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Democracy, economical crisis and political institutions

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FOREWORD

The Conexão Política review is the Political Science Master Degree Program's publication (electronic and printed) of the Universidade Federal do Piauí (UFPI). Its main goal is to collect themes and problems regarding the research areas developed by this program's professors, as well as other Brazilian and international institutions'.

Such publication is of great importance for seeking to achieve demand criteria from the Brazilian research fostering bodies. As one of the most observed components in the postgraduate programs' evaluations, the publications require, more and more, high-quality papers and a methodological rigor.

Because of that, this first issue of the Conexão Política review approached the great theme relating Democracy and Political Institutions. The goal, thus, was to collect recent discussions on democratization processes in some countries of the world, in addition to evaluating the impact of the world economic crisis on the political governance aspects.

Furthermore, understanding the dynamics of the electoral and political processes functioning was intended, in order to correlate some trends with the citizens' political behavior. Hence, it is clear that the heterogeneity of subjects and perspectives of Political Science was dealt with in this first publication of the Review. With such publication, UFPI's Political Science Master Degree Program effects its contribution to the Brazilian Political Science.


Coordinator of UFPI's Political Science Master Degree Program

THE ECONOMIC CRISES AND THE DEMOCRATIC INSTITUTIONS IN THE DEVELOPING COUNTRIES

Eiiti Sato*

Abstract: The article discusses how democratic societies react to problems derived from economic crises. The article argues that recent history shows that economic crises do not necessarily produce authoritarian regimes. The main argument developed along the article is that democratic institutions are based on the assumption that divergent perceptions, conflicts and economic crises are natural phenomena of social life. As a consequence, democratic regimes tend to do better in dealing with economic crises and with inevitable social and political changes, and this is true even for developing countries.

Keywords: Democracy and economic crises. Democratic institutions. Conflict and political change. Economic crisis and developing countries.

1 Introduction

The relationship between economic crisis and political change has always called attention of analysts and heads of government. The observation of events in troublesome periods the world economy has experienced along the last century leads the analyst to at least two conclusions relevant to the theme of this article. The first is that the influence of the economic crises on the political regimes is very limited, that is, the occurrence of an economic crisis, even a large one, does not mean necessarily that the democratic institutions should feel threatened. The second conclusion is that, depending upon the degree of maturity of democratic institutions, such institutions help overcome the crisis, although a crisis makes it difficult for the ruling party to remain in power.

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The theme inevitably sends the analyst back to the period between the two World Wars of the 20th century, when the world economy went through a widely-known crisis that many analysts use to call “systemic”. What occurred in that period is still a reference to understand the nature of economic crises and their relationship with turbulences and uncertainties in the performance of political institutions. Effectively, by observing the events between the two World Wars, there is evidence that, in many countries, the economic crisis strengthened trends of expanding the more radical political forces placed both on the left and on the right side of the political spectrum, generally associated to charismatic leaders. Nevertheless there is no evidence that such a phenomenon can be generalized. The historical facts show that economic crises may have helped the rise of authoritarian regimes, but they are far from being evidence that economic crises produce the downfall of democratic regimes. If on the one hand the history of the 1930s crisis shows that economic difficulties have helped to foster political forces such as Fascism and Nazism, on the other hand, there is much evidence that democracies such as those of the US and of the British effectively went out of the crisis strengthened. Furthermore in many ways democratic institutions were important for the formulation of policies and more lasting solutions to the crisis.

2 Economic Growth and Crisis

Differently from the commonplace understanding, the crises in the world economy – though always undesirable – must be seen as natural phenomena and not as anomalies that should not occur. It is necessary to consider that the world economy is dynamic and that changes are an inevitable part of its nature. Obviously, everyone’s desire is that changes occur smoothly, without turbulence and pains. However, nature has its own way to carry out changes and transformations. The expression “labor pains” is used to define the traumatic event of a child birth, and there are many species, e.g. butterflies, which go through real transformations in their nature since they turn up as embryos. Life in human societies is manifested through changing forms somewhat similar to these species in nature. The patterns of people’s engagement in the life of a society are transformed throughout time. “May you live

in interesting times”, says an ancient curse extracted from the millennial Chinese wisdom. The most plausible interpretation of this understanding is that “interesting times” are times in which many things happen apart from the current standards generating uncertainties, bringing about toil and pains, and leading people away from their comfortable and safe routines. Living in “interesting times” means that we are facing a changing reality that calls for courage, hard work and even creativity. In a nutshell, it is a time in which the life cycle is stirred. To put it in popular terms, one can say that the “interesting times” are a curse because they are opposed to the customary greetings we send to our friends at every new year’s season. The messages we usually send on such occasion to our folks, are those wishing that along the new year they live moments of peace and harmony and that they come to be blessed by a serene prosperity. In the new year’s greetings, we do not wish to our friends and folks they should live “interesting times”, even considering that breaking up equilibrium and stability, besides uncertainties and strains, also brings about opportunities and new perspectives.

Kant said that humanity yearns for a life of peace and concord, but nature establishes restlessness, dissatisfaction and even incomprehension as natural living condition for human beings:

humanity wants harmony – Kant writes – but nature knows better what is good for the species and gives them discord. Humanity desires to live blissfully and enjoy life, but nature determines that human beings abandon their sloth and passivity and dedicate themselves to work, labor (...) (2006, p. 7).

According to Kant’s view, everything human kind attains that is good, either by fulfilling their material needs and searching prosperity, or by conquering assets such as peace and justice, can only be achieved at the cost of dedication, hard work and even sacrifices. In similar way on Weber’s words, in modern economy the “spirit of capitalism” was strongly influenced by the biblical wisdom “in the sweat of thy face shalt thou eat bread”. In a more sociological sense, the “interesting times” which the Chinese people refers to, are part of this natural change and transformation process inherent to the organized societies, especially in modernity in which the idea of progress has become a central value

in the political and economical order¹.

Several economists have formulated the understanding that the economic growth occurs by means of cycles alternating periods of growth with periods of “interesting times”, characterized by uncertainties and difficulties. In a very instructive metaphor, Schumpeter (1985) said that the economic development was not similar to the gradual and organic growth of a tree, that is, the economic development does not move towards one direction, continuously, as a small shrub that gradually becomes a large tree with no substantial changes in its structure and composition. In the economic domain changes and growth occur through changes, setbacks, and multi-varied accidents along which new practices and institutions are born, while others cease to exist or at least change their relative importance.

In summary, though undesirable the crises must be seen as natural events which are inherent part of the economic life. Either for the case of the global economy, or for the economies taken separately, even when the economic environment is unrestrictedly favorable – some people might say, especially when the economic environment is quite favorable –, it is necessary to consider that any favorable cycle is bound to attain its limit, and that it is necessary to be prepared for instability and change. After an expansion period, in which the investment opportunities are absorbed and explored by the economies (fixed assets, such as those of the real estate market, use and making of vehicles, household appliances, cell phones etc.), generating growth, inevitably a limit will be reached in which these opportunities begin to fail making more and more difficult to expand markets based on the same foundations of the exhausted growth cycle. The rise of uncertainties and difficulties becomes increasingly inevitable usually taking the form of drops in the values of financial and real assets. Rapidly, an environment of decreasing dynamism is established both for the consumption markets and for the investments. Some scholars, such as Kindleberger (2000), trace this crisis route until the investors are panic-struck, who are owners of assets (*herd behavior*), wide

¹ Robert Nisbet (1985) understands that the notion of progress is so central that it is possible to affirm that, if the idea of progress disappeared, with it a lot of that which is considered as civilization in the western countries for ages would disappear.

spreading the crisis. This would be a typical economic crisis itinerary². The most provident governments, even in prosperity times, seek to monitor economic variables, carry out prospective evaluations and, if possible, develop initiatives and investments aiming at adjusting the conditions and even their institutions in such a way that the moving from one cycle to another occurs with no great alarm and stress. The crises indicate that these governments have been only partially successful in this goal, but there is no way of knowing if that would be possible to totally avoid the traumas of the economic changes which are inevitable anyway.

3 The economic crisis and the political institutions

Crises, as well as growth waves, do not hit the countries in equal terms. There are circumstances that make one economy more vulnerable than others to a crisis, and in the same way there are conditions that benefit some countries more than others along the growth cycle. In essence, as it was said herein, a growth cycle is defined by the dynamism in the economic activity resulting from the opening up new markets or expanding those already existent, which generate jobs and provide gains for those investing in growing markets-related businesses. On the other hand, a crisis rises when these markets cease to expand or, worse, when they are contracted and the situation is inverted: the jobs decrease and the investors' gains may change into losses. Generally the economies which lose more in terms of job level and profits are those economies that benefited more from that growth cycle. In this sense, except in very peculiar cases, an economy that does not suffer the effects of a crisis means also that it has not benefited from the ending growth cycle.

During a good part of the history of the world economy that we use to call gold standard order, new nations identified as "rich in natural resources", e.g. Argentina, Uruguay, Australia and even the United States, were part of the economic order pivoting around the United Kingdom and Northern Europe, that is, the dynamism of these economies made them strongly tied to each other. At that time,

² This term (*herd behavior*) is used by Kindleberger (2000).

the British economy's sanity was seen as something desirable for Europe and for its periphery as well. Such a perception derived among other reasons, from the fact that the British Pound was the system's central monetary unit and almost half of the international investments were British, and a great deal of foreign reserves of most countries were kept in sterlings. It is possible to say that after World War II something quite similar to that occurred in Europe and, later, in Asia as regards the USA. This fact helps to explain why some countries such as Brazil have not been strongly affected by the crisis triggered in the world economy by 2008. For a variety of reasons, the rulers of the Brazilian state decided to keep the country at the outskirts of the growth cycle that spread through the world economy in the quarter of century before the crisis. Actually, the so-called "globalization" always has been seen very much with reservation and even suspiciously by the Brazilian *intelligentsia* and also by Brazilian government officials.

In principle, as a generic observation, there is no doubt that the economic crises produce strains forcing in different ways the institutions which organize economic, political and social life. The question is to know in which ways these strains may influence the functioning of these institutions, especially those guiding the political order. The problem is that, besides the fact that crises affect differently the countries, there is a wide spectrum of possibilities, in the form of a continuum, which ranges from the most consolidated democracies to countries undergoing varied forms of authoritarian regimes, passing through societies where the political institutions support democratic regimes that were not yet put to the test by severe crises.

This variety of conditions obviously applies to the condition of "emerging country". The so-called emerging countries are very different from one another. If the countries composing the BRICS grouping are taken as examples, there is virtually no similarity that might justify the idea of regarding them as a grouping. Strategic situation, cultural tradition, political regimes or even commercial and financial interests do not attach them, unless when facing very specific circumstances, which would not justify establishing strategic alliances. Actually, a relatively common characteristic to the BRICS is the importance of expanding the domestic market – a characteristic that may have helped

them to reduce the international economic crisis' impact, but it is not enough to bind them under any strategic alliance. In this scenario, the effects of the 2008 financial crisis have also been affecting very differently politics and the perspectives for democracies in these countries.

4 The historical experience of crises

The Great Depression in the 1930s is seen as the producer of many political developments that resulted in the rise of dictatorial and authoritarian regimes. It is assumed that crisis situations make the actions of more moderate political forces difficult favoring the rise of more radical political parties and coalitions that, with a convincing rhetoric, identify the “culprits” for the crisis and offer moral and ideological deliverance for the difficulties. Nevertheless, the political developments associated to the crisis which begun with the New York Stock Exchange crash in 1929 reveal a more complex reality. In countries where societies had already experienced social and political problems, they had these problems worsened and where the democratic political institutions were already fragile and unable to offer alternatives to the social and political order, obviously the difficulties were enhanced even more. On the other hand, where the democratic institutions were already consolidated and enjoyed a strong legitimacy, the preference of the great majority tended to remain within the system, rejecting the temptations of the authoritarian alternatives.

In the 1930s, the most influential theoretical approach which regards the collapse of capitalism as inevitable argued that the final crisis would occur when the market's limits were reached, causing a generalized environment of overproduction and, in fact, the main economic figures showed that, to a large extent, this phenomenon was occurring. The commodities markets had already been showing a consistent trend with price drops and stock accumulation, typical of an overproduction crisis, since the early 1920s. Many observers, even non-Marxists, were convinced that the 1929 Crash should be viewed as the outcome of this process. Despite it all, reality revealed to be much more complicated and the political answers more varied.

Seymour Lipset and Gary Marks (2000)³ observe that, differently

from what happened in many European countries, in the United States there was no formation of a typically leftist socialist party as a significant political force. Lipset and Marks examine the political instabilities occurred in the USA in the 1930s and observe that, at the crisis peak, in 1932, in a conjuncture in which unemployment bitterly struck all the US society, particularly the urban centers, the main union leaders preferred to support Roosevelt and his proposal of a *New Deal*, leaving aside the options offered by socialists, communists and other leftist groups⁴. The year 1932, when Roosevelt was elected for his first term, the economic crisis reached its most critical phase and the leftist parties reached their full force. In that year's election, however, Norman Thomas, candidate running to the US presidency for the Socialist Party, received only 2.5% of votes (Lipset, Marks, 2000, p. 259). The argument that Lipset and Marks develop in the book is the notion that it is impossible to find a sole hypothesis, sufficiently powerful to be able to explain the main developments and paths followed by the political and social organizations. Actually, generally there exist many plausible explainable hypotheses concurring to any significant outcome. In Lipset and Marks' view, the inability of the socialist leaders may have contributed for the leftist parties not to be able to capitalize in their behalf the generalized social dissatisfaction, but other factors have also contributed for that to occur. The strength of the existing political institutions, the political tradition and the values built by historical experience, referred by Tocqueville, and even faults in the socialist doctrines would have contributed for the American political system not to tumble even when confronted by such a profound crisis as the 1930's Great Depression.

Another interesting case also associated to this period that shows the limited role of the economic crises in generating non-democratic regimes is the Weimar Republic. The weaknesses of the political order in 1920's Germany did not come from the nature of the established political institutions, but from the political and social conditions over which Weimar Republic had been structured. The defeat in the War,

³ "It didn't happen here. Why socialism failed in the United States" (W. W. Norton & CO. N. York, 2001).

⁴ "The problem posed by Roosevelt before the socialists was simple. His economic and union policy strongly appealed to the poor, the unemployed, the blacks, as well as to the union workers and their leaders." (Lipset, MARKS, 2000, p. 263).

the disorganization and the loss of the elites' legitimacy, the indemnities and the economic unbalances originated from the War's effects constituted, as a whole, a huge liability for the Weimar Republic. The 1923 collapse that resulted in the occupation of the Ruhr valley by the French troops and, later, by the end of the decade, the new collapse of Germany's economy were visible manifestations of these difficulties that had little to do with the nature of the established political institutions in Weimar. Thus, the crisis begun in 1929 may have influenced the rise of Nazism, but certainly its role was much more supportive rather than inductive in the process. Lionel Richards comprehensively examines the decade and a half of the Weimar Republic and shows that hunger and misery were really part of that post-War Germany's reality, but there was also the fact that the German society passed through a process of profound changes which harshly stressed politics, the social fabric, and even the culture and in the arts. Everything were severely under pressure. Many things have died, but they refused to disappear while, on the other hand, many new things appeared but were still incomprehensible to most people. Reducing the failure of Weimar Republic and the rise of the Nazi Party only to the leaders' failure and to the unfulfilled wants generated by the crisis would be an unjust simplification for such a rich and complex society and culture as it is Germany (Richards, 1988).

The ascension of Benito Mussolini, in Italy, occurred much before the 1929 crisis and the difficulties coming from the Great Depression may have only strengthened his preferences for and tendencies to an authoritarian nationalism with a socialist trend. If in the United States the democratic political system was strong and well-consolidated, in the case of Italy, to a large extent, the opposite occurred. There was a great polarization of the political debate, in which anarchists and communists represented significant threats to the emerging middle class that, in their turn, did not rely on a liberal democracy based upon the *laissez-faire*. On the other hand, the religious issue also had a special meaning for the Italian politics, as the Catholic Church had been encrusted in the heart of a unified Italy only two generations ago and, besides, there were the frustrations with the First World War's outcomes, pejoratively called "mutilated victory" [*vittoria mutilata*]. Thus, the stimuli were many for nationalist doctrines aiming at a wide role of the

State to succeed. In this scenario, no other than Mussolini's Fascist Party had worked and built an experience able to take advantage of an environment of uncertainties and turbulences (Davies & Lynck, 2002).

The 1930s Great Depression affected countries such as Brazil basically via commodities market. In the case of Brazil, the coffee industry stood out as the main bond of the Brazilian economy to the international economic order. The collapse effects of the world coffee market were large, however, in the Brazilian economic scope, not all effects were negative. The coffee farming played, undoubtedly, an important role in the functioning of the Brazilian economy as a whole. Nevertheless, even with no crisis, the incapacity of the coffee production and exports activity as to satisfactorily meet the Brazilian society's increasing demands was more and more evident (Delfim Netto, 2009). In 1907, the first industrial census was carried out in Brazil, indicating the existence of nearly 3,000 industrial companies. The second census, carried out in 1920, indicated the existence of 13,000 companies already, showing the great advance in the process of industrialization in that period (IBGE, 2012). Movements such as the 1922 Modern Art Week indicated the existence of a social environment of increasing incongruity among the traditional political elites based on agriculture, particularly coffee, and the development of the economic and social reality where the urban sectors, settled upon trade and industry, held an increasing space. In this sense, it is not an exaggeration to say that the 1929 crisis had a more circumstantial than structural importance for the movement that led Getúlio Vargas to power. Actually, the 1929 crisis had been a death-blow for the protection and stimulus policies to coffee production. This policy was based upon foreign loans and the sources of international capital dried up completely after 1929 collapse, and furthermore the traditional prescription of economic recovery revealed itself inadequate not only for Brazil, but also for any other economy, including the US, where traditional economic recipes failed to Herbert Hoover's policies and helped to lead Roosevelt to power in the 1932s elections. Therefore, it is possible to say that the crisis' effects in Brazil influenced the *coup* that ended the República Velha [Old Republic], but in the process, there is no doubt that many particularities and conditions of the Brazilian economy and politics have played important role.

The idea that the economic crises play a very limited role in the

behavior and development of the political institutions was emphasized, recently, with the case of the series of generalized protests and dissatisfaction manifestations that was known as the “Arab Spring”. The movement’s external bases are particularly related to the phenomenon people use to call globalization, with no significant relation to the financial crisis that has concerned the world economy along the last four years. In this case, everything points out that the financial crisis was not useful even to hasten or strengthen a trend, as was the case of the 1929 crisis as regards Europe and Brazil. The protests that spread throughout the Arab countries of the Northern Africa and the Middle East had in common the characteristic of being civil resistance manifestations against oppressive regimes that do not accept a considerable part of the freedoms and civil rights typical to modern life. As a tool of information and mobilization, the expansion and generalization of the modern communication media can be pointed out, notably the facilities brought forth by the cell phone and the access to the TV networks and the World Wide Web.

In short, the “Arab Spring” has all to do with the exposition process of local cultures and political realities to globalization and nothing to do with the financial crisis that concerns the European and the world economy. It is important to observe that in Egypt, Tunis and many other Arab countries, dissatisfaction manifestations had already been occurring for a long time, escalating as from 2004. Issues such as political adversaries being arrested with no trial and demands for change in the laws regarding women rights were much more important reasons than any other issue related to unemployment and other economic demands typical to economic crisis; that is, it is not even remotely possible to relate this generalized dissatisfaction movement in face of authoritarian regimes to the 2008 financial crisis, especially if we consider the fact that the world financial crisis has been striking more severely the largest world financial centers and the developing countries more directly dependent on these centers’ financial markets. In the non-democratic countries, as in the case of Arab countries, a lot of pressure emerged from the dissemination of the feeling that the regime has served as a difficulty to access the opportunities and the benefits of the modernity and the prosperity generated by the growth cycle. The results, however, are unpredictable. It seems very naive or premature to think

that the result of the “Arab Spring” will be the rise of modern democracies in place of autocratic or dictatorial regimes.

5 Democracy, democratic institutions and crises

Although it is a central concept in the political sciences study, there is no consensual definition for the term democracy. There is, however, much consensus as regards the values supporting a democratic regime: the legitimacy of heads of government, the freedom of speech and information, the respect for the law, the respect for equality of individuals in face of the law and the transparency in public and state affairs. Benjamin Constant, in his *The Liberty of the Ancients Compared with that of the Moderns*, considers that the liberty of the moderns that should be promoted is the individual liberty related to the State, i.e., the civil and political liberties that enable all citizens to be able to, potentially, occupy political representation offices, and that the individuals have their rights and their duties related to the State duly established in laws⁵.

In this sense, one cannot understand democracy as a particular form of government, although many forms of government may influence the exercise of democracy. There are governments that adopt the republican form and exercise the vote, but the citizens are not respected in their rights and the state apparatus may treat the people in a very discretionary and uneven way; while, on the other hand, most of the modern monarchies are essentially democratic in the sense that practices and institutions are subject to the laws, assure the right to freedom of speech, regard the principle of representation and treat their citizens with equality under the law. Put differently, a possible generalization would be that from the *Dictionary of Politics*, by Bobbio, Matteucci and Pasquino (1986, p. 323), “democracy is understood as all form of government opposed to all form of despotism”, regardless of the government being republican or monarchic, whether the political system is a unicameral or bicameral parliament, or still if the State is Unitarian or constituted as a federation. In any hypothesis, the

⁵ *De la liberté des anciens comparée a celle des modernes* – lecture given by Henri-Benjamin Constant de Rebecque, in 1819. The issue is discussed from several perspectives by Benjamin Constant in the work *Principles of Politics Applicable to All Governments* (translated and published in Brazil, in 2007).

democracies depend upon the existence of many cultural and social conditions forming a very complex and delicate combination able to harbor political institutions in conditions to assure complementary, concurrent and even contradictory rights and liberties. Peoples' social and political history is the one responsible for, throughout time, the form of their political institutions; all of them, in the case of democracies, tending to what thinkers such as Bobbio and Benjamin Constant state, that is, the establishment of a non-despotic State, representative and respectful of the individuals' rights.

The forms of government are defined by institutions that organize the power relations and all the dynamics of the political action, and these institutions provide individuality and functionality to the varied forms of democracy. The strength of democratic institutions depends upon many cultural and sociological conditions and circumstances that interact with each other. In sociology, the term "institution" refers primarily to the normative systems that organize the social relations in at least five fundamental areas of human sociability: the blood relationships (family), the legitimacy in the use of force (government), the patterns in the distribution of goods and services (economy), the formation and dissemination of knowledge (education) and the relationships with the supernatural (religion)⁶. Thus, politics is only one of these systems whose characteristics and vitality patterns depend upon the good functioning and good harmony with the other systems of institutions. Hence, the question posed by this article, in the sense of evaluating to what extent the economic crises affect the vitality of institutions that support the democratic life, should be regarded from this more general viewpoint, as the political institutions cannot be seen as an isolated domain.

In addition to the fact that the economic crises appear with different intensity and characteristics for the countries – whether their economies being emergent or not –, their effects upon the political system can also vary a lot, due to institutional reasons. An interesting way to approach such a phenomenon would be to think inversely from the current practice, that is, instead of trying to identify the impacts of crises on societies one can try to start from the idea that the management

⁶ See Parsons and Shils (1951).

of economic crises will depend upon the maturity and the characteristics of the political institutions' system. At one extreme there are the societies where the institutions are very fragile, and an economic crisis, by generating critical levels of shortage, may lead this society closer to a Hobbesian environment. In societies where the political institutions are precarious, the governments tend to take an action course based on the exception regime, that is, outside the regular institutional framework where the use of force is a natural consequence. At the other extreme there are the great democracies, which have more mature political institutions. In these democracies, the economic crises, though undesirable, are seen as a natural event and the shortage problems, unemployment and unexpected rises in the economic and social costs are managed by the existing institutions that organize society.

Ralf Dahrendorf offers us an interesting point of departure for the comprehension of the issue. In a conference entitled *Seeking Rousseau, Finding Hobbes*, Dahrendorf discusses the impracticability of the implicit idea which is underneath the character of *Emile*. The implicit idea is that life in society and, consequently, the institutions that organize life in society is an evil in itself⁷. By reading *Emile*, the inevitable conclusion is that the ideal of education should be preserving the individual in their natural condition, i.e., educate the individual outside society, preventing him from learning and assuming the values and customs practiced in life in society so that, in this manner, the individual will not corrupt himself. In other words, men should be educated to avoid living together with other men and should live like hermits, for whom there are no laws, customs or formally organized institutions. Resuming Kant's and David Hume's arguments, Dahrendorf objects that it does not make any sense to think of men living outside society; the "unsociable sociability" condition is inherent to men. While he has his individuality and while he needs privacy for many things, man, due to his weakness or instinct, has the necessity of living together with other human beings. This is one of the great paradoxes of human nature. Birth and death are

⁷ In 1985, Ralf Dahrendorf gave a series of conferences within *Hamlyn Lectures*, created in 1949 aiming at, yearly, promoting the reflection and diffusion of the legal thought, inviting a prominent thinker. The conferences given by Dahrendorf were gathered on a book entitled *Law and Order*, which was translated and published in Brazil by the Tancredo Neves Institute, in Brasília, in 1987.

absolutely individual phenomena and, simultaneously, both birth and death are fundamental facts of life in society. Family is only part of this necessity of the human being in seeking the sociability with other individuals, but that would be enough indication of their natural sociability.

On the other hand, it is also part of the human nature to disagree on religion, interests and preferences of all types. Hence, rejecting the institutions and the laws that regulate divergences and disputes of interests and of world views means, in the last instance, rejecting the very hypothesis of sociability, as people worship different deities, aim at different aspirations and establish different priorities for themselves in face of the circumstances. This fact is at the very base of the distinction proposed by Benjamin Constant. Ancient societies used to establish gods, codes of conduct and even personal objectives upon which there was no opportunity for divergence. On the contrary the modern liberties accept plurality upon existence, and the State's institutions seek only to assure that this plurality is not self-destructive for society and for man himself. Furthermore, for a particular *Emile* to live peacefully in his natural world everything that he and other *Emiles* aspired would need to exist in abundance in nature. However, this is not what occurs. Shortage is the man's natural condition and everything that exists in abundance is despised or just goes unnoticed. When two men desire the same woman or that woman does not want the company of any of them, the conflict is inevitable and, in the absence of customs, institutions and sociability rules, the solution could only be Hobbesian, that is, the will of the stronger would prevail. The economic crises are, typically, situations in which shortage increases, fomenting dispute among individuals and organized groups in the form of businesses, trade unions or even countries. In such an environment, the individuals, societies and the economic agents are compelled to seek solutions for their wants and it is natural that there are attempts to "push" the costs of the problem onto their neighbors, thus enforcing a remarkable role for the institutions to avoid destructive outcomes from the conflict.

In face of this scenario, Dahrendorf resumes the argument developed by Arnold Gehlen⁸ that institutions, the laws, the family and property are good precisely because they are not natural, they are cultural constructions and, hence, fragile. "If we remove them (institutions),

man may become more natural, but that also means more primitive, more unstable”, Dahrendorf concludes (1987, p. 66). In this sense, what one may deduce from Gehlen is that democracies are the result of institutional constructions whose existence and vitality assure that the problems and divergences inherent to the human condition may be solved by means of the customs, the laws, and the reason and not by the most primitive natural law – the law of the stronger. As a consequence, where these non-natural institutions are stronger and well established, even in face of the crisis – that is, shortage – men do not return to their primitive natural condition, in other words, to barbarism.

Hence, Dahrendorf’s reflection suggests that it seems more reasonable to reverse the sense usually implicit in the discussions about the relationship between economic crisis and democracy. Largely, the economic crises are considered to give birth to authoritarian and despotic regimes, but it seems more reasonable to start from the opposite presupposition, that is, a stronger and mature democratic regime is in better conditions to cope with economic crises. Institutions and laws restrain the pressures generated from the shortage to take individuals and human groups back to barbarism. There can be many reasons for those “non-natural institutions” to be object of criticisms and dissatisfaction, nevertheless in essence, as Dahrendorf puts, the risk is, by trying to revive ingenuity of the natural world, an environment may be produced where there is no institution to avoid the barbarism of the fight for survival without any limit.

6 Final remarks

The original objective of this analysis was to discuss how the financial crisis begun in 2008 has influenced the democratic institutions’ behavior in the emerging countries. However, the reflection upon the issue showed, from the outset, that it is not possible to find a unique standard for the conception of democracy and that the concept of “emerging country” is a greatly vague concept and very little relevant

⁸ Arnold Gehlen (1904-1976) worked mainly in Viena and Aachen on themes related to culture, psychosociology and modernity. Dahrendorf bases himself upon the work *Das bild des menschen im lichte der modernen anthropologie*.

analytically, by embracing nations where diversity is much more relevant than any common elements. In this scenario, it seemed inadequate to approach the issue from a traditional viewpoint, which usually brings as an implicit assumption the idea that the economic crises produce – or at least strongly stimulate – the rise of authoritarian and dictatorial regimes. Little attention is generally given to the fact that the economic crises, although undesirable, are natural events of the economic life and that the political regimes are formed aiming at organizing the political system in such a way as to be able to guide society's political forces to face effectively the vicissitudes of life in society. In this sense, some forms of institutional construction are shown to be more effective than others to guide societies' behavior and attitudes in facing economic crises. The analysis developed herein showed that the democratic forms stand out in this scenario especially because the political institutions formed in this tradition have as a departure assumption the notion that the differences in opinion, divergence, change and even conflict are a dimension inherent to men and their life in society. In economy, the exporters' interests hardly coincide with the interests of those sectors which depend on imports. The industries' demands not always run in the same way as the policy advocated by the financial institutions and, in countries such as Brazil, it is virtually impossible to produce an economic policy that equally satisfies the large variety of interests of the different states of the federation. Thus, it is the open debate and the respect to the laws and the institutional practices that assure not only a peaceful sociability among the conflicting interests, but also assure the best chances so that society as a whole may take and incorporate in its economic system the current changes and trends in the technologies and in the markets.

Democracy is not present, or it exists precariously, in most of the developing countries. The world economic crisis does not have any close relationship with movements such as the "Arab Spring" and the democratic liberties constitute only an aspiration with uncertain outcomes. In countries such as China and other emerging countries, where the economic advance has been guided by an authoritarian and centralizing system, it is possible that a more profound crisis cause a convulsion in the political order, but there is no assurance that the authoritarian regime, single-party and civil liberty-restricted, is going to

be replaced by a democratic political order and not by a state of anomie that ends up leading to a still more radical dictatorship.

Up to now the evidences show that where there are democratic regimes the change of political parties in power constitutes the main mechanism of political reaction to the crises. Such changes are accomplished in an institutionalized manner, especially by means of elections. This system sees that the great concern of political forces and parties in power is the fact that the economic crises may jeopardize their capacity to remain in power. The bad performance of the economy, even when its origin is not identified with the domestic economic policy, tends to favor the rise of political forces that are not in power, regardless of being on the right or on the left of the political spectrum. Recent events reinforce this hypothesis, that is, in Europe, the parties in power, both conservative and socialists, have been systematically replaced since the European economy began living under the environment of uncertainties brought about by the crisis which fails to produce growth and stability.

In a general way, there is no substantive disagreement upon these facts, and actually those facts such as the 1930 Great Depression and the president Barack Obama election in 2008 are illustrative cases of the roles played by the economic crises, so as to reinforce these hypothesis regarding the important role played by the change of power when a country has to face economic crises. In 2008, until the bankruptcy of the group Lehman & Brothers and the break out of the financial crisis, all polls showed the candidate of the Republican Party still ahead of Barack Obama. The aggravation of the crisis, however, in a few weeks, completely reversed the electoral trends and saw that a candidate with no great “curriculum” quickly defeated his opponent, a much more well-known politician but whose party has already run the nation for a decade.

On the other hand, in the opposite direction, the good performance of the economy provides an environment favoring the popularity of governments in power and their continuity. In this case, what has been occurring in Brazil seems quite illustrative. In history, there is no such thing as “if”; there are only recorded facts, but it is inevitable to think that it would be very difficult for Lula to resist the avalanche of corruption charges if the political environment were

contaminated by economic difficulties, with increasing staggering growth and increasing unemployment rates. President Lula not only resisted the attacks, but also saw his popularity rise in such a way that he elected his successor in 2010. Although it is not possible to conclude that the good performance of the economy was responsible for the permanence of the Workers Party in power, it seems quite plausible to argue that the economic growth was a quite important factor in that process. In any circumstance, with no economic growth, the dissatisfaction feelings tend to spread, and from the more immediate political viewpoint, budget restrictions tend to become inevitable, making the government relations with the main political leaders difficult, either in the Congress or in the states and municipalities. Even within the very executive branch, especially in the case of Brazil, where the government is formed by politicians that represent explicit interests, rivalries and disputes tend to become enraged when facing a crisis that reduces the budget resources used as a bargain toll.

As a conclusion, an overall evaluation indicates that, until now, the crisis that has been affecting the world economy since 2008 has influenced very little the political institutions of countries such as China, India, Brazil or South Korea. Under the hypothesis of worsening of the economic environment due to the crisis, what can be done is a conceptual-based evaluation supported by the historical experience of previous crises. The countries regarded as emerging economies by having an average income, or even a low one, probably will show high growth rates and a high potential for attracting foreign investments in the case of having economic policies driven to an increasing integration to globalized markets in commerce and, chiefly, in finances. Effectively in some of these countries, the economic advances have been accomplished strongly supported by authoritarian regimes and there is no means to evaluate whether a possible growth interruption would produce as a response a democratic opening of the political system or, on the contrary, the strengthening of the regime.

It is also necessary to consider that the crisis which begun in 2008 is focused on the main world financial centers. In fact, differently from the several past economic crises, since the Second World War, the 2008 crisis essentially spread through the financial markets of the United States, Europe and Japan. Although each one of these markets shows

some peculiarities, the bankruptcy risk constitutes a common point, and all of them have investments in some emerging markets, and commerce inevitably has been the way of a possible contagion of the developing economies, e.g. Brazil, India, and even China.

The belief inherited from the illuminists was right as regards the idea that rational forms of statesmen behavior, well educated and wise, could produce better governments, but it was wrong by imagining that this combination would be the key to a good government. The modern experience has shown that the economic prosperity is essential for societies' equilibrium and that the economic growth does not occur linearly, without any changes or crises and setbacks. In this scenario, political institutions able to take and absorb changes have been the only assurance of stability and success. A democratic environment does not mean an environment where everyone is satisfied. In order to be more precise, maybe it is more appropriate to think that, in a democratic environment, the normal condition is dissatisfaction, but this dissatisfaction, instead of being the base for charismatic and populist leaders to act, it changes into opportunities and new paths. History has shown that good institutions have been the only way to manage social and political dissatisfaction turning them into opportunities for creativity and for changes, and in the end to bring back prosperity. The famous statement of Winston Churchill is still adequate for defining the feelings of the majority as regards democratic regimes in crisis times: *Democracy is the worst form of government except from all those other forms that have been tried from time to time*⁹. Actually, this was stated after the war, when he was no longer England's Prime Minister, but it could certainly be stated as a relief by any ruler of democratic societies when going through moments of uneasiness and crisis in which bitter resolutions are needed which inevitably will rise popular dissatisfaction and strengthen opposing political forces.

⁹Speech given at the British Parliament on November 11, 1947.

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GLOBALIZATION, THE STATE SOVEREIGNTY DECLINE AND THE 2007/2008 ECONOMIC CRISIS: THE NEED TO CREATE A GLOBAL ECONOMIC GOVERNANCE SYSTEM

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Abstract: This paper shows that there is a strong bond between the globalization phenomenon, state sovereignty decline and the conformation of the 2007/2008 economic crisis. In this sense, this paper underlines that state sovereignty weakening increased the global economic flow. Hence, the paper emphasizes the need to create a global economic governance system and therefore highlights the importance of setting up rules and approaches for market regulation and to let the control of the global economic flows more effective. Finally, this paper advocates that this global economic governance system shall be based on a multilateral schedule and represent the interests of states, populations and markets.

Keywords: State. Sovereignty. Globalization. Economic crisis. Global governance.

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1 Globalization: a great historical change

The configuration of the world as a global system is one of the most significant political, economical and social events in the last three or four decades. Thus, its consolidation is an important symbolic-referential landmark of humanity entry into a new century and also into a new and complex phase of its trajectory: the moment of life in common in the planet.

This new phase is marked by a process of great changes, in which there is the unification of the planet and the enlargement of the “world-system” for all the places and individuals, although with diverse intensity and degrees. The Earth becomes, in this new context, a “one and only ‘world’ and a reuniting of the ‘earth-entirety’ is seen” (Santos, 1997, p. 48). Life becomes interdependent and starts to be global-wide connected. Hence the perception that all events are interrelated and that they are relevant for mankind.

The planet acquires with that a new status and changes into everyone’s territory (the only house for everyone). As a consequence, the distances shorten and the happenings from any part of the world become familiar and are followed by significant portions of the world population. In this sense,

everything deterritorializes and re-territorializes itself. It is not only removed from one place, it unsettles itself circling through the air, going through mountains and deserts, seas and oceans, languages and religions, cultures and civilizations (Ianni, 1996, p. 169).

Boundaries are abolished or become irrelevant or innocuous; they break to pieces and change

their shape, they look alike, but they are not. The means of communication, information, transportation and distribution, as well as production and consumption, move universally fast. The scientific discoveries, changed into material and spiritual production and reproduction technologies, are spread across the world. The print and electronic media, coupled to the cultural industry, change the world into a paradise of images, music videos, supermarkets, shopping malls, Disneylands (Ianni, 1996, p. 170).

It is, therefore, a global revolution “in the current life, whose consequences are to be felt all over the world, in all domains, from the workplace to politics” (Giddens, 2000, p. 23). Thus, globalization “is not only a new thing, it is also something revolutionary” (Giddens, 2000, p. 20). Besides, “the changes affecting us are not confined to any zone of the globe, they are felt a little everywhere” (Giddens, 2000, p. 13).

This happening transforms life in the diverse regions of the planet, generates new perceptions and opens ways for new possibilities. With that, preexisting equilibriums are modified and their commands are to be followed. For this reason, it is possible to state that globalization has a worldly reach and a wide conformation (which allows establishing a new sense for the human existence) and enough force to determine the ways of life in this new century.

Therefore, the emergence of the globalization phenomenon means the conformation of a new cycle in the human history: a period less and less national and more and more global. For this reason, globalization in the world is a great historical change and a planetary happening. Its chief characteristics are the increasing weakening of boundaries and national identities, the intensification of life integration in the diverse regions of the world, the great shortening of distances and the formation of a single worldwide economic system.

2 Decline of the sovereignty concept and redefinition of the state's role

Additionally, globalization is also characterized by the decline of the sovereignty concept and the redefinition of the State's role. In this sense, it is possible to realize that the State has acquired, in view of the complexity of global flows, a new statute (a political entity endowed with relative sovereignty and autonomy) and has started to perform new functions: foment the markets liberation, create regional integration blocks and instruct international economic organizations.

The relativization of the sovereignty concepts and the redefinition of the State's role are events of large proportions. Actually, the implications of this particular event are significant, and it is possible

to say that the common denominator of the profound political and economical disruptions of the last decades is precisely the emptying of the State's sovereignty. Hence, the State,

on one hand, should not want to regulate the national civil society by means of the traditional legal instruments any longer, given the increasing reduction of its intervention, control, direction and induction power. On the other hand, it is forced to share its sovereignty with other forces that transcend the national level. [By enacting laws, therefore,] the national States end up being forced to take into account the international financial-economic context, in order to know what they can regulate and which of their norms will effectively be respected (Faria, 1994, p. 11).

The weakening of the sovereignty concept has strengthened the transnational flows (that cross the national boundaries and express themselves worldwide from several power centers) and has submitted the States to a complex network of worldwide economic relations. This loss of State autonomy has made isolation impossible, political, economic or social, within their territorial boundaries, for the local happenings were thenceforth "determined or modeled by happenings occurring many miles away" (Giddens, 1991, p. 69).

Therefore, it can be seen that the State's sovereignty has been diluted into a set of networks of economic flows, communication networks, exchange of cultural experiences and mutual political influences. Consequently, the State's power has been then shared with other non-national and non-territorial institutions and supported upon global presuppositions.

The State's power has been, thus, diminished and its authority upon the global economic flows and upon the activities occurring on its territory has been weakening. This weakening of the State contributes to the feeling that the States have become "less and less effective as managers of their own affairs" (Matias, 2005, p. 172) and the world more and more complex and economically interdependent and more chaotic and turbulent. This new reality could be clearly verified in the 2007/2008 economic crisis, which has lasted for four years.

3 The 2007/2008 crisis

3.1 The crisis origin

The great economic crisis the world has been facing in the last years is not similar to the past ones. In this sense, the crises that occurred in Mexico in 1994, in Brazil in 1999 and in Argentina in 2001 were characterized as localized and produced partial effects upon the world economy. The 2007/2008 economic crisis is quite unique as it emerged from one of the largest world economies and it can be considered the first crisis of the global economic system¹, in so far as to be compared with the Great 1929 economic crisis.

The crisis began with the drop in the value of properties in the United States, resulting from the housing market crisis and was reflected in a generalized manner upon several parts of the world². So as to understand this crisis, it is important to point out that the American economy had been going through, since the early 2000s, a recession period. Therefore, firstly, there was the bursting of the Information Technology stock market – “Dot-com Bubble”. This phenomenon occurred because several sectors related to these new technologies performed worse than expected. “In March 2000, the boom convention was reversed. From March to December of that year, the Nasdaq Composite³ dropped almost 50%” (Cagnin, 2009, p. 151). Secondly, there was the confidence crisis in the American economy (chiefly after September 11, 2001), a fact intensified by the dropping movement in the prices of shares.

In view of this scenario, the Federal Reserve (Fed) adopted, together with other expansive macroeconomic measures, a sequence

¹ In this sense, José Eduardo Faria (2011) calls attention to the fact that the crisis epicenter was the American financial collapse, but it was escalated by the financial institutions interconnection in a global scale existing nowadays.

² Thus, José Eduardo Faria (2011, p. 22) reminds that the crisis “hit all markets – from the money to the credit markets, the stock markets and from the commodities to the forward markets and swaps. The crisis did not surround only the banks of commerce, the investment banks, and the deposit banks. It also involved non-financial institutions, as in the case of insurance companies, of large civil construction companies and even industrial and commercial companies (...)”.

³ American stock market index of technology companies.

of cuts in the base interest rate (reaching as low as 1%) as a means to combat the economic contraction. In this manner, the economist Paul Krugman (2009, p. 158) reminds that

(...) the Fed was deeply concerned with the market's weakness and with the generalized economy paralysis, which seemed quite similar to Japan's in the 1990s, [and that it saw that it was fundamental its warm-up].

The Fed's interest rates policy was established and allowed a new economic expansion cycle. This economic expansion was accomplished chiefly from the housing credit, which was extended to the low-income families and developed a huge segment of securitized mortgages. Until now, the securitization of residential mortgages (mortgage-backed securities or MBS) was anchored only on four institutions, in addition to mortgage banks and savings and loan (S&L): FHA, Ginnie Mae, Fannie Mae and Freddie Mac⁴ (open government-owned agencies).

Given the expansion of the mortgage credit, the large liquidity in the secondary MBS market and the low interest rates, financial agents, such as the large private banks of commerce⁵, also started to be mortgage securitizers and sought to attract clients that did not comply with the GSE⁶ demands. This fact hugely expanded the volume of papers issued by non-traditional mortgages (low-insurance mortgages). These

⁴ Federal Housing Administration (FHA), Government National Mortgage Association (Ginnie Mae), Federal National Mortgage Association (Fannie Mae) and Federal Home Loan Mortgage Corporation (Freddie Mac).

⁵ The large American banks had been enlarging their activities to beyond the traditional bank loans, starting to manage mutual funds and offer services of assets management by means of their several departments. They also sought to escape the prudent rules, promoting the credits securitization. Ultimately, in order to face the competition, "the banks vindicated and became financial supermarkets, starting a process that resulted in the separation of functions between banks of commerce and of investments imposed by the Glass-Steagle Act (1933). Since the 1970s, the large American banks have been ruling the international market of foreign currency. More recently, they have developed a highly risky market niche, but has shown itself profitable – given its relations with the last instance employer – by providing financial securities (hedged) as dealers of the derivatives market and opening credit lines in issuing commercial papers and other debt securities in the capital market" (Cintra; Cagnin, 2007, p. 306).

⁶ Corporate Sustainability Grid.

operations gave birth to what Paul Krugman (2009) called parallel bank system (unregulated institutions that were made equal to the traditional bank system).

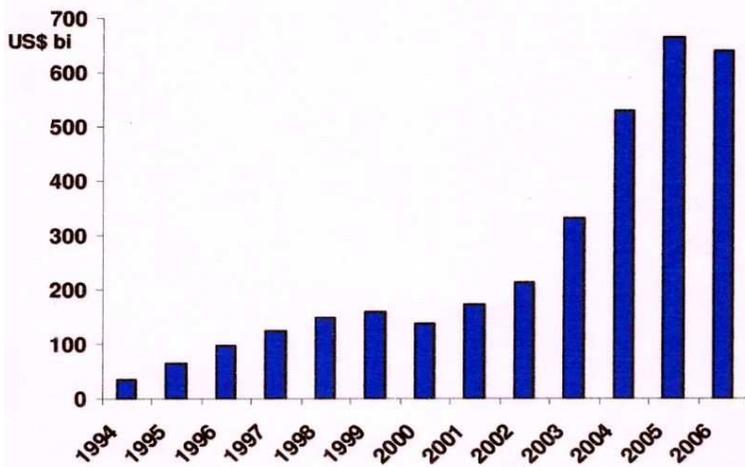
The convergence of these factors allowed a leap in the housing market. In this regard, Gontijo (2008, p.16) explains that “the average rate of increase in property prices was 6.4% per year in the 2000-2005 period, with the peak in 2005, year in which the properties prices escalated at the level of 14%”. This expansion of the housing market led the mortgage companies to start to explore the subprime segment. Probing into this new segment sparked the economic crisis that burst in 2007.

3.2 The conformation of the crisis

Was probing into the subprime segment, indeed, the decisive element? Yes, undoubtedly. The fact is that the expansion of this new market allowed, in an accelerated manner, the expansion of the housing market. In this regard, an impressive number of mortgage contracts was created, but with a few securities of being paid off. These contracts, according to Cláudio Gontijo (2008), are those in which the borrower acquires a property by means of financing, but with no down payment and with no means to prove their payment capacity. This fact makes the difference between these mortgages (subprime) and those with solid securities and proved payment capacity (prime).

The growth of the subprime mortgages market was, indeed, impressive⁷. See the graph below:

⁷ And this revealed that banks and institutions started to work “with an increasing tolerance to risk, seeking higher and higher returns. With that, the short-term speculative operations multiplied, at the cost of medium- and long-term productive investments, resulting in a financial wealth progressively unconnected as from the real wealth and in an accumulation regime characterized by the absence of a strict and efficient regulation” (Faria, 2011, p. 23).



Graph 1 – Progress of subprime mortgages in the US (1994-2006)

Source: Crédit Suisse.

This expansion was fundamental for the warm-up of the American economy. Additionally, the fact that several Wall Street banks spent millions of dollars with the release of significant advertising campaigns was also important, inducing the Americans to escalate their mortgage-related debts. In this regard, Peter Gowan (2009) reminded that Citigroup released a one-billion-dollar campaign with the motto “Live Richly”, which aimed to induce the homeowners to contract a second mortgage and enlarge their debt. The same was performed by other banks. Thus, “the debts coming from second mortgages increased to more than US\$ 1 trillion” (Gowan, 2009, p. 59).

Thus, the housing market reached an unimaginable volume and, as a consequence, became unbearable. This process started to be unviable as from 2005 and consolidated as a trend in 2006. The problem was that the prices of properties started to drop, chiefly as from the second half of 2006, starting a process of implosion of the system. In this regard, Paul Krugman (2009, p. 175) reminds that, though slow, “the first drops in the prices of properties were enough to undermine the foundations upon which the surge of subprime loans was supported”.

In the early 2007, this process of drops in the prices of properties continued to occur and reached its dropping peak from the first half of that year to the first half of 2008; in that period, the properties’

devaluation “reached as high as 15%” (Krugman, 2009, p. 175). This drop of prices was motivated by two factors: by the increasing difficulties in paying off the mortgages and the excessive offer of properties (Gontijo, 2008). The convergence of these two factors paralyzed the market.

With that, the properties were devaluated and the problem of foreclosure appeared. This was not only the homeowners’ problem, but also the creditors’ that had financed their enterprises. The most evident way out of this deadlock was the negotiation between homeowners and creditors for reducing their installments. But, this is not easy.

In this regard, Paul Krugman (2009, p. 175-176) reminds that, to begin with, this alternative is costly, as it demands expert personnel and many hours of negotiation. In addition,

subprime loans were not in general granted by the banks that were creditors, but by agents that quickly forwarded these loans to financial institutions, which, in turn, sliced and chopped pools of mortgages into collateralized debt obligations (CDOs), which were sold to investors. The effective management of the loans was managed by loan servicers that had neither resources nor, almost always, motivation to restructure the debts. And, still, the complexity of the financial engineering that supported the subprime loans, spreading the mortgages’ properties among many investors, with different priority levels upon receipt, posed formidable legal obstacles to any type of negotiation.

It can be seen, thus, that a restructuring of debts was, in most cases, unviable (as it would involve high foreclosure costs). Furthermore, the subprime mortgages-backed securities have become, quickly, terrible investments and no one was willing to negotiate them. Therefore, the market had been paralyzing and even traditional businesses found it difficult to reach minimal security levels to be carried out. This paralysis has immediately reached the financial institutions involved.

Thus, the crisis was spreading and all the market was mistrusted. The result was the credit retraction and, consequently, the production of a liquidity crisis. Therefore, the subprime market housing crisis hit the US as well as the European countries’ financial and capitals market that had banks linked to high-risk mortgage securitization.

The losses had been accumulating at the financial institutions,

chiefly at those originating MBSs.

The problem came up on February 2007, when HSBC released its annual report with losses in housing operations. In April, New Century Financial, a company specialized on the subprime market, bankrupted, dismissing half of its employees (...) (Gontijo, 2008, p. 25).

With the drop in the value of assets of large North-American and European financial institutions, the involved countries' central banks intervened and injected a significant volume of resources. Actually,

the prompt and massive intervention of Fed, which injected US\$ 64 billion on the financial system in a few days, the European Central Bank (ECB), which allocated US\$ 313.1 billion, and the Bank of Japan, which, initially, inserted US\$ 13.5 billion, somewhat eased the market in the second half of August, diminishing the panic that had been taking over (...) (Gontijo, 2008, p. 26).

This, however, did not solve the problem. Even with a strong State intervention and successive cuts in the base interest rate by the Fed (among other initiatives to get over this upheaval), new critic moments rose. This process culminated in the collapse of Bear Stearns, a large investment bank, on March 2008, and the Lehman Brothers bankruptcy, on September of that year. In this scenario, the government intervention was decisive.

In this regard, Rafael Fagundes Cagnin and Marco Antonio Cintra (2007, p. 36) remind that the uneasiness established

on global financial markets demanded the aggressive intervention of State monetary authorities so as to assure the liquidity in the interbank market. It is estimated that the Fed injected US\$ 430.25 billion and the European Central Bank, US\$ 2.9 trillion, adding up to US\$ 3.3 trillion on monetary markets from July 27 to September 12, in order to avoid a steep rise of the short-term interest rates and the reorganization of the investors' portfolios (...). The Bank of Japan, in its turn, injected US\$ 3.3 billion on August 16 and US\$ 6.95 billion on August 21. Other central banks, e.g. the Canadian, the Australian, the Norwegian and the Taiwanese, were also forced to inject liquidity in their financial markets.

All these interventions were important. But the successive statements of the US and European banks' losses of equity deepened the markets' uncertainties and the crisis established in Europe. This continent was more strongly infected by the crisis due to the expressive financial connections, once many European banks had large quantities of US subprime mortgages-backed securities.

This enlargement of the crisis caused a steep drop in the chief world Stock Exchanges. As a whole, the losses with the devaluation of the global shareholder wealth and the credit retraction were huge and many companies ended up bankrupted⁸

. The outcome of this process was economic losses, recession, unemployment and the States indebtedness. With that, the crisis has become systemic and has unfolded until now⁹.

3.3 The new stage of the crisis

The new expansions are connected with the increasing States' indebtedness. The fact is that many States had already been in a scenario of large indebtedness and, by injecting voluminous resources in their financial systems, they have created a default situation. This has generated, in practice, a new stage of the crisis. This is because the medicine applied has caused as a side effect the worsening of the public debt and the depreciation of the States' payment capacity.

This sign showed up in the world in the early 2010s, when some European Union countries indicated that they were facing difficulties and that, consequently, they could not have enough resources to pay off their debts. From among them, these were found Portugal, Ireland, Italy, Greece and Spain (in the beginning, known as PIIGS). More important countries, e.g. the United States, arose on this horizon in the early 2011s.

⁸ The fact is that many companies, "in the search for a valorization of financial gains from increasingly complex operations, signed currency derivatives contracts selling dollars in a value equivalent to years of exports – with the currency devaluation between 2007 and 2008, however, the losses were so voluminous that they were bankrupted, lost most of their equity and had to be sold, merged or absorbed" (Faria, 2011, p. 22).

⁹ October 2011.

Therefore, the new stage of the crisis was then represented by the increase in the world public debt (at terrifying levels) and the States' helplessness in their capacity to recover the world economy; and this States' fiscal crisis, which has as epicenter the public debt, is still worsening nowadays and should keep on in the next years. A large number of countries, among them the ones considered rich, by spending more than they collect, generate an increasing indebtedness. On September 2011, despite a "bailout" higher than US\$ 100 billion, Greece continued to call for help of the IMF and the European Union, causing fear that other countries could follow the same path.

In the American continent, the US, the locomotive of the world economy, had also faced huge difficulties in this regard. After all, this country's public debt had reached 99.5% of the GDP, having finished 2010 at US\$ 13.4 trillion. The situation is so alarming that the US depend, for financing this debt, not only upon the emission of money (a fact that weakens the dollar in the world economy), but also the selling of government securities worldwide. In this regard, the United States finance their debts with the other countries' reserves, not having a long-term strategy for reducing their deficits or a clear plan for recovering the economy.

It is in this scenario that the credit rating agency S&P published the increase of the US probability of default in the perspective of the long-term public debt progress in that country. This means that its ability to honor the debt's payments is threatened. Therefore, a course correction is imperative, starting with the reduction of the budget deficit (today it is around 11% of the GDP). How can one do that? Probably, with deep cuts into the State's expenses, starting with the removal of the American troops from Iraq and Afghanistan and reaching as far as the social programs (this is what the Republicans defend).

Thus, it is possible to state that the US economy may continue to face huge difficulties for some years, and the same may happen with many of the European economies. This means a strong permanence of some aspects of the 2007/2008 crisis.

4 The need to create a global economic governance system

The first big challenge of the present days is to get over this scenario of global economic crisis. The second is to create mechanisms that may avoid that situations like these return. For that, it is fundamental the creation of a global economic governance system¹⁰. This claim has been presented by several global political leaders (concerned with the current uncontrolled and obscure financial system) and clearly aims to the strengthening of the multilateral economic organizations, for collaborating between central banks and for adopting common macro-prudential measures.

The current challenge is, therefore, establishing a set of common rules and procedures that may discipline and make the global operations more transparent. It can be increasingly perceived that the

traditional dichotomy between an ordered domestic and peaceful sphere, i.e., regulated, and an anarchic interstate and bellicose sphere does not fit in today's world reality any longer [nor assures the necessary assumptions for the sustainable development of the diverse regions of the planet] (Camargo, 1999, p. 4).

In this regard, it is evident that the 2007/2008 economic crisis demonstrated the information deficit that the national authorities have about the eventual implications of the current economic global flows and the disastrous consequences that may arise from a worldwide unregulated market¹¹. It is imperative to change this reality. This does not imply the naive claim of a larger presence of the State and the strengthening of its intervention mechanisms; contrariwise, it means the acknowledgment of the fact that the 2007/2008 economic crisis revealed that the global market has great imperfections and that it is necessary to establish a strong economic governance system and may it be multilateral. The solution would may be the creation of a global

¹⁰ On the issue of global governance, see Czempiel and Rosenau (2000), Commission on Global Governance, (1996), Demos (1998) and Konrad-Adenauer Foundation (1999).

¹¹ This also involves the absence of secure information about the “the situation of global liquidity of banks” (Faria, 2011, p. 22).

economic agency capable of overseeing the market functioning and playing the role of an effective global market maker.

Important is to recognize that the 2007/2008 economic crisis showed that the adoption of “multilateral coordinated actions, which go beyond the traditional intergovernmental cooperation agreements, and new institutional structures and transnational-scale regulations (...)” is necessary (Faria, 2011, p. 31)¹². Thence the search for a new world conception that leaves behind the old intra- and interstate dichotomy and that may presuppose that the current economy is already working interdependently and that its unbalances can only be corrected globally.

This means that one must recognize that the current economic system is characterized by dynamics and processes that obey their own logic, and they are not controllable based upon the “normative categories and procedures and spatial and time patterns built under the inspiration of the classical legal-political theory, [centered on the concept of State and sovereignty]” (Faria, 2011, p. 34). This fact reveals, more precisely, that the integration of the global markets has made them more powerful in the decision-making process and, with that, subjected the national economies to the consequences of acts and agreements made outside their territories.

Starting from this fact, the current text recognizes that the global markets have played a central role in today’s world and that it is necessary to establish a global governance system. This system must represent the States’, the markets’ and the diverse world regions’ interests. For that, it must, necessarily, be multilateral and built democratically. This initiative may be the only way to assure that the globalization benefits are minimally socialized among the diverse regions of the planet and, also, that economic crises, such as the one conformed in 2007/2008, be avoided and their costs prevented.

¹² This means that the concept of global governance established by the Club of Rome may not be sufficient any longer: “A set of management mechanisms of a social system and of actions defined so as to assure the safety, prosperity, coherence, order and the continuity of the very world system” (apud Milani, 1999, p. 105).

5 Final considerations

In face of the above-mentioned, it can be stated, even inconclusively, on the end of this great crisis' impact (which is still evidently progressing in the case of PIIGS), that it is not a mere conjuncture crisis such as the ones occurring in the last decades, nor is it a mere financial crisis, but a crisis that significantly undermined the economic foundations of the global economy; a crisis leaving as a task the rethinking of some dogmas that have been on the spotlight in the last decades, chiefly the presupposition of the global market self-regulation.

This resumption will help to break the current existing dissociation among economy, politics and society and to recover “factors such as social justice, prosperity for all, social cohesion, equality, cultural identities” (Kazancigil, 2002, p. 59). This is fundamental for normalizing the world that today may be characterized as an uncontrolled world (Giddens, 2000) and for establishing a new development model, which is democratically built, ecologically sustained and minimally just in distributing the wealth.

What remains open, however, is how to build this system, as the States have shown to be hostages of the current global financial structure and it has taken a contrary stand as to the adoption of discipline measurements and stimulated speculative gains at the cost of productive gains. This is, therefore, the big challenge of today's world and of everyone that believes in the virtues of institutionalized mediations and the future of humanity.

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THE MULTIPLE DIMENSIONS OF THE WORLDWIDE CRISIS: GENERAL TENDENCIES

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Abstract: This paper presents a synthetic overview of the broad themes that have shaped the situation that followed the outbreak of the economic downturn, triggered in 2007 and finally consolidated in 2008. The center of the analysis rests on the peculiar characteristics of the preponderance of the U.S., combined with tensions within the American society and its effects on the international political economy. So, the article discusses: 1) the foundations of military U.S. international power, 2) the symbiosis between U.S. military and financial power, which has intensified since 1970, 3) the impact this had on the U.S. society and 4) the contradictions inherent to this model and its implications for international governance.

Keywords: Worldwide crisis. Armed forces. Capitalism. Democracy.

1 Introduction

The consolidation of the democratic institutions is closely related to the effectiveness of a minimal degree of economic development and political stability. This, in turn, depends on two sets of distinct, though interconnected, determinations. On one hand, there are what we can call *external determinations* that, *grosso modo*, involve the power equilibrium dynamics among the dominant countries, the nature of the international financial architecture and the competition patterns among the major corporations. On the other, there are *internal determinations*, whose major expression is the correlation of political-economic forces that, in a great extent, determine the degree of trade and financial openness, as well as the income distribution forms, the conditions of

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the capitalist competition, the specific weight and the coordination level of the public power on the domestic economy. In summary, the structure of the international political economy *determines the general limits of economic development*, in addition to delimiting the maneuver political radius of States taken individually. However, so as to analyze a national unit, the decisive aspect rests upon *the form of its articulation* with the international system, on which the internal arrangements are overweighed.

2 The U.S. power foundations

The current political and economic order rests upon two interconnected bases. One of its foundations is the essentially asymmetric distribution of military power that, despite its relative reduction of economic power, bestows upon the United States an extraordinary political influence (Anderson, 2002, Gowan, 2009). Until now, despite the superficial upheavals, in their essence, the current configuration of the forces correlation is not seriously contested by any State or bloc of States and the secret of this vitality is the synergy between the U.S. military and financial power, an ever tense relationship, but that, ultimately, has manifested all through its more recent history. This occurs because, as we will see, although the causality is not *direct*, there is a clear interpenetration between the U.S. military position and the financial arrangements imposed by the United States, particularly after 1973. Both dimensions, actually, form a feedback mechanism. The capacity in heavily investing on sophisticated armaments¹ *with no significant external constraints* depends upon the Wall Street centrality and the American government securities in the international high finances. This, in turn, by penetrating inside of the several civil societies, helps to support, from within, the *status quo* of international politics.

¹ Until now, contrary to what was prophesized in the 1980s (Kennedy, 1989, pp. 488-498, Wallerstein, 1980, p. 38 and following pages), the military expenses have not compromised the U.S. economy (Gowan, 2004, pp. 480-482, Fordhan, 2007, p. 395-397). Actually, indirectly, the arms race *strongly propelled the U.S. innovation system*, chiefly by promoting a solid articulation inside its university network, the large companies' laboratories and military institutions (Medeiros, 2004). Besides, since the Cold War, the Defense budget has been one of the means used by Washington

However, the aggravation of social upheavals in the center and semi-peripheral countries is a threat to the continuity of this form of articulation. It is precisely in this regard that the current financial crisis², with its extensions upon the *real economy*, if not reversed, may increase even more the social upheavals and compromise the entire structure of military and financial domination crystallized in Washington and Wall Street.

So as to understand this articulation, it is necessary to briefly recollect the U.S. military power progress. The basic mechanism of nuclear contention in the Cold War was apparently paradoxical: due to bipolarity, its functioning depended on the inexistence of physical impediments to the use of nuclear weapons by both superpowers. In

to re-establish and, if necessary, impose any degree of political control upon the U.S. companies: “The distributive power of the military expenditure is both a cause and a consequence of the partitions on the national security policy. The preference of the Truman administration for conventional forces in order to increase the U.S. allies’ security in Western Europe and Japan, as well as the need to fight the Korea War, tended to benefit the Northeast. The search of the Eisenhower administration for a less expensive alternative strategy resulted in the emphasis of strategic forces and nuclear weapons. This also tended to benefit the West and the South (...). In this regard, politics propelled the expenditure decisions and determined their distributive consequences” (Fordhan, 2007, p. 396).

² The financial crisis resurrected the debate between the declinists – who prophesized the American Empire collapse – and the renovationists, who believed in the endurance of Washington’s preponderance. It is important to observe that, from the finances viewpoint, the borderline between both currents involves the emphasis on different functions of the international currency. The renovationists tend to privilege the dollar centrality as a *medium of exchange* and *unit of account* in international transactions: therefore, the U.S. force would be, exactly, in the commercial, financial and productive interdependence whose epicenter is still the dollar (and, by extension, the dollar centrality depends, chiefly, on the decisions taken by the major *economic actors*). Hence, the issues related to the geopolitical dimension are neglected. The declinists, in their turn, center their analysis on the function of the dollar’s *store of value*: its corrosion encourages the diversification of exchange values, a fact that would imply an increase in the international constraints as to the capacity to finance the military budget and artificially foment the U.S. economy dynamism. Here, contrary to the renovationists, the geopolitical elements are predominant in defining the international order (Helleiner; Kirshner, 2009, pp. 3-6; 15-17). Thus, the borderline also involves a discussion on the nature of the international order: that is, whether the flourishing of international commercial transactions *primarily derives* from a stable configuration of the power equilibrium or, contrariwise, whether the transnational economic ties are the ones supporting the cooperation – or, at least, the inexistence of severe conflicts – in the political-military plane.

other terms: the reciprocal vulnerability was its actual basis. Dissuasion was kept exactly because the enemy, upon a nuclear weapons attack, would respond devastatingly. Everything, thus, depended on a minimal equilibrium of “means of destruction” (Mearsheimer, 2003, pp. 128-137, Sheehan, 1996, pp. 171-176). It is important to observe that the destruction capability (number and power of warheads) was not the only important variable: the vector was likewise decisive. Therefore, the arms race involved not only producing more megatons, but also, improving and, especially, *varying* the launching methods³. Thus, after the U.S. monopoly break to assure the dissuasion means, it was fundamental to possess a large destruction capability in the three launching methods: ground-to-ground (ballistic missiles stored in silos and mobile platforms); air-to-ground (bombers and ground-attack bombers) and sea-to-ground (ships and submarines). If the enemy could invent a device capable of retaining one type of attack (or even two), dissuasion was kept and, ultimately, it would be possible to develop a way to cheat (or emulate) the adversary’s defense system.

Therefore, like the variation in launching methods, the nuclear weapons dispersion was also an essential element in assuring dissuasion. The reason is evident: the concentration of weapons would allow the enemies to attack in a synchronized manner, which, if successful, would assure it the nuclear supremacy. In this case, the first-strike would decide the strife in favor of the aggressor. Thus, the costly process of constantly moving a great deal of the nuclear arsenal (supported by defenses supplied with conventional arms) by air, sea and ground became a fundamental element. The same can be said of the intelligence and surveillance services. With a diffuse and decentralized nuclear system, the likelihood of surviving in time for launching a devastating retaliation is much higher. Although it is able to avoid the nuclear war by the self-

³ In the initial stage, with the Americans still controlling the nuclear monopoly, bombardments represented the only launching method. Thus, in order to be able to use warheads, it was necessary to possess aircraft supremacy. Russia (which was still an ally) could probably stop the American B-29. Japan would certainly not. So, the lack of nuclear retaliation capability and the American aircraft supremacy enabled the Hiroshima and Nagasaki bombardment and discouraged any attack to Russia (Freedman, 1986, p. 736-737). This scenario strengthened the Air Force demands to massively invest on a new generation of bombers, capable of hitting Moscow.

destruction threat, this situation is a security dilemma: each measure taken by one side to improve its *defensive* position – which, in the Cold War terms means a sudden counterattack capability – may be seen by the rival as an affront or threat. Hence, this mood produces an ascending spiral in the military expenditures that have as constraints the technological and economic limitations, which, additionally, need to continually be transposed (cf. Biddle, 2007, p. 153). In this manner, the *auri sacra fames* [holy hunger for gold] has won support to accelerate the capital accumulation: a virtually unending arms race that, because of the peculiarity of the military expenditure in the Cold War, constantly compelled the public debt and externalized resources to the private sector.

It was exactly this type of expenditure – the global military presence and the desperate fight to keep the parity in destruction means – which the U.S.S.R. started to have difficulties in funding. And that, in a great extent, occurred because Moscow did not have at its disposal an apt commercial and financial system to transfer, effectively, the cost of the arms race to its allies. However, the collapse of the Soviet Bloc and the partial dissolution of Russia did not totally eliminate their military capability. The practical result of that was the confinement of Moscow to a much more exiguous geopolitical area: the Eurasia. This helps to understand several recent tendencies. The most evident is the warming up of the political temperature in that region, which, in turn, favored an overflow of the upheavals to Africa and, collaterally, increased the geopolitical weight of China and India. The retraction of the Russian influence sphere enabled defining the U.S. politics on a new axis: the monopoly of global projection on distance destruction power, supported by a rationalization of the armed forces, based on cutting-edge technological resources, with smaller units that, supposedly, for being more well-trained and capable of using sophisticated equipment would be, at first sight, more effective and polyvalent. This rationalization of the armed forces was stimulated even more during the George Bush administration, supported by the idea that this new soldier presupposes a new type of war, i.e., wars aiming at *changing regimes*⁴. This is, obviously,

⁴ On April 2003, soon after the conquest of Bagdad, while he still believed that the end of the war was imminent, the former president George W. Bush peremptorily declared: “We’ve applied the new powers of technology (...) to strike an enemy force with

euphemism: changing *regimes* means, in practical terms, pacify the turbulent areas with a potential to destabilize the world economy or, even, military raids aimed at opening up the zones hostile to the investments from central countries, controlled by Washington. Tragically, the Barack Obama administration does not seem capable of significantly altering this pattern of military organization and diplomatic pressure⁵.

The *Technological War*, actually, also corresponds to a specific attribute of the American society, which dates back to the *Vietnam syndrome*: the refusal of the population in submitting to conscription – the U.S. armed forces, since the end of that war, are made up only of volunteers – and to suffering large-scale casualties. This small tolerance to casualties has been avoided by the U.S. in two ways: 1) the rising privatization of the War, a fact that has socially rehabilitated the mercenaries and opened a new front to private investment, consolidated chiefly on the *Private Security Companies* (PSCs) and, in a lesser extent, on the *Private Military Companies* (PMCs);⁶ 2) the rehabilitation of the

speed and incredible precision. By a combination of creative strategies and advanced technologies, we are redefining war on our terms. In this new era of warfare, we can target a regime, not a nation.” (apud Bacevich, 2009, p. 127). The fact is that changing a regime has not shown to be an easy task, chiefly if we regard the overflow of tensions to the Middle East and the redefinition of a correlation of forces in an increasingly tense region and away from the expected model by Washington’s strategists. The net result hitherto was totally adverse, as it *strengthened* the power of Russia and China in the Eurasia (Kolko, 2006, pp. 98-104, 120-124), as well as Iran’s power (Kagan, 2008, p. 46 and following).

⁵ The important issue to point out is that the recent U.S. political behavior is not exceptional. Curiously, so as to try to resurrect the U.S. patriotism and save Bush’s skin, John Lewis Gaddis (2004) argued that unilateralism (united or not to expansion), the preemption wars and intervention to alter regimes represented a *long-standing American tradition*, which could be identified with John Quincy Adams (who, inclusively, has *theorized* on the importance of preemption to assure the U.S. security) (Gaddis, 2004, pp. 10-16), Andrew Jackson, James Polk, William McKinley, Ted Roosevelt and Woodrow Wilson.

⁶ The distinction between these two organizations is quite subtle. The PSCs have as a priority function to offer the following services: 1) *simple logistical* support (provisions and laundry for the regular troops, as well as cleaning and maintenance of military bases); 2) *training, intelligence and tactical support* (with no involvement in the conflict: operations, support and maintenance of military equipment and, even, interrogation of prisoners) and 3) *patrolling and security* of military bases, facilities (military or private) and convoys. This is the most demanded activity in Afghanistan and Iraq and the only one to involve armed conflicts, eventually. The PMCs in their turn, in addition to the described services, *are combat-oriented*: they are, therefore, more clearly definable

citizenry conquest by the War: the *Green Card Soldiers*, usually Hispanics, who fight for the U.S. army (or ex-convicts, who enlist to clear their criminal records). Obviously, these are palliative measures, as they can hardly support great geopolitical ambitions. The “technological war” works only to intimidate or, using a more appropriate term, as a State terrorism tactic (Chomsky, 2002, p. 17, George, 1991), i.e., aiming at supporting, by blackmailing, a financial and political regime extremely favorable to the U.S. Even based on the remote attack technologies, territory *occupation* or facing more powerful enemies, with anti-aircraft sophisticated systems, demand a voluminous infantry and, therefore, a high rate of casualties. Exactly because of that, the U.S. targets since the 1970s are always militarily insignificant States. No sensible person can believe that Saddam Hussein’s Iraq, for example, represented a global threat. The same can be said of Iran, North Korea and all the members of the “axis of evil”, actors reluctantly involved in the theatrical micro-militarism played by Washington in order to prove that the U.S. are really an indispensable nation (Todd, 2003, pp. 31-33, 159-160).

These changes, in turn, show a new set of contradictions. The first of them is that, paradoxically, due to the great remote destruction capability, the U.S. can hardly be militarily contested by the more powerful States. Nevertheless, at the same time, due to the overlapping of the U.S. military and financial powers, Washington cannot engage in military operations against these States, as this line of action would completely destroy the *status quo* from which the Americans are the major beneficiaries. Therefore, their military actions involve more and more targets with poor warlike power, but that, exactly because of this, are less vulnerable to technology. Against the alleged terrorists, the act

as mercenary organizations and susceptible to moral proscriptions (Percy, 2007, pp. 225-226; Avant, 2005, cap. 6). In the 1990s, there was a clear preponderance of PMCs, acting mainly in Africa as “support” to miners of diamond and other valuable natural resources (the two most emblematic corporations, *Executive Outcomes* and *Sandline* were shut down in 1999 and 2004, respectively). However, the situation changed after the War in Afghanistan and Iraq: the effective presence of the U.S. army transferred the PMCs, enlarging the demand for PSCs (such as Blackwater and DynCorp), whose number of “employees” working in the Middle East may reach as many as 100,000 (Percy, 2007, p. 225). This difference, however, is mainly cosmetic: the emphasis in the distinction comes from the company owners and their associates, who want to run away from the nickname mercenaries.

of destroying the host country's infrastructure seems to *aggravate* the problem, as it increases the geographical dispersion of the terrorists' cells and favors the recruiting of new members. Thus,

the irony of American military supremacy is that it makes the nation more likely to find itself involved in unconventional wars for which its capital-intensive military force is least well-suited. Other States are unlikely to challenge the United States with conventional military forces, but guerrilla forces like those fighting in Iraq and Afghanistan are not so easy to deter. These conflicts suggest that technological superiority is not always a good substitute for more "boots on the ground", and that guerrilla forces can still do substantial damage to a technologically superior force (Fordhan, 2007, p. 398).

The fact is that in the *fight against terrorism* the targets are not easily identified, so much that the very Bush administration repeatedly emphasized that "the enemy can be anyone, anywhere". But wars are fought on the enemy's terrain that, thereof, can make use of guerrilla tactics, exploring the surprise element and using rudimentary weapons (cf. Kolko, 2006, p. 108) from which the most common are the homemade bombs⁷ (*Improvised Explosive Devices*, in the official terminology of the Defense Department), responsible for nearly 60% of deaths of American soldiers in the War in Iraq and around 70% in Afghanistan. This is, therefore, an extremely inexpensive way to cause casualties to an extremely expensive and well-equipped army (Bacevich, 2009, pp. 158-159). In order to try to lessen the lethality to their citizens on the battlefield, the most used expediency by the U.S. in their interventions in the Third World involves the opportunistic support from any local faction with opposing interests to the *enemy's*. But opportunism works both ways: when circumstances change – and many times this occurs by the very success of the alliance to Washington – the guidance of the former ally may change. Saddam Hussein represents one of the most classic cases of this type of *blowback*, obscured only by Al Qaeda (Johnson, 2010, pp. 13-26).

⁷ These explosives may be built both with military artifacts and civilian-use material (fertilizer-, fuel-based bombs etc.). They are usually hard to detect and cause considerable damages, even against well-trained and equipped soldiers.

As for the second contradiction, Andrew Bacevich (2009) states the following: the uncontrolled consumption is one of the most celebrated liberties in the U.S. The enjoyment of this *liberty* intensifies the use of resources produced abroad (petroleum, foods, manufactured products etc.), a fact that, *in the current conditions*, entangles militarism even more⁸. However, between fighting in inhospitable areas and taking a stroll in shopping malls, the Americans tend to choose the latter (much more sensible, by the way)⁹. This increases the problem of the lack of soldiers, which makes Washington use the precarious above-mentioned expediciencies (mercenaries, *green card soldiers*, association to warlords etc.) for the operations with higher risks of casualties. The international endemic conflicts worsen the domestic social upheavals, a fact that *increases* a typical Cold War expediency: the strengthening of the Executive Power at the cost of the Congress and the Constitution, as well as

⁸ It is not possible to establish a *direct* causality relationship between consumption and the *new* militarism. However, there is a connection between these two phenomena, mainly from the energetic security viewpoint. This link was consolidated in the Reagan Administration, which removed the task of reducing the oil dependence on the Middle East from the political horizon (Carter's desperate attempt to try a second mandate, which failed). Encouraging the conspicuous consumption, reducing taxes and increasing the military expenditure drew the U.S. ever more deeply into the "vortex of the Islamic world" and saddling a debt-ridden nation (Bacevich, 2009, pp. 44, 48-49). Thus, the higher the tendency to consumption by the U.S. citizens, *the larger the extroversion of its economy* (preferably due to transnational production networks) and, therefore, the higher the tendency to downturn the balance of trade. Maintaining this standard *demand*s upholding the dollar as the international reserve currency in a fiduciary character (and the attractiveness of the U.S. financial services), as well as *the cheap and constant access to commodities and strategic resources located abroad*. Here, the role of militarism is decisive: first, to assure the allegiance of the core states to the institutions and regimes *predominantly* imposed by Washington, and, secondly, to assure the collective access from developed countries to the strategic resources located in the periphery. The military interventions occur only in the periphery, in two cases: when the social forces associated to the American order reach a crisis point or when Washington decides that the costs to provide a "change of regime" are smaller than the expected benefits.

⁹ "Here is the central paradox of our time: While the defense of American freedom seems to demand that U.S. troops fight in places like Iraq and Afghanistan, the exercise of that freedom at home undermines the nation's capacity to fight. A grand bazaar provides an inadequate basis upon which to erect a vast empire" (Bacevich, 2009, p. 11).

obscuring the boundary between the public – i.e., the million-dollar public contracts – and the private dimensions. Thus, only the wealth, the political expansion and/or a creditworthy *global* threat is able to keep the unity in a susceptibly anomic society. This idea has been supported by several authors from several ideological conducts. For instance, Michael Mann (2006), by criticizing the U.S. “political schizophrenia” reaches, by other means, the same diagnosis. The former Chalmers Johnson (2010, pp. 29-39; 52-63), almost obsessively, points the connection of the rising *internal* upheavals in the U.S. as coming from this form of international performance, which, in his view, threaten to destroy democracy. Until now, we have treated the progress of the military-political sphere as if it were endowed with autonomy. We should now go back a little in time and analyze this same period from another perspective: the one of the *general* movement of the economy after the Bretton Woods dissociation, pointing out the central role played by the U.S. in building the current financial order.

3 The increasing articulation between Washington and Wall Street: the bases of financialization

In the turbulent early 1970s, the direct target of Nixon’s new policy was not the U.S.S.R., but their major allies-rivals: the Western Europe and Japan. The aggressive U.S. unilateralism, however, ended up accelerating a set of tendencies that produced a *new* monetary and financial *structure*, which Peter Gowan (2003) called *Dollar-Wall Street Regime* (D.W.S.R.), an *accumulation regime* that rests upon the U.S. military supremacy, the dollar centrality as international currency and aims to maintain the basic structure of the international division of production unaltered (the preponderance of the triad, with the U.S. supremacy), the primacy of finances and the capital reproduction at the cost of labor, in general (cf. Gowan, 2003). The fact is that, despite the eventual accusations of unilateralism, the *victims* of the U.S. whiplash, gradually, have joined hands with the aggressor, by realizing that the new gestational international order could be advantageous to themselves, on some precise issues: the primacy of the financial capital, the centrality of high technology in international

competition, the consolidation of property rights, the promotion of political stability among the superpowers and, essentially, an increasingly plutocratic social order¹⁰, supported upon the *wealth assets*.

Before characterizing this new accumulation regime's outlines more thoroughly, it is important to point out its backbones. The *productive base* for the convergence among the core countries' interests was built in two phases. The first, from 1950 to 1970, with the production internationalization cycle based on Foreign Direct Investment in an *extremely competitive* environment (perceived then as the struggle between the American, the German and the Japanese capitalism). This first movement increased the productive and asset interpenetration in the developed world¹¹ and transformed the standards of international trade, which is now focused on intra-firm transactions and, mostly, in the scope of core countries (cf. Coutinho, 1995). The following phase, involved the transformation in the management forms and the *effective transnationalization* of the production process¹², which depended on the information and automation technologies typical of the Third Industrial

¹⁰“With the elections of Margareth Thatcher in 1979 and Helmut Kohl in 1982, the U.S. decision [to liberalize the capital accounts and discipline the leftist forces] was supported by the English and German conservative forces to substantiate its hegemonic return and initiate one of the most extensive and radical conservative restorations’ in modern history, inseparable companion of the ‘global financial revolution’ definitely released by the deregulation and deflation policies of the new conservative governments. As from this moment, as in a ‘domino effect’, all the remainder industrialized countries have been successively adopting the same policies, even in the case of the social-democrat and socialist governments” (Fiori, 1998, p. 115).

¹¹The starting point of this movement was the large flow of direct investment from the U.S. businesses to Europe in the 1950s, aiming at skirting the protection network for the national construction workers, and, simultaneously, breaking open the European protectionism – tolerated by Washington for strategic reasons. The European response was, initially, to invest in emergent periphery markets in Asia and Latin America, a movement emulated by the U.S. the final outcome of this was *the enlargement of the capitalist competition area*. The second movement, however, is more important: the European businesses penetrate the U.S. markets, intertwining the assets and enabling an increasing convergence of interests, to which the Japanese are connected, back in the 1980s. Yet, the U.S. businesses were in charge of the conduction of the process, which, from 1950 to 1970, through an aggressive internationalization policy, *took hold of large sectors of foreign economies* (cf. Gilpin, 1975, p. 11 and following).

¹²In this case, I refer to the generalization of the “network-company” that, starting

Revolution, as well as the transformations in the world financial structure.

But the most important effect of this set of transformations was the *strengthening* of the capitalist property, i.e., the predominance and generalization of the *asset logic* on the several economical actors and the remainder of economy spheres (cf. Belluzzo, 1998, p. 191; Carneiro, 2007, pp. 2-4; 13-14); a fact that favors the predominance of the capital's maximum force as a pure property, that is, the interest on money (Braga, 2000, p. 275). This set of transformations consolidated a *new type* of financial capitalism, which is the expression of a *new systemic pattern of wealth*:

it is a **systemic** pattern because it is built by fundamental components of the capitalist organization, intertwined so as to establish a structural dynamics according to principles of a general financial logic. In this regard, it does not come from only the praxis of segments or sectors – the bank capital, the traditional stockholders – but, contrariwise, it has marked the strategies of all relevant private agents, conditioned the operations of government finances and expenditures, and changed the macroeconomic dynamics. Ultimately, it has been intrinsic to the system such as it is now configured (Braga, 2000, p. 270).

In short, the intensification of the disconnection between management and property *reinforced* the financialization and, at the same time, the power of the ruling classes. The communications revolution mingled with the transformation in the corporation management and, thus, *restored* the profitability levels. At last, the voluminous bureaucratic body associated with the large company – a huge number of employees,

from the centers founded on the financial operations and the R&D sector (the well-known specialization in the “core business”), creates a transnational production network based on the rising *outsourcing* and fragmentation of the remainder production functions. This is a radically new form of F.D.I., as, in addition to allowing new forms of matrix control (the technical specifications and the spatial separation of the production phases), it *reduces* the multiplying effect in the host economies (this reduction is a result of very fragmentation of the production chain, clear if we compare it to the plans of 1950s and 60s, which reproduced the matrices and, in this manner, created a national network of suppliers that expedited much more the investments within the host country).

from several competences – helped to spread through civil society the principles of the neoliberalism¹³.

The transnational production has brought about a new need: synchronizing the macroeconomic policies of the major states and, simultaneously, pushing the periphery to a larger economic openness. This was, in fact, promoting what Robert Cox (1996, pp. 107-109) called *internationalization of the state*, i.e., remodeling and creating a set of international institutions, e.g. the IMF, the World Bank and the OECD, aimed at assuring the international finances' stability and modeling the states' domestic politico-social environment, enabling thus the generalized economic openness. Before the 2008 crisis, protecting the world finances meant, actually, *refraining* the social upheavals and the spread of liquidity crises coming from debtor countries' bankruptcy, usually located in the periphery or semi-periphery of the system. Now, with the rise of a crisis *in the center* of the world financial system, the terms of the problem have changed. However, before examining this aspect, it is fundamental to briefly analyze the transformations in the sociability forms that distinguish neoliberalism.

4 The transformation in the sociability forms

One of the most solid bases of the new arrangement rests upon an important reconfiguration of social forces, which are expressed in two distinct, though complementary, tendencies: the thickening of transnational ties among property classes and the retraction of the public space at the cost of the private sphere. Robert Cox (1996, p. 111, *our italics*), in other circumstances, had already observed the first tendency, i.e., the gestation of a dominant class with a *progressively* transnational character:

¹³The widening of management occupations caused an identity of interests among company owners and the high-level executives. The new financial products extended the new order's benefits to the remainder of citizens with a sufficient income: "The high and middle classes possessed then important investments, directly, but, mainly, through quotas in investment funds, pension and security funds. The typical middle-income family assets included then financial assets at a rising rate, in addition to real estates and durable goods, which substantively alters the income distribution between salaries and wages coming from financial assets" (Tavares, Belluzzo, 2004, p. 126).

Hitherto, social classes have been found to exist within the *nationally defined* social formation, despite rhetorical appeals to the international solidarity of workers. Now, as a consequence of *international production*, it becomes increasingly pertinent to think in terms of a global class structure alongside or superimposed upon national class structures.

Since then, the inclusion, the solidarity and the cohesion of this class has greatly increased. Gowan (2003, p. 196) stresses this, at his style:

There is a basis for such social linkages in the rentier interests among the dominant social groups outside the core. The *reductio ad absurdum* of such interests has been the class of predatory money-capitalists that was enabled, with great help from the Western financial sector, to seize control of the Russian state. But throughout the world, powerful rentier groups can enjoy great benefits from the ability to move funds out of their state into New York or London and thus insulate themselves from social breakdowns and developments within their own countries. These money-capitalists can also benefit from IMF/World Bank regimes which entrench the dominance of local financial sectors over political and economic life.

Its wide mobility and variety of investments is an important advantage in favor of this class and its tentacles. A huge alluring power is added to these characteristics. Exposed to external competition, the entire national bourgeoisie has the reflex action of seeking the state protection. But, with financialization coupled to the transnational production, this movement can be refrained in a relatively simple manner: first because, in order to balance their national accounts, the states struggle to attract dollars inside their boundaries. Receiving a flow of F.D.I. – even if it comes from mergers and acquisitions (as opposed to creating new production units) and the possible repatriation of interests in the future – is an important means to carry out this objective. Second, the reaction of the national bourgeoisie to the foreign investor is variable, as production transnationalization generates niches that may be occupied by specific groups of national producers and, also, as we will see, it is capable of fomenting a wide and varied services

sector, strongly dependent on the income concentration. Therefore, instead of resisting, these groups tend to fight ferociously to be associated – even subordinately – to the transnational capital's and its agents' interests.

The second tendency, i.e., the one of expansion of the private dimension, at the cost of the public one, is perfectly equivalent to this form of transnationalization. Collaterally, due to its sumptuous consuming habits, the class of proprietors and transnational managers, together with their high-ranking employees, ended up producing another conservative pillar within the societies they penetrated: the wide and varied luxury services sector, which moves a considerable parcel of the world's wealth. The transnational production and financialization produced *an increasing tendency to consumption diversification*, which remodeled the social hierarchies and, indirectly, *redefined* the role of the majority of the middle class, changing it into a legion of servants destined, chiefly, to provide for the extravagancies of the very rich. In addition to their readiness in the service performed, the most important asset is their intricate contact network, which makes them strongly dependent on the high consumption standards of their clients, chiefly due to the unreliability of the social rights inherent to this type of occupation. Therefore, it is not surprising that, thus, the conservative reaction was so successful: its supporting base is significantly vast and diffuse.

In another theoretical context, and focused on Brazil, João Manuel Cardoso de Mello (1992) called attention to these current transformations. One of the most noticeable contemporary upheavals in our period is the *privatization of the public space*, which walks together with politics devaluation and, especially, a distortion of the notion of modernity: the integrated – the large business, the small and medium efficient entrepreneurs, the technocracy and the sectors of the middle class inlaid in the high-income circuits – are defined as modern, as opposed to the rising multitude of unqualified (the itinerant masses and the very poor from large cities). Together, therefore, the general tendency is the consolidation of pure *market fascism* (cf. Mello, 1992). It is possible, and necessary, to extrapolate the scope of this analysis: this movement, clearly seen in the periphery back in the 1990s, was also accelerated in the center of capitalism, originating a mutual backup

movement, at the exact extent in which the interests of the transnational class of proprietors mingle with their employees' in the following aspects: 1) the income concentration mediated by the conspicuous consumption, which enlarges the supporting base of this form of sociability; 2) the financial deregulation and disintermediation, which enables the dominance of the patrimonial wealth under the economy rules; 3) a fiscal system based on allocating the taxes from the top to the social base, to which a set of focused social policies are connected (at the cost of the universal ones), aimed at minimally refraining the targets of social upheavals; 4) the holding back of inflation and the State's fiscal *discipline*, fundamental to preserve the patrimonial wealth; 5) the selective *privatization*: the private sphere invests in more profitable public domain activities and transfers the onus from less profitable activities to the State.

The existence of this class, however, depends on two interconnected conditions: 1) preserving the *U.S. military supremacy*, which represents the fundamental pillar of the current distribution of the world power balance. This supremacy is central, as it dissuades the *relevant* States from trying to significantly alter the regional power systems in which they are located. Indirectly, this scenario blocks the promotion of *nationalist adventures* (also labeled *populism*) that may reverse the opening of economies to the world trade and finances or, merely, erode the foundations of the patrimonial wealth; 2) the dollar-centered monetary and financial structure – i.e., the D.W.S.R. – needs to outlive the latest upheavals, a challenge demanding an increasing cooperation level from the central States and their most prominent social groups (which seems more and more unlikely). Hitherto, no State – or group of States – has been able to require favorable internal social conditions to generate a contestation movement to their *status quo*. But the issue I want to point out is another: the interdependence between the dollar *seigniorage* power and the U.S. warlike supremacy is so big that destroying one end of the relationship *in the medium term* would necessarily imply disarticulating the other¹⁴. Constituting a *political* counterweight to the

¹⁴ And this derives chiefly from the *reduction* of the relative weight of the U.S. economy, which increased the disarrangement in the foundations of its economic and military supremacy. The capacity to generate huge deficits and, through them, finance a huge military apparatus depends on the centrality of its currency as *store of value* and major

U.S., in the most classical forms of power balance – a rival bloc, or even a set of blocs led by *revisionist* superpowers – would already enable the creation of foundations for contesting their currency as an international exchange means and, indirectly, destroy their *preposterous privileges*. But this is not the dimension I wish to analyze. These general transformations in the international sphere have caused upheavals in the domestic social forces to several societies, *including the U.S.* Therefore, it is important to point out that transformations induced by provoking the U.S. society contradictions may significantly alter the world conjuncture.

5 The contradictions in the U.S. society

Despite his taste for the exotic, Emmanuel Todd (2003) provides an important key to explain the difficulties lived by the U.S.: actually, exactly due to the economic transformations associated to neoliberalism, the U.S. depend *more and more on an economic system shaped according to the interests network gravitating around its oligarchy*, i.e., the preservation of a system open to the international capital flows, with firmly established property rights and that, ultimately, has as a monetary base the dollar. In the view of the most daring, in the 1990s, this system was automatically forged by the uncontrollable market's forces. But, regarding Washington's progressive truculence, this whimsical view collapsed. The issue, however, is that the doomed unilateralism is a *weakness* symptom, i.e., a sign that political coercion is increasingly fundamental to maintain the economic asymmetries that support the U.S. position¹⁵. Preserving this predatory structure *is fundamental due to*

exchange means. While it has been possible to gestate a system centered in the credit expansion to finance consumption, linked to the great attractiveness of the U.S. government securities by the countries and the great net economical actors (in dollar, naturally), the military gigantism was not seen as an economic problem. The situation radically changed after 2008.

¹⁵“The debate over ‘globalization’ is partially disconnected from reality because one accepts all too often the representation of symmetrical exchange and finance, in which no nation occupies any particular place. The abstract concepts of labor, interest and freedom of capital movement mask a fundamental element: the specific role of the most important of the countries in the economic world new organization. If the U.S. has greatly declined from the relative economic power viewpoint, it has on the

the social patterns built in the U.S. in their transition to neoliberalism. In this regard, *although the U.S. autarchization potential is huge* (and this is an immense power resource), correcting the course to this direction, as it is completely incompatible with the sociability pattern consolidated in the 1990s' great expansion, would only occur in extreme cases. Thus, we reach a curious situation, as the self-proclaimed *indispensable nation* is, actually, the one *depending* on an international financial and commercial structure increasingly hard to be maintained.

It is in this broader scenario that we should try to understand the failure of the empire project that was hinted at back in the Clinton administration, but that only found a fertile ground after the September 11, 2001. The insistence on the military path, through actions that went beyond the boundaries of *theatrical micro-militarism*, would more likely result in the creation of a world (dis)order based on hostile regional blocs, founded on the combination of militarism and economic protectionism (Cox, 1996, pp. 114-115). The current world crisis increased the likelihood of this scenario a little more, as (in addition to the political induction derived from Washington's unilateralism) the social upheavals coming from the economic difficulties may strengthen protectionism in the core countries. The fact is that, even before the crisis and the military difficulties in the Middle East, several police makers, always reasoning based on the mechanism of power balance, have already predicted such a scenario. As I have already fast-forwarded, I intend to, however, discuss another aspect of the problem herein, i.e., indicate how the current structure of the international political economy is *intensifying* a set of contradictions in the U.S. society.

A great deal of these contradictions goes through the tensions of two opposing views: one of the possibilities would involve the *intensification* of the contemporary power structure, that is, a policy defined according to the great tendencies nowadays, i.e., the increasing production internationalization, the strengthening of the private sphere at the cost of the public one and the crystallization of the property

other hand massively increased its drawing capacity in the world economy: it has objectively become predatory. Should this situation be understood as a strength or weakness symptom? On that account, America is going to have to fight politically and militarily in order to sustain the hegemony that has become indispensable for maintaining its standard of living" (Todd, 2002, pp. 25-26).

rights of an increasingly transnational oligarchy, supported on the U.S. military supremacy. The opposing view, in its turn, would involve a progressive retraction of the international trade and the transnational dimension, as the States or *regional blocs*, responding to the domestic social upheavals, would be forced to foreground the domestic (or regional) political scene, struggling to export the difficulties, in face of the classical *beggar-thy-neighbor* policy. Strengthening these tendencies depends on the perspectives of recovery from the current world economic crisis. The worse the predictions, the more likely for them to create the *nationalist* solutions. Besides, the crisis unevenly affected the countries, a fact that increasingly complicates a coordinated action to the recovery. A third possibility, greatly discussed, though still very far-fetched, would involve a middle ground, i.e., creating global mechanisms for regulating finances and the international economy, linked to the reconstruction of the management power of national states, aimed at fomenting the economic development and income distribution, *à la* the Bretton Woods system.

In the first case, from an international perspective, some adjustments would be necessary: the maintenance of the U.S. military primacy and its capability of global projection of power would have to be kept, but with no affront to the remainder States. In other terms, this would imply consolidating, formally or pragmatically, a concert of superpowers under Washington's tutelage, where the political limitations imposed to the remainder States would be atoned by the expansion of the *liberal zone* and by a participation in the international debates proportional to the power of each State. In short: stabilization would be maintained by clearly defining the interstate power hierarchy, weaved by the "silent pressure of the private interest" (Polanyi, 2000, p. 305).

These transformations in the international arena interact in a complex manner with the social forces within the U.S. The former three U.S. presidents had to operate within a precarious balance among forces that, in a restricted situation, may be in opposition: 1) the great plutocratic interests that gravitate around the large transnational corporations and corporate investors, with tentacles in Washington; 2) the poor competitive economic sectors, which depend on a state protectionism and a more aggressive economic diplomacy (the staple, citriculture, aluminum industries etc.), as well as the most powerful

unions and their associate network that tend to a more *nationalist* orientation; 3) the most diffuse economic groups that, just for being fragmentary, are not able to politically pressure the institutional bases, and they are, therefore, less predictable and more susceptible to the apocalyptic appeals. The outcome of the U.S. policy orientation depends, therefore, on the arrangement of these forces that, hitherto, progressively precarious, still support the *status quo*. But this conformity is not deep-rooted. The great 1990s' economic expansion caused a curious effect: weakened the social upheavals more directly linked to the economy, but *enlarged* the custom-related divergences and racial and gender issues. Apparently, if we pay attention to the public debate then, we will see that the U.S. had overcome the *economic problem*, a fact that dislodged the dissension lines to the cultural and religious dimension: prosperity was taken for granted. The issue was to define which the genuinely American values were, and this generated a tension tending to steadfast positions among the secular supporters (extremely disunited as for the role of the U.S. in the world) and the wide range of supporters whose main orientation is the religious one.

In that scenario, it was difficult to mediate the diverse positions and the empire project tended to undergo resistance from the social sectors that were more oriented to the U.S. domestic problems. However, the terrorist attack against the World Trade Center in 2001 caused a radical transformation, by promoting two movements. The first was preponderance, within conservatives, of a more aggressive and interventionist diplomatic line, willing to *complete* the Americanization of the world: the neoconservatives. The second movement derived from the creation of a propitious environment to the alliance between neo and theoconservatives, which hemmed in the leftists and strengthened the empire project. But this connection was much more a product of circumstances – a *historical accident*, in Michael Mann's view (2006) – than a structural element. The only convergence point that is not merely conjunctural derives from the peculiar U.S. universalism that, in short, is subdivided into secular supporters – of which the neocons are part – and another of mystic supporters – in which the theocons represent the most extreme position. But the limitation of this conservative coalition is evident: the pragmatism of neocons is incompatible with the conviction logic of theoconservatives. However, the failure of the empire

project and the economic crisis are corroding the cohesion forces in the U.S. society: all former divisions returned *enlarged*.

At first sight, the combination of upheavals in the domestic front and the international environment should favor fundamental changes. This is what voluntarists arduously desired in the short and tragicomic phase of the *Obamamania*. But precisely due to the endangerment of Washington's international leadership capability and the domestic difficulties of the U.S. society is that the social forces can lean towards the *strengthening* of the current order. In this case, the mechanisms of social mobility would tend to be increasingly restricted to the private sphere. In face of the competition and large mobility of capitals, the pockets of wealth would tend to diminish at the same time as the savage competition to enter the clientele network of the wealthy and powerful would intensify. Thus, the hegemony among States praised by the globalization enthusiasts would occur in radically different bases: not the whimsical world based on the generalization of mass consumption and the equilibrium of social indices, but the universalization of the periphery countries' characteristics, i.e., the rigid social stratification and a restricted and precarious public space, usually linked to the great oligarchs. In short, capitalism with no props, inherently unfair and hostile to the Substantive Reason.

It is curious to observe that, in the very acme of the neoliberal offensive, focusing the *internal* attributes of the U.S. society, particularly the struggle for culture and civil rights, the indiscreet Michael Lind (1996, p. 14), by concocting the term "Brazilianization of America", pointed out the basic direction that the American society was heading to:

The real threat is not the Balkanization but the Brazilianization of America, not fragmentation along racial lines but fissioning along class lines. Brazilianization [of the United States] is symbolized by the increasing withdrawal of the white American overclass (...) into its world of private neighborhoods, private schools, private police, private health care, and even private roads, walled off from the spreading squalor beyond. Like a Latin American oligarchy, the rich and well-connected members of the overclass can flourish in a decadent America with Third World levels of inequality and crime.

These tendencies are aggravated, in the polemic author's understanding, by the fragmentation of the political space derived from a rigid social stratification, which crystallized an elite able to explore the U.S. international position and the cleavages in the dimension of values and civil rights to preserve its own interests and conduct practices. The fact is that these divisions are interweaving with the excessive polarizations by the increasing unemployment and the deterioration of social protection mechanisms, which are warding off a considerable parcel of the U.S. citizens from the *American dream*.

6 Conclusion

The basic idea of this article was to provide a synthetic set of reflections on the most significant tendencies and contradictions that permeate the current world conjuncture. We now live in a moment of profound uncertainty. Even if the final outcome points to the strengthening of the current order – i.e., the victory of the clustered fragmentary forces around the financial vector of capitalism –, it will cause significant transformations in the forms of sociability and in the international hierarchy of power. The same can be said of a possibility radically opposed to this, that is, the constitution of a non-hegemonic system, structured around hostile geopolitical blocs, on neo-mercantilist bases. The mystical irrationalities that have flourished with the fall of the real socialism and the regress of the illuminist universalism might progressively complicate a guided diplomacy to refrain the significant military conflicts. And the very dynamics of a power balance system grounded on arms with highly-developed electronic systems – conventional or nuclear – and a high destruction power is uncertain. The other uncertainty dimension lies upon the attempts of recreating regulation forms similar to the Bretton Woods system. It is by discussing this aspect that I wish to conclude.

Firstly, it is necessary to point out that any new regulating system would be radically different from the Bretton Woods'. The basic reason is that the circumstances molding that accumulation regime will not be repeated any longer. Therefore, any consistent reflection upon this issue involves disregarding a series of presuppositions. The first of these, derived, to a great extent, from the theory of hegemonic stability

concerns the need of a hegemonic superpower to manage the world economy and to assure its stability. Within the specific conditions of capitalism, this attribute may be fundamental to produce an open structure of world trade, in which the leader would be responsible for producing the essential collective goods and, for its own military supremacy, assuring the international *security*. But, creating a social protection system aimed at containing the anomic and disruptive tendencies of capitalism is something completely different and that, hence, demands special conditions.

In the first place, the Bretton Woods stability, in its initial conformation, *was not directly linked to a supposed benign U.S. hegemony*. As much as the New Deal legacy may have been relevant, the fundamental element behind the U.S. international behavior was the power and prestige of the U.S.S.R., particularly in Europe. In the heat of the moment, both European popular classes and the educated population knew that who really defeated the Nazis was the Red Army. The U.S. had only played a fundamental *military* role in the WW II in the *ex post* Hollywoodian fantasies. In the European battlefield, the *Democracy arsenal* was a mere supporting actor. The second reason is much more relevant. Using the military supremacy – or at least the distance destruction capability – to create a system progressively open to the plutocratic interests of the great capitalists is a much simpler task than creating an order whose priorities are genuinely social. The power requisites and the magnitude of economic resources necessary to only one superpower act as the regulator and inducer of the balanced socioeconomic development in the current conditions are so huge that, as Giovanni Arrighi (1996) had already pointed out, this task would only be possible in *a new system*, i.e., an Empire, in the literal sense of the word, a very unlikely fact, which would completely alter the analysis and the social action parameters¹⁶. Therefore, any regulation mechanism to be created would have to start from a political system centered in the

¹⁶The formal discussion on the categories of world-system, world-empire and world-economy is fundamental to understand the thoughts of Arrighi. There is no room for this issue herein. For a synthetic view of the general perspective of the world-system theory, see Wallerstein (2007). I have discussed this issue twice: Mariutti (2004 and 2009b).

multilateralism (and not simply in political forms such as the Concert of Great Powers or the like), where the worldwide political institutions would have to be in harmony with the regional and sub-national institutions.

Simultaneously, these multilateral arrangements would have to act in synchrony with the internal transformations in the several national social structures. In this case, it is not about promoting timid reforms. Even when coming from reputed leftist critics, the large majority of demands for a greater regulation of capitalism take financialization as the fundamental problem, implying that, in face of timid reforms, it is possible to transform the financial structure apt to stabilize the economy and promote full employment. As John Bellamy Foster and Fred Magdoff (2009, pp. 108-109) have recently pointed out, the importance of financialization in the contemporary economy *should not blind us to the fact that the real problem lies in the system of exploitation rooted in the capitalist production*. Therefore, with no radically new projects of political intervention aiming at altering the *foundations of capitalism*, the strengthening of its basic tendencies will destroy once more the foundations of social life. The transformations generated during the ascension of neoliberalism – or, using a more caustic and precise term, the liberal-conservative counterrevolution (Mello, 1997, p. 162) – were not superficial. It is not possible any longer, unless facing powerful resistances, to return to a social environment similar to that of Bretton Woods.

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THE LAST POLITICAL REFORM IN ARGENTINA IN 2009: DISCLOSING IMPLICATIONS BEYOND THE FORMAL LAW *

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Abstract: In 2009 the Argentinian Congress passed the Law 26.571 of “Democratization of Political Representation, Transparency and Electoral Equity”. Considering the importance of these kinds of reforms for the political system, this paper aims to describe and analyze this political reform from a new approach in the study of institutional changes: a two-level theory. Taking into account distributive and efficiency principles, as well as historical precedents, a more comprehensive model is proposed. It lets us reflect on the diverse elements of the new legislation, its objectives and pretended effects, some of which could not or will difficultly be reached. In addition to this, it is argued that this last political reform in the country is part of a new trend in Latina American democracies. Its design and its purposes reveal that this institutional amendment is more than just that. As in “consolidated democracies” changes are no longer radical; on the contrary, incremental amendments to ordinary legislation are becoming the rule. To conclude, some reflections about the effects of the political reform on Argentinean democracy and political institutions are proposed. A comparative research agenda of last electoral amendments in other countries of the sub-continent is suggested.

Keywords: Argentina. Political Reform. Institutional Change. Two-level Theory. New Trend.

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“Electoral reform is founded upon the principle that altering the formal rules matters based on the assumption that certain desirable consequences for social and political engineering can be achieved through the public policy process”.

(Norris, P. 2004, p. 5)

1 Introduction

In his seminal contribution to the theory of democracy, Schumpeter (1943) made a famous distinction, which he borrowed from Max Weber: we can understand democracy as a supreme value in itself or as a method for the selection of leaders. The latter sees it as a way for the citizenry to select its leaders.

According to North (1993), “institutions (*in general*) are the rules of the game in a society or, more formally, are the constraints devised by men to shape human interaction”. Electoral systems are the only institutional mechanisms capable of aggregating individual preferences into collective results, which is in the core of a representative democracy.

The academic and political fascination generated by electoral reforms can be explained by the fact that the amendment of electoral institutions would certainly have an effect on the process of democratic consolidation. However, what makes it even more fascinating is that institutional amendments always “inherit” the disequilibria that characterize the preference for outcomes.

Electoral or political reforms are endogenous institutional amendments defined and settled by and within the institutional framework in force in a certain moment. When considering issues of an electoral reform, there is considerable evidence that existing institutions matter as the starting point for any modifications, begun in an incremental process (Norris: 2004). Consequently, reforms are set up in order to modify the future performance of the institutional framework, involving efficiency and consensual issues.

Considering the aforementioned, this article aims to describe and analyze the electoral reform that took place in Argentina in 2009. The political relevance of this legislation refers specially to its formally stated pretensions: to restructure the party system and democratize it.

We present two principal arguments. The first one states that this reform sets Argentina in a trend of institutional amendments which

have usually characterized consolidated¹ democracies. Institutional changes in consolidated political systems are usually incremental, as North argues. Our assumption is in tension with a part of the current literature, which still does not recognize democratic stability in the region. The second guess is that most of the working papers on political reforms tend to analyze them from a strategic perspective (in new institutionalism words), without considering any other important aspects. We think such analysis cannot explain the whole change. Hence, to avoid bias we propose an approach to the reform from a two-level theory² comprising distributive and efficiency principles, as well as a historical tracking. Such inquiry implies a broader and more comprehensive model and will let us state that many of the objectives discursively intended by this reform cannot be reached.

This paper proceeds as follows. In section one, we introduce the reform and its main axes. Secondly, the two-level theory is proposed, and the reform is disaggregated in its principal points matching the theoretical framework. Finally, we evaluate what really happened when it was implemented for the first time and suggest some concluding reflections.

2 Law 26.571: Its Principal Axes.

There is general consent that electoral reforms are political processes. These processes are a product of a democracy of parties, and therefore, inevitably come up as a result of the majority configuration of political interests in the party system. Also, they are natural products of historical development of the political system. Hence, we cannot think of having an electoral reform that is the result of something else than the internal conditions of the current institutional structure. The environment that every electoral system creates has multiple implications for the electoral results that it produces. Parties evaluate

¹ We are aware of O'Donnell's (1996) warning about the teleological bias of this word. We agree about the characterization of an informal institutionalization of Latin American polyarchies. We just employ the term -as Munck (1996) does- to say rules are accepted and political actors behave according to them without questioning them.

² Firstly proposed by Negretto (2011) for the study of constitutional reforms.

the costs and benefits of participating in the electoral contest in those scenarios where they have limited prospects of conquering seats and offices.

Taking in consideration these basic assumptions, this section briefly goes through the key changes introduced by the reform. It also deals with the final institutional outcome that emerged as a result of the natural conflicts of power, processes of cooperation and historical development. In December of 2009, Law 26.571 of “Democratization of Political Representation, Transparency and Electoral Equity” was enacted. It is organized around four principal axes, which we will disentangle afterwards.

A first axis refers to the *formation and consolidation of political parties*. One important assessment reformers made of political competition was that over the last decades the party system has been especially fragmented (in addition to inchoate) and denationalized.

As a consequence of the aforementioned evaluation, the diagnosis covered other aspects such as the emergence and considerable success³ of new parties created by rich business entrepreneurs. These parties are based on the economic power and in the logic of the market functioning as small enterprises in which political militancy basically responds to selective incentives⁴.

Hence, an institutional solution to these problems was seen by reformers as convenient. The party system was supposed to be reordered so that the existing parties (especially the big national ones) could become stronger organizations. In line with this diagnosis, the reform envisaged critical transformations in the political parties’ landscape, with its main objective being the reduction of the fragmentation of political

³ A well known example is the victory of F. De Narvaez’ party (Unión Pro) in 2009, in the legislative elections in the Province of Buenos Aires. With 34.58% of the votes, this party won Buenos Aires province, a district historically won by the Justicialist Party (PJ).

⁴ Related to political competition, the existence of *colectoras* (similar to cross-endorsement or fusion lists, consisting of ballots of candidates to a lower level of government from a small political party which are attached to a bigger party ballot submitting candidates for a higher level of government) is perceived as another cause of party system fragmentation. Also, the presence of occasional electoral “enterprises” whose support could be bought has been a common practice across the whole country.

parties. According to the National Electoral Chamber, in 2003 in Argentina there were 18 presidential formulas which competed for the national executive and 14 in 2007. By 2009, as another example, 18 political parties presented candidates for national deputies only in Buenos Aires province and there were 17 contending lists in Mendoza province where just 5 seats were in dispute. That same year the national chamber of deputies had more than forty-five legislative delegations.

A purpose of the new electoral legislation has been the avoidance of those “irregular” situations that threaten representative democracy and traditional political parties, and to organize political offer preventing the dissemination of small and not representative parties. In order to do so, Law 26.571 states that political parties must have at least 1.5% of national vote (around 400,000 votes) in a first round of elections (the primaries, which will be detailed in the next paragraphs) so as to contend for the national executive in the general elections, or 1.5% of the local vote (provincial districts) to be able to compete in the general elections for national legislative positions.

A priori, these new dispositions negatively affect the existence of small parties while strengthening the position of consolidated and traditional parties such as the *Union Cívica Radical* (UCR, centre) and the *Partido Justicialista* (centre-left or centre-right, depending on the internal winning set).

Partisan affiliation has also been set as a legal constraint to participation in the electoral contest⁵. According to those dispositions, we think certain ambiguities can be traced along the reform: it praises the role of affiliations with the demand of specific quantities in order for parties to be electorally recognized. At the same time, it considers party members almost as “common” citizens, as all citizens – and not party members exclusively – decide the future of political parties in open primaries. Therefore, partisan affiliations are a key issue for parties’ lives and for their electoral recognition, but on the other hand as primaries are open and voting is compulsory, national candidatures depend on the will of the citizenry as a whole.

Albeit, one of the most controversial articles of the law, No. 16,

⁵ To be classified as “National Party”, organizations must have the affiliation of four electors among a thousand in at least five districts, and one elector affiliated to each thousand national electors.

reinforces a condition from the previous law: a party must attain at least 2% of the valid votes in two consecutive national elections – in the corresponding district – in order to remain legally recognized as a political organization. If a party does not reach this threshold, it expires. Thus, a requirement of this sort might compel the restructuring of the political universe, reducing fragmentation and the number of parties.

Another axis is related to *candidate selection procedures*. Over the past decade and a half political parties have suffered different transformations and citizens have gained disaffection from their political elites who have stopped representing society's interests. Argentina reality is not differently characterized, although it seemed far from this world trend after redemocratization. According to Panebianco (1982), questions about the degree in which institutions are or not important apart from leadership became relevant in this context, where political parties no longer corresponded to ideological or programmatic structures.

Despite all this, parties still have the monopoly of political representation, they are in the basis of all modern democratic regimes and their main function is to propose candidates and erect leaders with real chances of getting elected. Although some of their traditional roles almost vanished, that main function did not die out and is its exercise which keeps them alive (Novaro: 2000). In fact, as it was first advocated by Anthony Downs (1957), winning elections is the principal *raison d'être* for parties.

Therefore, supporting the idea that a change in candidate selection procedures could democratize closed and halted organizations and mitigate all the problems parties were going through, reformers decided to meddle in political parties' lives. That is why the Open, Compulsory and Simultaneous Primaries⁶ have been a central ingredient of the new legislation. Through them citizens are compelled to have a part in the selection of internal disputes and to be involved in the process

⁶ They are *open*: nonpartisan, enabling all voters to choose any party's candidate they want to vote for; *simultaneous*: like in a general election, the pre-candidates of every party are elected the same day; and *compulsory*: as in every general elections in Argentina, voting is mandatory for every citizen, therefore involving the general public, and people can cast their ballot for any candidate regardless of party affiliation. Besides, if a party does not present pre-candidates – at least one- its candidates cannot participate in the general election. Conexão Política, Teresina, Vol.1, No. 1

of candidate selection. But the fact of participating in primaries does not imply a direct democratization of political parties; means do not have strict correspondence to ends, theoretically speaking (and as we will show, neither empirically). Citizens become involved in the selection of national candidates, and although through the subdivision of the electoral processes primaries can be formally seen as a different affair from provincial “back rooms” lists, in fact they are also decided by the same political elite.

A third point refers to *financing*. According to the former electoral law, parties’ financial resources had a mixed origin: the State financed their institutional duties and campaigns, allowing private financing⁷. Private incomes were pretty unregulated, allowing parties to hide their financial records, which “were left to God’s good hand”. Apart from huge inequalities between candidates and parties related to the money they could assign to financing (which was observed in the legislative elections of 2009 when the party of De Narváez spent much more money than the other parties⁸, winning the election in Buenos Aires); big private financing scandals appeared in the last general elections. Two famous cases were “the Valijagate of Antonini Wilson” and the “Efedrina case”.

Now, since the enactment of the electoral reform, financial contributions by legal persons are forbidden; only physical but not ideal persons are allowed to contribute. As well, private contracting of spots in television and radio is also banned; for the first time, the distribution of audiovisual spaces in radio and TV that were to be used by political parties exclusively depended on the State⁹. These important new

⁷ The same mixed system was applied to the contract of audiovisual spaces (Medina, 2009, p.17)

⁸ In those elections, parties led by De Narváez and Kirchner spent together 12 million Argentinian pesos. The third party that followed them in expenditures was the “*Coalición Cívica*”, spending only 700,000 pesos (Astarita, 2009)

⁹ Now the State itself has the responsibility of delivering TV and radio spots to every competing party. Meeting the requirements of article 43 sexies, the State has to distribute the spots providing that each party receives a 50% of all the available spots in proportion to the number of votes obtained in the last general election for national deputies, and another 50% equally among all political parties presenting candidates. Communication services are legally required to provide 10% of their time for electoral campaign needs.

regulations aim at reducing the existing asymmetries among parties with different financial means and linkages with powerful economic actors. In fact, audiovisual advertising used to correspond to about 80% (Abal Medina: 2009) of the total spending of political parties in their campaigns, meaning that those wealthier parties could make better and more expensive campaigns, while smaller parties could barely compete with them. This was an unfair condition that could not ensure an equitable competition. Besides, “the media” used to have differential prices depending on the party. This will now be avoided with the State as their only client.

Considering the new legislation as a whole, we observe how its different aspects go together: the reduction in the number of parties and the construction of more solid and structured organizations lead to a stronger capacity of financial control and accountability. However, we are not naïvely stating that institutional reinforcing would be automatic and would inexorably follow the pretended path. It is obvious that much of the amendments have the more urgent objective of strengthening electoral offer.

Finally, a fourth aspect of the reform is linked to the *modernization of the National Electoral Code*. Electoral rolls in Argentina had two harmful characteristics for democracy and equality: they were not totally updated and “cleaned” and women and men were registered in separate electoral rolls. The first aspect has sometimes helped to endorse fraud accusations, for sometimes even dead people voted.

Some other aspects of the electoral code were just out of date. The reform pleads for the update of all electoral rolls, adapts the communicational needs to the Internet and draws up common electoral rolls aiming at gender equality, which undoubtedly improves the quality of democracy.

The four axes presented comprise the most important aspects of the new legislation while they also refer to the declarations reformers made to back up the amendments. Of course, there is not an exact correlation between the problems identified by the advocates of the reform and the means defined in order to solve them. Besides, unintended consequences and their interaction with informal institutions should be taken in consideration. As Astarita (2009) clearly summarizes: “*the actors to whom new dispositions fall on, do not respond automatically to*

them, but instead, as time goes by, they design innovative practices capable of turning new regulations null". This would be an enterprise for the next sections.

Table No. 1 - Summary of the Four Main Axes of the Reform.

Topic	Diagnosis	Amendment	Pretended effects
Formation and consolidation of political parties	Fragmented, denationalized and inchoate party system	1.5 % of the national or local vote compulsory in primaries to be able to contend in general elections. 2% of the national vote in two consecutive elections	To order the electoral offer and to strengthen traditional big parties
Candidate Selection Procedures	Crisis of political parties and political representation	Open, simultaneous and compulsory Primaries	To democratize parties
Financing	Asymmetries and inequalities in access to financing and media	State regulation and distribution of parties access to media	More transparency and equality in political competition
Modernization of the National Electoral Code	Not updated registers, long and inefficient electoral processes	Digitalization and unification of electorate registers	More transparency in political competition

Source: own elaboration, based on the wording of Law 26.571.

3. The Road to the Political Reform: Long Journey and Shortcuts

Political reforms¹⁰ seem to be a means that consolidated democracies have in order to formulate institutional changes according to new political contexts and citizens' demands. However, in Latin America the story is pretty different. Our region has been widely judged as unstable and characterized by recurrent constitutional changes. Besides, such unsteadiness implied that new rules of political competition were defined each time power balances changed. At least, as Alexander (2001) states, this has been the trend since the emergence of the subcontinent countries.

¹⁰ We will refer to 'political' reform when considering consequences and implications of the reform on wide and general aspects of the political system. Then, we will talk about 'electoral' reform when we refer to its technical and formal aspects and legal consequences.

Last (re)democratization processes and the construction of new political regimes have followed this tendency. But the South Cone has started the 21st century with good news: a reality more similar to the one observed in European old democracies emerged. In the rest of the world from the early 1990s onward, occasional modifications to the electoral law have occurred including minor adjustments or more radical reforms like in the U.K., New Zealand (1993), Israel (1992), Italy (1993) and Japan (1994). Nowadays in our subcontinent national constitutions from (at least) the last decade in essence persist, but singular amendments and reforms in ordinary legislation became frequent (as in Uruguay, Argentina and recent debates in Chile). It is precisely in the context of this trend, that we consider the study of the last political reform in Argentina a fundamental issue. We assume that such a reform is closely linked to democratic stabilization and consolidation¹¹. As North states, institutional changes in consolidated political systems are usually incremental.

To study and understand institutional changes is not an easy purpose; in fact, it is a task that till now the new institutionalism could not completely apprehend. Among the different approaches disagreements arise and unsolved questions in its research agenda still remain. Rational choice approaches have developed good explanations about institutional origins and transformations, through distributive and cooperative perspectives; but they are excessively focused in actors, being functionalist and instrumentalist¹² (Pierson, 2003, Hall & Taylor, 1996). On the one hand, these studies are focused on short-term processes and do not pay attention to interactive effects among multiple institutions and between those institutions and the context in which they are immersed. On the other hand, historical approaches help us understand processes of maintenance and reproduction of institutions,

¹¹ As Escobar defines it, *a political reform is a legislative process in which rules of political competition are transformed, but there are no alterations to the current political regime* (Escobar: 2009, p.31).

¹² In their micro foundations and will of weighting predictive power of their models, they have a simplistic image of human motivation and they are accused of being excessively intentional, assuming the process of institutional creation is purposeful and is under the actors' control, who perceive and act consequently with the pretended effects (Hall & Taylor, 1996, p. 952)

although they do not have iron explanations of their origins, which are seen as contingent events. They focus on long-term processes, critical conjunctures and historical sequences, emphasizing structures and overextending causal chains.

Having briefly presented advantages and limits of the two most important perspectives from which political science deals with institutional issues, this paper aims at complementing those approaches as once Hall & Taylor (1996) proposed in order to have a more comprehensive understanding of our topic of study. In this section we will present an analysis of the reform from the perspective of a two-level theory which includes the advantages of precedent approaches. We will consider not only distributive but also cooperative principles linked to the reform process, and at the same time we will analyze the diverse aspects involved in this new legislation from a historical perspective.

A first level is related to particular preferences and interests of the actors implicated; the second one covers the menu of alternatives, the available options from which actors choose. In this last level we find efficiency principles but also the long-term processes and patterns that shape them¹³.

From a general sight, a strategic approach would consider short-term causes about the distribution of resources and interests of the different political actors (distributive perspective). This perspective would argue that the political reform of 2009 was just a consequence of the political aspirations of former president Néstor Kirchner who might have aimed at facilitating his victory through shortening time for agreements and alliances among parties before the elections, while hindering the reorganization of the opposition¹⁴. He would also have desired the recovering of the party structure (resources all across the country, legitimacy of all local leaders and the clientelistic linkages;

¹³ The path dependence hypothesis in electoral choice states that general institutional change is not often, because of informational and learning costs. From this perspective, institutional changes are mostly incremental (Negretto, 2006, p.425).

¹⁴ This argument is sustained by the fact that after the electoral reform parties and coalitions of parties must present their list of candidates fifty days before primaries, bringing forward the official presentation of general candidatures in comparison to past dates.

known as the “*aparato*”) of the *Justicialista* Party (PJ) or *Peronista* Party. But this analysis would be biased, as we mention, because of disallowing part of the reality.

As Marcelo Escolar (2009, pp.32-33) argues, political or electoral reforms are eminently political processes. Namely, they are always a result of the majority configuration of partisan interests, thus the last reform obviously responded to structural needs and expectations of the governing majority. The objective was to reduce the political offer, facilitate electoral victory and put the PJ under definitive and legitimate control of Néstor Kirchner changing the course of fate: in the last general elections in 2007, the PJ was fragmented and strongly divided. Figures in dispute for the leadership of the party presented their own lists of candidates. That is why reformers thought that the introduction of primary elections could be a way to avoid external conflict in general elections. Open primaries would favor the ruling party to count on the electoral support of citizens and not only on party members’ vote.

Of course, high participation thresholds that pretend to exclude small parties have been the outcomes of the distributive dispute held between political actors. These outcomes clearly favor the governing party, benefited by a wide electoral support and a fragmented and disorganized opposition and party system¹⁵.

Nonetheless, the aforementioned perspective would be incapable of explaining the amendments introduced in party financing issues. Discursively, this latter point plus the system of Open, Simultaneous and Compulsory Primaries were presented as an efficiency principle. According to it, all the actors were disposed to collaborate in order to improve the quality of democracy and to widen citizenship participation aiming at a higher social valorization of politics.

But principles of efficiency and a cooperative perspective must be complemented with the tracking of historical processes that have served as foundations for these modifications.

¹⁵ Reinforcing distributive principles can be seen as a product of the interpretation the government did of its last electoral defeat in 2009. According to Tonelli (2009), it was read as a consequence of *audiovisual media concentration, disorganization in social assistance, political fragmentation and media candidatures*.

A main and long-standing precedent to the political reform of December 2009 has been the so-called crisis of 2001¹⁶ which let show an undermined perception of political parties. This crisis evidenced the transformations that were happening in the representative linkage of the political system and the loss of the traditional leading role that political parties had had in structuring political identities; a tendency that has been afflicting the international context since the two preceding decades (Manin, 1998). This context resulted in the opening of a process of a series of discussions between political elites (strongly propelled during Duhalde's presidency¹⁷) also involving civil society, which can only be traced as a long-term process. In order to understand the complex institutional amendment of 2009, it is necessary to consider the mutation in the linkage between representatives and represented.

Moreover, the bases for political financing modification can be traced back to the '90s, a decade in which political corruption, excessive electoral expenditures and dubious origins of campaign financing were a common place.

Taking into account the preceding lines, the advantages of complementation can be easily observed. Inclusiveness and restrictiveness of the rules of political game cannot be approached just from a strategic perspective providing that a wider participation in the electoral processes and enhancement of the quality of democracy are efficiency issues. Furthermore, those are important historical demands that have been considered for the design of the political reform of 2009. Hence, in order to understand the precedents for the reform, long- and short-term causes are essential.

For both rational choice and historical institutionalism political parties are fundamental institutions, but for the first one they are just preference adding organizations, while for the second perspective programmatic and ideological aspects are defining issues. From our point

¹⁶ See Tonelli, L. (2009) in "*Conferencia sobre Reforma Política*", published by the National Electoral Department.

¹⁷ At the beginning of 2002 during the government of president Duhalde, discussions between political parties, Catholic Church and civil society organizations were held in order to introduce a political reform. A project was officially presented and discussed in Congress, but it did not succeed. Its core proposal was the implementation of primary elections for candidate selection.

of view, the role of political parties implies both characterizations¹⁸.

To conclude with this section we want to highlight the significance of thinking institutional changes through theories that consider not only endogenous (political actors, and distributive and cooperative perspectives) but also exogenous factors (national and international junctures, and historical processes). We agree with Shvetsova (2003) when saying that institutions are created in a context by which they are inexorably affected¹⁹(those effects depending on the interaction between institutions and context), but what we add is the need to go beyond the immediate context paying attention to historical roots and long-term processes as political parties, party systems and presidential traditions.

In Argentina a long journey started with the beginning of the 21st century when the political and socioeconomic crisis of 2001 put on stage the existence of an unprecedented crisis of representation and questions about the quality of our democracy emerged. The shortcuts were taken by the governing party who could finally reform the rules defining political competition. Of course, negotiations over some of the multiple amendments seemed not to reach a consensus, one of the most important issues being the inclusion of the Australian ballot. The question that we now pose is whether this institutional reform could represent a new trend in the region for changes in ordinary legislation aimed at improving our democracies which are not unstable or fragile any more.

4 New Elections Under New Rules. What Happened in 2011?

This section pretends to shed some light on the evidence that emerged from the first round of elections held under the new legislation.

¹⁸ Political parties are central to understand preferences: they add preferences and structure political change and, as Mainwaring and Scully state, they shape the political system, even if they are not well institutionalized (Mainwaring & Scully, 1995 p.3). Moreover, it is nodal to mention that according to Kitschelt et al. (2010) parties and party systems in Latin America are not programmatically structured, but this characterization demands a deeper analysis from a historical approach which implies a long-term process. This analysis will not be done herein.

¹⁹ For Shvetsova (2003), institutions are endogenous but their effects are always structurally exogenous to decisions because information is incomplete.

We consider that political actors and political parties are much more than only the recipients of the new normative dispositions. Therefore, we do not expect parties to automatically react according to the new rules, as reality implies the design and development of innovative practices capable of bypassing the new restrictions. Thus, just by observing the first primary elections held under the new legislation it is still impossible to determine any of the effects of the reform regarding the realignment of the electoral offer. In order to evaluate this, time is a necessary condition. As time goes by, rules will be internalized and strategic practices will be set aiming at avoiding any disadvantageous milieu. Only then, more insightful assessments could be made.

Consequently, although definite shifts on the electoral offer cannot be traced yet, we can certainly consider some of the first empirical consequences of other axes of the reform that have already been displayed shaping the electoral process of 2011. Among them, we can refer to the regulation of campaign finance and political broadcasting. This important aspect aimed at promoting a fairer electoral competition is one of the features regulated by the new law that has already shown some of its effects, benefits and limits.

In line with the general trend of the reform intended for a deeper involvement of the State in guaranteeing even opportunities for every political party in the context of an electoral contest, campaign financing and media access regulations have been a central issue.

According to the new legal dispositions for the primary and general elections of 2011, political parties were unable to contract private investment in radio and TV advertising (a mechanism that we have already explained). Though more egalitarian, the novel regulation on campaign financing presents a setback: it cannot avoid what we call undercover advertising. Only the governing party can take advantage of the State television channel producing masked advertising during the campaign, broadcasting public works or even somehow initiating political campaigns earlier than the other opposition parties. As we already said, the impact that the aforementioned disposition has had on the electoral process can already be observed.

On the other hand, as an example of its benefits, we can mention the case of one of the left wing party (Workers' Party), which (forced by the legal incentives for reducing the number of small parties, joined

other leftist factions becoming more powerful) could have radio and TV airtime for the first time. This small detail, plus the grouping incentives, resulted in an extraordinary and unprecedented performance of this very leftist party in the primary elections (which in the general elections of 2007 had had the worst performance ever).

Contrary to the current mainstream in the U.S.²⁰, where in early 2010 the Supreme Court ruled in “Citizens United v. Federal Election Commission”²¹ that corporate funding of independent political broadcasts in candidate elections cannot be limited pursuant to the right of these entities to free speech, in Argentina, in line with many other countries of Latin America, such as Mexico, the trend is just the opposite: limiting the influence of the private sector on politics.

Another innovation introduced by the reform that has shown up for the first time this last primary elections, refers to the amendment of the National Electoral Code, Law No. 19.945: the unification of the electoral roll and polling stations. Traditionally, they used to be divided by gender, but now men and women figure in a unified electoral roll and they do not vote in separate polling stations. The first elections let see it has been a positive innovation for the electoral process, making rolls more transparent and equal, depending on the Judicial Power (instead of on the executive). However, such innovation can be seen by citizens as a mere irrelevant administrative aspect.

Important arguments for the need of an electoral reform were based on the awareness that parties had become unproductive and vaguely representative. Therefore, the introduction of amendments aimed at reducing the number of political parties and at hindering the creation and maintenance of party organizations was a main purpose. Supposedly, if citizens had a larger intervention in the process of candidate selection, candidates would have greater social legitimacy (Medina, 2010) and would be more representative. Besides, parties would

²⁰ The U.S. is the only other country in the world where primary elections are regulated – as in Argentina- by the State.

²¹ The U.S. Supreme Court ruled that the McCain-Feingold Act of 2002, the U.S. federal law that regulates the financing of political campaigns, was in violation of corporations’ and unions’ First Amendment rights. Under the January 2010 ruling, corporations and unions are no longer barred from promoting the election of one candidate over another candidate.

become internally more democratic.

But does an electoral reform produce the effects that would be expected on the basis of those features of the system that are modified? Not exactly. Political practice would probably prevent the formal and desired changes to be a fact, something that the introduction of primary elections let us observe.

Formal electoral rules shape the strategic behavior of political actors, but this is not a simple one-directional causal arrow from the rules to party competition. Instead, an interactive process seems more plausible. In order to exemplify this, here we outline one of the main features of the electoral reform: the Open, Simultaneous and Compulsory Primaries (PASO - for its acronym in Spanish). Again, the advantage in analyzing this aspect of the reform is that this innovation has already been displayed.

As in the U.S. since the early 20th century and in Uruguay since the constitutional reform of 1996, this 14th of August 2011 Argentina implemented for the first time a system in which the nomination of candidates is no longer the responsibility of the political party organizations themselves. A system of primary elections is now being conducted by the government on behalf of the parties.

In this initial primary election, citizens all across the country had to choose the presidential and national deputies' pre-candidates of each party that would compete in the general election. Also, but only in those districts (Provinces) that were supposed to renew their national senators, pre-candidates for this category were elected.

According to the presidential category, citizenry could choose among 10 presidential pre-candidates among which the main contenders were: the current president Cristina F. de Kirchner (*Frente para la Victoria*), Ricardo Alfonsín (*Unión para el Desarrollo Social*), Hermes Binner (*Frente Amplio Progresista*), and Eduardo Duhalde (*Frente Popular*)²². The fact is that all these candidates were proclaimed as pre-candidates by a process that the primaries tried to impede: negotiations among the main political

²² The other candidates were: Elisa Carrió (Coalición Cívica ARI), Adolfo Rodríguez Saá (Compromiso Federal), Jorge Altamira (Frente de Izquierda y de los Trabajadores), Alcira Argumedo (Proyecto Sur), Sergio Pastore (Movimiento de Acción Vecinal), and José Bonacci (Del Campo Popular).

figures of each party. Therefore, none of the main parties presented more than one candidate for president/vice-president and mostly of the other seats in contention; and citizens just confirmed their support for unique couples of candidates and lists already decided by party leaders in back rooms.

Given that this is the case, what was the purpose of this Primary? The answer to this question resides in all the categories other than “president”, for which some parties had more than one candidate or list (either deputies or senators); but paradoxically internal competition was a fact not in national charges (the ones which were object of the new legislation) otherwise only for local charges, a level not covered by the national legislation. Anyhow, it is obvious enough that political practice within parties for the definition of presidential pre-candidates hindered formal rules.

The main objective of these primaries was to set the stage for a clearer situation for the general election. But what do we mean by a clearer situation? The reduction of the spectrum of candidates available is a possible answer. In fact, that objective was partially achieved: two out of the ten presidential candidates could not reach the threshold (a minimum of 1.5 % of all the valid votes in the whole country) necessary to compete in the general elections. Then, considering only the presidential category, we can assume these first primary elections were something like a first round of the general elections or just a mechanism aimed at measuring how preferences were distributed among the electorate as a source for parties to reconsider their strategies. So, if in the general election a second round was needed, we would have had a sort of three-round election which is not the same as having real primaries and general elections (with or without runoff) afterwards.

It is also interesting just to observe the quantity of presidential candidates that competed in each of the last five elections (Table No. 2). It is easy to see the constraining effect of the system of primary elections: in 2011 the number of competing candidates for the general elections is even smaller than in the elections before 2001. In 2001, when the huge political and economic crises arose, the party system exploded. An expression of that situation was observed in the presidential elections of 2003 when 18 formulas ran for the presidency. Although in 2007 that tendency began to revert, the introduction of

primaries intentionally accelerated that trend.

Table No. 2: Number of Presidential Candidates for each General Election.

Election	Number of candidates
1995	14
1999	10
2003	18
2007	14
2011	8

* Number of presidential candidates able to compete in the general election.

Source: own elaboration based on data from the Ministry of Interior. Source:

As far as Argentina is a federal country (determined by the existence of three levels of government and electoral competition), in which provinces have considerable political autonomy, provinces could choose whether to simultaneously adopt a system of primaries for the election of sub-national pre-candidates. In order to do so, their agreement to the national law was required. Accordingly, only four provinces out of 24 concurrently enacted the national system of primaries: Entre Ríos, San Juan, San Luis and Buenos Aires²³. Not surprisingly, real political competition in primary elections was defined at the sub-national level. Authentic competition within parties happened for the categories of mayors and provincial legislators in those provinces that enacted the law for primaries. Therefore, internal competition occurred more clearly right where the law makes it optional for provinces to enact the law.

In the rest of the districts (provinces), internal competition within parties took place (when it did) for the category of national deputies, although the final composition of the party's general-election list was defined by each party according to its statute or by-law. That is: each

²³ On May 22nd of 2011 the province of Santa Fe applied its own system of Open, Simultaneous and Compulsory Primaries. In 2004, the provincial congress passed the Law 12.367. Innovation in this province results also in the implementation in 2011 of the Australian ballot for every provincial category (Law 13.156).

statute establishes a particular system of proportional distribution to determine the number of candidates of each primary list that will integrate the general-election list. So it depends on every party, which puts the primary lists together. In fact, citizens did not directly participate in the confection of the lists.

In his seminal work, Duverger (1954) stated that electoral rules shape competition between political parties. And one important assumption of his famous laws is that electoral systems' influence goes no further than the district level boundaries.

In line with this, we consider that although the reform has been consciously designed to reduce the chances for the existence of minor parties, this objective does not consider the sub-national party systems which cannot be affected by those measures in the law intended for a reduction in the number of competing parties, among which primary elections are. On the one hand, electoral rules affect the number and size of parties competing in elections (Cox, 1997, Duverger, 1954, Lijphart, 1994, Rae, 1967, Sartori, 1976). On the other hand, political parties seek those rules that best suit them (Boix, 1999, Calvo, 2005, Colomer, 2004).

Recently, several studies have shown the growing territorialization of party competition in Argentina (Calvo & Escolar, 2005, Leiras, 2007, Gibson and Suárez Cao, 2010). Some authors suggested that competition patterns at all levels are likely to be similar and consequently the party system is structured as the dominant (national) one (Ratto & Medina, 2010).

In fact, in the Argentinean party system it is not the dominance of national logic that imposes its logic on sub-national levels. It is the sub-national dynamics that allows or denies the national influence over the sub-national party systems.

5 An Institutional Reform to Consolidate Democracy?

As different authors affirm (Tomassi et al.: 2006; Abal Medina, 2009), partisan competition exert its influence over the quality and stability of public policies. Hence, the existence of lots of small different parties may hamper the legislative process as well as the tailoring of consensual policies. In addition, identification of responsibilities and

accountability processes may also be hindered.

This argument is part of the debate about democratic regimes and is coincident with the academics that stand for government efficiency, as Sartori (1994), and strictly believe in political alternation. There is no reason to say alternation is not an important issue in the current debate about the quality of representative democracies, but there is a new trend in some countries of South America. This novel tendency refers to the development of new legislation in which what is at stake is the capacity of governments to actually govern, produce public policies and avoid the long-time criticized presidential paralysis. Since Linz's seminal paper on the critics to presidentialism (1990), situations of divided majorities have been a principal fear.

At least in the political reform that we have thoroughly presented, alternation does not seem to be a main concern of the political actors that have been responsible for its drafting (it is worthy to say that there was a lot of alternation during military dictatorships in the country). On the contrary, their principal preoccupation has been related to guaranteeing governability aiming at producing stronger governments in case they constitute the ruling party.

Issues regarding quality of democracy have been addressed by politicians and the objective to internally democratize parties has been a first step in this direction. Primary elections have clearly been a turning point. However, with the analysis already made we tried to point out that the requirements and formal regulations are not enough in order to generate real changes in political behavior.

But one of the main positive questions that arise with the electoral reform is that our democracy is witnessing a pattern of consolidation in which the issues that define political contestation are in the centre of attention. We are focusing on those important institutional matters that can improve the quality of our democratic system. And the way in which our political system deals with them is, precisely, by modifying electoral institutions that determine political competition among political parties and doing it in an incremental way. Among the amendments that were not introduced in the reform there was the ballot structure. Opposition parties wanted the Australian ballot to be part of the new law but no consent could be achieved in order to introduce this modification on the ballot. It is a really controversial matter as the power

of party labels and ‘*aparatos*’ are called into question. At the same time, advocates of the Australian ballot consider that ‘clientelistic’ and other common practices as voting control and ballot robbery could be avoided. Anyway, it is still a pending issue about which many arguments for and against can be heard. In fact, one of the core expectations in rational choice institutionalism is that the ballot structure would affect the emphasis on programmatic or particularistic campaigning. This expectation is also among the main arguments of the ruling party against such an innovation in the ballot structure.

In a nutshell, we presented debates about the complexity of institutional reforms, reinforcing their non-linear condition. Moreover, we made clear the limits of restricted approaches to institutional amendments and presented the two-level theory. Consequently, complementation seems to be the starting point to a better understanding of institutional transformations that could luckily constitute not only a new trend but a general rule in the region. Comparative studies of these kinds of amendments in the region are a necessary research agenda we tried to open with this paper.

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PROMOTING SCARCITY OR COURTING ABUNDANCE? UNDERSTANDING THE RESILIENCY OF MACHINES IN URBAN GOVERNANCE

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Abstract: One of the persisting characteristics of a financial crisis is the lack of resources for competing users, uses and interests. In the political sphere, a financial crisis may cause a squeeze on the capacity of political parties to practice clientelism but will also provide opportunities for political parties to take advantage of the increasing destitution to further political interests. Grounding the arguments on two persuasive literatures - Erie's *Rainbow's End* (1987) and Chubb's *Patronage, Power, and Poverty in Southern Italy* (1982) – this paper attempts to answer the question as to what is the most appropriate political behaviour of machines when confronted by resource insufficiency and massive voter demand. The paper argues that if local control rests on the hands of political machines at a state of monopoly, and the electorate is characterized by extreme poverty and voiceless existence, managing scarcity will perpetuate the machine naturally. On the other hand, if the control of local politics is on a stiff competition, while society is fragmented as to socio-economic condition where some can afford better living while others can't, then the machine that has the most resource and is able to capture a significant support base will likely fare better and exist longer than others.

Keywords: Financial crisis. Clientelism. Votebuying. Urban governance.

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Introduction

Some countries in the world may have buried machine politics and the predominant role of bosses in defining local governance as matters of nostalgia (Stone, 1996). But undoubtedly, this is not necessarily the case in developing countries which seem to be poor reflections of the colourful past of advanced democracies. Machine politics and bosses still thrive in these environments where there is widespread insecurity and poverty and where on the hands of politicians, rather than the state, rests the relative power and means to appease these conditions (Hedman and Sidel, 2000).

What happens to machine politics and bosses in a period of increasing scarcity, where financial crisis affects the availability of resources to serve competing users, uses, and interests? While this essay may be construed as an exercise in retrospection, it serves the purpose of understanding the persistence of machines in local governance in present-day fledgling democracies characterized by increasing financial insecurity, by looking into one aspect of machine dynamics – the rules of supply and demand in local politics. Grounding the discussion on two persuasive literatures – Erie's *Rainbow's End* (1987) and Chubb's *Patronage, Power, and Poverty in Southern Italy* (1982) – this paper attempts to answer the question as to what is the most appropriate political behaviour of machines when confronted by resource insufficiency and massive voter demand.

In answering the question, the paper briefly outlines Erie's theory of balance between claimants and resources (Section 1) as well as Chubb's theory on the power of scarcity manipulation (Section 2). In the succeeding section (Section 3), the paper provides an attempt at analyzing the merits and limitations, points of differences and convergence between the two theories presented. As a matter of conclusion, the paper presents answer to the primary question by arguing that despite the similarities and differences in conceptualization, there is a prevalent characteristic that underlines both explanations – that these are context theories that explain the development of machines in a continuum or progression. Accordingly, the appropriate behaviour depends on the phase to which the structure of local power and the corresponding condition of the electorate belongs.

Section 1. Erie's Balancing Act

Erie's theory is anchored on the statement that "The secret of the machine longevity, then, was bringing electoral demand into balance with resource supply" (Erie, 1988, p. 10). He argued that the nature of local politics and the dominance of machines in election results require that the demand of electorate, not necessarily the whole but a substantial portion of it, must be met and taken cared of at all times. Failure to do so will tip the balance of the equation leading to the machine's downfall.

Drawing his generalizations in the analyses of big machines in Irish-American cities between 1840–1985, he proposes that what local machines were successful of was to increase the resource base on one hand, to be able to meet the increasing demand for patronage, and deflate voter demand on the other, to compensate for resource insufficiencies.

This requires from machines a handful of things. First, it requires that the machine is aware of the nature and propensity of demand, not only in terms of current but also of future terms, in order to gauge the magnitude of supply required. Second, it requires that the machine knows well the limitations of its supply base as well as the prospects of expansion. Third, it must be able to determine the appropriate mix of resource enhancement and voter deflation strategies that will not compromise current political gains with long-term machine sustainability.

The case presented by Erie suggests certain types of resource enhancement strategies as tax increases, increases in public debt, annexation and incorporation, reliance on private sector patronage, and alliances with county, state and federal bosses to capture additional public sector patronage (his theory of intergovernmental alliance). But in this case, resource creation is conventional wisdom, since any sane person who would enter politics will know that resources are necessary and that with the growing demographic trend, one has to prepare more.

What is novel about Erie's theory is the concept of voter demand deflation. It moved away from the traditional notion of indiscriminate inclusion and extensive mobilization in order to "enlarge the electoral universe and pre-empt (their) opponents by reducing the pool of voters available for counter mobilization" (*ibid.*, p. 217). He justifies this by

positing costs reasons (doing so would drain the machine of its resources) and the dangers of patronage and power reallocation (shifting allocation from the Irish to the non-Irish). Several forms were used in this respect but the primary of which were repression and corruption.

How does Erie understand this exclusionary procedure? First, he argued that the procedures of incorporation were highly exclusive – as soon as the machine reached its point of stability, it stopped mobilizing the electorate and warded off new joiners, thereby concentrating on its traditional power base. Second, the machine made a glaring distinction between the new and the old and put an economic premium into the distinction by over-rewarding previously incorporated groups and under-rewarding newly incorporated ones.

This conceptualization however, while novel, is not surprising. The theory, which leans more on the supply side of the equation as evidenced by the statement “to bring the electoral demand, into balance with resource supply”, alludes to the concept of the infiniteness of electoral demand and the boundaries of resource supply. Hence, because the supply is scarce, it is but a logical proposition to curb the abundant demand in order for the machine to cope up and survive.

Within this frame of analysis, Erie did not discount the importance of the manner of distribution when resources are pooled and when target demand has already been defined. He argued that the Irish-American machines worked on the concept of “different strokes for different folks”, segregating the electorate to classes and their particular interests. For example, the machines appropriated costly patronage and welfare services to poor inner city wards while offering efficient low cost homeowner services to outlying middle class homeowners.

Part of the whole process, is the skilful management of externalities that has effects on both the supply of patronage and the demand for it. The resilience of machines first is exemplified by its never-ending search for patronage sources, as the bundle decreases due to externalities, and as opportunities for creation becomes evident. Secondly, this resilience is also evident by the intentional exclusionary procedures that machines undertake in order not to enlarge the mass of people to whom it shall make itself accountable in the midst of an inevitable increasing trend.

Section 2. Chubb's Rules of Exploiting Scarcity

Chubb's theory of machine success, in response to the question of demand and supply, is comprehensively captured by the statement that "the power of the party rests on the manipulation of scarcity, on maintaining large numbers of people in competition for scarce resources" (Chubb, 1982, p. 215).

Chubb's proposition is situated in a particular context, where there is amass poverty and insecurity and the only way to salvation is a government that should have responded sensitively to the needs of the people. In the context of Palermo in Italy, the government did, but in an entirely different way, a clientelistic way that did not only dispense actual material favours but also, ironically, hope.

Chubb's proposition does not indicate the neglect of the supply side of the equation. As a matter of fact, she laboriously expounded on it. However, the process of the party's wealth creation in the context of the research locale was highly dependent on regional spending, government funds, and nothing else. While Erie mentioned increased taxation for purposes of revenue maximization, such can not be made an option in Palermo where the majority of people were poor and where even the business community, a primary source of tax revenue could not even be relied upon since it was highly subsidized, and where the white collar employees, a source of tax-deducted-at-source, represented a huge powerful negotiating block that would be very sensitive to these types of deductions in gross pay.

The forms of patronage in Palermo did not differ significantly from Erie's account. The primary support mechanism is related to the provision of jobs, by manipulating the public payroll and by the dispensation of hopes of job acceptance through recommendations. In the case of the business community, there was a very high degree of public intervention in the form of direct public spending (incentives, subsidies, contracts and special industrial salvage programs), credit assistance (both from private and public banks), and the exercise of discretion in the implementation of the regulatory powers of government (e.g., licensing). As such, "the different strokes for different folks" argument mentioned earlier, also holds true in Chubb's proposition where the machine sliced the electorate into chunks of homogenous needs.

The critical element, however, of Chubb's analysis which also made it significantly different from Erie's account is the trade of future goods in the political exchange - the element of hope that she repetitively referred to in her book. In which case, there is a trade of actual versus future goods. However, this paper argues that both the supply and the demand side are trading on hope in specific and particular instances. For example, the moment the patron signs a recommendation, it is a promise in itself, and thus a future element. Conversely, the moment the client receives it, he undertakes the promise to vote, thus, another future commodity. However, it will be different if what is traded is a recommendation for a vote on election day and the recommendation is given only upon the sight of an affirmatively-filled ballot.

This analysis, however, is not peculiar. In moments of supply scarcity, it is customary for sellers and buyers to trade future goods (like in the case when two persons pay to reserve an out-of-stock item in an antique shop). What is peculiar is the proposition that one does not have to do so much about supply (like the antique shop owner searching for the reserved item), but to maintain the scarcity (make the item always unavailable) to ensure that the supply is most sought assuming demand is increasing (more people request for the item) or is held constant (the same persons come back to follow up on the request).

How then does Chubb operationalize this theory in the context of local politics?

Chubb proposes that there is a great incentive to maintain the poverty and insecurity that characterized an area while the machine retains political control in alleviating it. So long as there is poverty, and so long as the machine holds the key to all resource opportunities available, the machine will always succeed. This proposition is very volatile and vulnerable and requires a handful of things.

First, it requires that development is kept beyond the gates. It means warding off all opportunities that will give people a certain degree of economic power, because surely it will have large implications on political ones. The reason why Chubb argued that it is economic development, and not economic crisis that presents the greater threat to a machine, is the recognition that it offers alternative sources of economic goods that may not anymore be controlled by the machine and may therefore compete with its power to accommodate the demand.

Second, it requires the continued hegemony of the government (and therefore the machine, assuming situations of majority control) in the provision of alternatives to the poor. The cooption of business sector, the control of non-profit institutions, the subjugation of labour unions and even the misapplication of development funds are necessary in order to recreate every day the same poverty that fuels the scarcity that assures the machine's immortality.

Finally, while ensuring that poverty and insecurity persist, the machine should be able to raise the banner of hope and the promise of the future that one only attains by a sustained loyalty to the machine. Thus, stories of inspiration, of ascending up the ladder, of entrepreneurial success that owes largely to the possibilities that the machine can offer, should float in the minds of people so that while scarcity is in the air, the much-desired abundance does not seem to be so far. Conversely, stories of failure because of disloyalty should also be spoken of in the streets so that the reliance on the politics of hope will become more convincingly real.

Section 3. Points in Conversation

It can be said that both Chubb's and Erie's account focused more on the economic favours that the machine can logically, or illogically allocate to clients - patronage, services, contracts, franchises, tax freezes, jobs, garbage collection, homeowner services - and how these can be sourced. Both exclude in the discussion the allocation of power as a form of patronage that may also be ably distributed to generate significant results if dispensed and managed at their appropriate levels.

In this context, it can be said that both theories propose that more than anything else, a machine's birth and survival rely heavily on the economic resources it can dispense to be able to get the monopoly of the political power that it seeks to establish. This, among others, reflects the electoral exercise as a cycle of economic-gain-for-political-power exchange. The voters get favoured economically, while the boss got favoured politically. However, this is entirely not so. With every dispensation of economic favour, a political power is added to the demand side, thereby increasing its potency to bargain and to demand

for more. Also, with every vote that a client gives, it is with the client's awareness of the patron's economic gain in it and the latter's increased power to gather the resource.

Thus, the demand and supply side can not be simply understood as an expression of economic needs and favours. Had this been so, voters may not have the power to demand other types of goods and the machines may not have to give in. In Italy for example, the bargaining power of the white collar middle class causing fear to the leaders, and even resulting in the passage of a bill that it previously rejected, is an indication that indeed, what were dispensed as jobs are not mere jobs in themselves but also a fraction of the power that the ruler holds. In U.S. cities, the fact that machines shift the response to the client's demand speaks of the power that the latter is able to wield.

It is important to note here, that in the context of this demand and supply analysis, Chubb's proposition comes from the same ground as Erie's – that the supply is finite while demand is entirely the opposite. While Erie suggested on expanding demand and restricting supply, the components of the equation, Chubb's prescription is not on these but on the context at which the equation is held to operate.

The demand and supply law of economics only applies to the assumed situations of scarcity (which undoubtedly characterizes the world) that when needs are unlimited and there are boundaries in supply, one has to manipulate either the demand or the supply in order to achieve optimal results. Thus, the scarcity, in this case, is a given, in the context of the equation, without which the equation is meaningless. It may be tempting to conclude that Chubb's prescription is on the demand side, by holding it as constant (as suggested in Erie's argument), but this paper would argue that it is not so. The scarcity is the reason of the equation, and Chubb's argument focused on this. In her theory, one does not have to manipulate the equation, but rather to make its underlying assumption hold true at all times.

Erie on the other hand treats scarcity as a given that one can not do anything about, hence his preoccupation with manipulating the two elements of the equation. This is maybe conditioned by the assumption that abundance is never possible, but if it is, it will always be relative and time-bound. However, the differences in generalization are more on the point of reference, the context of the argument rather than the

belief of an economic assumption of finite resource, which, after all, is general knowledge.

Palermo's scarcity was so overwhelming, that its influence on conceptualization is persuasive. On the other hand, the U.S. cities may have not been in the same condition in its recent history, that's the reason why the theory can not support the construct. But what if Erie's study is situated in the same scarcity situation as Palermo, at a point in the U.S. history that mirrors exactly the same condition? It is very likely that a different generalization may have been arrived at, and may even liken Chubb's conclusion. Conversely, Chubb's interpretation is grounded on the seemingly unlimited control of the state since, as earlier pointed out, the manipulation of scarcity requires the precondition of power monopoly. What if given the scarcity that there was, the machine does not have a near-to-absolute control? More likely, Erie's proposition is more tenable. Indeed, without the machine or the government's power monopoly, the manipulation of scarcity is not at all possible, even when the population is characterized by intense poverty and insecurity. If the power veil is susceptible to the piercing, the maintenance of scarcity will lead to higher expectations and graver discontent that can even incite revolt.

Conclusion

This is not to argue that the appropriate behaviour of the machine in situations of scarcity and high voter demand is dependent on place, or culture, or time, or ethnicity mix, or nature of people, but rather on the phase by which local politics, defined as the system of control, evolve (the supply side) and the manner by which development, defined as improvement of well-being, has taken place (the demand side). If local control rests on the hands of the machine at a state of monopoly, and the electorate is characterized by extreme poverty and voiceless existence, then managing scarcity will perpetuate the machine naturally. On the other hand, if the control of local politics is on a stiff competition, while society is fragmented as to socio-economic condition where some can afford better living while others can't, then the machine that has the most resource and is able to capture a significant support base will likely fare better and exist longer than others.

On this last note, Chubb may be right when she argued that the state of economic development and the structure of political power serve a mutually reinforcing bond. It is just that she framed the argument in the negative that it precludes all other types of conditions to benefit from the explanation.

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THE STATE INSTRUMENTS AND THE GEOPOLITICS OF LINEAGES IN THE SUB-SAHARAN AFRICA: LEGAL POWER VERSUS TRADITIONAL POWER – THE CASE OF GUINEA-CONAKRY

Herbert Schutzer*

Abstract: The articulation originated in Guinea-Conakry of legal and traditional policies and the observance of the nature of their geopolitics, the former, statewide, and the latter, of lineages, are discussed in the text. In two parts, the instrumentality of the State machine, which seeks a good governance in a newly-established democracy, and the characteristics of the traditional power, with its important task of building up sociocultural identities, are established not disregarding the friction point of the articulation of both unequal powers that seek in this articulation to overcome this chronic condition of underdeveloped that the country has maintained since it rose as an independent State. In a national perspective of Guinea-Conakry, the changes that a new political class with international formation and articulation has been undertaking in sub-Saharan Africa can be observed.

Keywords: Traditional power. Legal power. Geopolitics. Articulation. Instrumentality.

1 Introduction

The theme approached herein is not restricted to a sub-Saharan African locality only; it is a sample of the general panorama of the area, except for some of its timely cases. This study aims to bring forth a key issue of the subcontinent, the issue of lineages and traditional power that it has caused in its social and economic organization manner, and it is concerned with observing the changing panorama that comes

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with the ascension of post-crisis political elite of decolonization and comes together with the sub-Saharan political maturation.

As well as in other sub-Saharan African countries, the Republic of Guinea has been developing, for two decades and a half, the insertion of the traditional power of lineages in the country's political scenario. After having been unprecedentedly repressed in the socialism period, in its attempt to change society, the traditional power has shown its might through recognition of its legitimacy.

In order to carry out the changes in a post-socialism scenario, the government of Guinea has been promoting the liberalization of its economy and reforming its administration so as to arrange it into the country's new reality. In this new panorama, the State's geopolitics has been articulating with the geopolitics of lineages that control the country's rural environment, which still holds the majority of its population.

The articulation of these two types of geopolitics is the key point of the country's stabilization and its own future. However, we know that, in the contact area of one-sided geopolitics, the tensions may undermine the country's development and stabilization plans or its domination and lead the country to a new stage detached from the post-colonial disagreements.

Thus, the Guinean government has been preparing itself so that the panorama of materialization of its policies has the propitious juridical-administrative environment to its effectiveness. Amending the Constitution and national, regional and local plans have been proposed and have been put into practice in the search for the objectives outlined by the country. And knowing the mechanisms that have been provided for its effectiveness constitutes the first part of this work.

A more timely look on the geohistorical presence of the traditional power in Guinea-Conakry with its geopolitical mechanisms is the task of the second part of this study, as they have maintained the country's several ethnical groups in diverse institutional areas, with no loss of their privileges within the communities, and assuring their force and legitimacy in the country's territorial arrangement, but not omitting the problems coming from the coexistence of the geopolitics overlapping that support the country's life today within the newly-established democratic scenario.

2 The instruments of political dissemination

Guinea has faced, for more than a decade, the misfortunes of bad governance. With the public institutions weakened, there has been a degeneration of the socioeconomic environment, which has limited the development attempts and impelled the population to serious poverty rates. In face of the country's democratization begun in 2010 with the election of Alpha Condé, the medium-term perspectives are promising. The benefits that the country may attain at the African institutions (ECOWAS and BAD – African Development Bank), the European Union (EU) and the international community are added to this. This latter has claimed for long the return of the State of Law in the country and opens possibilities to bilateral agreements on mutual assistance, e.g., the message of the Head of the Australian Government to strengthen cooperation relations between Conakry and Canberra, in May this year (Africaguinee.com, 2011), and the agreements with China, which has even donated 80 million yens to Guinea, with no counterbalance (Africaguinee.com, 2011).

The political situation until 2010 had been marked by the inability of maintaining the State of Law and controlling corruption. The Corruption Perceptions Index has rated (Transparency International – TI, 2009) the country among the five African countries that have the worst rates in the last ten years, which has led the president to threaten those who have embezzled, this last July (Africaguinee.com, 2011). From that, it can be seen that the political class lacks unblemished leaders and was unable to reach a national consensus to deal with the great domestic issues, the economic growth and the fight to poverty.

The political process, in the last decade, passed through several electoral and military crises: in 1998, 2001-2002, 2006-2007 and 2009. The opposition in the country was exposed to violence on the part of the State, in addition to being poorly organized, chiefly made up of unprepared teams of social and labor union movements, but they kept periodical upheavals against government supporters, increasingly worsening the political situation.

The democratization occurred after a tumultuous electoral process will be continued with the parliamentary elections, general and local, which will take place in the second half of 2011. The return to

the civilian regime, after the constitutional gap that lasted for two years, after the National Council for Democracy and Development (CNDD, from French) had revoked the constitution and dissolved the National Assembly, in 2009, filled the country with hope. The new challenges began to be faced through the Development and Transparency Plans, which will pave the way for the discussions with development partners. In the electoral plan, the government should organize transparent parliamentary elections, promote a new registration of voters before the elections, in order to help solidify democracy and strengthen the institutions, as well as their transparency for the population and international observers. Reinforcing the political participation from the actors and civil society in the democratic process aims to set the country's administrative engineering in motion, which promotes dissemination, and to harmonize the State's formal power with traditional local power, through the participative structure, which seeks to introduce the local forces into the localities' public administration and, thus, bring the State's geopolitics near the geohistorical familiar geopolitics.

The political-administrative model implemented there seeks to assure the traditional political local forces the participation in the decision-making process of public policies through sub-prefectures (or communes) and, in this manner, meet the different groups' demands and their particular needs and, simultaneously, preserve the power of lineages and their traditions. This administrative architecture also seeks to contain the different ethnocultural groups that live in the country's territorial area.

An important aspect of a country's political-administrative structure regards their Public Finances. As a rule, a State presents three basic functions, for which it needs to finance itself: the stabilization function, the allocation function and the distribution function. Equilibrium conditions in a country's Public Expenditures, therefore, will decide on its larger or smaller degree of fulfilling these functions. In other words, the governments have debts to pay and means to allocate resources for this payment.

It is through macroeconomic policies that the governments reach for their objectives, which are:

- GDP growth;
- low and stable inflation rate;

- full employment;
- income distribution;
- low interest rate;
- expanding investments;
- equilibrium in the balance of payments.

The objectives, when reached for individually, tend to keep the economic situation converging towards the solution of problems, which allows achieving them. The difficulties show up when the government tries to achieve more than one objective at the same time. For example:

- the GDP growth is incompatible with the objective of low inflation rates;
- the tax reduction is incompatible with the domestic debt growth.

Frequently, other objectives can only be achieved indirectly, such as:

- increasing the employment level does not depend only on the decision to make it; it is indispensable that the government possess instruments to achieve the objectives.

A rule is that the government needs at least one instrument for each objective. A government may achieve as many objectives as the instruments it possesses to assign its purpose.

At the macroeconomic level, the governments have five instruments to use in stimulating the policies implemented, aiming at achieving their objectives (Santos Filho, 1996, Cardoso, 2003):

- fiscal policy;
- monetary policy;
- incomes policy;
- foreign exchange policy;
- trade policy.

The fiscal policy consists of the government expenditures, the

taxes it collects and the difference between spending and revenue, that is, the budget control. The monetary policy is made up of the offer of money, the control of the interest rate and credit. The incomes policy is applied in the control of prices and wages. Foreign exchange policy is that controlling the inflow/outflow of foreign currency, as well as the formation of the exchange rate. The trade policy defines the practices of international trade, the mechanisms of incentive to exports and the trade relations with other countries.

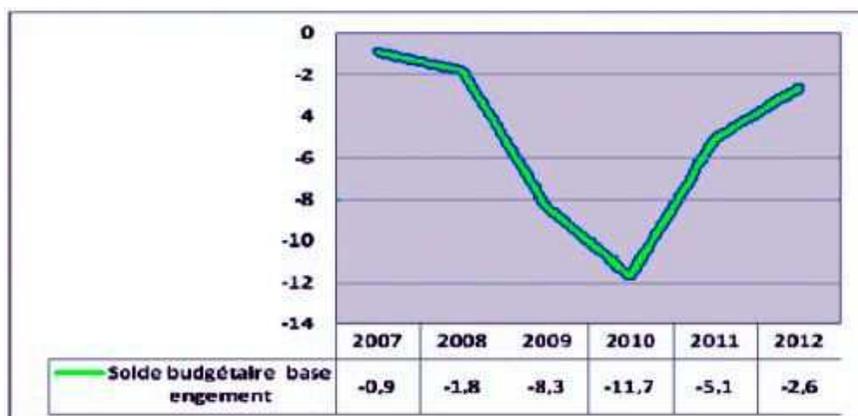
In terms of fiscal policy, the government faces the functional aspects (Blanchader, 2004), which are: allocative, distributive and stabilizing:

- allocative nature: providing security and health services, or investing in mineral exploration;
- distributive nature: as the government transfers resources between areas and spends in social programs;
- stabilizing nature: decisions concerning the spending level to keep the employment rate stable.

The government expenditures constitute the current expenses and the expenses to form the fixed capital. The current expenses are: government consumption, subsidies, transfer payments and interest payments.

The use of legal instruments to achieve the government's objectives in Guinea is a part of the fiscal policy. The 2011 Budget aims to drastically reduce the excessive expenses from the previous years, lest there is any type of additional bank financing. The first budget estimate, in comparison to 2010, includes a series of public expenditures cuts, including the emergency action plan and, in this manner, it can satisfy the need for financing 13% of the GDP, which, if not accomplished, may affect the inflation control. Thus, the government expects to attack the budget deficit, progressively reducing it. In Graph 2.1, the government's projections reach a decrease in the deficit in at least 50% in the next two years.

Graph 2.1 – Progress of the 2007-2012 budget balance.



Source: *Cadrage macroéconomique avril 2011, Direction Nationale du Plan*

In order to achieve the objectives, the government possesses a legal framework with which it assures the necessary resources to the development of the economic policy. However, this is not a governmental decision; it depends on endogenous and exogenous economic factors so that the plans may result in the desired effects. The international, regional and continental scenario may result in the success or failure of the economic project. For that, it is necessary to join all sectors of society, aiming at supporting the project that cannot come from one government, but from the collective.

2.1 Guinea's macroeconomic policy

The macroeconomic policy put into practice by the Guinean government chose as major objective the poverty fight (Figure 2.1.1), which can be achieved with the set of the previously mentioned attributes. This fiscal policy should support the development of several movements necessary to achieve the major objective. The fight against poverty as planned by the government is intended to develop other activities that require resources, e.g. improvement of the infrastructure, defense and security bases. The five bases making up the poverty fight policy bring the necessary stages to achieve the objectives.

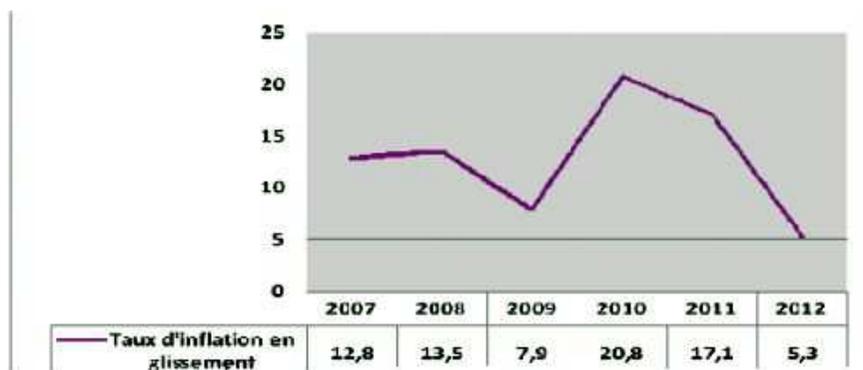
Figure 2.1.1 – Priorities of Guinea’s 2011-2012 Action Plans



Source: *Document de stratégie de réduction de la pauvreté (2011-2012)*.

The bases for the poverty elimination should control several instruments intended for maintaining the process, progressively advancing from one basis to another in a medium- and long-term policy. The rates that the government projected for improving and supporting the growth are shown on Graph 2.1.1, goals that the government should reach for, but that face, as we already warned, some obstacles, e.g. increase of the interest rate to contain inflation and the increase of the public expenditure, due to the need for investments to make the economy dynamic.

Graph 2.1.1 – Inflation rate and projection for 2012.



Source: *Document de stratégie de réduction de la pauvreté (2011-2012)*.

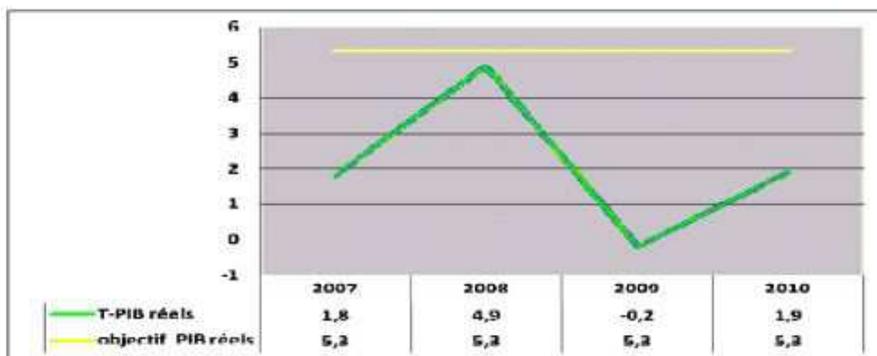
There is the idea that the Administration is made dynamic in preparing the instruments to effect the poverty reduction program,

through regional surveillance for all the sector departments, whose major task will be focused on:

- i) coordinating the prefecture structures of the sector;
- ii) assuring the upholding of laws and regulations;
- iii) developing sector reports to be nationally transmitted;
- iv) suggesting proposals to improve the technical performance of sector structures;
- v) formulating a response to any request from the governor on the functioning of the services sector.

Thus, in the Spatial and Economic Development Planning called “Regional Development and Planning Office” (PDRF), its oblique size is established as a regional advisory company, which will expand its activities in all sector areas and collaborate in formulating the macroeconomic development plans to reach for the objectives, which, as seen in Graph 2.1.2, it could not achieve.

Graph 2.1.2 – Real GDP and projection for 2010.

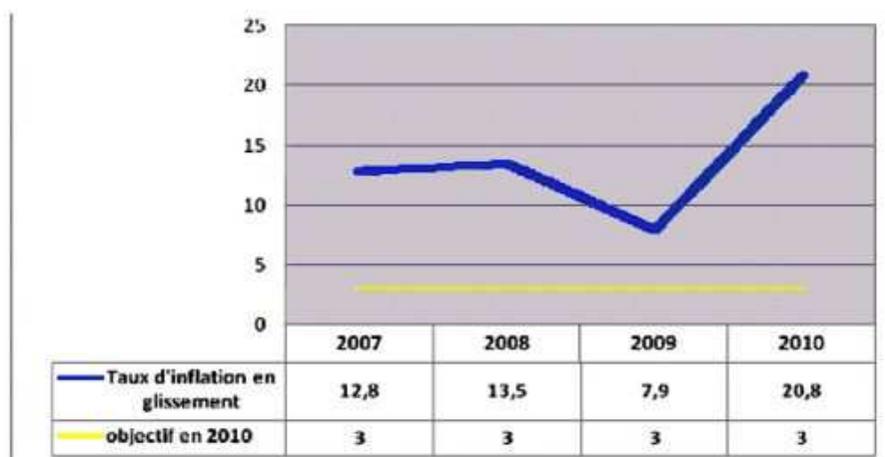


Source: *Document de stratégie de réduction de la pauvreté* (2011-2012).

The theories on macroeconomic policy caution for the dangers in choosing the objectives that need many instruments, but they first go through the good governance, which can improve public finances so as to achieve the objectives reached for. The government needs to reverse some rates (Graph 2.1.3) that threaten the country’s macroeconomic policy, e.g. inflation, which has a trend to increase in 2010, but the optimistic

projections are grounded on the existence of instruments and the improvement capacity of the government management to fulfill the action plan's expectations that estimate improvements in the inflation and GDP rates, which is a firm disposition of the government. The public finances system in Guinea, currently, has weaknesses and several factors limit the circulation of public resources and efficiency of expenditures, which concerns the BAD (African Development Bank), but, even so, the bank released 8.6 million Euros to help raise conditions for the economic development (ADB, 2011). The management of public finances should improve with strengthened governance and the resources are intended to satisfy the deficiencies in elaborating and executing the budget.

Graph 2.1.3 – Progress of the Inflation Rate 2007-2010.



Source: *Cadragre macroéconomique, Direction Nationale du Plan*

In the following Table 2.1.1, it is possible to observe that not all the indicators projected for 2010 were achieved. Only the investment rate achieved the goal and there are many factors contributing to the failure of expectations. The instruments for implementing the economic policy need to work for producing the ambitious results and that is why the GDP and inflation rate projections need to achieve the goals proposed by the government. So as to help the country, the Management Board of the African Development Fund (ADF) approved a subvention of 20 million Units of Account (equivalent to 30 million USD) to finance an

economic and financial reform support program (PAREF) on May 18, 2011, which shows the confidence on this new governance era of Guinea.

Table 2.1.1 – Progress of the main macroeconomic indicators

Indicators	2006	2007	2008	2009	2010	Avarage 2007 - 2010	Objective 2010
Participation of agriculture in the GDP	13,4	13,6	13,4	13,9	14,2	13,8	13,3
Real GDP growth rate	2,5	1,8	4,9	-0,2	1,9	2,1	5,3
Real GDP growth rate per capita	-1,1	-1,4	1,7	-3,3	-1,3	-1,1	1,9
Annual inflation rate	39,1	12,8	13,5	7,9	20,8	13,7	3,0
Agricultural growth rate	4,4	3,3	3,8	3,2	3,2	3,4	4,8
GDP budget deficit in %	-2	-0,9	-1,7	-8,3	-11,7	-5,7	1,5
Investment rate	22,4	19,2	21,3	16,4	18	18,7	17,4

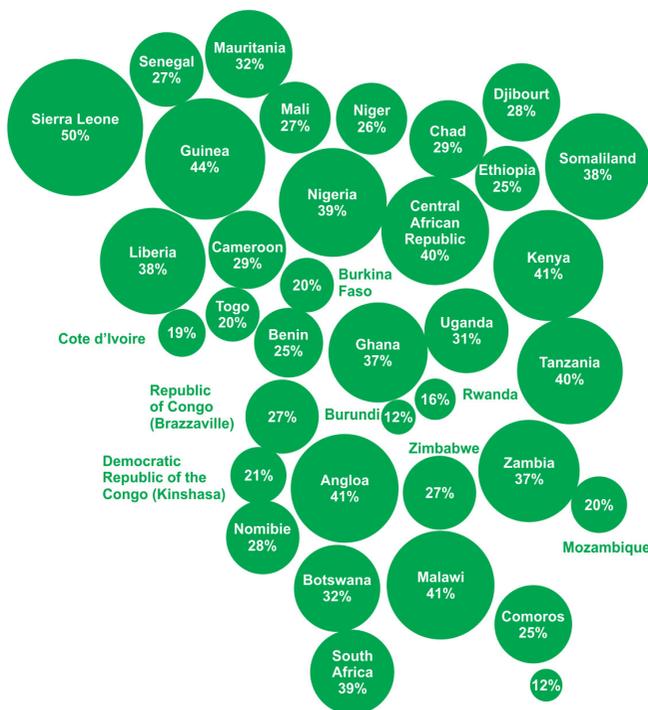
Source: Adapted from *Document de strategie de reduction de la pauvreté* (2011-2012).

The macroeconomic objectives are:

- 1) to reach a yearly production growth of 4% in 2011 and 5.5% in 2012 to allow for an increase of the GDP per capita of 0.7% and 2.2% in 2011 and in 2012;
- 2) to lower inflation to 17.1% in 2011 and 5.3% in 2012;
- 3) to have gross international reserves equivalent to 1.7 months of imports of goods and services for 2011-2012, against 1.4 months and 1.9 months of imports in 2009 and 2010;
- 4) the total revenues (excluding donations) should be brought to 18.0% of the GDP in 2011 and 19.3% of the GDP in 2012, and the budget deficit (commitment base, excluding subsidies) reduced to -5.1% of the GDP in 2011 and -2.6% in 2012. As for the total expenses in percentage of the GDP, it should be around 16.8% in 2011 and 16.1% in 2012. Furthermore, the foreign debt-related services should be reduced to 57.7% of the GDP in 2011 and 51.3% of the GDP in 2012.

The Guinean plans greatly depend on the international disposition. The economic help for the plan has been coming. A survey from the Gallup Institute has identified Guinea as the third country receiving more donations in the continent (Figure 2.1.2). The survey has asked the population of the developed countries which country they preferred the resources to be destined for and identified that, in those countries, there is a preference for the donation to African countries. The World Giving Index places Guinea in the 18th position in those populations' preference.

Figure 2.1.2 – International economic help to Africa.



Source: BBC/Africa, 2011.

By means of this indicator, we can observe that there is a great world expectation for the recovery of countries that went through exception periods with social upheavals and those found among the

preserve security and stability, improving the assistance to disadvantaged communities with medium-term emergence programs in all administrative regions.

3 Dissemination/decentralization and the lineages

In the early 18th century, the ethnic group Peul moved to the Fouta Djallon region, driving the former inhabitants out, the Susus, to the west and to the coast. The coastal settlements were occupied by the Baga and the Landona and were slowly ruled by the Susus, who settled little States based on clan and filiation.

In Fouta Djallon, the Peuls built a centralized Islamic theocratic State ruled by two families, the Soriyas and the Alfayas. The men in these families took turns in the power every two years and divided the region into nine provinces.

In the savannah region, the upper-Guinea, where the Maninka kingdoms were settled, descendants of Mali's great kingdom, people converted into the Islam formed, in the 17th century, the city-state of Bate, which had as the capital the city of Kankan. Established as an enclave in the upper-Guinea, the city served as an attractive center for other Islamic peoples.

In the forested Guinea, no large civilization was established due to the very nature of the tropical forest environment. The human groups that established the region formed small dispersed villages with around 100 to 200 people. As a result of their vulnerability, the small groups settled on top of the hills for more protection and, surrounded by the forest, they were not much influenced by the Islam.

As of the 19th century, the conflicts increased in the several regions and a large Maninka kingdom was formed, with armies and a central administration, which organized the territory and was spread from the upper-Guinea to Mali. The French, during their occupation of Western Africa, starting from Senegal, clashed with the Maninkas and confined these to the north of Côte d'Ivoire, whence they resisted the French occupation.

The French fixed the boundaries of the colony in 1900, created a bureaucracy to administrate the territory and established taxes to capitalize the natural resources. The lack of a French staff forced the

colonial administration to join the local leaders to manage the everyday activities in the colony. Many were labeled ‘undercover collaborators of colonialism’ and endured strong political restrictions in Sekou Touré’s administration, when they were not recognized as local officials.

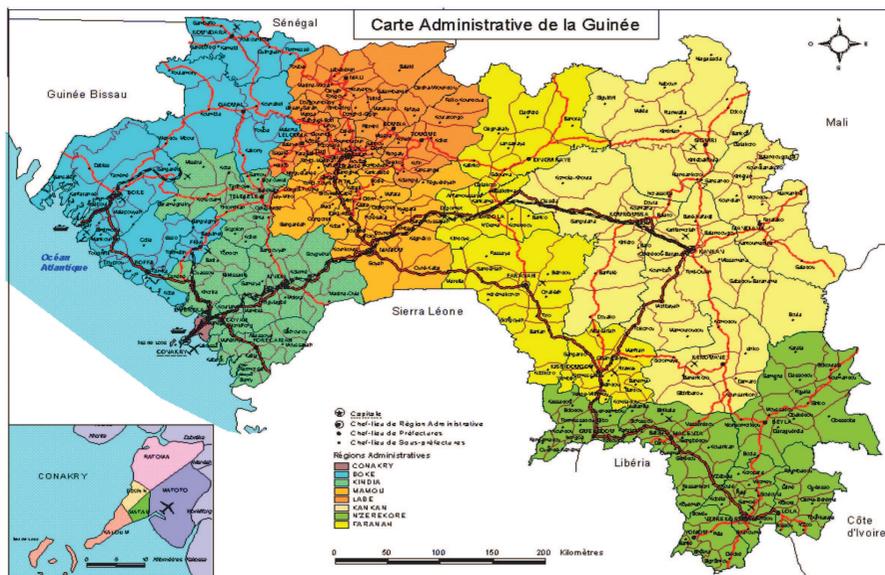
The poor French imposition in Guinea allowed the clannish and familiar structure to prevail with no need to be adapted. When the country rose to independence, both power structures, the western contemporary, of the modern State, and the traditional one, of lineages, started to dispute the control of the territory so as to impose their geopolitics. At first sight, the State prevailed by using its exclusive attribute, the enforcement, and it sought to promote reforms that secured it as the only institution producing geopolitics. However, it was not secured and the lineages geopolitics¹ remained and have remained until now, which caused a political engineering that seeks to articulate both geopolitics on the same territory, one of a national range and another of a local range. For them to be articulated, the government promoted a political reform that brought both parties to the negotiating table in localities where policies are materialized and disputed over, seeking a consensus from them, both the government and the local power.

In order to meet the needs of this geopolitical articulation, the government organized the country into:

- Administrative region;
- Prefectures;
- Sub-prefectures;
- Urban community;
- Rural development communities.

¹ Previously, the 17th-century European colonization and the familiar systems of sub-Saharan Africa were ordered, according to the affiliation manner of individuals, into patrilineal, matrilineal and bilinear. The affiliation manners created collective groups called lineages that, with their territorial dimension, constituted the tribe likewise called clan. Thus, a plot was built that included each individual at the same time bound to other individuals by genealogical connections within certain spaces or territories (Baia, 2007).

Map 3.1 – Guinea's administrative chart



Source: *Document de strategie de reduction de la pauvreté (2011-2012)*.

This territorial division was elaborated in President Lansana Conté administration, in 1985, and transformed into fundamental law in 1990. The circumscriptions aimed to gradually decentralize and thus strengthen the country's public administration. The territorial regionalization is made up of two cells, which seek to solve the geopolitics, the administrative regions, with their units, and the local communities, which organize dissemination and decentralization. The administrative regions and the prefectures do not have any judicial and financial autonomy; the regulations and finances are centralized in the national government. The officials, governor of the administrative region, prefects and sub-prefects are appointed by the Ministry of Territorial Administration and Political Affairs, with the President's approval. This structure is used to transfer functions of the central government to local communities, to which the government acknowledges judicial and financial autonomy. It was the acknowledgement of the existence of the local power by the State authority that has always existed in the rural area of Guinea. It is a way to disrupt with the colonial dogma of savagery and primitivism attached to these rural communities in Guinea and all over the sub-Saharan Africa,

emphasizing their capacity of social and economic ordering (Baia, 2007).

The officials chosen by means of elections are those of Urban Communities², made up of neighborhoods and sectors, and those of Rural Development Communities, made up of districts and sectors, who have executive and deliberative positions. The elections are quadrennial and the population chooses a representative for each unit in both communities. In addition to the chosen to work in functions concerning the communities, leaders are also elected for each one of the units. It is in this instance that the traditional power is manifested in full force. The founder families, those who first occupied the place, their patriarchs, are the natural leaders despite the existing electoral process. In this sense, the democratic process coexists with practices similar to those of “coronelismo”³, an election whose result is already known before the process is carried out. The system is legitimated by the population due to the belief in the dominant traditional power. The government officials, however, understood the need to esteem the traditional power, as being the foundations of the administrative organization of rural localities, the base of social life in the country’s rural areas. Thus, they seek to recover the relationship between the State power and the local power, acknowledging its influence in orienting life in the community and recovering its political space, institutionalizing the traditional leaders through this implicit acknowledgment of participation in the locality’s political life and its legitimacy as masters of local traditions and management of the political relations traditionally established in the rural communities (Lourenço, 2007). According to the philosopher Franz Joseph Hinkelammert in an interview to the *Revista Fórum* (2011, p. 22), “the cultures that have always been regarded as backward show today the way to be followed, as the previous cultures were not as suicidal as the modern-western culture”. The sub-Saharan

² This type of organization is bound to the establishment of States, the creation of public services and the execution of development policies in the colonies and that have caused migrations to the cities (Baia, 2007).

³ A term concocted by Victor Nunes Leal in the book “Coronelismo, Enxada e Voto” [“Coronelismo, Hoe and Poll”], published in 1949 by Forense publisher, in Brazil. According to the author, Coronelismo is a manifestation of the private power – of the landlords, in the proper sense –, which coexists with a political regime of an extensive representative base. It is basically referred to the land structure, which provided the supporting base of the private power.

societies have been looking for the solution of this civilization stalemate that has paralyzed the region since the colonization.

Despite the existence of both communities, a disruption of the practices entailed in the countryside and the city cannot be assumed. On the contrary, actually, there is an extension of traditions adapted to the environment. The symbolic layer is maintained on a new spatial organization (Baia, 2007). The lineage geopolitics in the city and its presuppositions of modernity have not been opposed to those of the rural areas; they keep the flow, although they work differently in reproducing subsistence, but that slowly tend to modify their nature and may come to break up with the lineage system, which in practice have already been occurring with no need for the relations between the countryside and the city to be respectful, what may demand a new political-administrative organizational structure in place of the one created, in order to incorporate the traditional power existent in both environments.

The founder families are the possessors of the lands and they distribute them for agriculture purposes; therefore the communities' members depend on the cession of the land to reproduce their subsistence, which can be carried out by means of kinship or lease to other non-kinsfolk members and even to foreigners. Thus, the lands are not available and are not part of the housing market system; they constitute a non-negotiable good and, if any foreigner wants to settle in the place, he or she must address the head of the family to request an authorization. The traditional leaders are not only a political leader; they are an important factor of sociocultural cohesion and identity, legitimating the authority and regulating the social and environmental relations. The State is for this traditional structure a mere alien that does not have in its framework any conditions to understand the sociocultural customs of rural localities (Lourenço, 2007).

The representatives and the leaders of the Urban Communities – neighborhoods and sectors – interact by means of the prefectures, whereas those of the Rural Development Communities – districts and sectors –, by means of the sub-prefectures. It is in these places where the dissemination and the decentralizations are interrelated in the organizational structure of the State. In the scope of Urban Communities, the relations occur in the prefecture, where a secretary-

general appointed by the government manages the locality together with a Communal Council formed by nine representatives chosen by the people and that together appoint the prefect and the community's vice-prefect and treasurer, who will form the local executive. Thus, there is a representative of the dissemination that works in the scope of decentralization, inspecting the fulfillment of local development plans, which are adjusted to the central government's directives. The decentralization also counts on the local leaders and the council of sages of each unit composing the Urban Community.

The rural and urban communities constitute the legitimacy environment of traditional power. This power has unique characteristics and they usually work in societies where social inequalities are nonexistent or are minimal and unimportant. The traditional power in societies where it is manifested changes its representations as the social changes occur. The important in this issue is to observe that the power is manifested differently in societies with little or no inequality and in unjust societies and it is especially in the border of dissemination/ decentralization that we have the rift of both powers at the communities' level (Gomes, 2010), where these traditional leaders organize several foundations of the rural life, e.g. weddings, divorce, heritage issues, conflicts resolution and performance of rites of passage. They are responsible for the management of the rural world. They are also in charge of the lineage geopolitics that counsel and coordinate the social relations. Their delegitimation may cause a higher incidence of delinquency in the communities (Lourenço, 2007).

Empirically, according to Mércio Gomes (2010), the individuals do not realize the relationship between the different and the unequal. They usually use an evaluation of what is negative and what is positive and define, whence, the differences. But, in order to establish the inequalities, they need a process of abstraction to highlight the differences. In the case observed, it is sought to understand the articulation among unequal powers, in which one, the formal/constitutional, emanates its power through the State and the other, the traditional, with no State, act as the powers in egalitarian societies, or where the inequalities are minimal, and in unequal societies, which is the case of local and national communities in Guinea.

The building process of this perception had as a theater the

numerous conflicts through which the lineages and their powers went. The force of the traditional power started to lie on the fact of tolerating the progressive changes imposed by the relations between traditional and modern practices, which emancipated some and granted prerogatives to others, within a symbolically coherent framework. This is where the traditional lineage societies, managing the traditional and the modern, with no rupture in their organizational structure, have survived the political changes imposed by the African kingdoms, since the antiquity, and the States created by the Europeans in the 19th century (Baia, 2007).

The survival of traditional power and its geopolitics in sub-Saharan contemporaneity are constituted of vectors that strengthen it as the crucial factor of social and political organization. From this perspective, the traditional power needs to be understood, from its material and symbolic relations, as an element of maintenance of the social framework that brings security and a sense of belonging to individuals. The belief in its action of social stability that permeates the community has at the source reciprocity and solidarity that support the fragility of human life.

As we all know, the traditional power was developed within a State; therefore its existence presupposes another political locus without the typical coercion of state entities. Firstly, the convergence is related to the forms of kinship, as an institution capable of maintaining the unity of clans, families, tribes etc. The other forms are the religious one, usually centered on the shaman or witch doctor, who manipulates the supernatural and the medicine world, and that of the skilled warrior, who used to gather the group under his command in war times, but that did not use to work well in peaceful times. It is likely that these leaders have not had an absolute power, as it is usually proclaimed, and have not had an arbitrary characteristic, but they have been leaders that were able to ready the collective work in competing for accumulating goods with other groups, which were then distributed in festivities that served to highlight the leader's political power and the lineage's social prestige. However, as mentioned before, it was a non-coercive power, that is, socializing, persuasive and exemplary, applied to safeguard the continuity of existence, reproducing the usual conditions (Gomes, 2010).

The structure of traditional power described is at work hitherto in the Guinean State and, through its legitimacy, influences the way of

living of rural and urban communities. Its insertion in the State's political-administrative process grants it a prestige and stands it out in the presence of the group granting, also, a sense of belonging of the community to the national community. However, the friction points are tautened by elements that seek to advance towards the domain of the traditional, disarticulating it and seeking to impose the modern western model. One of them is urbanization; another is the land organization, a determinant factor of the lineage geopolitics, which has been exerting a pressure on the territory's organization, seeking to urge a national land structure that disregards the different ethnic groups and cultures of the Guinean population mosaic.

The land structure is balanced from an apparently simple solution, lest the land is changed into merchandise. As it is common in the capitalist market system, the State, through a Decree published in 1983, initially adopted the State's absolute ownership over the land, distributing then title deeds based on development projects. In this manner, the State assures the perpetuation of the practices developed by the rural communities and their traditional forms of spatial organization and applies the arbitrage of areas where customary issues disappear, in addition to monopolizing the land taxation. Nevertheless, this form of organizing the territory dissipated the unwritten law, which started then to claim the primacy of the traditional over the modern. In response to the claims of the rural leaders, the government passed, in 1992, the Guinea Land Code [*Code Foncier et Domanial*], which started to regulate the real estates in Guinea, an instrument that judicially warrants the land property and restricts ousting this right. The right to dispose of the property is assured by the Constitution, however, it should follow the restrictions established on the Civil Code and the Land Code (Replublic of guinea, 1992). Therefore, there are restrictions to the full enjoyment of the property. The decentralization policy places the land registry at the level of the Urban Communities, which are endowed with the legal powers to control the registries and demand an ownership plan to register the property. The article 39 of the Land Code assures the customary rights of the lineages that may obtain the necessary land registries. Thus, the lineage rights are preserved, which gain a judicial prerogative and may even grant, under a contract, part of their lands that were not distributed by the tradition rules. In 2001, the government passed the Rural Land Policy [*Déclaration*

de la Politique Foncière en Milieu Rural], which strengthens the customary rights of the lineages over the land. In practice, the traditional rules of soil use and occupation in Guinea are still ruled by the lineages and their traditional power. Even though, the land in the country is subject to two rules, the legal and the customary.

Empirical and historical evidence built by the customary land structure permit to define the rural family as the smallest production, consumption and distribution unit of rural societies that is protected by the traditional power. It is understood that agriculture represents an indispensable source of income, but not exclusive, and that the behavior of each unit is part of a whole where the social reproduction and the risk insurance dwell (Negrão, 1995).

4 Concluding Arguments

The articulation undertaken by the government of Guinea in the last decades to bring the traditional power back to the public sphere indicates, first, the acknowledgement of its importance in the country's rural communities, and, second, the need of its participation together with the government to achieve the objectives outlined. The fight against poverty, which has been dramatic in the country for a long time, needs the sum of political and social forces so that the governmental actions result in the desired effects.

The power of lineages in rural areas is, in fact, a driving force of communities and its capacity of group cohesion led kingdoms, metropolises and the State to attempt to dissolve it, as it was seen as a force of primitive societies and that was opposed to the changes planned by the invading nations and, later, by the State a legacy of the French colonizer. The attempts to subdue the traditional power or to wipe it out ended up in failure due to the traditional mechanisms that assure the human groupings order and security, an elementary requisite of the individuals survival. The tradition's force, its values, beliefs, myths, alliances and reciprocity made the policies that promoted its removal from the social scenario unfeasible; and, with no official legitimacy, the traditional power continued to exist in the communities' everyday practices, constituting the actual power that permeated the sociocultural relations of the Guinean society.

The acknowledgement of the lineages force by the State gave rise to, in the political scenario, the traditional power again, which for long has claimed the prestige come from its communal legitimacy and, with that, the symbolic and material benefices surrounding the power and that for long the lineage leaders had hoped to officially possess. The structure of relations and reciprocity present in the communities centered on the leaders of lineages could no longer be apart from the country's politics. Their everyday action started to be regarded by the government as fundamental so that the national government's objectives could be achieved, without which their political survival would constantly be threatened due to the decisive influence of leaders of lineages in democratic processes. In authoritarian periods, the traditional power has always been seen as an obstacle to the government's objectives, but, in democracies, it cannot be disregarded; it is an incontestable political force and decisive in electoral results.

The survival to all actions to its disruption has not achieved the expected results in an economic panorama where production is intended to subsistence, which has not changed for centuries. Thus, the force of traditional power has not been affected, and it has been the cohesion element in the communities; it is from it that the security satisfaction emanates and it provides the survival forms. Actually, it is perceived and acknowledged as legitimate in the heart of human groupings for the fulfillment of their elementary needs. Thus, the abstract and violent power that has attempted to subdue the communities since the pre-colonial period could not take roots within it, due to its incapacity to satisfy their basic needs.

The current Guinean democracy has strengthened the poverty reduction policy in the country and, for that, it has sought to strengthen the participation of local leaders for executing it. The instruments created in the administrative framework should make the necessary actions to transforming the current panorama of needs run smoothly and then be able to penetrate the heart of the communities ruled by local powers and promote the improvements proposed by the government's action plan. These actions can be beneficial to the government and the development objectives from overcoming the traditional production methods in the localities and assuring a life condition on better levels. On the other hand, these actions can strengthen the traditional power

as the attempter actor of distributive policies, which has always manipulated, consolidating it, within the modern State, the geopolitics of lineages, being able to strengthen, on a larger level, the local power, which may claim a larger autonomy and participation in governmental decisions beyond the boundaries of communities or sub-prefectures in the Guinean chaos. And, especially with these new assumptions, the patrimonial practices contrary to democracies weaken them, as in a development panorama, the capitalist forces go towards the individualization of actions, chiefly in urban areas and a new familiar organization that alters the traditional patriarchy with the opportunity of core families. Simultaneously, the market accumulation economy may be more acceptable and consolidate the western way of living, changes not yet tried by the traditional structure in the country.

The clash between political and geopolitical forces in Guinea is just commencing. The beginning democracy seeks stabilizing means that do not disregard the existing traditional power in the country, but we do not know whether it will have social forces capable of maintaining its ideals in the cloudy construct of the geopolitical overlapping. The idealized pathway follows the liberal-democratic precepts, in a newly-established democracy and that is subject to endogenous and exogenous factors to be consolidated as a social value. The assault against the President Alpha Condé, on July 19, 2001, showed that democratic practices are still fragile in face of arbitrary solutions, which pose doubts and, concurrently, hopes to the Guinean nation to overcome this stage in the country's life.

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BOOK REVIEWS

HUBER, Evelyn; STEPHENS, John D. Development and Crisis of the Welfare State: Parties and Policies in Global Markets. Chicago: University of Chicago Press, 2001, 416 p.

Wallace dos Santos de Moraes*

The book deals with the development of the welfare state in advanced industrial democracies (OECD), in the first three decades of post-World War II, and its crisis and decline in the last two decades of the twentieth century.

The changes from country to country, some of which started their crisis in the late 1970s and others in the 1980s, are taken into account. The analysis is focused on the role of political parties in this process, i.e., one of the authors' theses is that the parties' policies were the most important factor for developing the welfare state, alternating its results in different countries.

They showed that the government party composition, the constitutional structure and the participation of women's workforce are seen as consistently and substantially important for developing several dimensions of the welfare state.

The authors, so as to evidence their theses, question the participation of women's workforce, impelled where the social-democrat parties rule. In this case, researches show that where there was increasing mobilization of women, there was also expansion of the services provided by the welfare state, chiefly as regards the female market.

The analysis privileges the result of the constitutional decision structure, through the government system adopted in each country. In other words, the current government system may favor the existence of many veto points in the political process. Examples of these are those with a strong bicameralism, presidential system, federalism and with referendum. However, constitutions with few or no veto points (e.g., unicameralism, parliamentary system, unitary system, and with no referendum) tend to accept the changes more quickly.

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Hence, in the expansion era of the welfare state, government systems with many veto points and, thus, with power diffusion hinder the expansion of political economy.

In effect, the authors' perusal points to the merit of reciprocal relations and interdependent on the party politics, the feminist movement and the constitutional structure in conducting the welfare state.

It can be observed that, amidst a number of researches pointing to the decline of the confidence in political parties in the very advanced industrial democracies¹, the work of Huber and Stephens advocates the importance of parties and their policies in the development and application of social policies.

One of the subjacent theses is that the left-right dyad makes a great difference in the government. Thus, the political choice is still important, although it is forced by the development of the internationalized economy, that is, the international economy influences the formation and suppression of the welfare state for its conjuncture and structural aspects.

Concurrently, the authors tend to poorly support the thesis that the decline of the welfare state is associated to the increase of the commercial competition in the new global economy. In this regard, Huber and Stephens think that the deregulation of the financial market increase constrains the political choice of the government related to unemployment problems.

But, how do Huber and Stephens methodologically build up their arguments? The research is based upon an extensive quantitative verification of national data, as well as an extensive historical comparison among countries.

In chapter 2, the authors show their methodology and the form of facing the theoretical challenges of the research. They also establish

¹ See NORRIS, Pippa (Org.). *The Growth of Critical Citizens?* In: *Critical Citizens: global support for democratic government*. New York: Oxford University Press, 1999, Dalton, R. *Value Change and Democracy*. In: Pharr, S. J., Putnam, R. D. (Org.). *Disaffected democracies: what's troubling the trilateral countries?* New Jersey: Princeton University Press, 2000, Dalton, R., Wattenberg, M. *Parties Without Partisans*. New York: Oxford University Press, 2000, Fuchs, D. *The Democratic Culture of Unified Germany*. In: Norris, P. (Org.). *Critical Citizens: global support for democratic government*. New York: Oxford University Press, 1999.

their objective: to explain, in the long term, the development models of the welfare state. For a historical-comparative, empirical evidence, the authors warn:

The analyst should attempt to lengthen the time period examined and increase the range of cases in order to reveal how structural factors, which are more likely to vary across a wider variety of social settings, have an impact on the phenomena to be explained (p. 38).

Whereas in the case of the quantitative analysis, the study of Huber and Stephens points to the need for the attention to be drawn to the long-run change, and not to yearly changes, nor to the changes in the short run. The authors' justification is that, in order to suitably assess the causative factors of the build-up and suppression of the welfare state, the short term may mask and point out tendencies that are not confirmed, obfuscating the impact of the balance of society power. In this manner, the authors opted for four types of causative mechanisms that show up better in the long term: *structural limitation*, *ideological hegemony*, *the policy ratchet effect* and *regime legacies*.

But, how was the welfare state built? Two political tendencies are deemed important for its implementation, collaborating for the premise that the role played by political parties was fundamental for adopting the welfare state doctrine in the countries, namely: the social democracy and the Christian democracy. This difference was reflected on the application of the type of welfare state by each party, despite the differences between these parties, chiefly on their supporting base, with the Christian democracy more plural and the social democracy more supported by the organized workers, the unions.

The book also attests that there is a difference in the administrations of the social-democrat and the Christian parties as far as the community of women is concerned. In these, the participation of the women's workforce remained more restricted.

What are the causes for suppression, or a way for such, of the welfare state in the last decades? The authors realized that the immediate cause of the decline of the adoption of the welfare state policy was the rise of unemployment. The causes are supported by the very policy implementation, that is, as many people depended on the State's assistance, a smaller number paid their taxes to provide for this policy.

Therefore, the government is obliged to reduce costs, sanctioning cuts.

The study reveals – based on surveys carried out at the OECD – that, in the decline period of the welfare state, a significant increase in poverty indices and in the number of poor single mothers occurred simultaneously in the U.S. and the United Kingdom. However, the change in other countries was much less visible.

There seems to be an equivocation, especially for a lay reader, in the fact that the authors used different indices to comparatively explain the data of some countries; that is, in order to measure the poverty in the U.S. and the United Kingdom, they point to their percentage, while for the Nordic countries they point to the Gini index. It is worth pointing out that the indices difference may mask larger differences than the ones found out, however, it does not mean that this will necessarily happen.

Anyhow, the data show that the deregulation of the labor market plus the suppression (reduction) of the welfare state in these countries have substantially increased poverty and inequality.

Development and crisis of the welfare state: parties and policies in global markets points out that, on the whole, the decline of the welfare state occurs in the OECD countries, however, it must not be said that it occurred similarly, concurrently in all of them. Each one had its particularity, which may even be similar to the other, but it was not conducted in the same manner.

The study also reveals that the Nordic countries, namely Norway, Finland and Sweden, escaped the unemployment crisis – what did not occur in the remainder cases studied – with the increase of rights, and the most significant case was the gender equality with egalitarian social policies.

The authors understand that the gender relationship is a great variable for analyzing the advanced industrial democracies, particularly in the last three decades. In this regard, it is found in a perfect relationship with the welfare state, which enabled the enlargement of the labor market and the consequent participation of women in it and their movements for gender equality. The support of this policy by political parties, chiefly leftist ones, made the fight for the end of women's segregation an important banner in welfare state policies.

The research is focused particularly on the case of women in

the rise and fall of the welfare state, advocating that, for instance, the pension system consists of the best protection of the welfare state policy.

According the study of Huber and Stephens, the Nordic welfare state doubly benefitted women: first, by expanding the public sector, which opened doors to the former, only, housewives; next, because they started to work outside their homes, either in the private or the state initiative. But it did not happen only in the Nordic countries, as also in Australia and New Zealand the feminist movement association with leftist governments achieved the expansion of rights for the referred social group.

In summary, for the authors, the women's achievements are related to three factors: 1) leftist parties in the power; 2) the existence and the actual work of strong feminist movements; 3) the work of women who work as government officials, the so-called *femocrats*.

Consequently, the women's organization is twofold important for the welfare state: first, because it is a fight for inclusion or gender equality; next, because this inclusion calls for State's policies favoring the enlargement of employment. In short, what the authors tried to show in their quantitative and historical, comparative analysis is that the participation of the women's workforce and its mobilization were an important addition to mold the welfare state, i.e., the increase of this workforce in the market strengthened, thus, women's participation in politics, especially in social-democrat parties and in the unions. And this forced the leftist parties to claim not only the class equality, but also the gender.

Finally, a last critical reflection on the authors' writings is necessary. It is impressive how the choice of sources strongly influences these concluding remarks. Another study could be implemented with conclusions absolutely dissimilar to these, pointing out, for instance, the fact that both leftist and conservative parties have carried out public policies typical of the welfare state, e.g. social security and labor rights, from around 1920 to 1970, in the OECD countries; therefore, breaking up the authors' central argument. Undoubtedly, in Latin America, the poor labor and social security rights were legalized by authoritarian parties with doubtful ideological affiliation, with only one thing certain: they were not leftist. Concluding, Huber and Stephens should tell us how these parties, social-democrats, strongly worked against the rights

created in the above-mentioned period, the last three decades. In this regard, it seems better to understand the creation of rights from the workers' struggle, strong between 1910 and 1970 and increasingly weaker and more disorganized between 1980 and 2010. The women's struggle is a case apart, as their social ascension, related to an increasingly greater independence – a result of their individualized and collective fight – is rising against all forces, and it would not be, therefore, captive to party policies.

DAHL, Robert A. *A democracia e seus críticos*. São Paulo: Martins Fontes, 2012.

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The initiative of Martins Fontes publishing company is very promising in bringing to the Brazilian Portuguese speakers “*Democracy and its critics*”. It is true that the work, currently available to Brazilian researchers in their own language, was released almost a quarter of century ago. In other words, on a radically diverse world conjuncture from today; and the intellectual background of this contribution is much longer.

A brief contextualization of the wider movement of political ideas – in which Robert Alan Dahl is grounded –, hence, helps to better enlighten the reach of his intellectual work as a whole and “*Democracy and its critics*”, particularly.

Almost a centennial man, Dahl is certainly an intellectual whose trajectory is interconnected with the entire discipline, which he helped to found and propagate. He does not need any biographical introductions.

His first works may be interpreted as the way by which the philosophical debates put forward by thinkers such as K. R. Popper¹ (1945) and L. Strauss (1959), among others, were reflected on the rising Political Sciences, with the precedent historicist tradition represented respectively in authors such as Hegel and Marx, and in Heidegger. The way in which some philosophical currents were identified with the ideologies and political regimes of the defeated powers in World War II (1939-45), as well as the subsequent international order of the “Cold

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¹ “Democracy (...) provides the institutional framework for the reform of political institutions. It makes possible the reform of institutions without using violence, and thereby the use of reason in the designing of new institutions and the adjusting of old ones. (...) It is quite wrong to blame democracy for the political shortcomings of a democratic state. We should rather blame ourselves, that is to say the citizens of the democratic state. In a nondemocratic state, the only way to achieve reasonable reforms is by the violent overthrow of the government, and the introduction of a democratic framework.” (Popper, 1945, p. 110-111).

War” (1947-1989), served as a background for the theoretical reflection on the theme of democracy, its origins among the ancient, and its outcomes among the modern.

“*Democracy and its critics*” basically keeps this strategy of intellectual dialog, but the interlocutors selected for such are others. By the time this book was released – and this book is radically different from Dahl’s first ones – another is the context of the western political philosophy. Here, the “Cold War” was finishing, with the collapse of the totalitarian regimes of Eastern Europe and the apparent triumph of Western democracies. Despite this fact, the theoretical and even epistemological basis of the reflection on the functioning, the origins, and the characteristics of the performance of these societies’ political order were under open research for almost two decades.

Let us come back to the author. Certainly, Dahl did not face the institutional arrangements thought by Greek philosophers such as Plato and Aristotle with the same motivation as Popper, nor does he extract the same theoretical consequences from them as Strauss. However, the rejection of historicism, of the collectivist and essentialist methods, and the distinction between “fact” and “value”, as well as the option for exploring the past through the lens of the present’s concerns, are reflected in a special manner in his work, as well in the rising research behaviorist program of the late developed Political Science. What triumphed in terms of choices then was the ambition of supporting the scientificity of the discipline on empirical parameters and systematically inquiring the classics by means of logical tools extracted from the Analytical Philosophy (logical analysis of language games, semantic examination of word usage and concepts, comparison of propositional structures or sentences and statements etc.)², as well as (less and less)

² “If they were, creativity and imagination would play a small role and it would be appropriate to speak of theorizing as a banal activity, as “theory construction”. If facts were simply “there” to be collected, classified, and then matched with a theory (or with the observation-statements derived from it), the political scientist might well declare, “Whether [a] proposition is true or false depends on the degree to which the proposition and the real world correspond”. But although everyone is ready to acknowledge that facts depend upon some criteria of selection or of significance, what is less frequently“ (Wolinn, 1969, pp. 1062-1082). For appreciations of the paradigmatic character of Behaviorism in Political Science and its epistemological limits, see Souza (1999, pp. 79-110).

the Public Choice Theory. With that former movement, Dahl seems to share the rejection by the philosophical idealism inherited from the 19th century in the Anglo-Saxon academy and that was materialized in the first half of the 20th century in several elitist theories.

The distinction between statements of fact and of value, so precious to analytic philosophers, has echoed in the very first works of Dahl (1961, pp. 770-71), in the following terms:

The empirical political scientist is concerned with what is (...) not with what ought to be. He finds it difficult and uncongenial to assume the historic burden of the political philosopher who attempted to determine, prescribe, elaborate and employ ethical standards values, to use the fashionable term in appraising political acts and political systems. The behaviorally minded student of politics is prepared to describe values as empirical data; but, qua “scientist” he seeks to avoid prescription or inquiry into the grounds on which judgments of value can properly be made³.

Dahl would have operated, over the years, a sort of reduction of the Political Philosophy to the analysis of theoretical language of political thinkers, if there were not another intellectual vector of his reflection. On the other hand, the influence of applying the economic reasoning about democracy (particularly the use of deductive methods and the comparison of assumptions and predictions with the real world), notably the works of K. Arrow (1951; see also Barry 1978, Chapter 1, about

³ Dahl himself (1966, p. 21) complements this crucial point that he deems the research program of the rising Political Sciences in the following terms: “It is common, in political analysis, not to distinguish a definition from an empirical proposition. However, nothing can be demonstrated as true or false in politics’ real world (or economics’) by simple definition. The definition is, that is to say, a pact to regulate the use of terms. The sentence that uses these terms, though, and which intends to say something about the world we live in, contains an empirical proposition. The proposition’s veracity or falsehood depends on the degree on which the proposition and the real world are correspondent.” (See also Dahl, 1966, Chap. VIII, pp. 145-155 and pages 166 and 167 of the Annex). In this regard, Dahl is especially different from Strauss’ position, for whom: “Moral obtuseness is the necessary condition for scientific analysis. The more serious we are as social scientists the more completely we develop within ourselves a state of indifference to any goal, or to aimlessness and drifting, a state of what may be called nihilism” (Strauss 1959, p. 19). For a study of the clash between Dahl and Strauss’ followers, see Saxonhouse, pp. 846-847.

this subject), is confessed by the author himself⁴. Alternating between a “normative theory” and an “empirical theory”, which is seen in his works, despite a repeated emphasis on the latter, within most of them, is made explicit and direct in “*Democracy and its Critics*”. Still, he makes use of the impressively simple approval of the famous Schumpeterian definition of democracy and an “empirical” definition, as opposed to a normative notion, not realizing that many times the adaptation of a definition is a normative exercise in itself (see Huntington, 1991, p. 6).

If, in the first half of the 20th century, the democratic theory was focused on the analysis of elitist thinkers’ accusations, e.g. Mosca and Michels, their antidemocratic echoes, the second half of the century was marked by efforts made by Joseph Schumpeter and Dahl intended to create a theory that explained democracy’s empirical reality (the demand for elite groups) and, simultaneously, kept their ideals. Schumpeter saw democracy as an institutional arrangement of elite competition in favor of the voters guaranteed by legal and procedural mechanisms. Twenty years later, Dahl saw democracy as a polyarchy of social groups whose competition was also guaranteed by procedural mechanisms, whereas thinkers such as Lipset and Barrington Moore Jr.

⁴ "Yes, it influenced it in the sense that that kind of abstract thinking and models, while I felt they often bore too little relation to the reality and the complexity of economic life, they provided a degree of rigor. Political systems are I think more complicated than economics, and political behavior is more complicated than economic behavior; nevertheless, economics provided the kind of model or hope of a model that we could make use of for increased rigor in political science (...) So I was influenced by that as a model, a way of thinking more abstractly, perhaps, than customary, about democratic theory. Making clear the premises, the epistemological assumptions and matters of that kind, and I think that sort of set the stage. And then once you get in of course, into that field, which was not highly I don't know how to put this properly as a formal field of political science was not highly developed at the time, once you get into it you quickly become aware of how rich the potential subject matter is. One of the enormous changes, perhaps anticipating your question, one of the changes in the world is the extraordinary increase in the number of countries that, by the standards that we use today, can be called democratic always, I repeat this and repeat this, but, always keeping in mind the difference between the ideal and the threshold at which we now accept a country as democratic, or a polyarchy as I would say. And the enormous increase in the number of those available for study when I was a graduate student, there were maybe half a dozen countries that you could study: France and Britain and, I'm not quite sure of Canada at that time...and then the expansion created out there a field...that was both a challenge and an opportunity" (Dahl, Levi, 2009, pp. 1-9).

sought to distinguish between democracy's normative and empirical criteria. All still discerned a contradiction between the majority government's statements and the empirical reality of the political-electoral mass. The attack on the classical democratic theory caused a fundamental reinterpretation of democracy itself, in a process of increasing self-awareness of the political theory, through cross-fertilization with the empirical research (Cf. Gerring, Yesnowitz, 2006, p. 103; see also Barry 1978, p. 165)⁵.

Thus, the Political Sciences inspired by the old pluralism would take a combating stand in face of emerging paradigms in the American academy, with Marxism, on the one hand, and Elitism on the other (Schwartzberg, 1979, p. 673; Carnoy, 1986, pp. 19-61). We do not intend to debate this issue, as Dahl's works on it and the echoes (beneficial or constructive) that he caused for the discipline in the long term are sufficiently known. We merely mention that such a debate, epitomized by the famous "*Who Governs*" (Dahl, 1962), offered something that can be regarded as an anticipation of the wide cross-national empirical investigations carried out in "*Polyarchy*" (1971), as well as "*Preface to democratic theory*" (1956) at a large extent anticipates the themes and the approach adopted in "*Democracy and its critics*" (1989).

Thus some of Dahl's postulations can be understood – the key of his works –, initially in face of an appreciation of parameters in which the formulation of his democratic thought is developed, as well as the rising discipline of Political Sciences.

Whereas in "*Preface to democratic theory*", the author identified an unease in the basic theory on democracy, which, on one hand, has as a premise the political equality, which implied the majority government, and, on the other, the fact that democratic thinkers – particularly James Madison – were concerned with the minorities protection in being abused by the majority. It was known that "The Federalists" tried to balance

⁵ "Empirical study in the social sciences is meaningless if it has no normative import. It simply does not matter. Empirical study is misleading if its normative import is present, but ambiguous. It matters, or may matter, but we do not know how. Likewise, a normative argument without empirical support may be rhetorically persuasive or logically persuasive, but it will not have demonstrated anything about the world out there. It has no empirical ballast. Good social science must integrate both elements; it must be empirically grounded, and it must be relevant to human concerns" (Gerring, Yesnowitz, 2006, p. 133).

this antinomy through the combination of universal suffrage with the institutions that endow the legislative majorities with power.

Dahl showed, then, that Madison was wrong and his evaluation gave rise to antidemocratic consequences. Firstly, the continental dimensions of the U.S. democracy are not logically opposed (necessarily) to the emergence of a stable majority, as the institutional controls proposed could not detain a majority from acting.

After analyzing two modern theoretical concepts of democracy (Madisonian and Populist), Dahl (1971) proposed that the modern democracies be seen as polyarchies, in which he established several criteria that may be essentially summarized in two dimensions that he uses in “Polyarchy (Participation and Opposition)”. Evidently that Schumpeter (1961), much earlier, proposed a definition of democracy that broke up with the classical ideal derived from the etymology of the term. In this economist’s view, democracy is no longer seen as the “people’s government” and was redefined as a “method” or “procedure” of choosing leaders who should conduct the complex public affairs of modern societies. In the Schumpeterian theory, the only participation means open to citizens was the leader elections and the discussion. Obviously, the preconditions for the success of democracy were then largely disregarded by the theorists.

According to Ferejohn and Pasquino (2006), Dahl used the term “polyarchy” in a quite divergent and equivocal sense by thinking that he had introduced it in the political language. It had already been used by Abbot Emmanuel Joseph Sieyès in his polemic against Thomas Paine, in 1791, so as to qualify an Executive Power assumed by a plurality of members. What these authors do not argue is that the concept of “polyarchy” for Paine and Sieyès had been such as it transpired in Madison’s writings, i.e., having its prerequisites more in the institutional than the social order (such as Montesquieu would intend it to be, who came before them).

From “*Preface to democratic theory*” to “*Poliarchy*”, the Dahlsian thought moves from an anti-institutional claim, focused on the characteristics and attributes shared by the actually existent democracies, to another instance of concerns that is focused on the complexity and range of the social engineering involved in the democratic project. Therefore, there is an ideological shift between two competing

approaches in Brian Barry's (1978, pp. 3-11) analytical terms. Since Madison, in his perspective, the tendency to think that the Constitution refrains the majority caused the social controls and equilibriums to be neglected, which are, after all, more important than the *checks and balances*. In his words, "in the absence of certain social prerequisites, no constitutional arrangements can produce a non-tyrannical republic" (Dahl, 1956, p. 83).

"*Democracy and its critics*", at least in some passages (especially the Fifth Part, specifically Chapters 16 to 20), seems to resume this instance that is more clearly normative of Dahl's reflection. As it was seen in "*Preface...*", some preference distributions are compatible with democracy and others not. In short, a preference distribution would be compatible with the democratic decision-making, because the political decisions are acceptable (bonding) to the majority of citizens. However, the bimodal preference distributions are not compatible with democracy (e.g., the U.S. in Civil War times or Brazil prior to 1964), in which two equal groups show strongly rooted and opposed beliefs, which assumes a considerable seriousness in the case of an apathetic majority and a minority with strongly detained preferences. Although the U.S. constitution, as it has frequently been said, has been designed to restrain this type of preference distribution, assuring that the minority will prevail, neither the judicial review, nor the equality of representation of states in the Senate provides a solution. To the despair of many people, in Dahl's understanding then, as in the book reviewed herein, there is "no solution to the intensity [of preferences] problem through constitutional or procedural rules" (Dahl, 1956, p. 119).

Hence, why has the democratic experiment survived in the U.S.? According to Dahl, the majority of citizens shared a consensus over important values and their representatives also maintained such values, thus the political decisions rarely went astray from the preferences of the core's majority.

With such a consensus [on basic values] the disputes over policy alternatives are nearly always disputes over a set of alternatives that have already been winnowed down to those within the broad area of basic agreement (Dahl, 1956, pp. 131-132).

Without such previous consensus over the fundamental values, democracy would not survive for long (Dahl, 1956, p. 132). The consensus about norms and values does not protect the minorities, but the institutional arrangements that assured their rights and interests *vis-à-vis* to the majorities. “To assume that this country has remained democratic because of its Constitution seems to me an obvious reversal of the relation; it is much more plausible to suppose that the Constitution has remained because our society is essentially democratic” (Dahl, 1956, p. 143).

The investigation on the rule of majority and the very conception of common good is much more regarded in this reviewed work than the “*Preface...*”, a work based essentially on a microeconomic approach of the agents interacting in democracy, with emphasis on their utility functions and on the formation of their preferences (manifest or exposed). Dahl also extensively and singularly appreciates the developments of the equality idea in the contemporary Political Philosophy, by discussing conditions of the personal and moral autonomy, and the idea of intrinsic equality subjacent to the decisory processes authentically regarded as democratic (Dahl, 1989, p. 86-129; for other parallel understandings Barry 1978, Chapter III). In this regard, Dahl (1989, p. 175) effectively refutes the democracy critics and contests the procedural or Schumpeterian definition of democracy, in the following terms:

because it [the democratic process, by incorporating substantive rights, goods and interests] is a kind of distributive justice. Nor is [it] merely an “abstract claim”, it is instead a claim of general and specific rights that are necessary to it. [...] [It] endows citizens with an extensive array of rights, liberties, and resources sufficient to permit them to participate fully, as equal citizens, in the making of all collective decisions by which they are bound.

In *Democracy and its critics*, democracy is opposed to two theoretical alternatives. The first would be anarchism. Dahl (1989, p. 42) reproduces this viewpoint in very strict propositional terms: because all States are necessarily coercive, all States are necessarily bad (major premises), therefore, no one is forced to obey or support any State (minor premise), and, furthermore, a society without a State is feasible,

therefore, all States ought to be abolished (conclusion).

After demonstrating the inconsistencies and limits of this alternative, Dahl continues defending democracy against what he calls *Guardianship*. He defines it as the idea that a minority of persons “who are qualified to govern by reason of their superior knowledge and virtue” should govern the rest (Dahl, 1989, p. 52). In Dahl’s conception, the *Guardianship* rests on a series of propositions that are difficult to be justified. If a small minority of persons should be more qualified to govern due to their knowledge (moral or instrumental), this implies that: (a) there is an objective, the absolutely true science of governing; (b) it can only be acquired by some people. Moreover, on empirical ground, this is falsified by the historical experience, as well as a series of intellectual obstacles (Dahl, 1989, pp. 65-76). In the author’s words:

it is essential to democracy not only that individuals are morally equal (...), but also that, on average, individuals are better able to know, and more motivated to serve, their own interests, values, and goals than any agent or class who might seek to rule over them as guardians (Dahl, 1989, p. 390).

Weakening these theoretical adversaries enables Dahl to resume his traditional investigation of democracy through the polyarchic lens, which makes the continuity of this reflection in this reviewed book more symptomatic, as Dahl (1989, p. 223) argues that

polyarchy provides a broad array of human rights and liberties that no actually existing real world alternative to it can match. Integral to polyarchy itself is a generous zone of freedom and control that cannot be deeply or consistently invaded without destroying polyarchy itself. [...] Although the institutions of polyarchy do not guarantee the ease and vigor of citizen participation that could exist, in principle, in a small city-state, nor ensure that governments are closely controlled by citizens or that policies invariably correspond with the desires of a majority of citizens, they make it unlikely in the extreme that a government will long pursue policies that deeply offend a majority of citizens. What is more, those institutions even make it rather uncommon for a government to enforce policies to which a substantial number of citizens object and try to overturn by vigorously using the rights and opportunities available to them. If citizen control over collective decisions

is more anemic than the robust control they would exercise if the dream of participatory democracy were ever realized, the capacity of citizens to exercise a veto over the reelection and policies of elected officials is a powerful and frequently exercised means for preventing officials from imposing policies objectionable to many citizens.

Being the term “polyarchy” exalted back then in his first works as a fundamental attribute of the pluralist democracy, we saw that Dahl, since then, already examined the theme of democracy inquiring the antinomies freedom versus control, participation versus opposition, and conflict versus consensus, as it can be seen in the excerpt *supra*. For, if autonomy may generate the digression of the Anarchist Model (such as seen in Chapter 3 of the book), the emphasis in control, in “governance”, in its turn, may lead to the security exaggeration, typical of the Guardianship Model (discussed in Chapter 4). Hence, “*Democracy and its critics*” translates, maybe better than any other work, this *normative turn* diagnosed by Gerring and Yesnowitz (2006) in the course of the discipline.

As you all may know, the concept of “competing elites” is a pivotal element in theories of democracy, chiefly on the assertion of this system as the best possible. The basic argument is that the existence of competing elites is crucial for people and, particularly, those who are not part of the “elites”, to use their initiative and capacity to choose from among them, and, thus, be able to influence these same competing elites. For example, in “*Democracy and its critics*”, Dahl argues about what he calls a Modern Dynamic Pluralist (“MDP”) society as being incorporated into what he previously characterized with the term “polyarchy”. This, according to the new “institutionalist” definition (and not conditioning any longer) offered by the author, refers to

a set of political institutions that, taken together, distinguish modern representative democracy from all other political systems, whether non-democratic regimes or earlier democratic systems (Dahl 1989, p. 218).

Certainly, as it can be seen, by comparing “*Preface...*” to “*Polyarchy*”, in the reviewed book, Dahl resumes one of his earliest themes – namely, the problematic distinction between the Populist and “Madisonian” models of democracy, now retranslated as “Anarchism”

and “Guardianship” – intended to redefine it as an entity or process analytically derived from a peculiar social engineering of modernity. Despite that, these parallelisms are superficial and asymmetrical, as the “Guardianship” Model is incorporated more into a previous theoretical adversary, the Elitism, whereas the “Anarchist” Model is only represented as a more extreme logical development of the current participative theories. Evidently that this reduction in the scope of the polyarchic concept enhances the structural differences between unsuccessful and successful cases, in addition to translating a much less assertive attitude than before (Dahl, 1989, pp. 208-222, 263).

In any case, echoing the pessimism of other currents and their critics, Robert Dahl (1989, p. 333), a former enthusiast and optimist, was led to deeply reconsider his viewpoints:

the consequences of economic order for the distribution of resources, strategic positions, and bargaining strength, and hence for political equality, provides an additional for concern over ownership and government of economic enterprises. For the prevailing systems of ownership and control result in substantial inequalities not only in wealth and income but in the host of other values attached to work, job, ownership, wealth, and income.

This review is concluded by emphasizing that it is a modest and particular interpretation. It does not aim at, nor does it reach, in fact, a goal of exhausts the theme. It only shows the ways, options, and alternatives that we find useful and compensating for Brazilian and foreign political scientists. The extent to what this goal was accomplished, only the reader can say.

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NORRIS, Pippa. *Democratic Deficit: critical citizens revisited*. Cambridge: Cambridge University Press, 2011. 334 p.

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A brief look on the recent scientific production of political sciences is enough to conclude that democracy is one of its most studied objects. As an important researcher on the theme, Pippa Norris seems to have well defined what is of interest to her in this area: the relationship between citizen and democracy.

Comparison between her two major works

Norris' intellectual production on the theme had been of interest in the academia in 1999, publishing year of the book *Critical Citizens*, from which she is the organizer and author of some chapters. From among the several contributions of this work, two can be regarded as the most important: (1) the diagnosis that the individual confidence levels in representative institutions and actors are frankly declining worldwide and (2) the identification of a type called "critical citizen", who is chiefly characterized as having a low affection for traditional political office-holders, while showing a strong affection for democratic ideals.

Comparing that work to her more recent book, *Democratic Deficit*, it can be observed that the author deals with the same research problem – the determinants of the individual support to democracy –, but some differences may be pointed out. In addition to the fact that the latter is an authorial book, with no contributions from other researchers, two new targets are present: the search for evidences based on a larger quantity of explanatory factors and a distinct interpretation from the usual on the tendencies of confidence in representative political institutions.

As regards the first issue, the author gathers and discusses diverse arguments that deal with the determinants of individual political

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orientations and, thence, selects variables indicating socioeconomic characteristics, economic performance, public policies evaluations, institutional configurations, values, knowledge about democracy and access to the media contents to test their effects upon the support to democracy. In this manner, Norris manifests the lack of compromise with a specific theoretical current, by taking account of the major contributions of the field, aiming at responding to the problem dealt with.

As for the second issue, Norris criticizes those who consider that there is a current uniform trend of decline in individual confidence levels in representative institutions and actors, worldwide. According to her, this sort of interpretation is dominant in the recent academic production – also present in some chapters of the book *Critical Citizens* – and, for that, the efforts of researchers have been rather than diagnosing the problem, they have analyzed its possible consequences. In possession of data of opinion polls, the author carries out longitudinal studies, which range from the 1970s to the recent times, for the case of the U.S.¹, and from the late 1990s until recently, for seventeen European countries². The conclusion she reached is that the confidence rates go through a number of fluctuations, in the periods analyzed, for the set of countries, and its uniform decrease is not perceptible. Norris, however, identifies some exceptions, such as the cases of Portugal and England, which show a decline trend of around 20% of the confidence rate, and Belgium, Finland and Denmark, which go to an opposite direction, but with the addition of the rate on a similar level.

Democratic deficit

The book *Democratic Deficit* is made up of twelve chapters. The first of them is intended to present the contents of the book and identify the major theories on democratic support. Therein, the author also explains the meaning of this expression.

The second chapter has a predominantly theoretical characteristic, as the nature of the individual support the democratic

¹ Figures 4.1 to 4.4, shown from pages 14 to 17 of Chapter 4 (Norris, 2012).

² Figures 4.5 to 4.7 shown from pages 18 to 20 and tables 4.1 to 4.3, shown from pages 23 to 25 of Chapter 4 (Norris, 2012).

political regime is discussed, with a special attention to the contributions of Easton (1965). This is dispensable for those who have read the introduction to *Critical Citizens*, once the author resumes the same discussion basically using the same arguments.

In the third chapter, the information on the data used in the book is provided. An empirical test is also applied, which evidences the multidimensional political support, corroborating with Easton's thesis. The political support, according to Norris, is constituted of five elements: confidence in institutions, evaluations of the democratic performance, endorsement of this regime's principles, support for democratic values and national pride.

This same issue is resumed in a compared manner in chapter five. The major findings are (1) the citizens from countries with a larger democratic tradition show deep-seated roots as regards democratic values; (2) the autocratic countries have the largest institutional and nationalism confidence levels; and (3) the variances in the support rates for the democratic regime are larger within a group of exclusive-democratic countries than in a group of democratic and non-democratic countries. All this shows, Norris points out, that the affection for democratic values is large even among citizens from non-democratic countries and attests that the democratization process is only one of the dimensions necessary to understand the contemporary patterns of popular support for democracy worldwide.

The discussion in chapter four is on trust. After a wide theoretical approach on the theme, Norris compares the data in a cross-national manner (among countries) and longitudinally (over the years). The results show the fragility of the argument that establishes the decline trend of trust rates worldwide, indicating a diagnosis in which the characteristic is the fluctuation of these rates, with the exceptions mentioned above.

In chapter six, the inquiry's focus is on the democratic deficit, defined as the disparity between the level of democratic aspirations and the satisfaction with how democracy works, and measured individually. The most substantive finding is in Table 6.2, which shows the different rates of democratic deficit by world region. The Scandinavian region shows the highest rate of democratic aspiration (9.19 out of 10) and the lowest democratic deficit (-1.53, within the interval from -10 to 10). The lowest aspiration (7.99) and satisfaction

(5.06) rates were observed in Central & Eastern Europe, which, consequently, has also the highest democratic deficit (-2.96).

From chapter seven to ten, Norris performs inferential statistical tests aiming at identifying linkages among, on one hand, values, political knowledge, access to media contents and assessment of regimes performance and, on the other hand, governments with political orientation that express satisfaction and affection towards democracy. Contrary to chapters four and five, in these, the data comparison is carried out in a cross-national manner only, as the data used are those of the fifth wave of the *World Values Survey* (WVS).

The theories on political culture are approached in chapter seven and the analysis begins with the contributions of classical authors, e.g. Stuart Mill (1983) and Tocqueville (2010), going through the Almond and Verba's famous study (*The Civic Culture*) and concludes with the recent works of Putnam (2000) and Inglehart & Welzel (2009). The author also studies texts relative to the modernization theory. The major results that she reached evidence that self-expression and post-materialism values are positively linked with democratic aspirations and satisfaction with democracy, and higher educational levels have a positive link with democratic aspirations and a negative with democratic satisfaction. Furthermore, the absence of statistically significant linkages between Human Development Index (HDI) and older cohorts put under suspicion the arguments of the modernization theory:

Modernization theories are most powerful when seeking to account for the longterm evolution of cultural attitudes, such as the persistent erosion of religiosity in affluent nations, or the growth of more egalitarian attitudes towards sex roles in the home, family and workplace. But these theories are not well designed to account for the dynamic ebb and flow of attitudes towards political regimes (Norris, 2011, p. 10)³.

The discussion that the author carries out in chapter eight is on democratic knowledge. Firstly, she describes the three major theories that approach the issue. In the socialization theory, the recurring argument is that the political knowledge is, in a good part, acquired in the formative years of life, that is, during childhood through adolescence

³ Excerpt from Chapter 7.

and beyond (Sears, 1975). The sources of learning include the family, school, local community, mass media, civic institutions and other agencies of cultural transmission. Whereas the scientists of the current that Norris calls “skeptical theory” of political knowledge emphasize the limits of citizen’s cognitive awareness, even in rich countries and long-standing democratic states. She states that the reference work on this issue is Converse’s (1964), in which he demonstrates that most of the U.S. voters have no deeply-held convictions or notions of the political debate, and this characteristic is satisfied only by the well-educated. The author also brings into debate the contributions of the relativistic view, which emphasizes the difference of the meaning of democracy in diverse contexts. According to relativists, the language, institutions and meaning of democracy are remade and evolve within each society, so that classical liberal notions are not fixed in stone when transported to other cultures (Schaffer, 1998).

In this chapter, Norris also distinguishes three types of possible understandings of democracy: the procedural, which links the existence of representative political institutions and the defense of civil liberties with the notion of democracy; the instrumental, which links democracy with a welfare state; and the authoritarian, in which authoritarian features of government are understood as democracy. The empirical evidences suggest that the procedural understanding of democracy prevails in all continents, and it is relatively more common in Scandinavia and less in Asia and Africa. Another important observation comes from the results of inferential tests: they point out that macro-variables – e.g. experience of democracy, economic development, cosmopolitan communications and political development – prove stronger predictors of democratic knowledge than variables such as instruction levels and family income.

The divergent conceptions about the possible effects of news media on the citizens’ political orientations is the issue of chapter nine. The researchers studying this theme may be divided, according to Norris, into two groups: the proponents of the so-called *video-malaise*, with the conviction that the news media consumption is related to political cynicism (Robinson, 1976, Patterson, 1993, Putnam, 1995) and those claiming that the access to news media is not linked with detachment from politics, pointing out, also, a correlation between the access to

news media and a greater political interest and participation (Newton, 1997, Norris, 2000).

Norris deals with, within this chapter, comparing these two theoretical accounts to explain the democratic deficit. The data analysis results suggest that higher frequencies of news media exposure are related to higher rates of democratic aspirations. They also demonstrate a positive relation of exposure to radio and television news and satisfaction with democracy, whereas this relation is reversed as regards internet use and democratic satisfaction. Furthermore, the access to all media is related to lower levels of democratic deficit, i.e., to smaller differences between democratic aspirations and satisfaction with democracy. For Norris, the data show that the *video-malaise* thesis is not supported.

In chapter ten, Norris addresses the contributions of the rational choice theory for studies on political behavior. She also seeks empirical evidences to test the assumptions that deal with the centrality of governments' performance in explaining the individuals' political orientation.

The major results show that there is a relationship among most of the macro-level government performance indices – such as the ones built by *Freedom House*, *Polity IV*, World Bank, Transparency International – and satisfaction with how democracy works; the exception being the Cingarelli-Richards (CIRI) Database, which measures the range of respect to human rights. At the micro level, the variables that measure subjective well-being are shown as statistically significant predictors in all tests performed by the author, being positively linked with democratic satisfaction. The third perspective explored by the author is that in which the power-sharing systems have effects on the democratic satisfaction. Influenced by the studies of Anderson (1995) and Anderson & Guillory (1997), she analyzes whether there is any difference in democratic satisfaction between “winners” (who supported the governing party) and “losers” (who supported the opposition). She identifies a positive relationship between “winners” and democratic satisfaction and an opposite situation in the case of “losers”.

In chapter eleven, the author studies the relationship between democratic aspirations and civic engagement. She observes the positive links between aspiration rates and civic engagement, e.g. voluntary

compliance of the law, interest in politics and participation in protest politics. Finally, in the last chapter, the author makes a general synthesis of the major results of her analysis.

Major contributions and limits of the study

In a general manner, the book is regarded as a product of a meticulous work. The author shows to be zealous both in the theoretical discussion and the statistical tests.

All the indices used in the empirical part are punctually simplified by her, which shows how they were built, either through brief pieces of information all over the text or through detailed descriptions in Appendices A and C. Besides, she does not avoid showing the limits and possibilities of use of every index. As examples, the following reflections stand out, namely, (1) the deficiencies of indices measuring the perception of governance quality – e.g. those of Freedom House, Polity I and Transparency International – and (2) the high correlation in data contained in *Polity IV* and *Freedom House* indices⁴.

Additionally on the methodological dimension, it is worth pointing out the accurate choice in carrying out multilevel or hierarchical tests when the set of explanatory factors include, simultaneously, individual and macro variables. Norris (2011, p. 1) chooses to use for this case the *Hierarchical Linear Models* test (HLM), disregarding the *Ordinary Least Squares* (OLS), and justifies attesting that:

the danger of using this method [OLS] is that the standard errors of the regression coefficients can be inaccurate for contextual variables, by overestimating the degrees of freedom (number of cases), and therefore tests of significance can prove misleading⁵.

In developing the theoretical part of the book, Norris brings into discussion the contributions of the theory of political culture, the rational choice, the neoinstitutionalism and the theories of political communication. A number of works are analyzed by the author. On

⁴ These reflections are in chapter ten, in the item *Process Performance indicators*.

⁵ This except is on page 1 of Appendix C. In the book, more specific explanations regarding this are found in the last two paragraphs of chapter 3 and in Appendix C.

the other hand, there is no statistical test that is not preceded by a theoretical discussion justifying the introduction of the variables considered. Thus, one cannot label her “merely quantitative”.

An analytical choice of hers, however, could be criticized. All over her work, Norris uses the variable that measures satisfaction as the functioning of democracy⁶ as an indicator of political orientation supporting the democratic political regime. At first sight, using that variable as a proxy of the individual support to democracy seems obvious. Nevertheless, some studies, e.g. Rose’s (2002), show that this path is inadequate, at least when used in recent-established democracies. In these contexts, the memory of the authoritarian regime is still lived and, thereby, the most valid manner to measure the democracy preference would be comparing desirability for this regime as regards the latter. This variable is called by Rose “Churchill’s hypothesis”⁷.

Despite the limits of the study, it can be observed that, in a general way, Norris’ work brings several contributions to political science and promises, again, to introduce in the politologists’ jargon another concept: democratic deficit. Besides, the research design followed, the productive theoretical discussion promoted and the results attained will serve, undoubtedly, as guidelines for future studies that aim to explain the individual political orientations as regards the democratic regime, its major institutions and actors.

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⁶ The writing of the author’s variable is, “And how democratically is this country being governed today? Again using a scale from 1 to 10, where 1 means that it is ‘not at all democratic’ and 10 means that it is ‘completely democratic’, what position would you choose?” (Norris, 2011).

⁷ The name of the variable is inspired by a sentence said by Churchill at the House of Commons, England, in 1947: “Democracy is the worst form of government, except from all those other forms that have been tried from time to time” (Wikiquote, 2012).

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DOSSIER: DEMOCRACY, ECONOMICAL CRISIS AND POLITICAL INSTITUTIONS

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