



Next Generation Democracy

# The Americas

## Track 1 - People and Communities

Regional Trends 2000-2015 & Scenarios 2015-2030



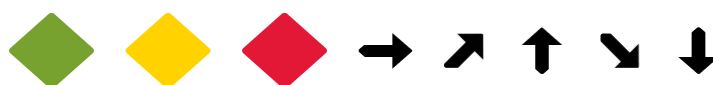
[www.nextgenerationdemocracy.org](http://www.nextgenerationdemocracy.org)

## NOTE TO THE READER

NGD regional reports for Track I, 'People and Communities', analyze trends and projections in democratic governance from a predominantly socio-political perspective on the basis of a multidimensional template specifically formulated by the Club de Madrid, with the collaboration of the Bertelsmann Stiftung, for this purpose.

NGD regional reports have been written by the Bertelsmann Transformation Index (BTI) Regional Coordinators and extensively discussed with the BTI team, the CdM Secretariat and NGD regional partners. They constitute the first step of the NGD process, which will progressively organize transformative practices and ideas according to the same template, and subsequently draft NGD regional agendas to react to signals of democratic decline and advance democracy worldwide.

NGD regional reports start with a summary of regional indicator trends according to the NGD template. The summary includes colored boxes and arrows expressing the present state of affairs and the evolution during the last 15 years of democratic governance for each relevant indicator. The sources for trend calculations are the BTI and the Sustainable Governance Indicators (SGI), also developed by the Bertelsmann Stiftung.



Indicator boxes are colored to differentiate between the most recent state of affairs for each regional indicator (BTI/SGI 2014). Green, yellow and red respectively indicate 'high level', 'medium level', and 'low level' in relative quality. Levels for each regional indicator are based both on inter- and intra-regional averages, thus the indicator boxes highlight the relative strengths and weaknesses of a region, but also indicate how well the region is scoring on a global scale.

Trend arrows express whether the situation improved or worsened during the last 15 years. The indicator boxes contain five types of trend arrows, signaling 'significant improvement', 'improvement', 'continuity', 'decline', and 'significant decline'. The positive or negative trend reflects changes of averages above or below a certain threshold (which varies according to the size of the country sample) in the respective regional indicator. Changes of more than double that threshold form a significant trend.

The combination of colors and arrows thus shows whether a given change, and the speed of it, is observable from a low or high starting level. In the former case, a positive trend means that modest change has occurred during the past years in a situation which remains problematic. In the latter case, depending on the speed of change, a positive change may indicate that an already high status is being further improved. In case the trend is negative and the present state of affairs is of a low quality, regression is taking place in spite of a problematic situation. Finally, negative trends against a high quality background indicate potential decline in deep-rooted aspects of democracy.

For a detailed explanation of the calculations, see NGD Methodological Note at:  
[www.nextgenerationdemocracy.org](http://www.nextgenerationdemocracy.org)



**BertelsmannStiftung**



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# The Americas

## Track 1 – People and Communities

### Values and Institutions

### Access and Inclusiveness

### Management and Policies

Trends 2000 – 2015		Projections 2015 – 2030
Political participation		
<b>Electoral process</b> Electoral processes are rather stable and fulfill their functions reasonably well, but occasional setbacks sum up to a notable decline.		<ul style="list-style-type: none"><li>Political participation is deeply ingrained and unlikely to be withdrawn; polyarchy will probably take further root.</li><li>Sources of uncertainty remain, especially for weaker states: poverty, inequality and polarization; violence; drug-related organized crime; and corruption.</li></ul>
<b>Association/assembly rights</b> Respect for and exercise of these rights have reached a rather high level. Setbacks have been ephemeral or restricted to hot spots.		
<b>Freedom of expression</b> Freedom of expression is satisfactorily realized, but is under continuous pressure in the continent's hot spots.		
Rule of law		
<b>Separation of powers</b> Checks and balances are functioning and respected in only a few countries. Repeated infringements sum up to a notable decline.		<ul style="list-style-type: none"><li>The rule of law remains weak, while prospects for improvement are bleak for most countries.</li><li>Deep social divides and political polarization tend to undermine rule compliance among citizens and elites.</li><li>Security issues further weaken the rule of law, producing occasional violations of human rights.</li></ul>
<b>Independent judiciary</b> The weakest of all institutions, with very few exceptions. The best news: despite the mediocre level, there was no further decline.		
<b>Civil rights</b> Despite improvement across decades, the human-rights situation has stagnated since 2000. Serious infringements still occur in some regions.		







# The Americas

## Track 1 – People and Communities

Values and Institutions

Access and Inclusiveness

Management and Policies

Trends 2000 – 2015		Projections 2015 – 2030
Political and social integration		
<b>Party system</b> With few exceptions, party systems are essentially weak, albeit with some signs of stabilization since 2000.		<ul style="list-style-type: none"><li>• The ability of political and social organization to integrate a considerable spectrum of citizens' preferences into policy will remain strong in most countries.</li><li>• Others will face ongoing difficulties if deep polarization and weak intermediary systems remain the rule.</li></ul>
<b>Interest groups</b> Interest aggregation and articulation works rather well, but the interest-group landscape remains unbalanced in most countries.		
<b>Social capital</b> Social capital remains generally weak, with rather low levels of trust, but self-organization is somewhat on the rise.		
Inclusiveness and non-discrimination		
<b>State identity</b> With a few notable exceptions, there are no problems with citizenship or the nation-state's legitimacy, and no significant changes.		<ul style="list-style-type: none"><li>• Without substantial re-distribution, inclusiveness and non-discrimination will remain major problems of democracy, producing fertile soil for populism, violence and disregard for the rule of law.</li><li>• Export dependency may aggravate the situation in times of reduced global demand.</li></ul>
<b>Socioeconomic barriers</b> Deep inequalities continue to exclude segments of society from equal participation in economic, social and political life.		
<b>Equal opportunity</b> Equality of opportunity remains satisfactory only in the more developed countries, with rather sparse improvements.		









# The Americas

## Track 1 – People and Communities

Values and Institutions

Access and Inclusiveness

Management and Policies

Trends 2000 – 2015		Projections 2015 – 2030
Strategic capacity and efficiency		
<b>Prioritization</b> With few exceptions, party systems are essentially weak, albeit with some signs of stabilization since 2000.		<ul style="list-style-type: none"><li>• Involvement of often-vibrant civil societies in policymaking will tend to increase, but overall success will depend on credible political strategies for development, including a basic elite consensus.</li><li>• Establishing regime dynamics aimed at good governance will remain an ambitious endeavor for most countries, and all but illusory for the weak states.</li></ul>
<b>Implementation</b> To varying degrees, most countries lack effective implementation capacities, but partial improvements took place.		
<b>Efficient use of assets</b> With few exceptions, resource efficiency has remained mediocre, though with slight improvements in about half of the countries.		
<b>Anti-corruption policy</b> Apart from the few model cases, corruption-fighting efforts remain very weak. Improvements took place, though mostly from a low level.		
Consensus-building		
<b>Cleavage/conflict management</b> Most governments had difficulties in moderating conflict, and some even exacerbated polarization.		<ul style="list-style-type: none"><li>• After a decade of at times sharp confrontation, a number of governments will probably engage in more consensus-building so as to strengthen governance.</li><li>• Involvement of often vibrant civil societies is crucial, provided that governments develop credible strategies.</li></ul>
<b>Civil-society participation</b> In most countries, civil-society participation continued to be limited, ranging from half-hearted involvement to neglect.		

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## Introduction

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Only three countries south of the Rio Grande (Uruguay, Costa Rica and Chile) have a record of long-lasting constitutional or even democratic regimes comparable to those of the United States and Canada, interrupted both in Chile and Uruguay by dictatorships. A lack of social inclusion, with considerable poverty, discrimination and inequality levels, the latter still largely exceeding those in other world regions, continues to place considerable pressure on the region's political systems. Populist challenges are repeatedly directed against constitutional regimes often firmly in the hands of status-quo-oriented elites.

Yet Latin America has had remarkable success in stabilizing democratic regimes since its return to democracy starting in the late 1970s. The Western hemisphere is today overwhelmingly democratic, though many of the Latin American democracies are still struggling to become consolidated, with occasional regressions or unconstitutional moves evident. Currently, only three countries fail to fulfill democratic norms: Cuba, the last classical autocracy; Venezuela, a so-called electoral autocracy with completely undermined checks and balances; and Haiti, a failed state that nevertheless preserves important freedoms and liberties.

During the past 15 years, advances and setbacks in the region's democratic development have largely balanced one another. While this has indicated steady consolidation in a few cases such as Costa Rica, Chile and Uruguay, it has spelled stagnation for a larger number of countries ranging from the Dominican Republic, Honduras and Panama to Argentina and Paraguay. Clear democratization gains in Brazil and Colombia contrast with severe setbacks in Ecuador, Guatemala, Mexico and Venezuela.

# Values and Institutions

## Regional overview

Values and Institutions			Political Participation				Rule of Law		
			Free and fair elections	Association / assembly rights	Freedom of expression		Separation of powers	Independent judiciary	Civil rights
Uruguay	10.00	10.0	10	10	10	10.0	10	10	10
Costa Rica	9.67	9.7	10	9	10	9.7	10	9	10
Chile	9.17	9.0	9	9	9	9.3	10	9	9
Jamaica	8.83	9.7	9	10	10	8.0	8	9	7
Brazil	8.33	9.0	10	9	8	7.7	9	7	7
Argentina	7.50	9.0	9	10	8	6.0	5	6	7
Bolivia	7.50	8.7	9	9	8	6.3	7	6	6
Peru	7.33	8.3	9	8	8	6.3	7	6	6
Dominican Rep.	7.17	8.0	7	9	8	6.3	6	6	7
El Salvador	7.17	8.0	8	8	8	6.3	7	6	6
Panama	6.83	7.7	8	8	7	6.0	6	5	7
Mexico	6.67	7.0	7	8	6	6.3	8	5	6
Paraguay	6.67	7.3	8	8	6	6.0	6	5	7
Colombia	6.50	6.3	6	7	6	6.7	7	7	6
Honduras	6.50	7.0	7	8	6	6.0	6	6	6
Ecuador	5.67	6.3	6	8	5	5.0	4	4	7
Nicaragua	5.50	6.7	6	7	7	4.3	4	3	6
Guatemala	5.33	5.3	6	5	5	5.3	6	5	5
Haiti	5.00	6.0	5	7	6	4.0	4	3	5
Venezuela	4.17	5.0	6	5	4	3.3	3	2	5
Cuba	2.33	2.3	1	3	3	2.3	1	2	4

### Indicator Scores, Transformation Index BTI 2014

Note: Scores reflect the situation as of January 31, 2013. Canada and the United States are not assessed by the BTI 2014 and therefore are not listed with indicator scores above. However, as these countries rank considerably higher than well-performing Chile in the Bertelsmann Stiftung's Sustainable Governance Indicators, a governance assessment tool for OECD countries, we consider it safe to assume that they hold top positions in intraregional comparison.

Since the demise of authoritarian rule in Latin America, the continent has reached a comparatively high level of polyarchy and institutional stability. Open regressions have been rare, while a few states have advanced toward democratic consolidation. Throughout the last decade, however, democratic quality suffered decidedly in a third of all Latin American countries. Stateness problems persist, especially in the Andes, Central America and Mexico, while a decline in commitment to democracy and especially the rule of law – among elites as well as among parts of the citizenry – has contributed to an ambiguous state of affairs.

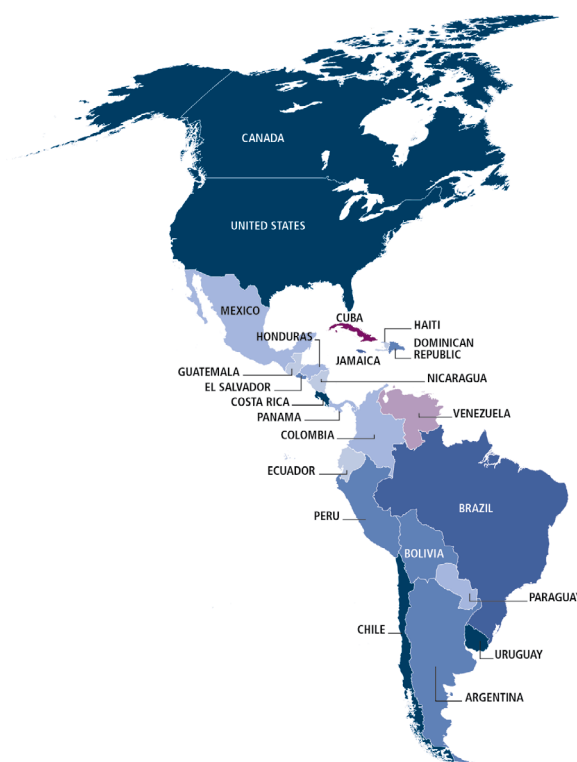
The Americas as a mostly democratic continent broadly adheres to the principles of democracy and the rule of law, though the quality of democracies varies considerably. A general feature has remained the divide between the region's strength with regard to political participation and the apparent weakness of the rule of law, which has not significantly improved over the last two decades, and has even declined in a few cases. Stateness problems have grown especially along the drug-trafficking routes to North America, compromising political development above all in Central America and Mexico. The weakest institution has remained the judiciary, which appears to be dysfunctional in almost half of the countries, a fact that also affects the comparatively positive civil-rights record.

Next to **Canada** and the **United States**, only **Uruguay**, **Costa Rica** and **Chile** can be considered as consolidated democracies with an overall high level of democratic quality. Though not without problems, these five are also the only countries with a largely functional rule of law, under which civil rights are both respected and protected.

At the other end of the spectrum we find three non-democratic regimes. **Cuba** is a classic authoritarian state with one-party rule, no separation of powers and severely restricted political participation. **Venezuela** is a so-called electoral-authoritarian regime, with a rather weak electoral legitimacy completely undermined by an eroded separation of powers. **Haiti** is a failing state with unstable and unreliable, almost nonexistent political institutions and a government with more than doubtful electoral legitimization; its level of socioeconomic development is extremely low and burdens any future democratization efforts.

Between these two groups we find the large bulk of 15 countries with more or less grave deficiencies and problems of democratic consolidation. Ranking toward the top of this group are **Brazil** and **Jamaica**, where strengths in political participation combine with an at least satisfactory state for the rule of law – though in the Brazilian case, this may be true only at the federal level. The majority of this middle group's countries, from **Argentina** and **Bolivia** to **Honduras** and **Colombia**, combine strengths and at times severe weaknesses, with particular problems concerning the separation of powers and the judiciary. Despite some uncertainties such as the escalation of violence in **Mexico** and Central America, or the still unresolved peace process in **Colombia**, core institutions are largely secured.

Problems of democratic quality and consolidation are clearly more pronounced in **Ecuador**, **Guatemala** and **Nicaragua**, though for different reasons. The Guatemalan democracy suffers from overall institutional weaknesses, whereas in Ecuador and Nicaragua, the presidents have undermined the separation of powers and the independence of the judiciary, showing tendencies to govern a la venezolana.



## Analysis

### Political participation

#### *Electoral process*

*To what extent are political representatives determined by general, free and fair elections?*

The electoral processes and institutions in the Americas have been rather stable and fulfill their functions reasonably well. Elections are mostly free and fair and constitute one of the strongest assets in the set of democratic institutions, the main exceptions being the failing state of Haiti and authoritarian Cuba. Differences in quality result from organizational problems as well as from occasional irregularities and non-transparent campaign finance systems, above all in the weaker states in the Andes and in Central America.



However, over the past decade there has been a certain decline in quality in some Latin American countries, driven in part by sharp social and political polarization and/or populist politics aimed at gaining control of the branches of government, above all in Bolivia, Ecuador, Mexico, Nicaragua and Venezuela, but to a lesser extent also in the Dominican Republic and Guatemala. In these countries, deep polarization has to some extent also affected the commitment of citizens and elites to compliance with impartial electoral rules. In addition, the coups in Honduras and Paraguay demonstrated that veto powers may still disregard electoral outcomes if they run counter to their basic interests. BTI scores indicate that declines in the area of free and fair elections constituted the gravest setback for democracy quality in Latin America during the last 10 years.

### *Association/assembly rights*

*To what extent can individuals form and join independent political or civic groups? To what extent can these groups operate and assemble freely?*

With some exceptions, the respect for and exercise of association/assembly rights has reached a rather high level, forming a largely undisputed cornerstone of the region's democratic strength. Apart from autocratic Cuba, major problems exist only in highly polarized Venezuela and in Guatemala, where deep-rooted racism and violence have affected all political rights. For distinct reasons, a few other governments (Bolivia, Ecuador and Peru) have also occasionally exerted pressure on political or civic groups, but there has been no overall decline. The citizens' protests in Chile and Brazil, in turn, represent a clear sign of citizens' confidence in making their voices heard and demanding government responsiveness.

### *Freedom of expression*

*To what extent can citizens, organizations and the mass media express opinions freely?*

Freedom of expression has reached a satisfactory level all over the Americas. Apart from Cuba, significant exceptions remain Ecuador, Guatemala and Venezuela. Here, either state actors or informal powers such as organized crime curb the influence of critical media and endanger the freedom of expression. In some countries, including Canada and Chile, media pluralism is significantly impaired. For several reasons, the freedom of expression has come under increasing pressure in recent years, especially along the drug routes from South America to the United States – thus, in Central America, Mexico and the Caribbean, where governments often are too weak or even unwilling to find remedies against organized crime and corruption.

## **Rule of law**

Apart from Canada and the United States in the north and – albeit to a lesser extent – Chile, Costa Rica and Uruguay in the south, the rule of law has remained the weakest point in the region's political development. Though still in a better shape than in the remaining world regions (aside from Europe), the overall level of the rule of law and of rule compliance is at times precariously low. There has been no significant improvement since 2000 due variously to reform reluctance, corruption, and new challenges that undermine the acceptance of power-restricting mechanisms and – against the background of social inequality and exclusion – respect for the law more generally.

### *Separation of powers*

*To what extent is there a working separation of powers (checks and balances)?*

With the exception of Haiti, Canada and most of the English-speaking Caribbean, the American countries have all chosen presidential systems. In Latin America, the direct electoral legitimization of the president has often served to invoke a superior legitimacy and to justify a concentration of power in the executive, undermining checks and balances. In cases of divided government, institutional gridlock has repeatedly provoked political stalemate such as that in the United States,

and has sometimes also served to justify a break with constitutional procedures. Apart from the United States and Canada, only Chile, Costa Rica, Uruguay and – albeit with some limitations – Brazil, Jamaica and Mexico have demonstrated a consistently functioning separation of powers. In contrast, almost a dozen Latin American countries demonstrate rather weak checks and balances, with Ecuador, Haiti, Nicaragua and above all Venezuela the most problematic cases. Over the last decade, notable declines have occurred in the Dominican Republic, Honduras, Nicaragua, Panama and Paraguay, as well as in the United States, where horizontal accountability has been compromised since President Bush's moves to concentrate powers, thereby reinterpreting both the rule of law and the system of checks and balances.

### *Independent judiciary*

*To what extent does an independent judiciary exist?*

While traditionally strong in the countries of Anglo-American provenance, the judiciary in Latin America has historically been notoriously weak. Only Chile, Costa Rica and Uruguay have succeeded in (re-)establishing a strong and independent judiciary, with a few other cases (Brazil, Colombia) in which at least some improvements have been made. Often plagued by professional deficiencies and widespread corruption, the judiciary is generally seen as an obstacle by governing and societal elites, thus contributing to the neglect or manipulation of the judiciary and to a reluctance to engage in judicial reform. Since 2000, this scenario has scarcely changed, although further decline has been evident in Ecuador, Venezuela and Nicaragua, as well as in conflict-ridden Mexico. Weak law enforcement, impunity and the advance of organized crime have contributed to low levels of confidence in the judiciary, thus hampering the prospects for a strengthening of the rule of law.

### *Civil rights*

*To what extent are civil rights guaranteed and protected, and to what extent can citizens seek redress for violations of these rights?*

With few exceptions, civil rights as the basic cornerstone of liberal democracy have had a problematic history in the Americas. However, civil rights in Latin America have become increasingly secure and respected, even if important restrictions persist. Problematic exceptions to an overall positive record remain authoritarian Cuba, the failing state of Haiti, and the currently violence-plagued countries, above all Colombia, El Salvador, Guatemala, Honduras, Mexico and Venezuela. Since 2000, the civil-rights situation has improved only slightly, and primarily in countries with a previously poor human-rights record (Colombia, Cuba and Haiti). Several countries have taken significant steps to investigate and prosecute gross human rights violations of the past. Access to justice for the less privileged remains a major problem across the hemisphere. A major setback – and a bad signal for human-rights defenders – was the serious infringement of civil liberties following President Bush's initiation of the "war on terror," apparently supported by U.S. citizens ready to sacrifice personal freedom in exchange for security.

## Projections 2015 – 2030

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### **Political participation**

Political participation including free and also predominantly fair elections has become the Americas' vital source of democracy, though this is occasionally misused by populist leaders, and at times has even provoked regime crises. Competition will likely continue to be a feature of the political scenario in all Latin-American and Caribbean societies, with the exception of Cuba. The political landscape across the region has improved considerably since the end of the twentieth

century and will likely remain so in the near future. Learning processes among elites as well as among citizens have evidently occurred that seem unlikely to be rolled back. An adherence to polyarchy has become widespread in the Americas, reflected in the reactions of the Organization of American States (OAS) and the Union of South American Nations (UNASUR) to unconstitutional political action. Assuming no fundamental shocks, polyarchy will probably take further root and create channels for more responsive governance. However, occasional setbacks are not precluded. The main sources of uncertainty include the deep polarization in several countries and the governance problems resulting from persistent inequalities, populist temptations and the high level of violence related to the extension of drug-related organized crime. Thus, an alternative scenario – should civil society remain underinvolved in political decision-making processes – may be the continuity of elitist and socioeconomically exclusionary societies that hinder democratization.

## **Rule of law**

The prospects for a stronger rule of law are bleak all over the continent, given the presence both of long-lasting and new social divisions (inequality, exclusion), elites who try to evade the rule of law or who are at least uninterested in improving it, informal actors such as transnational organized crime creating lawless zones all over the continent, and the expansion of organized and everyday violence. In addition to a lack of political will, path dependencies reaching to the nineteenth century and in some cases to the colonial experience have made it difficult to address these problems through reforms. With few exceptions – Canada, Chile, Costa Rica and Uruguay – the basic consensus among elites as well as ordinary citizens with regard to rule compliance has weakened, though to varying degrees. Deep social divides, which may be exacerbated by potential economic stagnation, foster the neglect of basic rule compliance. Conformance to the rule of law will be especially elusive given the added perturbations of security issues such as the U.S. war on terror or the threat posed by organized crime.

Combating organized crime in order to improve the rule of law is a medium-range, if not long-run effort that requires enhanced regional cooperation. Among the structural factors, economic growth and reducing inequality are two of the most important tasks in reducing organized crime. Even when and where the political will exists, many countries aren't likely to have the economic strength to fight organized crime. Given the adaptability and mobility of organized crime, and the possibility of an economic downturn or slowdown, many countries – particularly in Central America and the Caribbean – will find it difficult to introduce the economic, social, political, and anti-crime reforms needed to root out organized crime.

## Access and inclusiveness

### Regional overview

Access and Inclusiveness		Political and Social Integration				Inclusiveness and Non-Discrimination			
			Party system	Interest groups	Social capital		State identity	Socioeconomic barriers	Equal opportunity
Uruguay	9.33	9.7	10	10	9	9.0	10	8	9
Costa Rica	8.33	8.3	7	9	9	8.3	10	7	8
Chile	7.83	7.7	8	8	7	8.0	10	7	7
Argentina	7.33	6.7	6	7	7	8.0	10	7	7
Jamaica	7.33	7.7	9	7	7	7.0	10	5	6
Brazil	7.17	7.0	6	8	7	7.3	9	6	7
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Dominican Rep.	6.00	6.7	7	6	7	5.3	7	5	4
Colombia	5.83	5.3	5	6	5	6.3	8	5	6
Honduras	5.83	6.3	7	6	6	5.3	9	3	4
Paraguay	5.83	6.0	7	6	5	5.7	9	4	4
Venezuela	5.83	4.3	4	4	5	7.3	9	6	7
Peru	5.50	4.7	4	5	5	6.3	9	5	5
Ecuador	5.17	4.3	4	4	5	6.0	8	5	5
Nicaragua	5.17	5.3	5	6	5	5.0	8	3	4
Cuba	5.00	2.3	1	2	4	7.7	10	6	7
Guatemala	4.33	4.3	4	5	4	4.3	6	3	4
Haiti	3.50	3.3	3	3	4	3.7	7	1	3

#### Indicator Scores, Transformation Index BTI 2014

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While the region shows some strengths as well as important weaknesses in terms of representativeness within the political system, the primary problem with regard to access and inclusiveness has remained the deeply ingrained social inequality, combined with at times burdensome poverty. The only countries which successfully combine political integration and social inclusiveness are **Canada**, **Uruguay**, the **United States** and – albeit to a lesser extent – **Chile** and **Costa Rica**. These countries are joined by a second group – **Argentina**, **Brazil**, **Jamaica** and **Panama** – whose members attain at least a somewhat satisfactory level in both dimensions, though in the case of Jamaica and Panama, poverty and inequality are rather pronounced.

A pattern of solid political-integration mechanisms combined with remarkable problems of social inequality can be observed in **Bolivia**, the **Dominican Republic**, **El Salvador**, **Honduras**, **Mexico** and **Paraguay**. A fourth group instead shows significant weaknesses in terms of interest representation and aggregation, and in the area of social capital. While **Nicaragua** is highly deficient both in access and inclusiveness, in the remaining countries – **Colombia**, **Cuba**, **Ecuador**, **Peru** and **Venezuela** – social inclusion is clearly stronger than political integration. **Cuba** and **Venezuela** above all show a rather satisfactory level of social development, though this cannot compensate

for rather weak mechanisms of political integration. At the end of the scale, the failing state of **Haiti** and the weak state of **Guatemala** show alarmingly low levels both of political integration and social inclusiveness.



## Analysis

### Political and social integration

#### *Party system*

*To what extent is there a stable and socially rooted party system able to articulate and aggregate societal interests?*

Well-functioning party systems as a precondition for democratic governance and balanced citizen choices show a mixed record across the Americas, with little change since 2000. Along with those in the United States and Canada, the party systems of Chile, El Salvador, Jamaica, Mexico and Uruguay have proved comparatively stable and strong, and even resilient at times of societal change. To a lesser extent, this also applies to Costa Rica, the Dominican Republic, Honduras, Panama and Paraguay. With the exception of the United States' rigid two-party system resulting from majority rule, these systems have been capable of integrating new political forces and thus widening opportunities for citizen choice – notwithstanding the notorious ambiguities inherent in clientelistic patterns of affiliation, notably in Central America and the Caribbean. However, almost half of Latin American countries fall short of having functioning party systems – partly due to dysfunctional electoral rules (Brazil), partly due to mere party-system breakdowns and the ongoing struggle associated with restructuring (e.g., Bolivia, Ecuador, and Venezuela since 2000; or Peru since the early 1990s).



*Interest groups*

*To what extent is there a network of cooperative associations or interest groups to mediate between society and the political system?*

Along with the United States and Canada, almost half of the countries of Latin America prove to have an essentially functional system of interest groups, though generally unbalanced with regard to the broad spectrum of societal interests. Apart from Cuba and Haiti, only Ecuador, Guatemala, Peru and Venezuela effectively fall short of such a mediating system, tending or even intending to exclude specific interests from participation in the political sphere. Trends since 2000 have been divergent, with deterioration evident in Ecuador and Venezuela, but successful rearrangements in Bolivia, Honduras and Jamaica.

*Social capital*

*To what extent have social self-organization and the construction of social capital advanced?*

Apart from the traditionally high-ranking countries of North America, as well as Costa Rica and Uruguay, social capital remains rather weak in the Americas. This is mainly due to deep social divisions coupled with widespread violence and lawlessness, with the most precarious cases being Guatemala and Haiti, along with authoritarian Cuba. While trust in people has remained generally low, the ability to engage in self-organization has improved somewhat over the past decade, above all as a few countries have been able to overcome a conflict-ridden past (e.g., Colombia and Honduras).

## Inclusiveness & non-discrimination

*State identity*

*To what extent do all groups in society have access to citizenship and naturalization? To what extent do all relevant groups in society agree about citizenship and accept the nation-state as legitimate?*

Generally, there are no substantial problems with citizenship and naturalization, and the individual nation-states are widely seen as legitimate by citizens. Some problems exist in a few countries with ethnic minorities (e.g., Haitians in the Dominican Republic) or because the nation-state is not seen as entirely legitimate (Canada, Haiti). A growing problem since 2000, especially in very recent years, has been a massive migration from South and Central America to the north, provoking harsh measures by U.S. authorities and parts of the citizenry.

*Socioeconomic barriers*

*To what extent are significant parts of the population fundamentally excluded from society due to poverty and inequality?*

Apart from Canada, the United States and Uruguay, all countries of the hemisphere suffer to a greater or lesser degree from poverty as well as deep inequalities that impede portions of the population from equal participation in economic, social and even political life. Improvements since 2000 have been scarce despite impressive economic growth in most countries and determined social policies in at least some of them. The most precarious cases remain Guatemala, Haiti, Honduras and Nicaragua. Some progress has been observed in Bolivia, Ecuador, Peru and Venezuela, but these countries have remained strongly dependent on resource exports.

*Equal opportunity**To what extent does equality of opportunity exist?*

Given deep-rooted inequalities, especially in Latin America, the situation of many disadvantaged groups has remained difficult in most countries despite some measures aimed at enhancing equality of opportunity. Apart from the more advanced Costa Rica and Uruguay, only Argentina, Brazil, Chile, Venezuela and Cuba can provide for somewhat satisfactory opportunities. The situation in other countries remains very problematic, especially in the Dominican Republic, Guatemala, Haiti, Honduras, Nicaragua and Paraguay. Some improvements were evident in comparatively more developed countries including Argentina, Brazil, Chile and the United States.

*Patterns of discrimination**To what extent is the inclusiveness of societies hampered by structural discrimination based on ethnicity, religion or gender?*

Inclusiveness across the Americas is mainly framed by class, and is thus a question of poverty and income inequality, a fact also reflected in education disparities. However, in almost all countries this basic inequality combines with other forms of discrimination, though to a varying degree. Most pronounced is the combination of class and ethnicity, particularly concerning indigenous people(s) all over the continent (from Canada and the United States in the north to Chile and Argentina in the south), and citizens of African descent (above all in the United States, the Caribbean, Brazil, Colombia, and to a lesser extent Venezuela, Ecuador and Peru). The degree of exclusion related to ethnic discrimination varies due to the size of indigenous and/or black population and the integration mechanisms established (including informal mechanisms such as a culture of mutual acceptance). Argentina, Costa Rica and Uruguay are the least affected; a second group with significant, but somewhat limited ethnic discrimination includes countries such as Canada, Chile, Cuba, Mexico and Venezuela; a third group with more ingrained if often subtle patterns of ethnic discrimination consists of Brazil, Colombia, Ecuador, Nicaragua, Paraguay and the United States; a fourth group comprises countries with considerable discrimination patterns, above all Guatemala, but also Bolivia and Peru.

Still worse is the combination of class, ethnicity and gender, manifesting above all in the situation of indigenous women living in metropolitan slums or rural regions. However, despite huge deficiencies – especially concerning traditional roles in machismo-plagued Latin America and the scandalous femicides in Central America and Mexico – considerable progress has been made concerning gender equality, with at times rather successful efforts to enhance the political representation and/or equal education of women. Less promising remains women's economic situation, particularly concerning job quality and the issue of equal pay.

## Projections 2015 – 2030

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### Political and social integration

Political and social integration varies tremendously across the Americas, providing for rather different starting points in the development of more inclusive systems. While most countries have at least a solid base enabling the smooth accommodation of new or formerly excluded interests, others will have serious difficulties in doing so. The latter group includes countries affected by deep political polarization (Ecuador, Nicaragua, Venezuela and possibly also the United States) as well as countries with extremely weak intermediary systems and low levels of social capital, such as Guatemala or Peru. An additional threat faces countries exposed to the expansion of organized crime, which has not only infiltrated the institutional system but has also established itself as a specific interest group.

## **Inclusiveness & non-discrimination**

Inequality and exclusion offer fertile soil for a number of phenomena detrimental to democratic consolidation, including populism, violence and disregard for the rule of law. While the economic boom of the last decade helped to mitigate the situation in most countries, several structural limitations will remain. Latin America's dependence on resource exports may become the Achilles heel of further development if demand from abroad should stagnate or diminish. While the middle class has grown substantially in the past decade, there is real risk that this trend will stagnate or even undergo a reversal. Latin American economies are expected to do relatively well over the next few years, but a larger than expected decrease in commodity prices, coupled with a downturn in other emerging economies (e.g., China), would negatively affect economic growth across the Americas. Even if growth in the region slows to an annual average of 3% (which is deemed likely) many of the new lower and middle classes could sink back into poverty.

# Management and policies

## Regional overview

Management and Policies		Strategic Capacity and Efficiency					Consensus-Building		
		Prioritization	Implementation	Efficient use of assets	Anti-corruption policy				
Uruguay	9.13	8.8	9	9	8	9	9.5	9	10
Brazil	8.25	8.0	9	8	8	7	8.5	8	9
Chile	8.00	8.5	8	9	8	9	7.5	8	7
Costa Rica	7.75	7.5	9	6	7	8	8.0	8	8
El Salvador	6.75	6.5	7	8	6	5	7.0	7	7
Peru	6.13	6.3	7	7	5	6	6.0	6	6
Bolivia	5.88	5.3	7	6	4	4	6.5	5	8
Jamaica	5.88	5.3	6	7	4	4	6.5	7	6
Paraguay	5.88	5.8	7	6	5	5	6.0	6	6
Argentina	5.75	5.5	6	6	5	5	6.0	6	6
Colombia	5.75	6.0	7	6	6	5	5.5	6	5
Mexico	5.75	6.0	7	7	6	4	5.5	6	5
Honduras	5.63	4.8	7	5	4	3	6.5	7	6
Panama	5.25	5.0	6	7	4	3	5.5	7	4
Dominican Rep.	5.13	4.8	6	6	5	2	5.5	7	4
Nicaragua	4.88	5.3	6	7	4	4	4.5	5	4
Ecuador	4.75	5.0	5	6	5	4	4.5	4	5
Guatemala	4.38	4.3	5	4	4	4	4.5	4	5
Cuba	4.25	4.0	4	4	4	4	4.5	6	3
Haiti	3.38	2.8	3	2	3	3	4.0	4	4
Venezuela	2.88	2.8	3	3	3	2	3.0	3	3

### Indicator Scores, Transformation Index BTI 2014

Note: Scores reflect the situation as of January 31, 2013. Canada and the United States are not assessed by the BTI 2014 and therefore are not listed with indicator scores above. However, as these countries rank considerably higher than well-performing Chile in the Bertelsmann Stiftung's Sustainable Governance Indicators, a governance assessment tool for OECD countries, we consider it safe to assume that they hold top positions in intraregional comparison.

The quality of political management in the Americas varies from almost excellent to deplorable. With very few exceptions, a general problem in the Americas remains government efficiency and above all corruption.

Along with well-governed **Uruguay**, countries including **Canada** and the **United States** in the north and – albeit with some weaknesses – **Brazil**, **Chile** and **Costa Rica** in the south show an overall good governance record. Consensus-building and especially civil-society participation were outstanding in **Uruguay** and at least remarkable in **Brazil**, while **Canada**, **Chile** and the **United States** performed rather well with regard to government capacities and efficiency. These countries are also the top performers concerning anti-corruption measures, with **Costa Rica** and more clearly **Brazil** lagging somewhat behind.

In contrast, another six countries forming the bottom end of the scale are poorly or even badly governed, combining severe deficiencies in both governance dimensions. This concerns above all the politically deeply divided **Venezuela** and the failing state of **Haiti**, with its notoriously weak institutions that make policy formulation and implementation almost illusory. **Cuba** has shown at least a slight improvement during the Raúl Castro era, approaching the level of **Guatemala** as the

worst-governed democracy on the continent, as well as **Ecuador** and **Nicaragua** with their low consensus-building capacities.

Of the remaining countries, **El Salvador** is somewhat more advanced due to essentially solid policymaking capacities and a comparatively strong performance with regard to consensus-building, with **Peru** following a bit behind because of problems in conflict management and civil-society participation. The countries ranked in the middle of the scale – from **Bolivia**, **Jamaica** and **Paraguay** down to the **Dominican Republic** – share more or less the same features of weak government capacity and weak consensus-building, resulting in at best mediocre governance, with the **Dominican Republic** and **Panama** already bordering on poor governance. A significant weakness shared by these countries with the worst performers is their poor record on issues of efficiency, and especially – with the exception of **Peru** – their inability or unwillingness to fight corruption.



## Analysis

### Strategic capacity & efficiency

#### *Prioritization*

*To what extent does the government set and maintain strategic priorities?*

Setting strategic priorities is a strength in only a handful of governments in the region, including Brazil, Costa Rica, Chile and Uruguay, along with Canada and the United States. However, a similar number of mostly non-populist countries, such as Colombia and Mexico, have at least made serious efforts to improve prioritization. Moreover, it is worth noting that even Bolivia's Morales government, whose strategic goals comprise concepts of democracy and inclusion that differ from the principles of liberal democracy and the market economy, has largely been able to set and maintain its strategic priorities, with at least some success concerning social development. On the other hand, apart from the mere failures (Cuba, Haiti and Venezuela), only Ecuador and Guatemala showed notable deficiencies. Overall, since 2000 a considerable number of governments has seemed both willing and able to improve prioritization, among them Colombia, Costa Rica and Peru.

#### *Implementation*

*How effective is the government in implementing its own policies?*

While the OECD countries of Canada and the United States have elaborate implementation structures at their disposal (which nevertheless may fail in times of gridlock), policy implementation poses some problems to Latin American countries. Only a few governments – Brazil, Chile, El



Salvador and Uruguay – have been generally successful in implementing their policies, while countries such as Peru or Mexico have at least been partially successful. The most obvious implementation failures can be seen in Venezuela and of course the failing state of Haiti. Better implementation records are often impeded by structural barriers such as infrastructure deficiencies, a difficult landscape (Peru), low levels of professionalism, the lack of a meritocratic bureaucracy and civil service, and low institutionalization. Nevertheless, implementation effectiveness improved slightly overall during the last decade, partially due to learning processes in countries such as Ecuador, Peru and even Cuba.

### *Efficient use of assets*

*To what extent does the government make efficient use of available human, financial and organizational resources?*

While Canada and the United States have over time developed generally efficient administrations, resource efficiency has never been a strength in Latin American countries as a consequence of oversized bureaucracies, clientelism and erratic fiscal policies. Since the debt and currency crises, however, governments have been placed under increasing scrutiny, producing pressures to engage in state reforms. Despite manifold intentions of second-generation reforms, however, currently only Brazil, Chile and Uruguay approximate a satisfactory level of efficiency, with Costa Rica and to an even greater degree Colombia, El Salvador and Mexico lagging behind. The other governments in the hemisphere have mostly or completely failed to make efficient use of available resources, a pattern most pronounced in the failed state of Haiti and in Venezuela, which are also the continent's most corrupt countries. Despite a few gains in the regional average since 2000, the waste of resources continues almost unabated.

### *Anti-corruption policy*

*To what extent does the government successfully contain corruption?*

Most countries in the Americas have difficulties fighting corruption and in establishing appropriate anti-corruption mechanisms. Alongside the United States and Canada, only Chile, Costa Rica and Uruguay succeed in systematically fighting corruption, with Brazil and Peru reaching at least an intermediary level. These same five successful countries are also perceived as not being very corrupt, according to Transparency International. However, the rest of the continent has for the most part or even completely failed to implement any serious anti-corruption policy, the most notorious cases being the Dominican Republic, Haiti, Honduras, Panama and Venezuela.

This said, since 2000, several countries – though starting mostly from a low to catastrophic level – have at least struggled to improve anti-corruption mechanisms, among them most notably Paraguay and Peru. However, given the extent of corrupt practices, these improvements may be transitory and open to reversal.

## **Consensus-building**

### *Cleavage/conflict management*

*To what extent is the political leadership able to moderate cleavage-based conflict?*

Cleavage-based conflicts are present across the Americas, including in Canada and the United States, where democratic structures and vibrant civil societies have traditionally been moderating factors. Recent trends in the United States, however, indicate that polarization has reached unprecedented levels, resulting in a divided media, partisan civic groups and an ever-decreasing ability to engage in political consensus-building, seriously hampering the governability of the country. In Latin America, many conflicts have long been either repressed or merely neglected, surfacing only after democracy allowed for their public articulation via protest or simply by vote.

In some cases, as in Peru in 1990 – 1992, and more recently in Bolivia, Ecuador and Venezuela, these changes provoked the breakdown of established orders. In other cases, changes went more smoothly, though governments have not always been able or willing enough to seize opportunities. Currently, against a background of rather strong elite consensus across the hemisphere concerning democratic governance, the ability to moderate cleavage-based conflict is strong only in Uruguay, but is at least satisfactory in Brazil, Chile and Costa Rica. By contrast, most governments still have difficulties in moderating conflict – such as in Peru, with its weak intermediary structures – or have even openly exacerbated polarization as has been the case with governments in Ecuador, Venezuela and – until recently – Argentina. As conflict management patterns often change with governments, there is no clear trend since 2000.

### *Civil-society participation*

*To what extent does the political leadership enable the participation of civil society in the political process?*

Though civil-society participation is proclaimed as an important goal by most governments, its influence is rather limited in practice. U.S. and Canadian governments, each for distinct reasons, involve civil society groups, though deficiencies remain as in the case of their indigenous populations. However, in Latin America only Brazil and Uruguay, and to some extent Bolivia and Costa Rica, regularly involve civil-society actors in processes of consultation and decision-making. In the remaining countries – including Chile, at least until the reelection of President Bachelet – civil-society involvement remains half-hearted, conflictive (Peru), adversarial (Venezuela) or merely clientelistic (Honduras), if not altogether neglected (Cuba). As with conflict management, the involvement of civil society depends on individual governance styles; thus, there is no clear trend since 2000, though the improved participatory governing style of the leftist government in El Salvador is noteworthy.

## Projections 2015 – 2030

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### **Strategic capacity & efficiency**

Mediocre governance has been identified as one of the main features of Latin American political development since the 1980s, being responsible for disappointing outcomes and popular disaffection, and thus for sluggish or even erratic processes of democratic consolidation. Recent developments in Latin America may hint at the possibility that political elites in at least some countries – and not only individual governments – have recognized the importance of good governance, even if their ability to turn this into practical reform is often impaired by structural impediments. The success stories of Chile and Uruguay indeed indicate that specific historical legacies and contextual conditions favor a path to good governance. Though this does not preclude opportunities to break with the past and establish new regime dynamics, determined consensus-building efforts among elites and citizens will be necessary, and structural constraints will have to be carefully explored. Some of these, such as drug-trafficking and organized crime, cannot be resolved by any one country alone. However, countries such as Brazil, Colombia, Mexico, and perhaps Bolivia and Peru may ultimately choose the path of good governance. Less favorable are the prospects for rent-seeking Venezuela, as well as for most Central American and Caribbean countries.

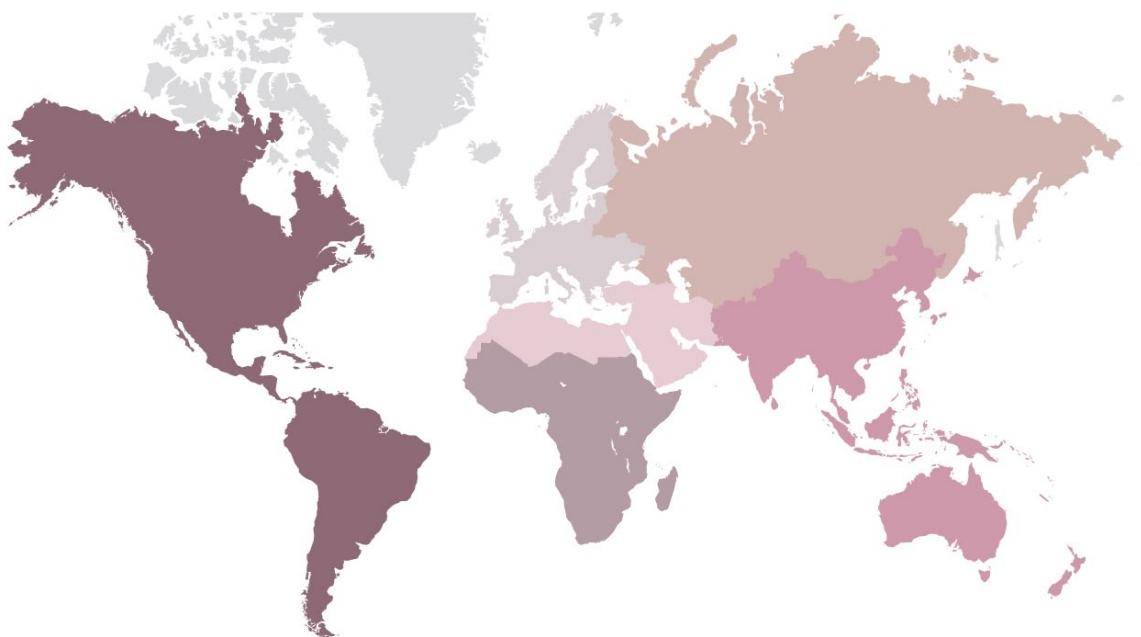
### **Consensus-building**

Appropriate consensus-building appears to be a widely unexploited resource in Latin American democratic governance – not only in polarized countries such as Ecuador or Venezuela, but

also in countries such as Chile or Mexico that up to now have preferred a more traditional government style. Nevertheless, to make use of this resource, credible strategies and the awareness of previous development paths are of vital importance. Examples such as President Morales in Bolivia, or more recently – though timidly – President Fernandez in Argentina, hint at the possibility that in countries where polarization has not reached an insurmountable level, consensus-building may in general be on the rise again. The recent developments in Brazil and Chile may also provide a new stimulus to civil-society involvement if conflicts are managed properly by the governments. Recent events also indicate that at least in some countries such as Colombia and Mexico, governments realize the fruitfulness of consensus-building among political elites, which was an important success factor in post-Pinochet Chile.



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