The impact of the Pink-Tide extractive economic model on democracy

A comparative study of democratic performance in Argentina and Uruguay

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Abstract

The deteriorating quality of democracy in Latin America has been a debated issue for a long time. Numerous theories and authors have proposed different causes and reasons. For instance, Linz argues that the cause is presidentialism, while Brinks, Levitsky, and Murillo suggest that unstable economic and political circumstances have led to institutional weakness in Latin America. Considering the relevance of extractivism in Argentina and Uruguay and bearing in mind that politics and economics are related, this paper builds on dependency theory to investigate how the pink-tide extractive economic model affected democracy from 2005 to 2015. The cross-national comparison results indicate that extractivism is not the only factor negatively impacting their democracy. The findings reveal a positive relationship between fragile institutional checks and balances and the concentration of power in the executive allowing for a greater extractivism impact on democracy. The results of this study support the view that institutional checks and balances are vital to ensure political stability.

Keywords
Democracy, extractivism, Argentina, Uruguay, institutions.
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Introduction

After World War II, the predominant economic theory in the Western world was that of free trade led by the most economically advanced countries. The economic expansion of that time had the implicit idea that underdeveloped countries would also benefit by commercializing with the most advanced ones. However, several counterclaims were made by The United Nations Economic Commission for Latin America and the Caribbean (ECLAC) and other researchers (such as Cardoso, Faletto, Dos Santos, Gunder Frank, etc.). Specifically, underdeveloped countries offered cheap labor and raw materials (i.e., extractive industries) on the world market whereas the most developed countries having a comparative control of the markets could absorb part of the surplus created in underdeveloped areas.

Thus, the powerful and wealthy countries were able to deprive the undeveloped ones of their resources by creating a structure of dependency where certain countries could only grow by adapting to the economics of the most advanced. This understanding came to be known as the dependency theory. Accordingly, the most prosperous were said to be at the core of the international economic system given their dominant role while those in the underdeveloped areas were supposed to be at the periphery since their acquiescent and dependent role.

Although dependency theory was initially developed in the 1950s by the Argentine economist Raúl Prebisch at ECLAC, it gained prominence after the 1960s for its contribution as an alternative independent road to capitalist development. It offered a way out of foreign domination economics that was supposed to be causing underdevelopment in the region. Therefore, dependency theory primarily argues that underdevelopment has causes external to the underdeveloped nations and that there is a need for a socialist economic model.

The fundamental idea is that the capitalist economic order limited the scope of economic activity of underdeveloped countries, thereby constraining them to a mere peripheral position in the world economy where their economic development remained dependent and vulnerable to the countries at the core. Intuitively, by doing so it undermined the economic sovereignty of a country because the ability to determine broad areas of national economics indicates the level of the political determination and autonomy of the state. Thus, it could be argued that this would also undermine the political system. In other words, if the global market constraints state behavior, this affects the capacity of the state to respond to societal demands, thus, eroding representative and governing institutions. Logically, having external constraints imposed by either the global political-economical order or international organizations such as the IMF not only limits

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2 Ibid.
4 Ibid.
5 Ibid., p. 126.
economic and the social policymaking scope but also the exercise of sovereignty, thereby undermining democracy.

Likewise, numerous political leaders in Latin America such as Hugo Chávez, Lula da Silva, and Evo Morales, have advocated for economic and political independence from foreign domination and imperialist forces. Their objective was to deviate from the hegemonic capitalist economic system of dependency to alleviate inequality and poverty, and, importantly, restore popular sovereignty, among other things.

To achieve this, pink-tide governments supported a variety of economic and cultural measures that usually included extensive social programs, participative democracy, and, most importantly, a mixed economy where the state was supposed to play a predominant role. As stated by Ellner, the opposition groups that actively resisted the pink-tide governments offered predominantly neoliberal policies.

Among the countries pink-tide leaders took power and implemented an economic model based on extractive industries, Argentina and Uruguay stand out for being similar culturally and politically, nevertheless they experience different democratic performances. Thus, to understand the divergence of their democracies, Argentina and Uruguay represent two study cases thoroughly relevant to analyze.

As mentioned earlier, this study focuses on the relationship between democracy and extractivism in Argentina and Uruguay. This research aims to explain how the alleged economic model based on extractive industries has impacted the Argentinian and Uruguayan democracy.

Thus, the research question is: how did the extractive industries impact democracy in Argentina and Uruguay from 2005 to 2015?

The time span of ten years between 2005 and 2015 allows us to follow and observe the data and changes of the pink tide governments that have been in power simultaneously in Argentina and Uruguay. In the former case, the presidents Néstor Kirchner and Cristina Fernández de Kirchner while presidents Tabaré Vázquez and José Mujica have led the latter country.

Moreover, if dependency theory establishes that the structures of the international political and economic capitalist system have inevitably a negative impact on national development and consequently on the political system, the hypothesis that arises from these arguments is that once the political leaders that characterized the pink tide governments in Latin America have moved away from the neoliberal agenda and capitalist policies during their extensive time in office, their countries (i.e., Argentina and Uruguay) should not only have improved their economies and political systems but should have also alleviated inequality and enhanced the degree of popular sovereignty. Consequently, answering the research question about the impact of the extractive industries on democracy will unavoidably put to trial dependency theory and help us understand more about the notions of democracy and economic dependence between countries in Latin America.

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8 Ibid., p. 5.
Furthermore, this research can also help shed light on why Argentina and Uruguay have registered significant differences regarding democracy and governance despite having had pink-tide governments expanding extractive industries beyond usual economic and environmental measures by adding one relevant perspective.

As mentioned above, the scope of the study is limited to Argentina and Uruguay considering that they have a lot in common. So much so that former Uruguay president Mujica stated regarding the two countries: “We are not merely brother countries, we are twins who shared the same placenta.” Likewise, Argentina and Uruguay got exposed to the same colonialization pattern, share a similar culture, have a significant European heritage because of the European immigration (e.g., Christianity as the main religion), and share the same language. In a way, Argentina and Uruguay have similar cultural and social identities.

Importantly, they are similar regarding extractivism. Both are rich in natural resources and have economies depending on exports, specifically, agriculture (soybean production) and other primary products. This makes them both vulnerable to external shocks. Additionally, Argentina and Uruguay share critical historical events such as tough military dictatorships, challenging democratic transitions and neoliberal reforms, difficult economic crises, and pink-tide governments. Notwithstanding this, they have diverged politically increasingly more. In other words, Argentina and Uruguay present similarities on the cultural level yet they differ notably on the political level.

As a matter of fact, in the period from 2005 to 2015, Argentina and Uruguay have developed different levels of democracy. Under several aspects (such as civic participation, civil liberties, functioning of government, etc.) Uruguay has outperformed Argentina. Understanding why this has happened between these two countries that share similar patterns can help enhance our understanding of democracy and extractivism in Latin America.

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Prior Research

Numerous scholars have studied the development of democracy and democratic institutions. In the case of Latin America, this issue has been debated for a long time. Regarding institutions, Dahl claims that there are necessary institutions for a country to be democratic (i.e., elected officials; free, fair, and frequent elections; freedom of expression; alternative sources of information; associational autonomy; inclusive citizenship). Under this view, a plurality of actors (i.e., polyarchy) would guarantee democracy. Therefore, Dahl argues that pluralism is essential. Importantly, Argentina is low on political pluralism and performs worse than Uruguay on democracy from 2005 to 2015 according to the Economist Intelligence Unit.

Concerning political pluralism, Lijphart maintains that there are two kinds of democracy: majoritarian and consensus democracies. Democracies based on majoritarian systems deliver political power to the majority of individuals and their political parties. On the other hand, consensus democracies aim at representing as many people as possible. This concept becomes suitable when analyzing Latin American democracies because we see that presidential systems fall into the former category and as it can be observed throughout the region, the political executive tends to concentrate power.

As a matter of fact, Linz and Valenzuela argue that what undermines democracy in Latin America is the presidential system given its characteristics (e.g., personalization and concentration of power). Nevertheless, Mainwaring and Shugart contest this and state that although this occurs, Latin America has other factors that influence presidentialism (e.g., massive inequality). Precisely, the region continues to suffer from inequality notwithstanding the remarkable economic growth known as the commodity boom.

In connection to economic growth, Lipset establishes his modernization theory where the more a country modernizes and prospers, the greater possibilities to develop democracy and institutions. The economy should contribute to conceiving more educated, therefore exigent, citizens. However, as Almond and Verba argue, if a country’s institutions do not fit the citizens’ expectations and demands, there can be political alienation. Furthermore, they also argue that there is a particular culture that promotes democratic values, namely, the civic culture (i.e., citizens are engaged and authorities respond to their demands). Likewise,

11 Ibid.
13 Ibid.
18 Newton, K., J. and W. Van Deth., pp. 181-82.
19 Ibid.
O’Donnell holds that in Latin America, states have received weak and discontinuous inputs. According to him, this shows that states captured by private interests lack the capacity for ruling on important matters, and, therefore, advance democratization.\(^{20}\) Regardless of Argentina and Uruguay lacking this culture, after having transitioned to democracy in the 1970s and 1980s, they have endured challenges, political pressures, and economic crises. For this reason, it can be argued that political culture or even participation might not be the only decisive factors for democracy in these two countries.

While on the subject, Acosta claims that reliance on the economic strategy based on export growth of natural resources, explicitly extractivism, leads to economic crises, economic dependence, and authoritarianism.\(^{21}\) On top of this, Brinks, Levitsky, and Murillo suggest that those economic and political circumstances have led to institutional weakness in Latin America.\(^{22}\) In contrast to this, Uruguay seems to present resilient institutions notwithstanding the economic strategy adopted.

Importantly, despite the significant connection between extractivism and the deteriorated condition of the political institutions in Latin America, not so many researchers have treated this issue in much detail. For instance, Gudynas, one of the most prominent scholars regarding extractivism, argues that the relationship between extractivism and corruption is due to the authoritarianism it inevitably produces.\(^{23}\) Last but not least, Acemoglu, Verdier, and Robinson maintain that the greater the corruption due to natural resources, the greater the inefficiency of institutions.\(^{24}\)

On the one hand, Tommasi finds that there are determinants for effective policymaking and the functioning of institutions,\(^{25}\) on the other hand, Lanzaro argues that for checks and balances to work there is a need for political pluralism as in Uruguay.\(^{26}\) Although their analysis does not take account of extractivism and how its developments prevent these determinants from developing, it appears that institutions and political pluralism are vital for a good quality democracy. To the extent that while analyzing democratization in the region Peeler asserts that considering the diversity of institutions and characteristics of each country, democratization cannot be properly comprehended under any single theocratic framework.\(^{27}\)


\(^{23}\) Gudynas, E., Extractivismos y corrupción. Anatomía de una íntima relación, Editorial AbyaYala, Quito, 2019.


\(^{26}\) Lanzaro, J., "Continuidad y cambios en una vieja democracia de partidos: Uruguay (1910-2010)," Opiniao pública, vol. 19, 2013, p. 239.

Finally, considering the size difference between Argentina and Uruguay it could be argued that this feature affects their democracy. Nevertheless, Anckar analyzes numerous countries and concludes that size does not play a significant role as a variable for there are many other empirical determinant variables.\textsuperscript{28}

In conclusion, many researchers have tried to comprehend and investigate democracy and its obstacles in Latin America. The previously mentioned scholars are among the most prominent -but not all- on which this investigation builds in order to contribute to this relevant topic. Furthermore, given the prominence of extractivism within the economic strategies of Latin American countries and its political and institutional consequences, this topic deserves more attention. Especially, its impact on democracy together with the already investigated explanatory variables.

Methodology

This study analyzes secondary data from the Economist Intelligence Unit’s index on democracy regarding Argentina and Uruguay from 2005 to 2015 and a thorough revision and analysis of extensive literature on Latin America try to explain how the alleged alternative economic model based on extractive industries has impacted their political system.

The research design is investigative explanatory and comparative. Thus, the comparative method is Most Similar Systems Design (MSSD), where systems as similar as possible concerning multiple features constitute the ideal samples for comparative inquiry. A cross-national comparison of two countries that share a lot in common but not the phenomenon we seek to explain enhances the reliability of the investigation.

After having selected the more significant explanatory variables, the first part of the study analyzes several sections (electoral process and pluralism, political participation, political culture, civil liberties, and functioning of government) that correspond to the units examined by The Economist Intelligence Unit. At this stage, each dimension gets reviewed and compared to understand the performance of Uruguay and Argentina. This section is followed by a discussion and analysis of the results that came in the previous section. Finally, a conclusion and an overall consideration of the study are presented.

The Economist Intelligence Unit’s index on democracy

A significant part of this study builds on the data collected and analyzed by The Economist Intelligence Unit. They have been continuously analyzing democracies around the world since 2005 with a transparent and thorough process and methodology. Therefore, the data elaborated by prominent and experienced researchers can be considered reliable and trusted.

As per their methodology, they have elaborated a definition of democracy that is made up of five different dimensions and, thus, can be easily measured and compared. Hence, the dimensions or the variables they measure are electoral process and pluralism, civil liberties, the functioning of government, political participation, and political culture. Each of these categories can be evaluated by employing numerous indicators which are then each measured on a scale from 0 to 10, the latter being the best score. For instance, the functioning of government can be calculated by evaluating if, among other things, it is only the elected representatives who determine government policy or if there is an effective system of checks and balances on the exercise of a government authority. The tools to measure each category varies from public opinion surveys (e.g., Latin American Barometer), voter turnout data, and so on. Lastly, the overall Index is made through the average of the five category points.

30 The Economist., “Index, Democracy, In sickness and in health,” The Economist Intelligence Unit, 2020, pp. 56-57.
31 Ibid.
Consequently, the overall index values are used to categorize the countries within one of four types of regimes. As an analogy, the categorized countries can be either full democracies, flawed democracies, hybrid regimes, or authoritarian regimes. Accordingly, a full democracy entails that not only political freedom and civil liberties are respected but also part of the political culture. Similarly, it has an effective system of checks and balances, and the judiciary is independent. A flawed democracy means that despite fundamental characteristics such as free and fair elections and the respect for civil liberties, there are significant problems (e.g., judiciary not independent). A hybrid regime is a democracy with serious flaws where namely elections can’t be said to be free or fair. Finally, in an authoritarian regime, we find that pluralism is severely damaged or democratic institutions have little or no influence on the policymaking process.

Interestingly, if we look at the full democracies, it can be said that democracies thus consist of both a complete set of necessary features and the functioning of these. For instance, flawed democracies have democratic institutions but with relatively minor problems. Nevertheless, these can be still fixed with political reforms. On the other hand, a hybrid regime has features that are democratic and undemocratic.

It follows thus that the definition of democracy in this study involves fundamental features such as “(1) government based on majority rule and the consent of the governed, (2) the existence of free and fair elections, (3) the protection of minority rights and respect for basic human rights, (4) equality before the law, (5) due legal process, and (6) political pluralism.”

Once again, there are advantages to using the data from the Economist Intelligence Unit. To begin with, the data is easy to read, understand, and compare. Secondly, considering that the reliability of a measure relies on the knowledge regarding democracy being measured on observable and confirmable indicators (e.g., public polls and surveys, election data, etc.) rather than subjective values, the Economist satisfies this requirement. Although some measurements involve the judgment of the researcher. Thirdly, precisely this reliance on objective indicators diminishes potential biases. Fourthly, the categories are measured according to several databases and units which gives consistency and validity to this study.

Finally, the aspects and concepts of democracy this index investigates are the ones that can let us investigate better in a descriptive way the relation between extractivism and democracy considering the index’s interest in institutions and the institutionalization of democratic processes and freedoms.

As mentioned earlier, each of these areas is explored and analyzed to understand and discuss the differences between Argentina and Uruguay and if extractivism is affecting them in any way. In this section, graphs are used to illustrate the data from the Economist Intelligence Unit. The criteria used for comparison are of presenting first the cases and subsequently carrying out a comparison. Thereafter, an argumentation and conclusion.

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32 Ibid.
33 Ibid.
34 Ibid.
35 Newton, K., J. and W. Van Deth., p. 66.
36 Ibid. p. 47.
37 Skaanning, S. E., "Different types of data and the validity of democracy measures," Politics and Governance, vol. 6, no. 1, 2018, p. 108.
Terminology

Certain terms should be explained to comprehend this research. Building on the thin definition of democracy provided earlier, electoral process and pluralism are understood as the institutionalization of the electoral process rules and that there is competition for government positions besides fair elections for public office occur at determined given times.\(^{38}\) This should occur without the use of force or attempts to disadvantage any group. In other words, the degree of the transfer of power.

Political participation signifies the capacity and interest of citizens to organize and partake in elections. The more citizens freely decide to participate and believe in the democratic process, the stronger the democracy.

As regards the political culture, the more democratic values are embedded in the citizenry, the stronger the legitimacy of the system. That is to say, notwithstanding the dismay with governments and economic turmoil, citizens believe that democracy is still the best form of government.

The concept of civil liberties indicates there is also institutionalization of the protection of basic human rights. These include freedom of speech, freedom of expression and the press, freedom of religion, freedom of assembly and association, and so on. The institutionalization of civil and political liberties ensures the integrity of both political competition and participation.

Functioning of government as a term intends to measure the capacity of the government to carry out the will of the people in a democratic way. Similarly, the policymaking process and the role played by the various democratic institutions in implementing policies and maintaining law and order. For instance, if democratically based decisions can easily be implemented.

Moreover, Gudynas explains that extractivism means the extraction of natural resources with high intensity to be sold to global markets as raw materials or commodities.\(^{39}\) Additionally, McKay adds the concentration of the value chain, high environmental degradation, and deterioration of labor opportunities and labor conditions.\(^{40}\)

Finally, institutional checks and balances refer to the institutions that are in charge of controlling any political actor and make sure that not only they operate within a limited framework but also that power is not concentrated but distributed among many political actors.\(^{41}\)

\(^{38}\) Newton, K., J. and W. Van Deth., p. 44.


\(^{40}\) Ibid.

\(^{41}\) Newton, K., J. and W. Van Deth., p. 75.
Analysis

This section of the paper analyzes the five dimensions of the quality of democracy mentioned earlier with the help of extensive literature on Latin America. The dimensions are critical because they allow for assessing democracy.

For instance, researching the electoral process and pluralism should thus illustrate the power of citizens to freely elect their representatives and the fairness of the competition (i.e., vertical accountability). On the other hand, the section on political participation indicates the quality of democracy by showing to what extent citizens can exercise their rights to influence the decision-making process. Therefore, the freer the citizens to influence the decision-making process, the higher the political culture. Consequently, the political system should enhance the legitimacy of the political process.

Similarly, the section on civil liberties is significant to evaluate the extent to which the legal system protects democratic political rights and procedures, reinforcing, therefore, the institutions of horizontal accountability. The analysis of the functioning of government is essential to understand the power of the people through political parties to influence the decision-making process and the allocation of resources. Moreover, this last section gives insights regarding horizontal accountability (the role of the legislatures and the courts to supervise the government) and vertical accountability (the role of political parties). Finally, the assessment and analysis of these indicators are followed by a discussion and conclusion.

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43 Ibid., p. 24.
44 Ibid., p. 23.
Electoral process and pluralism

In the first place, the graph below shows that Argentina has been underperforming compared with Uruguay regarding the electoral process. Considering that 10 is a perfect score, Uruguay has been at the top from 2005 to 2015. Interestingly, despite a long unaffected trend, Argentina improved its score only in 2015.

![Electoral Process and Pluralism](image)

Source: own elaboration on data derived from the Economist Intelligence Unit.

In the case of Argentina, throughout this time both Néstor Kirchner (NK) and Cristina Fernandez de Kirchner (CFK) have been presidents of the country. They have governed almost undisturbed considering that the role played by the opposition was minimal. Besides, the electoral process has been distinguished by a strong personalistic political culture concentrated on the leaders in the country. Perhaps, the origin of this is that if societies are not well integrated with political parties, a possible crisis of representation happens under the form of party representation.\(^\text{46}\) This would also explain the weak party organization in Argentina given they are organized around predominant personalities and, because of the extensive practice of clientelism, their cliente networks.\(^\text{47}\) Moreover, presidentialism could also condition this.

Regarding the Argentinian unstable party system, it has been reported that with the collapse of the Import Substitution Industrialization (ISI) model of development and the subsequent dramatic transition to market liberalism in the 1990s and 2000s, the intense vote shifts debilitated governing parties.\(^\text{48}\) For instance, Unión Civil Radical (UCR) lost almost all relevance in national elections. Furthermore, the economic constraints imposed by neoliberalism diminished the parties’ abilities to maintain their membership base.\(^\text{49}\) Or even the unions that for some parties symbolized important partners. This way, the political cost, so to speak, of the

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\(^{46}\) Kingstone et al., pp. 49-50.

\(^{47}\) Ibid.

\(^{48}\) Ibid., pp. 54-55.

painful neoliberal reforms, was paid by UCR and this might have avoided the total collapse of the party system, although severely damaging it.\footnote{Ibid.}

Importantly, during this time the neoliberal reforms applied provided presidents such as Carlos Menem with useful instruments for increasing the executive power and reducing the role of institutional checks and balances.\footnote{Ibid., p. 150.} Certainly, certain institutional arrangements (i.e., absence of checks and balances) can favor presidential personalization of power.\footnote{Ibid., p. 55.} Consequently, there is the illusion of a direct relationship between the electorate and the president as the only elected representative of the people. The president might thus see his policies as reflections of the popular will.\footnote{Ibid., p. 61.} Inevitably, such power has been translated also into malapportionment of seats both in the lower and upper chambers in Argentina.\footnote{Kingstone et al., p. 104.} For instance, the changes in the province of Santa Cruz generated malapportionment of seats that overrepresented rural areas (Peronists bastions) and underrepresented urban areas.\footnote{Gibson, E. L., and Suárez-Cao, J., “Federalized party systems and subnational party competition: Theory and an empirical application to Argentina,” \textit{Comparative Politics}, vol. 43, no. 1, 2010, p. 19.}

Supposing that also as a consequence of the neoliberal reforms, several fragile democratic institutions were endangered and representative institutions were devalued, the Peronists in Argentina went from a party with a platform for distributive justice to a political machine.\footnote{Ibid., p. 108.} Unsurprisingly, Casullo claims that Argentina has a democracy that favors Peronist parties.\footnote{Casullo, M. E., "Argentina: del bipartidismo a la «democracia peronista»,” \textit{Nueva Sociedad}, vol. 257, 2014, p. 17.} In her opinion, Argentina’s 2001 economic and political crisis affected mainly non-Peronist parties,\footnote{Ibid., pp. 21-23.} and this is mainly related to the nature of Peronism.\footnote{Ibid.}

To begin with, although they are disjointed, they prioritize internal competition to convey the best candidate who can ensure the most votes to win elections.\footnote{Ibid.} Likewise, they have an extensive popular base and have a presence in different areas of social life (unions, universities, churches, etc.). Another advantage is their verticality which guarantees cohesion.\footnote{Ibid.} To illustrate this better if we check the elections of 2011, we can see that around 70 percent voted for a Peronist candidate.\footnote{Ibid.} This implies that the other parties play a reactive/passive role. Importantly, this happens on top of the authoritarian manipulation of political institutions, clientelism, personalism, and hyper-presidentialism.\footnote{Ibid.} Not to mention the messy and awful state of Argentina’s bureaucracy in charge of the electoral process.\footnote{Ibid., p. 25.}
As a matter of fact, D’alessandro adds that with the decrease in electoral competitiveness (at times the only competition has been the internal disputes between Peronists), there are fewer incentives to invest in a political program, and citizens will vote on their economic perception and clientelist ties. Consequently, it can be said that throughout 2005-2015 democracy in Argentina was, in a sense, consolidated but elections did not matter that much. They became a mere selection of governors.

Once again, the predominance of Peronists is related to the manipulation of political institutions and the scarcity of checks and balances. Alston and Gallo argue that an important event in Argentina’s history is both the military coup and democratic election of Perón in the 1940s since institutional checks and balances (i.e., specifically for elections) were not restored. This is the reason there might have not been checks and balances during the application of neoliberal reforms, thus, the empowerment of the executive, and consolidation and dominance of the Kirchners during 2005-2015.

After all those reforms passed in the 1990s and 2000s, we find a structure where the federal republic is divided into twenty-four provincial districts that enjoy considerable political economy (although the federal government can disrupt such autonomy). Importantly, the electoral mechanism produces powerful provincial governors, which creates a clientelist relation between governors and the federal government. This demonstrates the need for the control of the institutions that oversee electoral procedures both at the provincial and national levels.

In Uruguay, people can directly vote for their president in a run-off and there are mandatory primaries to participate in. Importantly, since the reform in 2000, regional and national elections do not have to be held concurrently. On top of the one nationwide district for senators, there is a minimal overrepresentation of the most rural/least populated districts. Furthermore, if party system-related factors are important because they show the extent voters can affect public policy through the electoral process, we see that in Uruguay if a president prevails, they will take the majority of the seats which would prevent coalitions that in turn prevent issues around policies. This is because policies in a coalition are subjected to compromise and bargaining within or between several

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69 Gibson, E. L. and Suárez-Cao, J., pp. 13-14.
71 Ibid., pp. 98-99.
72 Kingstone et al., pp. 23-24.
74 Kingstone et al., pp. 25-28.
75 Ibid.
76 Ibid.
parties. Given that parties’ roots in Uruguay are not fragile but stable and considering that volatility is associated with unstable institutional rules, there are thus robust linkages between parties and society.

Something that benefitted Vázquez and Mujica’s electoral perspectives is the austerity measures introduced during the 90s because they cut the clientelist linkages of the conservative parties. Similarly, conservative political actors faced an institutionalized leftist challenger known as Frente Amplio (FA). Thus, the party system alignment was either maintained or even strengthened by the competition. As a result, we can see that during 2005-2015, there is a stable pluralistic political environment. Notably, parties in Uruguay do not rely on clientelism anymore. Nonetheless, FA benefits from the social program cash transfers as beneficiaries are more likely to vote for them.

As a result, Uruguay under Vázquez and Mujica has seen politics characterized by institutionalism and party competition. Partly, because of the party pluralism and the competition that has shaped the institutionalization of the rules and the governing of the pink tide in Uruguay. Lanzaro argues that party competition has prompted FA to accept more firmly the rules of representative democracy and the electoral process. However, their competition is based on strategic public policies and discourses.

Very importantly, contrary to the case of Argentina, the presence of an experienced left and opposition during the transition in Uruguay restricted neoliberal reforms and privatizations, therefore, maintaining strong institutions. As an example, Vázquez institutionalized the unions to participate in consultations with the government to favor stability and dialogue. Thus, stability is a critical aspect both for Vázquez and Mujica if we consider that the composition of the FA consists of a conglomerate of left-aligned parties and groups. If pluralism is important for democracy, the number of factions within FA might have contributed to elevating pluralism in elections in Uruguay.

77 Newton, K., J. and W. Van Deth., p. 104.
78 Kingstone et al., pp. 50-51.
79 Ibid., p. 55.
80 Ibid., p. 57.
81 Ibid., p. 65.
83 Ibid., p. 455.
84 Lanzaro, J., “Uruguay: A social democratic government in Latin America,” The resurgence of the Latin American left, 2011, pp. 3-5.
85 Ibid.
86 Ibid.
87 Ibid., pp. 6-7.
88 Ibid., p. 12.
89 Ibid., pp. 15-17.
Regarding electoral rights, these are well institutionalized and improved progressively after the return to democracy. On the other hand, during the period analyzed the electoral system remained firm and steady. As Buquet put it out, the electoral system remained stable because there were no incentives to break the rules and bypass the electoral institutions.

Thus, what we see in this first section is that neoliberalism has had a determinant role because it affected the institutions, specifically those necessary for keeping the electoral rules and checks and balances in Argentina. Democracies with weak institutions and unstable economies become vulnerable to actors such as the military or transnational actors interested in natural resources. In fact, extractivism increases and favors clientelism in the absence of strong institutions. Given that throughout 2005-2015 Argentina remained involved with extractive industries, not only did the country remain dependent and with fragile institutions but also with incentives to break the rules since dependence on natural resources increases the need to secure power through clientelism and authoritarianism.

Conversely, the presence of the organized opposition during the neoliberal reforms in Uruguay inhibited the damage to the institutions. The inheritance of these conditions helped secure stability throughout 2005-2015. Likewise, if political competition increased the pressure on the Uruguayan institutions and political actors to observe and implement the rules, it can be said that in 2015 the rise and growth of the opposition known as Propuesta Republicana (PRO) that disputed power with the Peronists in Argentina might have caused the improvements in the electoral process that can also be seen in figure 1.

93 Kingstone et al., p. 76.
94 Acosta, A., p. 56.
96 Acosta, A., p. 57.
Political participation

In this section, it can be observed that Argentina not only was performing better than Uruguay but also that it increased its position. Conversely, political participation decreased in Uruguay. On top of voting being mandatory in both countries, there must be then other reasons for the differences in participation.

Figure 2 – Political Participation

Source: own elaboration on data derived from the Economist Intelligence Unit.

Initially, participation is intended behavior aimed at influencing public policy decisions and the allocation of resources. In other words, behavior that aims at influencing politics. On the other hand, behavior refers to participatory actions such as voting, political demands, trying to persuade someone to vote, donating money to a party, becoming a member of a party, etc. Moreover, there is also non-conventional behavior such as organizing protests, boycotts, occupying streets and buildings, signing petitions, demonstrations, etc. Importantly, political behavior as described above depends on the institutional framework, that is the incentives that generate social groups to participate such as restrictions and opportunities. It follows then, that political participation can affect democracy. For instance, low participation might show that citizens do not control the political actors or policymaking.

Right after the 2001 economic and political crisis that affected Latin America, there has been a growth of civil society organization activities that seem to be engaged with democracy in the region. It is also

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98 Ibid.
99 Ibid.
100 Ibid., p. 247.
102 Kingstone et al., p. 253.
believed that this growth helped achieve an increase in human rights. For instance, the status of women has changed and now there are quota laws in both countries, and a significant number of women as legislators.\footnote{Ibid., p. 326.}

Specifically, in Argentina, the labor movement remains organized and continues to do so to defend its member’s interests.\footnote{Scartascini, C., Stein, E. and Tommasi, M., pp. 15-16.} Considering that political parties do not have strong roots in society, labor movements are stronger.\footnote{Ibid., p. 23.} Moreover, there is an important aspect in the case of Argentina, that is education since it has played an essential role in shaping political participation throughout 2005-2015. Indeed, the greater the education a person has the greater the likelihood of participation.\footnote{Ribeiro, E. A., Borba, J., and Salinas, A., p. 262.} Similarly, those who are on the left of the political spectrum and are educated and interested in politics are more likely to participate.\footnote{Klesner, J. L., ”Social capital and political participation in Latin America: evidence from Argentina, Chile, Mexico, and Peru,” Latin American research review, vol. 42, no. 2, 2007, p. 27.} Closely, voluntarism operates as a factor in increasing participation in Argentina.\footnote{Ibid., p. 29.} Last but not least, participation in political activities such as participative budget has also contributed.\footnote{Van der Veen, R., Wildemeersch, D., Youngblood, J., and Marsick, V., Democratic practices as learning opportunities, BRILL, Leiden, 2007, pp. 98-99.}

In Uruguay, political parties have a nationalized party system (only national parties, that is parties that can run candidates in every district of an electoral system)\footnote{Lago, I., and Montero, J., ”Defining and measuring party system nationalization,” European Political Science Review, vol. 6, no. 2, 2014, p. 192.} where their political programs evolved towards the center, and throughout 2005-2015, they have been being evaluated based on economics rather than ideology.\footnote{Selios, L., and Vairo, D., ”Elecciones 2009 en Uruguay: permanencia de lealtades políticas y accountability electoral,” Opinión Pública, vol. 18, no. 1, 2012, p. 205.} As a result, their competition is centered on strategic public policies and discourses.\footnote{Lanzaro, J., 2011, pp. 3-5.} However, the country remains one of the few where the parties in Latin America are not driven by clientelism.\footnote{Scartascini, C., Stein, E., and Tommasi, M., p. 9.} The nationalized party system, together with the strong party organization, can be seen by the low vote fragmentation in Uruguay.\footnote{Ibid., p. 31.}

In the case of Uruguay, confidence in institutions can also expand participation.\footnote{Ribeiro, E. A., Borba, J., and Salinas, A., p. 260.} Moreover, surveys also show that people highly supported democracy during this time\footnote{Frassinetti, A. M., ”La cultura política de la democracia en Uruguay: informe del Barómetro de las Américas 2008,” Región y sociedad, vol. 22, no. 49, 2010, pp. 283-84.} and that these numbers increased when the economy performed better than expected.\footnote{Ibid., p. 285.} Similarly, ideology can also increase participation. Remarkably, political participation is driven by the participation of supporters in primaries where participation is not mandatory.\footnote{Buquet, D., and Piñeiro, R., 2011, pp. 80-91.} Consequently, participation might increase in primaries more than in
national elections. In the last stage, the differences between the political parties are smaller and participation tends to be explained because of the compulsory vote.\textsuperscript{119}

Interestingly, in both countries, voting seems to relate to economic performance. Given that both countries throughout that period have been deepening their economic ties with extractivism,\textsuperscript{120} the decrease Uruguay experienced between 2008-2010 might be related to the international economic downturn. On top of this, parties in Uruguay do not seem to have a high policy competition which might elucidate why the low participation in national elections but not in primary elections.

On the other hand, Argentina maintained participation despite the economic decline given the clientele networks. What is more, extractivism conflicts such as the pulp mills initiated social movements and civil organizations that also expanded participation and polarization.\textsuperscript{121} Given the recurrent extractive projects, the provoked demonstrations, protests, and organizations consolidated this pattern.\textsuperscript{122} Lastly, the appearance of a solid opposition in 2015 that offered policy and political programs competition helped increase participation.

This way, throughout 2005-2015, Argentina and Uruguay not only consolidated their economic dependence on extractivism thereby exposing themselves due to the rapid changes in international market prices but also their political system as participation seems to significantly relate to economic performance. In a way, political participation and voting which are tools to hold accountable policymakers and affect policies\textsuperscript{123} seem to be inhibited by the interest of transnational actors and exogenous economic events.\textsuperscript{124}

\textsuperscript{119} Ibid., pp. 91-93.


\textsuperscript{121} Sannazzaro, J., "Controversias científico-públicas: El caso del conflictopor las "papeleras" entre Argentina y Uruguay y la participación ciudadana," \textit{Revista iberoamericana de ciencia tecnología y sociedad}, vol. 6, no. 17, 2011, pp. 215-17.

\textsuperscript{122} Frechero, J. I., p. 57.

\textsuperscript{123} Scartascini, C., Stein, E., and Tommasi, M., p. 45.

Political culture

The study of political culture and democracy has led several prominent researchers to claim that certain attitudes and values can lead to stable democracies. The higher the political culture, the better for democracy. From the table below, it stands out that Uruguay is again performing better although the difference is not substantial. In this section, we will see the reasons by exploring and analyzing the literature.

Figure 3 – Political Culture

Source: own elaboration on data derived from the Economist Intelligence Unit.

To begin with, labor movements that are active in Argentina and Uruguay have been engaged in political socialization and raising subjective awareness. Since the neoliberal reforms in the 1990s, organized labor became a noteworthy actor in national politics.\footnote{Kingstone et al., p. 269.} Similarly, due to the growth in civil organizations explained in the precedent section, Afro-descendants in Uruguay have been creating a culture of equality and unity besides raising awareness of racism, discrimination, xenophobia, etc.\footnote{Ibid., p. 308.} Due to the feminist waves, there is a culture of equality between men and women in both countries.\footnote{Ibid., pp. 323-24.} Importantly, regarding Uruguay, there is a background ideology of a European state together with strong political parties. These are seen as fundamental actors of political life.\footnote{Sellos, L., “Los últimos diez años de la cultura política uruguaya: entre la participación y el desencanto,” \textit{América Latina Hoy}, vol. 44, 2006, p. 64.} In turn, this view is associated with the early advent of mass democracy that has significantly impacted society. As a result, there is a generalized view of the redistributive role of the state, the importance of democracy, and the role of parties.\footnote{Ibid., p. 65.}
Likewise, Uruguay has a high level of social trust.\textsuperscript{130} Generally, Uruguayans throughout 2005-2015 have shown to be interested in politics and despite the economic downturns they believe democracy is the best form of government.\textsuperscript{131} This despite being very critical of their democracy.\textsuperscript{132} Importantly, Uruguayans have also a high level of civic values and support for democracy despite low participation (figure 2).\textsuperscript{133}

In Argentina, there is a high interest in history and political culture among young students.\textsuperscript{134} More than in Uruguay. A reason might be the educational program enacted after the military regime which aimed at developing an interest in politics and history that can be productive for democracy support.\textsuperscript{135} A similar reason could be attributed to Uruguay given the reforms of FA to educate on what happened during the dictatorship.\textsuperscript{136}

Similarly, during the government of NK, more people were supportive of democracy than those satisfied.\textsuperscript{137} An explanation might be education. In other words, the higher the literacy levels and education, the more exigent citizens become.\textsuperscript{138} At the same time, while the majority supported democracy as the best form of government, a small yet significant number of people believed that democracy was not the best form of government to secure law and order.\textsuperscript{139}

All things considered, it can be observed that in Argentina and Uruguay education is key for democracy support.\textsuperscript{140} After 2012, both countries continued to show high levels of democracy support among the general population. Despite the challenges and economic crises.\textsuperscript{141} Nevertheless, as for the satisfaction with democracy, the matter is more complex considering that it depends on the performance of both the economy and the president.\textsuperscript{142} This is a disadvantage for democracies in Latin America because the more volatile the economy becomes, the more unstable the support for the president and the more difficult the governance of the country.

Crucially, this section is important because political culture creates a bedrock of consensus and support for democracy.\textsuperscript{143} The optimal condition is that the support and participation match the capability of the

\textsuperscript{130} Ibid., p. 81.
\textsuperscript{131} Ibid., p. 82.
\textsuperscript{132} Ibid., p. 65.
\textsuperscript{135} Ibid., p. 14.
\textsuperscript{136} Ibid., p. 18.
\textsuperscript{138} Ibid.
\textsuperscript{139} Ibid., p. 164.
\textsuperscript{140} Ibid., p. 250.
\textsuperscript{142} Ibid., p. 25.
\textsuperscript{143} Jorge, J. E., p. 347.
institutions. Wherever they do not fit, there can be cases of political alienation and political instability.\textsuperscript{144} Unsurprisingly, Argentina’s records increased towards the end which corroborates the explanation provided in the previous sections. Namely, the pressure of political pluralism and participation raised the capacities of the institutions and the interest in democracy.

Nonetheless, in this section too can it be observed the negative consequences of extractivism. If a very stable democracy requires citizens to be tolerant of each other,\textsuperscript{145} and the economic development influences the political culture,\textsuperscript{146} reliance on extractivism can result in detrimental consequences. Moreover, extractive industries inevitably generate conflicts among several groups that test democracy as people will request more authoritarian measures to keep law and order, thus, diminishing support and satisfaction with democracy.\textsuperscript{147} Importantly, these worrying numbers have been registered in Argentina and not Uruguay, where the institutions are more developed.

Where there is low tolerance but support for democracy is high the system should remain stable. However, the democratic government could see disruptions in its governance. Yet, there can be a tendency towards authoritarianism.\textsuperscript{148} On the other hand, low support for the system can generate political instability.\textsuperscript{149} Let it be reminded that extractive industries render the economies vulnerable to the volatility of the international markets. In turn, public opinion and support for democracy hang on the economy.

Thus, public opinion and political culture are vital to defining the parameters of what is and is not appropriate for political leaders. If a wide majority believes it is okay to expropriate a newspaper for being critical of the government, political leaders could see that their actions will be legitimized and supported.\textsuperscript{150} In other words, despite not being determinant, these factors are at the core of political stability.\textsuperscript{151}

\textsuperscript{144}Newton, K., J. and W. Van Deth., p. 186.
\textsuperscript{145}Jorge, J. E., p. 347.
\textsuperscript{146}Ibid., p. 348.
\textsuperscript{147}Frechero, J. I., p. 57.
\textsuperscript{148}Millett et al., p. 36.
\textsuperscript{149}Ibid.
\textsuperscript{150}Ibid., p. 29.
\textsuperscript{151}Ibid., p. 32.
Civil liberties

The following graph illustrates not only that Uruguay performs better than Argentina but also that the latter country slightly deteriorates. However, let us now focus on both countries’ circumstances regarding civil liberties.

Figure 4 – Civil Liberties

![Civil Liberties Graph]

Source: own elaboration on data derived from the Economist Intelligence Unit.

As it has been mentioned earlier in the first section, from 2005 to 2015 the role of the opposition in Argentina has been minimal. Nevertheless, the Argentine Supreme Court has been nearly the only real and active opposition actor in the country.\textsuperscript{152} The role of the courts has been growing increasingly since the transition to democracy as some veto players weakened.\textsuperscript{153} According to investigative research by Brinks on judicial courts in Latin America, Argentina’s courts seem to show autonomy and authority, although they are politicized.\textsuperscript{154} For this reason, courts in Argentina are mostly led by political motives rather than judicial.\textsuperscript{155}

Eventually, Brinks suggests that a pluralistic political environment should contribute to developing stronger courts because political actors will certainly protect courts to protect themselves.\textsuperscript{156} This is particularly true in the case of Argentina: after the change of judges in 2002, the new Peronist players (i.e., the Kirchners) increased the political fragmentation, giving space to courts to act with relative autonomy.\textsuperscript{157} Until then, Menem’s appointees had made the judiciary less independent.\textsuperscript{158}

\begin{itemize}
  \item \textsuperscript{152} Kingstone et al., p. 63.
  \item \textsuperscript{153} Ibid., pp. 66-67.
  \item \textsuperscript{154} Ibid., p. 63.
  \item \textsuperscript{155} Ibid., p. 64.
  \item \textsuperscript{156} Ibid., p. 65.
  \item \textsuperscript{157} Ibid.
  \item \textsuperscript{158} Scartascini, C., Stein, E., Tommasi, M., p. 110.
\end{itemize}
Courts are thus important to improve accountability and given the relative autonomy they have been able to do so on several occasions under the Kirchners. For instance, with decisions to require the state to feed poor children or provide free healthcare to vulnerable groups. Although the vertical dimension (i.e., between state and citizens) is satisfactorily well, the horizontal dimension (i.e., between citizens) is not so well. Despite having a low homicide rate in the region (high compared to most advanced industrialized countries), there is continuously a high concern among citizens for crime and security. Considering we have seen in the previous section that some citizens, especially in Argentina, believe that democracy is not good at keeping law and order, a high perception of crime can erode support for democracy, and institutions.

Last but not least, Argentina’s courts’ judicial review powers are limited due to the judiciary being dependent on the extensive power of the executive. As a consequence, the judiciary plays a limited role in the policymaking process. Thus, policies are expected to be unstable and private regarded. However, this also shows that the policymaking process in Argentina is less judicialized.

As a result, during this time, the judicial power could not fully act as a referee. We see that courts in Argentina are more likely to intervene by the end of the administration’s term to avoid political reprisals and consequences. For instance, the Kirchners throughout 2005-2015 have adopted strategies that conditioned civil liberties such as nationalizations, change of contract terms, ad-hoc laws, etc. to antagonize the pressure and criticism from certain private companies regarding their governance and policies. Their strategies against Clarín group included rationing of the supply of newsprint and tax inspections.

On the other hand, Uruguay has been moving towards greater judicial independence. Reforms that made this possible included judicial budget autonomy, professional procedures of appointment, stable tenure for judges, etc. Conversely to Argentina, Uruguay’s judicial review powers are not so restricted, and they can still impact policymaking. Thus, courts in Uruguay are autonomous but not so active. The reason is that courts in this country operate within a political pluralistic environment.

159 Kingstone et al., p. 67.
160 Ibid., p. 68.
161 Ibid., p. 71.
162 Scartascini, C., Stein, E., Tommasi, M., p. 97.
163 Ibid., p. 104.
164 Ibid., p. 116.
165 Ibid., p. 110.
166 Ibid., p. 115.
169 Ibid., p. 63.
170 Scartascini, C., Stein, E., Tommasi, M., p. 92.
171 Ibid.
172 Ibid., p. 97.
173 Kingstone et al., p. 63.
174 Ibid., p. 65.
Moreover, Vázquez and Mujica allowed for more judiciary independence because of the weakening of the military and the will to start judicial proceedings against them.\textsuperscript{175} This was done despite the Expiry Law (Ley de Caducidad)\textsuperscript{176} as the goal was not to overturn it but to move forward with the investigations.\textsuperscript{177} Considering that the Expiry Law undermined the separation of powers and judicial independence by politicizing justice and strengthening the executive, it is remarkable the performance of Uruguay in this section.\textsuperscript{178}

Undoubtedly the reason not to overturn it is that the FA wanted to avoid conflicts and favor dialogue across the political forces.\textsuperscript{179} Nevertheless, systematic reforms and attempts by civil society and the political class were able to bypass this law and the restrictions on judges.\textsuperscript{180} Thus, the role of judges has increased in independence although they seem to be short in capacities and resources.\textsuperscript{181} Similarly, there has been an increase in civil society rights, media rights, etc.\textsuperscript{182} Civil actors combined resources and expertise to gain presence also in policymaking.\textsuperscript{183} It can be argued, therefore, that Uruguay’s judiciary was favored by the reforms that involved the separation of power and the institutionalization of judicial independence and rights.\textsuperscript{184}

The importance of this section is that where institutions are impartial and fair, the greater the trust in democracy and the political system.\textsuperscript{185} Importantly, for the judicial branch to be independent, it is not enough to deliver reforms, there is a need for the institutionalization of these and independence on resources which prevents corruption.\textsuperscript{186} Moreover, if political competition and pluralism helped Uruguay strengthen the institutions and outlaw clientelism, in Argentina the fragmentation and collapse of the party system together with the hegemony of the Peronists did not bring any of those positive changes seen in Uruguay.

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\textsuperscript{176} Ibid.


\textsuperscript{178} Lessa, F. and Payne, L. A., p. 129.

\textsuperscript{179} Burt et al., p. 318.

\textsuperscript{180} Ibid., p. 322.


\textsuperscript{182} Ibid.


\textsuperscript{186} Ibid.
Functioning of government

The last section to be analyzed is the functioning of government where Argentina is quite behind Uruguay. As we will see the reasons have to do primarily with the neoliberalism reforms that have increased the executive power at the expense of the other branches and institutions.

Figure 5 – Functioning of Government

According to Tommasi, there are determinants for effective policymaking such as institutionalized parties, an independent judiciary, a skillful bureaucracy, and a legislature with strong policymaking capabilities.\(^{187}\) Regarding parties being institutionalized, this process was significantly impeded by military coups\(^{188}\) and states being unable to enforce nor implement policies.\(^{189}\) Moreover, as we have seen earlier, the judiciary is not independent nor is the bureaucracy skillful and highly trained.

Finally, as per the legislature, it should be noted that the neoliberal reforms increased the executive power, thus, presidents in Argentina have been able to govern by decree hence minimizing the role of Congress in addition to influencing the judiciary.\(^{190}\) This created the perfect conditions for NK, and later CFK, to govern as a one-party system.\(^{191}\) Governing as such is more unlikely to develop effective state policies, as there is less extensive public participation.\(^{192}\) Consequently, many of the population’s demands are unanswered and the political and economic problems unresolved.\(^{193}\)

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\(^{188}\) Kingstone et al., p. 53.

\(^{189}\) Ibid., p. 49.

\(^{190}\) Millett et al., p. 53.

\(^{191}\) Ibid.

\(^{192}\) Ibid., p. 54.

\(^{193}\) Ibid., p. 55.
Subsequently, there can be cases of violence given the discontent of the citizenry. This can be shown by social movements, protests, demonstrations, etc. Throughout 2005-2015, governments in Argentina have tried to dissolve them rather than explore the issues. Indeed, during this period, Argentina worsened in the rule of law. Unsurprisingly, countries with high corruption (arbitrary allocation of resources, therefore, weak institutions) in Latin America are more likely to develop authoritative governments. All of this is very patent under CFK where she governed primarily by decree without any legislative input.

Specifically, the legislative branch underperforms because of the unstable institutionalization structures and designs that prevent effective cooperation between the institutions during the policymaking process. Thus, there is no policy consistency or capacity building. Given the absence of pluralism, the legislative actors lack the incentive and the instruments to engage in policy agreements and consensus-building. These actors are eclipsed by the executive powers and the provincial leaders as they have more political and policy bargaining power.

As a result, the information in the graph implies that Congress in Argentina is not an essential policymaking arena. The electoral mechanisms make provincial governors quite influential in national politics (e.g., budgets, the layout of electoral districts, party lists, etc.). For this reason, given the influence they have, governors act as “political checks and balances” at the expense of the judiciary and Congress. Thus, Argentine presidents are constrained by other democratically elected governors. If Congress is ineffective at controlling the president and the executive power, an important feature of democratic accountability is undermined. Accordingly, Argentinian institutions of horizontal accountability remained weak.

As it can be observed, this has negative consequences on the quality of governance and policymaking. Legislators do not have the incentives, training, or power to carry out policies considering that they are more inclined to please the provincial party leader. Moreover, the lack of institutional checks and balances at the provincial level has allowed for clientelism. This is later used by Peronists to win elections and control

194 Ibid., p. 72.
195 Ibid., p. 77.
196 Spiller et al., p. 70.
197 Ibid., p. 74.
198 Ibid., pp. 77-78.
199 Ibid., pp. 79-80.
200 Ibid.
201 Ibid., p. 82.
202 Ibid., p. 91.
both national and subnational politics. Consequently, considering the political control of the main institutions, the primary result is poor governance and low accountability.

On the other hand, Uruguay has a bicameral legislature that seems to be quite active in policymaking. Likewise, the nationalized party system has permitted unity of purpose. This is helped by the fact that senators elected from a single national district contemporaneously with the president do not act as veto players. Importantly, no significant changes have been done to the core of the Constitution.

Uruguay outperforms Argentina because in this country the president needs to collaborate on whether to pass legislation or approve cabinet appointments. However, the president controls the legislative agenda. Here, not only have legislators incentives to collaborate but they are skillful, prepared, and ideologically oriented. This guarantees that they will be able to prepare policies and oversee the implementation. As mentioned above, bureaucracy is also important in policymaking. In the case of Uruguay, they seem to be of low technical competence. Previously, the FA had worked on a reform to improve their abilities. For this reason, prominent decisions on policies take place in the ministries and Congress.

Partly, policymaking works correctly and efficiently, in Uruguay because of the party system being nationalistic and the absence of powerful provincial governors. The checks and balances are not political (i.e., governors in Argentina) but institutional. This increases accountability and allows for more stable policies. On top of this, the cohesion within the FA in government gave rise to a kind of majoritarian presidentialism with an absolute majority in both chambers (they passed a record number of laws) while the two traditional parties were relegated to compact opposition status. Nevertheless, the nature of the FA avoided a concentration of power. In fact, FA consisted of several factions (i.e., socialists, communists, popular nationalists, ex-guerrillas, Christian left, and others from the traditional parties) that implied a wide distribution of public posts and encouraged internal competition.

As Lanzaro claims, not only did competition of parties enhance democracy and the institutions in Uruguay but also the internal competition of the FA because it favored a moderate concentration of power and gave rise to effective and collaborationist policymaking. This is the difference between presidentialism with

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208 Spiller et al., p. 108.
209 Ardanaz et al., p. 36.
210 Scartascini et al., p. 51.
211 Ibid., p. 199.
212 Ibid., pp. 51-52.
213 Ibid.
214 Ibid., p. 54.
215 Ibid., pp. 70-74.
216 Ibid., pp. 164-65.
218 Ibid.
219 Ibid., p. 197.
220 Ibid., p. 178.
222 Ibid.
223 Lanzaro, J., 2013, p. 239.
parties and presidentialism without parties. Likewise, Vázquez and Mujica adjusted their policies to this system. For instance, despite Mujica’s discourses about a shift to the left, he preserved the same pattern of work.\textsuperscript{224} Thus, in Uruguay, there are actual counterbalances to the president’s powers.\textsuperscript{225} Needless to say that the government’s party structure avoids authoritarianism and arbitrary decisions.\textsuperscript{226}

A brief comparison between Argentina and Uruguay reveals that the latter presents those four factors needed for effective policymaking (i.e., institutionalized parties, an independent judiciary, a skillful bureaucracy, and an effective legislature). While Uruguay has been favored by electoral competition that improved those factors and maintained political stability and governance,\textsuperscript{227} the opposite and the concentration of power in the executive gave way to institutional instability and policies.\textsuperscript{228} Interestingly, a high frequency of economic shocks can aggravate this. Indeed, it is well known that regions with non-diversified economies and dependence on natural resources are more likely to experience this problem.\textsuperscript{229}

\begin{thebibliography}{99}
\bibitem{225} Ibid., p. 532.
\bibitem{228} Brinks, D., Levitsky, S., and Murillo, M., p. 24.
\bibitem{229} Ibid., p. 41.
\end{thebibliography}
Discussion

The comparison research by most similar system design between Argentina and Uruguay on their democratic performances throughout 2005-2015 under the economic model based on extractive industries has pointed to the institutional framework as a key factor between the two countries rather than primarily extractivism. Every dimension studied has been conditioned by either the poor or strong state of the institutions. On top of this, extractivism (given its consequences are inequality, weakening of the state, economic and political volatility, etc.) either reinforces those conditions, therefore, generating a self-reinforcing cycle, or puts the institutions under constant pressure.230

Initially in this research, the divergence of the strength of the institutions has been related to the high political pluralism in Uruguay and the lack of it in Argentina. However, despite the importance this variable plays in explaining the institutional divergence, Mazzuca argues that the origin of this is the difference within Latin America concerning state-building and state formation.231 The former means the monopolization of violence and control of the territory and the latter governance capacity.

Under this view, Argentina is a weak state for it succeeds at consolidating its territory and violence monopolization, much better than the European countries that have seen their borders changed on numerous occasions. Yet, it fails at eradicating local clientelist powers that interfere with the national government and the allocation of resources.232 Likewise, Uruguay is a strong state for it succeeds in those issues.

Specifically, during the state formation period after the independence wars, Latin American patrimonial rulers survived and entered the state contributing to turning it into a patronage machine.233 For instance, even though Buenos Aires was experiencing economic and political growth incorporated peripheral regions that were at that time dominated by patrimonial institutions that, as stated above, survived and got integrated into the political system.234 On the contrary, Uruguay seems to have avoided this for it did not incorporate any periphery affected by patrimonial institutions.235

Additionally, Argentina and Uruguay are two modal cases of trade-led state formation.236 The presence of militarized Great Britain interested in the stability of the region contributed to the stabilization and prevention of war-led state formation.237 This way, the political economy strategy was reliance on tariffs and export growth (i.e., world capitalism) rather than taxing properties or the oligarchies.238 Consequently, local barons, war landlords, clientelist ties, etc. were maintained in Argentina.239 Again, Uruguay followed a different path. As said earlier, it did not incorporate patrimonial peripheries as it did not need more land

230 Ibid., p. 52.
232 Ibid.
233 Ibid., p. 23.
234 Ibid., p. 29.
235 Ibid.
236 Ibid., p. 90.
237 Ibid., p. 66.
238 Ibid., p. 92.
239 Ibid.
considering it relied on its port hence incrementing the capacities of state-building (i.e., tax collection resources, institutions, no patronage coalitions, etc.).

Thus, Uruguay from 1903 to 1915 established universal suffrage, welfare policies, diminished the role of the Catholic Church (increasing the role of the state), and took nationalist economic policies that favored the state’s interests over global markets and extractive companies. Therefore, it can be argued that the initial institutional framework adopted paved the way for the subsequent development despite the several economic and military shocks. The strong institutions were able to act as checks and balances when needed.

For these reasons, Argentina shows that the concentration of power in the executive that bypasses institutional checks and balances has always been achieved during economic and political crises. Moreover, presidents will be able to do so only if they are not blamed for the crisis. Importantly, the concentration of power can be achieved especially if after the crisis a period of solid growth comes. This pattern can be observed in Argentina under the Kirchners.

To begin with, following the economic and political crisis in the 1980s, President Menem after winning the 1989 election was allowed to expand presidential power to adopt strong countermeasures. The following economic growth during the 1990s allowed him to consolidate power and carry out many other political reforms (e.g., he packed the Supreme Court). By the time De La Rúa assumed power in the late 1990s, the previous measures adopted stopped working and a crisis reappeared. Long story short, the IMF refused to bail out the country, depositors began withdrawing money rapidly from banks, and unemployment and poverty rates grew dramatically, among other things.

Consequently, after Argentina experienced several presidents in a week, President Duhalde used emergency powers to adopt economic and political measures. Although these powers were temporary, Congress dominated by the Peronists extended them to an almost lasting form. For this reason, it can be said that the Kirchners eventually benefitted from this for they were able to carry out the authoritarian manipulation of political institutions and clientelism. Despite the economic bonanza led by the commodity prices increase, these special laws were extended.

In a way, the economic resources from extractive industries provided influential support for the Kirchners to extend their clientelist ties and strengthen the provincial governor-federal government relation. In this case, the commodity prices boom led by China and India provided the incentives to expand extractivism

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240 Ibid., p. 98.
243 Ibid.
244 Ibid., p. 192.
245 Ibid., pp. 196-98.
246 Ibid.
247 Ibid., p. 199.
248 Ibid.
249 Ibid., pp. 201-02.
and the concentration of power. After all, Argentina had more to gain from this process. Therefore, it can be argued that extractivism encouraged by the rise of two big natural resource consumers India and China allowed what Mazzuca defines as supretpresidentialism, namely, the president overlooks the entire decision-making process to the detriment of the institutions and the other branches of government. By developing new sources of income the Kirchners incremented power for the provinces who were the other significant veto players. This was possible only in Argentina because Uruguay has had a distinct institutional framework since its inception and, as explained in the previous sections, the competition of the political forces put pressure on the institutions to be fair, respect the rule of law, and act as checks and balances.

Thus, Uruguay presents itself as the country with the strongest institutions within the region. There is a reliable and independent legal system, efficient decisions by government officials, infrequent bribes, political stability, and the institutions work and promote good quality policies that are both coherent and stable. This explains why despite being vulnerable to external shocks from Argentina and Brazil given their economic relations and having suffered economic crises in the 1990s and again in 2008, not only were able to recover quickly but also avoid the use of emergency powers and concentration of power. Instead, they increased the independence of the central bank and strengthened regulations and supervision.

The characteristics of Uruguay are indeed important for the capacity of institutions to be able to check the executive power. According to Berbecel, institutions will be affected by the 1) degree of independence; 2) the respect and leadership they detain; 3) the technical capacity, namely, resources to function; 4) the degree to respect established rules and procedures. As expected, Uruguay fulfills these categories while Argentina does not.

Finally, the presence of strong institutions in Uruguay shows that institutional checks and balances can be effective in guaranteeing the continuity of democratic regimes despite being rich in natural resources. Likewise, Norway underwent an expansion of extractivism after having achieved solid economic and political democratic institutions. Both countries share characteristics that prevent the institutions from being captured by private interests.

Conversely, the absence of these institutions makes Argentina vulnerable to economic dependency (i.e., extractivism diminishes investments in other sectors) and the consolidation of power towards the executive. Similarly, extractivism provides incentives to increase authoritarianism given the interest in securing rents

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251 Berbecel, D., pp. 201-02.
253 Tommasi, M., 2011, p. 201.
255 Ibid., pp. 97-98.
256 Ibid.
257 Berbecel, D., p. 100.
259 Acosta, A., p. 53.
to consolidate power.\textsuperscript{260} For instance, the Kirchners’ administrations spied on thousands of civil organizations to ensure they would not compromise the extractive industries.\textsuperscript{261}

Last but not least, the expansion of the executive power at the expense of the other branches means the politicization of the institutions. Consequently, because the extractive industries provide the means to coax institutions and shape the legal structure of the country thanks to the numerous clientelist ties, the institutions follow political interests. Considering that in this case political interests are not objective nor reasonable but follow the party and the extractive industries, transnational actors acquire, thus, the power to shape the country as much as the dependency relationship allows.\textsuperscript{262} This way, they weaken the people’s sovereignty, ruining the political system and democracy, and increasing the economic dependency. It is, therefore, for this reason, that if neoliberalism reforms entail the reliance on export growth of natural resources, said restructurings are not merely economic but encompass broad non-economic areas.\textsuperscript{263}

Accordingly, this holds true in Uruguay too. Despite the strong institutions, the forces of transnational actors have been palpable. Exempli Gratia, the largest landowners of Uruguay are multinational paper and pulp companies that operate mostly in free-trade zones which means that they do not take part in the country’s tax regime.\textsuperscript{264} Moreover, Uruguay has been promoting trade agreements to increase extractive industries in the forestry sector, on top of the soybean production.\textsuperscript{265} Consequently, conflicts have increased too.\textsuperscript{266} As expected, there have been consequences on the environment such as eroded and polluted soils that are externalized to local populations and the state,\textsuperscript{267} and cases of institutional corruption such as the state petrol company.\textsuperscript{268}

As we have seen in this research paper, dependency theory established three straightforward assumptions about the international economy. Namely, the global capitalist system is hierarchically structured into core (dominant and richest capitalist countries that exploit other countries for labor and raw materials) and periphery (countries neither dominant nor rich but that are dependent on the demand of core countries).\textsuperscript{269} Consequently, the periphery depends on the core.\textsuperscript{270} Countries in the periphery move within the spaces

\begin{itemize}
\item \textsuperscript{260} Ibid., p. 57.
\item \textsuperscript{261} Clarín, “Proyecto X: Cómo espió la Gendarmería a más de mil organizaciones,” Clarín, published: 10/03/2013. Available: \url{https://www.clarin.com/home/espio-gendarmeria-mil-organizaciones_0_SkFWeScsvQI.html}.
\item \textsuperscript{262} Cajas Guíjarro, J. and Acosta, A., “Maldiciones y pandemias de los extractivismos. Bajo la lupa de la democracia,” Asuntos del Sur, 2020, p. 18.
\item \textsuperscript{263} Gold, M., and Zagato, A. (Eds.), After the Pink Tide: Corporate State Formation and New Egalitarianisms in Latin America (Vol. 1), Berghahn Books, 2020, p. 7.
\item \textsuperscript{264} McKay et al., p. 187.
\item \textsuperscript{265} Ibid., p. 193.
\item \textsuperscript{266} Ibid.
\item \textsuperscript{267} Ibid., p. 199.
\item \textsuperscript{268} Gudynas, p. 55.
\item \textsuperscript{269} Acharya, A., Deciancio, M., and Tussie, D. (Eds.), Latin America in Global International Relations, Routledge, 2021, p. 185.
\item \textsuperscript{270} Ibid.
\end{itemize}
created by the changes made by the core countries. Finally, said dependence is also reflected in their internal socioeconomic structures.271

In the light of the results regarding the dimensions analyzed and the democratic performances, it can be said that dependency theory is validated. In both countries, although to a different degree, the political system has been negatively affected. Moreover, the national development presented a tendency toward dependency on natural resources extractivism industries to the detriment of the national industries and sectors. However, contrary to what pink-tide leaders have stated, specifically, the will to move away from the neoliberal agenda and capitalist policies, as has been shown earlier, Argentina and Uruguay governors invested and expanded significantly extractivism as their economic model. For that reason, the hypothesis dependency theory makes regarding the absence of neoliberalism and the results on society (i.e., an improved political system, restored popular sovereignty, etc.) cannot be tested.

Argentina and Uruguay have proved dependency theory assumptions by expanding extractivism. Let us consider that given the nature of capitalism, in other words, the need for expansion and accumulation,272 companies in the core countries have been looking for new territories, resources, and labor. Considering that the manufacturing profitability in the core nations has been declining sharply since the 1970s,273 abundant companies and enormous production has been transferred from the US and Europe to Asia, especially China.274 Subsequently, the demand for natural resources in Asia led by China has allowed for the development of the Southern Cone. Again, validating dependency theory, considering that the development of the periphery came after the changes in the core countries. Likewise, the growth in Latin America has been possible due to the low costs of expropriating territories and natural resources. The pink-tide governments did not change the economic model but created the conditions to meet the requirements for capital accumulation, specifically, accumulation by dispossession (constant expropriation of territories, resources, and labor).275

The asymmetries of power and domination are possible given the mechanisms of dependency that core countries possess and exercise. For instance, dependency in production consists of overexploitation of the labor force (e.g., very low wages, absence of labor rights due to the unequal exchange to core countries).276 Similarly, dependency in financialization consists of the over-indebtedness and dependency on financial capital for growth after the end of the Bretton Woods system in the 1970s.277 Likewise, dependency on technology monopolization (core countries concentrate key technology knowledge) and knowledge appropriation (high-skilled talents moving to core countries), etc.

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271 Ibid.
272 McKay et al., pp. 23-24.
275 McKay et al., pp. 23-24.
276 Acharya et al., p. 191.
277 Ibid., p. 193.
Conclusion

This paper using dependency theory has analyzed the impact of extractivism on democracy in Argentina and Uruguay from 2005 to 2015. The result is that contrary to what was anticipated, extractivism is not the most important explanatory factor that has to be considered.

However, given the research question (i.e., how did the extractive industries impact democracy in Argentina and Uruguay from 2005 to 2015?), it can be said that in both countries extractivism negatively affected democracies. The extent to which extractivism impacted democracy leaned on the strength of the institutional checks and balances.

In Argentina, institutional checks and balances were already damaged by a long series of historical events. Under those circumstances, extractivism provided the Kirchners with the resources to concentrate power in the executive and develop incentives to break the rules, and bypass institutions to secure power. Thereby, it led to a decreasing quality of democracy. Moreover, the resources from extractivism allowed for clientelism and corruption. In order words, the Kirchners enjoyed resources not only to coerce institutions but also to engage in the authoritarian manipulation of the political institutions. Importantly, other factors have also contributed to these outcomes. For instance, the lack of political pluralism.

In Uruguay, the political pluralism within a nationalized party system together with a tradition of stable checks and balances might have contributed to the divergence in democracy performance during Vázquez and Mujica. Nevertheless, dependence on extractivism seemed to have reduced political participation because the scope of economic and political policy diminished. Furthermore, despite Uruguay’s robust institutions, considering the cases of corruption with statal companies, in the future extractivism could potentially erode and wane their resistance.

Lastly, the in-depth analysis of Uruguay has provided deeper insight into the importance of a balance of power for political and economic stability. Such as Polybius argued that it was the balance of power between the most critical Roman institutions (i.e., consults and magistrates, the senate, and popular assemblies) that gave Rome its exceptional stability around the 2nd century BC, the balance of power in Uruguay allowed for coherent and stable functioning of government, thereby becoming the country with the most robust institutions in the region. 

All things considered, these findings illustrate how institutions play a key role in establishing the degree of dependence on resources and, therefore, the impact of extractive industries. Likewise, consistent with existent literature, this research provides empirical confirmation (i.e., Uruguay) that the existence of strong institutional checks and balances can support the stability of a democratic regime and counter the development of corruption and clientelist ties besides the concentration of power.

Nonetheless, several questions remain unanswered. For instance, whilst this study did confirm that extractive industries undermine and test strong institutional checks and balances such as Uruguay, it did not explain thoroughly to what extent this occurs. For instance, it might be that majoritarian presidentialism does not concentrate power inasmuch as there are coalitions and parties that consist of factions.

Consequently, further research might explore this topic by analyzing either Uruguay under the next leadership or other countries with a non-nationalized party system.

Similarly, more research is required to account for the necessary reforms that can strengthen the institutional checks and balances despite the prevalence of extractivism as is the case of Argentina. For these reasons, further studies are needed on the democratic impact of extractivism.
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