitter fights over prices and led to much illegal pricing and withholding of supplies. The plans also tended to disrupt existing contracts, which only exacerbated the many conflicts running through the supply chains"

In such an environment, reforms that promised order and predictability would be very welcome by the business community.

In conclusion, five main external elements worked together to promote a shift in ideology in the region: the crises of 1982, the successful examples coming from East Asia, the economic record of Chile, the failure of the heterodox stabilization plans, and the stabilization of Bolivia. Internal forces were also pushing for reform in many Latin American countries, and the groups that could oppose it had been demobilized. Considered all together, these factors made a strong case for adoption of
neoliberalism in Latin America, with policy-advice in this direction coming both from domestic and international spheres\textsuperscript{16}.

Section 2 - The Evolution of Populism

Populism is a common characteristic of Latin America politics. It rose into prominence during the first half of the 20\textsuperscript{th} century, and was once seen as a temporary distortion typical of poor nations in their path to development (Ianni 1970, 198). But contrary to expectations, populism proved to be a lasting occurrence. It is a political and economic phenomenon, and as such, it had an important role in the region’s dual transitions. This section will describe the traditional understanding of populism and the modifications to the concept brought about by the rise of neoliberalism.

\textsuperscript{16} See Nylen (1993) for an account of business interests mobilizing for reform in Brazil, and Ocampo (1990) for an alternative explanation for business involvement in state reform in Latin America.
Populism is at times understood as a historical - sociological phenomenon\textsuperscript{17}. Populist leaders abounded in Latin America during the first half of the 20\textsuperscript{th} century, and their existence was seen as a transitional event, contingent on the transformation of a traditional society into a modern one. Getúlio Vargas in Brazil and Juan Perón in Argentina are the most cited names in this category, but almost every country in the region had a similar experience\textsuperscript{18}. These leaders came into prominence thanks to a "breakdown of the oligarchic order of 1930 [that] allowed newly mobilized urban working and middle classes to be incorporated into the political process" (Roberts 1996, 84). The historic view of populism assumed that it would vanish once these societies were transformed, but it did not happen. Recent events show that populism remains part of the Latin American political scene and discourse today as ever before\textsuperscript{19}.

A different definition of populism focuses on economic policy. Classic populist regimes try to deal with income inequality through the use of overly expansive macroeconomic policies, i.e., deficit financing. In addition, they disregard basic economic constraints and actively interfere in the economy by decreeing wage increases, price controls and exchange rate appreciation to achieve redistributive goals (Dornbusch 1991, 1; Kauffman and Stallings 1991, 16). The endgame is shortage of goods, capital flight, and spiraling inflation. But economic criteria to identify populism are not clearer either. Populist policies always lead to populist results, but the same outcome may be

\textsuperscript{17} See Roberts (1996, 84) for a careful categorization of existing perspectives on populism

\textsuperscript{18} Jose Maria Velasco Ibarra was Ecuador's founding populist, and he occupied the presidency on five occasions from 1934 to 1972. Victor Raul Haya de la Torre founded APRA, the populist Peruvian party in 1924, and even though it only reached the presidency with Alan Garcia in 1985, APRA has been among the most important Peruvian political parties since its foundation. Other populist figures in the region include Carlos Ibanez del Campo in Chile, Gustavo Rojas Pinilla in Colombia, Romulo Betancurt in Venezuela, and Victor Paz Estenssoro in Bolivia (Dix 1985, 31-32).

\textsuperscript{19} Classic populist leaders such as Leonel Brizola, in Brazil, and Alan Garcia, in Peru, re-emerged to electoral success in the 1980's and 1990's (Weyland 2001, 7), and discussions of the Argentina's crisis show that populism is still an important figure in Latin America today: Richard Lappes in "Back to revolution" (Financial Times, February 21\textsuperscript{st} 2002, 18); Anthony Faiola in "Argentina Sets Sharp Devaluation" (Washington Post, January 7\textsuperscript{th} 2002, A01); and Larry Rohter in "Argentina's Crisis: It's Not Just Money" (New York Times January 13\textsuperscript{th}, 2002, 4)
observed in the aftermath of other kinds of policies as well. In many cases populist intentions are mistaken for populist results, that is to say that populist outcomes can be achieved through means other than economic populist policies. José Sarney (Brazil, 1985-1990), a conservative politician who inadvertently ascended to the presidency, left as a legacy of his term the same kind of problems that Alan Garcia (Peru, 1985-1990), the prototypical populist. The conclusion is that not all economic populism is the result of populist authority relations (Roberts 1996, 86), and thus this system of classification is also of little use.

For some analysts populism is better understood as a political phenomenon. According to this view, a leader to be considered populist needs to fulfill three criteria (Drake 1991, 36; Dornbush 1991, 9):

1. **Personal style**: paternalistic, personal, and charismatic;

2. **Constituency**: able to mobilize, usually from the top down, an heterogeneous coalition that includes urban workers and middle sectors;

3. **Political program**: reformist but avoiding class conflict, the populist promotes redistributive measures and implements a nationalist development program that expands state activism to incorporate workers into the economy.

However, a close analysis on these conditions indicate that the requirements are so loose that almost any politician in Latin America qualify. Weak political parties or parties with weak ideologies, so frequent in the region, are breeding grounds for the cult of a personality. Heterogeneous coalitions are always present in multiparty presidential systems; and the employment of nationalist development programs was a constant throughout the region till the mid 90's, except for authoritarian regimes such as in Chile. Some commentators have a criteria that is even more
permissive, and the rubric is often attached to any political movement that has a mass base and a
cross-class composition, a standard that is even easier to fulfill (Dix 1985, 29). As a result, the label
populist is more of a derogatory adjective than a proper qualification. Even so, this essay
understands populism as a political phenomenon\(^\text{20}\) (Weyland 2001, 14), and a more restrictive view
of it is proposed below.

Every understanding of populism – historical, economic, and political– leads to the preliminary
conclusion that it is incompatible with neoliberalism (Demmers, Jilberto and Hogenboom 2001).
Seen through the historical perspective, populism would die with the modernization of society.
Through the economic perspective, it would disappear with the shrinking of the state. And through
the political perspective, it would vanish with the emergence of a free market, since import
substitution strategy was the engine behind the alliance among urban labor, middle classes and
national industrialists (Roberts 1996, 84). In addition, the clear score of short term winners and
losers would prevent the formation of cross class coalitions. However, recent facts showed that
populism – and more specifically the restricted view of political populism adopted here – is more
resilient than previously thought.

The Emergence of a Hybrid : Neo-Populism

Charles Anderson argued that political styles and movements do not die in Latin America, they just
pile up, converting the region into a living museum of politics (cited by Wirth, 1982, xii). This essay

\(^{20}\) Working definition of populism, according to Weyland (2001, 14) : "populism is best defined as a political strategy through which a personalistic leader seeks or exercises government power based on direct, unmediated, uninstitutionalized support from large numbers of mostly unorganized followers". However, the definition of the new bait-and-switch phenomenon in political terms is not without controversy – see Weyland (2001, 9) for a discussion on the topic.
bases its understanding of populism in a classic formulation of political populism advanced by Torcuato diTella several decades ago (1965):

"Populism is a political movement which enjoys the support of the mass of the working class and/or the peasantry, but which does not result from the autonomous organizational power of either of these two sectors. It is also supported by non-working class sectors upholding an anti-status quo ideology"

So the populist leader is an outsider who mobilizes from the top-down and employs a discourse that is critic towards the current situation, but in such a way that permits groups with diverging interests to walk together towards a common goal.

Populism had been considered to be dead in Latin America at least twice, but recent events challenged this theory. It died first in the 1960's thanks to the rise of bureaucratic-authoritarian regimes (Conniff 1982, 6), and then in the 1980's, thanks to the rise into prominence of the neoliberal ideology. However, a new strain of politicians blurred the distinctions and confirmed Anderson's observation. Fernando Collor de Mello (Brazil 1990-1992) is classified, by different scholars, as populist, anti-populist, or a mix of the two. Carlos Menem (Argentina 1989-1999), the representative of the long time populist Peronist party, adopted harsh neoliberal measures and willingly triggered recession, the anathema of populism. Andres Perez (Venezuela, 1989-1993), Alberto Fujimori (Peru, 1990-2000), Victor Paz Estenssoro (Bolivia, 1985-1989), and Jaime Paz Zamora (Bolivia, 1989-1993) chose similar policies, despite their populist campaigns, past history, reputation or affiliation. Paul Drake called these leaders "bait and switch". They would take

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21 As observed by Roberts (1996, 86), an economic perspective on Brazil's 1989 election would indicate that Collor, the privatizer, was a neoliberal and his opponent, Lula, was a populist. However, under a political perspective Collor, the outsider and representative of the disorganized poor, was a populist, while Lula, supported by party, labor and civic associations, was not.
advantage of some attractive populist concepts during the campaign, but would abandon them soon after the ballots were counted.

Neo-populism differs from classical populism in two main grounds. First, as discussed above, it adopts a neoliberal economic program. And second, its popular mobilization is not mediated through organized groups, but it is done in a direct format – the neo-populist leaders communicates directly with the atomized masses. Many of them created their own political parties (such as the two cases analyzed in this essay – Collor and Bucaram), and either did not engage main labor unions at all, or did so only after well advanced in the electoral campaign.

In conclusion, populism is in general an over-utilized and under-defined term (Roberts, 1996, 83). It is a consensus among observers of Latin America politics that "populism" was prevalent in the first half of the 20th century, and it stayed dormant for a few decades during the era of bureaucratic-authoritarian regimes (O'Donnell 1973), but re-emerged in recent times. In the light of these current events, the historic and economic views of populism lost significance, and therefore the political approach assumes precedence (Weyland 2001, 14). However, the reasons behind political populism are unknown and generally unexplored in the literature22. But its impacts in the Latin American context are far from negligible, and these will be explored at length in a later section.

22 There are numerous inquiries into populism, but no attempts into a "general theory" of populism that identifies the necessary and sufficient factors that trigger it. I thank Kurt Weyland for clarifying this point.
Section 3 - The Impact of Neoliberalism on Democracy

Neoliberalism is not the belief in markets only. Even though many of its supporters try to confine it to the economic realm, neoliberal ideology encompasses also aspects of politics, sociology and even psychology. It will be argued here that neoliberalism, in an acute form, may promote authoritarianism through two main mechanisms. First, through results that may threaten societal unity, and second through methods that discourage popular participation in decision-making. The former is a highly controversial empirical question, and will be exposed briefly. The latter is more subtle yet direct, and will be analyzed in detail.

Income inequality may be an intentional or accidental goal of neoliberal policies, but if these strategies widen the gap between rich and poor, neoliberal results may be a serious challenge to democracy in Latin America. The predictable pattern of alternation between economic populism and economic orthodoxy in Latin American countries can be credited to the region's economic and social inequality (Unger 1998). The swinging of this pendulum widens at each turn, and the endpoint is a periodical breakdown in democratic practices.

This essay, however, is concerned with the direct impact of neoliberal methods on democracy, and not with its contestable end results. It will be argued that neoliberal ideology promotes authoritarianism through three interconnected mechanisms: (a) the belief that economic

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23 See Baghwati 2002 for a defense of the argument that inequality in the world is currently decreasing and a rebuttal in Galbraith 2002
24 For a detailed discussion on neoliberalism, poverty and inequality, see Victor Bulmer-Thomas (1996)
performance deserves absolute priority, (b) the bashing of the state and everything political, and (c) the centralization of power. Each of these mechanisms will be analyzed below.

A. Supremacy of Economic Performance

The correspondence between democracy and economic development has been under contention for a long time. While some authors advocate the view that these two concepts are complementary, other authors defend an opposing view. More specifically, two different theoretical perspectives justify some sort of authoritarianism as required by economic performance. The first, historically spearhead by David Ricardo and Karl Marx, argues that only authoritarian regimes can preserve property rights (Przeworski and Limongi 1993, 52). Proponents of this now discredited view believed that the impoverished masses would inevitably use their voting powers to eliminate private property, and the result of electoral democracy would be either abolition of property or authoritarianism imposed by the threatened elite. The second argument, advanced among others by Samuel Huntington, argues that only dictatorships can promote investment by curbing or controlling inherent impulses for immediate consumption (54). Proponents of this view believe that democracy allows for an explosion of current consumption, which in turn reduces profits (through enhanced market competition), and investment, and finally growth. The conclusion is, again, that democracy is not compatible with economic growth. It must be noted that many scholars disagree with both these two arguments, and Przeworski and Limongi (1993) point to several flaws in the available empirical studies that try to link economic growth to regime type.

It is currently believed that democracy is fully compatible with economic development (Przeworski et al. 2000; Orestein 2001; Collier 1979), but the dynamics of a transition to this ideal state are more contentious. There is wide support for a view that argues that capitalism can only be implemented if
the government is insulated from pressures, or alternatively, if the president has broad powers once elected, not needing to negotiate every single aspect of the economic plan.

But to draw this line is not easy. As argued by Hirschman (1979, 64, italics in the original),

"if it is true that the economy must be deferred to, then there is a case not only for constraining the imprudent actions of the prince but for repressing those of the people, for limiting participation, in short, for crushing anything that could be interpreted by some economist-king as a threat to the proper functioning of the ‘delicate watch’"

In any case, supporters of this approach believe that capitalism cannot be instituted under a situation of total democracy, but they preserve the democratic ideal as an ultimate goal. They argue that only strong regimes can contain the popular discontent generated by neoliberal economic measures (contra Rodrik 1996, 10). It is assumed that the medicine is bitter; tough decisions will have to be taken, and only a well-planted government will be able overcome the pressures.

As argued by Nelson (1994, 9):

"Both stabilization and structural reforms impose costs that are immediate, certain, and often concentrated on specific groups... [and] most of the benefits of reform are usually uncertain, delayed and diffused. Losers know who they will be; gainers are much less certain".

And by Sachs (1993, 3):

"The great political task is to follow the path of reform in the face of inevitable anxieties, vested interests fighting for the status quo, and demagogues ready to seek political power by playing on the public's fears".

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25 As reported by Rodrik (1996, 33n. 30), Jeffrey Sachs defends this precise view.
In this environment, a common policy recommendation is “shock therapy” – the fast and definite implementation of capitalist practices without continued consultation with society (Orenstein 2001, 11). This is not to concede that only authoritarian regimes can guide a country through the turbulences of a transition, but rather that democratic governments need a good amount of autonomy (i.e. freedom from consultation) and stability in office to be able to overcome the catch-22 posed by Nelson. In the best case scenario a full presidential term (four or five years in most countries) should be enough if the president can impose his views, and then elections can be called again. According to this perspective, shock therapy preserves some sort of democracy and allows for change.

Anecdotal evidence for the economic success of this approach points to the already mentioned cases of Chile under Pinochet and Bolivia during the orthodox reforms of 1985. Chile needs no elaboration, for its economic record and human rights abuses are both widely known. In the Bolivian case, the government succeeded in curbing hyperinflation and reforming the economy, but not without a cost. They imprisoned labor leaders, repressed popular protests with military force, and declared state-of-siege twice during the implementation of the plan (Conaghan 1994, 251-252 and Gamarra 1997, 373-378). The so called "pacto por la democracia" that made the economic plan politically palatable included a secret agreement in which the two leading parties in Bolivia would alternate in the presidency at the expense of other groups (375), an arrangement that can hardly be considered democratic. The shock treatment was a partial success26, but democratic practices were disregarded. In the words of a Bolivian state official: "we behaved like authoritarian pigs" (cited in Conaghan 1994, 260).

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26 Inflation was reduced, but unemployment remained high, and the prospects for the Bolivian economy after the stabilization were not bright.
The emphasis on insulation is a threat to democracy. A team of expert economists may even be able to implement a set of policies that maximizes overall growth, but public policy-making is more than that. Most, if not all, policies have distributional effects. They not only foster (or hinder) growth, but also shuffle resources and burdens among groups in society (Geddes 1994, 4). As argued by Nelson (1994, 9), "even where much of the public is convinced that strong reforms are imperative, there are intense disagreements over the precise design and timing of reforms and who shall bear the costs".

Each group has a different tolerance for the pains of adjustment, and policy-makers must be able to receive feedback in order to maximize general welfare, and not only total growth.\(^{27}\)

B. The Bashing of the State and the Praise for Technocracy

In the neoliberal discourse, the conviction on the supremacy of economic performance is frequently coupled with a blaming of the state for whatever is deemed to be wrong. In the neoliberal framework, the state is seen as inefficient, corrupt, conservative, partisan, and not responsive to public interest (Grindle 1977, 399). The main outcome is the denial of politics. A good example is given by Grindle, when she spells out the common image of the 'politician' type of bureaucrat. This personage is belittled as someone that relies on a "generalist and humanist educational background; achieves a bureaucratic position by manipulating friendships and political ties; is motivated preeminently by party affiliation and loyalty to political personages; makes decisions on the basis of personal advantage and political pay-off; and is constantly involved in maneuvering human beings to achieve his goals" (402n.30).

\(^{27}\) Geddes (1994) discusses the circumstances more conducive for capacity building, and analyzes some of the logical reasoning behind behavior of state leaders that seems to be "myopic" (i.e. short term oriented).
The natural result from this denial of politics is that contestants to elective positions in a neoliberal platform try to distance themselves as much as possible from the messiness of politics. A successful profile is that of an outsider, and therefore it is not unusual to see candidates coming from a business background. In a more extreme tone, some candidates try to legitimize their candidacy by claiming success in other areas, including even arts, sports and beauty pageant contests. In a matching tone, policy-makers present themselves as technocrats empowered by scientific knowledge, and not as public officials responsive to a constituency.

Technocracy is not an invention of the neoliberal years. This terminology has been in use at least since the beginning of the 20th century (Raymond 1933). In the Latin American context, it assumed new importance in the early 70's, employed by Guillermo O'Donnell (1973). He explored the nature of technocracy as a social group in itself and its role in the eschewing of democratic regimes in Latin America during the 60's and 70's.

Technocracy is government by experts, and the term technocrat is the fusion of technician with public bureaucrat. O'Donnell argues that the defining trait of the technocrat is the application of modern technology in his daily work routine, and the permanent learning in which he engages.
O'Donnell 1973, 30). Grindle (1977, 402n. 8) points to a more ample set of attributes, in which a technocrat:

"has specialized knowledge, is recruited and advanced in his career through universalistic criteria of evaluation, is apolitical and considers himself to be above politics; makes decisions on the basis of rationality and efficiency, and often tends to underestimate the need to consider questions of human relations and politics in his work".

It seems clear that the definition of a technocrat may refer accurately to a 'technician', that is to a mathematician, a neurosurgeon, or a paleontologist. But it does not seem reasonable to believe that anyone involved in public policy-making can be above politics. Anyone that sets priorities and selects who gains and who looses in the public space is, by definition, deeply involved in politics.

The separation between a technical and a political sphere is mistaken for two reasons. First, in real life, the distinction is hardly possible. Grindle (1977) tested six criteria often used to separate technocrats from politicians: (1) educational background; (2) education and position; (3) level in the hierarchy; (4) type of agency in which the officer works; (5) career history; (6) attitudes (404); but she concludes that all these options are inadequate and do not allow for an accurate identification of either group (402). And second, even in the cases in which a public official is perceived to have a purely technical role, his policy-making powers are most probably derived from political sources (414).

The conclusion is that, in public life, the separation between technical and political spheres is artificial, but is not done without a reason. The denial of politics is a political statement in itself. As argued by Grindle, "although technical decision making has often been considered a means to arrive at the 'one best solution' to a problem, expertise and information cannot be considered neutral instruments" (Grindle 1977, 421). Reinforcing this argument, Conaghan, Malloy, and Abugattas
(1990, 4) claim, in their study of Peru, Ecuador, and Bolivia, that "neoliberal policies were not neutral 'technical' responses to a given type of economic crisis... neoliberalism was consciously chosen by policymakers with an eye toward specific power relations in their respective societies".

Following Lukes' (1974) framework of power, the argument for technocratic decision-making is far from neutral. In fact, it fits nicely within the three dimensions of power (Centeno 1993, 313). The separation between technical and political not only creates power to set the agenda of what is to be discussed, but also shapes the preferences of many of the agents. The interplay between those that hold three dimensional power and those that hold single dimensional power may provoke a break down of democracy. O'Donnell (1973, 84) recognized a similar threat and argued that:

"Technocratic role-incumbents in situations of high modernization are likely to act in contrast to their usually politically liberal role-models, and to constitute the core of the coalition that will attempt the establishment of an authoritarian, 'excluding' political system"

According to O'Donnell, authoritarianism may be implemented in the wake of failed technocratic transformations through two main mechanisms. First, technocrats bring with them not only techniques, but conceptions of their role in the public sphere. If the reward of their action is below expectations, they have to adjust their role-models or adjust the environment in which they act, potentially supporting a "coup-coalition" (78). Second, technocrats often refuse to acknowledge that the technical expertise they possess may not be appropriate for the situation at hand, since techniques are dependent on circumstances. When the rewards expected to derive from the technocrat's actions are not observed, they feel frustrated. This disappointment is inevitably channeled into a drive to reshape the social context – authoritarian drive, if needed be – so the learned expertise of the technocrat can be applied to its fullest extent (79).
It must be noted that the link between technocracy and authoritarianism is not necessarily present in every instance, and even when it exist, it may be subtle. The mechanisms elaborated above illustrate a possibility, and not a certainty. But it is important to notice that several, if not all, of the military coups in Latin America during the 60's and 70's were justified by a self-acclaimed technical superiority of the military corps in running the country in a time of crisis. In some circumstances, even technocrats that firmly believe in democracy may change their allegiances, and the key to understand this change is that it may happen without technocrats contradicting their beliefs – this insight is at the core of the threat to liberal democracy that over-reliance on technocracy poses.

The use of technical knowledge in the public sphere is an advance, but it must be recognized as such for the correct reasons, and kept within the limits imposed by them. The separation between technical and political is counter-productive if used as an ideological weapon, but it is positive to the extent that it increases efficiency and the objectivity of public decision making. When processes and criteria are made clear, transparency is enhanced, and so is the potential for increased popular participation and public accountability.

C. Centralization of Power

Neoliberal reforms promote the shrinking of the state, and this reform may be harmful to democracy. In the late 1980's and early 1990's most public apparatus in Latin America were overgrown and represented a burden to the public welfare, consuming resources and creating obstacles to a smooth functioning of the state. But reduction of the public machinery, when done bluntly, may extirpate important links between state and civil society, eliminating the ability of the government to receive policy feedback, and centralizing power in the executive branch at the expense of other institutions.
Practice and discourse of centralization are deleterious to democracy. Referring to the former, government agencies do not, as a general rule, operate in a vacuum. They have counterparts among the private sector and also among civil society. The indiscriminate elimination of agencies leave these partners without access to the state - a good thing, if one acquiesces to the neoliberal understanding of civil society as "entrenched interest groups", but a bad thing for policy feedback. It is true that "capture" of the state by specific groups is harmful to society as a whole. But total isolation is not a solution either. Alienated from the decision loop, organized groups that mediate the relationship between their members and the government lose their ability to do so. The consultation channels available for policy-makers dwindle, and the probability that wrong decisions are made increase by the same proportion. Electoral politics give a good measure of the diversity of preferences, but pressure groups convey their intensity (O'Donnell 1994). If they are ostracized, this dimension is lost. And even when groups are not directly attacked the potential for harm exists. The framing of interest groups' actions as against the public interest is a de-legitimization that harms civil society as a whole. The groups are not presented as a legitimate opposition to the ruler's program, but rather as entrenched interests that block modernization attempts, and thus have to be bent or over-ruled. This approach dismiss the possibility of disagreement in the public sphere and reduces the democratic space32.

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32 See Evans (1995) for an analysis of what he terms "embedded autonomy", the need for government and business groups in society to be linked and, at the same time, independent in order for a country to develop.
Section 4 - Impact of Populism on Democracy

As discussed in section two, populism can be seen through many different lenses. It is considered to be a historical phenomenon by some, but others see it as an economic or political occurrence. Up to 1980 most authors would apply the label populism under the so called cumulative method, i.e. a leader that had fulfilled the criteria of any of the views could be rightly called populist (Weyland 2001, 4). However, the characteristics of populism associated with each of the views impact democracy in a different way and therefore deserve separate elaboration. For present purposes, the impact of the economic and political views are the relevant ones and will be detailed below.

Economic populism is characterized by the use of deficit financing and strong state intervention in the economy, such as mandatory salary increases, imposition of price controls, and artificial exchange rate appreciation. As a result, a typical populist cycle follows: the economy grows, vindicating the policy-maker’s assumptions, but soon afterwards bottlenecks appear, and inflation is the result. Then more problems add up, such as shortage of goods, capital flight, and increasing government deficit, leading to even higher inflation. The government eventually tries to stabilize the economy, but those that were supposed to benefit the most from the populist policies end up paying the highest prices (Rodrik 1996, 21). "Capital can flee from poor policies, labor is trapped" (Dornbusch 1991, 11-12). Economic populism causes economic failure, and this fiasco may threaten democracy because it is reasonable to expect that the adoption of bad policies be equated with bad politics, and thus the neoliberal threats, detailed in the previous section, come into place.

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33 The best expression of economic populist attitude is the 1953 advice Perón gave to Carlos Ibanez, then president of Chile: "My dear friend, give to the people, especially the workers, all that is possible. When it seems to you that already you are giving them too much, give them more. You will see the results. Everyone will try to scare you with the specter of an economic collapse. But all of this is a lie. There is nothing more elastic than the economy which everyone fears so much because no one understands it" (Hirschamn 1979, 65)
A more subtle challenge is presented by political populism. Its relationship with authoritarian and democratic values has been under contention for a long time. Robert Dix (1985, 30) explored this precise question and identified two types of populism in Latin American history: authoritarian and democratic. As a general trend, he found an authoritarian populism that tended to have leadership deriving from military and landowner classes, a stronger support base in the cities, no clear ideology, a slight anti-imperialist attitude, and focus on mildly redistributing wealth while maintaining the overall economic system. In his study this category was represented by Peronismo in Argentina, Ibanismo in Chile, and Rojismo in Colombia. But he identified also a democratic strain of populism. It was usually led by lawyers and intellectuals, had a stronger presence in rural areas, a concrete ideology and program, tended to be economically nationalistic, and had a more socialist leaning. It was represented by Accion Democratica in Venezuela, Alianza Popular Revolucionaria Americana (APRA) in Peru, and Movimiento Nacionalista Revolucionario (MNR) in Bolivia. Considering all the differing characteristics, Dix observed that authoritarian movements usually died with their leaders, while the democratic ones were more stable.

Neo-populism seems to be of the former sort. It relies on the support of atomized masses and does not try to build lasting institutions, so there is barely any upside to it. And it is an off-spring of political populism, which in turn is harmful to democracy in three ways: promotion of top-down approach and active demobilization of societal groups, centralization of power, and denial of a role for disagreement.

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34 For a defense of populism as anti-authoritarian, see Conniff (1982, 16-23). He argues that democracy is encouraged by traditional populism in several ways, including through its support for local cultural practices, encouragement of vote and elections, and by having its leadership anointed by the people (charismatic leader). In the opposing side is Fernando Henrique Cardoso (cited by Conniff 1982, 26), who calls populism “a regime of domination.”
The populist leader mobilizes from the top down when he claims to be the personification of the democratic ideal. According to this argument, no other organized group but the leader itself is needed to guarantee democracy. While some populist movements in the beginning of the 20\textsuperscript{th} century relied also on unions and labor organizations, current manifestations of populism are based on atomized masses only and thus, without mediation, the direct, top-down, appeal to the masses is stronger than ever before. But even if this massive incorporation is true, it is not done in a sustained way. The top-down mobilization style tends to defuse authentic popular movements and estrange groups that compose civil society. By framing popular inclusion as a trade-off to the participation of societal groups, populist leaders do more harm than good.

Populist leaders actively try to concentrate power. The leader presents himself as the savior, and all other democratic institutions are rendered superfluous or even harmful to the fulfillment of his mission. Legislative and judiciary branches are constantly threatened under populist rule, and it is not rare for these institutions to be purged or closed altogether. Populist leaders conceive "democracy as mass mobilization and occupation of public space rather than as respect for procedures and rule of law" (Torre 1997, 12). So the usual institutions that are created to preserve basic democratic practices – courts, congress, participatory channels - are deemed superfluous or even deleterious to the welfare of the people. The leader embodies the people and represents its will, and allows nothing to stand in the way.

Populism also attacks democracy by denying a role to disagreement and compromise in public affairs. It transforms political struggle into fights for higher moral values, of good versus evil, and thus "the political confrontation is total, without the possibility of compromise or dialogue". In other words, populism denies politics itself. As argued by Torre (1997, 17) :
“In liberal democratic politics, adversary political groups or factions are allowed space in which to exist. They are understood as rivals who have the right to agree or disagree. Populist moralism, on the contrary, denies the opposition's right to exist... the possibility of dissent is rejected, and an authoritarian morality is imposed”.

Populism, when combined with neoliberalism, can make even more damage. The following section will explore their matching and reinforcing effects, concluding that their hybrid outcome may pose a serious threat to democratic order.

Section 5 - Neo-Authoritarianism

It is the argument of this essay that, during the 1990's in Latin America, neoliberal thought merged with populism and created a political phenomenon that will be termed neo-authoritarianism. And neo-authoritarianism is an inherently unstable phenomenon - it causes a deadlock in governability that can be solved in one of two ways: either the leader resorts to authoritarian practices and terminates democracy or is forcefully removed from office. This section has three goals: (a) to advance a theory of how populism and neoliberalism can co-exist, (b) discuss their matching and reinforcing effects, and (c) identify the main characteristics of neo-authoritarianism and their impact on democracy.

A. How can Populism and Neoliberalism Co-Exist

Up to recent times it was widely believed that neoliberalism and populism could not co-exist. While populists relied on budget deficits, strong state intervention, and redistribution to fulfill their promises, the neoliberal state was supposed to be its exact opposite, that is small, non-interventionist, fiscally responsible, and encourager of an entrepreneurial attitude. In addition, neoliberal rationality would block paternalism, and the clear identification of economic winners and
losers in a neoliberal world would eliminate cross class coalitions. However, bait-and-switch leaders squared this circle, as will be examined below.

Historically, paternalism was achieved through sizeable interventions in the economy, such as price controls, food subsidies, and rationing of exchange rate. All these mechanisms were abandoned with the advent of neoliberalism, but paternalism adapted itself to the new context. Instead of using universal subsidies and other obscure non-discriminatory policies such overvalued exchange rates, new populist leaders target specific groups, creating "localized reciprocal relationships where paternalism and clientelism thrive" (Roberts, 1996, p.90). The divestiture of state owned enterprises and a more focused role for the government apparatus may actually strengthen the core of the state (Kay 1996, 56; Weyland 2000, 44), and this intensification of executive power allows for enhanced paternalism. "If classical populism relied upon the largesse from an interventionist state, 'fujipopulism' seems to depend on the executive philanthropy bankrolled by a liberal state" (Kay 1996, 56).

Populism can co-exist with neoliberal economics because it relies more on the advancement of a widespread emotional state than on a specific economic programs (Dix 1985, 39). New populist leaders adapted their message to fit the changed circumstances. They de-emphasized the material aspects of the coalition and adopted an anti-establishment discourse instead. New populism does not require a centrally accepted program, because it can assemble broad coalitions around political issues or symbols (Roberts 1996, 90). These leaders would rally support by identifying "an enemy that is common to all the people, despite class, and picturing it as immoral, foreign, evil, and unjust" (Torres 2000, 14). Ironically, the "fight against corruption" theme that was chosen by so many of these leaders during their campaigns was instrumental in eventually bringing them down.
Chauí (1994, 29-30) also defends the argument that populism and neoliberalism match each other and that both favor an authoritarian form of domination. She argues that populism is akin to a theological domination in which the leader claims full authority and expect the people to follow directly, without mediation of any institution. Neoliberalism fits this framework since it favors the cult of a personality, the blurring of borders between the public and the private, the narcissism of the leader, the view of politics as a performance, and the power given to the initiated by a special knowledge that is accessible only to a privileged few. As a result, some characteristics are noticeable. In one side, the leader claims a natural right to power and adopts a discourse that praises the richness of the nation as the clear solution for the country's problems, even though a majority of the population remains poor. On the other side, wherever this view finds resonance one sees the leader greeted as a savior, and politics converted into a struggle between Good and Evil.

The conclusion is that populism can not only co-exist with neoliberalism, but they match and reinforce each other in a very specific way. The outcome of this union is here called neo-authoritarianism. Both populism and neoliberalism, as previously shown, have anti-democratic traits, and their combination mutually emphasize their harmful characteristics. Democracy exists when there is consultation, compromise, and respect for differences, but this hybrid form values the exact opposite, and under these circumstances, rupture in democratic life is not totally unexpected.

B. Matching and Reinforcing Effects of Populism and Neoliberalism

Populism and neoliberalism combine in several dimensions. They both favor the outsider, a top down mobilization style, and centralization of power around the executive. The result is a rejection of formal democratic institutions, a dismissal for the need of policy feedback, and most important, it produces a demobilization machine: civil society is scorned and directly attacked, and all the
benefits of a rich associational life are regarded as irrelevant, harming in a deeper level the country's prospects for development. Each of these elements will be discussed below.

First, both neoliberalism and populism favor the outsider. The former, as shown in section three, argues that the messiness of politics is associated with the adoption of bad policies and economic failure, therefore those with a non-political background are the only ones considered to be capable of streamlining the public apparatus. In a complementary way, the typical populist leader is also an outsider. He presents himself as someone that comes from the people, and thus automatically represents and embodies it, but at the same time as someone that is better than the people, and thus has legitimacy to govern. In some instances the outsider-ness of the neo-authoritarian leader can be disguised by his use of an established party apparatus. These leaders tend to rise as outsiders in places were parties are weak (e.g. Collor in Brazil and Fujimori in Peru), and by capturing the party apparatus where parties are strong (e.g. Menem and the Peronist party in Argentina), but in both circumstances the leader is an outsider and remains isolated from other established forces and groups in society.

An important element that increases this isolation, not present in classic populism but exacerbated in neo-authoritarianism, originates from the latter's base of support. While the former was supported by organized groups in civil society such as labor unions, the neo-authoritarian dismisses these organizations in favor of a direct and personal contact with the disorganized masses (Roberts 1996, 90). Neoliberalism frame many sectors of civil society as "entrenched interests that block necessary reform", and thus make it difficult for hybrid leaders to partner with unions or other organized groups. In addition, the diffusion of broadcast technologies, particularly television, make possible

35 For a classic discussion on the importance of civil society in development, see Putnam (1993)
for leaders to establish a personal connection with the people. While an effort into outreaching may be positive, the other side of this problem is the leader's isolation and instability, and the results are twofold. First, the support that is given by the people may be easily withdrawn, and second, an isolated leader is more prone to commit errors in his decision making.

Second, neoliberalism and populism favor top-down mobilization. The former, as discussed in section three, by claiming higher knowledge, and the latter by claiming to possess legitimacy as given by nature or God (Chauí 1994). Therefore both approaches reject the importance of people's participation in public decision making. In one side, neoliberal thought reserve authority for those technically capable, and on the other, the populist leader does not aim "for the self-constitution of autonomous and deliberating citizens, [instead, he] asks his followers to trust him, to delegate power to him" (Torre 1997, 18-19).

Third, both neoliberalism and populism want to preserve the maximum possible latitude in defining policy, and therefore actively centralize power. To confront these vested interests populist leaders and neoliberal reformers need concentrated power. As argued by Weyland (1999, 382):

"Neoliberal experts use populist attacks on 'special interests' to combat state interventionism, while populist leaders employ the modern, rational recipes of economic liberalism to undermine intermediary associations, entrenched bureaucrats, and rival politicians who seek to restrict their personal latitude"

They both seek to strengthen the executive branch and weaken rival institutions such as parliament. Despite their anti-state rhetoric, neoliberal advocates try to fortify the core of the state, especially the presidency, in order to impose structural adjustment. Populists support this concentration of power
at the top of the state to enhance their personal leadership. Thus, populism and neoliberalism coincide in their centralizing approach to decision making (382).

The main result of the merging of populism with neoliberalism is the rejection of a role for people's participation in public life outside of executive elections. Disagreement and compromise are denied a proper role. Constitutional democratic institutions such as the legislative branch, and eventually the judiciary, are by-passed in decision making. And other institutions, such as the various groups that compose civil society, are also attacked and dismissed. Neo-authoritarianism is a method to destroy social capital, and as such provokes a lasting damage in the countries in which comes to life and is allowed to operate unchecked.

In conclusion, the neo-authoritarian centralizes power, denies a role for opposition, and dismisses civil society and other formal representative institutions. The neo-authoritarian presents himself as an outsider, usually with a record of success in his previous career. He claims to embody the people, is usually brash, young, and claiming not to be willing to engage in politics as usual. He portrays himself as effective, just, and moral, but facing opponents that are corrupt, depraved, dishonest and with low moral values. The existing economic crises are perceived as being the result of excessive government intervention in the economy, and everything – democratic institutions included - that may obstruct the road to modernity must be removed. His support is granted by an abstract atomized mass, but the instability of this position is evident. Confrontations are unavoidable, and the result is a stalemate. However, inherent characteristics of neo-authoritarianism grant swift resolution.

The political positioning of a neo-authoritarian leader is very fragile. His isolation decreases transparency and accountability, and thus corrupt behavior finds a nurturing environment in which
to grow\textsuperscript{36} (Weyland 1993). By the same token, business interests that, thanks to this same isolation, are now shielded from the decision-making process have increased incentives to pay bribes. Channels of contact with the government are scarce, and thus the benefits of engaging in corruption increase. However, once accusations surface, the leader sees himself without a base of support. It is expected that, feeling fragile, the leader changes gear and tries to buy support through patronage, but once charges mount up, they gather momentum and proceed by themselves. The popular outrage of having deeply involved in corruption a leader that was elected to bring morality is a powerful force. The leader has two alternatives: either to succumb or to fight back, so legitimacy attacks on congress and judiciary are expected. In the end, the allegiance of the armed forces is a defining trait in explaining the final outcome, so rumors of coup d'état may go around before a final decision is made.

Corruption is an important but proximate element in this equation. It may provide a legal and/or moral base for the removal of the president, but it is not at the core of the problem. Neoliberal and populist dismissal of democratic practices causes the deadlock and corruption charges provide the solution.

\textsuperscript{36} Several commentators point out that corruption increased during the tenure of these leaders, but by its very "covert" nature and the lack of historical and comparable data on the topic, assessments can be done through anecdotal evidence only. If feasible, a comparison with the military regimes would be very interesting.
Part 2 - Case Studies

Section 1 - The Case of Fernando Collor de Mello

Fernando Collor de Mello resigned from the presidency of Brazil on December 29th, 1992. The first directly elected president of Brazil since the 1960's, he had been elected with 35 million votes just two years before, and had been hailed to office as the young, dashing and audacious man that would save Brazil from a downward spiral of inflation, distorting interventionism, and corruption. But something went very wrong and mid-way through his term Collor left office in disgrace and stripped of political rights for eight years.

Fernando Collor de Mello was a textbook example of neo-authoritarianism. He campaigned in a clear neoliberal platform and thus was able to dodge some accusations of populism, but as shown in a previous section, the economic criteria is not the only way by which this label can be attached. Collor was an outsider that mobilized an atomized mass from the top-down, rallying support around an anti-establishment and moralizing theme. He adopted the role of savior in a time of economic crisis, eschewed compromise, consultation and negotiation, and tried to adopt neoliberal measures designed by a technocratic team. He ended up meeting strong resistance in congress and among various groups in civil society and, weakened, had to redraw his governance strategy and redirect his forces. Eventually attacked for corruption, Collor faced a broad opposition and saw his few allies vanish at the first confrontation. Isolated and without economic results or political support, he was forced to step down from the presidency in another demonstration of the typical neo-authoritarian outcome.
An overview of Brazil in 1989 shows that the environment was perfect breeding ground for this new strain of politics. The electorate was inexperienced (70% of the voters were electing a president for the first time in their lives), mostly young (almost 50% under thirty years old), urban (75% urban), poor (75% earned less than two minimum wages), ill-educated (68% had not finished primary education), and not politically organized (90% did not belong to unions and 20% did not know the name of the president) (Flynn 1993, 355-356; Moises 1993, 578-579). The economy was in chronic crisis and tending to hyperinflation, and anything political was discredited in the eyes of the people (Flynn 1993, 357-361).

Collor was a man of his times and adopted a profile that fit the situation. Even though he was not an outsider to politics, since his links to politics went back at least three generations (Skidmore 1999, 2), he portrayed himself as one (Weyland 2000, 43-44). His family was a "textbook example of the local northeastern oligarchies that had grown rich on sugar but for decades had depended on federal government subsidies while continuing to dominate their state's economy and politics" (Skidmore 1999, 2). His grandfather had been a minister in the 1930's, and his father had been governor and senator. During the military regime Collor himself had been appointed mayor of his state's capital at age 29 (3) and later elected to congress. His family owned an important regional communications enterprise, including TV stations, radio, and newspapers. By the time Collor joined the presidential campaign, he was the newly elected governor of Alagoas, a small and underdeveloped state in Northeast Brazil, and a total of 75 members of his and his wife's family occupied public posts (Avritzer 1999, 135), but "he emphasized his outsider status by rejecting any link to existing parties and running on the newly created Partido da Renovação Nacional (PRN)" (Kingstone 1999, 151).

37 His profile was summed up by George Bush when he called the Brazilian president "Indiana Jones" during an official visit to the US on June 18, 1991 – see http://bushlibrary.tamu.edu/papers/1991/91061803.html
But Collor soon made national news as the young and bold reformer that was attacking corruption and streamlining the public machinery in his native province. The times were ripe for an attack on the state. Inflation was the highest Brazil had ever experienced (Skidmore 2000, xii). The country was a closed economy with heavy presence of the government in productive sectors. Import substitution regulations were still in place, the state owned most of the country's infrastructure and basic industries, public services such as telecommunications and energy were of very low quality, and international trade was almost non-existent. Collor adopted an anti-establishment discourse and attacked corruption and the privileges of government employees. He used the terms "maharaja" to refer to the over-privileged public employees that, thanks to loopholes in the law, received regal salaries and benefits for no work, and "ghost worker" to refer to those public servants whose names were included in the pay rolls but that had never been seen in their alleged workplace. Using the neoliberal framework, Collor was the self-proclaimed "maharaja hunter", and promised to put the state back into its proper place and to bring morality into public life.

Some circumstantial elements increased Collor's standing in the presidential race. The country's economic debacle had emptied the chances of candidates from well established political parties and a desire for change favored the two obvious outsiders: Collor, the neoliberal, youngest and richest among the candidates, and Lula, the former assembly line worker that was the poorest and the one with the least formal education among those in the ballot. Many private sector interests, including the major media outlets, were fearful of a victory of the left and coalesced around Collor, the so called "anti-Lula" solution. In addition, he ran a most effective political campaign. Collor adopted a two-pronged discourse that is familiar to neo-authoritarians and attacked both the government and his main competitor in forceful ways. First, by adopting the neoliberal framework, he attacked the government and traditional politicians for the miseries of the country and promised to modernize
Brazil through liberalization and privatization. Second, in a populist way, he demonized his opponent and consistently framed Lula, his main competitor, as a backward and ill disguised communist that would bring disorder and the dictatorship of the proletariat into Brazil. As a result Collor managed to gather a heterogeneous cross class coalition, with support stemming from sectors of industrial elites, middle classes and a significant majority among the disorganized masses.

Both Lula and Collor went to the runoffs, and Collor won with 43 percent against 38 percent. His cross class coalition had materialized itself, and he received significant support across all social groups, but the decisive majorities that brought him victory came from voters whose education level did not exceed primary school, and from those whose family income did not exceed five minimum wages (Moises 1993, 583). In the typical neo-authoritarian way, the fundamental base of his victory was composed of the non-organized sectors of civil society.

Upon taking office, Collor asserted his desire for independence and stayed away from other centers of power. First, instead of taking nominations from other politicians, he appointed a cabinet composed of a heterogeneous group coming from widely varying backgrounds, with little political experience and many not belonging to any party (Weyland 1993, 10; Flynn 1993, 369). In addition, he decided not to institutionalize his base of support, either by strengthening the party he had created for the election (Weyland 1993, 9), or by organizing his diffuse electorate.

Once in power Collor proceeded in implementing unilaterally his plan to modernize the country. He announced in his first day in office the most radical and interventionist stabilization plan ever attempted in Brazil, freezing salaries and prices and seizing approximately 80% of the money

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38 Even Lula, the candidate of the masses, admitted in an interview soon after the elections that the victory was given to Collor by the disorganized strata (Singer 1990, 99).
deposited in banks. And in a typical neo-authoritarian way, he did not consult anyone, not even the powerful Industrial Federation of Sao Paulo (FIESP), an unprecedented move in the recent history of the country (Weyland 2000, 45). At this time, Collor was using to the maximum possible extent the legitimacy and power he could derive from his 35 million votes (Kingstone 1999, 159).

During his first months Collor successfully centralized power at the expense of the remaining branches of the state. According to the Brazilian constitution, the president has a strong hand in dealing with congress (Mainwaring, 1997, 64-66). He can not only make laws through executive decrees, but also control the legislative agenda to a great extent. From the very beginning Collor put the congress on the defensive, as on his first day he issued twenty decrees dealing with the stabilization plan and the closing down of several agencies (Oliveira 1994 242n. 1). Even though the measures were more radical than anyone could have conceived, highly interventionist, and politically and legally controversial, congress was not given any time for consideration. Furthermore, if one takes into account the environment of high inflation, the sense of urgency in solving the economic crisis, and the president's declarations that he had "only one bullet to kill the tiger of inflation", any institutional challenge against Collor and the economic plan he implemented was framed as an attack against the popular interests (227). Furthering his attack on institutions, Collor signed a decree forbidding the Judiciary from hearing cases regarding the legality of the economic plan, and another (decree 159) forbidding public employees from protesting.

Collor not only acted unilaterally, but actively engaged in a divide-and-rule strategy of governing. As argued by Power (2000, 23), his presidency was a "violence to institution building". Among his targets were opposition parties, organized business, unions, the military, and areas within the public

39 For an account of the difficult Collor-business relations, see Kingstone (1999, 149-188)
administration itself (Weyland 1993, 10). Some of Collor's tactics were active, as when he offered
government posts directly to individual members of opposition parties in an attempt to create
dissent among their ranks, supported small business organizations that openly challenged
traditional ones, and attacked the corporatist structure of unions in a way that, had the measure been
approved by Congress, membership would be reduced dramatically (Weyland 1993, 11-12). Other
tactics were passive. By charting the course of the economy on his own, without consultation or
compromise, Collor indirectly created reasons for dissent. Business associations tended to break up
along the importers-exporters line, and radical factions of labor unions got into conflict with
moderates (Kingstone 1998).

The armed forces were also targeted during Collor's presidency (Hunter 2000, 111). His conflicts
with the military started during the campaign and proceeded during his term of office. Before the
election, the powerful National Intelligence Agency (SNI), fully controlled by the military, had
prepared a dossier that compared Collor to Al Capone and Goebbels (Zaverucha 2000, 59). Aware
of this report, Collor proclaimed that, if elected, he would close this agency in his first day (60). He
eventually did it, and his relationship with the military proceeded turbulent throughout his tenure.
As the program of modernization of the state proceeded, Collor suspended several prerogatives that
were once on the hands of the military, such as the country's nuclear program and control over the
agency that decided on protectionist policies regarding information technology (65-66). The freezing
of the salaries among the militaries, initially justified by the austerity of the economic stabilization
plan, caused intense discontent among troops and high ranking officers alike (67-96). Several small
acts of insubordination showed the discontent, and a general even affirmed publicly that "a leader
that claims to have only one bullet to solve the country's problem should use it in his head" (63-64).
Trying to ease these tensions, Collor steered the military against Congress, the institution that had the final onus of approving the pay raise (75-76).

Business interests, with biggest stake in the economic reforms, wanted to be part of the decision making, but were ostracized by Collor. CACEX, the foreign trade chamber that was at the center of Brazil's market reserve and ISI scheme (Kingstone 1999, 162), was closed by Collor, and with it vanished an important hub of business - state linkages. To solve collective action problems is never easy, but the major industrial groups in the country got together, formed an association called IEDI, and tried to engage the state in a constructive debate (Kingstone 1998). They argued that macroeconomic stabilization would be an unavoidable pain, but the country should move as soon as possible to a phase of renewed growth. In order to allow for the transition from the first phase to the second, IEDI argued that the government should "minimize uncertainty by giving clear signals about its policy priorities for the future". But Collor "steadfastly refused to consult with business leaders". The association lost its objective and gradually disappeared.

Collor used every opportunity to reinforce the idea that he could govern above politics. In a weekly ritual he paraded every Sunday before journalists practicing a different sport – jogging, water-skiing, karate, car racing, and more. By portraying himself as a sportsman, Collor was transmitting the idea that through his youth, bodily strength and willpower he could solve the country's complex problems (Ribeiro 1994, 34). But at the same time political adversaries were complaining that real debate was being ruled out by the president's impositions. In a notorious episode, Collor rudely referred to his sexual organs and appealed to his masculinity as sufficient elements to bring a
resolution to the country's problems\(^\text{40}\) (Zaverucha 2000, 75). This politics of anti-politics is a common neo-authoritarian attribute and, as a result, during his first year in office the middle ground was being lost, and the leader that claimed omniscience was confronting political adversaries that complained about his jungle-like ways.

But after the surprise of Collor's initial measures was over, people realized that many of the neoliberal reforms were creating confusion due to lack of planning and over reliance on unilateral decision-making\(^\text{41}\). Collor had decreed the extinction of several government agencies but had not redirected to other organs the important tasks that these agencies have been performing. For instance, the Brazilian Institute for Coffee was closed down and coffee exports had to be suspended because no organ had the authority to issue the certificates of origin requested by an international treaty to which Brazil is a party (Graziano 1993, 205). Several similar examples of carelessness and bad planning can be found, and even though Collor closed the National Intelligence Agency (SNI), no destiny was given to its highly sensitive files or intelligence officers, that continued their semilegal activities from other places.

Because of its lack of consultation and policy-feedback, neo-authoritarianism often leads to prescriptions that are more strict than the majority of the people would agree to. Even though the previous years had not been good for economic activity, 1990 was particularly bad, with industrial GNP decreasing by more than 8% (Baptista 1993, 256) and agricultural GNP decreasing by more than 4% (Graziano 1993, 205). The recession during his tenure was brutal, and total GDP fell

\(^\text{40}\) "Não nasci com medo de assombração, nem tenho medo de cara feia. Isso o meu pai já me dizia quando eu era pequeno, que eu havia nascido com aquilo roxo, e tenho mesmo, para enfrentar todos aqueles que querem conspirar contra o processo democrático” (in “Collor apela à masculinidade contra manifestantes no Ceará” in Folha de São Paulo, 4 de abril de 1991)

\(^\text{41}\) The national industry was adjusting in a variety of ways, including through associations with foreign capital that in so many instances only replaced national investment and did not generate employment (Kingstone 1998).
almost 6% in the first year, and 1.3% and 2.3% in subsequent ones. Brazilian society was prepared to accept the pains of adjustments, but wanted to see a bright future ahead.

The seizure of money had put a deadly grip in the economy. Firms and municipalities had no working capital or money to honor their pay rolls. The government was forced to allow for some exceptions and, by June 1990, almost 75% of the seized money was already in circulation\(^{42}\) (Kingstone 1999, 170), but none of the underlining reforms had been conducted, and inflation was coming back. "Collor took office in 1990 promising to kill inflation with a single bullet, yet by 1991, it was clear that his bullet had missed." (Kingstone 2000, 192).

Collor's neo-authoritarianism was manifest. By trusting a plan that had been developed without consultation and without space for feedback, Collor demonstrated the pinnacle of technocratic arrogance\(^{43}\). And by remaining isolated from other powers and by actively trying to weaken them, he gathered enemies in all possible sectors\(^{44}\).

Collor's extended "electoral honeymoon" was coming to an end. The president had been lavishly using his executive decree powers and in his first year he used this instrument 141 times (Skidmore 1999, 5-6). When congress began failing to approve the decrees, the president simply reissued them. It was a vital instrument of governance in Collor's isolated stance, but a few months into his term the Supreme Court declared this maneuver illegal for decrees that had been specifically rejected by congress. By February 1991, less than a year after taking office, Collor had to virtually give up on

\(^{42}\) The money that had been released belonged mostly to corporations, so there is an important distributional effect here.

\(^{43}\) The newly created Ministry of the Economy had incorporated what used to be the Ministry of Industry and Commerce, Ministry of Finance, and Ministry of Planning, so the holder of this portfolio had extraordinary amounts of power.

\(^{44}\) As reported by Kingstone (1999, 171), the government blamed business speculation for the return of inflation, and private sector representatives blamed the government for lack of dialogue.
this instrument and thereby his avoidance of negotiation, compromise and patronage would have to be revised. Neo-authoritarianism was proving to be a failed strategy, and Collor was forced to approach the powerful right wing party (PFL) for support.

According to Power (2000, 24), there are four parallel and complementary games played in Brazilian politics. The staple is the traditional legislative game, in which the president negotiates his plans with congress. But there is also the decree game, in which the president bypasses the legislative process; the appointment game, in which allegiance is rewarded with jobs; and the closely related patronage game, in which political support is exchanged for direct budget allocations or disbursements. A skillful politician must combine all these techniques and use them at the appropriate time. Neo-authoritarians like Collor over-emphasized their decree authority while refusing to play either the patronage or appointment games. The legislature understandably strikes back and make the legislative process almost impossible.

Before completing one year in power Collor started reforming his cabinet. He actively looked for support among other centers of power and confessed to potential allies that he could not get out of the crisis alone (Oliveira 1994, 232). As a result, Collor replaced his original economic team, substituted his belligerent and abrasive head of communications. (Oliveira 1994, 231; Skidmore 1999, 10), and surrounded himself with a mix of mostly conservative and experienced politicians from other parties and recognized experts that carried along a strong personal appeal (Oliveira

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45 Fernando Henrique Cardoso used medidas provisorias even more abundantly than Collor, and would even reissue lapsed ones without being challenged. The explanation advanced by Skidmore refers to their differences in style: Collor was imperial and arrogant, while Cardoso would negotiate with all the political actors involved (Skidmore 1999, 18). Power reaches a similar conclusion and credits Cardoso’s success in passing reforms to an “unlikely suspect: coalition management” (Power 1998, 67).

46 Names in this category include Reinhold Stephanes (Ministry of Labor), Ricardo Fiuza (Ministry of Welfare), Jarbas Passarinho (Ministry of Justice), Angelo Calmon de Sá (Ministry of Regional Development) and Jorge Bornhausen (Political Coordinator) from PFL; Helio Jaquaribe (Department of Science and Technology), and Celso Lafer (Ministry of International Affairs) from PSD; Pratini de Moraes (Ministry of Energy) and Nelson Marquesan (Department of Communication) from PDS; Afonso Camargo (Ministry of Transportation) from PTB, João Melão (Ministry of Labor) from PL (Oliveira 1994, 229-232).
1994, 229-232). He also tried to bridge the gap that separated him from the military by granting them their requests (Zaverucha 2000, 99). The reforms ended in April 1992 but brought Collor's government little renewed energy.

Lacking other options, from early 1991 onwards the government had moved steadily toward a conventional monetarist, tight money solution (Kingstone 2000, 191). His new minister of the economy, Marcilio Marques Moreira, adopted an orthodox plan with no surprises, that pleased the business community (Kingstone 1999, 176), but the plan also brought a deep recession while inflation remained at 25 percent per month. Collor had managed to sell only 15 state-owned firms, and his intent to shrink the government's pay roll had been overthrown in court (Weyland 2000, 46). By the end of 1991 he tried to push through legislative reforms that would address fiscal concerns. But after negotiations and modifications during the legislative process the final document included a tax raise that fell on those that were already paying too much, namely salaried workers and legally registered firms. This reform eliminated the confidence that industrial sectors had just awarded to the president (Kingstone 2000, 192; 1998, 84) and increased Collor's isolation. IEDI drafted an alternative development plan for the country and contacted leaders from all sectors in society, including even the radical labor movements – a true cross class coalition. Collor felt threatened and, upon knowing about this initiative, his "economy minister, Marcílio Marques Moreira, issued a private note accusing IEDI members [the most influential industrialists in the country] of being the principal obstacle to modernization in the country" (Kingstone 1998, 85).

Congress was not subservient anymore and Collor could not engage in all-out patronage due to the constraints imposed by the IMF and the new economic plan. He argued that some of the provisions

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47 Names include José Goldenberg, former president of USP, as Minister of Education, Adib Jatene, renowned heart surgeon as Minister of Health, and José Lutzemberger, respected environmentalist, as Minister of the Environment
put into place by Brazil's new and detailed constitution (adopted in 1988) did not allow a president to govern. Again in the neo-authoritarian way he wanted to solve this problem by putting forward a major constitutional reform packet that contained no less than 44 amendments to the constitution. He established no priorities among them, and did not plan for or encouraged any broad discussions of their validity and feasibility, but expected congress to approve them anyway. The proposal was eventually dismembered in smaller pieces and never put to vote (Kingstone 1999).

Collor's neo-authoritarian stance had put him in a very difficult position. At this point Collor could not claim that his 35 million votes granted him unrestricted power and legitimacy because the electoral honeymoon period was over, and he had wasted his chance of effecting a positive change when given the opportunity. He was forced to govern in a collaborative way, but his previous measures had alienated the majority of organized groups in society, and even his last-minute allies distrusted him.

As the president was in his weakest shape, accusations of corruption gathered force. Corruption was already a part of everyday news, and several of Collor's close aides, including his wife, had been implicated in scandals49. Backstage gossiping was already linking Collor to the misdeeds, but practically every Brazilian president has been accused of corruption before to no avail, so this question was not considered to be particularly noteworthy. However, in May 1992 Pedro Collor de Mello came public with serious and detailed accusations against his brother the president50 and Collor's opponents' seized the opportunity. A congressional inquiry was formed to investigate

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48 Laws that give public employees almost absolute job security were the main impediment.
49 Aside from Roseana Collor, Rogério Magri, Minister of Labor and Alceni Guerra, Minister of Health, had resigned under charges of corruption in early 1992 (Weyland 1993, 14)
50 Originally published in Veja (1234:10th May 1992). Pedro later formalized his criticisms to his brother in a book (Mello, 1993), in which he portrays the president as an ambitious and inexperienced power seeker with very low moral values that, thanks to
Pedro's accusations (Borja 1992, 53), but the situation was still considered to be under control because the chairman of the commission was one of Collor's allies. However, evidence of wrongdoings was pilling up thanks to the work of investigative reporters and information leakage coming from dissatisfied insiders (Weyland 1993, 18).

The public opinion regarding Collor's involvement in corruption was changing dramatically day by day. The table shows this transformation (Souza 1999, 97):

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<td>31%</td>
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<td>Is not involved</td>
<td>65%</td>
<td>19%</td>
<td>12%</td>
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<tr>
<td>No opinion</td>
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The president could feel the siege being mounted around him, but was not certain on how to respond. Fujimori had faced a similar situation in Peru a few months before, solved it by undertaking a coup d'etat, and was acclaimed by his people. Rumors were going around that Collor was considering a similar solution (New York Times 7\textsuperscript{th} January 1994, A8; Oliveira 1994, 237; Kingstone 1999, 181). At this point one must remember that no president had been impeached before, Collor's involvement with corruption was only a hypothesis, and the congress, his main nemesis, did not have a reputation for cleanliness either. As mentioned before, thanks to neoliberalism all politicians were being discredited, including those in the legislative branch. At this point, the popular outrage with the economic crisis and the political deadlock could translate into

extraneous circumstances, saw himself occupying the highest office in the nation. As such, his demise was easier to understand than his ascension.

It is argued that Collor and his aides, having risen too fast, did not learn the tricks of the corruption trade, and were rather amateurish in their deeds, making it very easy for journalists and investigators to uncover the illegal transactions (Weyland 1993, 31n. 10; Skidmore 1999, 11).
support either for the president or for his challengers. However, Collor had no support among the military, and thus decided to appeal to his original backers, the disorganized masses. On August 16th, in what he termed to be “the third round of the election”, the president called upon the “silent majority” to demonstrate on his favor. This effort backfired. The country witnessed massive protests, but of people dressed in black (Flynn 1993, 351; Skidmore 1999, 12). Working under intense press scrutiny and alongside popular protests, the congressional commission of inquiry published on August 23rd its report concluding that a corruption scheme existed and went all the way to the presidency (Alvares 1994, 537). The following day congress admitted a petition asking for the impeachment (25).

At this point, Collor and his allies still believed that he would survive the crisis (Skidmore 1999, 14), and the president was increasing his chances of permanence by granting massive amounts of patronage to selected members of congress (12; Geddes 1994, 137). But thanks to his neo-authoritarianism, Collor was in for a rough ride. His isolation and belligerency had generated plenty of hostility among various groups in society. Even his allies, that could have blocked the inquiry in its initial stages or limited the damage, had allowed it to proceed in an attempt to weaken the president and extract patronage, but then lost control over it. At first, Collor tried to sterilize the

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52 Nathaniel Nash in “Coup in Peru A Blow to Its Copper”, in New York Times, April 28th 1992, D1

53 “This is a message I send to the whole country: I ask you and your families, on the coming Sunday, take the streets dressed in the colors of the national flag and exhibit from your windows towels, pieces of cloth, anything you may have in the colors of our national flag” / “Peçam as suas famílias para que no próximo domingo – e esta é uma mensagem que dirijo a todo o Brasil, a todos aqueles que têm essa mesma profissão de fé – que saiam no próximo domingo de casa com alguma peça de roupa numa das cores da nossa bandeira, exponham nas suas janelas toalhas, panos, o que tiver nas cores da nossa bandeira” (Oliveira 1994, 238).

54 According to the Brazilian constitution, any citizen can request the president’s impeachment, and two of such requests had been presented in July 1992, but dismissed by the president of the house of representatives without a vote on the plenary (Borja 1992 p. 113:114).

55 In the words of Deputy Benito Gama, chair of the commission and member of an allied party: “we made a fire in order to roast a pig, but we ended up setting the whole house on fire” (Weyland 1993, 19, quoting from major Brazilian newspapers and magazines).
crisis by blaming his aides for the malfeasances, and when this strategy failed, he moved on to attack congress in TV appearances, claiming that they were "sabotaging his mandate" (Flynn 1993, 363).

The vote in the Chamber of Deputies was scheduled to take place on September 29th, but four days after that the country would host municipal elections. In Brazilian politics, an executive post is generally considered to be more important than a legislative position, and 108 deputies out of 503 were running for mayor (Weyland 1993, 31n. 15). In this scenario, a Supreme Court decision indicating that the votes for the impeachment process would have to be open – each congressman would walk to the microphone and say his or her name and then "yes" or "no", with full TV coverage - was an important contingency. No deputy would risk his upcoming election and/or his reputation in voting against the impeachment. The result was overwhelming, and 92% of the votes (441 v. 38) gave green light to the impeachment process to proceed. Collor had to step down as acting president so the legal inquiries could proceed unobstructed. Popular pressure and press coverage increased even more after this initial victory, and the process was sent to the Senate for the decision. After three months of deliberation and investigations in the Senate and just moments before the final vote, Collor stepped down (Alvares 1994, 513). The Senate proceeded anyhow, and 76 out of 81 senators voted for the impeachment.

Collor was a perfect example of neo-authoritarianism. As argued by Skidmore (1999, 6):

"[his] failure to seek consensus for controversial changes attests to weaknesses in his approach to the enormously complicated task of governing a democratic Brazil. Successful democracy, even in Brazil, seldom consists of the executive being able to issue uncontested unilateral decrees. The essence of democracy lies in negotiation. Differing interests have to be conciliated, opposing parties convinced, and a sense of mutual concessions achieved".
And in a typical neo-authoritarian fashion, opportunities for corruption had been increased by the government's isolation and lack of transparency. At the same time, this positioning had increased the benefits for businesses to engage in corrupt practices. But once the process against the president started, it proceeded till completion. Collor impeachment was not the result of fortuitous accusations advanced by his brother, or even of corruption as a whole. Collor impeachment was a result of the deadlock and enmities created by his neo-authoritarian approach, and corruption provided the legal and moral justification for the adopted solution.

Collor is no longer a political figure of relevance in Brazil, but his political rights were restored only recently, and he has been planning a come-back ever since. His chances in major executive posts are close to zero, but his attacks against "oligarchies", "entrenched interests", and "backward politicians" find some resonance in society. Some of the liberalizing policies adopted by his government are seen with good eyes, what gives him some legitimacy. Amplifying Collor's voice is his 1994 Supreme Court acquittal of passive corruption charges (Geddes and Neto 1999, 22). The main argument this essay is advancing is that the Collor episode was not a struggle between modernization against tradition, or cleanliness against corruption, nor a lesson on the failures of a fragmented and undisciplined party system. It was a struggle between neo-authoritarianism and democratic institutions and the constitutional removal of the president shows the bright side of Brazilian politics. But Collor attacked and disfigured plenty of institutions and organizations during his campaign and even more so during his tenure. He is still doing the same from outside the system, and those interested in development must pay attention on what conditions allow for a neo-authoritarian to be elected in the first place.
Section 2 - The Case of Abdala Bucaram

Abdala Bucaram was removed from office on February 6th 1997. In the previous day, two million people had marched in the streets of Ecuador to demand his resignation, and Congress considered him 'mentally unfit' for the presidency, officially ending his six-month tenure as president. A coalition of forces as heterodox as the one that had elected the president got together to take him out of office, and the "mentally unfit" argument, according to the constitution, provided the easiest legal solution to this stalemate.

Bucaram was a prototypical neo-authoritarian and his career was a typical example of "bait-and-switch". His political career and campaigns are textbook examples of populism, and during his six months as president he tried to implement standard neoliberal measures. He was an outsider that mobilized from the top down and assembled a multi-class coalition around an anti-establishment discourse. His base of support was atomized, he had few links to groups in society, and actively tried to weaken the forces that existed at the time. During his tenure he had constant clashes with congress and other formal institutions and could hardly implement his desired program. However, the measures he did implement were strongly rejected by the voters that had previously supported him, evidencing the absence of effective policy-feedback mechanisms. Corruption was a constant theme during his tenure, and provided legitimacy to his ousting even though the legal base that was actually used was a different one. Thanks to his centralization of power, dismissal of consultation, active weakening of groups in civil society, and rejection for a role for the opposition, Bucaram can be rightly classified as a neo-authoritarian. He actively demobilized the Ecuadorian society and

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56 For a detailed review of Bucaram's campaign and presidency, see Torre (2000) and Roberts (2000), in which this section is fully based
provoked a deadlock with the established democratic forces that could be solved only through the removal of one of the parties to the conflict. The details of his story will be detailed below.

Abdala Bucaram portrayed himself as an outsider to politics, even though he came from a lineage of politicians and had started his own political career almost two decades earlier. Brother-in-law of President Jaime Roldos and nephew of populist leader Assad Bucaram, Abdala Bucaram started in electoral politics in 1980, running for councilor in Guayaquil (Roberts 2000, 187). In 1983 he debuted in the populist stage and founded the Partido Roldosista Ecuatoriano – PRE, "a name that indicates clear preference for personalism over ideology". In 1984, running for executive office for the first time, he relied more on atomized masses than on organized groups and was elected mayor of Guayaquil thanks to the recent extension of voting powers to the illiterate.

His tenure as mayor was a preview of neo-authoritarian traits and outcomes. During his first months, the administration seemed to be efficient, but as the city image improved, businessmen and the military complained of extortion (Roberts 2000, 187). "Merchants charged that the mayor was sending out people asking for money as a trade-off to be left alone". Widespread corruption is usually a sign of isolation and lack of transparency. As discussed in part one, isolated governments are less transparent and accountable than governments with plenty of linkages, and this positioning encourages corrupt behavior. In a complementary way, businesses that can not access the state apparatus thanks to the elimination of intermediary agencies and institutions have an extra incentive to pay bribes. Bucaram was isolated, felt cornered by the accusations, and replied in a matching tone. He attacked his accusers and "charged the military for gross overspending and for buying 60,000 machine guns with no enemy to use them against" (193). Neo-authoritarians are vulnerable because they have no base of support to defend him once accusations are presented. Bucaram had traveled to New York and, while abroad, more evidence of his wrongdoings was unearthed. Instead of going
home he was forced to flee to Panama, blaming a "conspiracy" against him. He had completed only 17 months of his term before abandoning his country and, in a typical populist turn of events, charged the "dominant elites" for blocking the achievement of the public interest.

Bucaram mobilized from the top-down and talked directly to the people, and not to organized groups. He was able to come back from Panama and resume his career because his two brothers and sister were members of Congress and maneuvered to get him a pardon, exchanging it for a block of PRE votes in an unrelated matter. His triumphant return to Ecuador in 1986 was witnessed by 200,000 people, showing that his appeal to the masses was still strong.

Even as a candidate Bucaram denied a role for disagreement, demonized his opposition, and eroded trust in the political system. He ran for president for the first time in 1988 and qualified to the runoffs with 17.6 percent of the votes in the first round. But in a desperate attempt to win the election Bucaram lowered the level of his discourse to such a point that he alienated the few groups that supported him, such as the middle class and the loyal Lebanese community. He eulogized Adolf Hitler, referred frequently to his and his competitor's sexual organs, affirmed that his opponent was not "macho" enough to rule the country, and dragged the election into an exposition of hate and rudeness. He tried to mobilize from the top down but ended the campaign isolated and without the cross class coalition that he tried to assemble. He lost the election and soon after being defeated had to flee the country again, this time due to a Supreme Court arrest warrant related to mismanagement of funds during his tenure as mayor.

In 1990 his supporters in Congress obtained another pardon, but not without fistfights, beatings, and bloodshed among congressmen. Bucaram returned to Ecuador and, in 1992, tried the presidency once more. But the alienating discourse he had employed in the previous campaign had
left scars that would take longer to heal. Bucaram received only 22 percent of the votes and did not go to runoff.

In 1996 he ran for president again, and this time Bucaram was more careful in achieving the precise populist balance. Through music and mockery, he challenged the elite's power and privileges while omitting his own plans. As argued by Torre, "Abdala Bucaram was the latest expression of Ecuadorian populism" (Torre 2000, 82). He gathered a platform that united different social classes, ethnic groups, and geographical regions. His discourse polarized the people against an exploitative oligarchy, but this opposition was purposefully vague, so as not to alienate any group in society. For instance, Bucaram called the oligarchy a "state of mind", a circumstance in which a person lacks moral values and love for the next man. And his main strategy was to attack and defeat this "oligarchy". He would refer to the women from Guayaquil's high society as "those old ladies that had never cooked or ironed a shirt. During my tenure I will make them learn how to cook and to iron because I want to honor the Ecuatorian cooks and maids" (Ibarra 1996, 28-29). But even though the images of the campaign promoted a polarization between classes, Bucaram sought support from industrial sectors, appeased international investors, looked for support from unions and indigenous organizations, and asserted to the middle classes that he would preserve their jobs.

He promised to govern to benefit the poor and signed agreements with unions against neoliberalism, but never clearly voiced his opposition to these policies (Torre 2000, 98). He mastered the art of avoiding substantive discussions. For instance, he argued that Ecuador had a problem with its exchange rate, recited the jargon of the topic: "controlled, liberalized, fixed, floating, pegged, crawling, with macro-devaluation, micro-devaluation, shock therapy and gradualism" (Bucaram 1998, 70-71), complained that they have all been tried to no success, but would not offer his
proposal. He stance was that he would not adopt any of these obscure and failed technicalities, he would just solve the problem.

In a populist way he presented himself as the embodiment of the masses, but also as someone more qualified than the people and thus with legitimacy to govern. He argued that, by siding with the destitute, he had abandoned his successful private practice and from then on faced many hardships, what proved his commitment to the needy. Bucaram had gathered a fortune while mayor of Guayaquil and lived in a mansion with game rooms, ball courts, and tunnels for security, but "despite this show of wealth, the new generation of poor in the suburbs saw him as the resurrection of his uncle Assad" (Roberts 2000, 194). He used jeans, ate with a spoon, and argued that his exile in Panama was the price he had to pay for his anti-oligarchic attitude. He was able to turn embezzlement charges and a brief period in jail for drug-trafficking into political assets. He affirmed that "each of the indictments [I receive] is a medal of honor to my rebellion against the status quo, my solidarity to the needy, my struggle for a new Ecuador" (Bucaram 1998, 48). Capping his public image, Bucaram argued that he was entitled to the presidency and, in the same breath, he would emphasize his successful achievements as an athlete, having taken part in the Munich Olympic Games, and also as a lawyer, businessman, and politician.

Bucaram’s strategy worked, and he obtained 27.2 percent of the votes in the first round, against 26.3 percent of his closest competitor, and was elected in the runoff with 54 percent of the electorate. Bucaram had won twenty of the twenty one provinces, receiving the highest votes in the countryside and in small towns. And even though he had opposed the openly neoliberal Social Christian Party (Torre 2000, 88), Bucaram switched his allegiances soon after being sworn in.
Following a clear bait-and-switch trajectory, Bucaram changed drastically once in office. He devised a plan that would modernize the country through neoliberal policies and, at the same time, would decrease poverty. He wanted to modernize the country. In his own words, the plan was to build 300 thousand popular houses, privatize roads and state owned enterprises, modernize the armed forces and the police, build sports' fields all over the country, adopt a currency board, and settle the border dispute with Peru (Bucaram 1998, 47). The Argentinean Domingos Cavallo, Menem’s former ministry of the economy and a prime example of technocratic power, was hired to prepare a new exchange rate regime. At the same time, antipoverty programs would shield the very poor. The idea was to distribute milk, hand out charity, subsidize popular housing, and create new jobs. In addition of Cavallo, Bucaram also attracted some of the best prepared people in the country to his team (Roberts 2000, 198), but "Guayaquil industrialists observed privately that known extortionists and contraband artists were filling 80 percent of the critical government posts".

Bucaram was elected in isolation, and surrounded himself with family and close associates. He brought his sister back from exile57, and appointed his brother as minister of social welfare, one brother-in-law as minister of finance and another as president of the country's largest public work, his cousin as director of Social Security, and his eighteen year old son as unofficial head of the custom's agency. As could be expected from his isolation, the charges of corruption started to be voiced right away and business people prepared for the worst. Bucaram had to find money to pay for his campaign's promises at the same time that advisor's wanted to satisfy the accords with the IMF.

57 Elsa Bucaram was elected to congress in 1984, and to the city hall of Guayaquil in 1988. But repeating her brother's trajectory, she resigned before finishing her term due "to charges that she had stolen millions and reduced the city administration to chaos" (Roberts 2000, 194)
In no time Bucaram isolated himself even further. He wanted to weaken the forces in society that could threaten his rule and engaged in a divide-and-rule strategy, gathering plenty of enemies. He alienated trade unions by antagonizing the minister of labor. He offended indigenous leaders by delaying the creation of a ministry of ethnic groups, and then by appointing an Amazonian Shuar instead of an Andean Quichua to chair it. He antagonized the military by appointing a minister of defense that was not approved by high-ranking officers, by ostracizing General Paco Moncayo, considered a hero on the war against Peru, and by involving the military in corrupt-ridden deals that threatened the unity of the forces, first at the custom's collection agency, and then at the notorious Telethon campaign that collected donations through TV programs\textsuperscript{58} and promised to deliver toys for the populist 'Christmas of the Poor'.

In the absence of constructive inputs or policy-feedback, he irritated the business sectors. First by adopting a stabilization plan that was disproportionately harsh when compared to the economic afflictions of the country; second, by promoting a privatization campaign that was believed would benefit his clique only; and third, by advancing a deregulation schedule that threatened national corporations excessively.

Bucaram also antagonized the people in a mindless adoption of neoliberal policies. Prices of basic goods and services increased dramatically as part of the fiscal discipline program dictated by the neoliberal approach. The price of gas for domestic use increased 245 percent, electricity went up 300 percent, transportation 60 percent, and telephones by around 1,000 percent (El Pais, 6 February 1997, 2 cited by Torre 2000, 99). The antipoverty programs had not been fully implemented yet, and charges of corruption were already mounting up.

\textsuperscript{58} Bucaram himself auctioned off his moustache on live TV for one million dollars during this campaign.
Mirroring the events during his tenure as mayor, Bucaram's isolation had diminished accountability and encouraged corrupt behavior in the government. By the same token, it had given more incentives to business interests to pay bribes, so the perceived level of corruption was much higher than what was considered "usual". International investors were angry at the excessive cost that "additional fees" and mismanagement were causing in the port of Guayaquil. The US ambassador voiced this concern by affirming that "news of this sort of mad extortion, which defies even the usual sordid conventions of corruption, reaches the offices of international corporations quickly" (cited by Roberts 2000). It is even reported that Bucaram's son celebrated his first million dollars by hosting a major celebration. Bucaram was preparing the terrain for his own impeachment.

The hypocrisy between Bucaram's stance, the reported corruption and the reality of harsh economic measures made the people feel that the "Leader of the Poor" had betrayed them, and popular groups responded quickly. Student protests began on January 10\(^{th}\), in January 11\(^{th}\) an heterodox group of popular movements established the Patriotic Front, and in February 2\(^{nd}\) indigenous groups blocked the roads. A mass strike and demonstration was scheduled for February 5\(^{th}\).

At the same time, politicians were preparing the institutional terrain for the impeachment. On January 13\(^{th}\) anti-Bucaram congressional representatives met to look for a formula to remove him from the presidency. The US ambassador was contacted and demanded only that the transition be made according to the constitution. On January 30\(^{th}\) the ambassador publicly accused Bucaram's government of corruption and advised Americans not to invest in Ecuador. As a result, "lots of people thought that Bucaram had received his last blessings" (Torre 2000, 106). A loophole in the constitution provided the "mental incapacity" solution, and the opposition started negotiations to guarantee the votes needed to the pass the resolution. A slim majority of 44 out of 82 congressmen approved it, and Bucaram was officially ousted while two million people marched on the streets.
Confusion ensued. He refused to step down, Rosalia Arteaga, the vice-president, proclaimed herself president, and congress designated Fabian Alarcon to the position. To solve the crisis, "the military withdrew support from Bucaram, and then Arteaga, the congress, and the armed forces decided that the vice-president would turn power to Alarcon till the next elections, in 1998" (Torre, 2000, 80). Bucaram exiled himself in Panama on February 11th.

Bucaram’s neo-authoritarianism manifested itself throughout his political career. He portrayed himself as an outsider to the political process and as a man of the people but with legitimacy to rule thanks to his past successes and the hardships he has gone through. He mobilized from the top-down by resorting to a strong anti-establishment discourse, and systematically denied a role for opposition. Once elected, he adopted a neoliberal economic plan without previous consultation and, in the absence of policy-feedback, accumulated error on top of error. His isolation promoted corruption and deprived him of a support base. The way he antagonized every single group in society is enough evidence of his inability or lack of desire to engage in democratic practice. In addition, Bucaram used his platform to de-legitimize his competitors, to exclude them from the political space, and to deny the right of dissent. An advocate of the politics of anti-politics, he argued that "problems such as poverty, inadequate housing, and deficient health care are self-evident, they do not need to be explained with obscure language...[all that is needed to solve them is] a political leader with honesty, virility, and good will" (Torre 2000, 92). This sort of over-simplification is very detrimental to the political development of a society. It denies an origin to the perceived problems and argues that anyone that is virile enough can solve them. It denies the existence of distributional effects in policy-making and assumes that adequate decisions in the public space can be taken if one has a positive attitude and resorts to higher knowledge. It denies a role to dissent, since it assumes that there is only one solution to each of the problems. According to this view, any compromise that
produces policies different from what the self-proclaimed leader thinks are ideal are seen as a defeat for the people, and therefore any deviation should be avoided at all costs. The ostracizing of institutions and organizations is the natural outcome. In neo-authoritarian fashion, Bucaram refused to play the political game and got the country in a stalemate. And taking his historic antagonism with the military into account, one is not surprised to learn that the deadlock was decided to his detriment.\(^{59}\)

Bucaram is currently in exile, but his party remains significant, and he retains a strong following. The PRE has the third biggest representation in Congress, and Noboa, its presidential candidate in 1998, lost the election to Jamil Mahuad by the narrowest margin of 2 percent. In addition, Bucaram’s semilegal removal from office is seen by some as a proof of the elite resisting change that would benefit the majority. Not surprisingly, Bucaram calls his demise a coup d’etat (Bucaram 1998) and attacks not only congress but also the military and the elites.\(^{60}\) Even though his peaceful removal from office and the speedy return of Ecuador to electoral practice shows the strength of the local democracy, these limited successes are mounted on a deeper failure. It is true that the popular protests preceding Bucaram’s fall indicate the existence of civil society, but Bucaram’s rise into prominence with a neo-authoritarian discourse and his ability to de-mobilize and de-legitimize so

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\(^{59}\) Bucaram had no support whatsoever to consider a military solution, so rumors of a self coup d’etat were not heard in Ecuador, but looking back into the events, his supporters contended that Bucaram’s main mistake was to allow the “political conspiracy” mobilized against him to exist (Bucaram 1998, 53).

\(^{60}\) He claims that his efforts to settle the border dispute with Peru was seen as a threat by the armed forces, that would loose its raison d’etre, and his new exchange rate policy threatened the interests of the “oligarchy” (Bucaram, 1998, 51).
many organizations and institutions show that Ecuador still has a long way to go before it takes a steady road to development.
Part 3 - Conclusion

This essay explored the unlikely convergence between two political phenomena: neoliberalism and populism, that occurred in Latin America during the 1990's. At first believed to be mutually exclusive, these two lines of thought merged and produced an hybrid off-spring called neo-authoritarianism. The neo-authoritarian leader walks a very fine line. He organizes allegiances and coalitions along unusual lines, and by playing his cards right he is elected, but it seems that he cannot sustain the same game for long once in office. The neo-authoritarian uses the populist approach to attack institutions and the establishment in order to be elected, and ends up using the neoliberal approach that attacks the people and its institutional representatives after being sworn in. This strategy aims at the shrinking of the public space, and is very powerful in achieving it. That is why it is here called neo-authoritarianism. However, according to the evidence collected in this essay, this strategy is inherently unstable. The dismissal of democratic institutions that is so vigorously pushed by neo-authoritarian leaders is fast in leading the system into a stalemate, and either the president assumes an overt authoritarian position (such as Fujimori in Peru in 1992) or he is removed from office (such as Collor in Brazil 1992 and Bucaram in Ecuador 1997).

The practice and discourse of both neoliberalism and populism are complex exercises of power. According to Lukes (1974), power has three dimensions. The first refers to the power to issue a decision on a topic; the second refers to the power to define which topics will be decided upon, and the third refers to the power to shape other people's very preferences, so no conflict may arise in the first place. The neo-authoritarian leader uses simultaneously these three faces of power, but some of his techniques are so subtle that they may not be perceived as instruments of power at first. The

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61 For an excellent analysis of the uses of power, the technical discourse and politics in the context of development, see Ferguson (1994)
neoliberal attempt to separate the technical from the political is a good example of exercise of power. By arguing that economic prescriptions such as the ones listed in the Washington Consensus pertain to the technical sphere only, neoliberals are extensively using the second face of power to limit the public space, that is, to shrink the borders of the conflict. As argued by Shattshneider (1975, 69):

"All forms of political organization have a bias in favor of the exploitation of some kinds of conflict and the suppression of others because organization is the mobilization of bias. Some issues are organized into politics while others are organized out" [emphasis added].

Another example of neoliberal power is its advocacy for an ‘insulated’ economic policy. Neoliberals forcefully argue for the need of coherence in policy-making, and thus pressure groups are to be kept away. However, they forget the importance of channels of feedback in effecting positive and lasting change. As argued by Stark and Bruszt (1998, 198):

"Policy coherence has to be seen as the product of a dialectical process between policy formulation and implementation. Policy coherence is a direct function not of the thoroughness and precision of initial design but rather of the integration of design and implementation... neither aimless nor rigid, the iterative, deliberative process through which goals are established and their implications recognized facilitates learning from the changing circumstances brought about by reform efforts. Policy coherence is thus the product of reflexive learning"

Populist discourse and practice also exercise power in the same direction as neoliberalism, what reinforces the shrinking of the public space. By demonizing political adversaries, by attacking the establishment in a vague way ("oligarchy is a state of mind"), and by granting patronage from the top-down, neo-authoritarian leaders are pulling the ground from below autonomous popular organizations and democratic institutions that are supposed to channel real conflict into productive
decision-making. The political space shrinks, and even though neo-authoritarianism is not viewed at first as being such a powerful (in Lukes' three senses) political actor, those that feel its effects perceive it as such. Neo-authoritarianism is crushing but not explicit, and as such it is indeed very powerful in the places in which it flourishes, so it comes to no surprise that it provokes such an insolvable deadlock with all the other agents in the public space.

This essay's first question, "why were the ousted presidents actually ousted?", is answered not with reference to corruption, as widely argued in the national arenas, but with reference to the stalemate that the leader created, and to the broad dissatisfaction of those upon which complex power was exercised in an attempt to exclude them from politics. And the second question, "why did all these impeachments occur during the 1990's, so close in time and space to each other?", point not to a simultaneous trend towards stricter requirements for governance in a post-cold war world (that may also exist), but to a common pattern of acquisition of neoliberal beliefs in societies that were still prey to some unidentified deficiencies that allow populism to flourish. As shown in part one, neoliberalism conquered the region thanks to influences coming from both the internal and external arenas. But it produced neo-authoritarianism only because it combined with populism throughout the region, so one may ask: where does populism comes from? Some authors point to the massive urbanization of the early 20th century, others argue for even more remote historical causes. The topic is still incipient so the best answer may be a different one. As a result, the second question posed in the introduction is answered only partially. The uniformity of so many impeachments so close in time and space to each other is understandable – common core characteristics and influences producing a similar result62 - but not dissected. Something in Latin American polities allow for the emergence of personalistic leaders that mobilize from the top-down, so neo-authoritarianism is

62 One must also mention the "spill-over" effect in which one country's successful solution is copied by its neighbors.
possible, but why? In this sense, the next step would be to analyze the origin of populism. At this point, it is my best guess that it thrives only in the absence of an energized and multi-dimensional political life, but a thorough study will have to be conducted in a future occasion.

Additionally, this essay started by pointing to a trend in which politics is seen as an unworthy occupation. Even if this question was not explored directly, the tentative conclusion is that such a widespread perception is, at the same time, the cause and the consequence of the popular demobilization, the shrinking of the public space, that started during the military regimes and proceeded apace after the transition to democracy. The second introductory question was "how does it impact a country's prospects for development?". O'Donnell (1994) analyzed some aspects of neo-authoritarianism in the context of what he called "delegative democracies". He pointed out that one of the main differences between delegative and representative democracies is the absence, in the former, of horizontal links of accountability, i.e. the checks that are provided by a network of institutions that demand accountability from each other (61). Neo-authoritarianism is allowed to thrive because these links are absent, and once neo-authoritarianism achieves any prominence, either in a political campaign or in office, it sets itself into destroying these horizontal links even more. So the tentative answer to the second question points to a very harmful and self-reinforcing effect of a dismissal of politics. It allows for neo-authoritarianism to appear, and all the deleterious consequences follow (Fox 1994). The last introductory question was "what, if anything, should be done about it?". O'Donnell observed that delegative democracies do not necessarily evolve out of this stage by themselves. While they are not consolidated democracies, they are enduring (56), so direct action is warranted. The tentative conclusion is that the absence of and attack against horizontal links that are observable in the institutional level also occur in the micro-level, the level of individuals and their respective civic organizations. So, in line with Putnam's work (1993), it remains
to be tested in this context the connection between populism / neo-authoritarianism and a rich civil society.  

63 A rich civil society is defined as being one in which people belong to various and overlapping groups, not necessarily political in nature but not highly hierarchical either.
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