

MARKET REFORM AND VETO PLAYERS IN COLOMBIA

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Abstract

Why are Colombia's political institutions resistant against a neopopulist strategy to enact market reform than other countries in Latin America? What kind of institutional constraints have been imposed on the executive's economic agenda? What is the effect of separation of powers on the economic reform process in Colombia? In this paper I will answer these questions by analyzing what kind of political and institutional conflicts were behind the second stage of economic liberalization during the administration of Alvaro Uribe. I will show that institutional conflicts and political competition between the executive and the legislative branches of government (and their constituencies and supporters) have conditioned the sequence, timing and results of the economic reform process in Colombia.

Introduction

Market reform in Colombia did not follow the patterns of adjustment followed by almost all the countries of Latin America. First, since 1967 politicians and technocrats pursued macroeconomic policies oriented towards the opening of the market and the exports diversification. Second, the economic crisis was less severe in the 1980s. And finally, the nature of Colombian political institutions and the intensity of the armed conflict shaped differently the relationship between the executive and the legislative branches of government. For this reason, market reform was costless, the coalition of support more easily constructed, and neopopulist experiments unsuccessful.

I shall argue that during the first stage of economic reform in Colombia (1989-1994), characterized by the coincidence between economic liberalization and democratic deepening, neo-liberals changed the balance of power between presidency and legislature

through new constitutional arrangements (Weyland, 2002; p. 145). To enact stabilization and structural adjustment programs, the executive branch acquired more discretionary economic functions. Meanwhile, in the Congress, the left-wing opposition obtained more political rights, and traditional parties got more control over public finance at local and regional levels.

However, new macroeconomic conditions and the political commitments established in the new constitution undermined the economic liberalization process. On the one hand, financial and trade liberalization led to a serious disequilibrium in the balance of payments and the exchange rate. On the other hand, new political commitments and the resulting expenditures triggered a large fiscal deficit. For this reason, after 1994 the structural reforms were limited to unsuccessful tax reforms and the privatization of some public enterprises. In addition, political scandals associated with drug trafficking money financing the 1994 presidential campaign, and later, the complex and frustrated peace negotiations with the FARC between 1998 and 2002, definitely undermined the power of the executive branch. The president and his cabinet lost autonomy and discretion to undertake any significant initiative or to continue an ambitious economic reform plan. In some ways, diversion far away from economic policy had deleterious consequences in 1998-99, when the Colombian economy was affected by a severe economic crisis and the policymakers were unable to adopt adequate shock policies.

The economic crisis and political turmoil paradoxically opened up an opportunity for enacting a second stage of economic reforms. According to Weyland's argument, a huge public deficit, and negative foreign currency reserves clearly put political and economic actors in the domain of losses. Although the economic crisis had been overcome by the end of 2001, Uribe, the elected president, took advantage of the high perception of crisis to regain presidential control over the legislative agenda and enforced structural adjustment. During his first term, Uribe made use of provisional decrees, veto power on fiscal legislation, pork barrel, public service appointments, and patronage to induce policy reform and to punish or reward legislative behavior.

Between 2002 and 2003, after the declaration of the state of “economic and social emergency,” the Colombian government enacted new labor, pension and tax reforms. Also, Uribe undertook several reforms regarding the administration of the state (like the elimination and fusion of public enterprises and institutions), eliminated public jobs and promoted new legislation to protect foreign capital from institutional instability. All of these reforms were enacted using the special attributions granted to the president owing to the depth of the crisis.

The political strategy followed by Uribe to enact several economic and institutional reforms could be defined as ‘neopopulist.’ He has tried to reduce the political power of veto players - Congress, opposition parties, and the judicial system. Based on a high level of popularity in opinion polls, Uribe has turned into a unique and charismatic leader who could solve the country’s economic crisis, and could guarantee the population’s security. The outstanding economic performance and the decrease in terrorist attacks have reinforced that perception among the population. Presidential popularity is based on his proximity to the people and his hard attacks on traditional political parties and interest groups.

However, the particular conditions of Colombia’s political system have frustrated the concentration of power in the executive that is associated with neopopulism. Members of Congress have maintained important levels of discretion over economic policymaking, especially on fiscal policy and decentralization. The formal and informal check-and-balance mechanisms still work. For this reason, despite the President’s popularity in opinion polls and his reelection by an uncontested margin of 7 million votes, the Congress has blocked the most important government initiatives of economic reform in the last three legislatures. Why was popularity not sufficient? My answer is that is because the legislative branch has been able to create counterbalance mechanisms and reduce the scope of structural adjustments.

Therefore, I argue that the failures to induce policy reform in Colombia can be explained by the kind of relationship that exists between the executive and the legislative. Although the executive branch of government controls the economic agenda mainly in terms of initiative, the legislature has introduced significant constraints to the policy

choices. So, the high costs of patronage, the nature of the support coalition – in terms of cohesion and discipline - the incentives created by electoral rules, the particular characteristics of the budgetary process and of decentralization, and even some ideological positions of congressmen have regulated and controlled the role of the executive branch in economic policymaking.

1. Veto Players and Economic Policymaking

The effect of political institutions on economic policymaking has received much attention from economics and political science. The economic theory has focused on the distribution of the adjustment costs and the way in which such costs delay the implementation of the process. Classical contributions coming from political economy have analyzed the role of expectations and economic crisis in facilitating stabilization programs. Recently, Alesina et al. (2006), have used “war of attrition” models to explain the delay of economic restructuring and the effect of the design of political institutions on that processes.

This version has also been explored by political scientists. Recent contributions in comparative politics have discussed the importance of structural and institutional constraints on agenda-setting and policy choice (Weyland, 2002; 3). The trade-off between structure and juncture has provided several explanations that oscillate between those that privilege the influence of external pressures and the role of IFI’s to those privileging authoritarian rule and those focusing on the role of economic crisis on public opinion and individual political choice. As Kurt Weyland has pointed out, the political science debate has turned around two dichotomies: structure vs. agency and rational choice vs. psychological cognition.

Despite the introduction of political institutions as an explanatory variable, I argue that economists and political scientists have overvalued the role of the presidency and of technocracy in the policymaking process. On the contrary, I think that although stabilization programs are more likely to be enacted when economic crisis is severe and presidents more powerful, the conflict of interests expressed in the political negotiation

between executive and legislative branches of government shaped the speed, sequence and depth of stabilization.

When it is recognized that political institutions have a systematic effect on economic policy and outcomes, then it is possible to relate any particular policy choice with particular conflicts of interest. According to Torsten Persson, the choice of any set of economic policies generates conflict of interest among different groups of voters over the allocation of targeted spending between voters and politicians, over the distribution of rents and taxes, and also, among political parties for rents (Persson, 2001; 4). The way in which such conflicts are solved depends on the nature of the agents involved but also on the market and political institutions.

Therefore, political and technocratic choices are not completely autonomous. They are constrained by institutions. Following Persson, these constraints are mainly determined by electoral and policymaking rules.¹ Under this interpretation, policy can be understood as the equilibrium outcome of the interaction between rational voters and politicians over the distribution of a set of payoffs composed by rents, taxes, and political capital. This game is an incomplete contract regulated by the constitution that also allows politicians and voters some margin of action on the control of resources (Persson, 2001; 5).

For this reason, the policy agenda is shaped by the way in which legislators and executive agents are elected and also by the separation of powers. The literature on the role of the electoral rules in economics and political science is extensive and it focused mainly with the size of districts, electoral formulas, or in general, on electoral competition mechanisms (Persson, 2001). This body of literature has shown the close relation between the mechanisms of political competition and accountability with specific policy outcomes.

The second institutional factor shaping the policy agenda is related to the regime type and the separation of powers. That is, it is related to the check-and-balance constraints on policymaking. Persson (2001) and Alesina et al. (2006) have demonstrated

¹ Both of them are expressions of the kind of relationship established between the executive and the legislative.

that institutional differences among presidential and parliamentary systems led to different sets of incentives for politicians and voters around policy. According to their findings, for example, presidential regimes are more vulnerable to the pressures of interest groups and, given the conditions for legislative bargaining, more adequate to reduce the size of the state.

The scholarly literature has privileged the power of the central government as an the agenda setter. In this sense, the traditional research has become more focused on authoritarianism and external impositions and has assigned a limited role to the legislative branch in the political competition around economic policymaking. However, despite the long history of dictatorships in almost all Latin American countries and the sporadic rebirth of populism in some countries, evidence suggests that the role of the legislature is becoming central to politics in the region.

Even in cases where corruption and pork barrel cycles overcome the accountability and collective responsibility, the legislative branches of governments have gained a more significant role in the agenda-setting and policymaking processes (Morgenstern, 2004; Eaton, 2002). In the cases in which the legislative branch was overrun by presidents, political competition about the distribution and delegation of policymaking functions continued to be relevant to policy outcomes.

There are at least two perspectives in which the problem has been explored. Some authors, like Sartori, have studied a party system focus in which agenda-setting and policymaking mechanisms are explained by the institutional arrangements regulating the relationship between the executive and legislative branches. For instance, in the case of a two-party system, the government is composed by a single-party and the congress exerts partisan control, whereas in a multiparty system the legislative is most influential.

A second perspective goes far away from the characteristics of the government and focuses on the rules of agenda-setting, that is, on the role played by the branches of government in the control and regulation of legislative agenda. From this perspective, “executive dominance” (Lijphart, 1984) on the agenda is recognized, but also the role of legislative introducing significant constraints to policy choices (Tsebelis, 2001).

Therefore, the effect of the separation of powers on policymaking depends on the political composition of both the executive and legislature, and the ways in which political coalitions of support or opposition are shaped. The level of difficulty of reaching agreements between executive and legislative branch about their policy preferences determines the pace of legislative process. Tsebelis, for example, notes that minimum-winning coalitions, over-sized coalitions, or minority governments have better chances to enact policies. In the first case, the policy preferences of the executive and legislative are the same. In the second case, the government creates a majority asking other parties to join the government. And finally, minority governments have institutional advantages because of their spatial location in the political spectrum.

In sum, there is a set of institutional means available to the government to control the legislative agenda. There is also a set of institutional mechanisms available to the legislature to avoid that control. The institutional conflict derived from this tension shapes the policymaking process. For example, differences in the level of authority conceded to the executive by constitutional commands, the use of money bills as government's prerogatives, the role and the authority of legislative committees, the rules of intervention in legislative process, or the timing of the legislative agenda have shaped policy outcomes in different kinds of countries.

In the case of macroeconomic policy, the distribution of social gains and losses provoked by any policy shift depends on the kind of relationship between the executive and the legislature, but also between political parties' coalitions, and the way in which they integrate multiple constituencies. For this reason, fiscal policy, and inflation policy are narrowly related to electoral cycles, the autonomy of the central bank, the levels of "fractionalization" or "polarization" of the party system, and even to the characteristics of the decentralization process. That is, it is related to the power of the veto players.

In the process of market reform in Latin America, the most important policy changes that allowed pension reform, administrative reform, or decentralization have gone through a regular legislative process. The executive had to make use of different strategies to guarantee the approbation of the economic legislation. For example, Carlos Menem in Argentina or Alberto Fujimori in Peru after closing the Congress and using

indiscriminate decree powers, had to establish agreements with semi-independent legislatures in order to guarantee the sustainability of policy. Meanwhile, governments in other countries –like Brazil, Colombia and Mexico – guaranteed their policy goals by allocating significant budget shares to local and regional projects or by distributing cabinet appointments.

Morgenstern argues that another important check-and-balance mechanism is the legislative structure. In particular, he highlights the role of the committee system (autonomy regarding partisan leadership), procedural coalitions (how majority rule operates, distribution of leadership positions) and floor voting patterns (party's policy direction and coherence, policy coalitions and willingness of a party to work with the executive).

In summary, economic policymaking is a political process in which veto players play a role controlling the executive but also gaining benefits for politicians, parties and their constituencies. Therefore, the level of success of any policy shift depends on the characteristics of the political regime, the political linkages established between branches of government, and finally, the formal and informal mechanisms of legislative bargaining. It implies that partisan policy preferences and their electoral implications matter because they set incentives and constraints on economic policy.

2. The failure of neopopulism in Colombia

Now, let me explore the role played by these mechanisms in the midst of the impulse of neopopulism as political strategy to deepen economic liberalization in Colombia.

The economic and political crises in 1999 play a classic role in the second stage of economic reform in Colombia. The deterioration of economic conditions, very disappointing performance of the macroeconomic environment and intensification of armed conflict increased the uncertainty levels on economic policy and political stability. Voters' high perception of economic and political crisis – well promoted by political actors and the media - led them to choose a politically risky alternative. Under these

conditions Uribe's administration, endowed with special powers, undertook a second and particularly radical stage of economic reforms.

This time, the economic reform process in Colombia had characteristics similar to other experiences in Latin America like Peru or Argentina. According to Weyland, a huge public deficit and negative foreign currency reserves clearly put political and economic actors in the domain of losses. Public opinion demanded a more active and efficient government to fight violence and reactivate the economy. Although the economic crisis was solved by the end of 2001, Uribe's administration took advantage of the high perception of crisis to enhance presidential powers and then complete structural adjustment. Between 2002 and 2003, the president declared the "economic and social emergence" state, and rapidly enacted labor, pension and tax reforms. In the same way, Uribe reformed the public administration, eliminating and integrating public enterprises and institutions, eliminating public jobs and promoting new legislation to protect foreign capital from institutional instability.

Given the conditions described above, can Uribe's political strategy be defined as neopopulist? That depends on the definition used by the literature, and also depends on the parameters used to classify. If we define neopopulism as "a political strategy through which a personalistic leader seeks or exercises government power based on direct, unmediated, uninstitutionalized support from large numbers of mostly unorganized followers" (Weyland, 2003: 1097), the political strategy followed by Uribe was definitively a "neopopulist effort."² During his first term, Uribe systematically pursued the reduction of the check-and-balance institutions, the concentration of the legislative initiative in the executive branch of government, and a style of government based on plebiscitarian leadership.

² Dugas defines populism: "This 'neopopulism', as it came to be called, was similar to classical populism in that it was rooted in a charismatic, personalistic leader who appealed to and mobilized broad masses of unorganized citizens, often utilizing anti-oligarchic rhetoric. However, rather than carrying out Keynesian expansionary policies, these neopopulist leaders often embraced harsh neoliberal economic reforms such as privatization, fiscal austerity and trade liberalization. They were also less tied to organized labor, drawing their support instead from the poorest members of society who made their living in the informal sector." (1119)

The political program followed by Uribe has as its main goal the reduction of political institutions' ability to control the discretion of the president over national security and economic policy. In the Congress and public media, his followers undertook an aggressive campaign against the institutions created by the constitution of 1991 arguing that the definitive change of the course for the country could be reached by the enhancing of presidential powers. The main tool to reach these objectives was the declaration of the state-of-siege. Once appointed and appealing to the country's generalized crisis, Uribe used special constitutional powers to complete the structural adjustment package. In his first semester in office, using fast track mechanisms, the Congress approved labor, tax and financial reforms. In the same way, his administration gave special judicial powers to the armed forces and created new tax packages to fund military spending.

At the same time, his political coalition undertook an extensive political campaign to hold a referendum that sought to reduce the size of the Congress -from a bicameral to unicameral one-, change the internal congressional rules, transform the electoral rules to vote for president and congress, reduce the constitutional court's functions and approve immediate presidential reelection. The strategy pursued by the *Uribistas* was threefold. First, the president and his congressional allies intensified the campaign against politicians from traditional parties by accusing them of corruption, clientelism, pork barrel practices and, in the case of left-wing politicians, close links with guerilla movements. It was a fierce campaign strongly supported by media and almost daily opinion polls. Second, they appealed to the masses with the promise of substantial social spending in education and health. And third, Uribe used the terrorism discourse to suggest that all sectors opposed to him were allied with terrorist groups.

The reforms approved under these circumstances had a similar characteristic: they transferred legislative and judicial powers to the presidency. In the case of economic policy, this was more than evident. The tax, administrative, and labor reforms conceded more functions to the ministries and agencies under direct supervision of the president, and, on the other hand, limited legislative initiative in policymaking. Specifically, Uribe's government established legal mechanisms to reduce any reversal attempt from the

legislature. This concentration of power was reinforced by the effective use of the majoritarian elements of constitutional arrangements and by the initial strength of his political coalition. His legislative team was disciplined in blocking any initiative from opposition groups. That discipline was obtained through the regular use of patronage, public appointments, and budget shares offered to allied congressmen. Paradoxically, as I will show later on, these practices ended up having negative effects on the success of Uribe's neopopulist strategy.

The initial success of Uribe's neopopulist strategy rested on his direct connection to his largely unorganized mass base. In the presidential election, he was supported by a pluralistic coalition composed of dissidents from several traditional parties, regional politicians and economic associations. The composition of his coalition of support did not have a strong ideological, partisan or programmatic base. As I have mentioned before, it was built on the basis of diverse actors interested in the solution of the concrete problems related with national security and economic growth. The pragmatism of the demands led to the strengthening of personalistic leadership. Uribe was presented as the unique, charismatic leader that could solve these problems attending to the *pueblo's* needs, rather than the impositions of the traditional, corrupt political elites.

However, this charismatic leadership was not directly connected with the mobilization of poor and informal sectors of the population. As John Dugas (2003) has argued, differently from the experiences in Argentina, Peru, and most recently, Venezuela, the *Uribista* coalition did not appeal to workers, urban poor, or the unemployed to build the messianic figure of the president. On the contrary, Uribe was appealing to urban middle and upper classes (Dugas, 2003). For this reason, the threat of massive mobilization of the people was not part of Uribe's strategy. During his first term, he made more frequent use of opinion polls and the threat of plebiscites as instruments for overcoming opposition.

According to Dugas, the fact that Uribe did not promote significant social policies focused on traditionally excluded sectors, and did not appeal to the mobilization of these sectors to enforce the concentration of power, shows that "Uribe is simply a strong leader who micro-manages governmental affairs [and] such a 'personalistic' governing style

should not be equated with populism." (Dugas, 2003: 1131). On the contrary, Weyland argues that in many cases of neopopulism the poor population was effectively not mobilized. Fujimori, and even Menem, rarely used mass mobilization. Other societal groups were mobilized with the promise of social democratization. He argues that, for example, "the frequent usage of polls systematically extends the range of citizens who have (statistical) voice and influence beyond those working- and lower-middle class sectors who were the core constituencies of classical populism. While the samples of many polls suffer from significant limitations in territorial and social scope, they are substantially more representative of the total population than the organized mass rallies of classical populism." (Weyland, 2003: 1105).

From my point of view, and attending to the evidence that I have presented above, Uribe is a neopopulist. Effectively, he has based his whole political strategy on the weakening of the institutional check-and-balance mechanisms, the concentration of power in the presidency, the frenetic use of opinion polls, and the daily use of his charismatic figure in the media. However, Uribe is a frustrated neopopulist. Despite the initial strength and aggressiveness of his political strategy, he found serious institutional obstacles that kept him from being successful. In 2003, against any prediction and after bypassing the judicial decisions that found it unconstitutional, the referendum proposed by Uribe was defeated in the polls. The referendum's proposals were then approved by the *Uribista* majority in the Congress but, in the middle of the pressures from the Ministry of the Interior, many legislative procedures were obviated and the Constitutional Court declared them unlawful.

After the defeat of the referendum, Uribe faced strong constraints from different political institutions that stopped his ambitions to concentrate power and bypass legislative political control. The main constraints came from the Congress, the Constitutional Court, the Central Bank, and paradoxically, from his support coalition. As I noted above, the Constitutional Court rejected a good share of the bills approved by the Congress and in addition made constitutional sentences that limited the scope of the economic reforms, especially in issues related to labor rights. The Central Bank, on the other hand, defended its autonomy and independence in spite of the strong pressures from

the president and his minister of finance looking for a more active monetary policy in favor of the exports sector.

Contrary to expectations, the Congress played a counterbalancing role. The government majority and opposition used different strategies to avoid the concentration of power, or at least to obtain rents or political benefits in exchange for the extension of presidential discretion to enact economic policy. After 2003, the economic legislative agenda was delayed systematically by the members of the Congress, the bills approved were substantially changed in both the House of Representatives and the Senate, mainly those related with public finances –more than four tax reforms were archived because the government did not achieve agreement with its majority-, and the constitutional amendment that allowed for immediate reelection could be approved only with the help of the extensive, costly use of patronage and foreign service appointments.

In sum, Uribe's neopopulist strategy to enact and enforce the structural adjustment program failed because his administration had to face serious institutional constraints from several veto players. He and his political coalition of support were unable to create political incentives, sanctions, or compensation mechanisms to reduce the ability of political institutions to tackle the monopolization of economic policymaking in the hands of the presidency. Even the sustained high favorability in the opinion polls – above 60% during all of Uribe's terms - and the undoubtedly charismatic vocation of Alvaro Uribe were not sufficient to impose the neopopulist project. Why, then, was popularity not sufficient? Why were political institutions in Colombia resistant to the populist temptation?

I consider that neopopulism failed in Colombia because the check-and-balance system and the mechanisms of the political competition established at the beginning of the 1990s frustrated the concentration of power in the executive and the Congress has maintained important levels of discretion over economic policymaking. The separation of powers and the formal and informal counterbalance mechanisms still keep working. As I have pointed in section 1, the characteristics of the relationship between executive and legislature, the rules of agenda-setting, and the legislative structure shape the way in

which separation of powers have effects on economic policymaking and, in my case of study, the manner in which veto players limited the scope of the neopopulist effort.

3. Check-and-balance mechanism and neopopulism

The 1991 Constitution increased political transaction costs made the concentration of power harder to achieve. The political negotiation behind the economic liberalization strengthened the checks and balances of the political system, restrained the use of presidential special powers, changed the rules of the political game, and introduced strong constraints on fiscal policy. The political agreements that guaranteed the stability and the irreversibility of market reform and the set of compensation mechanisms created in order to obtain more discretion over monetary and exchange rate policy, and then avoid the reversibility of the market reform, constrained significantly Uribe's later neopopulist strategy. However, the main constraints were not just derived from the distribution of rents between winners and losers of market reform through the distribution of compensation mechanisms. On the contrary, the main constraints to the presidency in economic policy-making came from the redistribution of political power among political agents and branches of government expressed in a particular separation of powers. Specifically, the changes produced by the 1991 Constitution in the relationships between executive and legislature limited the scope of the neopopulist project during Uribe's administration. Let me explain in detail.

First, after 1991, congressional elections became more competitive (Cardenas, Junguito and Pachon, 2005:11) and pluralist (Posada-Carbo, 2006). According to Francisco Gutierrez (2003), the new constitutional order reduced the barriers to entry of non partisan organizations and promoted clientelism at regional and local levels. It had strong effects on the traditional parties that were undermined as privileged intermediate agents, and lost control over clientelist and patronage networks. As Gutierrez and others scholars have highlighted, politicians and members of Congress found these circumstances very attractive because more dispersion meant better electoral results for those outside of traditional parties.

Using the Herfindahl index constructed by the World Bank's Political Institutions Database (2004),³ clearly we note that during the 1990s the concentration of political power in the hands of the traditional parties –*Liberal* and *Conservador*– was reduced by the emergence of a variety of political movements with regional vocation. Figure 1 in the appendix shows that the index of concentration of political power was reduced from 0.55 to levels under 0.1. That is, there were now more political actors looking for seats in the Congress than ten years ago. According to Cardenas, Junguito and Pachon (2005), the number of lists competing for seats increased significantly because the probability ratio list/seats was low in a dispersed electoral arena.

In fact, the electoral formula used to allocate congressional seats, the Hare quota, promoted party fragmentation and atomization in the Colombian political system. As mentioned by Cardenas, Junguito and Pachon (2005) the Largest Remainder-Hare system led to the regional concentration of votes and the under-representation of the urban areas. In this way, the members of both chambers are strongly motivated to push by regional or sector specific benefits more than to the impulse for national public goods (Cardenas, Junguito, and Pachon, 2005: 12). Figure 2 in the appendix shows that the level of political fractionalization has been larger after 2003.⁴

The proliferation of small parties and movements has debilitated the traditional two-party system and has created obstacles to the building of legislative coalitions. In fact, given the progressive deterioration of partisan discipline, the Colombian Congress is a strange mixture of regional politicians, willing to negotiate support in exchange of favors or large fiscal resources for their regions; traditional party leaders trying to co-opt them, and more recently; and more recently a very disciplined leftist opposition group.

In theory, the fragmentation, atomization and high intra-party competition should be favorable conditions to strengthen presidentialism, deploy a neopopulist strategy, and allow the executive greater control over economic policymaking. However, the lack of

³ Herfindahl Index, also known as Herfindahl-Hirschman Index or HHI, is a measure of the level of competition in the market, in this case in the political market. It can range from 0 (high competition) to 1 (no competition). Philip Keefer, "DPI2000 Database of Political Institutions: Changes and Variable Definitions." Washington DC: World Bank, 2004, p. 13.

⁴ Legislature fractionalization is the probability that two deputies picked at random from the legislature will be of different parties. Philip Keefer, "DPI2000 Database of Political Institutions..." p. 13.

partisan discipline in the Congress did not reduce the transaction costs associated with the building of a majority. On the contrary, the highly dispersed, fragmented and atomized Congress restrained considerably Uribe's political strategy and made any attempt to build a support coalition very costly. After the defeat of the referendum in 2003, the members of Congress improved their leverage and the costs to reach political consensus increased. For this reason, Uribe and his ministers have negotiated legislative support for the economic agenda and political reform legislator by legislator. For example, the building of consensus to approve the tax reform in 2003, and more recently in 2006, was characterized by the continued negotiation of tax exemptions and reductions to specific sectors and regions represented by members of the Congress. To be precise, each representative and senator obtained at least one exemption or reduction for their constituencies.

The arguments advanced above support the idea that the executive had strong power of initiative but given the conditions of the composition of Congress, the latter maintained the capacity to influence economic policymaking and to stop radical market reform that could affect regional or special interests. The impossibility of building a solid coalition of support in the Congress reduced significantly the scope of Uribe's political project. Although the constitutional amendment to endorse the immediate reelection was approved by the Congress, the costs were higher, and this debt is being collected cent by cent by the legislators.

The second institutional feature that explains why the neopopulist project has failed is related to the internal rules of the Congress. As Pachon (2003) has described in detail, formal and informal rules of the organization of the legislative process has become one of the most important tools to control and stop Uribe's attempts to concentrate power in the executive branch of government. As I have said, electoral coalitions and party system characteristics imposed constraints on the executive, but one of the most important tools used by the members of Congress in Colombia has been the management of the floor voting procedures. When representatives or senators did not have sufficient electoral power to negotiate, they have conformed procedural coalitions to tackle executive initiatives.

For this reason, the struggle for the membership in specialized legislative committees and the distribution of leadership positions is especially contested. Effectively, the executive has controlled the agenda initiative, but the committee system has been an effective filter to maintain the Congress' agenda power. Between the bill proposed by the executive and the law enacted, the members of Congress have introduced substantial changes to the economic policy. Even when Uribe's coalition has controlled the committees, the opposition forces have used informal mechanisms to tackle the initiatives and force the negotiation. The most common of these informal mechanisms is the lack of quorum. On repeated occasions, Uribe's ministers have seen their bills frustrated because the representatives or senators do not assist the committee or the plenary. For the approval of the reelection, the labor reform and other priority bills, the minister of political affairs -*Ministro del Interior*- had to look legislator by legislator in their offices to bring them to the plenary sessions.

Therefore, party structure, electoral rules and floor voting patterns have become strong constraints to the deployment of neopopulism in Colombia. Uribe's reformist impetus has been tackled by the Congress or in many other cases it has been paid at very high rates. The institutional constraints faced by his administration led him to the regular or even excessive use of trade-offs between policy outcomes and patronage. A detailed tracking of the legislative debate shows that after 2003, Uribe had to negotiate with the almost bill-to-bill with the members of the Congress using patronage and public service appointments as means of payment. However, the indiscriminate use of pork barrel, patronage and appointments has led to some kind of legislative immobilism because legislators expect more and higher payments in exchange of their support.

4. Conclusion

In this paper I have argued that political and constitutional agreements that facilitated the economic liberalization in the early 1990s transformed the political regime in Colombia. The new political scenario was characterized by more political competition, party fragmentation and the explosion of new political movements based in regional interest

("operacion avispa" in Colombian terms). Paradoxically, in such a political environment (fragmentation, diversity, and atomization) the executive branch did not gain more control over the legislative. On the contrary, the executive branch of government found it more difficult to build support coalitions and majorities in the congress. That is because formal and informal check-and-balance mechanisms became stronger, especially at the local and regional level, and constrained the neopopulist strategy followed by Uribe. For the reasons explained above, neopopulism failed as a political strategy in Colombia.

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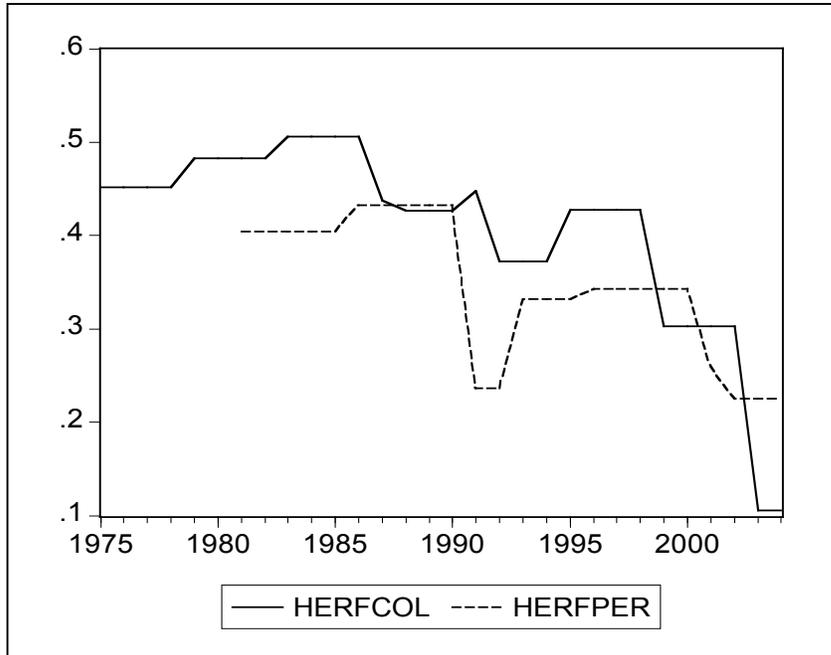
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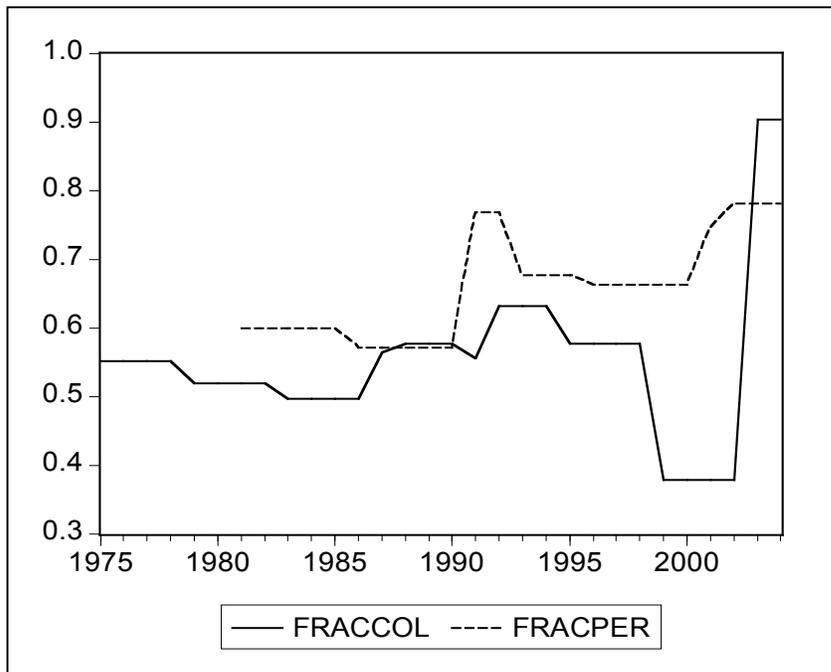
Appendix

Figure 1. Herfindalh Index Legislature, Colombia and Peru, 1975-2006



Source: Political Institutions Database, World Bank, 2004

Figure 2. Legislature Fragmentation, Colombia and Peru, 1975-2006



Source: Political Institutions Database, World Bank, 2004