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Escaping the Zero-Sum Scenario: Democracy versus Technocracy in Latin America

MARK ERIC WILLIAMS

The last two decades saw a remarkable dual transition sweep Latin America as authoritarian regimes gave way to (qualified) democratic ones, and governments abandoned state-led development models for more market-friendly, neoliberal ones. In many new democracies, technocrats—that is, highly educated, professionally trained policy makers—served as architects of economic reform projects and rose to power as global economic integration, increasingly complex economic issues, and the bankruptcy of past development models encouraged governments to enhance their technical capacity.¹ Although technocrats made their deepest inroads within central banks and executive branch agencies such as finance and trade ministries, technocratic policy making also permeated other public policy realms, including social security, health care, labor relations, and social welfare provision; in some instances, it even made headway at municipal levels of government.²

¹ Jorge I. Domínguez, ed., *Technopols: Freeing Politics and Markets in Latin America in the 1990s* (University Park: The Pennsylvania State University Press, 1997); Merilee S. Grindle, *Challenging the State: Crisis and Innovation in Latin America and Africa* (New York: Cambridge University Press, 1996); and Ben Ross Schneider, “The Material Bases of Technocracy: Investor Confidence and Neoliberalism in Latin America” in Miguel A. Centeno and Patricio Silva, eds., *The Politics of Expertise in Latin America* (New York: St. Martin’s Press, 1998), 77–95.

² Verónica Montecinos, *Economic Policy-Making and Parliamentary Accountability in Chile* (New York: United Nations Research Institute for Social Development, 2002); and Peter M. Ward, “De clientelismo a tecnocracia: Cambios recientes en la gestión municipal en México,” *Política y Gobierno* 5 (Primer Semester 1998): 95–133.

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For many observers, this increasing technocracy bodes ill for—and indeed, threatens—Latin America’s chances for sustained democratic governance. A growing literature calls attention to ways in which technocratic reform projects put at risk such standard democratic features as accountability, checks and balances, effective political representation, and transparency.³ This paper argues that there are good reasons to take these concerns seriously; the tensions between technocracy and democracy are real. However, it also suggests that democratic governments that embrace technocratic reform projects are not necessarily trapped in a zero-sum game; such programs can also generate externalities that bolster democratic governance by enhancing accountability, checks and balances, representation, and transparency.

Both the governance and the programmatic dimensions of technocratic reform projects bear upon these issues. The *governance dimension* captures the essence of “technocracy,” that is, a political environment in which policy-making authority is vested in a cohort of elite, highly skilled, and electorally unaccountable practitioners. By contrast, the *programmatic dimension* consists of the neoliberal market reforms that technocratic practitioners institute (liberalized trade, privatization, deregulation, and fiscal discipline). Each dimension can potentially stimulate democratizing externalities. However, it is the former, critics rightly assert, that most threatens democratic governance, and the latter’s out-working which tends more to support it, especially in the context of domestic political pressures, international constraints, and a prolonged period of market reforms. This paper lays particular stress upon these democratizing tendencies. Its central argument rests on the following propositions:

- The more the content of reforms requires effective institutions to yield expected results, the more likely reformist governments are to strengthen judicial institutions and regulating agencies (or devise new ones) that signal a credible commitment to reform, yet whose political effects also can enhance democratic governance.
- The more newly privatized media firms (print or broadcast) compete over market share, the more likely they are to intensify political coverage, and the more likely such coverage is to enhance transparency and accountability.
- The greater the executive’s technical advantage is over the legislature—by virtue of employing more technocrats—the stronger the incentives

³Stephan Haggard and Robert R. Kaufman, *The Political Economy of Democratic Transitions* (Princeton, NJ: Princeton University Press, 1995); Judith Teichman, “Mexico and Argentina: Economic Reform and Technocratic Decision Making,” *Studies in Comparative International Development* 32 (Spring 1997): 31–55; and Miguel A. Centeno and Patricio Silva, “The Politics of Expertise in Latin America: Introduction” in Centeno and Silva, eds., *The Politics of Expertise*, 1–12.

can become for the legislature (via political parties) to bolster its own technical capacity to compete, and the better-positioned congress becomes to exert horizontal accountability over the executive and to represent its constituents.

- The more intense the domestic pressure and international scrutiny that technocratic governments experience (that is, demands to address political liberalization and economic crises, or concerns over investment and international trade accords), the greater the incentives administrations committed to technocratic projects have to accept measures that bolster transparency, accountability, and representation.
- And finally, the longer a technocratic market project endures, the higher the prospects are for these externalities to develop.

In short, this paper examines the ways in which technocratic projects, the political dynamics that surround them, and the market pressures they unleash, can stimulate democracy-supporting externalities.

To develop these points, this paper analyzes the policy and political experience of three Latin American countries where government technocrats championed neoliberal reform projects: Argentina, Mexico, and Venezuela. At the outset of the reform period, each country exhibited distinct political profiles toward democracy. The Argentine government made its democratic transition in 1983; the Mexican government was resisting increasingly strong democratizing trends; Venezuela, meanwhile, had been a working democracy since 1958. Although policy makers adopted similar reform programs in all three cases, the duration of these market experiments varied; in the former two, the reforms have persisted since the late 1980s, whereas in the latter, they began in 1989 and, for the most part, were discontinued in 1993. Consequently, Argentina's and Mexico's reform projects produced greater democratic externalities than did Venezuela's.

The paper proceeds as follows. Section one outlines the ways in which technocratic reform projects may threaten or enhance democratic governance. Section two details the increasing technocratization of economic policy making in Argentina, Mexico, and Venezuela, and its effects on democratic governance in each country. Section three examines the democratizing externalities that technocracy generated in each case. The conclusion notes the conditions under which technocratic policy making is most likely to unleash democracy-supporting dynamics.

TECHNOCRACY AND DEMOCRACY: IS COEXISTENCE POSSIBLE?

Accountability, checks and balances, representation, and transparency are hallmarks of effective democratic governance. The technocratic policy-making style that often accompanies neoliberal reform programs can jeopardize each of these elements.

Technocracy Threatens Democracy

One way in which technocratic programs weaken accountability is through the means that governments adopt to counter opposition to their policy reforms. Such opposition comes from various quarters, and for various reasons: traditional statist parties that control congress oppose market policy turnarounds; policy makers hold differing views on what reforms (if any) are needed, and how fast or how far a reform program should go; state managers of public enterprises resist career-ending privatizations; and bureaucracies have their own interests, which may conflict with new market policy prescriptions.⁴ To overcome these obstacles, reformist governments typically insulate technocrats from countervailing pressures, and enhance their autonomy by organizing policy procedures in ways that minimize conflict over the policy agenda.⁵ However, the more autonomy technocrats acquire, the more centralized, exclusionary, and top-down the decision-making process becomes and the more difficult it is for legislatures and citizens to hold these unelected policy makers accountable. The end result is a deficit in both horizontal and vertical accountability, or what Guillermo O'Donnell calls a "delegative democracy," in which presidents govern virtually unimpeded by checks and balances.⁶

Technocratic projects can degrade democratic checks and balances, in part, via the accountability constraints noted above. Another way, however, is by virtue of the greater technical capacity (that is, more technocrats) executive agencies typically enjoy vis-a-vis legislatures. Unable to match the technical prowess of ministries staffed by skilled technocrats from the cabinet to tertiary levels, legislatures cannot challenge the technical merits of executive policy initiatives. This asymmetry, in turn, transforms policy making into primarily an executive-driven process, with congress becoming increasingly subservient to the president (executive tendencies to bypass congress and impose reform policies via decree merely enhance congressional subservience).

The centralized, exclusionary, top-down decision-making patterns that technocratic reform projects entail pose obvious risks to democratic transparency

⁴ See, for example, Javier Corrales, "Presidents, Ruling Parties, and Party Rules: A Theory on the Politics of Economic Reform in Latin America," *Comparative Politics* 32 (January 2000): 127–149; José Piñera, "Chile" in John Williamson, ed., *The Political Economy of Policy Reform* (Washington DC: Institute for International Economics, 1994), 225–231; William Glade, "Toward Effective Privatization Strategies" in William Glade, ed., *Privatization of Public Enterprises in Latin America* (San Francisco, CA: ICS Press, 1991), 117–130; and Graham T. Allison, *Essence of Decision: Explaining the Cuban Missile Crisis* (Boston, MA: Little, Brown, 1971).

⁵ Joan Nelson, "The Politics of Economic Transformation: Is Third World Experience Relevant to Eastern Europe?" *World Politics* 45 (April 1993): 433–463; and Mark Eric Williams, "Market Reforms, Technocrats, and Institutional Innovation," *World Development* 30 (March 2002): 395–412.

⁶ Guillermo O'Donnell, "Delegative Democracy" in Larry Diamond and Marc Plattner, eds., *The Global Resurgence of Democracy* (Baltimore, MD: The Johns Hopkins University Press, 1996), 94–108; and Guillermo O'Donnell, "Horizontal Accountability in New Democracies," *Journal of Democracy* 9 (July 1998): 112–126.

(and accountability). Closed policy deliberations can render opposition to reform programs less potent, but in the process, they sacrifice the open information flows and dialogue that foster an accountable government. Absent transparent policy procedures, public monitoring of state policy making grows more difficult, and policies themselves grow more prone to irregularities and corruption. Privatization campaigns in Argentina and Mexico, for example, were riddled with opaque procedures. For many Argentines and Mexicans, the backroom deals, cronyism, and procedural irregularities this yielded severely tarnished the legitimacy of these divestment campaigns and the governments that sponsored them.

In slightly different ways, top-down technocratic policy making can also jeopardize political representation. To begin, a congress marginalized from the policy process is not well positioned to effectively represent constituents whose policy preferences may differ from those of executive technocrats. Also, the greater the technocrats' fidelity to standardized macroeconomic objectives and the more that economic performance depends upon external capital inflows, lending institutions, and financial markets, the more sensitive policy makers become to external interests, and the less responsive they may become to their citizens and legislatures. In some instances, political parties can suffer representation deficits too, even when their parties hold the presidency. Argentina's Peronist Party, Mexico's Institutional Revolutionary Party (PRI), and Venezuela's *Acción Democrática* all grew increasingly alienated from presidents whose technocrats took economic policy down paths decidedly different from past party platforms, or curtailed the parties' representation in government by appointing cabinet members with weak, suspect, or nonexistent party credentials.

Finally, technocratic market programs can threaten the economic underpinnings of democracy. A strict focus on economic rationality and efficiency may lead technocrats to discount as "populism" the very social welfare policies that help create the popular support—and social capital—required to sustain and stabilize democratic societies.⁷ Also, should the technocrats' economic policies fail to generate broader prosperity or attenuate inequality and poverty, voters may lose confidence in the democratic governments that pushed such programs.⁸

In a variety of ways, then, technocratic reforms can work against the bulwarks of democratic governance, generate significant democratic deficits, or widen preexisting ones. Nevertheless, at least theoretically, technocracy and

⁷ Lucio Fernando Oliver Costilla, "The Reconstitution of Power and Democracy in the Age of Capital Globalization," *Latin American Perspectives* 27 (January 2000): 82–104; and Nancy Birdsall, Carol Graham, and Richard H. Sabot, eds., *Beyond Trade Offs: Market Reform and Equitable Growth in Latin America* (Washington DC: The Inter-American Development Bank, 1998).

⁸ W. Andrew Moellmer, "Neoliberalism and the Effects of the Economic Reforms on Democratic Consolidation After the Debt Crisis" (paper delivered at the annual meeting of the International Studies Association, New Orleans, 24–27 March 2002).

democracy need not be diametrically opposed. In fact, technocratic reform projects could well engender externalities that help offset the democratic deficits they create.

Technocracy May Enhance Democracy

One pathway toward this outcome is the content of reform measures themselves, and the “second-stage reforms” required if initial measures are to yield expected results.⁹ For example, to enforce contracts, protect property rights, reduce uncertainty, and ensure that market reforms yield robust growth, reformist governments often feel compelled to professionalize their judicial systems, bolster the rule of law, and establish effective, politically independent regulatory agencies and central banks.¹⁰ The greater this professionalization and independence, the more credible (and institutionalized) become the checks upon arbitrary executive actions.¹¹

A second pathway is the incentives that a technocratic policy-making environment can provide legislatures to enhance their own technical capacity and, by extension, their ability to subject the executive to credible horizontal accountability and to represent constituents more effectively. Legislatures facing technically sophisticated executive agents are at a distinct disadvantage, unable to evaluate complex executive initiatives or even “speak” the language in which a president’s technocrats converse. A legislature weary of simply rubber-stamping or obstructing presidential initiatives may seek to level the playing field by developing its own technical capacity. The more it engages in this practice, the greater will be its ability to balance executive actions, exert accountability, and represent diverse constituent interests.

Economic and political pressures—both domestic and international—constitute a third pathway toward greater transparency and representation. For example, the more investors demand timely, reliable information and

⁹ “Second-stage reforms” entail market-completing, equity-oriented, and institution-building initiatives designed to ensure competitive markets, reduce inequality, establish the rule of law, and promote good governance. See Carol Graham and Moisés Naim, “The Political Economy of Institutional Reform in Latin America” in Birdsall, Graham, and Moisés Naim, eds., *Beyond Trade-Offs*, 321–362; Merilee S. Grindle, ed., *Getting Good Government: Capacity Building in the Public Sectors of Developing Countries* (Cambridge, MA: Harvard University Press, 1997); Moisés Naim, “Latin America: The Second Stage of Reform” in Larry Diamond and Marc F. Plattner, eds., *Economic Reform and Democracy* (Baltimore, MD: Johns Hopkins University Press, 1995), 28–44; and Manuel Pastor, Jr. and Carol Wise, “The Politics of Second-Generation Reform,” *Journal of Democracy* 10 (July 1999): 34–48.

¹⁰ Hugo Eyzaguirre, *Institutions and Economic Development: Judicial Reform in Latin America* (Washington DC: Inter-American Development Bank, 1996); and Sylvia Maxfield, *Gatekeepers of Growth* (Princeton, NJ: Princeton University Press, 1997).

¹¹ Jodi Finkel, “Judicial Reform in Latin America: Market Economies, Self-Interested Politicians, and Judicial Power” (paper prepared for the Scientific Study of Courts Conference, College Station, TX, October 1999).

technocrats stress financial transparency to create sound investment climates, the more transparency becomes the watchword of central banks and finance ministries (via quarterly reports and other information flows that signal the government's "credible commitment" to reform). The close affinity between politics and economics, however, can encourage demands for transparency in the political arena, too. Private investors, for instance, might condition further investment on more-transparent electoral practices. Moreover, precisely because neoliberal reforms often generate political unrest that can imperil reform programs and disquiet investors, policy makers may seek to safeguard their projects by giving citizens and partisans greater "voice" and representation through substantive political/electoral reforms. Also, in the context of transnational market integration (as in the North American Free Trade Agreement), external pressure for greater political transparency can spike sharply as trading partners scrutinize heretofore "domestic" affairs such as elections.¹²

In short, although technocratic reform projects often generate democratic deficits, in various ways, they also can stimulate externalities that help offset these deficits. Clearly, there is no guarantee that such externalities will emerge, or that if they do, they will work in a linear fashion to strengthen democratic governance. However, there also is no reason *a priori* to discount their potential development or democracy-supporting dynamics. Thus, in theory, the longer a reform project and the government's commitment to it endure, the more likely is it that democratizing externalities will develop.

TECHNOCRATIC POLICY MAKING IN ARGENTINA, MEXICO, AND VENEZUELA

During the 1980s and 1990s, the governments of Argentina, Mexico, and Venezuela adopted similar market reform projects. These initiatives—structural adjustment, fiscal discipline, deregulation, privatization, and trade liberalization—broke sharply with past policies that had been characterized by the proprietary state and extensive government regulation.¹³ To varying degrees, these governments advanced their market reform projects by concentrating policy authority within a select group of technocrats. This section details the extent to which these reform experiences displayed the features of technocratic policy making outlined above, and their effects on important elements of democratic governance.

¹² Carol Wise, "Politics Unhinged: Market Reforms as a Catalyst for Mexico's Democratic Transition" (paper prepared for the Annual Congress of the American Political Science Association, San Francisco, CA, September 2001).

¹³ See, for example, Mark Eric Williams, *Market Reforms in Mexico: Coalitions, Institutions, and the Politics of Policy Change* (Lanham, MD: Rowman & Littlefield, 2001); Javier Corrales, *Presidents Without Parties: The Politics of Economic Reform in Argentina and Venezuela in the 1990s* (University Park: The Pennsylvania State University Press, 2002); and Ana Margheritis, *Ajuste y reforma en Argentina (1989–1995): La economía política de las privatizaciones* (Buenos Aires: Grupo Editor Latinoamericano, 1999).

Enter the Technocrats

Under the government of President Carlos Menem (1989–1999), Argentina’s economic policy making increasingly acquired classic technocratic trappings.¹⁴ This was especially true following the appointment of Domingo Cavallo as Finance Minister in 1991. With Menem’s backing, Cavallo recruited a large pool of like-minded technocrats (about 150, by most counts) to oversee the reform project.¹⁵ In Venezuela, meanwhile, President Carlos Pérez (1989–1993) “packed his cabinet with independent young technocrats,” including the Ministry of Development (responsible for trade reform).¹⁶ The selection of this economic team, notes Andrés Stambouli, responded “less to the traditional criteria of rewarding political collaborators or friends” than to “the criteria of technopolitical competence required for the formulation and implementation of policies to adequately support the program.”¹⁷

In Mexico, however, technocratic policy making was even more pronounced. President Carlos Salinas (1988–1994)—himself a technocrat—appointed technocrats to every major economic and social policy position; they, in turn, often stacked their own agencies with technocrats.¹⁸ The result, notes Miguel Ángel Centeno, was a “technocratic revolution” characterized by the hegemony of a “single, exclusive policy paradigm based on the theoretically optimal use of resources....”¹⁹ Under President Ernesto Zedillo (1994–2000)—also a technocrat—this trend continued.²⁰

And the Democratic Deficits

Although the degree of technocratization was most acute in Mexico (indeed, Mexico became the apotheosis of technocracy), in each case, a general pattern

¹⁴ Judith A. Teichman, *The Politics of Freeing Markets in Latin America: Chile, Argentina, and Mexico* (Chapel Hill: The University of North Carolina Press, 2001), 98.

¹⁵ Carlos Huneeus, “Technocrats and Politicians in the Democratic Politics of Argentina (1983–95)” in Centeno and Silva, eds., *The Politics of Expertise*, 190; and Javier Corrales, “Why Argentines Followed Cavallo: A Technopol Between Democracy and Economic Reform” in Domínguez, ed., *Technopols*, 64, 65.

¹⁶ Kenneth M. Roberts, “Party System Collapse Amidst Market Restructuring in Venezuela” (paper prepared for presentation at the 97th annual meeting of the American Political Science Association, San Francisco, CA, 30 August–2 September 2001), 13.

¹⁷ Andrés Stambouli, “An Evaluation of the First Year of the Government of Carlos Andrés Pérez” in Joseph S. Tulchin, ed., *Venezuela in the Wake of Radical Reform* (Boulder, CO: Lynne Rienner, 1993), 122.

¹⁸ Miguel Ángel Centeno, *Democracy Within Reason: Technocratic Revolution in Mexico* (University Park: The Pennsylvania State University Press, 1994); and Williams, *Market Reforms in Mexico*.

¹⁹ Centeno, *Democracy Within Reason*, 39–40.

²⁰ Pacific Council on International Policy, *Mexico Transforming* (Los Angeles, CA: Pacific Council on International Policy, n.d.), 17.

of exclusionary, top-down decision making developed that tended to undercut accountability, cloud transparency, weaken checks and balances, and retard effective representation. In Argentina, Menem worked aggressively to concentrate decision-making authority within the executive branch;²¹ this process began even before he took office. Having captured the presidency from the Radical Party in the wake of a severe economic downturn, he wasted no time in orchestrating a massive privatization campaign. As President-Elect, Menem convinced Congress to pass two major pieces of reform legislation—the Law of State Reform (Law 23.696) and the Economic Emergency Law (Law 23.697). Together, they served as an omnibus privatization law that tipped the balance of power over divestment decidedly toward the president vis-a-vis Congress. Although the Argentine legislature did retain a measure of “voice” in divestment and other reform measures, it remained very much a junior partner in economic policy making.²²

Menem also launched deregulation and trade liberalization policies, plus fiscal, financial, and tax reforms; in general, he pushed these measures via executive decree.²³ This penchant to rule by decree declined somewhat once Cavallo became Finance Minister, yet policy-making authority itself remained squarely within the executive branch (that is, at Finance). Having engineered the 1991 Convertibility Law that tamed inflation by fixing the peso’s value to that of the U.S. dollar, and completed the merger of the Ministry of Public Works and Services (which traditionally supervised public enterprise operations) with his own agency, Cavallo spoke for Menem on all things economic. Thus, notes Judith Teichman: “While formulation of economic policy had always rested in the hands of the Minister of Economy, never had it become so insulated ... from societal forces [and] resistant to pressures from other areas within the state.”²⁴

In addition to marginalizing Congress from the policy reform process, thereby weakening horizontal accountability, Menem worked to minimize other democratic checks and balances that might impede his program. In 1990,

²¹ Margheritis, *Ajuste y reforma*; Luigi Manzetti and Scott Morgenstern, “Legislative Oversight: Interests and Institutions in the United States and Latin America” (paper prepared for delivery at Notre Dame Conference on Horizontal Accountability in New Democracy, Kellogg Institute, University of Notre Dame, Notre Dame, IN, May 2000); and Mariana Llanos and Ana Margheritis, “Liderazgo presidencial y dinámica institucional durante el primer periodo presidencial de Menem: El caso de las privatizaciones,” *Política y Gobierno* 4 (Segundo Semestre 1999): 441–475.

²² See Corrales, “Presidents, Ruling Parties, and Party Rules”; and Mariana Llanos, “Understanding Presidential Power in Argentina: A Study of the Policy of Privatisation in the 1990s,” *Journal of Latin American Studies* 33 (February 2001): 67–99.

²³ Rubio Ferreira and Matteo Goretti Delia, “Menem’s *Decretazo* (1989–1998): The Inefficiency of the Constitutional Reform to Modify the Practice of the Executive Regarding Need and Urgency Decrees” (paper presented at the 1998 meeting of the Latin American Studies Association, Chicago, IL, 24–26 September, 1998).

²⁴ Teichman, “Mexico and Argentina,” 47.

he persuaded Congress to enlarge the Supreme Court (from five to nine justices), then “packed” it with sympathetic appointees;²⁵ he also sacked four of the five members of the National Auditing Board—a type of fiscal tribunal that monitored irregularities in state accounts. The following year, the purge continued, this time against the National Attorney for Administrative Investigation (whose office prosecutes irregularities in public administration). When the agency’s top official challenged the legality of procedures related to the divestment of the state-owned telephone monopoly, ENTel, and the air carrier Aerolíneas Argentinas, Menem fired him via executive decree.²⁶ Of course, Menem’s brand of technocratic policy making held no monopoly on excessive presidential power.²⁷ The point made here is simply that concentrated power within the executive often accompanies technocratic reform projects, and, as Argentina’s experience illustrates, constitutes one of their principal democratic deficits.

Venezuela’s reform program exhibited a similar top-down trajectory. Just two weeks into the new administration, President Pérez unilaterally deregulated price controls on goods and services, reduced import tariffs, liberalized domestic interest rates, and announced privatization initiatives. Like Menem, Pérez implemented “most of his original adjustment package through executive decrees,” and he advanced his reform *paquete* in classic “shock therapy” fashion—quickly, without public discussion, and “unhindered by lengthy congressional debates and public lobbying for policy modifications.”²⁸

In Mexico, meanwhile, Salinas and his technocratic agents aggressively restructured policy-making procedures in ways that minimized opposition to reform, concentrated decision-making authority, and literally organized policy contestation *out* of the policy arena.²⁹ In the process, Salinas took a strong presidentialist system and made it stronger still.³⁰ Like his Argentine and

²⁵ A 1990 legal challenge to Menem’s rule-by-decree led the new Supreme Court to issue a ruling that essentially sanctioned the executive’s ability to promulgate decrees as he saw fit, as long as once he informed Congress of the decrees, Congress did not disapprove. A 1994 ruling reaffirmed the transfer of legislative powers to the executive. See Manzetti and Morgenstern, “Legislative Oversight,” 33.

²⁶ Alberto R. González Arzac, “Aerolíneas, ENTel y la Inspección General de Justicia,” *Realidad Económica* 97 (Primer Semestre 1990): 55–63.

²⁷ For example, Argentine, Mexican, and Venezuelan administrations led by Presidents Juan Perón, Luis Echeverría, and Hugo Chávez—all non-technocratic governments—displayed enormous presidential power.

²⁸ Roberts, “Party System Collapse,” 12; and Brian F. Crisp, “Lessons From Economic Reform in the Venezuelan Democracy,” *Latin American Research Review* 33 (Winter 1998): 28.

²⁹ Williams, “Market Reforms, Technocrats, and Institutional Innovation,” 399–404.

³⁰ Jeffrey Weldon, “The Political Sources of Presidentialismo in Mexico” in Scott Mainwaring and Matthew Soberg Shugart, eds., *Presidentialism and Democracy in Latin America* (New York: Cambridge University Press, 1997), 225–258; and Wayne A. Cornelius, *Mexican Politics in Transition: The Breakdown of a One-Party-Dominant Regime* (La Jolla: Center for U.S.–Mexican Studies, University of California, San Diego, 1996), 36.

Venezuelan counterparts, he used decrees to implement reform measures such as divestment and deregulation.³¹ However, he also used presidential appointments, dismissals, and prosecutions to send “clear signals about the importance of being on the presidential bandwagon”—and of identifying “unequivocally” with his technocratic modernization project—all the while restricting authoritative policy deliberations to select executive branch officials.³² To be sure, Salinas’s reforms did encounter serious opposition from some state actors and organized labor, but they faced only token opposition from the PRI-controlled Congress, and none from the courts.³³ Consequently, as in Argentina and Venezuela, in Mexico too, the technocratic neoliberal project proceeded with only minor public discussion, persuasion, negotiation, and consensus building—all important elements of democratic governance.³⁴

Not surprisingly, in each country, the technocratic thrust of these reform programs generated important democratic deficits. Accountability to legislatures, courts, “watchdog” agencies, and the public declined; transparency grew more clouded; checks and balances grew weaker (and at times seemed almost nonexistent); and representation suffered. On this last point, it is worth noting the extent to which even ruling parties experienced severe representation deficits.

During Menem’s first term, for example: “Of the total cabinet of forty-seven ministers and secretaries (the rank below the ministerial level), only three belonged to the Peronist union sector,” the ruling party’s strongest constituent base.³⁵ Similarly, in Venezuela, Pérez not only “appointed a very non-Adeco [non-ruling party] cabinet, composed mostly of political friends ... and highly trained, non-partisan, market-oriented social scientists ... [but also] encouraged ministers to recruit non-Adeco staffs, even when the ministers themselves preferred otherwise.”³⁶ Consequently, *Acción Democrática*, Venezuela’s ruling party, “never felt that it had any weight in the formulation of economic policy” and chafed at its unprecedented marginalization.³⁷ By contrast, in Mexico, Salinas did appoint members of the PRI to top policy posts, but his technocratic appointees boasted limited party and political experience and a policy preference quite at odds with the PRI’s historic populist orientation. Although his technocrats were all “party members,” Salinas never brought the party into policy consultations. Even when his administration amended the federal constitution to permit the privatization of communal *ejido* lands (thus officially ending Mexico’s fabled land reform

³¹ Grindle, *Challenging the State*, 81–86; and Williams, *Market Reforms in Mexico*, 90, 118.

³² Grindle, *Challenging the State*, 92–93.

³³ Williams, *Market Reforms in Mexico*, 34–36, 112.

³⁴ Teichman, *The Politics of Freeing Markets*, 160.

³⁵ *Ibid.*, 115.

³⁶ Corrales, *Presidents Without Parties*, 121.

³⁷ *Ibid.*, 123.

program), Salinas's technocrats devised and imposed this measure without consulting the PRI officials who represented peasant farmer organizations.³⁸

In short, to varying degrees, each government's technocratic reform project effectively "locked out" ruling parties from substantive governing circles; these representation deficits, in turn, affected executive–ruling party relations in different ways. In Argentina, by the end of 1990, Menem's stance toward his party had strained executive–ruling party relations to the breaking point; in Venezuela, Pérez's reliance upon technocrats from outside *Acción Democrática* had antagonized his own party to the point that executive–ruling party relations collapsed.³⁹ In Mexico, presidents consistently privileged—and sided almost exclusively with—one faction of the PRI, that is, the technocratic wing. And although Salinas did retain the allegiance of a majority of his party (mostly by spending billions of anti-poverty dollars in ways that benefited the PRI's electoral prospects),⁴⁰ his reform project and technocratic governing style deeply disturbed many *PRIistas*. As Pedro Joaquín Coldwell, the PRI's former Secretary-General explained, Salinas's reform program converted the PRI into "a political instrument for the government's neoliberal project," and left the party's old-guard populists suffering "profound ideological confusion."⁴¹

Not only did technocratic reform projects generate specific democratic deficits in each country, but in different ways, they threatened the consolidation of, transition to, and continuation of democracy in Argentina, Mexico, and Venezuela, respectively. In Argentina, by 1999, Menem's penchant for unilateral, top-down policy making had cast long shadows over the prospects of democratic consolidation.⁴² In Mexico, Salinas's technocratic team worked against emerging democratizing trends, and sought to prolong the PRI's authoritarian rule by consistently privileging its economic program over political liberalization and democracy.⁴³ Once Salinas left office in 1994, it would take another six years for Mexico to experience a genuine transition to democracy. Finally, in Venezuela, Pérez's economic reforms and exclusionary policy-making style proved so unpopular that they cut the reform program short by unleashing violent public protests, two attempted military coups, and increasing political instability. These dynamics ultimately cost Pérez his job (via

³⁸ Merilee S. Grindle, "Reforming Land Tenure in Mexico: Peasants, the Market, and the State" in Riordan Roett, ed., *The Challenge of Institutional Reform* (Boulder, CO: Lynne Rienner, 1996).

³⁹ Corrales, "Presidents, Ruling Parties, and Party Rules," 127–149.

⁴⁰ Salinas engaged in this "political spending" via the National Solidarity Program, PRONASOL, a giant pork barrel project that helped to assuage the social tensions that the reforms unleashed and to shore up political support, by funneling billions of dollars to grassroots projects in regions where the ruling party faced stiff partisan opposition. See Wayne A. Cornelius, Ann L. Craig, and Jonathan Fox, eds., *Transforming State–Society Relations in Mexico: The National Solidarity Strategy* (La Jolla: Center for U.S.–Mexican Studies, University of California, San Diego, 1994).

⁴¹ Leslie Crawford, "Zedillo Under Fire as Peso Wobbles: Political Troubles Add to Problems Facing Mexico's President," *Financial Times*, 31 August 1995.

⁴² Llanos and Margheritis, "Liderazgo presidencial," 472.

⁴³ See Centeno, *Democracy Within Reason*, 212.

impeachment), hastened the collapse of Venezuela's two-party political system, and paved the way for Hugo Chávez to win the presidency in 1998. Chávez went on to rewrite the constitution, degrade Venezuela's democratic institutions, and steer the country back down a populist (and politically unstable) path.

Clearly, a number of factors beyond the scope of this paper influenced democratic setbacks in these countries, and by no means can all of these be laid at the feet of technocratic reform projects. Nevertheless, the point remains: in each case, the reform programs did generate expected democratic deficits. To what extent did democracy-supporting externalities ensue as well?

TECHNOCRATIC POLICY MAKING AND DEMOCRACY-ENHANCING EXTERNALITIES

Although their form, quantity, and intensity varied across cases, the most prominent democratic externalities emerged in precisely those countries in which technocratic reform programs endured the longest. In Argentina and Mexico, the content of reform initiatives moved governments to adopt various second-stage reforms (again, to ensure that initial measures yielded anticipated results) that also enhanced political accountability, checks and balances, representation, and transparency. In Argentina particularly, the executive's greater technical capacity vis-a-vis the legislature incentivized Congress to upgrade its own technical capacity, bolstering horizontal accountability and effective representation in the process. Moreover, in both countries, market forces unleashed powerful transparency effects, while domestic and international pressures—linked in part to the reform programs—compelled leaders to embrace initiatives conducive to democratic governance.

Argentina

As Menem's reform program unfolded, the administration recognized an increasing need to professionalize financial accounting agencies and the judiciary, in order to strengthen investor confidence, enforce contracts, protect property rights, and attract greater foreign and domestic private investment.⁴⁴ Domestic and international concerns over corruption in public administration and privatization sales increased the incentives to pursue this path.⁴⁵ Accordingly, in 1992, Menem supported new legislation creating the General Auditor of the Nation (Law 24.156). Under congressional control, this agency serves as the public sector's external auditor, with jurisdiction over all budgetary, financial, legal, and management matters concerning public administration.⁴⁶

⁴⁴ Manzetti and Morgenstern, "Legislative Oversight," 27–30; and Finkel, "Judicial Reform in Latin America."

⁴⁵ Manzetti and Morgenstern, "Legislative Oversight," 39.

⁴⁶ *Ibid.*, 40.

The General Auditor submits its reports directly to Congress, and its scrutiny of Menem's privatization program helped lawmakers balance the executive and exercise greater horizontal accountability. Two years later, Menem also supported constitutional revisions granting the Supreme Court greater judicial independence (and hence, the potential to check executive excesses).⁴⁷

In an unanticipated twist, Menem's reform program also helped augment political transparency and some measure of accountability, mainly by stimulating intense competition between newly privatized and increasingly deregulated media outlets. By divesting two major television stations (channels 11 and 13) and relaxing legal prohibitions against firms owning both newspapers and broadcast media, Menem "let the genie of competition out of the bottle."⁴⁸ The result was more aggressive, expansive political coverage by media consortia, and in the battle for market share, coverage of political scandals, in particular, became a weapon of choice (Menem's government made an easy target). Particularly when coupled with increasingly professionalized journalistic norms,⁴⁹ this competition helped buttress media independence, strengthen transparency, and provide at least the potential for greater vertical accountability.

Still other democratic externalities developed inside Congress itself, where the ruling Peronist Party, faced with the executive's greater technical expertise and its onslaught of technically complex initiatives, gradually increased its own technical capacity, thereby permitting Congress to subject the executive to more effective horizontal accountability.⁵⁰ The process began slowly in 1991 and gained momentum mid-decade. It was especially prominent in the Chamber of Deputies, which "incorporated more economist-legislators (emulating the Executive), underwent greater diversification and specialization at economics-related committees, and showed more willingness to question the Executive, introduce bills and modify Executive-introduced bills."⁵¹ By 1995–1997, more economists sat on the Chamber's Finance and Economy committees than members of any other profession, and economists had become preponderant in the Chamber's committees on Trade, Industry, Budget, and Regional Economies and Development.⁵² In terms of assessing the

⁴⁷ In addition to his concern over ensuring that economic reforms were effective, Menem also accepted this measure in order to win opposition parties' support for a constitutional amendment permitting his reelection in 1994. See Gabriel Negretto and Mark Ungar, "Independencia del poder judicial y Estado de Derecho en América Latina: Los casos de Argentina y Venezuela," *Política y Gobierno* 4 (Primer Semestre 1997): 102.

⁴⁸ Silvio R. Waisbord, "Knocking on Newsroom Doors: The Press and Political Scandals in Argentina," *Political Communication* 11 (January–March 1994): 27.

⁴⁹ *Ibid.*

⁵⁰ Javier Corrales, *Legislative Oversight of New Technocracies: The Argentine Case, 1983–2001* (New York: United Nations Research Institute for Social Development, 2002).

⁵¹ *Ibid.*, 31.

⁵² *Ibid.*, 20.

economic policy agenda, this process brought more balance into executive–congressional relations.

Mexico

As in Argentina, the outworking of Mexico’s technocratic reform project also kindled externalities that bolstered accountability, checks and balances, representation, and transparency. For example, after achieving a stable macroeconomic situation by 1992 (inflation in single digits and a budget surplus), Salinas sought to entrench the credibility and positive results of his reforms over the long term. In 1993, he orchestrated a constitutional amendment granting the Central Bank more autonomy, thereby augmenting checks and balances.⁵³ In hopes that the PRI’s authoritarian regime might endure, Salinas chose not to establish a completely independent Central Bank (which might restrict subsequent PRI governments’ ability to manage the economy). Nevertheless, in terms of limiting the executive’s ability to manipulate monetary policy, the reforms did introduce important checks on what had been rather broad degrees of freedom.

By contrast, the transparency and accountability effects that Mexico’s privatization program generated were more significant and politically consequential. Here, the divestment of state-owned television channels and increased market competition facilitated an “opening” of Mexico’s historically controlled, pro-regime electronic and print media.⁵⁴ The upshot was that throughout most of the 1990s, the media increasingly served to buttress vertical accountability. It subjected politics, policy making, and especially elections to increased scrutiny; it devoted greater (and more impartial) coverage to opposition parties and civic organizations; and it provided unprecedented reporting of politically sensitive topics. In the end, the dramatic transformation of media coverage played a significant role in Mexico’s democratic transition by “stimulating civic mobilization, triggering scandals, and facilitating opposition electoral victory.”⁵⁵

In ways less direct, the privatization initiatives that Mexico’s technocrats pushed also bolstered Congress’ representational (and more modestly, its balancing) capacity. By 1997, the surge of opposition party victories—fueled, in

⁵³ See Pedro Aspe, *Iniciativa de reforma constitucional para dotar de autonomía al Banco de México* (presented as an address to the Mexican Chamber of Deputies, Mexico City, 24 May 1993); and Delia M. Boylan, “Democratization and Institutional Change in Mexico: The Logic of Partial Insulation,” *Comparative Political Studies* 34 (February 2001): 3–29. Salinas’s successor, Ernesto Zedillo, also introduced greater transparency into government finances: where Salinas released information on Mexico’s foreign reserves just three times a year, the Zedillo government placed this and other data on various web sites that provided frequent updates.

⁵⁴ Chappell Lawson, *Building the Fourth Estate: Democratization and the Rise of a Free Press in Mexico* (Berkeley: University of California Press, 2002).

⁵⁵ *Ibid.*, 6.

part, by the greater media transparency that divestment unleashed—had altered the legislature’s partisan composition. This, in turn, increased its ability to represent diverse interests and modify (if not check) the executive’s budgetary and spending initiatives.⁵⁶ Since 1997, the number of substantive changes to executive budgetary initiatives has grown dramatically, and in 1999, lawmakers modified the executive’s budget proposal so extensively that President Zedillo threatened to veto it.⁵⁷

Finally, Mexico under Zedillo offers a clear example of technocratic leaders accepting (and thus, reluctantly facilitating) political liberalization and democratization in order to preserve their reform programs. The democratic externalities here played out most prominently in accountability, transparency, and representation. Two weeks into the new administration, Zedillo confronted a currency crisis that plunged Mexico’s economy into depression. Membership in the North American Free Trade Agreement placed Mexico under intense U.S. media scrutiny, and the magnitude of the crisis forced the President to accept a U.S.–International Monetary Fund rescue package.⁵⁸ The political backlash that followed the peso’s meltdown threatened both Zedillo’s capacity to govern, and the perception of his commitment to maintain Mexico’s market reforms. To safeguard the reforms, Zedillo reaffirmed his commitment to them (in hopes of recapturing investors’ confidence) and accepted the rescue package’s requirements for greater transparency in financial accounting. More important, however, he also acceded to opposition party demands for substantive democratic reforms.⁵⁹

The electoral reforms that emerged in 1996 were the product of intense, multi-party negotiations imposed upon a besieged technocratic president. They established greater media access for political parties, an autonomous Federal Electoral Institute, important campaign finance reforms, and direct election of Mexico City’s mayor. These measures significantly enhanced the capacity of opposition parties to compete in elections, a capacity made stronger still by the “media opening” noted above. The net effect was much fairer elections in 1997, in which the PRI lost control of both the Lower House and Mexico City, and again in 2000, in which it lost the presidency. This, in turn, marked Mexico’s definitive transition to democracy.

In the political heat of Mexico’s economic crisis, Zedillo also consented to constitutional amendments that further professionalized the Supreme Court (a process under way since 1994). These amendments empowered the Court to adjudicate disputes between the federal, state (and inter-state), and municipal

⁵⁶ María Amparo Casar, “Las Relaciones entre el poder ejecutivo y el legislativo: El caso de México,” *Política y Gobierno* 6 (Primer Semestre 1999): 83–128.

⁵⁷ See Luis Carlos Ugalde, *The Mexican Congress: Old Player, New Power* (Washington DC: The CSIS Press, 2000), 26–28, 157.

⁵⁸ Wise, “Politics Unhinged.”

⁵⁹ Pamela K. Starr, “Monetary Mismanagement and Inadvertent Democratization in Technocratic Mexico,” *Studies in Comparative International Development* 33 (Winter 1999): 35–65.

governments.⁶⁰ Thereafter, the Court ventured increasingly into a political realm it had long eschewed. In 1996, it struck a blow against the PRI's traditional corporatist representation system, ruling that laws mandating that state employees affiliate with a single, government-sanctioned union were unconstitutional; the same year, it struck down laws obligating businesses to join state-sanctioned chambers of commerce and industry.⁶¹ The Court also involved itself in highly charged partisan contests; in 1997, it upheld an opposition party challenge to the electoral code in the state of Oaxaca, and in 1998, it supported another opposition party challenge to Quintana Roo's electoral code.⁶²

Venezuela

In important ways, Venezuela represents a case of technocratic failure, for despite its intentions to reform, the Pérez administration actually achieved very little “technocratic results.” The administration did manage to privatize a few state-owned enterprises, and it experimented with deregulation for a spell. It did not, however, achieve a permanent economic structural adjustment, nor did it generate a pattern of sustained economic growth with stable macroeconomic indicators. Most important, its market project collapsed in the face of widespread, violent opposition (riots, strikes, attempted coups), and successive administrations rolled back many reforms that Pérez inaugurated. Not surprisingly, compared to Argentina and Mexico, the democracy-enhancing effects of Venezuela's reform project under Pérez were meager. Four interrelated factors account for this outcome: intense resistance to the reform program, congressional failure to balance the executive's technical capacity, the political paralysis and uncertainty that engulfed the Pérez administration, and consequently, the truncated duration of the reforms.

Stiff, sustained opposition to the reforms' content and implementation, for example, stifled the need and opportunity to pursue second-stage measures. Moreover, as executive–ruling party relations deteriorated, *Acción Democrática* adopted a highly obstructionist strategy toward Pérez's agenda while the Radical Party floundered in disarray. Consequently, Congress failed to upgrade its technical capacity. Finally, a crisis of governance fueled by prolonged political turmoil consumed the attention of principal political actors (the executive, parties, and Congress), climaxing in Pérez's impeachment, the

⁶⁰ See Jorge A. Vargas, “Mexico's Legal Revolution: An Appraisal of Its Recent Constitutional Changes, 1988–1995,” *The Georgia Journal of International and Comparative Law* 25 (Summer 1996): 497–559; and Hector Fix-Fierro, “Judicial Reform and the Supreme Court of Mexico: The Trajectory of Three Years,” *United States-Mexico Law Journal* 6 (Spring 1998): 1–21.

⁶¹ Pilar Domingo, “Judicial Independence: The Politics of the Supreme Court in Mexico,” *Journal of Latin American Studies* 32 (2000): 705–734.

⁶² Mark Eric Williams, “Traversing the Mexican Odyssey: Reflections on Political Change and the Study of Mexican Politics,” *Mexican Studies/Estudios Mexicanos* 18 (Winter 2002): 153–184.

election of anti-reform candidate, Rafael Caldera, and the abandonment of Pérez's technocratic project altogether.

In this context, the only notable externalities to emerge were measures adopted in 1992 and 1993. The former gave Venezuela's Central Bank greater independence,⁶³ the latter sought to professionalize the judiciary and provide the Supreme Court more autonomy. Neither, however, had long-term political significance. According to an International Monetary Fund study on central bank independence, Venezuela's post-reform Central Bank still ranks thirteenth out of fifteen Latin American central banks (Argentina's ranks first and Mexico's fifth), enjoys more independence on paper than in practice,⁶⁴ and is poorly equipped to check executive actions. (In fact, since 1994 "most of the central bank's operations have been done by decree," due to ongoing political and economic disorder.)⁶⁵ Similarly, political support inside the government for Venezuela's judicial reforms failed to survive the purges accompanying Pérez's May 1993 impeachment. "By the middle of 1993, not a single government minister involved in the development of the [reforms] remained in office,"⁶⁶ power struggles between Venezuela's Judicial Council (which administered the judiciary branch) and Supreme Court stalled the implementation of the reforms for two more years,⁶⁷ and by 1999, the Chávez government had dissolved the Supreme Court and replaced it with a new Supreme Tribunal of Justice that was subordinate to the executive branch.⁶⁸

CONCLUSIONS

This paper has argued that although a technocratic reform project's governance dimension can threaten democratic accountability, checks and balances, representation, and transparency, its programmatic dimension can generate

⁶³ Specifically, the reforms gave the bank independence to formulate monetary policy, introduced staggered, six-year non-renewable terms for its governors, and prohibited the bank from financing government debt. Ricardo Hausmann, "Quitting Populism Cold Turkey: The Big Bang Approach to Macroeconomic Balance" in L.W. Goodman, J.M. Forman, et al., eds., *Lessons of the Venezuelan Experience* (Baltimore, MD: Johns Hopkins University Press, 1995), 275, 277.

⁶⁴ Luis I. Jácome H., "Legal Central Bank Independence and Inflation in Latin America During the 1990s" (IMF working paper, WP/01/212, International Monetary Fund, Washington DC, December 2001).

⁶⁵ David M. Gould and Mary S. Rosenbaum, *Latin American Central Banking: Have Reforms Made a Difference?* (Dallas, TX and Atlanta, GA: Research Departments, Federal Reserve Bank of Dallas, Federal Reserve Bank of Atlanta, 11 June 1998), 8.

⁶⁶ Lawyers Committee for Human Rights, "Halfway to Reform: The World Bank and the Venezuelan Justice System" (August 1996), 4, accessed on the website of Ciaonet at <http://www.ciaonet.org/book/lch11/lch11.html>, 28 September 2004. See also *Implementation Completion Report on a Loan in the Amount of US\$30 Million to the Bolivarian Republic of Venezuela for Judicial Infrastructure Development Project*, Report No. 26173 (Washington DC: The World Bank, 28 June 2003), 3.

⁶⁷ *Implementation Completion Report*, 15.

⁶⁸ Michael Coppedge, "Venezuela: Popular Sovereignty Versus Liberal Democracy," The Kellogg Institute Working Paper Series (working paper #294, The Kellogg Institute, University of Notre Dame, Notre Dame, IN, April 2002), 32.

democratizing externalities that, to some extent, help to mitigate these democratic deficits. Hence, the argument is not that technocratic reform projects ultimately work to the good of democracy, but rather, that they *can*. Under what conditions, then, might we see democracy-supporting dynamics?

Both the Argentine and Mexican cases suggest that the duration of reforms and a government's credible commitment to them can induce democratic externalities. The longer a reform program endures and the stronger a government's commitment to it is, the more likely it is that the content of market initiatives will stimulate some variant of democracy-enhancing second-stage reforms. The Venezuelan case reminds us, however, that in terms of generating such externalities, governmental commitment to a reform project and that project's duration are not of equal weight; both clearly matter, but the former is more a contributor to their development than a sufficient cause.

In a technocratic environment, the prospects of greater horizontal accountability via congress hinge on the legislature's ability to upgrade its technical capacity. This, in turn, is a function of executive–ruling party relations, the strategies that parties adopt toward technocratic executives, and internal party dynamics. As Javier Corrales has shown with respect to Argentina, ruling parties that tire of rubber-stamping executive initiatives may adopt a tactic of “negotiated support,” whereby they willingly support a president in exchange for concessions (that is, modification of bills and proposals). “Precisely because they seek to negotiate with the Executive branch they will want to acquire technical guidance.”⁶⁹ The more they strive to match an executive's technical capacity, the stronger are the prospects that congress as an institution will upgrade its technical skills, and the more likely it is that greater horizontal accountability will ensue.

Of course, not all strategies that parties adopt toward the executive are conducive to this type of horizontal accountability. In Salinas's Mexico, the ruling party sought neither to match the executive's technical prowess (as in Argentina) nor to obstruct executive initiatives (as in Venezuela). Instead, the PRI mostly accommodated the reform project, despite the populists' misgivings. It did so mainly because Salinas looked after the party's electoral interests, controlled its candidate selections, and wielded meta-constitutional powers to ensure that the party—and thus, Congress—conformed to his policy wishes.⁷⁰ The result was a pattern of executive–ruling party relations that left the PRI-controlled legislature few incentives to challenge Salinas's policy initiatives via technical upgrades. Only after Zedillo (who lacked Salinas's

⁶⁹ Corrales, “Legislative Oversight of New Technocracies,” 13.

⁷⁰ For example, Salinas placated the PRI's old style, populist “dinosaurs” via PRONASOL—the multibillion dollar pork barrel program that helped the PRI compete politically and provided patronage money to disburse. He also deposed seventeen sitting governors who had fallen out of favor, jailed PRI union leaders who opposed the reforms, and controlled the party's nominations for congressional elections. However, because Salinas also protected the PRI's competitive edge, the upshot was, to some degree, a positive-sum game for the executive, ruling party, and Congress too.

political skills) abandoned this relationship and the PRI saw its electoral prospects dim in the mid-1990s⁷¹ did the ruling party begin challenging executive policy and budgetary initiatives more aggressively. Yet even then, the PRI chose merely to oppose Zedillo's market reforms and attack the technocrats,⁷² not to hold the executive accountable by acquiring greater technical expertise.

Like the strategies parties adopt toward the executive and the pattern of executive–ruling party relations these strategies produce, the internal conditions of parties themselves also affect the legislature's propensity to develop greater technical expertise. Simply put, political parties that suffer internal divisions or disarray are poorly positioned to mount effective campaigns that enhance their technical capacity. Such was the case with Argentina's opposition party, the Radicals, whose internal divisions in the 1990s and poor record of economic management from the 1980s had left the party deeply demoralized. It also was the case with Venezuela's opposition party, the Christian Democrats, where one faction supported Pérez's reform program and another (led by Rafael Caldera) staunchly opposed it.⁷³

The conditions conducive to greater democratic transparency are less clear-cut, because enhanced economic and financial transparency plays a less direct role in supporting democracy. Still, the stress that technocratic reforms place on transparency can have dramatic political consequences when technocratic administrations confront intense international scrutiny in the context of economic integration, economic crises, or strong domestic pressures for political liberalization. In these circumstances, they may feel compelled to institute greater political and electoral transparency in order to safeguard their reform programs. As Mexico's experience under Zedillo reveals, such measures can sustain and further propel democratizing trends. The cases of both Argentina and Mexico also suggest that greater transparency (and, to some degree, accountability) is likely when market reforms such as divestment of state-owned media and intensified market competition induce media openings.

This article, then, has implications for democracy in Latin America and in other regions in which technocratic reform projects have been adopted. Despite their tendency to generate deficits in accountability, checks and balances, representation, and transparency, these reform programs can also stimulate externalities that help restore or promote democracy in each dimension. These findings not only challenge conventional thinking about the relationship between democracy and technocracy, but also should hearten those concerned

⁷¹ Besides acceding to political reforms that created a much more competitive electoral environment, Zedillo also discontinued Salinas's pork barrel PRONASOL initiative.

⁷² For example, at its raucous 1996 General Assembly, the PRI rank and file revamped the party's candidate selection criteria in ways that made nearly all of Mexico's politically inexperienced technocrats ineligible to run for the presidency, Senate, or governorships. These rule changes stipulated that candidates for these offices must have been party members for at least ten years and have held prior elected office. See Williams, "Traversing the Mexican Odyssey," 178.

⁷³ Corrales, *Presidents Without Parties*, 57.

about the future of democracy in an era in which technocracy casts long shadows. Because the current backlash against technocratic reforms in some quarters is unlikely to eliminate them in the near term, understanding the externalities that reform projects can create—and leveraging them to support democratic governance—seems a wise path to follow.

Toward this end, the energy expended in attacking technocracy as undemocratic and working or wishing for its demise could be better spent by increasing the pluralism of technocracies themselves. This is especially true for political parties, who, by virtue of their positions in congress, are well positioned to be proactive. By upgrading their own technical expertise, parties can empower legislatures and promote other beneficial ripple effects—both practical and political. *Real and open* debates among technical experts, for example, can better identify the pros and cons of economic policy, diffuse more information regarding these issues among the electorate, and enhance accountability, representation, and transparency in the process. Political parties, therefore (both ruling and opposition), should strive to become *more* technically savvy, not less. Augmenting their technical capacity is no substitute for traditional means of party representation; it is, however, a new, important, and undervalued tool that can permit parties to represent their constituents more effectively in a technocratized environment. Ultimately, the more we understand the democracy-supporting potential of technocratic reform projects, the more likely political actors are to maximize their potential and avoid the zero-sum scenario.*

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