

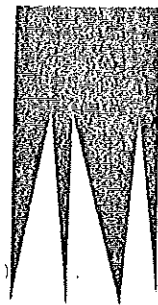
THE POLITICS OF INSTITUTIONAL WEAKNESS

ARGENTINITY

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barrio, the *unidad básica*, and the *piquete*—namely, in the mutual imbrication that exists (whether progressively minded academics like it or not) between mobilizing structures, routine politics, and clientelist networks—where we will find the answers to the questions we still have about popular contention in Argentina.



Conclusion:
Theorizing About Weak Institutions:
Lessons from the Argentine Case

Steven Levitsky and María Victoria Murillo

This concluding chapter examines some theoretical lessons of the Argentine case. Specifically, it draws on the previous chapters to probe further into the causes and consequences of institutional weakness. As noted in the introduction, institutional approaches have become increasingly dominant in the field of comparative politics over the last two decades. The institutionalist turn was given a boost by the end of the Cold War, which led to the widespread adoption of formal democratic and market institutions. The proliferation of new constitutions, legislatures, judicial systems, central banks, and electoral systems in the developing and postcommunist worlds created an unprecedented opportunity to apply existing institutional theories to new cases.

Yet scholars have also pointed to important limitations inherent in the (direct) application of U.S.-based institutionalist theories to Latin American democracies (O'Donnell 1996, 2003a; Weyland 2002; Helmke and Levitsky 2004; Munck 2004). Of particular concern is the literature's narrow focus on formal rules. In much of Latin America, formal rules—indeed, the rule of law in general—are unevenly enforced. In some cases, they are evaded altogether (O'Donnell 1993, 1999a; Weyland 2002a, 66–68). Institutions—and even regimes—also remain far less stable than in the advanced industrialized countries. Rather than fixed or “taken for granted” constraints, then, many remain highly contested (Munck 2004).

Finally, many of the "rules of the game" that structure political life in Latin America are informal (O'Donnell 1996; Helmke and Levitsky 2004).

Drawing on the Argentine case, this chapter reevaluates some of the assumptions underlying much of the recent literature on political institutions. Rather than take the enforcement and stability of formal rules for granted, we treat them as dimensions along which cases vary. In this way, we seek to refine existing institutionalist approaches in order to enhance their utility in contexts—including, but not limited to, much of Latin America—in which stable and effective formal institutions are the exception, not the rule.

The chapter is organized into four sections. The first section provides a conceptual discussion of weak institutions and their relevance for the study of Argentina and Latin America. The second section discusses the implications of this conceptual distinction for theory building in comparative politics. The third and fourth section present hypotheses, derived from the chapters in this volume, about the consequences and causes of weak institutions.

THE CONCEPT OF INSTITUTIONAL WEAKNESS

In the introduction, we defined strong institutions as those that are stable and enforced. A major concern regarding the export of the U.S.-based theories of institutions to Latin America is that many of these theories take these dimensions for granted. In both its rational choice and historical institutionalist variants, the new institutionalism in political science has focused mainly on formal institutions (Hall and Taylor 1996; Carey 2000). Studies in these traditions tend to equate institution with parchment rules, assuming—at least implicitly—that the rules on paper either reflect or generate shared expectations about how others will behave. Such a conceptualization thus takes for granted that the formal rules are (1) *enforced* with sufficient rigor that they are routinely complied with and (2) sufficiently *stable* for actors to develop shared expectations based on past behavior. In other words, formal institutions are assumed to be *strong* institutions. These assumptions hold relatively well in the United States and other advanced industrialized democracies. In these countries, core political institutions are highly stable. The U.S. Constitution and Britain's parliamentary regime have remained intact for centuries. Although secondary rules may change in these countries, the underlying rule-making processes are effectively fixed. Moreover, because these countries have considerable state

capacity and an institutionalized rule of law, formal rules and procedures are systematically enforced and widely complied with.

Assumptions of institutional strength do not travel as well to Latin America. In much of the region, formal rules are neither stable nor effectively enforced. Rather than take root and generate shared behavioral expectations, rules—and in many cases, rule-making processes—change repeatedly, and rules that exist on paper are, in practice, unevenly or sporadically enforced. Institutional instability has long characterized much of Latin America. During the nineteenth century, because of prolonged civil wars and frequent military coups, constitutions were routinely ignored, suspended, discarded, and rewritten. For example, Bolivia's first constitution, written in 1826, was "never fully implemented" (Loveman 1993, 238) and was abolished within three years. Successor constitutions in 1831 and 1834 were also quickly discarded, and new constitutions were promulgated in 1839, 1843, 1851, 1861, 1868, 1871, 1878, and 1880 (Loveman 1993, 239–60). Bolivia was hardly an exception. Venezuela and Ecuador experimented with nine and eleven constitutions, respectively, during the nineteenth century, and the Dominican Republic went through fifteen different constitutions between 1844 and 1896 (Loveman 1993, 141–56, 183–203, 370).

Lack of effective enforcement is also widespread in Latin America. Enforcement may be particularistic, uneven across territory, social classes, or ethnic groups, or simply so infrequent that the rules are routinely violated (O'Donnell 1993, 1999a). For example, Argentina's constitutional guarantee of lifetime tenure for Supreme Court justices, which has formally been in effect since 1853, was routinely violated during the second half of the twentieth century. Virtually every incoming government that took power after 1945—both civilian and military—stacked the Supreme Court with impunity (Helmke, this volume).

Although political institutions in Latin America are not uniformly weak (just as U.S. institutions are not uniformly strong), these examples highlight an important point: institutional stability and enforcement cannot be taken for granted. Rather, they should be treated as dimensions along which cases vary. In other words, institutions may be characterized by varying degrees of both enforcement and stability.

Figure C.1 puts the dimensions of enforcement and stability together to produce four distinct types. The upper left corner of the figure corresponds to strong institutions, or those that are both stable and enforced.¹ These

1. In the language of rational choice institutionalism, strong institutions are in equilibrium because most actors comply with them and have no incentives to modify them.

how many terms they may remain in office—are routinely modified (Calvo et al. 2001). Likewise, the specific rules and procedures governing the distribution of revenue from the federal government to the provinces have been repeatedly renegotiated since the 1930s (Eaton, this volume).

The upper right corner of Table C.1 corresponds to formal institutions that are stable but not enforced. In other words, rules remain on the books for long periods of time but are routinely ignored. Because state actors are unable or unwilling to enforce them, they serve, in effect, as “window-dressing” institutions. In such cases, political actors often play by informal rules of the game. An example is postrevolutionary Mexico, where many aspects of the 1917 constitution—including those prescribing fair elections and strict limits on presidential authority—were ignored for decades. Although the political rules of the game in Mexico were relatively stable after the 1930s, these rules—including the well-known *dedazo*, in which presidents single-handedly selected their successors—were largely informal (Weldon 1997; Langston 2003). An Argentine example is the constitutional norm of judicial tenure security, which, though enshrined in the 1853 constitution, has been violated by nearly every civilian and military administration since the 1940s. As Helmke’s chapter shows, Argentine elites adhere to an informal norm in which incoming governments are widely expected to stack the Supreme Court. Another example is primary elections in the Peronist party. Although internal elections for presidential candidates and national party leaders were enshrined in the 1916 statutes in 1987 and have remained on the books ever since, no such election was held for the national leadership between 1987 and 2005, and only once (in 1988) was a competitive presidential primary held.

Finally, the lower right quadrant of Table C.1 corresponds to institutions that are neither stable nor regularly enforced. In this “pure” form of institutional weakness, the coupling between formal rules and actual behavior is very loose: rules exist on parchment, but in practice, they do little to constrain actors or shape their expectations. Many nineteenth-century Latin American constitutions fall into this category. In stark contrast to the U.S. Constitution, many Latin American constitutions were routinely circumvented (hence, the widespread use of “states of exception”) and frequently replaced. Many Argentine institutions also combine instability and low enforcement. An example is the rules governing presidential mandates. Between 1928 and the 2003, the constitutional provision that elected presidents serve a single six-year term (later reduced to four years) was never once complied with in full. In 1930, 1962, 1966, 1976, 1989, and 2001, elected presidents were removed before the end of their mandates. Two presidents—Perón and Menem—completed their terms but modified

Enforcement

High

Low

Stability	High		Low	
	High	Strong formal institutions	Stable, but weakly enforced formal institutions; likely presence of stable, informal institutions	Low
Low	Low	Unstable (but enforced) formal institutions	Weak formal institutions	

Figure C.1 Two dimensions of institutional strength

“pure” cases of institutional strength—characterized by a tight coupling between formal rules and actual behavior—predominate in the literature. Many political institutions in the United States, most notably the U.S. Constitution, fall into this category. Though less widespread, strong institutions may also be found in Argentina. For example, the country’s core democratic institutions, including regular free elections, have been stable and enforced since 1983. So, too, have key aspects of the electoral system, including the provincial list-based, proportional representation system, in which provincial party branches nominate lists of candidates for the Chamber of Deputies.² These electoral rules, which allow provincial bosses to exert enormous influence over Congress (Jones and Hwang, this volume), have been stably enforced since 1983, even in the face of significant political opposition. Another example is the rules delegating responsibility for revenue collection from the provinces to the central government, which have endured since their establishment in the 1930s (Eaton, this volume).

The lower left quadrant corresponds to institutions that are enforced but unstable. In such cases, the rules on the books are generally complied with, but these rules are modified repeatedly. As a result, no particular rules of the game take root, and actors are unable to develop shared expectations based on past behavior. Unstable institutions abound in Argentina. An example is the rules governing presidential elections. During the latter half of the twentieth century, the country shifted from a plurality system with an electoral college (1958, 1963) to a two-round presidential run-off system (1973), back to a plurality system (1983), and then to a modified run-off system in which a second-round vote was held if no presidential candidate won 40 percent of the vote (post-1994).³ Similar instability exists at the provincial level, where the rules for how governors are elected—and

2. In Argentina, this system is known as the *lista sábana*.

3. The threshold shifts to 45 percent if the margin of difference between the top two finishers is below 10 percentage points.

the constitution to allow for a second term. Another example is the tax system. Argentine tax laws are routinely ignored, and as a result, virtually every administration in modern Argentine history has modified them with the goal of improving enforcement.

It should be noted that even these "pure" cases of institutional weakness differ from the *absence* of an institution. Because they exist on paper, even unstable or weakly enforced institutions may softly guide actors' expectations by providing at least some cues about others' behavior. Even when parchment rules are unlikely to be enforced or complied with, actors must at least take them into account as they develop strategies—in part, because other actors may comply with or attempt to enforce them. Indeed, rules that are widely subverted may nevertheless serve as a point of reference—even a kind of focal point in the menu of available options—for actors. In the "state of nature" associated with the absence of rules, such "soft" guidance or reference points do not exist.

Institutions thus vary not only in their design but also in their level of stability and enforcement. Each of these institutional patterns can be found in both Latin America and in the United States and established democracies, although the particular mix of institutional types varies considerably across cases. Moreover, contrary to the assumptions of much of the literature, which tends to view only strong formal institutions as stable or "equilibrium" outcomes, all four of these patterns may be enduring. For example, institutionalists often assume that a lack of enforcement will undermine institutional stability. In other words, if rules are not stably enforced (i.e., in equilibrium), they will fail to generate shared expectations and will consequently collapse.⁴ Yet some formal rules endure *precisely because they are not enforced*. Take electoral rules in postrevolutionary Mexico. Had these rules been rigorously enforced, such that elections were free of fraud and other abuses, they would likely have generated intense political conflict that could have threatened the stability of the regime. In other words, the extraordinary stability of the post-1917 Mexican regime rested, in part, on the systematic failure to comply with core elements of the 1917 constitution. Argentina offers a contrasting case. After a similar period of electoral fraud between 1930 and 1943, Argentine electoral rules were largely complied with, in that there was little in the way of fraud or manipulation of the vote-counting process. One consequence of this rule enforcement, however, was sustained *instability*, as powerful actors who

4. According to this logic, as actors perceive that a failure to comply has a high probability of going unpunished, they become less likely to follow the rules over time, which erodes the behavioral expectations generated by institutions. See Greif and Laitin 2004 for a related interpretation applied to endogenous institutional change.

disliked particular electoral results (usually Peronist victories) opted to do away with elections entirely.

THEORETICAL IMPLICATIONS

Variation in formal institutional strength has important implications for our understanding of how institutions work. Whether institutions are strong or weak has a dramatic effect on actors' expectations and behavior. In a context of strong institutions, actors can assume that (1) others will play by the rules and (2) the rules will endure into the foreseeable future. When institutional change occurs, it generally does so in predictable ways and through clearly defined (namely, legal or constitutional) procedures. In such a context, actors' short-term discretion is relatively low: the menu of behavioral options is limited to those prescribed or permitted by the formal rules. These constraints reduce actors' uncertainty. Because actors believe that others are similarly constrained by the rules, and that the rules will endure, they develop stable expectations about how others will behave, which lengthens their time horizons and facilitates cooperation (O'Donnell 1994). Moreover, where institutions are expected to persist (and be enforced) into the foreseeable future, actors are likely to take them seriously. Consequently, they will invest time and energy into questions of institutional design, and once institutions are in place, they will invest in the skills and organizations necessary to achieve their goals through those institutions (North 1990b, 364–65; Pierson 2000b).

Institutional weakness creates markedly different patterns of expectations and behavior. Where institutions are weak, actors cannot assume that others will comply with the rules, or that the rules will persist into the foreseeable future. Rules (and rule-making processes) may change unexpectedly and dramatically, and through irregular means. In such a context, actor discretion *vis-à-vis* the rules is much greater. Actors may select strategies that are prescribed by the rules, but they may also choose among various extra-institutional options. The result is greater uncertainty.⁵ In the absence of stable and binding rules of the game, actors cannot develop

5. Uncertainty may be greatest at medium-to-low levels of institutional strength. At the lowest levels of formal institutional strength, where *no one* expects them to be enforced, nonenforcement is a stable and predictable outcome. In other words, actors operate with a shared understanding that no one is playing by the formal rules. At medium-to-low levels of institutional strength, by contrast, the level of predictability is lower. Because the formal rules are at least intermittently enforced, and because at least some actors play by them, actors remain uncertain which—if any—rules will prevail in a given instance. We thank Kurt Weyland for suggesting this point.

expectations based on past behavior. Such uncertainty generally results in lower levels of trust and cooperation, and in shorter time horizons (O'Donnell 1994: 59). Finally, where institutions are weak, actors will take them less seriously. If politicians do not expect the rules of the game to endure or be enforced, they will be unlikely to invest in them.

These differences in actor expectations have important implications for theories of political institutions. Comparative studies of political institutions, which focus largely on differences in formal institutional design, often take for granted a tight coupling between formal rules and actor expectations and behavior. In other words, they assume that formal constraints can be mapped more or less directly onto strategic action. Where parchment rules are not systematically enforced or complied with, however, the assumption that formal institutions shape actors' incentives and behavior—and consequently, that institutional design has a significant effect on political outcomes—becomes more problematic.

The existence of variation of institutional strength poses challenges for several different areas of comparative research. For example, cross-national comparisons of institutions must contend with the fact that two formal rules that are identical on paper may function differently in practice. Debates over constitutional arrangements and their effects—such as the literature on presidentialism versus parliamentarism—rarely examine differences in institutional strength. Yet as studies of presidentialism in Latin America have shown, constitutional checks on executive power are in many cases weakly enforced, and consequently, presidents' real authority may far exceed their constitutional prerogatives (Hartlyn 1994; O'Donnell 1994; Weldon 1997). Such cases of "hyperpresidentialism" (Nino 1996a) cannot be attributed strictly to constitutional design: they are also a product of institutional weakness.

Variation in institutional strength also has important implications for research on institutional diffusion. Much of this literature assumes that formal institutional arrangements will have uniform effects across cases.⁶ Yet several recent studies have shown that parchment rules function quite differently as they diffuse across countries, in part because of variation in the degree to which the rules are actually enforced (Kopstein and Reilly 2000; Mukand and Rodrik 2002). Indeed, elites may import formal institutions without any intention of enforcing them.⁷

Variation in institutional strength is also critical to research on institu-

6. See, for example, Lora's (2001) liberalization index measuring the spread of market reform in Latin America.

7. According to Weyland (2004), policymakers sometimes adopt formal institutions simply to demonstrate their "modernity."

tional design. Theories of institutional design often assume that actors operate with long time horizons. In other words, they assume that actors expect the rules they create to both endure and constrain future behavior (Moe 1990; Geddes 1994, 1996). Based on these assumptions, scholars have shown that political competition may induce politicians to create self-binding institutions in an effort to constrain their rivals—and prevent them from reversing certain policies—when they are in power (Moe 1990).⁸ For example, the Pinochet government in Chile created a new constitution, an autonomous central bank, and other self-binding institutions with a clear eye toward binding its democratic successors (Boylan 2001). However, politicians who do not expect institutions to endure are likely to behave in a very different manner. Thus, the Argentine military, which was almost certainly less confident in the durability of its own institutions, did not invest heavily in designing rules for the post-transition period. It never created a new constitution or self-binding economic institutions. Instead, it sought to negotiate an informal pact with its expected successors, the Peronists, which would ensure its protection after it left power. Only when this pact began to unravel did the military government issue an amnesty decree to protect it from future prosecution (Munck 1998, 155–56), and (as the military might have expected) this law was immediately repealed by the Alfonsín government.

Similarly, scholars who treat institutions as "credible commitment" mechanisms (North and Weingast 1989; Shepsle 1991) argue that actors create institutions to bind themselves over the short term in order to realize mutually beneficial long-term gains. Thus, executives may delegate authority to parliaments and courts as a means of establishing a credible commitment not to expropriate private sector profits in order to improve their longer-term creditworthiness and access to revenue (North and Weingast 1989). Such theories of executive self-restraint take for granted the existence of a stable institutional context in which actors expect the rules they create to endure and be enforced. However, if politicians' time horizons are short and they do not expect the institutions they create to endure, they may be less likely to design them with an eye toward establishing credibility—and more likely to maximize their short-term discretion and power. This dynamic can be seen in nineteenth-century Bolivia. Between 1825 and 1899, "every Bolivian president faced uprisings and coup attempts; several were assassinated in office, . . . and almost all failed to complete their terms" (Loverman 1993, 235). In this context of extreme

8. For applications to Latin America, see Geddes 1994, Boylan 2001, Schamis 2001, and Bill Chavez 2003.

instability, presidents had little interest in establishing mechanisms of credible commitment, preferring instead to maximize their short-term power resources. Thus, although General José Miguel Velasco designed a liberal constitution in 1839 that limited executive and military power, he "was unable to implement the . . . Constitution or to consolidate his government" before he was toppled in an armed uprising. His successor, José Ballivián, wrote a new constitution that created an "all-powerful presidency," provided the executive with vast patronage resources, and extended the presidential term to eight years (Loveman 1993, 242-45). Uninterested in creating mechanisms of long-term credible commitment, Ballivián designed a constitution that maximized his short-term access to power resources.

Finally, institutional weakness also has important implications for theories of institutional development. Recent research on the role of path dependence has shown that political institutions are often prone to "increasing returns" (Pierson 2000b). According to Pierson, institutions "encourage individuals and organizations to invest in specialized skills, deepen relationships with other individuals and organizations, and develop particular political and social identities. These activities increase the attractiveness of existing institutional arrangements relative to hypothetical alternatives. As social actors make commitments based on existing institutions and policies, their cost of exit from established arrangements rises dramatically" (2000a, 259). As these asset-specific commitments accumulate and other investments are forgone, actors develop a strong vested interest in the existing institutional arrangements—as well as the skills and resources needed to defend them (North 1990b, 364-65). Consequently, it becomes increasingly costly to reverse course. Such feedback mechanisms explain the persistence of institutional legacies and the relative stability of many institutions.

However, if actors do not expect institutions to endure or be enforced, they will be less likely to invest in skills or organizations appropriate to those institutions, and thus less likely to develop a stake in them. In such cases, it may be relatively easy to reverse earlier institutional choices. An example may be drawn from Levitsky's chapter on the Peronist party organization. During both his presidency and his exile, Perón repeatedly reorganized the Peronist party from above. Between Peronism's foundation in 1945 and Perón's death in 1974, no single party structure remained in place for more than a few years. Given that the party organization could be dissolved and re-created from scratch at virtually any moment, Peronists learned not to invest in it, but instead to invest in personal relationships with Perón. As a result, few vested interests grew attached to the party

bureaucracy. No "lock in" effect occurred, and throughout the second half of the twentieth century, the cost of reversing course and radically reorganizing the party remained low.

Variation in stability and enforcement thus has far-reaching implications for how institutions shape actors' expectations and behavior. Given that most politics in the developing world more closely resemble Argentina (with its abundance of weak institutions) than the United States (where many political institutions are exceptionally strong), it is essential that scholars begin to refine existing theories of institutions so that they may be usefully applied in a broader range of cases. The sections that follow take an initial step in that direction, using the Argentine case to develop hypotheses about the consequences and causes of weak institutions.

THE CONSEQUENCES OF INSTITUTIONAL WEAKNESS

Several of the chapters in this volume focused on the effects of institutional weakness, examining, for example, how a case in which the rules are either unstable or not enforced may generate political behavior and outcomes that diverge from those expected from the formal rules. Building on these analyses, this section outlines four initial hypotheses about the effects of institutional weakness.

Problems of Coordination

First, the chapters provide support for the argument—made by scholars such as Nino (1992) and O'Donnell (1993, 1994)—that institutional weakness creates severe problems of coordination among political and economic actors. The absence of stable and binding rules of the game heightens actors' uncertainty about others' behavior. Because actors cannot be certain that existing rules will endure into the future, their time horizons will be shorter. They may have an incentive to defect in anticipation of new rules rather than be left as "suckers" playing by the old ones. And because the rules are not systematically enforced, actors develop expectations that others will not always comply with them. In a dynamic that resembles a reverse tit-for-tat (Axelrod 1984), actors who encounter unsanctioned defection will become more likely to defect in the future, making cooperation progressively more difficult to sustain (Nino 1992).

As the Argentine case illustrates, the coordination problems caused by the absence of stable and binding rules may have a range of deleterious

effects, both political and economic. The political costs of coordination failure are seen clearly in Peronism's response to the 2001–2 crisis. The PJ has long lacked binding rules to ensure internal cooperation and discipline, and amid the uncertainty generated by De la Rúa's resignation, internal distrust and unmediated conflict threw the party into turmoil. A near-total lack of cooperation and discipline among party bosses contributed to the collapse of Adolfo Rodríguez Saá's interim presidency (after barely a week) in 2001 and brought Peronism to the brink of a costly schism in 2002. With the party in a state of virtual anarchy, conflict between Duhalde and Menem in anticipation of the 2003 presidential election spilled beyond institutional channels. Party leaders first ignored, and later discarded, the PJ's formal candidate-selection system (primary elections). Because they lacked mechanisms to establish nomination rules that would gain widespread compliance (several candidates threatened to defect and run outside the party), PJ leaders were forced to abandon the nomination process entirely and allow three different Peronists to run in the general election. Because this solution divided the Peronist vote among three candidates, the PJ's inability to resolve internal conflicts put an assured victory at risk.

Coordination problems have also had severe consequences for public policy. As Spiller and Tommasi (this volume) argue, continuous institutional instability in Argentina has hindered the forging of intertemporal agreements, which has limited cooperation—and fostered distrust—among key political actors, such as presidents, legislators, governors, and interest groups. As a result, political and economic actors operate with extremely short time horizons and generally do not seek to establish durable policy arrangements. Because formal rules are not sufficiently credible to ensure intertemporal agreements, political actors tend to change policies in pursuit of short-term goals when given the opportunity. The result has been repeated—and often far-reaching—policy swings, which, according to Spiller and Tommasi, is a major cause of Argentina's poor economic performance during much of the twentieth century.

The Search for Rigid Policy Solutions

A second—and related—hypothesis is that institutional weakness creates incentives for actors to adopt highly rigid policy arrangements in an effort to overcome the credibility problems generated by past institutional failures. Where previous governments have repeatedly abandoned rules that they or their predecessors have set up, new governments will have an especially difficult time convincing political and economic actors that they in-

tend to play by the rules this time. To achieve credibility in such a context, governments may seek to create rigid rules and procedures that tightly bind them in their policymaking discretion and which are extremely difficult to “unbind.” In other words, to ensure political or economic actors that they will not be burned by policymaking discretion, governments create procedures that lock in certain outcomes and are very costly to overturn. Although such rigid policy arrangements tend to create negative externalities in other areas, the government's willingness to pay those costs is often essential to the credibility of the arrangements. Hence, “hypercommitment” mechanisms may generate short-term credibility, but they frequently do so at the cost of reducing policymakers' capacity to adapt to changing political or economic conditions.

The Convertibility Law provides an example of such a “hypercommitment” (Tommasi and Spiller, this volume). Convertibility was designed to address a severe credibility gap vis-à-vis investors, creditors, and Argentine citizens after years of macroeconomic policy instability. The law tied the government's hands in monetary and exchange rate policy, rigidly fixing a desired outcome—exchange rate parity with the dollar—to gain the trust of skeptical actors. The system was extremely difficult to overturn. Because (public) legislative action was required to end convertibility, the system could not be altered without risking a run on the currency (with possible hyperinflationary consequences) (Starr 1997). Convertibility generated substantial negative externalities in other policy areas, particularly trade competitiveness, which the government used to signal its “hypercommitment” to sustain it. Convertibility's rigidities helped restore investor and creditor confidence in the short term. However, it left Argentine governments without the macroeconomic tools to respond to the post-1998 economic downturn—with devastating consequences (Galiani, Heymann, and Tommasi 2003).

Institutional Fluidity and the Capacity for Rapid Change

A third hypothesis is that institutional instability can facilitate change. Stable institutions tend to inhibit rapid or far-reaching change (Huntington 1968; Zucker 1977; Schedler 1995). They narrow actors' choice sets, stabilize expectations, and routinize behavior in ways that reinforce existing patterns and take radical alternatives off the table. Because asset-specific investments give actors both a stake in established institutions and a greater capacity to defend them, proposals for radical change tend to face widespread and effective resistance. Strong institutions thus tend to be

"sticky," in that they do not change as quickly as underlying preferences and power distributions. At best, change tends to be slow and incremental.

By contrast, weaker institutions are more open to rapid or far-reaching change. Where the rules are not systematically enforced, actors' choices are not confined to a set of stable and narrowly defined options; rather, they have a wider menu of strategic options available to them. They may choose among alternatives prescribed by the formal rules (say, A, B, and C), but they may also choose options that violate the rules (say, D and E), or they may seek to change the rules in order to create new options. In addition, few rules are buttressed by powerful vested interests. Hence, weak institutions tend to be highly fluid. Rather than slow and incremental, change is often rapid and extensive.

Although institutional fluidity creates uncertainty and disorder, it is also a source of flexibility and innovation. Such flexibility may enhance the capacity of an organization or regime to adapt during crises. Stable and effective rules of the game limit the speed with—and often the extent to—which organizations can adapt to external shocks. In a highly stable institutional setting, decision makers tend to consider a narrower range of strategic alternatives (Nelson and Winter 1982, 74–83), none of which may be appropriate in a context of crisis. Even when leaders do come up with viable adaptive strategies, established routines and decision rules may limit their capacity to implement them. By contrast, unstable institutions provide actors with greater room for maneuver in searching for and carrying out adaptive strategies. Such rapid adaptation was seen in Peronism's transformation during the 1990s. As Levitsky's chapter argues, the flexibility generated by Peronism's weakly institutionalized party structure facilitated its transformation, during the late 1980s and early 1990s, from a labor-based populist party into a vehicle for implementing radical market-oriented reforms. These rapid and far-reaching programmatic changes helped the party survive as a major political force during the neoliberal era. The party's internal fluidity also helped it adapt quickly to the political-economic crisis of 2001–2, as the party shed its Menemist program and leadership for the more progressive orientation of Nestor Kirchner.

Informal Responses to Formal Institutional Weakness

Finally, institutional weakness creates incentives for political actors to pursue goals through informal channels. In some cases, actors' informal strategies adhere to (or evolve into) alternative rules and procedures that, though unwritten, are widely known, accepted, and complied with. Such informal institutions often serve as guidelines for how to behave in a con-

text in which the formal rules are not enforced (Helmke and Levitsky 2004).⁹ Helmke's chapter on the Supreme Court provides a useful example. Argentina's constitutional guarantee of lifetime tenure was routinely violated beginning in the 1940s: most civilian and military governments removed unfriendly justices and replaced them with allies. Court stacking so frequently accompanied changes of government that it became widely expected—and virtually taken for granted—among Supreme Court justices. These expectations generated a distinct, informal pattern of behavior. Thus, Helmke finds a pattern of "strategic defection," in which justices support the executive while its hold on power is firm, but when the government is perceived to be on its way out, justices tend to defect and issue rulings in line with its expected successor.

Another example may be drawn from Peruzzotti's chapter on citizen protest during and after the 1990s. According to Peruzzotti, much of this protest can be seen as a "societal" response to the state's failure to enforce the law. Thus, the repeated failure of the Argentine judiciary and other formal democratic institutions to check state abuses (or hold state officials accountable for those abuses) created an incentive for civic and media organizations to mobilize in pursuit of those ends. As citizens learned that they could effectively punish abusive state officials through protest and media exposure, a semi-institutionalized pattern of "societal accountability" took hold.¹⁰ Whether civic protest can substitute for formal institutions of horizontal accountability—or help strengthen those institutions—remain questions for further investigation.

THE ORIGINS OF INSTITUTIONAL WEAKNESS

The issue of how to explain institutional strength has received relatively little scholarly attention, in large part because much of the literature takes it for granted. As this book has made clear, however, the degree to which parchment institutions are stable and enforced varies considerably. Such variation requires explanation. In this final section, we use the Argentine case to develop some initial propositions about the causes of institutional strength and weakness. We focus on (1) institutional origins, particularly actors' intentions and the presence or absence of an initial equilibrium,

9. For example, the lack of enforcement of traffic rules in Argentina has given rise to a widely shared informal norm in which no one ever halts at stop signs. Thus, when foreign drivers halt at a stop sign, they may cause a traffic accident because drivers do not expect such formal rule-abiding behavior.

10. See also Smulovitz and Peruzzotti 2003.

and (2) the role of time in creating expectations of stability and, consequently, encouraging investment in institutions.

The Creation of Weak Institutions

As noted, much of the institutional literature in political science conflates the creation of formal institutions with the emergence of *stable and effective institutions*. That is, actors with the will and capacity to create formal rules are presumed to be both willing and able to enforce them. And once they make it into parchment, rules are assumed to be in equilibrium, and are thus either accepted by all actors powerful enough to seriously contest them or successfully imposed by one set of actors upon another.¹¹

Yet formal institutions may also be "born weak." Such an outcome may occur, intentionally or unintentionally, for a variety of reasons. For one, actors may not intend to create strong institutions.¹² As the literature on institutional isomorphism has shown, actors may create formal rules because they are viewed as publicly or internationally appropriate (Meyer and Rowan 1991), not because they seek to employ them. Indeed, many of these institutions are little more than "window dressing," created by state elites who have no intention of actually enforcing them (Weyland 2004).¹³ Such institutions may be in equilibrium, but it is often an equilibrium based on the shared expectation that the rules will *not* be enforced.

Actors may also create formal rules that they do not expect to endure. For example, actors may create formal rules only as a short-term means of demonstrating strength or weakening opponents during a period of political conflict. Although they may initially be enforced, such rules often have little utility—even to their creators—beyond their initial task. For example, Peronist leaders routinely employ statutory reforms as short-term weapons in intraparty power struggles, often inserting clauses stipulating that the

new rule be applied "this time only." Thus, in their effort to weaken Carlos Menem—who held the 17 presidency—in 2002, allies of Eduardo Duhalde enacted "temporary" reforms to the 17 statutes that canceled the party's presidential primary (which Menem was likely to win) and created a parallel "political action committee" that usurped power from the Menem-led National Council.

Alternatively, actors may create formal institutions that they intend to be strong, but nevertheless fail to enforce or sustain them. Newly created rules may fail to achieve equilibrium, in the sense that they are accepted by, or successfully imposed upon, all actors powerful enough to seriously contest them. For example, formal rules may be created by actors who temporarily control rule-making bodies (particularly the executive branch or the legislature) but lack the power to make those rules binding on all actors. In other words, institutional designers are able to write the rules, but their authority is either too limited or too tenuous to systematically enforce them or to ensure that they endure long enough to shape actors' expectations. Such a situation may occur, for example, when elected civilian governments take office but "real" power is held by military or religious authorities (as in Guatemala in the 1980s or postrevolutionary Iran). Thus, it may be the case that institutional designers neither include powerful actors in the rule-making consensus nor definitively defeat them. In such cases, excluded groups are likely to subvert (and when possible, overturn) the rules—via a coup or behind the scenes pressure—as soon as they have the capacity to do so. In such a context, actors will immediately assign a lower probability to their expectations about others' complying with and sustaining the new rules, which may encourage them to defect and to try to change the status quo.

Argentina is a case of repeated failure to achieve an institutional equilibrium, via either consensus or imposition. Throughout much of the twentieth century, civilian and military governments attempted, but failed, to impose rules and regimes that excluded powerful actors. For example, the first Perón government imposed a new constitution in 1949 without incorporating Radicals, conservatives, and other political forces. This lack of consensus eroded its legitimacy, which made alternative institutions both imaginable and desirable for excluded actors. Hence, although Perón was able to win electoral majorities, his opponents—many of whom retained substantial power resources—never accepted the new rules of the game, and when Perón was overthrown in 1955, the 1949 constitution was quickly and easily discarded.¹⁴ The decades that followed Perón's ouster

14. By contrast, the 1853 and 1994 constitutions were more stable, even if they were not always fully enforced. The 1853 constitution was imposed upon all provinces after a military

11. Although scholars differ over the nature of the underlying equilibrium, with some emphasizing cooperative or contractual foundations (Shepsle 1986) and others emphasizing the role of power and coercion (Knight 1992; Thelen and Steinmo 1992), they converge around the assumption that such an equilibrium exists. Neither theoretical approach allows for the possibility that formal institutions may be designed on parchment but fail to stick or be effectively enforced. See Jones-Luong and Weirthal 2004 for an insightful discussion of both views of institutional origins.

12. We thank Pauline Jones-Luong for highlighting this point.

13. For example, President Menem responded to corruption allegations during his second term by creating a National Office of Public Ethics. However, the office was almost certainly intended to be "window dressing." Not only did it fail to investigate major corruption allegations raised in the media, but it also refused—in direct violation of its own rules—to make public President Menem's declaration of wealth. See *Clarín*, September 1, 1998.

were characterized by a stalemate in which no single group could achieve a definitive victory and major political actors repeatedly failed to converge around core institutional arrangements. Efforts to impose both electoral (1957–66) and military (1966–72) regimes that excluded Peronism failed because Peronism and labor used their considerable electoral and mobilizational power to make such regimes unsustainable (O'Donnell 1973, 1988; Cavarozzi 1987; McGuire 1997). For several decades, then, governments created formal rules without either forging a consensus behind them or compelling other powerful actors to play by them. As a result, many of these rules failed to endure beyond the administration that created them.

Time, Actor Expectations, and Asset-Specific Investments

Variation in institutional strength is also affected by time.¹⁵ When institutional arrangements persist (and are enforced) over time, surviving repeated crises and changes of government, actors develop expectations of stability. These expectations induce them to invest in assets specific to those institutions. Thus, actors who expect institutions to endure will develop skills, technologies, and organizations that are appropriate to those institutions (North 1990a, 1990b; Pierson 2000b). As these asset-specific investments accumulate over time, the existing arrangements became increasingly attractive relative to their alternatives, thereby raising the cost of institutional change. In other words, actors develop a vested interest in institutional continuity. These “increasing returns” create a path-dependent dynamic: an initial period of institutional persistence creates expectations of stability, which induces actors to invest in those institutions. Asset-specific investments further enhance institutional resilience by increasing the cost of change, which further reinforces expectations of stability. The result is thus a virtuous cycle in which expectations of stability reinforce existing institutional arrangements.

Such virtuous cycles are not inevitable, however. Where formal institutions are repeatedly overturned or rendered ineffective, the path-dependent effect just outlined is less likely to take hold. Rather, actors will develop expectations of institutional weakness. Consequently, they will be less likely to invest in those institutions or develop skills and technologies appropriate to them. In the absence of increasing returns, the cost of over-

victory, and the 1994 constitution was achieved through consensus, after a negotiated agreement between the leaders of the PJ and the UCR (Acuña 1994).

15. On the role of time in institutional development, see especially Pierson 2004.

turning the rules will remain low. Because actors know that new institutions are unlikely to endure, they will have less vested in them. And because they know that new rules are unlikely to be enforced, they have less to fear from them. The result is a vicious cycle in which actors continually expect—and therefore contribute to—institutional demise.

Patterns of institutional weakness may be reinforced by the fact that actors invest in the skills and technologies appropriate to an unstable institutional environment or to alternative informal rules of the game. In a context of persistent regime instability, for example, actors may choose not to invest in political parties and legislative skills—which are only useful under democratic institutions—and instead develop skills (insurrectionary capacity), resources (clandestine networks and other nonparty organizations), and relationships (to the church, the military, or foreign powers) that enhance their capacity to operate in multiple regime settings. These investments may give actors a stake in noninstitutional politics, which will only reinforce existing patterns of institutional weakness.

Thus, institutional fluidity can be as self-reinforcing as institutional stability. If actors develop expectations that formal institutions will not endure or be effective, they will not invest in them. As a result, the cost of subverting or replacing existing institutions will remain low, which increases the likelihood of further rounds of change—and reinforces expectations of institutional weakness. Although such initial periods of institutional failure may be the product of historically contingent circumstances (including sheer bad luck), they may help to lock a polity into a long-term path of institutional weakness.

Argentina followed a path of institutional instability in the aftermath of the Great Depression and the political incorporation of the working classes. Decades of regime instability, in which not only rules but also rule-making processes were repeatedly overturned, had a powerful effect on actor expectations. Because of the frequent collapse, suspension, or purging of institutions as important as the Constitution, the Congress, and the Supreme Court, Argentines failed to develop stable expectations around many of the country's political rules of the game. Instead, they developed expectations of instability. Betting that institutions would be replaced or purged with each change of government or regime, political and economic actors failed to take them seriously or invest in them: As a result, few developed a stake in any particular institutional arrangement. In fact, many powerful actors—including Peronist unions, economic elites, and conservative politicians—invested little in electoral, legislative, and other democratic institutions and instead developed skills, organizations, and

relationships (particularly with the military) that helped them survive in context of regime instability.¹⁶ Consequently, for a wide array of institutions, the cost of changing the rules remained low.

There are at least some signs that this pattern of institutional weakness may be changing in post-1983 Argentina. Although earlier patterns of institutional instability have clearly persisted into the contemporary period, one important change has nevertheless occurred: the overarching rule-making process—the democratic regime—has stabilized. The 1983 election ushered in a period of competitive elections in which the neither the PJ nor the UCR was able to launch a hegemonic project or was threatened with permanent exclusion. Moreover, the political actor that had posed the greatest threat to democratic regimes, the military, was decisively defeated following the ill-fated 1982 war with Great Britain. Several other factors increased the cost of overturning the post-1983 regime, particularly the brutality and colossal failure of the last military dictatorship, which created unprecedented public support for democratic institutions, and the regional spread of democratic norms in the post-Cold War era. The survival of democracy constituted a major change in actor expectations, and it appears to have encouraged greater investment in democratic institutions. As the chapters by Peruzzotti and Torre argue, much of the civic mobilization that took place during the 1990s was aimed at making democratic institutions more accountable, not replacing them. Whether—and how quickly—this regime stability will strengthen other institutions remains uncertain.

CONCLUSION

We opened this book with the claim that an analysis of late twentieth-century Argentine democracy was useful for understanding many of the political and economic processes taking place elsewhere in Latin America. Because of shared historical, cultural, and socioeconomic characteristics, as well as broadly similar economic and political challenges, theories generated by research on Argentina should be of some utility in understanding political and economic processes in other Latin American cases.

In this concluding chapter, we adopted a different comparative focus: the United States and other advanced capitalist countries. The new institutionalism in political science is based largely on studies of these countries, and we use Argentina, a contrasting case, to refine that literature. U.S.-based institutionalist theories tend to assume that formal institutions are

stable and systematically enforced. Our study of Argentine politics makes it clear that these assumptions do not always hold. Argentine political institutions vary considerably in terms of their strength: whereas some rules are robust and routinely complied with, many others are fluid and widely subverted. If the new institutionalism in political science is to generate theories that are truly comprehensive, in that they are applicable not only to advanced capitalist countries but also to developing ones, then the strength of formal institutions cannot be taken for granted. Rather, institutional strength should be treated as a dimension along which particular institutions vary. We have used the Argentine experience to explore some of the consequences of weak institutions and develop some initial hypotheses about their origins. Argentina is hardly an exceptional case, however. Similar patterns are likely to be found in other countries—in Latin America and elsewhere—with historically weak political institutions.

The export of U.S.-based institutionalist theories to Latin America has, in many respects, been fruitful. Yet theory building in comparative politics should not be a one-way street. As this book has suggested, comparative institutionalism would benefit enormously from an exchange in which Latin American and other developing countries are used to both refine existing theories and generate and test new ones (O'Donnell 2003a). Such cross-fertilization would greatly enrich our understanding of comparative politics. Indeed, it is only through such a dialogue that comparative politics will become truly global in scope.

16. On Peronist unions' failure to invest in democratic institutions, see McGuire 1997.