

Governance in the Andes

Executive Summary

Governance throughout Latin America has undergone dramatic transformation over the past decade. The establishment of civilian leadership, elections, and a formal acceptance of the desirability of democracy have now become the norm rather than the exception. While Latin America as a whole has undoubtedly made significant progress towards peace and representative rule, deeply troubling tendencies have emerged which indicate a general crisis of government effectiveness and legitimacy.

This condition is particularly prevalent within the Andean region of Latin America. In recognition of this trend, in May 1998 the Canadian Foundation for the Americas (FOCAL) organized a workshop titled *Governance in the Andes*. Canadian government officials, and individuals from non-governmental organizations, academia, and the private sector, were invited with experts from Latin America to assess the state of political governance in the Andes, specifically Venezuela, Colombia, Ecuador, and Peru. This report is a synthesis of the key issues raised during the one day discussions, highlighting important challenges facing the Andean region and the relevance of these issues to Canada. FOCAL commissioned four studies for this workshop. The full texts of the

Résumé

Partout en Amérique latine, la gouvernance a été radicalement transformée au cours des dix dernières années. L'établissement d'un leadership civil, le processus électoral, et une reconnaissance officielle du désir de démocratie sont aujourd'hui la norme plus que l'exception. Si l'Amérique latine dans son ensemble a sans aucun doute fait des progrès importants en termes de paix et de respect de la représentativité, des tendances fortement inquiétantes ont émergé, indicatives d'une crise générale de l'efficacité et de la légitimité gouvernementales.

C'est tout particulièrement le cas dans la région andine de l'Amérique latine. Consciente de cette tendance, en mai 1998 la Fondation canadienne pour les Amériques (FOCAL) a organisé un atelier intitulé *La gouvernance dans les Andes*. Des responsables gouvernementaux et des représentants des organisations non gouvernementales, du secteur universitaire, et du secteur privé ont été invités conjointement à des spécialistes d'Amérique latine à évaluer l'état de la gouvernance politique dans les Andes, notamment au Venezuela, en Colombie, en Équateur et au Pérou. Ce rapport est une synthèse des grandes questions soulevées au cours de cette journée de discussion, qui met en lumière les grands défis que va devoir relever la région andine et leur importance pour

Resumen

La Gobernabilidad en América Latina ha sufrido una transformación dramática durante la última década. El arraigo del liderazgo civil, las elecciones, y una aceptación formal de las virtudes de la democracia ya se han convertido en la regla y no en la excepción. Y aunque América Latina como región indudablemente ha logrado avances importantes hacia la paz y el gobierno representativo, han emergido tendencias profundamente perturbadoras que indican una crisis general de la efectividad y legitimidad del gobierno.

Esta situación prevalece particularmente en la región andina de América Latina. Conscientes de esta tendencia, la Fundación Canadiense para las Américas (FOCAL) organizó un taller titulado *Gobernabilidad en los Andes*. Funcionarios del gobierno canadiense y representantes de organizaciones no gubernamentales, de la academia y del sector privado, fueron invitados junto a expertos de América Latina para evaluar el estado de gobernabilidad política en los Andes, específicamente en Venezuela, Colombia, Ecuador y Perú. Este informe es una síntesis de los temas cruciales planteados durante un día de discusión, haciendo énfasis en los importantes desafíos que enfrenta la región andina y la relevancia de esos temas para Canadá. FOCAL comisionó

continued on page 2



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continued from page 1

papers summarized in this report are posted on the FOCAL web site (www.focal.ca). As the presentations were made before recent events such as presidential elections in Venezuela, Colombia, and Ecuador, we have integrated developments from the past year into the summaries of the case studies.

le Canada. La Fondation a commandité la réalisation de quatre études pour cet atelier. Le texte en version intégrale des communications résumées dans ce rapport se trouve sur le site Web de FOCAL (www.focal.ca). Les communications ayant été présentées avant les événements survenus l'an dernier dans cette région, à savoir les élections au Venezuela, en Colombie et en Équateur, nous avons jugé bon de les intégrer dans les résumés des études de cas.

cuatro estudios para este taller. Los textos completos de los trabajos resumidos en este informe se encuentran en el sitio web de FOCAL. Como las presentaciones fueron realizadas antes de acontecimientos recientes como las elecciones presidenciales en Venezuela, Colombia y Ecuador, hemos incluido sucesos del año pasado en las síntesis de los casos estudiados.

Defining Democratic Governance

Although the core idea of democratic rule, namely free, fair, and participatory elections, has recently gained wide acceptance in Latin America, the limitations of this definition of democratic governance have become increasingly apparent. In many countries democratic institutions remain largely incapacitated and political leaders are subject to few constraints on their personal power and authority. Democratic governance will have to go beyond the establishment of elections in order to demonstrate a profound change in the nature of political power and citizenship in Latin America.

Governance is best understood by examining the effectiveness of political institutions and relationships between political actors. Legitimate democratic governance requires that political actors be held accountable to the rule of law by an independent judicial system and a network of countervailing powers. It also requires the subordination of the military to civilian authorities, the protection of human rights, the guarantee of citizen security, the representation of social interests by

political parties, and the pursuit by the political class of national interests above their own personal privilege.

Relevance to Canada

The issue of governance is of direct relevance to the prosperity of Canada's relations with the Americas. While Canada's formal regional integration has greatly increased in recent years through various intergovernmental initiatives, historically high levels of violence, poverty, and human rights abuses in the region have generally prevented Canadians from viewing the Americas as their 'home'. By becoming more peaceful, prosperous, and democratic, countries in the region will attract an increased involvement on the part of Canadian citizens and organizations.

Governance in the Andes

The Andean region exhibits some of the most significant challenges currently facing democratic governance in Latin America. The region has been characterized by its comparatively slow transitions to stable political democracies, and by the continued presence of issues left behind by much of the hemisphere, such as armed insurgencies and military intervention in internal

politics. Other regional issues - violence, crime, impunity, drug trafficking, corruption, marginalization, and public apathy - also point to important trends in governance requiring a deeper understanding on the part of Canadian policy makers.

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Despite these important trends, Andean countries have been relatively neglected by Canadian policy research. In relation to Mercosur (customs union of Brazil, Argentina, Uruguay and Paraguay) countries and others such as Mexico, Chile, and Cuba, Canadian consciousness of the region remains limited. It is FOCAL's view that as Canadian trade and investment in the Andean region

expands, there is a growing need to raise awareness of the dominant social and political issues facing this sub-region of Latin America.

With this in mind, FOCAL's workshop aimed to provide a background analysis of key governance issues facing the Andean region, to serve as groundwork for the identification of future FOCAL policy priorities and initiatives.

Four case studies were presented by representatives from each country with additional input from Canadian researchers having expertise in the region. The presenters were:

- Venezuela: Vilma E. Petráš, Professor, Universidad Central de Venezuela, and Stephen Woolcombe, former Canadian diplomat based in Venezuela.
- Colombia: Fernando Cepeda, Colombian Ambassador to the Organization of American States (now former), and Kimberley Thachuk, Visiting Fellow, Institute for National Security Studies - National Defence University.
- Ecuador: Fernando Bustamante, Professor, Facultad Latinoamericana de Ciencias Sociales - Ecuador (FLACSO), and Catherine Conaghan, Professor, Department of Political Science, Queen's University.
- Peru: Juan Velit Granda, Professor, Instituto Latinoamericana de Estudios Civiles-Militares - Peru (ILACIM), and Maxwell Cameron, Professor, Norman Paterson School of International Affairs - Carleton University.

Country Profiles

Venezuela

Venezuela has been home to one of the most stable democracies in Latin America during recent decades. The

current democratic regime, created in 1958, established a strong state presence in society sustained by the wealth of its oil industry, and a pact between Venezuela's two main political parties and key societal groups, based on a system of allegiance-seeking and patronage. The 1980s and 1990s have seen the decay of Venezuela's political system, however, and the rise of serious concerns for the future of governance. Current levels of public resentment towards corrupt political elites and institutions explain, to a large degree, the majority won by populist President Hugo Chávez in December 1998.

Venezuela's political class has become increasingly polarized in recent years. As a result of the 1980s debt crisis, the state's loss of oil revenue meant a growing competition for scarce resources among political actors, and the established parties attempted to impede the formation of new poles of political power through corruption and sabotage. The governing elite remains deeply divided, and the lack of constructive dialogue between political parties and leaders impedes the formation of a coherent governing strategy for the long-term.

Much of the population has recently felt the harsh effects of economic restructuring under the governments of Presidents Pérez and Caldera. The reforms brought rising prices, growing poverty, and unprecedented unemployment to Venezuela. The economic policies also generated feelings of government betrayal, and while the reforms may yet bring long-term benefits, the population is growing increasingly impatient and pessimistic.

Public bitterness toward corrupt government officials has also increased throughout the years. Politicians are viewed by a large part

of the population to have abandoned the nation in the pursuit of personal privilege. An attempted coup in 1992 led by current President Chávez, then an armed forces officer, was the subject of strong popular approval, demonstrating the extent of Venezuelans' resentment towards government and economic hardship.

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The lack of faith in traditional political parties gave rise in 1998 to outsiders campaigning as 'saviours' with anti-establishment messages. The election campaign, and the media in particular, focused primarily on candidates' personal appeal while meaningful political debate was ignored. Hugo Chávez re-emerged to win the presidency on a populist platform with a vow to restore order and honour to the 'motherland', and with the strong support of the armed forces.

Since coming to power, President Chávez has obtained a wide range of new executive powers from Congress after threatening to declare a state of emergency and rule by decree. He also appointed several military officers to influential government posts, and his referendum victory in April 1999 gave him the mandate for

the creation of a new national assembly to rewrite the Constitution by the end of the year.

President Chávez's victory continues to raise uncertainty regarding the new direction of governance in Venezuela. While there is an urgent need for reconciliation and a new national agreement between political leaders, analysts fear that Venezuelans will lose patience waiting for reforms and improved socioeconomic conditions, and may increasingly opt for authoritarian leadership solutions.

Colombia

Colombia has widely been considered one of Latin America's advanced democracies, largely based on the fact that in the twentieth century it has seen only five years of military rule. The country has, however, been devastated by extremely high levels of internal violence perpetuated by over thirty years of guerrilla activity. Growing insecurity and instability have led to a dramatic deterioration of democratic institutions and government legitimacy in recent years.

The failure in the administration of justice has emerged as one of the most significant causes of the current governing crisis in Colombia. Judges and the judicial system are heavily overloaded, grossly underfunded, undertrained, and increasingly influenced by bribes and threats of violence from groups such as drug mafias and the guerrilla. The ruling elite and powerful regional leaders operate amid an environment of widespread impunity and corruption.

The current state of lawlessness means that Colombia has been unable to address the issue of drug trafficking, and has also led to a rising presence of insurgents and

other armed groups. In many areas, official state justice has been replaced by 'parallel states' governed by increasingly powerful guerrillas and paramilitary groups who control large tracts of the countryside. As well, the continuing use of intimidation tactics by drug lords has further deepened Colombia's internal instability.

The level of violence in Colombia is the highest in the region. Over one million people have been displaced from their homes in the past 5 years, and the annual murder rate has exceeded 30,000 deaths. The internal conflict has caused profound feelings of fear, insecurity, and resentment throughout the country.

The corruption of the political class, along with its involvement in drug scandals and inability to maintain order in the country, has resulted in a total loss of public confidence in government. There has also been heavy criticism over the unwillingness of public officials to engage in meaningful debate regarding the country's many problems. Civil society in Colombia is largely uninvolved in politics as a result of its cynicism and contempt for the established order.

The role of international actors, particularly the United States, has had a significant impact on Colombian governance. American demands for the prosecution and extradition of drug lords have failed to take into account the impossibility of such a task given the state of the justice system and law enforcement. When judges have attempted to crack down on drug traffickers, there has been immediate and violent retaliation, and thus an exacerbation of insecurity.

As Colombia falls into a critical state of ungovernability, political actors face the challenge of identifying possible solutions to the current

crisis. In order to do so, corruption and patronage must be replaced by meaningful dialogue between leaders and forums devoted to the study of governance issues. The country must also reform its judicial system which desperately requires additional resources in order to function as an independent mediating force.

Since coming to office in August of 1998, President Andrés Pastrana has brought a new hope for peace and stability through his intense negotiations with guerrilla leaders. Although the dialogue has frequently been suspended and violence continues, there is now a concrete plan for formal peace negotiations and an apparent willingness on all sides to pursue an end to the conflict.

Ecuador

Political rule in Ecuador was transferred from the armed forces to civilians in 1979, and since that time a return to a military regime has seemed unlikely. Ecuador has managed to avoid the levels of violence that are found in much of the region, and steps towards a more participatory political scene have been taken in recent years. While on the surface the Ecuadorian democracy may appear to have stabilized, a closer look reveals a very troubled political regime plagued by deep confrontation and public disillusionment.

Democracy has not yielded an effective framework for policy making as cooperative pacts and alliances between political leaders remain elusive. Relations between the president and the legislative assembly have been of particular concern: Congress has frequently vetoed virtually all presidential initiatives in a form of political sabotage. The result has been the absence of a coherent plan to guide national politics,

especially in the area of economic restructuring where Ecuador remains badly mismanaged and significantly behind other countries in the region.

The rise in allegations of gross corruption and the general impunity enjoyed by public officials have led to a deep popular dissatisfaction with government officials and institutions. The judicial system is very poorly financed, and excessive case loads have made justice extremely inefficient. As an increasing number of Ecuadorians live in poverty and deprivation, the sight of an unaccountable and corrupt ruling class has bred profound resentment.

While disenchantment with the central government rises, regional identities have grown in importance. Several areas are fighting for greater autonomy from the central state, and increasing regional pressures add to the confrontational nature of Ecuadorian politics.

The search for alternative governance solutions has also seen many political candidates appealing to emotional issues in the hopes of gaining popular support. This has meant populist campaigns full of vast promises and gifts to win votes. Political parties remain very weak and of little significance as politics become increasingly personalized.

The political system in Ecuador is clearly in need of a more cooperative environment of political debate and decision making, and the justice system is in dire need of increased resources if it is to assume a regulatory and impartial role in the country. There is a legitimate danger that Ecuador's current political system may collapse under intense elite conflict, institutional gridlock, and the public's decreasing faith in democracy.

Elected in 1998, President Jamil Mahuad has pursued significant economic reforms and a new governing alliance in Congress. While his efforts mark a commitment to reform leadership, Mahuad's popularity has plummeted as the short-term costs of his economic policies, such as rising prices, have caused widespread unrest. It is uncertain whether his government enjoys adequate support to continue with measures that may bring important long-term benefits to Ecuador.

Peru

Over the course of Peru's independent history, the military has been the country's dominant governing force. Although 1980 saw a transfer of power to civilian leaders, recent developments have given the armed forces a renewed role in internal affairs, and have made Peruvian governance one of Latin America's most militarized.

The 1980s and 1990s in Peru have been marked by an overwhelming feeling of insecurity. The rise of Latin America's most violent guerrilla group, the Shining Path, led to a bloody civil war and widespread human rights abuses committed by both sides. At the same time, Peru fell into a deep socioeconomic crisis as hyper-inflation, massive debt, and poor economic management caused increasing levels of poverty and social exclusion. These combined factors created a deep frustration with governing institutions widely believed to be corrupt, infiltrated by drug money, and incapable of acting decisively to initiate economic reforms or challenge the guerrilla.

President Alberto Fujimori's arrival on the political scene in 1990 brought a popular governing alternative

drawing on authoritarian measures of Peru's past regimes. President Fujimori used the negative perceptions of institutions to his advantage in 1992 in order to carry out a 'self-coup' whereby he dissolved Congress, suspended the Constitution, and installed an 'emergency government' supported by the military. He stepped up counterinsurgency efforts and won widespread public approval when the Shining Path was effectively destroyed. As well, his program of economic reforms successfully reduced inflation rates and the fiscal deficit while also promoting foreign investment in the country. When democracy was restored in 1995, Fujimori was reelected as president, and his 1993 Constitution granting additional powers to the executive and armed forces was legitimized.

Peru's current political system has given the military and its institutions an important level of autonomous power in the country. A particularly troubling development has been the rise of military justice operating beyond the control of an independent legal system; military courts have been used to grant impunity to military officers as well as to try civilians for various crimes against the regime. The National Intelligence Service has been accused of numerous human rights abuses as toleration for opposition within the country continues to be minimal.

The future of governance and citizenship in Peru is the subject of great concern. While much of the population continues to fall further into poverty and social exclusion, the military and the executive have tightened their grasp on institutional power. If public participation in Peruvian politics is to become meaningful, political groups and institutions require greater autonomy

and the ability to challenge the current leadership's dominance. Given the popularity of the recent break from democracy, however, the trend of unaccountable governance is likely to continue.

The presidential election in April 2000 will offer Peruvians an opportunity to evaluate the current state of governance in the country. Although the Constitution forbids a President to hold office for more than two terms, President Fujimori has declared himself eligible to run through a controversial interpretation of the term limitations. Recent polls, however, indicate his popularity may be slipping.

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Common Themes and Points of Consensus

The overall impression at FOCAL's workshop was of a region in the midst of deep institutional and leadership crises. The critical state of governability predicts a very uncertain future for democratic governance in the region.

Institutional Crisis

- There is a lack of accountability mechanisms to enforce the rule of law effectively. This is largely due to underfunded, undertrained, and inefficient judicial systems

undermined by corruption and, in some countries, threats of violence.

- Public security is endangered by the inability of state institutions to maintain civil order.
- The strong military presence within political institutions threatens the dominance of civilian authorities.
- Legislative assemblies are widely ineffective due to a lack of governing coalitions and political pacts. In some countries, the relative dominance of the executive further weakens congress' governing capabilities.
- Weak and fragmented political parties do not represent collective interests of the population effectively within governing institutions.

Leadership Crisis

- In many cases, there is a lack of a ruling class to seriously address long-term national concerns. In general, political leaders have not engaged in meaningful debate about issues of immediate urgency, and forums of political analysis and dialogue are largely nonexistent.
- Political leaders have used their positions to secure personal privilege through vast networks of patronage and clientelism.
- Many political candidates are running on emotional platforms using manipulative tactics, such as direct financial payments to people in impoverished areas, to generate support during campaigns. In several countries, the media has been accused of trivializing political debate during election campaigns and promoting candidates backed by powerful economic groups.

The result: A Crisis of Legitimacy and Governability

- A loss of confidence in the political class has led to widespread public apathy and a withdrawal from political participation. Elections in the 1990s have seen participation levels drop to well under 50% of registered voters in most areas.
- Governments and political leaders throughout the region are perceived to be highly corrupt.
- Candidates from nontraditional political parties espousing populist rhetoric have won significant electoral victories in recent years.
- Desperation from insecurity and economic hardship has bred an uncertainty about democracy's ability to maintain order and rule effectively. There is a growing belief in the need for more powerful rulers and radical governing measures, which could lead to authoritarian solutions, as seen in Peru.
- Due to the absence of official state justice and law enforcement, guerrilla forces, paramilitary squads, and drug cartels dominate over certain regions. Individuals and groups have now been forced to find alternatives to the state as a means of protection and security; thus, the alarming rise in private security forces.

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Democracy and the Fight Against Time

In evaluating the many obstacles to improved governance in the Andes and Latin America in general, it is worth recalling that democracy is not necessarily a deeply internalized social or political norm in the region. Rather, representative and legitimate political organizations and institutions are a late twentieth century goal requiring continued effort and cultivation. Should crime, corruption, economic hardship, public insecurity and disillusionment continue, there is the real risk that the region could move closer towards the authoritarian formulas of governance which Latin America hoped to have left behind only a short time ago.

The Andes signifies a test case for the longevity of democracy in the

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Americas. If governance further deteriorates, the regional consensus on the desirability of democracy may be threatened and a breakdown of

common political objectives could result. From the Canadian perspective, the institutionalization of good governance in the Americas is necessary for the deepening of Canada's regional involvement. Democracy and responsible leadership are important values to Canadians in their own right, and stable political regimes will attract increased trade and investment from Canada, while also creating a more secure and prosperous region as a whole. There is an important need for Canadian policy makers to broaden their understanding of these critical regional issues in order to assist in the development of strategies promoting a stable, prosperous, and democratic future for the Americas.

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About FOCAL

The Canadian Foundation for the Americas (FOCAL) is an independent, non-governmental organization that fosters informed and timely debate and dialogue on issues of importance to decision-makers and opinion leaders in Canada and throughout the Western Hemisphere. Established in 1990, FOCAL's mission is to develop a greater understanding of important hemispheric issues and help to build a stronger community of the Americas.

This policy paper draws on discussions at the FOCAL's workshop Governance in the Andes. Both the publication and the workshop were made possible thanks to the support of the Canadian International Development Agency. Additional copies of this report and the full texts of the papers summarized in this report may be obtained from the FOCAL web site (www.focal.ca).



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