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REGIME, GOVERNMENT AND CONSTITUTIONAL CRISSES: THE ROLE OF RULE OF LAW AND ACCOUNTABILITY IN LATIN AMERICA

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ABSTRACT

After the third wave of democratization (Huntington, 1991) there are different moments of crises in different countries throughout the region. Since the end of the 1980s, governments were the focus of popular protests, political coups and/or lost the support of key political actors (eg: Brazil, 1992; Peru, 1992; Argentina, 2001, Venezuela, 2002). These cases are commonly referred as political crises, even if different outcomes were produced: impeachment, resignations, self-coups or military coups, among others. I present a new typology for political crises, differentiating regime, constitutional and government crises. Based on an analysis using cross-national data (World Governance Indicators), I argue that citizens’ perception of rule of law and accountability play a significant role in these crises, and each variable is more relevant for different types of crises. I conclude with an analysis of Brazil, examining three different cases of crisis since the transition to democracy: Collor, 1992; Mensalão, 2005; and Petrolão, 2015.
The research and writing of this thesis is dedicated to everyone who helped along the way: Alana, mother(s), father(s) and sisters. To Diana, Hector, John, Josep and Erwin for all the intellectual support and all the incentive.

Many thanks,
Fernando B. de Mello
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I - INTRODUCTION

On September 23, 2015, the former President and current Brazilian senator Fernando Collor de Mello offered some advice to the incumbent President of the country, Dilma Rousseff, who is under popular and political pressure. At that moment, Rousseff faced the real possibility of being impeached. According to Collor, if a formal process of impeachment was installed in the National Congress, Rousseff would not be able to stay in power. As a trained politician, with his eyes fixed on the camera, he concluded: “I feel distressed because I have seen this film before” (Rodrigues, 2015).

Collor knew what he was talking about by experience. The first democratically elected President of Brazil after the democratization of the country, in 1989, he also battled an impeachment process and resigned before its end, in 1992. Nevertheless, in Collor’s view, it is Rousseff who faces the worst political crisis in the history of Brazil (Ibid).

Collor’s interview happened just weeks after another Latin American President, Guatemala’s Pérez Molina, resigned. The 64-year-old former military commander submitted his resignation to the Congress, which accepted it by a 118-0 vote. Soon after the resignation, Guatemala's Attorney General issued an arrest warrant for Molina, in connection with a corruption investigation that has shaken the government and sparked popular protests.

In Guatemala, people were fed up after years of perceived impunity of politicians. In Brazil, President Rousseff won her elections with a series of false promises. After just a few months in her second term, she broke almost all the campaign promises and implemented the opposite public policies. If this was not exactly neoliberalism by surprise (Stokes, 2001), her broken promises and economic orthodox adjustment were not accepted by a large majority of the population. I am not discussing the necessity of the adjustment or not, but the possibility

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1 According to the consultancy firm Eurasia, the chance for Rousseff’s impeachment was in 45% in September. http://economia.estadao.com.br/blogs/fabio-alves/risco-de-impeachment-de-dilma-ja-bate-45/
that this was one of the reasons why Rousseff became the target of a cry for more accountability.

Brazil and Guatemala are not the only examples of democratic crises in post-transition Latin America. In fact, after the third wave of democratization (Huntington, 1991) there are different moments of crises in different countries throughout the region. Since the end of the 1980s, when Argentine President Raúl Alfonsín resigned before the end of his term, governments were the focus of popular protests, political complots and/or lost the support of key political actors (eg: Brazil, 1992; Peru, 1992; Argentina, 2001, Venezuela, 2002). These cases are commonly referred as political crises (Solimano, 2005; González, 2008), even though their modality and outcome differed. Some were government crises, others were regime crises, and still others were constitutional crises; some ended in impeachment, others in resignations, others in self-coups, and still others in military coups, among others.

This thesis aims to describe and understand the main variables to cause political crises in Latin America after the third wave. A related aspiration is to explain the possible outcomes of those crises, although rigorous study of this dynamic is beyond the scope of the thesis and I present only some initial results. Using cross-national data and case studies I ask: what variables explain political crises in democracies? If different types of crises exist, are the same variables responsible for them? In addition, I test the influence of the level of development on the probability of the emergence of political crises, using the GDP per capita, and the level of economic inequality, using the Gini coefficient.

In this thesis, I define a “political crisis in democracy” as moments when the perception of stability of governments are under doubts. Various scholars have addressed the topics of democratic stability or democratic instability. However, the studies of democratic crises are less frequent. Democratic crisis is not a synonym for democratic regression to
authoritarian regimes, a resurgence of hybrid regimes (Levitsky & Way 2010) or a decrease in democratic quality (Diamond, 2008). Due to lack of definitions and studies, democratic crises are often interpreted as a symptom of political instability. That is why one common way of approaching it is to consider democratic crisis as the antonym of political stability (Weiffen, 2008, p.3). In a minimum definition, I follow this approach, but in the case studies I offer some nuances to the definition.

I also delineate three types of political crises: regime crises, constitutional crises, and government crises. I hypothesize that in Latin America, political crises are influenced by the perception of low accountability of the governments or weak rule of law. More specifically, I hypothesize that in some types of crises, accountability and rule of law work together; while in other types one of them play a predominant role. I find that perceptions of rule of law and accountability play a significant role in explaining political crises in Latin America. These low perceptions may endure for consecutive years or be the result of an abrupt decrease – and these two possibilities were tested and will be presented further on. Thus, a democratic crisis may be the culmination of an incremental decrease in citizens’ perceptions of the strength of the rule of law and government accountability, but can also arise unexpectedly. Following other works (Mainwaring and Pérez-Liñán, 2012), I find that economic performance has not affected the probability of democratic crises. However, levels of inequality do affect the chances for crises in Latin America.

In Latin America, although democracy is not yet a universal value (Sen, 1999), it is indeed the most common game in the region (Linz and Stepan, 1996). On the one hand, accountability is part even of minimal definitions of democracy (Schmitter and Karl, 1991; Dahl, 2005). On the other hand, the rule of law is not a defining characteristic of democracies - and according to some authors it can also be found in dictatorships (Barros, 2003). Yet it is
commonly presented as the most important variable for a high-quality democracy (Diamond and Morlino, 2004).

This thesis is organized in eight sections. After this introduction, I discuss the definition of crisis and the different explanations present in the literature for it. Following that, I present my own definitions and hypothesis, addressing the relationship between crisis, accountability and rule of law. The next two sections examine the two independent variables: Voice and accountability and rule of law. The 6th section analyzes a cross-national dataset, using the World Governance Indicators (WGI). After that I use three Brazilian crises (Collor, 1992; Lula, 2005; Dilma Rousseff, 2015) as case studies, ending with a conclusion and a discussion on my main findings.

II - What Does Political Crisis Mean in a Democracy?

For decades, theorists have been asking “what conditions make democracy possible and what conditions make it thrive?” (Rustow, 1970, p.337). Since the most recent wave of transitions to democracy, Latin America has been a region of particular interest for political scientists. Przeworski et al (2000, p.87), for instance, argue that dictatorships are more unstable in Latin America if compared with democracies:

*It is often observed that democracy is particularly unstable in Latin America. Yet that may be the wrong conclusion: What is unstable in Latin America is dictatorship. If we take all countries in the world that fall in the Latin American income range per capita, from $971 to $ 8,233, we discover that democracies are more likely in Latin America than in other regions: Being in Latin America makes democracy 12 percent more likely (t value of the dummy is 3.470) than elsewhere. It thus appears that several Latin American countries experimented with democracy in the face of adverse conditions under which countries elsewhere in the world tended to remain in the grip of dictatorships.*
Even considering the results above, Latin American democracies faced different political crises after the third wave of democratization. What does political crisis mean in a democracy and why does it matter? Different authors tried to quantify democratic crises and present their own typologies for crises in democracies. These studies represent a new tendency in the literature, which uses the concept of crisis as the dependent variable, instead of the classic approach of democratic stability and instability. In the following section, I will discuss how impeachments are just one way in which democratic crises might end. Before that, however, I tackle the types of explanations found in the literature for democratic crises.

Przeworski (1991) famous definition for democracy - “institutionalized uncertainty” - posits a central distinction between democratic and nondemocratic politics. Uncertainty is introduced by elections, since actors “know what is possible and likely but not what will happen” (p. 12). Elections introduce the possibility of unforeseen political outcomes. At the same time, changes in governments by the rules and during elections are institutionalized features of democratic competition (Dahl, 1971). North (1990), in addition, argues how democratic institutions are themselves not in question when democratic institutions reduce uncertainty by creating rules for the resolution of conflicts and for the replacement of leaders.

A crisis, nevertheless, appears when the democratic rules fail to solve these conflicts. Wolfgang Merkel (2014, p.1) distinguishes at least two crises in democracies. First, an acute crisis threatens the very existence of political order: It might work like a preliminary stage for a democratic collapse and the transformation toward an autocratic regime (Ibid, p. 17). There are also latent crises. In these cases, the crisis can drag on without a breakdown. “Formal institutions remain in place, but the idea of democratically legitimated and representative popular government atrophies. What remains is nothing more than a post-democratic façade (Crouch 2004) or a diminished subtype of democracy (Offe 2003).”
Weiffen (2014) defines democratic crises as clearly discernible events that unfold over a limited time span and directly threaten the democratic political institutional order. They might be the starting point or culmination of democratic regressions, but might as well be a sign of unfinished democratic consolidation. For her, democratic crisis means an acute crisis, which can happen, but do not necessarily have to, in the context of democratic regression to authoritarian regimes.

Pérez-Liñán (2007, p.7) finds 58 Presidential crises in Latin America between 1950 and 2004. Different from this thesis, Pérez-Liñán defines the crises considering the outcomes. Six of them involved a serious attempt to impeach the President and 21 involved a military coup. For him (Ibid, p.7), a crisis emerges in extreme conflicts between the Executive and the Legislative in which one of them seeks the dissolution of the other. For him, Presidential crises may lead to constitutional mechanisms of deposal (impeachment) or unconstitutional actions, such as a legislative coup against the President. He defines Presidential impeachment as “an extreme form of political failure”, because it “transforms the luck of the most successful politician in the country into a model of defeat” (Ibid, p.1).

Different studies define crises according to their outcomes. According to Kin (2014), almost half (about 45%) of new Presidential democracies around the world had a party or group of deputies in the national legislature attempt to put impeachment proceedings on the formal agenda during 1974 – 2003. About 20% of these countries held a formal impeachment vote, some more than once. Considering the Presidents who served during this period, about 24% faced at least one impeachment attempt. Kin (Ibid) finds factors that mobilize deputies against the President, creating a crisis: Presidential involvement in political scandal, strong Presidential powers, and a hostile civil society. He finds that popular protests helps to prompt a congressional impeachment drive.
McCoy (2012) presents five domestic sources of democratic crisis: classic military coup or coup attempt, incumbent leaders, intragovernmental clashes between branches of government, armed non-state actors, and unarmed nonstate actors including societal mass protests and blockades.

Other studies introduce institutions and government systems as the main independent variable (Linz and Valenzuela, 1994, Cheibub, 2007). Presidentialism, the main government system in Latin America, would increase the chances for crises. Linz and Valenzuela (Ibid) argue that the “dual legitimacy” between the president and the parliament, a tendency towards winner-take-all, among other characteristics of presidential system, make this type of government more prone to political crises than parliamentary one.

Differently, agency-based explanations look into actors as the main variable. Some authors assess the compliance of political elites with democracy. For democracy to remain stable, those who face electoral defeat must prefer to accept this (temporary) result and await the prospect of future electoral victory, rather than resorting to force to implement an agenda (Przeworski, 1991, 2005; Przeworski, Rivero and Xi, 2013). On the other hand, Weingast (1997) emphasizes the people’s role in preventing democratic crises. The author shows that democracies are more stable when elites attempt no transgressions because they know that the people will challenge the power whenever there are attempts to transgress the law.

Other classic agency-based explanations look at the modes of transition to explain stable or unstable outcomes, affecting the chances for crises. More specifically, transitions by pacts between different political actors would stabilize democracies as a result of the negotiations controlled by political elites (Colomer, 1991; Karl 1990; Schmitter 1994).

There are authors who connect crises with the results of democracy (Mayorga, 2006; Nelson, 1994). Mainwaring (2006 p.15) finds two types of indicators to measure the existence of a crisis. Attitudinal indicators involve citizen perceptions: Large numbers of
citizens are dissatisfied with the way in which they are represented. The behavioral indicators are actions by citizens rejecting existing mechanisms of democratic representation (withdrawing from electoral participation, voting for new parties, especially antiestablishment ones, voting for political outsiders, turning to antisytem popular mobilization efforts, or joining revolutionary struggles).

For Mainwaring, crises occur when patterns of representation are unstable and citizens believe that they are not well represented. In his words: “The widespread dissatisfaction with the quality and vehicles of democratic representation is a core ingredient in the political crisis” (Ibid, p.14). For him, the Andean cases allow one examine why in many countries representation sometimes fails to work and why patterns of representation are sometimes beset by instability. He argues that the primary cause of the crisis is “state deficiencies”, mainly in terms of national executive branch, the judiciary, the police, and the armed forces.

Finally, different studies try to assess this relationship between economic performance and democracy. That is why Adam Przworski et. al (2000, p. 79) state: “What remains controversial, however, is the relative importance of the level of development as compared with other factors, such as political legacy of a country, its past history, its social structure, its cultural traditions, the specific institutional framework, and, last but not least, the international political climate”. The authors conclude that democracies are more likely to survive in countries that are already developed (Ibid, p.106). They do not address the topic of crisis directly.

Other authors connect democratic crises not with development, but with the level of inequality (Acemoglu and Robinson 2000; 2001; 2006; Boix 2003; 2008; Przeworski 2009). According to Haggard and Kaufman (2012, p.495), “more recently, an influential line of theory has attempted to ground the politics of inequality on rationalist assumptions about
citizens’ preferences over institutions”. However, they argue that there are several theoretical and empirical reasons to question the expectations of these new distributive conflict models.

These lines of theories addressing political crises show how there are a myriad of definitions for crises within democracies and hypothesis about their causes. Building on these works, I present in the next section my typology for political crises in democracies.

III – A New Typology for Political Crises in Democracies

In the following pages I present my own definition and explanation of democratic crises and test quantitatively some hypothesis. I follow the recent literature on the topic (mainly Pérez-Liñán, 2007; McCoy, 2012; González, 2008; and Mainwaring, Bejarano, Leongómez, 2006). Using the World Governance Indicators and describing different examples of crises in Latin America after the third wave, I define three ideal types of crisis: government crises, regime crises and constitutional crises.

To begin, I define the overarching concept, political (or democratic) crisis, as a moment at which citizens have doubts about the stability of the government and/or the democratic regime itself. In other words, political crises emerge when a large part of the society believes that democracy is unstable. I consider any sharp decrease in the perception of democratic stability within a country to be a symptom (or an indicator) of crisis. To measure that I use the WGI, comparing two consecutive years. I consider a sharp decrease in the perception of democratic stability to occur when the country drops at least 10 points in the world ranking. I find that since 1996 (when the first WGI ranking was released), only in 34 out of 505 cases (6.3%) there was a decrease in the perception of stability larger than 10 points, considering only Latin American countries; I outline these cases in Table 1. For instance, in 2002, Argentina was among the 21% less stable countries in the world, which
represented a drop of 27.41 points comparing with the previous year. In 2013, Brazil dropped 10 points in the ranking of democratic stability comparing with the previous year.

Table 1: Crises symptoms

<table>
<thead>
<tr>
<th>Country</th>
<th>Year</th>
<th>Stability Rank (0 – 100)</th>
<th>Drop From The Previous Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Argentina</td>
<td>2002</td>
<td>20.67</td>
<td>-27.41</td>
</tr>
<tr>
<td>Barbados</td>
<td>2006</td>
<td>78.85</td>
<td>-9.13</td>
</tr>
<tr>
<td>Belize</td>
<td>2000</td>
<td>50</td>
<td>-12.5</td>
</tr>
<tr>
<td>Belize</td>
<td>2005</td>
<td>50.96</td>
<td>-10.58</td>
</tr>
<tr>
<td>Brazil</td>
<td>2003</td>
<td>41.35</td>
<td>-13.94</td>
</tr>
<tr>
<td>Brazil</td>
<td>2013</td>
<td>36.97</td>
<td>-10.9</td>
</tr>
<tr>
<td>Chile</td>
<td>1998</td>
<td>44.23</td>
<td>-20.19</td>
</tr>
<tr>
<td>Chile</td>
<td>2003</td>
<td>70.19</td>
<td>-12.02</td>
</tr>
<tr>
<td>Costa Rica</td>
<td>2003</td>
<td>64.42</td>
<td>-16.35</td>
</tr>
<tr>
<td>Costa Rica</td>
<td>2008</td>
<td>57.42</td>
<td>-10.85</td>
</tr>
<tr>
<td>Cuba</td>
<td>1998</td>
<td>41.35</td>
<td>-9.61</td>
</tr>
<tr>
<td>Dominica</td>
<td>2009</td>
<td>70.14</td>
<td>-10.24</td>
</tr>
<tr>
<td>Dominican Republic</td>
<td>2003</td>
<td>30.29</td>
<td>-14.9</td>
</tr>
<tr>
<td>Ecuador</td>
<td>2000</td>
<td>25.96</td>
<td>-9.14</td>
</tr>
<tr>
<td>El Salvador</td>
<td>2003</td>
<td>37.02</td>
<td>-14.9</td>
</tr>
<tr>
<td>Grenada</td>
<td>2005</td>
<td>59.13</td>
<td>-18.27</td>
</tr>
<tr>
<td>Guyana</td>
<td>2000</td>
<td>26.92</td>
<td>-18.27</td>
</tr>
<tr>
<td>Guyana</td>
<td>2006</td>
<td>23.56</td>
<td>-9.13</td>
</tr>
<tr>
<td>Haiti</td>
<td>2002</td>
<td>13.46</td>
<td>-11.06</td>
</tr>
<tr>
<td>Jamaica</td>
<td>2002</td>
<td>36.54</td>
<td>-12.98</td>
</tr>
<tr>
<td>Panama</td>
<td>2005</td>
<td>39.9</td>
<td>-9.14</td>
</tr>
<tr>
<td>Peru</td>
<td>2000</td>
<td>15.38</td>
<td>-10.58</td>
</tr>
<tr>
<td>Puerto Rico</td>
<td>2013</td>
<td>57.35</td>
<td>-10.42</td>
</tr>
<tr>
<td>St. Kitts And Nevis</td>
<td>2007</td>
<td>76.92</td>
<td>-17.31</td>
</tr>
<tr>
<td>St. Lucia</td>
<td>1998</td>
<td>55.29</td>
<td>-24.52</td>
</tr>
<tr>
<td>St. Lucia</td>
<td>2002</td>
<td>53.85</td>
<td>-33.17</td>
</tr>
<tr>
<td>St. Lucia</td>
<td>2005</td>
<td>82.21</td>
<td>-11.06</td>
</tr>
<tr>
<td>St. Vincent And The Grenadines</td>
<td>2002</td>
<td>53.85</td>
<td>-33.17</td>
</tr>
<tr>
<td>St. Vincent And The Grenadines</td>
<td>2007</td>
<td>75</td>
<td>-12.98</td>
</tr>
<tr>
<td>Suriname</td>
<td>2000</td>
<td>50.48</td>
<td>-11.54</td>
</tr>
<tr>
<td>Suriname</td>
<td>2006</td>
<td>45.67</td>
<td>-9.14</td>
</tr>
<tr>
<td>Trinidad And Tobago</td>
<td>2000</td>
<td>46.63</td>
<td>-10.58</td>
</tr>
<tr>
<td>Venezuela, Rb</td>
<td>2002</td>
<td>12.5</td>
<td>-9.13</td>
</tr>
</tbody>
</table>
From this generic definition for political crisis in a democracy it is necessary to find nuances. I present a typology with three different types of crises; each type of crisis entails a decrease in the perception of stability (crisis symptom) but involves different vulnerabilities.

A **regime crisis** occurs when a coup or an attempt of coup is considered a viable possibility. In a regime crisis it is democracy itself that is under risk. In a regime crisis, one possible solution supported by a relevant portion of the society is the intervention by the armed forces to depose what they consider to be illegitimate governments. By relevant portion, I mean a large part of the population or strong political actors. Normally, a regime crisis follows a decrease in, or several years of low scores of, rule of law and accountability.

A coup d’état or complot for coup d’état may be preceded by a dispute between the Executive and Legislative, which reflects a larger division in society. Arturo Valenzuela (1978), for instance, applies the concept of centrifugal tendencies to understand the Chilean coup in 1973: A polarized system has a tendency to move towards the extremes. According to him, Chile had a polarized and dual system, which fell to a coup because of “the failure to structure a viable Center in a highly polarized society” (Ibid. p 59).

The usual response is for the elites to denounce institutional weakness and call for some type of intervention, usually military. Between the 1960s and 1970s, the new professionalism among the military (Stepan, 1973) was marked by unrestricted scope for military action, while sectors of society challenged the legitimacy of some civil governments. The logical conclusion for the military was to perpetuate coups, as explained by Victor Villanueve, a former officer and leading authority on the Peruvian military. “Apart from the suffrage, sovereignty resided in the army rather than in the people. The latter had the right to elect
governments and the army the duty of ousting them when it [the army] determined that they violated the constitution” (cited by Loveman, 1999, p 214).

Thus, the most common outcomes for regime crises is a coup. However, a regime crisis may not be defined by its outcome. A regime crisis emerges even if the final outcome is not a coup d’état. After all, a regime crisis is a type of political crises and, by definition, occurs when a large part of the society believe that democracy is unstable. But differently from other types of crises, a regime crisis is marked by the acceptance of the possibility of the use of force to take out the government.

However, there are other types of crises. In my typology, the second type is a constitutional crisis. As with all political crises, a constitutional crises entails a decrease in the perception of democratic stability. However, in a constitutional crisis, those who are outside power use unconstitutional means to undermine the government. Moreover, incumbent leaders may be the source of constitutional crisis when they “abuse executive power in ways that close political space for citizens or their representative institutions, such as curtailing freedoms, manipulating elections, packing the courts, overriding the legislature, or carrying out self-coups” (McCoy, 2012, p.35).

In all the cases, the crisis is preceded by a weak rule of law. This affects the chances for a crisis because there is a perception that it officials and institutions in the state are not answerable to the law. In the words of Przeworski's (1991, 36): “Successful democracies are those in which the institutions make it difficult to fortify a temporary advantage. Unless the increasing returns to power are institutionally mitigated, losers must fight the first time they lose, for waiting makes it less likely that they will ever succeed”.

Constitutional crises may also emerge when Presidential adversaries look for unconstitutional shortcuts to outset the President, using unconstitutional maneuvers. In Paraguay, for instance, President Fernando Lugo was removed from office in 2012. Lugo has
denounced his removal as a “parliamentary coup”, because, according to him, it was not based on proper evidence. Others, such as the UNASUL, called that a “Constitutional coup” (Angosto-Ferrández, 2013).

Finally, democracies in Latin America have faced government crisis. In these cases, although the regime itself is not under peril (Linz, 1990), the government seems incapable of governing. As in all political crises a broad swath of citizens see democracy as unstable. Yet in a government crisis two conditions obtain: the President faces a lack of congressional support and endures popular protests against his rule and low popularity. Combined, these two factors lead to government paralysis or immobility. A government crisis emerges when there is a perception among the population and key political actors that governments are not accountable for their acts as they should be.

Even Chile – considered one of the most stable democracies in Latin America – faced at least one government crisis. In 1996, the country occupied the position 64.42 out of 100 in the ranking of stability. In 1998, it dropped to 44.23, going back to 63.46 in 2000. This drop was the result of an enormous energy crisis, which affected the government. The population was aware of the crisis and concerned about its costs. In May 1999, 28.9% of the people in the metropolitan area of Santiago and 24% of the total population considered electricity shortages to be the main problem (Murillo and Le Foulon, 2006, p. 1586). The crisis was of greater concern to the Santiago population than either “delinquency” (27.9%) or the imprisonment of Gen. Pinochet in London (6.2%). Public concern with the crisis coincided with a deteriorating public opinion about the government: 55% believed poor government management was responsible for the economic problems.

I posit that constitutional, regime and government crises are different types of crises and are affected differently by independent variables such as the perception of accountability and rule of law. The resolutions of these crises depend on the reaction of key political
leaders. This thesis does not seek to explain the outcomes of different types of crises as those outcomes cannot be measured with the data available. However, the descriptive analysis of cases helps to test some hypothesis about the outcomes of these different crises. Table 2 summarizes the three independent variables under scrutiny, the types of crises I hypothesize that they create, the political reaction and the expected outcomes; while the latter two outcomes need more study, the table raises some interesting questions.

Table 2: A typology of democratic crises: government, regime and constitutional

<table>
<thead>
<tr>
<th>Independent Variable</th>
<th>Crisis Scenario</th>
<th>Type of crisis</th>
<th>Political reaction</th>
<th>Expected Outcome</th>
<th>Cases</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Low popularity</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Political pressure by the opposition</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
In the previous section, I used different examples to present my definitions of crises. Methodologically speaking, it may be argued that choosing just a few examples weakens the conclusions. In the case of this thesis, I argue that this is not a concern because the examples were chosen after testing the hypothesis with a dataset from all the years between 1996 and 2013 and all the countries in Latin America and around the world. In other words, the examples were not handpicked to prove a hypothesis, but they emerged after the quantitative tests. The hypothesis may be summarized as it follows:

**Figure 1: Causes, crises and outcomes**

<table>
<thead>
<tr>
<th>Low Accountability and rule of law</th>
<th>Elites denounce institutional weakness;</th>
<th>Regime</th>
<th>Call for intervention (typically military);</th>
<th>a) Coup b) Latent crisis</th>
</tr>
</thead>
</table>

My strategy was to begin with quantitative data, more closely analyze several countries, and then examine several crises in one country (presented in the final section of this thesis). I hypothesized that lower perceptions of stability are caused by a decrease in
values of accountability and rule of law. I also asked if a small performance on stability’s
could happen simultaneously to bad performance in accountability and rule of law. In these
cases, the independent variables would not be a decrease in the values of accountability and
rule of law, but a comparison between accountability, rule of law and stability in the same
years. I use the Worldwide Governance Indicators (WGI) project to test the hypothesis.

The WGI index has variables for 215 countries and territories. There are data
available for the years of 1996, 1998, 2000, and from 2002 to 2013. Thus, using this cross-
national data there is an enormous amount of observations. The six indicators of the WGI
about the quality of governance are: Voice and Accountability, Political Stability and
Absence of Violence, Government Effectiveness, Regulatory Quality, Rule of Law and
Control of Corruption. These indicators are based on several hundred variables obtained from
31 different data sources, capturing governance perceptions as reported by survey
respondents, non-governmental organizations, commercial business information providers,
and public sector organizations worldwide. The WGI project relies exclusively on
perceptions-based governance data sources, which include surveys of firms and households,
as well as the subjective assessments of a variety of commercial business information
providers, non-governmental organizations, and a number of multilateral organizations and
other public-sector bodies. According to the authors, each of these data sources provides a
set of empirical proxies for the six broad categories of governance.

The decision to use perceptions-based measures of governance is based on the view
that perceptions data have particular value in the measurement of governance. First,
perceptions matter because agents base their actions on their perceptions, impression, and
views. Enterprises base their investment decisions - and citizens their voting decisions - on
their perceived view. Secondly, in many areas of governance, there are few alternatives to
relying on perceptions data. For instance, this has been particularly the case for corruption,
which almost by definition leaves no “paper trail” that can be captured by purely objective measures.

Several concerns arise concerning various systematic biases in perceptions data on governance. One possibility is that different types of respondents differ systematically in their perceptions of the same underlying reality. Kaufmann, Kraay and Mastruzzi (2007a,b) compared the responses of businesspeople to other types of respondents and found little in the way of significant differences in cross-country comparisons based on these two types of responses. Another possibility is that biases are introduced by the ideological orientation of the organization providing the subjective assessments of governance. Again, Kaufmann, Kraay and Mastruzzi (2004) asked whether expert assessments provided by a number of rating agencies were systematically different in countries with left- or right-wing governments. They found little evidence of such biases. Finally, the bias in perceptions data might be caused by the possibility that subjective assessments of governance are driven by factors other than governance itself, such as the level of development or recent economic performance of a country. Kaufmann, Kraay and Mastruzzi (2004, 2007b) that in practice it does not withstand empirical scrutiny.

In addition, the authors publish the margins of error for all the variables, clearly stating that they are proxies. In their words (Ibid, p. 20): “Using the WGI, we find that even after taking margins of error into account, it is possible to make many meaningful cross-country and over-time comparisons: almost two-thirds of all cross-country comparisons in 2009 result in highly significant differences (at 90 percent confidence levels), and more than one quarter of countries show a significant change in at least one of the six WGI measures during the decade 2000-2009.”

However, considering the results of other papers that show the strong correlation between variables such as political stability, corruption and growth (Mauro, 1991), it is
necessary to take some measures. Mauro, for instance, argues that “a possible interpretation is that corruption and instability may be intrinsically linked, in the sense that they may result from the same coordination problem among members of the ruling elite” (p.705). Regressing all the governance indicators show signals of multicolinearity – thus, affecting the results. In my tests, control of corruption yielded a negative signal on stability when it was regressed with all the other variables, contrary to the expected results.

Although the World Governance Indicators divide rule of law and control of corruption in two different variables there is an undeniable relationship between them. In fact, the correlation between the two is 0.9339 (see figure 2). Anticipating the strong correlation effects, the remedy was to drop control of corruption, keeping rule of law. Despite this issue, there are strong statistical evidence of the influence of accountability and rule of law on democratic crises (measured by the stability indicator as a proxy). More than that, the results are consistent even using different controlling variables.

**Figure 2: Correlation Matrix**

<table>
<thead>
<tr>
<th></th>
<th>stabil~t</th>
<th>account~t</th>
<th>govest</th>
<th>ruleest</th>
<th>contro~t</th>
</tr>
</thead>
<tbody>
<tr>
<td>stabilityest</td>
<td>1.0000</td>
<td>0.6922</td>
<td>0.6898</td>
<td>0.7346</td>
<td></td>
</tr>
<tr>
<td>account~t</td>
<td>0.6898</td>
<td>1.0000</td>
<td>0.7886</td>
<td>0.7810</td>
<td>0.7346</td>
</tr>
<tr>
<td>govest</td>
<td>0.6922</td>
<td>0.7886</td>
<td>1.0000</td>
<td>0.9325</td>
<td>0.9328</td>
</tr>
<tr>
<td>ruleest</td>
<td>0.6877</td>
<td>0.8269</td>
<td>0.9325</td>
<td>1.0000</td>
<td></td>
</tr>
<tr>
<td>contro~t</td>
<td>0.7346</td>
<td>0.7810</td>
<td>0.9328</td>
<td>0.9362</td>
<td>1.0000</td>
</tr>
</tbody>
</table>

Since my argument is only posited to work in democracies, it is necessary to consider only countries under democratic regimes. The annual reports of Freedom House provide a seven-point measure of political and civil rights, from which three types are distinguished:
free, partly free, and not free countries (respectively corresponding to scales 1 to 2.5, 3 to 5, and 5.5 to 7) since 1972. However, Freedom House measures freedom and not democracy. The Polity project provides scales from +10 to -10, which are the basis for a threefold classification of regimes in democracies, anocracies and autocracies (respectively based on scales +6 to +10, -5 to +5, and -10 to -6). While taking into account that the classifications obtained from most of the above-mentioned data-sources are strongly correlated, the analyses is based on the Polity project because it is the most encompassing one. A dummy variable was created to define if the country is a democracy or not.

In addition, other databases were merged in order to use control variables. Using data from the World Bank, the paper evaluates the effects of different variables on democratic stability/crisis: GDP Per Capita (PPP, constant 2011 international US$), gini coefficient, literacy rates and government effectiveness. The final database consists of 29 variables. The choice of those variables follows the literature, considering, for instance, economic indicators or the effectiveness of governments. After all, as shown by Pzeworski (1991), no democracy has ever broken down in countries with GDP per capita higher than Argentina in 1976.

After constructing the large database using different sources, different sets of regression were used. Two main hypotheses were tested: Did the moments of perceived crisis result from perceived weak accountability and rule of law over time (considering annual results)? Or were they the result of a decline in citizens’ perceptions that accountability and rule of law were weakening? In other words, are moments of crises connected with constant bad performance in governance indicators or even countries who perform well can face crises when there is a perceived decline in accountability and rule of law?

This choice to promote different regressions was made due to the different characteristics of the variables. The six aggregate indicators are reported in two ways: (1) in their standard normal units, ranging from approximately -2.5 to 2.5, and (2) in percentile rank
terms from 0 to 100, with higher values corresponding to better outcomes. It is a balanced panel data.

My first hypothesis is that most of the cases of democratic instability occur when people perceive accountability and the rule of law to be weak. In other words, whenever a country has a bad performance in accountability of the government and in the rule of law it increases the probability of democratic instability.

Considering the standard normal units from the WGI Stability measure as the dependent variable, it is not possible to perform linear regression since there is a limited dependent variable. I perform a Tobit regression to test the hypothesis. This methodology is named after James Tobin, Nobel laureate economist. The scale is left censored (no values below the threshold of -2.5) and right censored (no values above the threshold of 2.5). Since there are data from different countries and different years it is necessary to use a panel data analysis. The panel is strongly balanced.

OLS estimates of censored regression models are biased as well as inconsistent, that is, no matter how large the sample size is the estimated parameters will not converge to their true value. The reason is because the conditional mean of the error term is nonzero and correlated with the regressors. By definition, if the error term and the regressors are correlated the OLS estimators are biased and inconsistent (Gujarati, 2011).

My first test uses the standard normal units. Because there is no direct measure of crisis, I consider crises as the antonym of political stability. Thus, when the coefficient is positive and statistically significant the interpretation is: whenever there is a reduction in its results, there is an increase in the probability for democratic crises (measured by low scores of stability). I test the effects of three governance indicators: voice and accountability, rule of law and government effectiveness.
Table 3: Democratic crises, rule of law and accountability, world versus Latin America
XtTobit regression coefficients (with P value in parentheses) using WGI stability as the dependent variable

<table>
<thead>
<tr>
<th>Stability</th>
<th>Latin America</th>
<th>World</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accountability</td>
<td>.2997905 (0.001)</td>
<td>.4048759 (0.000)</td>
</tr>
<tr>
<td>Rule of Law</td>
<td>.2721657 (0.001)</td>
<td>.4536392 (0.000)</td>
</tr>
<tr>
<td>Government</td>
<td>.0410364 (0.628)</td>
<td>.0004063 (0.993)</td>
</tr>
<tr>
<td>effectiveness</td>
<td></td>
<td></td>
</tr>
<tr>
<td>GDP per capita</td>
<td>.0871902 (0.251)</td>
<td>-.0190159 (0.586)</td>
</tr>
</tbody>
</table>

Source: WGI (2015) and World Bank Indicators, transformed by the author
Note: Prob > chi2 = 0.0000
Note 2: Control of corruption is excluded because of multicolinearity
Note3: Log GDP per capita, expressed in PPP (2011)

Voice and Accountability and Rule of Law have positive impact on the regime stability when considering all the countries in the world and also when the regression consider only Latin America. They are statistically significant at the 5% interval of confidence, which supports the main hypothesis that they are related to democratic stability. In other words, perceptions that accountability and the rule of law are weak affect democratic stability negatively.

Interestingly, government effectiveness has no significant impact upon stability. The variable captures perceptions of the quality of public services, the quality of the civil service and the degree of its independence from political pressures, the quality of policy formulation and implementation, and the credibility of the government's commitment to such policies. Thus the perceived success of governments is not necessary connected with democratic instability. To remember Schmitter and Karl (1991, p. 85): democracies are not necessarily more efficient administratively.

However, these results are not enough to reach conclusions. Controlling only for GDP per capita may be insufficient to assess if other variables beyond perceptions of accountability and the rule of law explain stability. Regime stability may not be connected
with economic prosperity, but with divisions within societies. Thus the second test considers the governance variables, plus GDP and the Gini coefficient. With the Gini it is possible to assess if stability is influenced by inequality. According to this hypothesis, it is the economic differences within a society that generate instability, since different groups have different quality of life under a democracy. In the Gini Coefficient, the results are measured from zero to 100. The higher in the ranking the more unequal the country is.

Table 4: Democratic crises, rule of law and accountability, world versus Latin America
Xtobit regression coefficients (with P value in parentheses) using WGI stability as the dependent variable, controlling for GDP and Gini Coefficient

<table>
<thead>
<tr>
<th>Stability</th>
<th>Latin America</th>
<th>World</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accountability</td>
<td>.4838004 (0.000)</td>
<td>.4103171 (0.000)</td>
</tr>
<tr>
<td>Rule of Law</td>
<td>.2417285 (0.044)</td>
<td>.2449651 (0.003)</td>
</tr>
<tr>
<td>Government Effectiveness</td>
<td>.2493455 (0.030)</td>
<td>.1834413 (0.015)</td>
</tr>
<tr>
<td>GDP per capita</td>
<td>-.1825208 (0.112)</td>
<td>-.0383514 (0.449)</td>
</tr>
<tr>
<td>Gini Coefficient</td>
<td>-.0107336 (0.071)</td>
<td>.0014542 (0.688)</td>
</tr>
</tbody>
</table>

Source: WGI (2015) and World Bank Indicators, transformed by the author
Note: Prob > chi2 = 0.0000
Note2: Log GDP

Similar to the previous results, accountability and rule of law are significant to explain democratic stability. However, this time, government effectiveness is significant. Governments that are perceived as ineffective are more likely to be perceived as unstable. Gini coefficient is significant for Latin America, in the 90% level, and yields a negative sign. This means that when inequality increases perceptions that the regime is unstable also increase. In fact, there is a huge statistical difference between the results for inequality comparing all the democracies around the world and only in Latin America.
As discussed by Karl (2000, p. 150), where income inequality is greatest, people are more willing to accept authoritarian rule, less likely to be satisfied with the way democracy works, less trusting of their political institutions, and more willing to violate human rights. “Gross economic disparities greatly contributed to Latin America's past democratic failures and, despite the current complacency regarding democracy's third wave, they are likely to do so again.” The fact that the Gini Coefficient yields a negative sign means that it affects negatively perceptions of democratic stability. This gives statistical support for Karl’s argument. Once more characteristics closely related to the quality of democracy are explanations for democratic stability after the third wave of democratization in Latin America.

I added another variable, which is literacy rate of the population. In his classic article, Lipset (1959) presents a minimal definition for democracy as a political system in which there are regular constitutional opportunities for changing the governing officials. He states that there are two requisites for democracy: economic development complex and legitimacy. The first requisite deals with industrialization, wealth, urbanization and education. In his empirical tests, the average wealth, degree of industrialization and urbanization, and the level of education were much higher for the more democratic countries. According to him, all these variables are inter-related to form one common factor. The chances for stabilization of democracy are higher when the regime has the efficiency of modernization, promoted by the economic development complex, and the legitimacy of the political system.

Table 5: Democratic crises, rule of law and accountability, world versus Latin America
Xtobit regression coefficients (with P value in parentheses) using WGI stability as the dependent variable, controlling for GDP, Gini Coefficient and Literacy rate

<table>
<thead>
<tr>
<th>Stability</th>
<th>Latin America</th>
<th>World</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accountability</td>
<td>.8542762 (0.002)</td>
<td>.5648156 (0.006)</td>
</tr>
<tr>
<td>Rule of Law</td>
<td>.1427067 (0.460)</td>
<td>.2293397 (0.156)</td>
</tr>
</tbody>
</table>
Once more, accountability is significant to explain democratic stability in Latin America. More than that, accountability has a larger marginal effect on democratic instability than inequality.

Another possible explanation, however, needs to be tested. The reason why democratic instability arises may be the result of consecutive decline in perceptions of accountability and rule of law. In other words, even a country that performs well in those variables may face instability if there is a decline. The following table shows how at least 10 cases of a large decrease in the perception of democratic stability (defined here as a symptom of crises) were preceded by a decrease in accountability and rule of law.

<table>
<thead>
<tr>
<th>Variable</th>
<th>Coefficient 1</th>
<th>Coefficient 2</th>
</tr>
</thead>
<tbody>
<tr>
<td>Government Effectiveness</td>
<td>.3209388 (0.110)</td>
<td>.0609984 (0.450)</td>
</tr>
<tr>
<td>GDP per capita</td>
<td>-.305512 (0.173)</td>
<td>-.0010267 (0.664)</td>
</tr>
<tr>
<td>Gini Coefficient</td>
<td>-.0297386 (0.005)</td>
<td>-.0071474 (0.872)</td>
</tr>
<tr>
<td>Literacy Rate</td>
<td>-.0168247 (0.226)</td>
<td>.0005803 (0.323)</td>
</tr>
</tbody>
</table>

Source: WGI (2015) and World Bank Indicators, transformed by the author
Note: Prob > chi2 = 0.0000
Note2: Log GDP
This time the stability variable is still the dependent variable, but the independent variable is over-time change in perceptions of accountability, rule of law and government effectiveness. In other words, I regress current values of democratic stability on the change in accountability, rule of law and government effectiveness. The mathematical representation is:

\[ Y(t) = f(X(t) - X(t-1)) \]
Table 6: Democratic crises, rule of law and accountability, world versus Latin America
Xtobit regression coefficients (with P value in parentheses) using WGI stability as the dependent variable, controlling for GDP, Gini Coefficient and Literacy rate

<table>
<thead>
<tr>
<th>Stability</th>
<th>Year - 1</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accountability (delta)</td>
<td>.7118846 (0.052)</td>
</tr>
<tr>
<td>Rule of Law (delta)</td>
<td>.681075 (0.027)</td>
</tr>
<tr>
<td>Government Effectiveness (delta)</td>
<td>.0190458 (0.950)</td>
</tr>
<tr>
<td>GDP per capita</td>
<td>.0000228 (0.387)</td>
</tr>
<tr>
<td>Gini Coefficient</td>
<td>-.0223226 (0.095)</td>
</tr>
<tr>
<td>Literacy Rate</td>
<td>-.0070531 (0.712)</td>
</tr>
</tbody>
</table>

Source: WGI (2015) and World Bank Indicators, transformed by the author

All in all, the data presented in this paper points to the direction that whenever there is a decrease or constant low scores in the perception of accountability – either horizontal or vertical –, there are more chances for political crises. There are also indications that the same happens with the rule of law. There are strong statistical evidence to support that accountability and rule of law are relevant independent variables to explain political crises in democracies. How does it happen? In the next section I present the causal mechanisms for these relationships.

V - Crisis, Accountability and Rule of Law

With the quantitative indicators from the previous section, it is possible to assert that perceptions that accountability and the rule of law are weak lead citizens to perceive that democracy is unstable, a symptom of political crisis. However, as discussed before, there are at least three types of democratic crises. It is not uncommon that one type of crises mutates
into another. In these cases, one outcome is a longer crisis, since, in fact, there is a combination of different types of crises. This happens because ideal types do not exist “purely” in reality. They are methodological tools, but different crises may appear together or succeed one another. This creates further methodological issues, since it is necessary to separate crises when they appear in sequences. On the other hand, the separation between different crises facilitates the analysis of cases, even when they are close to each other. In the following sub-sections I present the causal mechanisms for each type of crisis.

**a) Perceived Weak Voice and Accountability, Government Crisis**

How do voice and accountability affect political crises? In the WGI, voice and accountability are measured together and defined as: “The extent to which a country's citizens are able to participate in selecting their government, as well as freedom of expression, freedom of association, and a free media”.

The first and most basic democratic function of civil society is to provide "the basis for the limitation of state power, hence for the control of the state by society, and hence for democratic political institutions as the most effective means of exercising that control" (Huntington, 1984, p.204). This function has two dimensions: to monitor and restrain the exercise of power by democratic states, and to democratize authoritarian states.

A rich associational life also supplements the role of political parties in stimulating political participation, increasing the political efficacy and skill of democratic citizens. Civil society can also be a crucial arena for the development of other democratic attributes, such as tolerance, moderation, willingness to compromise, and a respect for opposing viewpoints. Without a strong civil society it is harder to limit the state power by watching it (Diamond, 1884, p.4-17). In additional, the associational life stimulates political participation, since people encounter a channel where they can influence governments and debate public policies.
When people get used to debates and discussion on the micro level, such as in those organizations, it is easier to develop all these characteristics necessary for democracy. Finally, a vigorous civil society widely disseminates information, since these groups create large networks and also are interesting in collecting and sharing information (Ibid).

Civil society is directly connected with accountability. Schedler (1999) defines accountability as the ability to ensure that public officials are answerable for their behavior – forced to justify and inform the citizenry about their decisions and possibly eventually be sanctioned for them. In the classic literature, accountability can be achieved through legal (horizontal) or political grounds (vertical). The latter is connected with democratic representation, since it refers to responsiveness of the government to the preferences of the electorate.

However, for Adam Przeworski, Susan Stokes, and Bernard Manin (1999), elections have limitations to hold political actors accountable. For them, voters cannot induce governments to act responsibly. The authors distinguish mandate from the accountability view of elections. In the first case, citizens signal to governments what to do. In the second, they judge if governments did what they should have done. “Governments are accountable if voters can discern if governments are acting in their interest and sanction them appropriately, so that those incumbents who act in the best interest of citizens win reelection and those who do not lose them” (Ibid, p. 40). The problem arises when, mainly in Presidential system, voters want to sanction the incumbent before the elections.

In addition, Enrique Peruzzotti and Catalina Smulovitz (2006, p.40) argue that Latin American democracies also have “social mechanisms of accountability.” The aim of social accountability is to expose and denounce cases of governmental wrongdoing, activating horizontal agencies of control, and monitoring the operation of those agencies.
Hollyer, Rosendorff and Vreeland (2014) argue that accountability plays a central role to decrease the chances for democratic crises. For democracy to remain an equilibrium, members of the electorate must prefer to accept election results, rather than turning to forms of mass mobilization – protests, strikes, or even violence – as a means of enforcing their will. For this to be the case, citizens must be confident that elections can perform their intended role in disciplining politicians who are widely perceived as under-performing. The central argument of the authors is that perceptions that elections did not – or could not – play this role of accountability were central to recent incidents of mass mobilization around the world (notably, Egypt, Ukraine and Thailand). To argue their point, the authors particularly emphasize the importance of transparency (defined as the availability of policy-relevant information on aggregate outcomes) to ensuring popular compliance with election results. They conclude, “Citizens, when confident that elections serve to hold their leaders to account, have a diminished incentive to resort to extra-constitutional means of disciplining their leaders” (Ibid, p. 20).

In short, a perceived weakening of accountability may increase the chances for democratic crises, mainly government ones, when the population and key political actors believe that the government is not as accountable as it should be. Hagopian asks this question explicitly (1998, p. 106): “There is little doubt that the electorate holds governing parties accountable for economic downturns. The question is whether short-term economic conditions alone can shake the foundations of the political order.

To offer an example, in 1998, immediately after initiating his government in Paraguay, Raúl Cubas Grau set general Oviedo free by decree. The general was a military leader and a Colorado candidate who had been sentenced to 10 years in prison, accused of sedition. Since the new President was not able to legally pardon the general, he commuted the sentence to a shorter one. But the Supreme Courte called it unconstitutional. For months, the
country faced rumors about conspiracies involving the vice-President, who would take over power, or about the possibility of an *auto-golpe* by the President.

The vice-President ended up assassinated, creating a public outcry for the resignation of the President. Millions of people took over the streets looking for someone to hold accountable. For Diego Abente Brun (1999), a “strong citizenry” emerged for the first time in Paraguay, while the mass media covered the events supplying with information the public outrage. The demand for voice and accountability played an important rule. “Even though the importance of the Armed Forces' refusal to go along with Oviedo's plan for a coup must not be underestimated, it was the people who, for the first since the transition began, played the critical role.” (Ibid, p.100).

The main variable to influence this Paraguayan crisis was the perception of low accountability. The following graph shows how accountability and stability are highly correlated in the country. In the constitutional crisis of 2012, rule of law and stability are highly correlated. The graph represents the position of the country in a worldwide ranking from 0-100. The lower the score in the ranking the worst is the perception of rule of law, accountability and stability.
As discussed above there are two types of influence that the perception of accountability may have upon democratic crises. First of all, the decrease of the perception of accountability. Secondly, a sequence of low scores.

Historically, Argentina has always scored above the median scores of the world in terms of accountability. However, a decrease in this perception was one of the causes of the largest government crises in the history of the country, in 2001. In a few weeks, three Presidents were forced to resign in the midst of violent popular protests – and one of them left Buenos Aires in a helicopter.

Before 1983, the democratic game in Argentina was impossible exactly because actors perceived authoritarianism as a possibility and accepted that, under certain conditions (Linz and Stepan 1996; Przeworski 1991). After the transitional government of Alfonsin, Carlos Menem governed while trying to decrease horizontal accountability. Menem concentrated power, giving vast discretionary tools to Domingo Cavallo, his Minister of Economy. With autocratic styles, Cavallo and Menem marginalized Congress (Schamis 2002,
88), decreasing horizontal accountability. This Argentine delegative democracy (O’Donnel, 1994) can be measured by the use of Need and Urgency Decrees (DNUs). These orders, issued by the President, have the force of law. A DNU is supposed to be used only under exceptional situations, but Menem issued 335 of them, which contributed to undermine the system of accountability (Calvo and Murillo 2013, 147-149).

Cavallo came back in the early 2000s. As the Finance Minister for President Fernando de la Rúa, he soon forced the resignation of the Central Bank President when he refused to subordinate to the President. In a country with a loose fiscal policy and a fixed exchange rate, the economic situation worsened (Edwards, 2010).

The government entered in disputes with the Congress, where De la Rúa lacked the necessary support for his government. According to Schamis (2002, p. 86), the President was disconnected with his party, the Radical Civic Union, and was surrounded by advisors with no political experience. With the economy plunging, the government introduced restrictions to the withdrawal of cash and crowds marched on the streets, which resulted in more than 30 deaths.

By that time, the argentine population and politicians were looking to see their leaders accountable for their acts. Cavallo resigned, followed by the rest of the cabinet and the President. After three different Presidents taking power and resigning Congress chose the Peronist senator Eduardo Duhalde to take office for two years. The expression *Que se vayan todos* – shouted on the streets - points in the direction that the government crisis followed the perception that the governments should be more accountable for its acts.

The “mother of all crises” (Edwards, 2010) was not a regime crisis since Argentina overcame following the rules (Schamis, 2002). The previous election, in 1999, have already marked the first time that the regime had survived for two consecutive transfers of power, in a sign of the normalization of politics (Levitsky, 2000).
The crisis of 2001 was only appeased after the public demand for accountability was satisfied. Unfortunately, the WGI indicator does not have data for 2001. However, it is possible to infer the role of accountability since, after 2002, the levels of accountability and stability were back to similar levels to the beginning of the 1990s, while the rule of law has never recuperated the previous baseline.

**Graph 2: Argentina and Government Crisis**

![Graph 2](image)  

**b) Perceived Weak Rule of Law, Constitutional Crisis**

The WGI’s rule of law indicator captures perceptions of the extent to which people have confidence in and abide by the rules of society, and in particular the quality of contract enforcement, property rights, the police, and the courts, as well as the likelihood of crime and violence.

According to Diamond and Morlino (2004, p.XIV) when the rule of law is present, all citizens are equal before the law, which is fairly and consistently applied to all by an
independent judiciary, and the laws are clear, publicly known, universal, stable, and nonretroactive. A weak rule of law obtains when some people are above or beyond the law.

A weaker rule of law may also reflect flaws in the application of the law. The discretionary – and often severe – use of the law against the political enemy or the vulnerable can be an efficient means of oppression and maintaining power. In the words attributed to Brazil’s President Getúlio Vargas (1930-45; 1950-54): “For my friends, everything, for my enemies, the law”. In 2009, after the President of Brazilian Senate, José Sarney, was involved in allegations of irregularities, President Lula da Silva declared: “Sarney has enough history in Brazil and cannot be treated like an ordinary person.” Or in the words of former Venezuelan President Hugo Chávez: “I am the law; I am the state” (Maya and Panzarelli, 2013, p. 258), in a reference of the king Louis XIV of France. All these phrases by important politicians represent the perception of weak rule of law.

The relationship between the rule of law and democratic crises is posited in the literature, but most authors prefer to address how the rule of law increases the chances for a stable democracy. For Schedler and Santiso (1998, p.8), “authoritarianism is the realm of arbitrariness, bounded perhaps by informal understandings. Liberal democracy means the rule of law”. Przeworski (1991, p. 14) associates transitions from authoritarian rule to democracy with “the devolution of power from a group of people to a set of rules”. Linz (1978, p. 102) states, “there is an obvious overlap between [Weber’s] type of legal-rational authority and democratic regimes as we have defined them”.

According De La Torre and Arnson (2013), in Latin America, it is common that mechanisms of horizontal accountability are replaced by frequent elections, referenda, and plebiscites. By this view, the people, and only the people, should make leaders accountable, through elections. As a result, these regimes are characterized by a “permanent campaigning feeling, and by the disregard of the law” (Ibid, p. 10).
For Dominguez (2013), since the beginning of the years 2000 the natural resources export boom strengthened the power of Presidents who sought autocratic powers via plebiscitary legitimation. Dominguez argues that “such Presidents wielded their new capacities against the opposition and also against the press” (p. 358) and “in some instances, they have used their new capacities to abuse power through corruption or autocratic governance” (p.360).

A common feature in these countries (Dominguez, 2013; Schamis, 2006) is a weaker rule of law, which increases the chance for constitutional crises because people and political actors perceive when the law is not applied equally. This entails two possibilities: The chances for unconstitutional removal of presidents or Executive maneuvers to stay in power. In the words of O’Donnell’s (1999, p. 14): “In assessing the rule of law and its linkages with democracy and democratic quality, one should begin by defining a point below which, though there may be some rule by law, there is no rule of law”.

A case of constitutional crisis happened in Colombia between 1994 and 1996. President Ernesto Samper was elected with 50.6% of the. Upon taking office, Samper shipped General Rosso Serrano, the favorite to become the director of Colombian National Police, to the United States, as police attaché. Instead he appointed General Ricardo Meza. “He did so because Serrano had a reputation as being tough, successful, and incorruptible, while Vargas was considered corrupt” (Grayson, 2014, p.42).

Just a few weeks after the election, in 1994, the press started to release information about the use of money from drug cartels in the President’s campaign. Even wiretapplings linking the campaign treasurer with the Cali cartel were released. The use of drug money to finance power and achieve the presidency is a strong example of a weak rule of law. In its rule of law indicator, the WGI index uses the Cost of Organized Crime, produced by the World Economic Forum Global Competitiveness Report.
In April 1995, an investigation on the influence of drug money in Colombian politics was initiated. The treasurer for the winning campaign, Santiago Medina, was arrested and admitted receiving money from drug lords (Medina Serna, 1997). President Samper went to national television and guarantee that he had no knowledge of what happened. His defense minister – who had served as campaign manager – resigned and weeks latter was arrested. Months into prison, Botero said the President knew about the illegal money.

The Congress installed an investigation, while the incumbent party “cried that the country was undergoing a governability crisis brought about by the opposition’s insistence on incriminating the chief executive” (Pérez-Liñán, 2007, p. 23). As a movement to face the crisis, the President proposed a referendum, a government of national unity and new elections, but even groups inside his party argued that the solution did contemplate the Constitution.

As a consequence, civil society groups and the opposition increased the criticisms, while the President continued to be protected in the Congressional investigation by his allies. In the Congress, 111 voted for acquitting Samper of the charges, against 41. Pérez-Liñán defines this moment: “Although the debate around this issue would haunt the administration over the next two years (in July, the United States cancelled Samper’s visa, and Colombia was ‘decertified’ during 1996 and 1997), President Samper was able to complete his term in office” (ibid., p. 24).

The perceived weak rule of law was eternized by the words of Cardinal Pedro Rubiano. A leader of Colombia's Catholic Church, he stated that not knowing that drug money financed the Presidential campaign was similar to not noticing an elephant in the living room (Grayson, 2014, p.42). Pundits began to refer to Sampler’s campaign as the “Elephant”.

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During Samper’s term (1994-1998), Colombia stayed among the bottom 10% in terms of stability. Perceptions of accountability improved between 1996 and 1998, after some of the most powerful men in the government were punished by their involvement with drug trafficking. However, Colombia continued to be in the bottom 25% in the world in terms of rule of law. In a constitutional crisis, it is possible to have some degree of accountability (such as the prison or dismissal of important public officers), but the weak rule of law plays a central role. During Sampler’s term Colombia achieved some of the lowest level of rule of law of all time, in 1996.
Constitutional crises may also emerge when Presidential adversaries look for illegal shortcuts to oust the President, using unconstitutional maneuvers. In Paraguay, for instance, President Fernando Lugo was removed from office in 2012. Lugo was impeached by the Congress, which accused him of failing to maintain social harmony. In the House of Representatives, the score was 73 to 1. In the Senate, the result was 39 to 4. According to article 225 of Paraguayan Constitution different authorities “may only be submitted to political trial for malfeasance [mal desempeño] of their functions, for crimes committed in the exercise of their offices or for common crimes”\(^2\).

The process of impeachment took less than 24 hours and there was no time for the President’s defense. The whole process was very quick, taking only two days between the Congress decision and the order of Superior Court to remove the President. The main criticism was that the process did not guarantee any defense rights. The performance of

Paraguay in the WGI Index worsened in 2012. The country dropped more than 5 points in the stability variable, and also decreased its results in the perception of rule of law.

Finally, in Venezuela, a constitutional crisis started in 1999, when President Hugo Chávez called the previous one a “moribund Constitution”, and moved towards concentration of powers. After the approval of the Constitución de la República Bolivariana de Venezuela, the President could legislate by decree, convene all sorts of plebiscites and referenda, dissolve the national assembly and promote the military top command without legislative approval (Bejarano, 2011, p. 245).

The checks on executive were severely weakened, Congress was reduced from two chambers to one and opposition parties were affected. The “crowding out of opposition” (Corrales and Penfold, 2007, p. 100) and the constitutional changes promoted by Chávez to increase his powers pushed Venezuela “closer and closer to crossing the threshold that separates democracies from nondemocratic regimes” (Bejarano, 2011, p. 246).

Between 1999 and 2012, for instance, Chávez promoted 16 electoral processes. However, one of the main facets of the weak rule of law was how the “constitutional opportunities for changing the governing officials” (Lipset, 1959, p.71) were unequal. During the first seven years of Chávez’s government, the radio show Aló Presidente transmitted the equivalent of 1,038 hours. By comparison, the U.S president Franklin D. Roosevelt, during the World War II, broadcasted 499 hours in ten years. Chávez also used the stated-owned TV: three out four hours of programming were official propaganda. This created a large disequilibrium in the political arena, according to Maya and Panzarelli (2013, p.252). That is the reason why Ángel E. Álvarez (2013, p.337) state that the most important challenge for democratic governance in Venezuela remains the nature of the political regime. For the author, governance in Venezuela will become impossible without a healthy electoral democracy, which implies the rule of law and independence of the electoral body.
c) Perceptions of Weak Voice and Accountability, Perceptions of Weak Rule of Law, Regime Crisis

Coup or the attempt of coups are not the dominant pattern of crisis in contemporary Latin America. Regime crises marked Latin America during all the 20th century. From 1935 to 1964 there was an average of 2 successful coups per year in the region (Loveman, 1999, p. 175). The Brazilian military coup, in 1964, initiated a new series of breakdowns of democracies.

This does not seem to be the current pattern of crisis in Latin America, although some organized groups still repeat the same approach. In Brazil, during the political crisis of 2015, different groups support a “constitutional intervention by the military” in order to replace the democratic elected government. This minority argues that the military should intervene to overthrow the government and latter give the power back to civil authorities.

However, some organized groups still repeat the same approach. This was the case of Venezuela in 2002, for instance. In that year, President Hugo Chávez was removed from power on April 12, after the death of 18 people during a huge antigovernment protest. Dissident military officers took Chávez into custody, putting in place an interim government led by Pedro Carmona, a Caracas businessman. In March 2002, one month before the coup, Venezuela's Episcopal Conference said that democratic governments could be illegitimate when they set apart of their mission and of people's needs.⁴ The following graph shows how the crisis of 2002 was marked by a sharp weakening of the rule of law and decrease in accountability.

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³ There are at least 10 Facebook groups defending military intervention in Brazil, with over 100,000 people associated
It is not a coincidence that the country faces an increasing eruption of social protests. From 2000 to 2011, the number of antigovernment demonstration grew from 1,414 to 4,543 with at least 33 people killed in riots (Acosta, 2012).

**Graph 4: Venezuela and Regime of crisis**

![Graph showing the Regime of crisis in Venezuela](image)

**VI – Brazil: Three Crises, Two Types**

This section addresses three Brazilian crises after transition to democracy, in 1986, following twenty-two years of a military dictatorship (1964-85). The comparative method is the method of discovering empirical relationships among variables (Lijphart, 1971,p. 683). The comparative method is close to the statistical method in all respects except one. The crucial difference is that the number of cases it deals with is too small to permit systematic control by means of partial correlations.

The choice for the Brazilian cases focus the comparative analysis on "comparable" cases (i.e., most similar systems): similar in a large number of important characteristics.
(variables) which one wants to hold constant, but dissimilar as far as the variables that one wants to relate to each other. By choosing one country, the comparison is stronger. As explained by Gerring (2004), single-unit studies are all drawn from the same unit (by definition). That is why an alternative way of maximizing comparability is to analyze a single country. Since Brazil had distinguishable crises since its democratization it is a strong case.

a) “Collorgate” (1992): Corruption, Weak Accountability, Government Crisis, Impeachment

The first President in the new democracy, José Sarney (PMDB, 1985-1989), was elected indirectly and faced low rates of approval in the midst of high inflation and economic disarray. It was a transitional government. In 1989, the country held the first fully democratic election in the post-transition period. A relatively unknown politician, who was the governor of the poor state of Alagoas, Ferando Collor de Mello campaigned presenting himself as an outsider who would fight against political establishment. The election of Collor by the small National Reconstruction Party (Partido da Reconstrução Nacional, PRN) was regarded as part of a new wave of neopopulist leaders in Latin America, together with Peru's Alberto Fujimori and Argentina's Carlos Menem (Panizza, 2000; Weyland, 1996, and Roberts, 1995).

Collor obtained 30% of the vote in the first round, but was elected with 53% in the runoff against the Worker’s Party (Partido dos Trabalhadores, PT) candidate, Luiz Inácio Lula da Silva (de Lima, 1993). According to Panizza (Ibid, p. 177), “eventually, Collor, with the help of some dirty tricks and the overwhelming support of the country's largest television network, the Rede Globo, was able to snatch the narrowest of victories in a run-off against Lula”.

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In March 1990, when Collor was sworn into office, the inflation index rose by 84%. He formed his cabinet with unknown politicians and immediately launched his “Collor Plan”, which froze around 80% of the country’s bank savings in order to drain liquidity (Bresser Pereira, 1991, p.18): with less money around for consumption the government aimed to decrease inflation. The plan failed. Unable to control inflation, the government moved to more orthodox political economy. The first signs of rent-seeking behavior had been seen just three months after the beginning of the government. A decree allowed the Ministry of Infrastructure to hire large highway maintenance project without any bidding process. In the following two years, the administration suffered media scandals at a rate of one every two months (Pérez Liñan, 2007, p.16).

The fatal one arose in 1992, when the president’s younger brother, Pedro, accused the campaign manager Paulo César Farias (aka PC Farias) of managing a vast corruption network for the president. In August 1992, his own cabinet issued a public statement that left the president with almost no political support. At the same time, hundreds of thousands of demonstrators took the streets of the main cities in the country, while political actors and civil society leaders started to demand his impeachment. On September 29 the Chamber of Deputies approved (by 441 votes against 38) the impeachment and suspended Collor from office for six months. Three months later, it was the Senate that voted (73 against 8) to oust Collor, authorizing his prosecution for charges of corruption. Anticipating the decision, the president presented his resignation (Ibid., p.17).

If my theory – that the perception of low accountability leads to a government crisis– is correct, Collor’s downfall was constructed since the first days of his term. First, when he was involved in corruption allegations, the President reneged on his promises to fight corruption. In addition, he constructed a tense relationship with the Congress, fighting to concentrate power in his own hands, avoiding accountability.
This sentiment was widespread through the population and was used by key political actors in the process of impeachment (Sallum Jr., 2015, p.88). Collor used an “imperial” style during his first year of government, approximating a “roman dictatorship”. He would ignore the Congress, diminishing any attempt of accountability or any negotiation and turning to medidas provisorias (temporary decrees) to implement public policies. Sallum Jr. states that the Congress would be consulted, but there were no negotiations.

After his first economic plan, the business community shouted indignant rants against the government, due to what was called a direct attack on property rights (Sallum Jr, 2005, p.92). For Sallum Jr, the decision to deliver his medidas provisorias in person to the Congress – and not through institutional channels – represented a “brutal reaffirmation of the power of the State in relation to the society and, specially, in relation to the economic sphere” (Ibid, p.93). Collor stated that his measures had the “support of 35 million votes” (Rodrigues, 1994, p.94). In other words, he wanted to proceed with his plans unaccountably.

Weyland (1993) argues that the very factors that helped Collor to be elected were the ones that ultimately sealed his fate. He campaigned as the anti-establishment candidate. Once in power, he built an isolated command and started to concentrate power in a centralized administration, instead of building a stable, but costly, legislative coalition. For Weyland (2003, p.13), “Collor’s insulation distance from established power centers made him unaccountable to other sociopolitical institutions, effectively preventing them - like parliament - from controlling his actions. This was a decisive factor in opening the space for corruption even more than was usual in Brazilian politics”.

In addition, the author argues, Collor's personal pursuit of autonomy was reinforced by an electoral system (proportional representation with open candidate lists), which made accountability difficult. Furthermore, since he was not a member of, or obligated to, a unified political organization or alliance, there were few political checks upon his behavior from that
direction. Since he maintained considerable distance even from his supporters, they could neither hold him accountable nor compel him to avoid embarrassing them with his misdeeds.

Collor’s downfall is historically connected with a corruption scandal surrounding the president. I believe that the scandal worked as a catalyst to the perception that he was not accountable as he should for his acts. “When charges of corruption surfaced, Collor was simply doomed” (Pérez Liñan, 2007, p.17). In the argument of Weyland (1993, p.3): “Corruption, in and of itself, is not sufficient to bring a politician down; it becomes politically fatal only when employed as a weapon by powerful adversaries. Thus, political factors play a decisive role in whether or not allegations (or evidence) of corruption are, or can be, converted into insurmountable political liabilities”.

How does this happen? Those in the business sector found many of their customary links to that state either severed or far less functional than in the past. The result was that, to obtain access to the new administration, they were willing to pay huge sums to intermediaries, like Collor’s former campaign manager. When the corruption scandal exploded and the Congress created a commission to investigate the corruption allegations, Collor had only 8% of the seats in the Chamber of Deputies and less than 4% in the Senate (Pérez Liñan, 2007, p.16). As a result, the government was unable to control the investigation – different from the Colombian case of 1996-1998, for instance. Simultaneously citizen mobilization was an important pressure for larger accountability of the most important politician in the country. “Democratization had brought a re-assertion of citizenship, which was enshrined in the 1988 Constitution. The concept of universal rights and duties, including equality before the law and accountability of political leaders, had gained ground over time, especially among the middle class” (Weyland, 2003, p.5).

Collor was ousted because of the high pressure for accountability. As argued by Mische (2007), about six months before the major corruption denunciations took place there
was a surge of organized activity as a response to the mounting problems of recession, unemployment, poverty and inflation, accompanied by growing doubts about the morality of the government. It was then when the Movement Option for Brazil came into being, as a civic, non-partisan forum for crosssectoral discussion that laid the basis for the formation, several months later, of the Movement for Ethics in Politics.

On September 1st 1992 an impeachment request was filed with the Chamber of Deputies by the presidents of the ABI and the OAB. On that same day, the newspaper O Globo’s editorial defended the government’s programs while suggesting that the president was no longer the right person to implement them. Also in September the magazine Veja published its first political editorial ever, in which it asked for the president’s resignation. Demonstrations outside Congress continued throughout the month, echoed by pro-impeachment marches in many other cities (Pousadela, 2010).

On the one hand, this pressure came from the population, whose demonstrations showed unprecedented force in Brazil. On the other hand, the Congress tried to impose itself as an actor of accountability, perhaps due to Collor’s unwillingness to compromise. However, the important consequence was that the Legislative leaders made public movements and declarations for more accountability. The amount of information gathered during the process of investigation, which connected Collor directly with allegedly corruption, also heightened pressure. Some of the money had been used to pay for the maintenance of Collor's house and the regular expenses of his family. Most of the deposits to Collor's account took an illegal and form: phantom checks, that is, checks from bank accounts opened by Paulo César Farias' associates using false identities. One of the checks was used to buy Collor's car. Other evidence indicated that Collor spent US$ 2.5 million to build a spectacular garden at his home, and that he managed to withdraw at least US$ 63,000 from bank accounts,
circumventing the freeze he had imposed on the accounts of other Brazilians (Geddes and Ribeiro Neto, 1992, p.641).

Since it started to be released in 1996, the WGI Index did not capture the perception involving the Brazilian crisis of 1992. Other sources, however, show the role of accountability in this crisis. In 1991, just after the election of the presidents of the Chamber of Deputies and the Senate, both defended the “autonomy” of the Congress. The president of the Senate, Mauro Benevides (PMDB-CE) argued that the *medidas provisórias* should be regulated because they were “abusive” (Sallum Jr, 2015, p.123). Deputy Ibsen Pinheiro (PMDB-RS) said that the party preferred an agreement with the government, but advised: “If it will be necessary to go to any confrontation, we will” (Ibid).

Business and workers organizations also made public acerbations against the government, always pointing in the direction of the lack of accountability. CUT (Central Unica dos Trabalhadores), the largest workers union in the country, stated officially, through its general secretary: “The government acts in authoritarian ways because it has no credibility to negotiate with society” (Ibid, p.125). Collor changed his position and the government started, in 1991, to predicate a national union. In March 14th, 1991, in the one-year anniversary of the government, Collor proposed to govern with negotiation (Ibid, p.128). However, as discussed by Weyland, when “Collorgate” exploded it was too late for the government. In the midst of a government crisis, different congressmen presented proposals of reforms to overcome the political impasse – such as a changing ministers and anticipating a plebiscite about the government systems – all measures that would diminish the President’s powers.

In conclusion, the very principles Collor had promoted in his campaign then became weapons against him. Weyland (2003, p.5) indicates how the perceived low accountability is connected with broken promises or dashed expectations:
His [Collor’s] mistake was in failing to subscribe to the universalist norms he had invoked. Instead, he assumed the traditional prerogative of the president to act above the law. At a time when the government's tough austerity measures were forcing most Brazilians to tighten their belts and lower their standard of living, Collor and his wife were conspicuous in their consumption, flaunting the "fruits" of their new position and spending lavishly. The general public became increasingly alienated by the lack of consonance between his initial promises and actual behavior in office, a repugnance which turned to anger at such flagrant hypocrisy. The seeds of Collor's downfall were contained in the very expectations which he himself had helped to implant.

b) The “Mensalão” (2005): Corruption, Accountability, Constitutional Crisis, Survival

In 2002, after two failed attempts, the former union leader Luiz Inácio Lula da Silva, from the Worker’s Party (Partido dos Trabalhadores, PT), was elected President of Brazil (years). The transition from the previous government of Fernando Henrique Cardoso (Brazilian Social Democracy, PSDB, 1995-2002) was smooth, in a signal of strength of Brazilian democracy. The two teams, in fact, worked together during the transition. Lula and Fernando Henrique promoted a diplomatic strategy to break the USA’s opposition to the PT’s new elected president (Spektor, 2014). Even the financial markets decided that Lula was a palatable choice, after some instability in the exchange rate. In the first days of the government, he received the support of eight political parties in Congress. To top it all off, Lula was wildly popular.

However, at the final half of Lula’s first term, the government was accused of providing members of Congress with payments in exchange for their legislative support. The scandal also revealed kickbacks from public-sector purchases being used for both electoral and personal ends. The scandal led to the resignation of much of Lula’s inner circle and the
indictment of thirteen members of Congress. The government expanded its coalition by “renting” members of Congress (Power and Taylor, 2013): by paying constantly politicians the government guaranteed the support for its projects. The case was named the mensalão scandal, in a reference to monthly payments to politicians in exchange for support.

Mensalão took off when disgruntled politicians in the government’s congressional alliance tipped off the press to bribes collected in the Postal Service. A surveillance film of a bribe being paid to a political appointee in the Postal Service was aired on national television, fueling widespread public indignation. The recording tape of a bribery payment was the reason for an investigation in the Congress, named CPI of Correios.

After that, deputy Roberto Jefferson, the president of the Brazilian Labor Party (PTB), gave two interviews revealing how the mensalão worked. According to him, “it is cheaper to pay a mercenary army than share power. It is easier to rent a deputy than to discuss a government project. That's why. Who is paid does not have to think” (Lo Prete, 2005). Within days, the legislature had established two parallel investigatory committees that made further revelations.

However, while Lula also commanded tremendous official resources to build a coalition, the strategic choices made by the administration reduced the effectiveness of these resources. First of all, the PT was the only large Brazilian party in which internal ideological struggles actually matter (Pereira, Power and Raile, 2011), and this affected the approach to allocating executive power. Internal PT groups would criticize publicly any alliances with certain parties. The ideological location of Lula’s political party, PT, was rather distant from the ideological positions of the parties that held the bulk of the seats in the Chamber of Deputies.

One of Lula’s electoral alliance partners was the Liberal Party (PL), a party well to the right of PT. For them, the inclusion of the PL in the 2002 campaign was the first sign that
the president would build a disconnected coalition. Thus, bargaining with the legislature over controversial legislation would be expensive for Lula, given the initial gap between his party’s ideology and the ideology of the strong majority. In this scenario, “ultimately, corruption filled the gap when the misused official resources fell short of meeting the challenges posed by a very difficult bargaining environment” (Ibid, p.43).

In the first year of Lula’s term, the government needed to approve difficult measures to deal with fiscal constraints, such as pension reforms. A more fiscally conservative approach was also necessary to enhance Lula’s credibility with external funding organizations and markets, as well as with a nontrivial portion of the electorate (Martínez and Santiso 2003; Spanakos and Rennó 2006). For that, it was necessary a large support in the Congress. Lula’s strategy in his first year was to gain support for the difficult constitutional reforms by sending enormous share of pork to parties outside the governing coalition. With pork politicians are able to promote public policies and use it politically, which increases the chances for reelection. Of the individual pork, 76% of the total value went to individuals from noncoalition parties in 2003, and 41% of the total went to the core opposition parties, the PSDB and PFL (Pereira, Power and Raile, 2011, p. 48). An immediate result was a growing resentment within PT and other leftist parties. Finally, Lula’s popularity steadily plunged during that first year in office from a high of about 54% to a low of about 27% (Ibid, p.48), since his orthodox measures contradicted his campaign promises.

Lula had learned in that first year that managing the PT’s internal factions would be extraordinarily difficult. He had also learned that dealing with the opposition would be an expensive endeavor. To complicate matters even further, the honeymoon with the population ended quickly because of unhappiness over the constitutional reforms and natural erosion in support. The decreasing ability of the Executive to build coalitions and assure the loyalty of his/her supporters in Congress (Geddes and Ribeiro Neto, 1992, p.643), combined with the
increased pressure caused by the deteriorating economic situation on executives to exert leadership, creates strong incentives to exchange material benefits for congressional support.

This situation opened way to *mensalão*, since other forms of bargaining were not enough. “The *mensalão* compensated for prior and present deficiencies in the very complex bargaining environment. Payments to the legislature from early 2004 through mid-2005 took three major forms: pork, cabinet seats, and the *mensalão*. Though showered with cabinet seats, Lula’s PT continued to suffer from fractionalization and internal squabbles” (Pereira, Power and Raile, 2011, p. 50-51).

On the other hand, after the case was uncovered, there was the perception that accountability was being achieved in some level. Only two months after Jefferson’s interviews accusing the government of monthly payments, the former chief of staff to Lula and the most powerful minister of the government, José Dirceu, resigned from the cabinet and reassumed his seat as a deputy. He was replaced by – at that point – the unknown Dilma Rousseff. In late 2005, Congress expelled Jefferson and Dirceu. These two also lost their political rights for eight years. Several other legislators resigned their seats preemptively.

On April 5, 2006, a special joint congressional committee released its final report in which it named eighteen deputies (and one former deputy) who had received *mensalão* payments. The committee declared bluntly that the *mensalão* was a form of vote buying in Congress operated by aides to the president, but spared President Lula from direct responsibility. Parallel to the internal congressional investigations, the former Attorney General (Procurador-Geral da República) Antônio Fernando de Souza launched an independent criminal investigation. In March 2006, Souza asked the Supreme Court to open criminal proceedings against forty individuals, including Roberto Jefferson, José Dirceu, along with former PT president José Genoino and party treasurer Delúbio Soares. Souza identified a so-called “Gang of Forty,” including four senior PT officials, ten federal deputies
in the PT and allied parties, a dozen members of legislative staff, and several bank employees who were later convicted for operating the *mensalão* scheme.  

Politically speaking, for Lula, the most dangerous moment occurred when his former head of marketing to his campaign confessed in the Congress to have received illegal money during the 2002 campaign. *The New York Times* summarized on August 13, 2005: “Brazil's widening corruption scandal has moved closer to President Luiz Inácio Lula da Silva after an aide admitted that at least $3.25 million that moved through secret accounts in foreign banks was used illegally to finance the governing Workers' Party 2002 campaign” (Rother, 2005). According to Mendonça, “it was clearly money paid out of a slush fund, and we knew that. It was obvious it wasn’t officially declared, but we had no choice. It was either take it that way or not get it at all” (Ibid).

This moment gave a legal reason for an impeachment process and several ministers suggested that Lula should resign (Bourne, 2008, p. 140). One day after Duda Mendonça’s revelations, Lula went to national television before a cabinet meeting to discuss the scandal. He apologized for his party's behavior but denied any knowledge of the irregularities that have forced the resignation of his party's three top leaders and his closest aide. "I feel betrayed by unacceptable practices of which I never had knowledge (...) I am indignant at the revelations that appear each day and that shock the country” (Rother, 2005).

According to Michael Reid (2014, p.152), after Mendonça’s revelation, the atmosphere “began to resemble the final months of Collor’s presidency”, but Lula rejected the suggestions that he should resign. “Some in the opposition called for Lula’s impeachment. But the PSDB, under Cardoso’s influence, drew back from that course. The opposition lacked the votes in Congress, which was itself discredited by the scandal. It also lacked the political strength to oust a president who would have portrayed the attempt as a

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plot by traditional elites. And the PSDB was confident that it could defeat Lula in the election” (Ibid, p.153).

This did not happen. In 2006, Lula was reelected President of Brazil. Why he was not impeached and why he could regain power to be reelected? The mensalão scandal was not a government crisis as Collor-gate. It was a constitutional crises, since it encompassed the use of illegal means to maintain and increase power. The perceived weak rule of law was central to the crisis, and different civil society organizations and the media started to call this the largest corruption scandal in Brazilian history. In 2012, for instance, Roberto Gurgel, the attorney general who led the accusation in the trial of the case, called the mensalão “the most daring and outrageous corruption scheme and embezzlement of public funds ever seen in Brazil” (Seligman, 2012).

During the mensalão, as expected for a constitutional crisis, the rule of law was the central variable, while the perception of accountability improved. In fact, in 2005 Brazil achieved, by far, its worst performance in the rule of law indicator in the WGI. There was a constant decline in the country’s performance on rule of law, which achieved its nadir level in 2005, with 37.32 out of 100. At the same time, accountability improved since the year 2000 and achieved one of the highest points in 2005: 62.98 out of 100.
Graph 5: Brazil and Constitutional Crisis of 2005

Lula’s reelection in 2006 does not mean that the Brazilian population condoned a large corruption scandal such as *mensalão*. Through a study of voters’ responses to the *mensalão* in the months preceding the 2006 presidential elections, Rennó (2011) shows that corruption can influence voters’ decisions but does so in uncertain and contingent ways. Corruption is not the only factor voters weigh, and while scandal increases ambivalence toward candidates, such uncertainty may be balanced out by other issues. Corruption was a central theme in the 2006 Brazilian elections: 30% of voters mentioned corruption scandals as “the key” campaign issue in 2006 (Ibid, p.56). As discussed above, I use corruption as one feature of the rule of law.

In 2006, Brazil’s double-ballot majoritarian presidential election system provided voters with two opportunities to illustrate their displeasure and castigate presidential candidates. Using individual voting data, Rennó (Ibid, p.) shows that the *mensalão* indeed had an effect on the presidential election, but largely because left-of-center voters had two

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6 A voting system used to elect a single winner where the voter casts a single vote for their chosen candidate. If no candidate receives 50% of the votes, a second round of voting occurs.
chances to voice their opinion. First, by voting their displeasure over the scandal and denying Lula a first-round victory; secondly, by voting strategically to avoid a less desirable alternative, the election of a center-right candidate. He argues how voters were thus able to send a message and punish the incumbent in the first round, promoting accountability (in his definition, voters’ ability to punish incumbents in elections for wrongdoing while in office).

In July 21, 2005, 67% of Brazilians believed that PT had paid mensalão. Even among PT supporters, 57% thought that the party had paid bribes. However, 63% of Brazilians believed that the responses by the government to the scandal were good (31%) or regular (32%). In addition, 60% said that Lula was sincere (from 66% in June) and 62% that he was honest (against 72% in June). Finally, only 31% said that Lula had a lot of responsibility for corruption, while 49% said he had some responsibility and 16% no responsibility.

In August, during the worst moment of the crisis, Datafolha showed the rate of those who believed in the existence of corruption in the Lula government continued to increase: reaching 83%. But despite this, most of Brazilians (63%) were against the opening of an impeachment process.  

In conclusion, the mensalão crisis of 2005 was a constitutional crisis driven by perceptions that the rule of law was weak, directly connected with a corruption scandal that aimed to increase the government and one party powers. The WGI Index and the Datafolha poll on the population perception show how the Brazilian believed there was a widespread corruption scheme in the government, a general sentiment of accountability existed. This created a perception that the government was properly punished and, therefore, President Lula did not deserve to be punished with an impeachment, an illegal overthrown or, in 2006, by losing his reelection. The following graphic shows how, although the perception of corruption remained stable between 2005 and 2006, only about a third of Brazilians blamed

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Lula. This was different from the government crisis of Collor and, as I am going to discuss in the following case, the government crisis of Rousseff.

Graph 6: Constitutional crisis and mensalão (2005)

<table>
<thead>
<tr>
<th>Month</th>
<th>There is corruption in the government</th>
<th>Lula has responsability</th>
<th>Lula has some or none responsability</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jun-05</td>
<td>78.00%</td>
<td>81.00%</td>
<td>82.00%</td>
</tr>
<tr>
<td>Jul-05</td>
<td>70.50%</td>
<td>63.00%</td>
<td>63.00%</td>
</tr>
<tr>
<td>Aug-05</td>
<td>61.10%</td>
<td>63.00%</td>
<td>63.00%</td>
</tr>
<tr>
<td>Sep-05</td>
<td>28.10%</td>
<td>35.00%</td>
<td>35.00%</td>
</tr>
<tr>
<td>Oct-05</td>
<td>28.40%</td>
<td>35.00%</td>
<td>35.00%</td>
</tr>
<tr>
<td>Nov-05</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Dec-05</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Jan-06</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Feb-06</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**c) “Petrolão” Crisis (2015): Corruption, Weak Accountability**

Brazil again faces a political crisis in 2015 sparked by a corruption scandal. This time, the center of the kickback scheme is the state-oil company, Petrobras. Starting in 2004, according to prosecutors, a small number of top Petrobras officials colluded with a cartel of companies to overcharge the oil company for construction and service work. The cartel would decide which of its member companies would win a contract. Petrobras officials, who were rewarded with bribes, oversaw this fake competition. They kept some of the money, but shared much of it with political figures who used it to guarantee the support of different parties, as with the mensalão scandal. By August 2015, 117 indictments had been issued, five
politicians have been arrested, and criminal cases have been brought against 13 companies. Petrobras officials have pegged the total of all bribes at nearly $3 billion (Segal, 2015).

The Petrobras scandal worked as a catalyst, but it was not the only reason for the increasing government crisis under President Dilma Rousseff (PT, 2011-). A few months into her second term in 2015, the majority of Brazilians had already started to support her impeachment, while opposition and supporting parties discussed this outcome openly. For instance, on March 15, 2015, only three months into her new government, more than one million Brazilians took to the streets to repudiate their president (The Economist, 2015).

Besides the Petrobras scandal, two other factors contributed to the unpopularity of Dilma. On the one hand, the Brazilian economy plunged. The President initiated some fiscal adjustments and cut back even some social programs. On the other hand, the reality contrasted immensely with Dilma’s promises during the electoral campaign. The Economist magazine summarized the sentiment arguing that “in fact, as many voters now realise, Ms Rousseff was peddling a lie” and “Brazilians have every reason to feel they are the victims of the political equivalent of a confidence trick” (The Economist, March 28th 2015).

With a large catalyst such as the Petrobras corruption scandal, Rousseff faces a government crisis that resembles Collor’s. Although there is no data from the WGI index for 2015, it is clear that perceptions of accountability had been decreasing steadily since 2011, the first year of Rousseff’s government. The rule of law also decreased in 2012, but showed marginal improvement in 2013.
The perception of decreasing accountability combined with the corruption scandal in Rousseff’s second term explains the government crisis that she is facing. The combination of a large corruption scandal with economic difficulties and the broken promises of her campaign added up to the “clarity of responsibility” (Powell, 2000) for government actions, a crucial piece in the accountability relationship between government and the citizenry. In addition, different from Lula’s case, Brazilians make a clear connection between Rousseff and the scandal. She chaired Petrobras’s board in 2003-10, when prosecutors believe more than $800m was stolen in kickbacks and funneled to politicians in the ruling Workers’ Party (PT) and its allies. Although there are no current evidences about her personal involvement in the scandal, the perception of her responsibility is higher than it was with Lula. This perception is reinforced by her broken promises after the electoral campaign.

Already in February 2015, two months into her second term, the majority of Brazilians said that Rousseff had lied during her campaign. This group included those who believed that she told more lies than truths (46%), those who estimate that only told lies
The share of those who believed that the President said only truths added to 8%, while for 25% there was more truth than lies. Different from Lula, 54% of the Brazilians considered Dilma not sincere, while 47% said she was dishonest. In April 2015, Datafolha released that to 57% of the Brazilians believed that the President knew about corruption at Petrobras and, more importantly, let it happen. The same sequence of polls show how around 66% of Brazilians believe that the Congress should open a process of impeachment against the President. This has remained stable in the past few months. By comparison, in August 2005, at the summit of mensalão crisis, Datafolha indicated that 63% of the Brazilians believed that the Congress should not open an impeachment against Lula.

Table 7: Perception of Corruption

<table>
<thead>
<tr>
<th></th>
<th>Dilma knew about corruption in Petrobras and did nothing to prevent it</th>
<th>Congress should open an impeachment process against Dilma</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Mar-15</strong></td>
<td>61%</td>
<td>-</td>
</tr>
<tr>
<td><strong>Apr-15</strong></td>
<td>57%</td>
<td>63%</td>
</tr>
<tr>
<td><strong>Aug-15</strong></td>
<td>-</td>
<td>66%</td>
</tr>
</tbody>
</table>

*Source: Datafolha*

In August 2015, Rousseff popularity rate fell to its lowest level: the percentage of Brazilians who considered her government bad waxed from 44% in May 2015 to 71% in August. This was worst result captured by Datafolha since the transition to democracy.

Table 8: President Approval

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Good</td>
<td>5</td>
<td>9</td>
<td>8</td>
</tr>
<tr>
<td>Regular</td>
<td>24</td>
<td>21</td>
<td>20</td>
</tr>
</tbody>
</table>
Yet my argument is not that the government crisis is caused by the government’s falling approval ratings but instead by the perception that Rousseff’s herself should be more accountable. The constituents may poorly support a government without any cry for impeachment. The difference between the constitutional crisis under Lula and the government crisis under Rousseff is that Brazilians hold Dilma directly responsible for the governments acts and believes that there should be an increase in accountability. In the mensalão case, given that the rule of law was not perceived to be as weak, a desire for more accountability aimed directly to the President.

Different key political actors also took advantage of this perception of weak accountability to act against Rousseff. Also investigated in the Petrobras scandal and openly an adversary of Rousseff, the president of the Chamber of Deputies, Eduardo Cunha (PMDB-RJ), send his message in January, after being elected to run the House. He said that his victory was an answer to “an attempt of government interference” and concluded: “I have nothing to offer but independence of parliament” (Marés, 2015). The discourse of key congressmen resembles the crisis of Collor, in 1992. In a government crisis, the perception sentiment of low accountability is used to hold the President responsible for any mistakes and, in the final stage of the crisis, to support an impeachment. In short, all the data discussed above points to Rousseff’s being a government crisis, making it more similar to Collor-gate than the mensalão.

In fact, in the recent interview that opens this thesis, Collor de Mello recognized the importance of the low perception of accountability to his crisis and also for the current one. According to Collor, he had a personal conversation with Rousseff in March 2015, exactly in
the moment that the largest protests against her took over the streets. The former president recounts: “I suggested to her to apologize [to the population]. She said, 'Sorry for what?'. And I said, because three or four months ago we were in the streets saying that the electricity would not rise neither the cost of electricity for households, we said that inflation was under control, that interest rates would not rise, that gasoline prices would not rise. What we are seeing is completely different” (Rodrigues, 2015). According to Collor, Dilma was “doodling on paper” while he talked to her. For the current senator – who is also under investigation due to the Petrobras scandal – the incumbent president “heard but not listened to” him.

VII- Conclusion

After the third wave of democratization (Huntington, 1991) there are different moments of crises in different countries throughout Latin America. Since the end of the 1980s, governments were the focus of popular protests, political complotis and/or lost the support of key political actors (eg: Brazil, 1992; Peru, 1992; Argentina, 2001, Venezuela, 2002).

These cases are commonly referred as political crises, even if different outcomes were produced: impeachment, resignations, self-coups or military coups, among others. In this thesis, I have presented a new typology for political crises, differentiating regime, constitutional and government crises.

I argued that citizens’ perception of rule of law and accountability play a significant role in these crises, and each variable is more relevant for different types of crises. In addition, I believe that the three Brazilian cases support the hypothesis and the statistical analysis. First, because the three crises in Brazil allow comparisons within the same country. In addition, they allow to find similarities and differences, analyzing independent variables.
Brazil and Latin America are facing political crises at this very moment. This thesis provides some analysis about the causes of political crises in Latin America. There are also preliminary results about the outcomes of these crises. Further studies are necessary to extrapolate the findings in order to predict possible outcomes for political crises.

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