# Revista Latinoamericana de Política Comparada

# Índice

PARTE 3
RESENAS BIBLIOGRAFICAS

# PARTE 2

## CALIDAD DE LA DEMOCRACIA

# Measuring Success in
# Democratic Governance[*]

Scott Mainwaring, Timothy R. Scully, and Jorge Vargas-Cullell

**Abstract**
In this article, we present measures of democratic governance to give a sense of how Latin American countries have fared since the early 1990s. The rest of the book discusses reasons for success and failure in democratic governance, but first it is necessary to provide a descriptive map of which countries have been more or less successful on which dimensions of democratic governance. Our evaluation is concerned with the extent to which democracies enhance citizen well-being and protect citizen rights. We provide an empirical mapping of how Latin American countries have fared since the early 1990s on a wide array of governance issues that are infrequently brought together to provide a medium time perspective.
In addition to providing this descriptive map, we hope to stimulate thinking about how to conceptualize and measure democratic governance. The closest existing measures are of effective governance in general (e.g., Kaufmann, Kraay, and Mastruzzi 2003, 2005, 2006, 2007, 2008) rather than specifically democratic governance, and of the quality of democracy based on its procedural ideals (Diamond and Morlino 2005; Levine and Molina 2006). Our enterprise is different, and we believe it merits an effort to create a systematic approach to measurement.

*Keywords:* democratic governance, empirical mapping, procedural ideals, measurement.

**Resumen**
En este artículo introducimos las medidas de la gobernanza democrática, para así analizar cómo los países latinoamericanos se han desenvuelto desde los inicios de los años 90. El resto del libro *Democratic Governance in Latin America,* discute las razones para el éxito y fracaso en la gobernanza democrática, pero primero es necesario proveer un mapa descriptivo de los países que han tenido mayor o menor éxito en las diferentes dimensiones de la gobernanza democrática. Nuestra evaluación está enfocada en la medida en que las democracias mejoran el bienestar ciudadano y protegen los derechos de los mismos. Así, proveemos un mapeo empírico de la manera cómo los países latinoamericanos se han desempeñado en varios temas de gobernanza, los cuales en conjunto permiten establecer una perspectiva a mediano plazo.

Adicionalmente, queremos promover la discusión sobre la forma cómo debería conceptualizarse y medir la gobernanza democrática. Las medidas existentes hacen referencia a la gobernanza en general (e.g., Kaufmann, Kraay, and Mastruzzi 2003, 2005, 2006, 2007, 2008) en lugar de basarse en la gobernanza democrática en particular y en la calidad de la democracia basada en los ideales de procedimiento (Diamond y Morlino 2005; Levine y Molina 2006). Nuestra iniciativa es diferente y creemos que responde al esfuerzo de crear un acercamiento sistemático para la medición.

**Palabras claves:** gobernanza democrática, mapeo empírico, ideales de procedimiento, medición.

## Introduction

A measurement of democratic governance allows researchers and policy makers to chart change over time in a given country and to compare across countries with some precision. It enables us to move from impressionistic assessments to more careful measurement.

We measure performance in nine dimensions of democratic governance: the level of democracy, ensuring respect for the rule of law, control of corruption, promoting economic growth, maintaining inflation under a reasonable level, reducing poverty, job creation, improving education, and providing citizen security. The basic assumptions underlying the analysis are twofold; that

1. these outcomes profoundly influence citizens' and societies' present and future well-being, and

2. governments and states significantly influence these outcomes.

We do not test these commonly held assumptions but rather provide a descriptive map to capture variance in the quality of democratic governance for twenty Latin American countries for the post-1990 period. Contrary to analyses that lump Latin America together as a more or less undifferentiated region with converging trends, we highlight differences across countries.

In recent years, there has been a proliferation of different indices to measure the quality of governance and the "democraticness" (i.e., the level of democracy) of a political regime. In relation to the existing literature on these subjects, we hope to make four contributions. First, we measure success in democratic governance. This endeavor is new and, we believe, worth undertaking. The most significant effort to measure good governance focuses on perceptions about the quality of policy and policy implementation (Kaufmann et al. 2003, 2005, 2006, 2007, 2008). In contrast, we believe that success in governance is best measured by actual results. We do not examine the relationship between the quality of policies or institutions and outcomes, but we assume that in the medium to long term, good outcomes result to a significant degree from good policies and/or institutions. The work on quality of democracy is valuable, but because of its focus on procedural aspects of democracy, it is narrower than our purview.

Second, we incorporate more objective indicators about government performance and outcomes than most existing works on related subjects. Because we focus on success in democratic governance, primary attention to outcomes is in order, since they affect citizens the most.

Third, because citizenship is core to democracy, we focus on aspects of democratic governance that have a great impact on citizens. This is not a focal point of Kaufmann et al.'s

work on good governance or of the work on quality of democracy. Finally, we focus on results over the medium term, which we operationalize as fifteen years. Year-to-year assessments of Latin America can be valuable, but sometimes the medium term perspective gets lost in the sea of immediate, short-term analyses.

Many analysts have based their expectations about future performance on recent past performance, leading to exaggerated optimism or pessimism, depending on the case and year, and to dubious analytic framing of questions and answers.

## 2. Case selection of countries

Although the way we assess the quality of democratic governance might be useful for other regions of the world, we limit our selection of countries to Latin America. We include the twenty countries of the western hemisphere in which Spanish, Portuguese, or Creole is the official language or one of the official languages: Argentina, Bolivia, Brazil, Chile, Colombia, Costa Rica, Cuba, the Dominican Republic, Ecuador, El Salvador, Guatemala, Haiti, Honduras, Mexico, Nicaragua, Panama, Paraguay, Peru, Uruguay, and Venezuela.

Among the 20 Latin American countries, two have consistently (Cuba) or usually (Haiti) had authoritarian regimes since 1990. We include them for purposes of comparison, but we do not regard them as cases of democratic or even semi-democratic governance. Therefore, we include 20 countries in the tables in this article, but we have 18 cases of democratic or semi-democratic governance.

## 3. Dimensions of democratic governance

*Democratic governance* refers to the capacity of democratic governments to implement policies that enhance citizen well-being and rights. In turn, a *democracy* is a regime 1) that sponsors free and fair competitive elections for the legislature and executive; 2) that allows for inclusive adult citizenship; 3) that protects civil liberties and political rights; and 4) in which the elected governments really govern, the military is under civilian control, and other armed actors do not dictate policy.

The nine dimensions of democratic governance that we examine are:

1. the level of democracy
2. rule of law
3. control of corruption

4. economic growth
5. inflation
6. job creation
7. poverty
8. education
9. citizen security

We chose these nine dimensions because citizens, social scientists, international institutions, politicians, and policy makers widely view them as very important. Our intention is not to be exhaustive, but rather to capture multiple important aspects of democratic governance. Because we wanted parsimony, it was important to select dimensions that were theoretically discrete. Of course, it is essential to focus on policy outcomes that are significantly affected by government and state policies and actions.

We focus on issues that citizens have identified as salient in public opinion surveys and those that have a profound impact on citizen well-being. This focus on citizen opinion and well-being is in order because more than their nondemocratic counterparts, democracies have obligations toward their citizens. According to democratic theory, the "*demos*"–the people–is the source of legitimacy for the regime (Sartori 1987). Stated in terms of principal/agent theory, the citizenry is the principal that elects public officials as its agents to carry out public responsibilities on its behalf.

The list of issues that one could include under the rubric of effective democratic governance is endless. We limit our attention to a few of the most important among them. We concentrate on policy outcomes more than policy processes. This decision enables us to exclude a wide array of issues and to concentrate on the ability of political systems to enhance citizen well-being and rights. Although processes are important in democratic life, citizen well-being is most affected by outcomes.

Following the distinction of Foweraker and Krznaric (2000), the first of these nine dimensions–how democratic the regime is–is *intrinsic* to the procedural ideals of liberal democracy. The second dimension, rule of law, is both intrinsic and partly extrinsic to democratic governance.

Some nondemocratic regimes have well-functioning institutions of the rule of law, and in this sense, both democratic and nondemocratic governments can observe the rule of law. In a democracy, however, ensuring respect for the rule of law entails two distinctive tasks without which a democratic regime is severely hampered. The legal order must uphold the rights of citizens and noncitizens, and it must ensure that power holders are subject to the law (O'Donnell 2004). The other seven dimensions are *extrinsic* to democracy as a political regime. They refer to outcomes of all governments, whether or not they are democratic.

Although these measures could be used for shorter time periods, we are interested in how countries have fared over an extended period. For most dimensions, we therefore constructed country-level measures for a fifteen-year period since the early 1990s. We look at the medium term because it takes an extended period of time for governments to address most pressing issues. In addition, for some dimensions of governance, especially economic growth, there is a lot of "noise" in short-term performance.

The fifteen-year period has three advantages. Most important, it is long enough that the "noise" of short term economic fluctuations caused by idiosyncratic factors is considerably reduced. Second, in several countries (Chile, Haiti, and Panama), new and more democratic political regimes came into existence around 1990. Given our concern with *democratic governance*, we wanted to begin the analysis at a time when most regimes in Latin America were competitively elected even if not fully democratic. Third, by the early 1990s, market-oriented economic reforms were taking hold in most of Latin America. We measure democratic governance in the aftermath of the emergence of the "Washington Consensus." Otherwise, initial differences in economic policy attributable to antecedent authoritarian regimes could explain differences in performance.

Because there are solid existing indicators that effectively measure performance for these nine dimensions, and because of the advantages of comparability across research projects that accrue from using the same indicators, we rely on a new combination of existing measures rather than building new ones. Where possible, our measures focus on political, economic, and social outcomes rather than perceptions of the quality of government policies or institutions.[1] This focus represents a departure from Kaufmann et al.'s (2003, 2005, 2006, 2007, 2008) governance indicators, which measure perceptions about government performance. Both approaches are useful, though for different purposes. As noted, the rationale for focusing on outcomes is that we are measuring success, not the perceived quality of policies. In addition, citizens care deeply about results and understand democracy partly in terms of substantive outcome (Camp 2001; Vargas Cullell 2004, 113–29).

## 4. Identifying critical dimensions
Citizen Views

Citizen viewpoints were one consideration in selecting the nine dimensions. Table 1.1 presents survey data on what citizens identify as the most pressing problems in contemporary Latin America.

---

[1]  Gerring et al. (2005) also focus partly on outcomes in their measure of good democratic governance.

The seven surveys in Table 1.1 register some change over time yet also show some consistency in citizen perceptions of their countries' most important problem. Unemployment, crime, poverty, economic problems, corruption, and inflation have consistently topped the list of citizen concerns. Corruption has become more salient over time as inflation has decreased in salience. Our nine dimensions cover all of these problems.

**Table 1.1. Citizens opinions about Their Countries' Most Important Problem**
(Percentage who indentified each issue as most important)

|  | 2003 Latinobarómetro (LB) | 2004 LAPOP | 2005 LB | 2006 LAPOP | 2006 LB | 2007 LB | 2008 LB |
|---|---|---|---|---|---|---|---|
| Unemployment | 29 | 28 | 30 | 19 | 24 | 18 | 15 |
| Economic problems |  | 18 |  | 12 |  | 11 |  |
| Low wages | 11 |  |  |  |  |  |  |
| Poverty | 10 | 17 |  | 11 |  |  |  |
| Corruption | 10 | 7 |  | 5 |  | 11 |  |
| Crime | 8 | 17 | 14 | 26 | 16 | 17 | 17 |
| Job instability | 5 |  |  |  |  |  |  |
| Inflation, high prices |  | 5 | 9 | 2 |  | 3 |  |
| Political Problems |  |  | 9 |  |  |  |  |

*Sources:* Corporación Latinobarómetro 2003: 48; Corporación Latinobarómetro 2005:70-71; Corporación Latinobarómetro 2006: 39-40; LAPOP 2004; LAPOP 2006; Corporación Latinobarómetro 2007: 20-22; Corporación Latinobarómetro 2008: 23.

Three of these nine dimensions do not appear high on the list of citizen concerns: the level of democracy, the rule of law, and education. Most citizens weight the level of democracy and rule of law less significantly than substantive outcomes, but they are crucial in an assessment of democratic governance. Education provides citizens with greater economic, social, and cultural opportunities, and high levels of education position societies well for today's global economy.

### 4.1. The level of democracy

A high level of democracy is an important dimension of successful democratic governance. Through their policies and practices, governments and states help produce the level of democraticness of the political regime. Government action impinges on the degree to which political regimes meet the four defining criteria of democracy. Governments and states obstruct or facilitate the holding of free and fair elections. They make it easier or harder for citizens to exercise their right to vote. They hinder or promote freedom of the

press, freedom of expression, freedom of assembly, and the preservation and development of civil and political rights and liberties. Finally, governments affect the degree to which they have control over the military and other nonelected potential veto players. Some governments vigorously pursue greater control over these actors; others willingly cede more power to them.

To measure the level of democracy, we use mean Freedom House scores from 1994 to 2008. So that a high score registers a high level of democracy and vice versa, we inverted the scores by subtracting the combined Freedom House score from 14. With this inverted scale, 12 is the maximum possible value, and 0 is the lowest possible value. Table 1.2 shows the scores for twenty Latin American countries for our first four dimensions. The second column reports mean Freedom House scores for 1994 to 2008. The level of democracy has varied considerably across countries. According to Freedom House, Uruguay (11.5), Costa Rica (11.3), and Chile (10.8) have had the highest levels of democracy, followed at some distance by Panama (10.3), Argentina (9.3), and the Dominican Republic (9.1). In recent years, Chile (since 2003), Costa Rica (since 2004), and Uruguay (since 2000) have consistently had the best possible scores for both civil liberties and political rights, indicating a high quality democracy. In contrast, Haiti (even when it has had a competitive regime), Guatemala, and several other countries have had serious deficiencies in democratic practice. And Cuba, of course, remains steadfastly authoritarian.

The Latin American countries cover almost the entire range of the inverted Freedom House scores (from 0 to 12). Although there is much room for improvement in the level of democracy in many countries in the region, the period since 1990 has been by far the most democratic in the history of Latin America.

Freedom House scores are one of three exceptions to our preference for objective measures; they are based on expert assessments. They provide a better measure of democracy than assessments that rely exclusively on conventional objective data such as electoral turnout, electoral results, and turnover in office. Democracy also requires protection of civil and political rights, as well as the control of democratically elected officials over the military.

38

**Table 1.2. Measures of Democratic Governance in Latin America**

| | Mean Freedom, House scores, 1994-2008[1] | Kaufmann et al. rule of law, 2007 | Our score for Kaufmann et al. Rule of law | Kaufmann et al. control of corruption, 2007 | Our score for Kaufmann et al. control of corruption | Annual per capita GDP growth, 1991-2006 | Mean annual change in consumer price index, 1992-2006 |
|---|---|---|---|---|---|---|---|
| Argentina | 9.3 | -0.52 | -0.63 | -0.45 | -0.63 | 2.3% | 7% |
| Bolivia | 8.7 | -0.96 | -1.63 | -0.49 | 0.06 | 1.3% | 6% |
| Brazil | 8.5 | -0.44 | -0.65 | -0.24 | -0.30 | 1.3% | 92% |
| Chile | 10.8 | 1.17 | -1.12 | 1.35 | 1.41 | 4.0% | 6% |
| Colombia | 6.6 | -0.57 | -0.47 | -0.28 | -0.04 | 1.3% | 14% |
| Costa Rica | 11.3 | 0.44 | 0.31 | 0.39 | 0.05 | 2.9% | 13% |
| Cuba | 0.1 | -0.79 | -0.59 | -0.21 | -0.23 | nd | nd |
| Dominican Rep. | 9.1 | -0.55 | -0.54 | -0.65 | -0.93 | 4.0% | 11% |
| Ecuador | 8.3 | -1.04 | -1.66 | -0.87 | -0.91 | 1.3% | 28% |
| El Salvador | 8.8 | -0.68 | -0.45 | -0.13 | 0.58 | 2.1% | 6% |
| Guatemala | 6.3 | -1.11 | -1.30 | -0.75 | -0.47 | 1.2% | 8% |
| Haiti | 3.2 | -1.42 | -1.41 | -1.28 | -1.52 | -3.0% | 20% |
| Honduras | 8.1 | -0.86 | -0.97 | -0.69 | -0.35 | 1.3% | 13% |
| Mexico | 8.5 | -0.58 | -0.65 | -0.35 | -0.31 | 1.5% | 12% |
| Nicaragua | 7.7 | -0.84 | -1.35 | -0.78 | -1.35 | 1.8% | 10% |
| Panama | 10.3 | -0.20 | -0.25 | -0.34 | -0.16 | 2.7% | 1% |
| Paraguay | 7.4 | -0.97 | -1.48 | -0.96 | -1.40 | -0.0% | 11% |
| Perú | 7.5 | -0.71 | -0.84 | -0.38 | -0.62 | 2.9% | 12% |
| Uruguay | 11.5 | 0.49 | 0.42 | 0.96 | 1.49 | 2.1% | 26% |
| Venezuela | 7.1 | -1.47 | -2.26 | -1.04 | -1.25 | 0.3% | 34% |

1Freedom House scores are inverted. The inverted score = 14 – (Political Liberties + Civil Liberties)
*Source:* Freedom House scores: www.freedomhouse.org
Kaufmann et al. (2008:91-93) rule of law
Kaufmann et al. (2008: 94-96) control of corruption
Annual per capita GDP growth: Calculated from data in the World Bank, *WDI World Development Indicators.* 2008: The World Bank Group.
Calculated in 2005 constant dollars in purchasing parity power.
Change in consumer price index: World Bank, 2008 *World Development Indicators*

## 4.2. Rule of Law

Effective democratic governance entails effective rule of law. Without effective rule of law, citizen rights cannot be ensured (O'Donnell 1999, 2005), and citizen rights are integral to democracy. Some aspects of the rule of law are especially important for poor citizens because otherwise they cannot exercise their legal rights. Effective rule of law also entails holding elected officials accountable for transgressions of the law. In a region where corruption has had corrosive effects on democracy, this is important. In addition, without effective rule of law, patrimonial practices more easily permeate the state bureaucracy, thwarting efforts at universalism and undermining meritocracy and efficiency. Finally, effective rule of law is important to counter authoritarian moves by elected presidents because it implies the exercise of constitutional review by an independent judiciary.

For this dimension, we use Kaufmann et al.'s (2003, 2005, 2006, 2007, 2008) indicator for rule of law. It is a sophisticated composite indicator that in 2007 was based on an aggregation of 75 survey and expert opinion questions taken from 26 organizations. We use this subjective measure because of the great difficulty in obtaining valid objective measures for a large number of countries. Their indicator is the best available measure that covers a wide range of countries. Kaufmann et al. (2008, 76–77) detail the sources and the specific survey questions for the rule of law dimension.

The score for a given country is equal to the number of standard deviations it is away from the mean score for all countries in a given year. A positive score indicates that a country in a given year ranked above the world mean; a negative score indicates a ranking worse than the world mean. Kaufmann et al. (2008) have calculated scores for eight years: 1996, 1998, 2000, 2002, 2003, 2004, 2005, 2006, and 2007.

For this indicator and our other five indicators in which radical change from one year to the next is all but impossible, we added the absolute level for the final year for which we have data (2007 in this case) and the change from the first year (1996 in this case) to the last.[2] It is essential to consider both how countries fare relative to one another, and how they fare relative to their own past. This method inherently advantages neither countries that start off with a high level, nor those that start off with a low level.[3] In principle, this com-

---

2    Perceptions about the efficacy of rule of law tend to be remarkably stable over time. For the twenty Latin American countries, the 2006 scores are correlated with the 2005 scores at 0.99 and with the 1996 scores at 0.93.

3    Some methods that examine only change would disadvantage countries that start off in a good position. For example, if we measured the percentage of change relative to the starting point, $(V_{t+15} - V_t)/V_t$, where $V_{t+15}$ is the value at year $t+15$ and $V_t$ is the value at year $t$, countries that started off with a high value on this variable would be at a disadvantage. $V_{t+15}$ can increase relative to $V_t$ more easily if $V_t$ is low. Using this method, an increase from 6 to 10 yields a better score (an increase of 66.7%) than an increase from 40 to 65 (an increase of 62.5%). Likewise, an increase from 29 to 30 produces a better score than a constant

bined approach weights both the initial starting point and the amount of change equally.[4]

One of the great deficiencies in democratic governance in most of Latin America has been establishing effective rule of law. The Kaufmann et al. indicator underscores this point. In 2007, seventeen of twenty Latin American countries on average scored below the world mean for rule of law. It also underscores the wide range in Latin America in terms of the rule of law. Scores ranged from an abysmal –1.42 for Haiti, one of the worst scores in the world, to 1.17 for Chile. There was a substantial gap between Chile, Uruguay (0.49), and Costa Rica (0.44), on the one hand, and the rest of the countries. Brinks's chapter in the book *Democratic Gorvenance in Latin America* (2009) provides empirical evidence to support the claim of a large gap between Uruguay, on the one hand, and Brazil and Argentina, on the other, even though Brazil and Argentina are roughly in the middle of the Kaufmann et al. scores for Latin America. Our scores for rule of law range from –2.26 (Venezuela) to 1.12 (Chile).

### 4.3. Control of corruption

Corruption has come to the fore in public opinion as one of the most important problems confronting democracy in contemporary Latin America (Seligson 2002, 2006; Weyland 1998). It appears high on the list of problems identified by citizens as the most pressing in their countries (see Table 1.1).

Public sector corruption is inimical to democracy. Goods, services, and policies that should benefit the public are instead appropriated for narrow private benefit. According to existing scholarship, public sector corruption has a corrosive effect on state effectiveness and economic performance generally (Krueger 1974; Mauro 1995) and on democratic legitimacy in Latin America (Seligson 2002, 2006). Della Porta (2000) argued that corruption worsens government performance and reduces confidence in government in Western Europe, and Pharr (2000) showed that corruption had a strong impact on confidence in government in Japan.

---

level of 60. Methods that examine only change relative to how much improvement is theoretically possible are flawed when a country that starts off at a high level slips slightly, while a country that starts off at a low level increases slightly. Assume that 100 is the maximum value for a dimension and that we calculated performance as (Vt+15 – Vt)/(100 - Vt). With this method, country A, which slips from 96 to 95 over fifteen years, would appear to perform worse (with a score of –.25) than country B, which improved from 40 to 41 (with a score of .025). With most issues, however, it would be very misleading to conclude that B was more successful than A.

4    Whether it does so in practice depends on the dispersion of the values for the initial level and the amount of change.

As is the case with our first two dimensions, for control of corruption, there are no valid cross-national objective data that cover most of our countries.[5] Given this data problem, we added Kaufmann et al.'s (2008) measure of control of corruption for 2007 to the change in this measure between 1996 and 2007. It is the best available indicator of corruption for the twenty countries analyzed here.[6]

Kaufmann et al.'s scores for control of corruption suggest the same two conclusions as their scores for rule of law: first, that Latin America as a region fares relatively poorly; second, that there are great differences across countries within Latin America, making any sweeping generalization problematic. Chile stood out as far more successful than any other Latin American countries, with a score of 1.35 standard deviations above the world mean in 2007. Uruguay (0.96) and Costa Rica (0.39) again scored above the world mean, while the remaining seventeen countries scored below the world mean. Haiti's score of –1.28 was among the worst in the world.

Our scores adding level and change in control of corruption range from –1.52 for Haiti to 1.49 for Uruguay.

## 4.4. Economic Growth

We include economic performance in this assessment of the success of democratic governance for two reasons. First, economists have established that governments and states affect economic growth. Good governance is a major factor in economic growth in the medium to long term (Glaeser et al. 2004; Hall and Jones 1999; Kaufmann et al. 2005).

Second, especially in a region with great poverty, citizens have material needs. Citizens expect governments to address their most pressing problems, and in contemporary Latin America, large numbers of citizens identify economic issues as the most salient problems confronting their countries (see Table 1.1). Many citizens indicate in public opinion surveys that they would be willing to sacrifice democracy if a nondemocratic regime would resolve the economic problems. In the 2004 Latinobarómetro survey, 55 percent of respondents stated that it would be acceptable to have a nondemocratic regime if it resolved their country's economic problems (Latinobarómetro 2004). In this context –a high salience of economic problems coupled with a citizen willingness to support nonde-

---

5   Olken (2006) and Seligson (2002, 2006) developed innovative approaches to measuring corruption. However, cross-national time series data that measure corruption in these ways are not yet available for all twenty Latin American countries.

6   Kaufmann et al. incorporated more sources of information and more countries than Transparency International. We prefer Kaufmann et al. for these reasons, among others.

mocratic regimes if they could solve such problems–democratic regimes can suffer if governments fail to stimulate economic growth and well-being.

To measure growth, we take the annual change in per capita GDP in constant 2005 dollars, measured in purchasing parity power, from 1991 to 2006 according to the World Bank's *World Development Indicators*. Column 7 of Table 1.2 shows the growth performance of Latin American countries for this period. Consistent with conventional wisdom, the median performance in Latin America in these years was mediocre, notwithstanding sustained growth in most of the region from 2003 to 2008. Only eight countries had an average increase in per capita GDP of at least 2 percent per year.

Consistent with our emphasis on the wide variance within Latin America, the dispersion in growth performance has been great. With an annual average per capita growth of 4.0% over these fifteen years, Chile and the Dominican Republic easily eclipsed the rest of Latin America. Per capita GDP increased by 80% in Chile and 79% in the Dominican Republic between 1991 and 2006. Costa Rica (2.9%), Peru (2.9%), Panama (2.7%), Argentina (2.3%), Uruguay (2.1%), and El Salvador (2.1%) experienced moderate growth. Growth performance in the remaining countries ranged from anemic to dreadful. Two countries (Paraguay and Haiti) suffered regressions in per capita income, very slight in Paraguay (–1% cumulatively) and steep (–36% cumulatively) in Haiti.

Although the common observation that region-wide growth performance in the 1990s was disappointing is true, it could obscure these large differences. Haiti's per capita GDP fell from $1848 in 1991 to $1 186 in 2006, a decline of 36%. The income gap between Chile and Haiti increased from 3.8:1 in 1991 to 10.6:1 in 2006. If in this fifteen-year period Chile's economy had declined as much as Haiti's and Haiti's had grown as much as Chile's, Haiti would have reached 74% of Chile's per capita GDP in 2006.

## 4.5. Inflation

Inflation is an important measure of success in democratic governance. As Fernando Henrique Cardoso emphasizes in his chapter in *Democratic Gorvenance in Latin America* (2009), high inflation strongly affects the well-being of citizens. In the 1980s and early 1990s, when many Latin American countries experienced three or four digit inflation rates, this problem had an extremely deleterious impact on citizens, particularly the poor, who usually bore the brunt of the impact because they could not protect their revenues as effectively as the wealthy. Moreover, as José De Gregorio argues in *Democratic Gorvenance in Latin America* (2009), inflationary crises affect other aspects of economic performance including growth.

We measure inflation with the mean annual change in consumer prices, 1992 to 2006, according to the *World Development Indicators.*[7] Because of persistent extremely high inflation during the early part (1992 to 1994) of this fifteen-year period, Brazil had an average annual inflation rate much higher than any other Latin American country (92%). The figure for Brazil will diminish substantially as the very high inflation years of 1992 to 1994 drop out of the revolving fifteen-year period. Venezuela (34%), Ecuador (28%), Uruguay (26%), and Haiti (20%) have had recurrent problems with inflation. Panama (1%), El Salvador (6%), Bolivia (6%), and Chile (6%) are on the low end.

Control of inflation has been one of the achievements of democratic governance in Latin America since the early 1990s. Inflation (measured by the consumer price index according to the *World Development*

*Indicators*) peaked at 3080% in Argentina in 1989, 11,750% in Bolivia in 1985, 2948% in Brazil in 1990, and 7482% in Peru in 1990. In contrast, in 2007, for the nineteen countries with competitive regimes in Latin America, the highest inflation rate was 14%.

## 4.6. Job Creation

Jobs are crucial for citizen well-being. For most people, insertion in the labor market is an indispensable means to generate the income they require to live decently. When large segments of the population lack decent jobs, widespread poverty, inequality, and looming social problems follow because people do not have enough money to buy food or services and because the state has no tax base to fund social services. Unfortunately, in Latin America, large segments of the citizenry do not have access to good quality jobs. Precarious and informal insertion in the labor market prevails[8], and only a minority have well-paid jobs with social security and labor rights (CEPAL 2005; Tokman 2001).

Government policies and institutions affect the behavior of economic agents in ways that influence employment. Economic policies, education policies and training of the labor force, and the enforcement of rights and social security all affect job creation. In

---

7   We calculated the geometric annual mean, that is, the cumulative increase over fifteen years, then the fifteenth root of this figure.

8   The concept and measurement of informal work is highly contested (Husmmanns 2004). We adopt the ILO's definition: Informal work "includes all remunerative work (i.e. both self-employment and wage employment), that is not registered, regulated or protected by existing legal or regulatory frameworks, as well as non-remunerative work undertaken in an income-producing enterprise. Informal workers do not have secure employment contracts, workers' benefits, social protection or workers' representation" (ILO 2005).

Latin America, in recent decades, job creation has varied independently of economic growth in many cases; hence, we include it as a separate dimension.

Not all jobs promote citizen well-being, though. We are interested in what the International Labour Organization terms decent work, or "productive work in which rights are protected, which generates an adequate income, with adequate social protection" (ILO 2005).

As a proxy for decent work in Latin America we use the share of the active labor force (employed or unemployed individuals who are seeking jobs) that is employed in the formal sector. The rationale for using this proxy in the absence of a direct measure of decent work is that overall, formal sector workers enjoy better working conditions than their informal counterparts. We multiplied the percentage of the active labor force that was employed times by the percentage among the employed who were in the formal sector. Merely using the unemployment rate for Latin America would be inadequate because it disguises underemployment and informal work, both of which are central features of labor markets in the region (Tokman 2001).

Most Latin American countries have not generated sufficient formal sector jobs since the early 1980s. In thirteen of the seventeen Latin American countries for which there are data, formal sector employment comprises less than half of the labor market that is employed or seeking employment (column 5 of Table 1.3). The region's poor countries have a low percentage of the labor force employed in the formal sector: Bolivia (29.9%), Colombia (35.5%) although it is not among the poor countries, Paraguay (35.8%), Ecuador (37.7%), Nicaragua (38.3%). At the high end are Chile (62.7%), Costa Rica (56.0%), Panama (54.8%), and Mexico (54.7%). Most countries experienced a deterioration of formal sector employment between 1990 and 2005 (column 6).

Our gauge of performance adds the absolute level of formal work (as a percentage of the active labor force) and its change over time (also as a percentage) by adding columns 5 and 6. It is essential to consider the level of formal sector employment. A government that registers a modest improvement in job generation, from the worst in the world to only marginally better, does not deserve an average ranking just because of the improvement. It is equally essential to take into consideration whether the situation is improving. We reproduce this mixed method (level + change over time) for the remaining three dimensions of democratic governance. Theoretically, the scores can range from –100 (an initial level of formal sector employment of 100% that declines to 0%) to 200 (an initial percentage of formal sector employment of 0% that increases to 100%). Table 1.3 shows the results.

**Table 1.3. Generation of Formal Sector Jobs, 1990 - 2005**

| | Beginning and end year for employment rate | Beginning and end year for % employed in formal sector | Employment rate X % employed in formal sector circa 1990 | Employment rate X % employed in formal sector circa 2005 | Percent change circa 1990 to circa 2005 | Column 5 + Column 6 |
|---|---|---|---|---|---|---|
| Argentina | 1990-2005 | 1996-2005 | 46.6 | 49.9 | 3.3 | 53.2 |
| Bolivia | 1990-2003 | 1996-2002 | 37.0 | 29.9 | -7.1 | 22.8 |
| Brazil | 1990-2005 | 1990-2005 | 55.7 | 45.9 | -9.8 | 36.1 |
| Chile | 1990-2005 | 1990-2003 | 56.8 | 62.7 | 5.9 | 68.6 |
| Colombia | 1990-2005 | 2000-2005 | 39.8 | 35.5 | -4.3 | 31.2 |
| Costa Rica | 1990-2005 | 1990-2005 | 62.9 | 56.0 | -6.1 | 49.9 |
| Dominican Rep. | 1995-2005 | 2000-2004 | 45.5 | 41.9 | -3.6 | 38.3 |
| Ecuador | 1990-2005 | 1990-2005 | 41.9 | 37.7 | -4.2 | 33.5 |
| El Salvador | 1990-2005 | 1990-2005 | 41.1 | 40.8 | -0.3 | 40.5 |
| Honduras | 1990-2005 | 1990-2001 | 43.5 | 46.9 | 3.4 | 50.3 |
| Mexico | 1990-2005 | 1990-2005 | 59.5 | 54.7 | -4.8 | 49.9 |
| Nicaragua | 1990-2005 | 1993-2005 | 43.7 | 38.3 | -5.4 | 32.9 |
| Panama | 1990-2005 | 1991-2005 | 55.4 | 54.8 | -0.6 | 54.2 |
| Paraguay | 1990-2005 | 1995-2005 | 39.1 | 35.8 | -3.3 | 32.5 |
| Perú | 1990-2005 | 1990-2005 | 36.5 | 40.8 | 4.3 | 45.1 |
| Uruguay | 1990-2005 | 1997-2005 | 55.1 | 48.6 | -6.9 | 41.7 |
| Venezuela | 1990-2005 | 1995-2005 | 46.5 | 43.9 | -2.6 | 41.3 |

*Source:* International Labour Organization, *Panorama Laboral 2006: América Latina y el Caribe,* Tables 1-A and 6-A.

By an ample margin, Chile had the best performance in job generation for the 1990 to 2005 period. In 1990, Costa Rica had the highest percentage (62.9%) of jobs in the formal sector, followed by Mexico (59.5%), Chile (56.8%), Brazil (55.7%), Panama (55.4%), and Uruguay (55.1%), with all other countries in the region considerably lower. By 2005, Chile had the highest percentage of jobs in the formal sector, and it also showed the largest increase between 1990 and 2005. Bolivia anchors the very low end of the spectrum, with the lowest percentage of workers in the formal sector (29.9% in 2002) and a significant decrease between 1990 and 2002.

### 4.7. Poverty

Our seventh criterion of success is reduction of poverty over time. In a region characterized by widespread poverty, the ability to reduce poverty over time is crucial. If a democratic regime does not reduce poverty, it fails on an important social dimension that has a huge direct impact on human well-being (see Huber and Stephens, Chapter 5 in *Democratic Gorvenance in Latin America,* 2009). Moreover, as De Gregorio argues in *Democratic Gorvenance in Latin America* (2009), poverty and/or high inequalities can adversely affect economic growth (see also Birdsall and de la Torre 2001, 9–12; Engerman and Sokoloff 1997).

We use CEPAL (2005, 2006, 2007, 2008) data for poverty rates in the region. These are the best available data that cover the region for an extended time span. Unfortunately, data are not exactly comparable for all countries; the poverty line is not the same across countries. Nevertheless, the data are consistent in ordinal terms with World Bank data that uses $1 or $2 per capita per household as the indicator of extreme poverty and poverty, respectively.[9]

The four countries that Huber and Stephens (in this volume) identify as having the most successful social policies have much lower rates of poverty than the others (column 3 of Table 1.4). According to recent estimates, Chile has a poverty rate of 13.7% of the population; Uruguay, 18.1%; Costa Rica, 18.6%; and Argentina, 21.0%. Once again, variance across Latin America is considerable. The traditional bastions of poverty are Honduras (68.9%), Nicaragua (61.9%), Paraguay (60.5%), Guatemala (54.8%), and Bolivia (54.0%), all of which are substantially higher than the next countries.

We base our measure for poverty on a combination of the level of poverty circa 2007 and change between circa 1991 and circa 2007. Column 4 of Table 1.4 provides the data. A low score represents a good performance with poverty and vice versa. Scores theoretically range from –100 (best) to 200 (worst).

During this period, several countries achieved sharp reductions in the rate of poverty mostly in the years since 2002. Chile's success in attacking poverty has been steady and dramatic: a decline from 38.6% of the population in 1990 to 13.7% in 2006. Based on urban data, Ecuador is a surprising success story in poverty reduction, with a decline from 62.1% of the population in 1990 to 38.8% in 2007. Panama, Brazil, Mexico, and Peru also experienced sharp reductions in poverty. In contrast, two countries showed a slight deterioration in the rate of poverty during these approximately fifteen years: Argentina (16.1% to 21.0%), and Uruguay (17.9% to 18.1%).

By virtue of having a moderate level of poverty in 2005 and of its great success in reducing poverty between 1990 and 2006, Chile has by far the best score (–11.2) for this dimension of democratic governance, followed at a considerable distance by Panama (9.3), Costa Rica (10.9), Brazil (12.0), Ecuador (15.5) (whose low score is in part an artifact of using urban data only), Mexico (15.7), and Uruguay (18.3). While Chile succeeded in greatly reducing poverty, the Dominican Republic, with the same increase in per capita GDP from 1991 to 2006, barely reduced poverty. At the poorly performing end of the spectrum is a cluster of countries with high poverty levels and modest success in reducing poverty over the fifteen-year period: Paraguay (60.4), Honduras (57.0), Nicaragua (50.2), Bolivia (45.0), El Salvador (40.8), and Guatemala (40.2).

46

---

9   For debates about the virtues and shortcomings of different measures of poverty, see Székely et al. (2000) and Gruben and McLeod (2003).

## 4.8. Education

In reasonably open economies as is now the case throughout Latin America, education is a crucial asset in enabling individual achievement (Birdsall 1999; Birdsall and Székely 2003; CEPAL 1998, 65–83). At the macro level, higher levels of education usually help reduce poverty and income inequalities. Education is a crucial asset for societies in this era of globalization and the growth of "the knowledge economy" (Wolff and Castro 2003). For this reason, high levels of education also foster economic growth (Birdsall 1999; Glaeser et al. 2004). Innovation and scientific advances depend crucially on the skills of the population, as Alejandro Foxley argues in his chapter in *Democratic Gorvenance in Latin America* (2009). These are among the reasons education is one of our nine dimensions for evaluating the success of democratic governance.

We measure success in education by adding the absolute level and the improvement in the percentage of fifteen-to nineteen-year-olds who are in school or who have graduated. Ideally, measures of quality would supplement this measure of access to education, but we could not obtain valid time series measures of quality for enough countries. The available data indicate problems of quality of education throughout Latin America.

Table 1.5 reports the data on access to secondary education. Columns 2 and 3 give the raw data on the percentage of fifteen- to nineteen-year olds who were enrolled or had graduated for circa 1990 and circa 2005.[10] Chile (88%), the Dominican Republic (surprisingly high at 83%), and Argentina (82%) led the region in the share of fifteen- to nineteen-year-olds who are enrolled in school or finished high school. The modest rates for Uruguay (70%) and Costa Rica (69%) are surprising in light of the fact that these two countries consistently score toward the top of the region on most other social indicators. The countries that fare worst, Guatemala (42%), Honduras (48%), and Nicaragua (53%) score poorly on most social indicators.

Several countries achieved major improvements in access to secondary education between 1990 and 2005. Brazil led the way with an increase of 23%, which reduced by 50% (from 46% to 23%) the percentage of fifteen-to-nineteen-year-olds who are neither high school graduates nor enrolled. Costa Rica (with an increase of 22%), Argentina and Venezuela (18%), Chile and Colombia (15%), and Bolivia and Honduras (14%) also experienced double digit increases in the percentage of fifteen- to nineteen-year-olds who are graduates or enrolled. Only one country, Nicaragua, experienced a decline (from 56% to 53%). Far more Latin Americans are gaining access to secondary education today than in the past.

---

10   We used CEPAL's data rather than the World Bank's EdStats data on net secondary enrollment because of doubts about the validity of the latter. For example, the World Bank shows Costa Rica as having the third lowest net secondary enrollment in Latin America in 2005 at 41%, a figure far below that for Bolivia (73%), to take just one example..

**Table 1.4. Change in Percentage of Population below the Poverty Line, 1991- 2007**

| | Percentage below the poverty line circa 1991 | Percentage below the poverty line circa 2007 | Percentage poverty circa 2007 + change (2007-1991) |
|---|---|---|---|
| Argentina | 16.1 (1994) | 21.0 (2006) | 25.9 |
| Bolivia[1] | 63.0 (1989) | 54.0 (2007) | 45.0 |
| Brazil | 48.0 (1990) | 30.0 (2007) | 12.0 |
| Chile | 38.6 (1990) | 13.7 (2006) | -11.2 |
| Colombia | 56.1 (1991) | 46.8 (2005) | 37.5 |
| Costa Rica | 26.3 (1990) | 18.6 (2007) | 10.9 |
| Cuba | nd | nd | |
| Dominican Rep. | 46.9 (2000) | 44.5 (2007) | 15.5 |
| Ecuador | 62.1 (1990) | 38.8 (2007) | 40.8 |
| El Salvador | 54.2 (1995) | 47.5 (2004) | 40.2 |
| Guatemala | 69.4 (1989) | 54.8 (2006) | |
| Haiti | nd | nd | |
| Honduras | 80.8 (1990) | 68.9 (2007) | 57.0 |
| Mexico | 47.7 (1989) | 31.7 (2006) | 15.7 |
| Nicaragua | 73.6 (1993) | 61.9 (2005) | 50.2 |
| Panama[2] | 48.7 (1991) | 29.0 (2007) | 9.3 |
| Paraguay | 60.6 (1999) | 60.5 (2007) | 60.4 |
| Perú | 54.1 (2001) | 39.3 (2007) | 24.5 |
| Uruguay | 17.9 (1990) | 18.1 (2007) | 18.3 |
| Venezuela | 39.8 (1990) | 28.1 (2007) | 17.2 |

*Source:* CEPAL, *Panorama Social de América Latina 2005* (2005): 317-18; ECLAC, *Social Panorama of Latin America 2006* (Preliminary Version); ECLAC, *Social Panorama of Latin America 2007* (Preliminary Version): 11; ECLAC, *Social Panorama of Latin America 2008,* Briefing Paper: 11.

Data for Argentina, Ecuador, and Uruguay are for the urban areas.

1    Bolivia 1989 is our estimate for the country as a whole based on CEPAL's figure of a 52.6% poverty rate for urban areas in 1989 and on a poverty rate that was on average 10.4% higher in the country as a whole than in urban areas only in 1997, 1999, and 2000 (the three years for which CEPAL has estimates for both the country as a whole and for urban areas only). We added 52.6% + 10.4% to produce the estimate of 63.0% for 1989. The estimation procedure for 1989 enabled us to develop a longer time series.

2    Panama 1991 is our estimate for the country as a whole based on CEPAL's figure of a 39.9% poverty rate for urban areas in 1991 and on a poverty rate that was on average 8.8% higher in the country as a whole than in urban areas only for 2002, 2005, and 2006. These are the three years for which CEPAL has estimates for both the country as a whole and for urban areas only. We added 39.9% + 8.8% to produce the estimate of 48.7% for 1991. The estimation procedure for 1991 enabled us to develop a longer time series.

We scored education by combining the percentage of those enrolled or graduated circa 2005 with the improvement between circa 1990 and circa 2005. Once again, the variance across Latin American countries is great. Chile (103), Brazil (100), Argentina (100), Venezuela (96), Costa Rica (91), the Dominican Republic (89), and Colombia (88) are at the high end of the spectrum. With the lowest rate of access to secondary education in the region (excepting presumably Haiti, for which there is no data) and a record of almost no change between 1990 and 2005, Guatemala anchors the low end (43).

## 4.9. Citizen Security

In Thomas Hobbes's classic work, *Leviathan*, the state's primary function is to protect citizens. In Hobbes's view, without the state's capacity to impose law and order, ruthlessness and violence would prevail. This view of the state's most primordial function has much to say for it. Citizens need a state that will protect them from violence.

**Table 1.5. Improvement in Access to Secondary Education in Latin America, 1990-2005**

|  | Percentage enrolled Or graduated, 15-to 19-year-olds, circa 1990 | Percentage enrolled or graduated, 15-to 19-year-olds, circa 2005 | Score for percentage enrolled or graduated, 15-to 19-year-olds |
|---|---|---|---|
| Argentina | 64 | 82 | 100 |
| Bolivia | 49 | 63 | 77 |
| Brazil | 54 | 77 | 100 |
| Chile | 73 | 88 | 103 |
| Colombia | 58 | 73 | 88 |
| Costa Rica | 47 | 69 | 91 |
| Cuba | — | — | — |
| Dominican Rep. | 77 | 83 | 89 |
| Ecuador | — | 68 | 69 |
| El Salvador | 55 | 61 | 67 |
| Guatemala | 41 | 42 | 43 |
| Haiti | — | — | — |
| Honduras | 34 | 48 | 62 |
| Mexico | 55 | 61 | 67 |
| Nicaragua | 56 | 53 | 50 |
| Panama | 65 | 73 | 81 |
| Paraguay | — | 67 | 76 |
| Peru | 60 | 78 | 76 |
| Uruguay | 63 | 70 | 77 |
| Venezuela | 60 | 78 | 96 |

*Sources:* CEPAL, *Panorama Social de América Latina 2007*, Cuadros 36 and 37 (online); CEPAL, *Panorama Social de América Latina 2006*, Cuadros 36 and 37:398–401; CEPAL, *Panorama Social de América Latina 2005*, Cuadros 36 and 39:406–407, 412–413. The data for Argentina and Uruguay are urban only. The national data for Ecuador and Paraguay are available for 2005/06 but not for the early 1990s. The urban data for
Ecuador shows an increase of 1% over this time (76% in 1990 and 77% in 2006), so we assumed the same 1% increase for the national data. The urban only data for Paraguay show an increase of 12%, from 66% in 1994 to 78% in 2006. We assumed the same increase of 12% for the country as a whole. This might be a conservative estimate of the national increase for Paraguay but we had no grounds for any other means of calculating change over time. The original sources give the precise years for the data.

Unfortunately, in much of Latin America, the state has failed at this basic function, with pernicious consequences for citizens and for democracy. Violence escalated in recent decades as the ranks of the urban young and unemployed swelled and as drug trafficking and organized crime took hold in most large Latin American cities. Citizens view crime as one of the most important problems in contemporary Latin America (refer back to Table 1.1). In seven

of the eight countries in the 2004 LAPOP surveys, crime victimization lowered mass support for democracy (Seligson 2004), so there is a direct connection between high crime and diminished support for democracy. The 2006 LAPOP confirmed this connection.

To assess government performance in citizen security, we primarily used the Pan American Health Organization's data on homicides.[11] Data on other kinds of crime are less comparable across national borders and are more difficult to obtain, especially for a time series. Moreover, high homicide rates affect the quality of life more than other forms of crime. Homicide rates measure one of the most important elements of citizen security, and it is likely that homicide rates are correlated with other forms of crime.

Columns 2 and 3 of Table 1.6 show the homicide rate in the 1990s and this decade. Homicide rates vary widely across Latin America. According to relatively recent data, Peru, Uruguay, Argentina, Chile, Cuba, and Costa Rica had between 4.5 and 8.0 homicides per 100,000 people. (The data on Peru, however, seem quite underreported.) With one of the highest homicide rates in the world, 61.3 homicides per 100,000 people, El Salvador was eight to fourteen times above the level of these other countries. Colombia (52.5 per 100,000), Honduras (46.0), and Guatemala (45.2) were about ten times higher than the countries with lowest homicide rates. For purposes of comparison, the United States has a homicide rate of about 6 per 100,000 inhabitants per year.

High homicide rates have pernicious effects on the quality of every-day life, and they reflect differences in the state's ability to protect citizens from other citizens (and in today's world, from organized gangs). These differences in homicide rates antedate the democratic and semi-democratic regimes, but in the countries with very high crime and homicide rates, these problems have gotten worse since the transitions to competitive regimes.

We measure state performance in protecting citizens from homicide by adding the most recent level and change over time. El Salvador (72.4), Guatemala (68.8), Honduras (58.2), and Venezuela (52.5) have the worst scores. Although Colombia maintained the second highest homicide rate, a steep decline in relation to the 1990s gave it a better score than El Salvador, Guatemala, Honduras, and Venezuela. Peru (where the data are of dubi-

---

11   The data on homicides have some inconsistencies and shortcomings. In some countries, the data underreport homicides. The Pan American Health Organization (PAHO 2006, 6) stated that the data are particularly unreliable for Guatemala and Honduras. The PAHO (2006, 7) reports that in the 1980s, homicides were 11% of all deaths in Guatemala, compared to 0.03% in England; that is, homicides as a share of all deaths were more than 360 greater in Guatemala than in England. The homicide data for Peru also seem to be considerably understated. In 2006, Peru was the country (among those in the 2006 LAPOP survey) with the highest rate of crime victimization in Latin America, and Peruvians exhibited the highest rate of personal insecurity in the region (Carrión, Zárate, and Seligson 2006). For Argentina, according to a report of the Ministry of Justice, the actual rate of homicides exceeded the reported rate by 80% in 1997 (8.8 per 100,000 population rather than 4.9). For most countries the cross-national patterns in the data are consistent across sources and over time.

ous validity), Uruguay, Argentina, Mexico (another case of dubious validity), Cuba, Chile, and Costa Rica cluster closely at the low end.

**Table 1.6. Homicicles Per 100,000 people in Nineteen Latin American Countries**

|  | 1990s | 2000s | Change in homicicle rate (Column 3 – Column 2) | Score (Column 3 + Column 4) |
|---|---|---|---|---|
| Argentina | 4.9 (1995) | 5.0 (2006) | 0.1 | 5.1 |
| Brazil | 26.6 (1995) | 29.2 (2005) | 2.6 | 31.8 |
| Chile | 2.9 (1991) | 5.8 (2005) | 2.9 | 8.7 |
| Colombia | 79.3 (1991) | 52.5 (2005) | −26.8 | 25.7 |
| Costa Rica | 5.4 (1995) | 8.0 (2006) | 2.6 | 10.6 |
| Cuba | 6.1 (1995) | 6.5 (2004) | 0.4 | 6.9 |
| Dominican Republic | 12.4 (1991) | 10.7 (2004) | −1.7 | 9.0 |
| Ecuador | 10.8 (1991) | 18.4 (2005) | 7.6 | 26.0 |
| El Salvador | 51.2 (1995) | 61.3 (2005) | 10.1 | 72.4 |
| Guatemala | 21.6 (1995) | 45.2 (2005) | 23.6 | 68.8 |
| Haiti | — | 18.6 (2002) | — | 18.6 |
| Honduras | 33.8 (1999) | 46.0 (2005) | 12.2 | 58.2 |
| Mexico | 16.7 (1991) | 11.3 (2003) | −5-4 | 5.9 |
| Nicaragua | 11.3 (1995) | 17.5 (2005) | 6.2 | 23.7 |
| Panama | 11.1 (1995) | 12.4 (2004) | 1.3 | 13.7 |
| Paraguay | 15.6 (1995) | 20.3 (2004) | 4.7 | 25.0 |
| Peru | 6.2 (1995) | 4.5 (2002) | −1.7 | 2.8 |
| Uruguay | 4.8 (1995) | 4.6 (2004) | −0.2 | 4.4 |
| Venezuela | 12.5 (1991) | 32.5 (2004) | 20.0 | 52.5 |

*Note:* For Haiti, 2002 is the only year reported. For Honduras, 1999 is the only year reported.
*Sources:* For recent data for most countries: Pan American Health Organization (PAHO), Health Analysis and Information Systems Area. Regional
Core Health Data Initiative, Technical Health Information Systems, Washington, DC, 2005; PAHO, Health Analysis and Statistics Unit, Regional Core Health Data Initiative, Technical Health Information Systems, Washington, DC, 2007. Available at www.paho.org. For 1991 for several countries: Pan American Health Organization, "Statistics on Homicides, Suicides, Accidents, Injuries, and Attitudes towards Violence," online at www.paho.org/English/AD/DPC/NC/violence~graphs. For the Dominican Republic in 1991, Mayra Brea de Cabral and Edylberto Cabral, "La violencia y los factores socioeconómicos de riesgo en la República Dominicana." At www.psicologiacientifica.com/bv/psicologia-150-1-la-violencia-y-los-factores-socioeconomicos-de-riesgo-en-la-.html.
For Honduras 1999, www.paho.org/Spanish/DD/PUB/Causas_externas.pdf. For Guatemala and Honduras 2005, Freedom House, Freedom in the World 2007.

## 5. Correlations among relations

To provide a first indication of how performance is related across these nine dimensions, Table 1.7 shows the Pearson bivariate correlations among the dimensions. To facilitate ease of interpretation, we reversed the coefficients for inflation, poverty, and homicides so that in all cases a positive coefficient in Table 1.7 means that a good performance on one dimension is correlated positively with a good dimension on the other.

The table indicates that good results have tended to bundle together in contemporary Latin America. Except for inflation, good performance in one dimension has been related

to good performance in others. Virtuous cycles have prevailed in some countries and vicious ones have prevailed in others.

Eight of the nine dimensions have some statistically significant correlations with other dimensions; the only exception is inflation. Of the 36 cells in Table 1.7, 19 are statistically significant with a p value of .10 or less (thirteen have a p value of .05 or less). With all 19 of the statistically significant correlations, good scores on one dimension are correlated with good scores on the other. Excluding inflation, 19 of the 28 correlations are statistically significant at p < .10. Of the 36 correlations in the table, 34 have a positive coefficient. The two exceptions (inflation with poverty and access to secondary education) have very low coefficients and are nowhere close to being statistically significant.

Many of the significant correlations in Table 1.7 mesh with theoretical and comparative expectations based on prior work. Level of democracy, rule of law, and control of corruption are highly correlated. Although positive correlations between the level of democracy and rule of law seem intuitively sensible, this finding is still somewhat notable because the level of democracy is measured as a mean score for fifteen years while rule of law is measured as the 2007 level added to change from 1996 to 2007. The common methodology and common sources for rule of law and control of corruption help explain the high (.80) correlation.

The correlation (.56) between per capita growth and generation of formal sector jobs is consistent with expectations, as is the correlation (.44) between growth and poverty (higher growth is associated with a better score for poverty). These results, however, are still notable because per capita growth measures change while the variables for generation of jobs and poverty measure a combination of the level and change. This asymmetry in measurement is likely to lower the correlations, making the strength of the correlations notable.

**Table 1.7. Correlations among Indicators of Democratic Governance in Latin America**

|  | Freedom House | Rule of law | Control of corruption | Growth | Inflation (natural log) | Generations of jobs | Poverty | Enrollment + graduates | Homicide rate |
|---|---|---|---|---|---|---|---|---|---|
| Freedom House | 1.00 | .46** | .47** | .80*** | .25 | .54** | .56** | .42* | .11 |
| Rule of Law |  | 1.00 | .80*** | .63*** | .25 | .65*** | .53** | .37 | .43* |
| Control of Corruption |  |  | 1.00 | .53** | .18 | .41 | .47* | .22 | .10 |
| Growth |  |  |  | 1.00 | .35 | .56** | .44* | .31 | .29 |
| Inflation (log) |  |  |  |  | 1.00 | .34 | −0.6 | −.18 | .08 |
| Generation of jobs |  |  |  |  |  | 1.00 | .61** | .34 | .27 |
| Poverty |  |  |  |  |  |  | 1.00 | .56** | .43* |
| Enrollment + Graduates |  |  |  |  |  |  |  | 1.00 | .44* |
| Homicide rates |  |  |  |  |  |  |  |  | 1.00 |

*Correlation is significant at .10 (2-tailed).
** Correlation is significant at .05 (2-tailed).
***Correlation is significant at .01 (2-tailed).
*Note:* Due to missing information for some of the variables, the number of cases in the cells is not always the same. The same correlation has different p values depending on the number of cases.

More striking are the high correlations between level of democracy, rule of law, and control of corruption on one hand, and economic growth, generation of formal sector jobs, and poverty, on the other. Freedom House scores are correlated at .80 with per capita GDP growth. In the post-1990 period, Latin American countries that have been more democratic have had better performances in economic growth, generating formal sector jobs, and curbing poverty. Based on prominent work in comparative politics (e.g., Przeworski et al. 2000), there is no reason to expect that countries with a higher level of democracy would also perform better in economic growth. This result would not hold up for some other regions or for Latin America in other times.

Somewhat surprisingly, the log of inflation is not correlated with any of the other measures; the same result obtains with the raw (i.e., not logged) numbers for inflation. This reflects (among other things) the fact that several countries with low inflation have otherwise not been success cases. For example, Bolivia, El Salvador, and Guatemala are among the six countries with average annual inflation rates in the single digits for 1992 to 2006.

### 6. Commensurability across dimenssions

Each of these nine dimensions uses different units and has a different scale. The level of democracy is measured in inverted Freedom House scores; economic growth is measured in annual change in per capita GDP growth; and so forth. To create commensurability among measures, we rescaled all dimensions into a scale that runs from 0 (the worst performance in the world) to 100 (the best performance in the world). Except for inflation, all other scores are transformed in linear fashion. For example, the worst (0) and best (12) Freedom House scores are transformed into 0 and 100, respectively, on our index. All other Freedom House scores are transformed in linear fashion.

Table 1.8 indicates the best and worst performances in the world on these nine dimensions. Using the range of performances in the world ensures that we do not artificially truncate scales by limiting the comparisons to Latin American experience. At the same time, it ensures that we establish standards of excellence and failure that are actually attained.

To determine a given country's indexed score on a given dimension, we took its score, subtracted the score of the worst performing country, divided by the range of scores (best score minus worst score) for that dimension, and multiplied by 100. For example, to determine Costa Rica's indexed Freedom House score, we took its inverted mean score (11.3), subtracted the score of the worst performing country on that dimension (0), divided by the range of scores (best score minus worst score) and multiplied by 100, producing an indexed score of 94.25.

For per capita GDP growth, we used the country with the second best performance in the world, China (9.3% per capita per year), rather than Equatorial Guinea, which was an extreme outlier with an 18.4% per capita per year growth rate. The rapid growth in Equatorial Guinea resulted from the discovery and rapid exploitation of petroleum wealth in a small country (the population is about 504,000). Including Equatorial Guinea makes very large differences in growth performance seem small. On the other eight dimensions, no country was such an extreme outlier.

For inflation, we constructed the index with the natural logarithm of the annual increase in consumer prices because the expected impact of increases in prices on citizens and economic agents is nonlinear. An increase in the inflation rate of 0 to 25% usually has a far greater impact than in increase from 400 to 425%. For inflation rates lower than 1%, we used a logged value of 0.

Among the 177 countries for which we have data for inflation for 1992 to 2006, the Democratic Republic of Congo had the highest average increase in consumer prices at 401.1% per year.[12] Among countries that had data for at least twelve years, Japan was lowest at 0.2% per year. With the logged transformations of the original inflation values, a score of 1.5013[13] (equivalent to an annual inflation of 20%) produces the median indexed score of 50.

Systematic time series data for the world on employment and informal employment are difficult to find. For this reason, we base the best and worst case performances on level only, without also including data about change over time. We surveyed the available ILO information (2002, 2004, 2006) to set benchmarks for the worst and best cases. The best record in formal employment was Canada, where about 92% of the labor force was in the formal sector. Canada's unemployment level was around 7%. Multiplying the percentage employed by the percentage of those employed who have formal jobs (.92 ◊ .93) produces a score of 85.6% on our measure. Based on crossectional ILO data, no country scored worse than Bolivia, so we used its score as the worst in the world.

For poverty, we could not find reliable data for a large sample of countries in the world, so we indexed the scores with our Latin American sample.

For education, we used ECLAC data in Table 1.5, because it seemed more valid than the World Bank's EdStats data. For the world's low score, we used the World Bank's EdStats using the same mixed method as in Table 1.5 (combining current level of net secondary enrollment plus change from circa 1990 to circa 2005). With this mixed method,

---

12  This is based on fourteen years, 1992–2005, because of a lack of availability of data for 2006.
13  This is the mean of the logged values for the average inflation rate in the Democratic Republic of Congo (6.00) and Japan (0).

Mozambique had the lowest score in the world for net secondary enrollment (7), and Brazil had the highest score. To be consistent with Table 1.5, we counted Chile's score of 103, which was the highest according to ECLAC data, as the highest in the world. Most Latin American countries had scores above 50, reflecting large gains in access to secondary education in the 1990s and 2000s.

**Table 1.8. Best and Worst Performances in the World on Nine Dimensions of Democratic Governance**

|  | Best in the world | Score | Worst in the world | Score |
|---|---|---|---|---|
| Freedom House scores | Many countries | 12.0 | Many countries | 0.0 |
| Rule of Law | Buthan | 2.32 | Somalia | −3.18 |
| Control of Corruption | Iceland | 3.38 | North Korea | −3.05 |
| GDP per capita growth | Equatorial Guinea | 18.4% | Democratic Republic of Congo | −4.6% |
| Inflation | Japan | 0.2% | Democratic Republic of Congo | 401.1% |
| Generation of jobs | Canada | 85.6 | Bolivia | 22.8 |
| Poverty | Chile | −11.2 | Paraguay | 60.4 |
| Net secondary enrollment | Chile | 103 | Mozambique | 7 |
| Homicides | Israel | 0.5 / 100,000 | El Salvador | 72.4 / 100,000 |

*Sources:*
*Freedom House scores:* www.freedomhouse.org.
*Rule of law:* Kaufmann et al. (2007:88–90).
*Control of corruption:* Kaufmann et al. (2007:91–93).
*GDP per capita growth (annual):* Calculated from the World Bank, *WDI World Development Indicators.* Calculated in 2005 constant dollars in
purchasing parity power. Equatorial Guinea had the highest per capita annual growth but was an extraordinary outlier.
*Inflation* (annual percentage change in consumer price index): World Bank, *World Development Indicators.*
*Generation of jobs:* International Labour Organization, *Panorama Laboral de América Latina.*
*Poverty:* Best and worst are based on Latin American data only. From: CEPAL, *Panorama Social de América Latina 2005* (2005):317–18; ECLAC,
*Social Panorama of Latin America 2006* (Preliminary Version).
*Net secondary enrollment:* World Bank, EdStats, at http://devdata.worldbank.org/edstats/indicators.html.
*Homicides:* World Health Organization, *World Report on Violence and Health* (2002).

For homicides per 100,000 inhabitants, to establish the best and worst performances, we used the *World Report on Violence and Health*, published in 2002 by the World Health Organization. We did not attempt to construct a time series for the best and worst in the world because of large gaps in data. According to the *World Report on Violence and Health*, Colombia had the highest homicide rate in the world (61.6 homicides per 100,000 inhabitants); Israel had the lowest (0.5). However, because Colombia registered a substantial reduction in homicide in our time series, the Latin American country with the worst score in Table 1.6 above is El Salvador (72.4). Accordingly, we use its score as the worst in the world. We take Israel's 0.5 per 100,000 homicide rate as its score for public security.

Table 1.9 gives the indexed scores for the nine dimensions. Because of the bundling of good and poor performances across different arenas, a few countries stand out generally as cases of successful democratic governance while others are marked by failure in many ways. Chile has high scores on all nine dimensions, consistent with the common

view that it has been the great success case in the post-1990 period. Chile has built a robust democracy, fostered rapid economic growth, and dramatically reduced poverty. On most dimensions of democratic governance, Costa Rica, Panama, and Uruguay have also fared well. A few countries' performance varied considerably across different dimensions. For example, Argentina did very well on education and public security but poorly on control of corruption.

The indexed scores help identify nine countries that have been stuck in vicious cycles: low quality democracy (or semi-democracy), poor rule of law, poor control of corruption, poor growth, and poor performance in reduction of poverty. For 1991 to 2006, Bolivia, Colombia, Ecuador, Guatemala, Haiti, Honduras, Nicaragua, Paraguay, and Venezuela fit this description. All of these countries scored poorly for Kaufmann et al.'s score for rule of law, and all but Bolivia and Colombia also did for control of corruption. They also all experienced anemic per capita GDP growth. Only two countries of the nine, Ecuador and Venezuela, performed above the regional mean in reducing poverty. Colombia and Venezuela are relative newcomers to this category of low performers, having experienced an erosion of democracy and of government performance since the 1980s. Colombia has fared better in most dimensions in recent years than in the 1990s.

**Table 1.9. Indexed and Composite Scores of Democratic Governance in Latin America**

| | Freedom House scores[1] | Rule of law | Control of corruption | GDP growth, 1991-2006 | Inflation, 1991-2006 | Jobs in formal sector | Poverty | Education | Homicides | Composite score |
|---|---|---|---|---|---|---|---|---|---|---|
| Argentina | 78 | 46 | 38 | 50 | 67 | 48 | 48 | 97 | 93 | 69 |
| Bolivia | 73 | 28 | 48 | 43 | 70 | 0 | 22 | 73 | — | 54 |
| Brazil | 71 | 46 | 43 | 43 | 25 | 21 | 68 | 97 | 56 | 60 |
| Chile | 90 | 78 | 69 | 63 | 70 | 73 | 100 | 100 | 89 | 85 |
| Colombia | 55 | 49 | 47 | 43 | 56 | 13 | 32 | 84 | 65 | 52 |
| Costa Rica | 95 | 63 | 48 | 55 | 57 | 43 | 69 | 87 | 86 | 78 |
| Cuba | 1 | 47 | 44 | — | — | — | 84 | — | 91 | 8 |
| Dominican Republic | 76 | 48 | 33 | 63 | 60 | 25 | 26 | 85 | 88 | 64 |
| Ecuador | 69 | 28 | 33 | 43 | 44 | 17 | 63 | 64 | 64 | 55 |
| El Salvador | 73 | 50 | 56 | 49 | 70 | 28 | 27 | 62 | 0 | 56 |
| Guatemala | 53 | 34 | 40 | 42 | 65 | — | 28 | 37 | 5 | 44 |
| Haiti | 27 | 32 | 24 | 12 | 50 | — | — | — | 75 | 32 |
| Honduras | 68 | 40 | 42 | 43 | 57 | 44 | 5 | 57 | 20 | 51 |
| Mexico | 71 | 46 | 43 | 45 | 59 | 43 | 62 | 62 | 92 | 63 |
| Nicaragua | 64 | 33 | 26 | 47 | 62 | 16 | 14 | 44 | 68 | 50 |
| Panama | 86 | 53 | 45 | 53 | 100 | 50 | 71 | 77 | 82 | 76 |
| Paraguay | 62 | 31 | 26 | 34 | 60 | 15 | 0 | 72 | 66 | 49 |
| Peru | 63 | 43 | 38 | 55 | 59 | 36 | 50 | 72 | 97 | 60 |
| Uruguay | 96 | 65 | 71 | 49 | 46 | 30 | 59 | 73 | 95 | 77 |
| Venezuela | 59 | 17 | 28 | 36 | 41 | 30 | 60 | 63 | 28 | 50 |

1 Freedom House scores are inverted [ 14 – (Political Liberties + Civil Liberties)]
The composite index for Bolivia, Cuba, Guatemala, and Haiti is based on eight, five, eight, and six, columns, respectively.

If Chile anchors the very successful end of the Latin American spectrum, Haiti anchors the low end among the nineteen countries that have experimented with competitive political regimes. In Haiti, two attempted transitions to competitive regimes were short lived and resulted in a coup in 1991 and a rebellion in 2004, both leading to the overthrow of a democratically elected president. The congress has been closed twice (in 1999 and 2004), two international interventions took place (in 1994 and 2004), and the state at times tottered on the brink of collapse.

### 7. A composite index of democratic governance

One can build a reasonable argument for or against aggregating different dimensions of democratic governance into a composite score. The case for a composite score is that highly aggregated information can provide a useful synthesis. The widespread dissemination of the Human Development Index illustrates the advantages of a composite score; it provides a useful summary snapshot of average human well-being in about 175 countries. In recent years, the Commitment of Development Index (Roodman 2006) provides an example of a useful summary of how much wealthy countries support development efforts in the Third World. The arguments against a composite score are that variance across dimensions can be lost, that in most cases there is no ideal way to aggregate across dimensions to create the single score, and that the composite can be misleading for these and other reasons.

Aggregating the nine dimensions into one composite score loses valuable information, but it offers a highly synthetic sense of how different countries compare. All nine dimensions reflect government performance and outcomes, so a composite score might generate useful summary information about success in democratic governance. Accordingly, we created a composite score although our primary focus is on the nine underlying dimensions.

We opted for a multiplicative approach that recognizes the special importance of the level of democracy in a composite score of democratic governance. We took the simple indexed mean for the other eight dimensions and multiplied it by the indexed Freedom House score, then took the square root. Scores could range from 0 to 100. With the exception of the Freedom House scores, rather than undertaking a complex weighting scheme, we followed Roodman's (2006) logic that it is reasonable to take a simple mean of dimensions when there is no clear criterion for weighting. Following this method, the final column of Table 1.9 presents a composite index for democratic governance for our twenty countries, with the caveat that Cuba is not a case of *democratic* governance, and that Haiti usually has not been.

This aggregation method rests on the implicit assumption that the other eight dimensions should have equal weight under conditions of relatively democratic government. It

is difficult to defend an absolute version of this assumption, but all eight dimensions are highly important.

The composite scores reinforce three conclusions of this article. First, the outcomes of democratic governance have varied greatly across countries; the composite scores properly reflect huge differences.[14] Second, Chile (85) has been the most successful case of democratic governance in contemporary Latin America, followed at some distance by Costa Rica (78), Uruguay (77), and Panama (76). After this, there is another substantial drop to Argentina (69), the Dominican Republic (64), and Mexico (63), followed by another substantial gap. Third, at the opposite end of the spectrum, the composite index shows the very poor scores for Cuba (8) and Haiti (32), and the deficient overall performance in democratic governance of Guatemala (44), Paraguay (49), Venezuela (50), Nicaragua (50), Honduras (51), Colombia (52), Bolivia (54), and Ecuador (55). In the last several years, Colombia has improved its record in democratic governance relative to the 1990s, but it remains in the group of poor performers because of the results of the period before Álvaro Uribe assumed the presidency. In our judgment, the composite index performs well in identifying the relatively successful cases and the poor performers for this period of fifteen years.

## 8. Prior works on effective governance

Our reason for building a new measure of democratic governance is that no measure closely resembles what we have undertaken here.[15] In the next sections of this article, we develop this point by comparing our index to the most prominent existing works on effective governance, the quality of democracy, and democratic performance. Our point is not that our measure is better than these alternatives, but rather that it is different and that it captures an important phenomenon.

Successful democratic governance has much in common with successful governance, except that it occurs under conditions of democracy. Whether they are democratic or not, governments that succeed at governing must ensure citizen security and promote human well-being. For this reason, our project has some elements in common with Kaufmann et al.'s (2003, 2005, 2006, 2007, 2008) governance indicators. They include six important

---

14  Even so, these differences are almost certainly understated because of missing data. We do not have data for Haiti for formal sector jobs, poverty, or education. In all three areas, Haiti fares disastrously, and it seems probable that the official data understate homicides.

15  The Índice de Desarrollo Democrático (www.idd-lat.org) comes closer than other measures to focusing on success in democratic governance. We do not discuss it in the text because it has been less influential than the measures we analyze. Our measures are constructed in very different ways than those of the Indice de Desarrollo Democrático.

dimensions of governance: voice and accountability, political stability and absence of violence, government effectiveness, regulatory quality, rule of law, and control of corruption. They provide solid empirical measures for the dimensions, and their methodology is sophisticated.

Our project differs from Kaufmann et al.'s governance indicators in six respects. First, they attempt to measure how effective governance is; we attempt to measure how successful it is. All of their indicators are subjective whereas six of our dimensions are objective and are based on outcomes. We prefer some objective data about outcomes because of their greater reliability and validity.

Second, we focus on governance under competitive political regimes. There is much common ground between successful *democratic* governance (our enterprise) and effective governance (Kaufmann et al.), but governing under democracy presents distinctive challenges and advantages. The pursuit of efficiency is bounded by democratic checks and balances and by electoral competition; political goals are established through a competitive process. Only one of Kaufmann et al.'s indicators, voice and accountability, taps the democratic character of the political regime.[16]

Third, Kaufmann et al.'s indicators compare countries in a given year, but they have no validity for temporal comparisons. (The same is true for our indexed scores and composite score). If there is a general trend in the world, Kaufmann et al.'s indicators fail to register this change. Seven of our nine dimensions measure change over time, not merely change relative to the world average in a given year. For the rule of law and control of corruption indicators, we are not able to track change over time because we rely on Kaufmann et al.

Fourth, for our purposes, Kaufmann et al. overweight perceptions by business groups (Arndt and Oman 2006, 69–71; Kurtz and Shrank 2007). Seventeen of the thirty-one organizations that provide the basis for Kaufmann et al.'s measures (2005, appendix A, 62–100, 108–109) are business oriented. The individual questions from surveys and expert opinion polls also disproportionately–for our purposes–reflect business perspectives and concerns. The fact that business interests have a favorable opinion of governance does not always mean that democratic governance is effective. We are especially concerned with aspects of government performance that have a deep impact on citizens.

Fifth, the Kaufmann et al. measures are based on the idea that a large amount of information (the surveys and expert opinion questions) presented in a highly synthetic

---

16  If there were no other differences between our vision of successful democratic governance and Kaufmann et al.'s indicators of successful governance, we could have imposed a minimum threshold on their voice and accountability indicator (or used Freedom House scores to establish a minimum threshold), discarded the cases that failed to meet this threshold, and used their indicators to compare the level of success among democratic cases. However, our project differs in other ways, so this threshold approach would not accomplish our purpose.

manner (the number of standard deviations from the mean) is optimal. Without dismissing the merits of their approach, our index is predicated on different assumptions. We opted for relative parsimony by choosing only nine dimensions, eight of which are built from only one form of data. One advantage of our approach is greater intuitive comprehensibility. The mean inverted Freedom House scores of 11.3 for Costa Rica and 6.3 for Guatemala are meaningful to the sizable number of scholars who have worked with Freedom House measures. The fact that Costa Rica was 0.44 standard deviations about the mean for Kaufmann et al.'s rule of law in 2007 is useful information, but the deeper meaning of this fact requires examining the survey and expert opinion questions that underlie the index. Kaufmann et al.'s scores are technically sophisticated but they do not produce an intuitively obvious substantive meaning. In opting for parsimony and simplicity, our approach differs.

Finally, whereas Kaufmann et al. give annual scores, our measure tracks performance over a longer period of time. Our measures could in principle assess performance in a particular year. However, objective data such as per capita growth that can oscillate sharply from one year to the next are not good measures of success. High growth in a single year can reflect a strong recovery from a recession, a good harvest, a favorable change in the terms of international trade, etc.

Another well-known measure of governance is Putnam (1993, 63– 82), who devised twelve measures of the effectiveness of Italy's regional governments.[17] His measures might be appropriate for assessing the quality of regional governments, but national governments have different responsibilities (e.g., macroeconomic policy and management) than regional governments. For an assessment of government performance at the national level, our measures are more suitable.

## 9. Our meassure compared to measures of the quality of democracy

Most measures of the quality of democracy focus exclusively or largely on procedural issues (Altman and Pérez-Liñán 2002; Diamond and Morlino 2005; Levine and Molina 2006; Lijphart 1999, 275–300). In contrast, our assessment of democratic governance also focuses significantly on policy results.

---

17 Cabinet stability, budget promptness, quality of statistical services, quality of legislative output as judged by experts, legislative innovation, the number of day care centers, the number of family clinics, government spending on agriculture, expenditures on local health units, government spending on housing and urban development, and bureaucratic responsiveness. Several of these measures are biased toward social democratic governments.

As conceptualized by Diamond and Morlino (2005) and Levine and Molina (2006), the quality of democracy refers to the extent to which democracies live up to a procedural liberal understanding of democracy. Both sets of authors exclude policy results from their purview. Our enterprise is different because we evaluate not only democratic procedures, but also the governance results of democratic governments.

Because we include the results of democratic governance from the standpoint of citizen well-being, our measures are generally broader than the procedural measures. We also exclude some issues that some measures of the democraticness of the political regime include. For example, Foweraker and Krznaric (2000) include the level of electoral disproportionality (the difference between parties' vote and seat shares) and the size of the legislature divided by the number of seats of the largest party in their measure of the quality of democracy.

Our project also differs from the Programa Estado de la Nación (PEN)/UNDP citizen audit of the quality of democracy in Costa Rica (Vargas Cullell 2004). The PEN/UNDP defined quality of democracy as "the extent to which political life and institutional performance in a country . . . with a democratic regime coincides with the democratic aspirations of its people" (Vargas Cullell 2004, 96). The citizen audit thus depends on citizen aspirations and beliefs about what a democracy should be. Our project differs in three ways. First, we employ criteria for measuring success that we determined in consultation with other scholars. Even though our criteria were influenced by public opinion surveys regarding what citizens value in a democracy, our endeavor is different from one that begins with citizen aspirations. Second, we focus partly on objective performance. Third, we use a more bounded procedural definition of democracy that is consistent with most contemporary scholarly definitions, whereas the PEN-UNDP assessed the quality of democracy based a broad understanding of democracy including non-regime dimensions.

## Conclusion

We hope to make three main contributions with this article. First, we believe that charting how Latin American countries have performed on some of the issues that are critical to citizen well-being over the past fifteen years is useful. To the best of our knowledge, no previous work has examined the sweep of dimensions that we have here for all of Latin America over the medium term.

Second, social scientists should develop tools for assessing and measuring success in democratic governance. Existing measures focus on other issues. They are useful, but it is also important to be able to measure success in democratic governance. We hope to stimulate thinking about ways to do so.

Third, the article underscores the wide variance in success in democratic governance in contemporary Latin America. There are meaningful ways in which it is useful to think about Latin America as a region (Mainwaring and Pérez-Liñán 2007). However, this fact should not obscure the important differences within this diverse region.

## References

Altman, David, and Aníbal Pérez-Liñán. 2002. Assessing the Quality of Democracy: Freedom, Competitiveness, and Participation in Eighteen Latin American Countries. *Democratization* 9(2):85–100.

Arndt, Christiane, and Charles Oman. 2006. Uses and Abuses of Governance Indicators. Development Centre Studies, Organisation for Economic Cooperation and Development.

Birdsall, Nancy. 1999. Education: The People's Asset. Center on Social and Economic Dynamics, Working Paper No. 5. (September).

Birdsall, Nancy, and Augusto de la Torre. 2001. *Washington Contentious: Economic Policies for Social Equity in Latin America*. Washington, DC: Carnegie Endowment for International Peace and Inter-American Dialogue.

Birdsall, Nancy, and Miguel Székely. 2003. Bootstraps, not Band-Aids: Poverty, Equity, and Social Policy. In *After the Washington Consensus: Restarting Growth and Reform in Latin America*, ed. Pedro-Pablo Kuczynski and John Williamson, 49–73. Washington, DC: Institute for International Economics.

Camp, Roderic Ai. 2001. Democracy through Latin American Lenses: An Appraisal. In *Citizen Views of Democracy in Latin America*, ed. Roderic Ai Camp. Pittsburgh: University of Pittsburgh Press.

Carrión, Julio F., Patricia Zárate, and Mitchell A. Seligson. 2006. The Political Culture of Democracy in Peru. Unpublished mimeo.

CEPAL (Comisión Económica para América Latina y el Caribe). 1998. *Panorama Social de América Latina* 1997. Santiago: United Nations, CEPAL.

_____. 2005. *Panorama Social de América Latina* 2005. New York: United Nations, CEPAL.

_____. 2006. *Panorama Social de América Latina* 2006. New York: United Nations, CEPAL.

_____. 2007. *Panorama Social de América Latina* 2007. New York: United Nations, CEPAL.

_____. 2008. *Panorama Social de América Latina 2008*. Available at www.eclac.org.

CEPAL (Comisión Económica para América Latina y el Caribe), and the Centro de las Naciones Unidas para los Asentamientos Humanos (Habitat). 2001. *El espacio regional: Hacia la consolidación de los asentamientos humanos en América Latina y el Caribe*. Santiago, Chile: CEPAL. della Porta, Donatella. 2000. Social Capital, Beliefs in Government, and Political Corruption. In *Disaffected Democracies: What's Troubling the Trilateral Countries?*, ed. Susan J. Pharr and Robert D. Putnam, 202–28. Princeton, NJ: Princeton University Press.

Diamond, Larry, and Leonardo Morlino. 2005. Introduction. In *Assessing the Quality of Democracy*, ed. Larry Diamond and Leonardo Morlino, ix–xliii. Baltimore, MD: Johns Hopkins University Press.

Engerman, Stanley L., and Kenneth L. Sokoloff. 1997. Factor Endowments, Institutions, and Differential Paths of Growth Among New World Economies. In *How Latin America Fell Behind: Essays on the Economic Histories of Brazil and Mexico*, ed. Stephen Haber, 260–304. Stanford, CA: Stanford University Press.

Foweraker, Joe, and Roman Krznaric. 2000. Measuring Liberal Democratic Performance: An Empirical and Conceptual Critique. *Political Studies* 48:759–87. Freedom House. 2005. Available at: www.freedomhouse.org/template. cfm?page=35&year=2005.

Gerring, John, Strom C. Thacker, and Carola Moreno. 2005. Centripetal Democratic Governance: A Theory and Global Inquiry. *American Political Science Review* 99(4): 567–81.

Glaeser, Edward L., Rafael La Porta, Florencio Lopez-de-Silanes, and Andrei Shleifer. 2004. Do Institutions Cause Growth? *Journal of Economic Growth* 9 (3) (September): 271–303.

Gruben, William, and Darryl McLeod. 2003. Choosing Among Rival Poverty Rates: Some Tests for Latin America. Available at www.dallasfed.org/research/claepapers/2003/lawp0301.pdf.

Hall, Robert E., and Charles I. Jones. 1999. Why Do Some Countries Produce So Much More Output per Worker than Others? *The Quarterly Journal of Economics* 114(1):83–116.

Husmmanns, Ralf. 2004. Measuring the informal sector: from employment in the informal sector to informal employment.
Geneva: ILO Working Paper 53, December.

International Labour Organization (ILO). 2002. Stat Working Paper No. 1. Geneva. Available at: www.ilo.org/public/english/bureau/stat/download/comp5a.pdf. Access date: 06 June 2007.

_____. 2004. Women and Men in the Informal Sector: A Statistical Picture. Geneva, ILO.

_____. 2005. *ILO Thesaurus 2005*. Available at www.ilo.org/public/Libdoc/ILO_ Thesaurus/ english/index.html.

_____. 2006. Global Employment Trends Brief, January. Geneva, ILO. Kaufmann, Daniel, Aart Kraay, and Massimo

Mastruzzi. 2003. Governance Matters III: Governance Indicators for 1996–2002. The World Bank, Policy Research Paper 3106 (August). Available at http://econ.world-bank.org.

_____. 2005. Governance Matters IV: Governance Indicators for 1996–2004. The World Bank, Policy Research Paper 3630 (June). Available at http://econ.worldbank.org.

_____. 2006. Governance Matters V: Aggregate and Individual Governance Indicators for 1996–2005. The World Bank, Policy Research Paper 4012 (September). Available at http://econ.worldbank.org.

_____. 2007. Governance Matters VI: Aggregate and Individual Governance Indicators for 1996–2006. The World Bank, Policy Research Paper 4280 (July). Available at http://econ.worldbank.org.

_____. 2008. Governance Matters VII: Aggregate and Individual Governance Indicators for 1996–2007. Available at http://econ.worldbank.org.

Kreuger, Anne O. 1974. The Political Economy of the Rent-Seeking Society. *American Economic Review* 64(3):291–303.

Kurtz, Marcus J., and Andrew Schrank. 2007. Growth and Governance: Models, Measures, and Mechanisms. *The Journal of Politics* 69 (May): 538–54.

Latinobarómetro (Corporación Latinobarómetro). 2003. Informe-Resumen. La Democracia y la Economía. Latinobarómetro 2003. Available at www.latinobarome-tro.org.

_____. 2004. Informe Resumen Latinobarómetro 2004. Available at www.latino-barometro.org.

_____. 2005. Informe Latinobarómetro 2005. Available at www.latinobarometro.org.

_____. 2006. Informe Latinobarómetro 2006. Available at www.latinobarometro.org.

_____. 2007. Latinobarómetro Report 2007. Available at www.latinobarometro.org.

_____. 2008. Latinobarómetro Informe 2008. Available at www.latinobarometro.org.

Levine, Daniel H., and José Molina. 2006. The Quality of Democracy in Latin America: Another View. Paper for the international conference of the Latin American Studies Association, San Juan, Puerto Rico, March 15–18.

Lijphart, Arend. 1999. *Patterns of Democracy: Government Forms and Performance in Thirty-Six Countries*. New Haven, CT: Yale University Press.

Mainwaring, Scott, and Aníbal Pérez-Liñán. 2007. Why Regions of the World are Important: Regional Specificities and Region-Wide Diffusion of Democracy.In

64

*Regimes and Democracy in Latin America: Theories and Methods*, ed. Gerardo Munck, 199–229. Oxford: Oxford University Press.

Mauro, Paulo. 1995. Corruption and Growth. *The Quarterly Journal of Economics* (August): 681–712.

Observatorio de los Derechos Humanos en Colombia. 2004. Vicepresidencia de la República, Programa Presidencial de    los Derechos Humanos y Derecho Internacional Humanitario.

O'Donnell, Guillermo. 1999. Poliarchies and the (Un)Rule of Law in Latin America: A Partial Conclusion. In *The (Un)Rule of Law and the Underprivileged in Latin America*, ed. Juan E. Méndez, Guillermo O'Donnell, and Paulo Sérgio Pinheiro, 303–37. Notre Dame, IN: University of Notre Dame Press.

_____. 2004. Human Development, Human Rights, and Democracy. In *The Quality of Democracy: Theory and Applications*, ed. Guillermo O'Donnell, Osvaldo Iazzetta, and Jorge Vargas-Cullell, 9–92. Notre Dame, IN: University of Notre Dame Press.

_____. 2005. Why the Rule of Law Matters. In *Assessing the Quality of Democracy*, ed. Larry Diamond and Leonardo Morlino, 3–17. Baltimore, MD: Johns Hopkins University Press.

Olken, Benjamin R. 2006. Corruption Perceptions vs. Corruption Reality. National Bureau of Economic Research Working Paper #12428 (August). Available at http://papers.nber.org/papers/w12428.

PAHO (Pan American Health Organization). 2005. Health Analysis and Information Systems Area. Regional Core Health Data Initiative, Technical Health Information System. Washington, DC. Available at www.paho.org/English/SHA/coredata/tabulator.

_____. 2006. Guidelines for the Design, Implementation, and Evaluation of Epidemiological Surveillance Systems on Violence and Injuries. Available at www.paho.org/.

Pharr, Susan J. 2000. Officials' Misconduct and Public Trust: Japan and the Trilaterial Democracies. In *Disaffected Democracies: What's Troubling the Trilateral Countries?*, ed. Susan J. Pharr and Robert D. Putnam, 173–201. Princeton, NJ: Princeton University Press.

Przeworski, Adam, Michael E. Alvarez, José Antonio Cheibub, and Fernando Limongi. 2000. *Democracy and Development: Political Institutions and Well-Being in the World,* 1950–1990. Cambridge: Cambridge University Press.

Putnam, Robert D. 1993. *Making Democracy Work: Civic Traditions in Modern Italy*. Princeton, NJ: Princeton University Press.

Roodman, David. 2006. The Commitment to Development Index: 2006 Edition. Center for Global Development. Available at www.cgdev.org.

65

Sartori, Giovanni. 1987. *The Theory of Democracy Revisited*. Chatham, NJ: Chatham House.

Seligson, Mitchell. 2002. The Impact of Corruption on Regime Legitimacy. *The Journal of Politics* 64(2):408–33.

_____. 2004. *The Political Culture of Democracy in Mexico, Central America, and Colombia*. Nashville, TN: ARD-Vanderbilt University-USAID.

_____. 2006. The Measurement and Impact of Corruption Victimization: Survey Evidence from Latin America. *World Development* 34(2):381–404.

Székely, Miguel, Nora Lustig, Martín Cumpa, and José Antonio Mejía. 2000. Do We Know How Much Poverty There Is? Research Department and the Poverty and Inequality Advisory Unit, Inter-American Development Bank. Available at www.iadb.org/Publications/index.cfm?language=english.

Tokman, Victor. 2001. De la informalidad a la modernidad. Lima: OIT. Boletín Cinterfor #155. Available at www.ilo.org/dyn/infoecon/docs/486/F1558379.

Vargas Cullell, Jorge. 2004. Democracy and the Quality of Democracy: Empirical Findings and Methodological and Theoretical Issues Drawn from the Citizen Audit of the Quality of Democracy in Costa Rica. In *The Quality of Democracy: Theory and Applications*, ed. Guillermo O'Donnell, Osvaldo Iazzetta, and Jorge Vargas-Cullell, 93–162. Notre Dame, IN: University of Notre Dame Press.

Weyland, Kurt. 1998. The Politics of Corruption in Latin America. *The Journal of Democracy* 2:108–21.

Wolff, Laurence, and Claudio de Moura Castro. 2003. Education and Training: The Task Ahead. In *After the Washington Consensus: Restarting Growth and Reform in Latin America*, ed. John Williamson and Pedro-Pablo Kucyznski. Washington, DC: Institute for International Economics.

World Bank. 2008. *World Development Indicators*. Available at www.worldbank.org.

World Health Organization. 2002. *World Report on Violence and Health*. Available at www.who.int/publications/en/.

66