A Government of, by, and for the *Bourgeoisie*: Oligarchical Underpinnings in Democratic Institutions
Comps Paper

Ryan Schloessmann

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A Government of, by, and for the Bourgeoisie: Oligarchical Underpinnings in Democratic Institutions

Ryan Schloessmann
Professor Montero
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ABSTRACT:

This paper compares the formation of democracy in Portugal, Spain, Peru and Argentina to examine how elite-driven transitions to democracy (Spain and Peru) affect the formation of democratic institutions when compared with populist-driven transitions to democracy (Portugal and Argentina). The analysis of these third wave democratization cases illustrates how elites can obstruct redistributive efforts in democracy when they control the transition process by influencing (1) the economic arrangement of the regime or (2) electoral institutions to increase the market orientation of the regime. The paper also examines how the modes of transition vary between elite and popular controlled processes.
Introduction

Why do some democracies redistribute more than others? While traditional research validates and builds on the Meltzer and Richard theorem that any democratization will increase redistribution, these theories are not empirically substantiated across all democracies. More recent literature has questioned this intuition and shown that some democracies are less responsive to popular sentiment and correspondingly less egalitarian than expected (Albertus and Menaldo 2016; Ansell and Samuels 2014; Gilens and Page 2014). An alternative theory has established that it is the elite, rather than the poor, who support the transition to these less redistributive democracies. These scholars link elite-dominated democratic transition with lower levels of redistribution. While this scholarship has stressed a closer consideration of the interests of elites during regime transition and an emphasis on modes of transition, they fail to address how modes of transition impact redistribution. I argue that it is through institutions that elites are able to inhibit redistribution in the ensuing democracy. It is during transition when democracies can be the most undemocratic and create biased institutions that distort the redistributive disposition of democracy. Which institutions do elites influence during and after regime transition to obstruct redistribution?

There lacks a thorough, qualitative study analyzing elite-controlled democratizations and their ensuing political institutions that inhibit the redistributive disposition of democracy. This paper attempts to fill this gap in the literature by bringing the modes of transition literature back into the discussion of redistribution and democracy. Specifically, I create a comprehensive theory modeling how elites can exploit democracy to benefit themselves rather than the masses through manipulation of democratic institutions. First I will outline in greater detail the two competing theories on the relationship between redistribution and democracy and then refer to
the transition literature to demonstrate how the mode of transition to democracy affects the political capital of elites in democracy. Next I will discuss my argument and case selection in depth, before moving into my analysis of four cases: the transitions of Peru (1980), Spain (1978), Argentina (1983) and Portugal (1975) during the third wave of democratization. These characterize how elite and populist driven transitions differ in their modes of transition. Peru and Spain exemplify elite-driven transitions to democracy while Argentina and Portugal illustrate populist-driven democratization efforts. Lastly I will analyze the ensuing institutional arrangement of each case to demonstrate how the mode of transition affected democratic institutions. In the elite-controlled transitions economic elites pick and choose their battles to simultaneously skew democracy in their favor while not going so far as to endanger the legitimacy of the new regime. In contrast, popular-driven transitions produce more egalitarian institutions but because of the variety of stakeholders within the coalition, their impact is more muted. In general the institutions most affected by class-based calculations in these cases are electoral institutions and the economic arrangement underpinning the democratic institutions.

Two Competing Theories

While this paper focuses on how different modes of democratization impact democratic institutions, it is important to situate this study in the broader scholarship of democracy and redistribution as this paper hopes to add to a comprehensive theory concerning this larger literature. First I will outline the conventional approach of redistributive theory and discuss its empirical limitations. Then I will discuss a more recent alternative theory that makes sense of this discrepancy, which my paper contributes to by adding a focus on variations within
democratic institutional arrangement and how these variations can mediate redistributive and
democratic pressures.

The more traditional, redistributive theory states that democracy benefits the masses by
giving them political agency: their compensation in a compromise with capitalists, where
workers “consent to the private appropriation of profit by owners of capital, and capitalists
accept the democratic institutions through which workers can make effective claims for an
improvement of their material conditions” (Przeworski and Wallerstein 1982, 215). At the
foundation of scholarly work that comprises redistributivist theory is an emphasis, either
implicitly or explicitly, on the median voter theorem. The median voter theorem, articulated by
Meltzer and Richard (1983), contends that income in a country is usually right-skewed, meaning
the median voter’s income is below the mean income and would gain more income by raising
taxes on the rich. As inequality increases, the median voter would have more of an incentive to
redistribute wealth. In a democracy then, the poor majority votes to redistribute the wealth of the
minority.

Following Moore (1966), both Boix (2003) and Boix and Stokes (2005) contribute to
redistributivist theory, arguing that as inequality increases, the demand for redistribution is
intensified, thus increasing resistance to democracy by the economic elite. When there is more
equality, there is less redistributive pressure in a democracy so economic elites are more willing
to make the transition (Boix 2003, 10). A series of work by Acemoglu and Robinson (2000;
2001; 2006), henceforth A&R, also form the backbone of redistributivist theory. In their
democratization is “a commitment to future pro-majority [redistributive] policies by the elites in
the face of revolutionary threat” (2006, 27). They assert that democratic transitions are most
likely to occur at ‘middling’ levels of inequality because as inequality goes up, redistributive pressures rise, but the cost of democracy to elites also rises (A&R 2006, 37). While A&R reach different conclusions than Boix, these authors – and redistributivist theory generally – predicate their arguments on the notion that democracy is a credible commitment made by the elite to the redistribution of their wealth.

Yet, according to Przeworski (2010), it is difficult to reconcile the fact that democracy and universal suffrage has not put an end to economic inequality, or at least as much as would be expected under the median voter theorem. Despite the logical underpinnings of the median voter theorem, empirically it is poorly substantiated.¹ Some of the literature has even shown that redistribution actually decreases as inequality goes up (Moene and Wallerstein 2001, 2003; Shelton 2007). Others show that democracies do not tax higher or redistribute more than autocracies (Bollen and Grandjean 1981; Bollen and Jackman 1985; Cheibub 1998). There are numerous scholarly works that seek to reconcile this lack of empirical evidence with redistributive theory.² Yet none go as far as Rueschemeyer, Stephens and Stephens (1992), who turn traditional notions of democracy on their heads when they assert: “no actually existing democracy can claim to constitute in a realistic sense the rule of the many” (1992, 10). While perhaps too extreme of an assertion, it begs the question: if the masses cannot redistribute wealth as expected in a democracy, then who benefits from and supports the transition towards democracy?

Taking an alternative view to make sense of this discrepancy, Albertus and Menaldo (2014), henceforth A&M, draw a distinction between popular revolutions leading to democracy

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¹ Milanovic (2000), Ansell and Samuels (2014), and Harms and Zink (2003) are just a few examples that address this lack of empirical evidence.
² For some examples, see Alesina and La Ferrara (2005), Benabou and Ok (2001), Harms and Zink (2003), Roemer (1998), Offe (1985), and Olson (1965).
and elite-controlled democratic transitions. They argue that in the latter case, economic elites make arrangements to impede the ability of the masses to redistribute wealth when transitioning to democracy. In contrast to redistributivist theory based off of Meltzer and Richard’s median voter theorem, this alternative theory contends that democracy does not necessarily arise from the masses that seek redistribution of wealth. Rather, these scholars argue that democracy can be a haven for economic elites who face insecurity in autocracies that lack accountability. Ansell and Samuels (2014) state that “democracy is about fear of the autocratic state, not fear of the poor” and build their model on the idea that when the interests of the political elite and the rising economic elite diverge in an autocracy; the rising economic elite seeks to rein in the power of the autocracy (2014, 2).

Redistributivist theory also acknowledges the importance of elites during transition. A&R (2006) consider elite toleration of democratic transition as necessary for the transition to take place and for democracy to consolidate. Yet the fundamental difference between redistributivist theory and this alternative theory is not whether elites have final authority over regime transition, but whether elites prefer democracy or simply tolerate it. Remarkably similar to A&M (2014), A&R (2006) also assert that elites can “design or manipulate the institutions of democracy so as to guarantee that radical majoritarian policies will not be adopted” (2006, 34). Yet, A&R contend this ability of the elites only makes democracy less threatening to their interests; it does not change the fundamental dynamic in redistributivist theory that “the elites will be on the side of nondemocracy” (2006, 22). In contrast, the alternative theory believes that the elites’ ability to manipulate democratic institutions can make democracy more favorable for them than autocracy. They have published a whole body of work that shows that autocracy can be as redistributive as popular democracy, and that democracy captured by elites can be as inegalitarian as oligarchy
A&M (2014) build on the notion that elites benefit from democracy by limiting the power of government. They theorize that economic elites create political structures that represent themselves disproportionately and act as roadblocks to redistribution when they support transitions to democracy (576). The authors provide empirical evidence demonstrating that redistribution is actually less than what it was under autocracy when democratic transitions are controlled by elites. However, they fail to (1) provide a robust variable differentiating populist-driven transitions from elite-driven ones and (2) specify which constitutional provisions and democratic institutions elites use to safeguard against the tyranny of the majority.

There remains a gap in the literature comparing the types of institutions formed under elite controlled democratic transition with the institutions formed under a populist revolution. Additionally there is no good way of identifying the two different transitions. While A&M shed light on the neglect the modes of transition literature has received in this debate by emphasizing the varying levels of capacity of elites during transition, they fail to integrate this literature in a direct way. This paper seeks to fill in each of these gaps in order to help build a comprehensive theory on how elites are able to exploit democratic transitions and inhibit redistribution by directly drawing upon the modes of transition literature. It explores the following questions: how do elite-driven transitions differ from populist-driven ones? And, in the former case, what political institutions do elites manipulate in order to inhibit redistribution? Answering these questions has far reaching implications on how scholars analyze democratic transitions, and predict the new regime’s level of inequality, redistribution, responsiveness to popular demand, and chances of survival.
**Bringing the Modes of Transition Literature into the Debate**

As mentioned in the last section, the modes of transition literature currently neglected in the debate between these two prevailing theories needs to be brought into the discussion in a more direct way to build on and complement the alternative theory proposed by Albertus and Menaldo. This literature will be helpful in analyzing the transitions studied in this paper and create a more thorough distinction between elite and populist driven transitions to democracy. Most importantly, the relative capacity of elites and the masses during transition shape the institutional choices available in the ensuing democracy. Understanding how this relationship varies across differing modes of transition is integral to understanding how different classes were able or unable to influence and shape institutions.

One of the most influential works focusing on mode of transition to democracy is Rustow (1970). At a time when political scientists were more focused on issues of development and dependency, Rustow’s work foreshadowed the third wave of democratization and shaped the ensuing discourse (Anderson 1999). While previous literature focused on structural and cultural factors leading to regime change, Rustow (1970) shifted the level of analysis to individuals particularly among the political elite: their choices, preferences and bargaining power. Building off of Rustow’s model, O’Donnell and Schmitter (1986) specifically outline a model of a pacted transition, where soft-liners in the regime compromise with a moderate opposition. The relative bargaining power of hardliners in the regime and extremists in the opposition influence the amount each side is forced to concede when negotiating and determines if a compromise will be reached at all. This theory stresses the importance of moderation and compromise, which makes it particularly helpful in analyzing elite-driven democratization because economic elites are...
typically more moderate than popular opposition when transitioning to democracy. This provides a helpful framework when analyzing Spanish democratization in the late 1970s.

Yet this theory is unable to explain cases of successful democratization amid large-scale strikes and riots in a populist-driven transition to democracy. Instead it hypothesizes that when extremism is too high, hardliners take control from the soft-liners in the regime and use coercion to maintain the existing autocracy rather than risk a slippery slope towards democratization. In the case of Argentina, General Viola had to walk a thin line between pleasing hardliners within the military regime and placating moderate opposition. His failure in this balancing act produced extremism that actually led to successful democratization. Haggard and Kaufman (1997) argue that much of the literature fails to recognize the importance of mass organizations, asserting that such groups influence transition by influencing the bargaining power of both sides. Bermeo (1997) also discusses this bias towards moderate transitions in the literature and illustrates that violent, popular driven transitions can be successful as well as long as the political elites believe that democratization is a solution to the problem of extremism, rather than the cause itself. These insights are particularly helpful in my case studies of Peru and Portugal, which involved much violence and leftwing extremism, but still resulted in successful democratization.

Skocpol (1979) and Haggard and Kaufman (1995) bring attention to the importance in assessing the way the previous regime broke down when analyzing democratization. In particular Haggard and Kaufman highlight the effect of crises. A crisis can trigger mobilization of the masses and disaffection of the elite. This makes transition all but certain and limits the influence of the exiting regime over transition, termed a democratic rupture. The economic crises the Latin American cases faced during transition in this paper had a similar effect. Munck and Leff (1997) categorize democratic rupture as one of the seven modes of transition, stating that the military
defeat of Argentina rendered them too weak to control the transition. This allowed the Argentine transition to break cleanly with the past and gave more bargaining power to the masses. This has important implications for the binary approach of my analysis, which I discuss in the next section.

The presence of elite calculation during transition is illuminated when James Madison emphasizes: “It is of great importance in a republic not only to guard society against the oppression of the rulers, but to guard one part of society against the injustice of another part” (Markovitz 1999, 61). Markovitz then outlines how elites used institutions to ensure the ensuing democracy would protect minority, elite interests: “the constant aim is to divide and arrange several offices in such a manner as that each may be a check on the other – that the private interest of every individual may be a sentinel over the public rights” (1999, 61). Huber, Nielson, Pribble and Stephens (2006) provide the last piece of the puzzle, showing how institutions formed by elite political domination perpetuate vicious cycles of inequality. Specifically they argue that unequal political influence during transition displays itself through unequal political institutions and policies, which in turn reproduces a cycle of inequality throughout the regime. This literature, laying out elite calculation and manipulation of institutions during transition, is at the heart of the argument in my paper, which I elaborate upon in the following section.

**Argument and Case Selection**

In this paper I argue that the democratic institutions that form after transition are dependent on the economic class that sought democracy and controlled the process of transition and constitution building. Continuing on the work of A&M (2014), I also create a dichotomy between popular-driven transitions and elite-driven democratic transitions, but attempt to
distinguish between the two in a more thorough manner than A&M (2014). The primary criteria I use to distinguish between the two transitions are (1) which class was most motivated to transition and (2) which class controlled the constitution-making process. These criteria reflect A&M’s two variables respectively, but are more dynamic because they provide more room for qualitative substance. Criterion (1) analyzes the motivations, mobilization and class consciousness of both classes while criterion (2) looks at which class had a majority of seats in the Constituent Assembly, thereby having the influence necessary to manipulate democratic institutions.

Using a dichotomy simplifies the analysis in order to draw meaningful conclusions from the limited number of cases analyzed and avoid a somewhat arbitrary endeavor attempting to measure the relative bargaining power of each class. This paper is not comparing the relative bargaining power of each class, but rather which class is responsible for mobilizing the country and creating the Constitution, making the variable binary. There are some drawbacks when using this more simplistic approach. As mentioned in the previous section, in my South American cases where an economic crisis (and military failure in the case of Argentina) prompted transition, it is common for both the economic elites and the masses to turn against the authoritarian regime (Haggard and Kaufman 1995). This creates a democratic rupture where the outgoing military regime has little to no effect on what democracy will look like, but also makes it more difficult to assess which group was truly controlled the transition (criterion 1) and had outsize influence on forming institutions (criterion 2), problematizing a binary approach. With this critique in mind, I chose to use a dichotomy with the belief that a rigorous qualitative

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A&M (2014) differentiate between elite-driven and populist-driven transitions by looking at whether a revolution occurred prior to transition and whether a constitution was written during autocracy and used in the ensuing democracy, neither of which are reliable enough proxies to differentiate between the two transitions.
analysis of the cases with a democratic rupture was able to tease out the finer distinctions to adequately distinguish the value of the independent variable.

The causal link between the driver of transition and the ensuing institutions that form is intuitive: the class that has control over the constitution building process will create institutions that favor their class’s interests. When elites are in control they use their power strategically: extracting enough concessions to ensure disproportionate influence in democracy, but not enough to damage the legitimacy of the democratic process. Specifically, elites attempt to make the ensuing regime more market-oriented by either (1) impacting the economic arrangement of the regime directly or (2) biasing electoral institutions in favor of conservative voters that support elite, capitalist parties. In contrast, when popular organizations have control over the transition they attempt to influence institutions away from market-oriented principles, and do not have the problem of legitimacy, but because their constituency is broader and their interests vary more widely, their influence is less effective. Using a historical-institutionalist perspective, we expect that these institutional biases impact the level of redistribution expected in the democracy. Redistribution is not an independent process, but produced through a path-dependent process that begins during transition when elites use their disproportionate influence to impact institutions (Huber, et al. 2006). Additionally, market-oriented, neoliberal institutions and policies have been shown to reduce redistribution and increase income inequality, further supporting A&M’s findings (Wade 2004).

Many scholars have chosen to quantitatively analyze the impact of various institutional configurations on redistribution across countries (Weber 1996; Lipset 1959; Keefer and Vlaicu 2007; Ziblatt 2009). In contrast, this paper is solely concerned with exploring the institutions the drivers of transition explicitly sought to influence. The need for in-depth, causal analysis lends
itself to a qualitative approach, which is used in this study. Thus, this paper does not give an exhaustive list of how each institution chosen may inadvertently benefit or hurt a certain class, but instead focuses only on the institutions that were consciously insisted upon by the class controlling the transition. Unfortunately this means the results are not as generalizable because the institutional arrangements selected in each case were heavily influenced by local circumstances, although they all focus their influence (1) underlying economic arrangements or (2) electoral institutions in an effort to move toward or away from neoliberalism, which has a direct impact on redistribution.

This paper analyzes four cases: democratization of Peru in 1980, Spain in 1978, Argentina in 1983 and Portugal in 1975. While there are numerous cases to choose from, these cases offer broad explanatory power while controlling for different variables. First, each of them occurred during the third wave of democratization and within a decade of each other, which helps control for international factors and differing historical norms of democratization. Geography and region are also known to influence democratization and the institutions that form so I chose countries within the same region that varied primarily in which class controlled the transition. In South America, Peru exemplifies the elite-driven case, while Argentina exemplifies the populist-driven case. While many other South American countries democratized during the third wave, many were heavily influenced by the outgoing military regime, which could not sufficiently claim to represent either the elites or the masses. These two cases were relatively rare in that they both exhibited democratic ruptures that limited the effect of the military regime on influencing the democratic institutions that formed, increasing the significance of the results I found (Haggard and Kaufman 1995). The cases of Portugal and Spain are also analyzed to broaden the explanatory power of the paper beyond the continent of South America, to assess the
impact economic crises may have had on Latin American transitions, and due to their popularity within the transitology literature.

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**Modes of Elite and Popular Transitions to Democracy**

This section will discuss the transitions to democracy in each of the four cases, with specific attention being paid to the two criteria that distinguish elite and popular transitions to democracy. The two criteria are which class was most motivated to transition – measured by assessing the motivation, mobilization and class-consciousness of each class – and which class controlled the constitution-making process – measured by which class’s political parties had a majority in the Constituent Assembly.

**Peru**

The case of Peru exemplifies a transition from a populist military regime to a *bourgeois* democracy. While a democratic rupture and support from the masses for transition problematizes criterion 1 (who prompted the transition to democracy), analyzing the events in Peru up to the transition validates the claim that the elites were the ones who inspired the transition to democracy. Peruvian elites had the motivation, mobilization and class-consciousness necessary to prompt the transition.
Democratization arose on the back of a populist military regime that favored statism. While the military had previously been an agent of the elites, when General Juan Velasco Alvarado seized power in 1968 from President Fernando Belaúnde Terry, he sought to “break the back of the oligarchy” by instituting land reform measures which expropriated land from the elites and redistributed it to middle class peasants (Albertus 2015b, 109). While an import substitution approach created an uneasy bargain with elites who received subsidies and protection from external competition, the increasing threats to bourgeois property created a broad coalition of elites in opposition to the regime (Haggard and Kaufman 1995, 55). Indeed, Velasco continued the process of ‘soaking the rich’ by nationalizing industries including banks, utilities, finishing enterprises, and newspapers (Albertus 2015b, 114). A business leader’s response in an interview illustrates the renewed class-consciousness of the elite:

“Velasco’s revolution was a real revolution… He took the private sector by slices. The first, of course, was the agricultural side… And [a prominent business organization] published a communication saying fine – that agrarian reform was necessary… They thought they were not going to be touched… But of course, they were… Agriculture, fishing, industry, mining were affected one by one… And now we have learned the lesson that we have to be together on the big issues” (Interview, Lima, 4 February 1986 from Conaghan and Malloy 1994, 84).

In addition to mobilizing the elites, Velasco’s policies and the uncertainty that came with his rule caused elites to stop investing: in the second half of the 1970s there was a large decline in the investment rate (Conaghan and Malloy 1994, 81). Due to the lack of private investment, Velasco’s government took out more international lines of credit to keep up total investment. By 1974 the state accounted for more than half of all investment in the economy (1994, 101). When the international market for Peru’s exports declined, their balance of payments sky-rocketed and inflation soared. Velasco’s successor, Morales Bermúdez, had no choice but to introduce
austerity measures and place more market-oriented civilians in government positions to alleviate fears of international creditors and elites within the country. These austerity measures and the economic crisis generated massive popular discontent ironically increasing support for the center-right, who established themselves as “opposition candidates” (1994, 100). This was partly due to the fact that elites had produced and distributed numerous publications blaming the regime for the mismanagement of macroeconomic policies and the bloating of the public sector (Conaghan and Malloy 1994, 82). Despite market-oriented policies under Bermúdez and the elites’ rising influence within the government, populist currents were still strong in the military. This led elites to view a fall of the authoritarian government as essential for the protection of private property (Haggard and Kaufman 1995, 55).

Facing discontent from above and below, Bermúdez announced free elections for a civilian Constituent Assembly. The announcement came less than ten days after “the entire nation was shut down by… the most massive [general strike] in the country’s history” (McClintock 1989, 351). Yet it would be flawed to believe that it was populist forces that controlled transition. The willingness of Bermúdez to transition to democracy was based on the calculation that democratic elections would be won by moderate centrists (Bermeo 1997, 316). Of the 100 representatives that made up the Constituent Assembly to draft the new constitution, 24 came from the CPP, the party most strongly associated with a pro-market orientation. The other center party in the Assembly, APRA, gained 37 seats, creating a conservative majority (Haggard and Kaufman 1995, 118). AP, the main center right party, opted out of the Assembly, but won the presidency in the first election and achieved a solid majority in the legislature in a coalition with the CPP. Between their electoral success in the Constituent Assembly and the first
government, it is clear that the elites controlled the transition to democracy and had an outsize influence in creating the ensuing democratic institutions.

**Spain**

Spain is the second example of an elite-driven transition to democracy. The initial structure of Spain’s transition differs with Peru in a few key ways. In Peru the economic elite was separate from and opposed to the existing regime, fighting for more accountability and political participation in the ensuing democracy. In Spain, the authoritarian, Francisco Franco regime (1939-1975) represented the economic elite and needed to reform itself and was driven to democratize in order to preserve existing economic arrangements in the face of changing economic circumstances (Medhurst 1984, 35). The insider status of elites in the regime gave them more authority over the terms of transition, which allowed them to moderate the left and extract more concessions (O’Donnell and Schmitter 1986). Additionally, while there was populist mobilization in the Spanish case as well, transition was more widely considered to have taken place without much pressure from below despite much violence because the transition process was pacted and involved internal reform between hardliners and soft-liners within the regime rather than a democratic rupture.

Doubt regarding the viability of the Francoist regime began with rapid economic change in the 1960s (Medhurst 1984). The process of industrialization helped create a diversified and meddlesome middle-class, demonstrated by the growing frustration of students from middle-class and upper-middle class groups whom the regime usually relied upon to be amongst its most ardent supporters (31). While a minority of students was radicalized, more discouraging were the significant number of students who were unimpressed by the increasing rewards in a consumer society and would only be satisfied with political freedom. Additionally, the traditional middle-
class and peasants – what Marx would consider the *lumpenproletariat* – whom Franco had also relied on for stable support, found themselves marginalized in the changing economic system (Amsden 1972). With a consistent narrowing of support for the regime, it was clear that something must change if the regime was to survive – an end that was by no means guaranteed.

After the death of Franco and the succession of Juan Carlos in 1975, an opportunity arose to reform the regime from the inside. The Prime Minister, Carlos Arias Navarro, wanted conservative reform but lacked the necessary will and capacity to stand up to hardliners in the regime (Medhurst 1984, 33). In 1976, Juan Carlos replaced Navarro with Adolfo Suárez who would become the chief architect of the transition to democracy. Adolfo Suárez was a part of a younger generation of officials in the Franco regime who most clearly represented the economic elite. These officials were “generally conservative in outlook, unsympathetic to radical socio-economic change, and were correspondingly concerned to safeguard existing economic arrangements” (35). Suárez perceived that democracy and the political legitimacy that it confers offered long-term protection for these interests, and that in his position of control over the state, he would be able to moderate democratization to further align with elite desires.

Suárez had access to information on public opinion and was able to forecast that democratization would not lead to a rise of the left, and would entrench his political power. Polls indicated that Spanish society as a whole was ideologically moderate: “so moderate in fact that the [socialist party] would have to move toward the ideological center if it were ever to be elected” (Bermeo 1997, 318). Further, his information identified that many of the conservatives and moderates desiring change had not yet identified with other established parties and were waiting to be mobilized in support of his agenda (Medhurst 1984, 36). He also knew he could exploit internal divisions amongst the opposition that would make opposition leaders more
moderate and weaker vis-à-vis his conservative party (Storey 1977). With the knowledge that democracy would further empower the center right through widespread support and democratic legitimation, the economic elites made a calculated decision to transition to democracy. Suárez’s intuition proved right, and in 1977 his party, the UCD, emerged as the single largest party with a clear majority. This event played a crucial role during the transition process by allowing Suárez to maintain the political initiative during the final constitution-making process where elites could successfully influence the ensuing institutions (Medhurst 1984, 39).

Argentina

Argentina provides an exceptional case of how class conflict can affect democratization. While similar to Peru in that both the elites and masses wanted to transition to democracy, unlike Peru the masses controlled this transition to democracy. This is most evident by the mobilization of the masses through Peronism, the high threat level of democracy for elites, and the fact that the previous regime was on the side of the elites. In significant contrast to the populist military regime in Peru, Huntington (1968) refers to the coup that brought the military to power in Argentina in 1966 as a “veto” coup: a veto against an organized, illegal, and politically active labor movement, known as Peronism. This veto was characteristic in what O’Donnell (1973) refers to as an “impossible game” where, because of the level of mobilization of workers under Peronism and the majority of the electorate they constitute, democracy was not a viable option for economic elites. Instead anti-Peronists relied on banning their political enemies from office or using outright military intervention, which happened in this case. Yet, because the Peronists were also strong enough to make the country ungovernable under a military regime, each group could effectively veto the other’s regime, but not advance their own (Munck 1998, 51). It was under this “veto” coup that the military came to power in 1976.
The destabilization of the military regime and the transition to democracy began when General Viola became President in 1981 and follows closely with the theory of pacted transition proffered by O’Donnell and Schmitter (1986). President Viola appointed a cabinet that indicated a shift away from the neoconservative economic policies characteristic of military rule up until that point and began a reconciliation process with trade unions and political parties as part of a strategy of liberalization in an effort to gain the support of the people (Fontana 1987, 130). Unfortunately, the strategy did not go nearly far enough to satisfy the demands of the people yet even minor accommodation antagonized hardliners within the regime. For instance the moderate opposition wing of labor, CNT, was willing to collaborate with Viola, hoping to reform the labor code and change the economic program to alleviate laborers who were battered by a deepening economic crisis (Munck 1998, 123). But President Viola was simply unable to offer the kinds of concessions needed to gain their support: business organizations like the UIA were unwilling to agree on wage levels that gave tangible benefits to laborers. The CNT was forced to strengthen their position and criticize the government (Munck 1998, 124).

Additionally by permitting political parties like the Peronist party, and labor unions like the CGT to reorganize, Viola allowed the opposition to begin voicing their demand for democracy. This triggered a backlash by hardliners who began discussing a coup and insisted that Viola suspend the political parties (Munck 1998, 122). Viola acquiesced to the hardliners by stating publicly that it was very likely that a new military government would succeed him when his term was over in 1984 and there would not be a transition to democracy. In response the political parties formed a multiparty alliance, the *Multipartidía*, representing the 5 major parties in direct opposition to the regime and the CGT was able to organize strikes coordinated with the Peronist party and other parties. The mobilization of the *Multipartidaria* and labor groups like
the CGT created a broad opposition to the military regime that initiated massive waves of protest energizing other political parties and labor organizations (Dabat and Lorenzano 1984: 73-76). Munck stresses the importance of labor relative to political elites in the movement: “unionists remained certainly the most massive militant force if not the main opposition force – not ready to cede its role as mass convenors to the newly emerged party alliance” (1998, 125-126).

Increasing protests triggered a hardliner coup against Viola in 1981, eight months after he took power. In an effort to curb societal unrest by appealing to a sense of nationalism, the new president, General Leopoldo Galtieri, launched a surprise invasion on the Falkland/Malvinas Islands in April of 1982. By June, President Galtieri surrendered to the British amid widespread domestic protests.\(^4\) Due to the weakened state of the military, they had little control over the rapid transition to democracy (Fontana 1987). This democratic rupture assured that the first election would accurately reflect the populace, who voted almost entirely for Peronists and the UCR, both leftist parties at the time of transition and clearly gave the masses the necessary influence on the institutional arrangement of the democracy.\(^5\)

**Portugal**

Unlike in Peru and Argentina, the Portuguese military actually played a positive role in creating the opportunity for a transition to democracy. The authoritarian regime of Antonio de Oliveira Salazar, *Estado Novo*, was a static regime that “sought to secure in Portugal an idealised vision of a simpler nineteenth-century society and political system without conflict and without threats” (Bruneau 1984, 72). Change was not possible within the political system and opposition groups could not voice their opinion. This political inertia forced change to come from the only

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\(^4\) Munck (1998) makes a persuasive argument that societal unrest motivated the military to invade and that even if the military chose not to invade, it is likely transition still would have occurred due to societal unrest.

\(^5\) UCR won the presidency, 130 seats in the Chamber of Deputies (254 total) and 16 seats in the Senate (46 total). The Peronists won 110 seats in the Chamber of Deputies and 24 in the Senate, leaving a total of 20 seats not taken.
place where it was possible: the army. In response to internal changes and the impossibility of winning the guerilla wars abroad, the middle ranks of the officer corps known as the Armed Forces Movement (MFA) staged a coup in 1974 (1984, 31). While the officer corps was traditionally recruited from upper and middle class families who were more loyal to the regime, the continuing guerilla wars and lessening interest of the upper class forced the army to recruit officers from the lower-middle class. Consequently the class interest of MFA led to a significantly different transition than would have occurred had the officers come from the middle class (1984, 32). Instead the coup garnered widespread support amongst the people who celebrated the end of the authoritarian regime, and the transition was more easily understood as controlled by the masses through the populist MFA.

A day after the coup, the MFA broadcasted their program that included an end to the guerilla wars, an immediate transition to democracy, and serious socioeconomic changes: “While destroying the old regime, MFA promised an expansion of mobilization, pluralism and reforms which could amount to revolution” (Bruneau 1984, 41). While the interim MFA government was nondemocratic and unstable, they were dedicated to a transition to democracy and held Constituent Assembly elections within the year. Of the four major parties, the Socialist party (the second furthest left party) received the most votes and had a sizeable majority in the Assembly when counted with the Communist party, the furthest left party. The two leftist parties, the Socialists and the Communists, contained 151 of the 250 seats in the Assembly and the Socialists controlled the first government run by Mario Soares as a minority government. Overall it is clear that the MFA, which prompted the transition to democracy, sympathized with the working class and that populist forces through the two leftist parties controlled the constitution-making process in Portugal.
The Role of Class Control on Democratic Institutions

This section will discuss the institutions that the leaders of transitions explicitly sought to influence. While each class primarily influenced either electoral institutions or the economic arrangement of the regime, they did so in opposing ways. Elites used their influence to further market-oriented principles, while the masses used their influence to move away from capitalist exploitation.

Peru

While the military regime in Peru had agreed to a transition to democracy, the structure of the ensuing democracy and its institutions were to be decided by a Constituent Assembly from 1978 to 1980. While the center-right, Acción Popular (AP), chose to boycott the Assembly, the voice of economic elites was represented from the further right PPC, and the centrist APRA. The CPP received 25 seats and ARPA received 37, giving them a sizable majority in the 100-person Assembly. They chose to create a ‘right and center’ coalition that gave them control over deliberations, offering the business class outsize influence over the process (Conaghan and Malloy 1994, 95). While much of the conventional institutional structures like a bicameral presidential system were more reflective of historical traditions rather than elite manipulation, economic elites fought and won on a rule requiring a second-round runoff in a presidential election if the most popular candidate could not achieve a significant plurality. This increased the likelihood of a market-oriented president winning, and successfully blocked APRA’s hope of creating a corporatist Economic Congress that was well suited to meet the demands of the working class and peasants (1994, 163).

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6 Two other rightist parties, PUN and MDP, also received 2 seats each.
The main success of the elite, however, was pushing through measures providing guarantees for private property and economic liberties, such as the assurance of economic pluralism, liberty in commerce and industry, and defining Peru as a social market economy. Conaghan and Malloy assert “the constituent assembly became a focal point for business elites who sought to undo the ideological and legal assault on private property that had taken place through Velasco’s industrial community and social property laws” (1994, 95). Elites in this case were not concerned with the superficial institutions, but were more concerned with the foundation that these institutions are based on: private property. This put the state in a subsidiary role, limited to setting the rules of the economy and having minimal interference in cases of social welfare and infrastructure.

Essentially, the Assembly "ratified the foundations of a liberal, capitalist system," which dealt such a blow to the left that they refused to sign the finished constitution, calling it a “pro-capitalist” and “anti-popular” Constitution (Sanchez 1989, 164 and 183). This linked bourgeoisie capitalism to democracy in a fundamental way that was significantly different from the previous populist regime and went against the wishes of those representing the masses, signifying a substantial win on behalf of the economic elites. By choosing where to focus their influence carefully, the elite achieved their most important goal without damaging the legitimacy of the Constituent Assembly.

**Spain**

In the Spanish case, Adolfo Suárez used his control over the Constituent Assembly to influence the process in favor of economic elites, but – similar to Peru – not as much as one would imagine. Interestingly, despite the sizeable majority of his party, Suárez was intent on gaining the widest possible consensus (Coverdale 1979, 113). This may have been a calculated
decision favoring the legitimacy and long-term viability of the democracy over short-term gains for elites if he had fully co-opted the process. Alternatively, his decision may have signified a limit to how much elites can influence democratic institutions.

Unlike the Peruvian case, Suárez used more conventional institutional arrangements to create a lasting bias in favor of the conservative elite, similar to elites in the United States, which Markovitz (1999) analyzed. In exchange for agreeing to a proportional system, Suárez successfully achieved an electoral structure that favored the elites: each province (electoral district) is guaranteed a minimum number of deputies in the Chamber of Deputies before distributing the rest by proportion (Coverdale 1979, 126). This system over represented more traditional, rural parts of the country that Suárez’s party (Union of the Democratic Centre, UCD) relied on most for support and created structural obstacles to electoral victory for left-wing political parties (Medhurst 1984, 41). The same overrepresentation existed in the Senate, but at an even more pronounced level and allowed regional legislative assemblies to choose roughly 20 percent of the Senators from their region. Additionally, Suárez exerted influence on the judicial system in order to give a structural bias towards conservatism based on the biases already present in Senate and in the Chamber. Since the Constitution is vague and difficult to amend, the Supreme Court has discretionary power and given its bias towards conservatism, the Supreme Court could deem many socialist laws unconstitutional while being more lenient towards conservative policies.

While trying to reach a broad consensus on most areas of the Constitution, the one area Suárez and the UCD appeared to actively influence through their majority was electoral institutions. Suárez gave conservatives a structural advantage in both houses and thus in the government and judiciary as well. By doing so, he did not need to put more safeguards in to
protect the economic elite in other areas of the Constitution and could instead garner a consensus to increase the legitimacy of the regime itself despite the clear bias there is towards the representation of economic elites and market-oriented policies.

**Argentina**

The Argentine case is more problematic than the other cases when attempting to analyze the results of the transition. After the transition to democracy, input from the previous regime was minimal and the leftists had the power to influence the ensuing democracy however they wished. Yet the Radicals and Peronists agreed amongst themselves to restore the 1853 Constitution (Haggard and Kaufman 1995). This choice limits the ability to apply my theory because the popular-based parties voluntarily chose not to have a say in the democratic institutions that formed despite having a solid left majority between the two parties. While they influenced institutions by voluntarily choosing the ones laid out in the 1853 Constitution, this was most likely a matter of convenience and tradition rather than displaying wholesale support and appreciation for the institutions laid out in the old Constitution.

Instead, I argue that in the case of Argentina, the ‘institution’ popular organizations influenced was the regime itself by transitioning to democracy and institutionalizing leftist parties the elite had previously suppressed. While democracy can benefit and be sought after by economic elites, in the case of Argentina during this period democracy undoubtedly favored the masses vis-à-vis the elites. This was the main premise of the impossible game discussed previously. Argentina had an exceptionally high level of labor mobilization and organization in the country. This makes political representation, and the ability to organize and bargain collectively disastrous for elites wishing to maintain power. Therefore, democracy would never be a viable option for the elite. The ability for popular organizations to effectively transition to a
democratic system is representative of their influence on choosing the institutions of the ensuing regime.

Additionally, Argentina is not the only populist-controlled transition that opted to use an older constitution rather than exert their disproportionate influence on a new one.\(^7\) One potential explanation may be based on the collective action problem outlined by Offe (1985) and Olson (1965). Because there are so many stakeholders that make up these populist-driven cases, interests and desires vary more and it is more difficult to come to a consensus. This reasoning would explain why it may be easier for those who control the transition to simply use an older constitution rather than attempt to negotiate the institutional arrangement of a new one. Argentina’s transition serves as an example of this occurrence and shows the limit of populist-driven cases on impacting institutions in a meaningful way.

**Portugal**

Similar to the elites in Peru, the Portuguese leftists expended their disproportionate influence on the democratic process primarily focusing on the economic foundation of the new democratic regime. Yet, in complete contrast to the Peruvian elite-driven democratization, the Portuguese were influencing the economic system away from a social market economy to benefit the people rather than catering to the business class. Item One of the Constitution begins by outlining the ‘transformation into a society without classes’ and following items describe ‘ensuring the transition to socialism,’ ‘socializing the means of production’ and ‘collective appropriation of the principal means of production.’

Constitutional expert Jorge Miranda argues that the transition to Socialism is one of five major themes in the Constitution and was not simply an ideal (Bruneau 1984). Ten articles are

\(^7\) Another notable example is Bolivia in the 1980s.
expressly dedicated toward moving to a socialist economic system that address the rights of workers, the role of workers’ commissions, and unions and the process of nationalization. In the case of Portugal, the popular demand for democratization was linked inextricably to socialism. As Bruneau stresses: “It must be emphasised that the movement towards socialism is viewed in the 1976 constitution as an integral part of the process of democratisation” (1984, 74). While more literature has covered various other Portuguese democratic institutions, these decisions were based more on calculation by political elites competing for support rather than a class-based identity, and thus are not in need of examination in this paper.

While the leftist parties were not able to make any more of an impact in the ensuing democracy, effectively pushing for a socialist economic system represents a significant achievement, especially when compared with Argentina. One explanation for why Portugal did not seem to have the same collective action problem observed in Argentina may be the support of the military through transition. In Portugal the MFA may have served as centralizing force for the masses and an effective vehicle for their interests. In contrast, the military had no control over the transition to democracy in Argentina and this lack of central force propelling popular interest may have made it more difficult for the leftist parties to act collectively.

**Concluding Discussion**

This paper had two primary objectives: provide a robust variable differentiating populist-driven transitions from elite-driven ones that can be used in quantitative studies and analyze which constitutional provisions and democratic institutions elites use to safeguard against the tyranny of the majority and inhibit redistribution. In regards to the first objective, this paper provided two criteria for differentiating between the two transitions: (1) looking at which class
prompted the transition to democracy – measured by assessing the motivation, mobilization and class-consciousness of each class – and (2) looking at who controlled the constitution-making process and thus who had outsize influence on the institutional arrangement of the ensuing democracy – measured by which political parties had a majority in the Constituent Assemblies. The first criterion does not lend itself to a quantitative study, as it requires an intensive analysis of each case. The second criterion, however, is more promising as it achieved the same results in every case as the first criterion and can more easily be used in a quantitative study by looking at the class orientation and number of seats each party received in a Constituent Assembly. This information could then be used to figure out who had a majority.

Another variable that shows some promise after conducting this study is domestic investment. Interestingly, in Peru the elite stopped investing in the populist regime they opposed, which helped fuel the economic crisis and was a large factor in mobilizing the masses to support democratization. Decreased savings by the elite may not have been a coordinated effort and did not fully or even mostly cause the economic crisis, but acted as an automatic mechanism to hurt economies of regimes elites do not agree with, mobilizing support for change, and help regimes that they do support. For instance in the 5 years prior to transition in Peru, average savings as a percent of GDP was 17. In the years following the transition, savings had increased to 26 percent. In Argentina where an elite authoritarian government transitioned to a populist-driven democracy savings went from 20 percent before transition to 12 percent after democratization, signifying a lack of support from economic elites in the new regime (Haggard and Kaufman 1995). Thus, the rate of domestic private savings may be a noteworthy indicator of elite support for transition in future quantitative studies.
The main purpose of this paper, however, was to support A&M’s alternative theory by showing how the drivers of transition impact the institutional arrangement of democracy to either support or inhibit redistribution. The two institutions that were generally influenced were electoral institutions and the economic arrangement of the country. In Spain it was through the electoral system, in Peru and Portugal the main focus was on the economic foundation of the regime, and in Argentina institutionalizing leftist parties and simply gaining political representation was the goal of the people. The elite-driven transitions led to more market-oriented institutions and policies while the popular transitions to democracy moved away from market-orientation. These results have important ramifications on the amount of redistribution that can be expected from these democracies, as market-oriented, neoliberal democracies are shown to exacerbate income inequality and have less redistribution (Wade 2004).

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<th>Driver of Transition</th>
<th>Economic Arrangement</th>
<th>Electoral Institution</th>
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<td>Elite</td>
<td>Portugal: Socialist Economy</td>
<td>Argentina: Institutionalizing Leftist Parties and Democracy</td>
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The analysis of these case studies also illustrates how elites manipulate democratic institutions when they are in control of the transition. Their influence is not wielded overtly and broadly. Instead elites use their influence strategically to extract the maximum amount of gains without damaging the legitimacy of the democratic regime. In the populist-driven cases this elite influence is absent, yet the masses’ influence on institutions was also rather minimal. One reason for this that I briefly touched upon before may be the collective action problem (Offe 1985;
Olson 1965). Because the masses as a group are large and have varying interests, they are not able to act as a unified force and influence the democratic system in favor of their class. Instead they are divided amongst political parties that try to influence institutions to benefit their particular party. This is in complete contrast to the Peruvian case where the elites made allies with all three of the right and center parties and worked collaboratively across the parties to benefit their class interests. Further research could be directed to analyze the effect of support from the military in populist driven cases, given the beneficial impact this had on Portugal when compared with Argentina. Additionally, it may be interesting to look more into how common it is for populist-driven transitions to re-establish previous constitutions rather than creating new ones compared with elite-driven transitions in order to see if the results found here illustrate a larger relationship.

Beyond the general institutions affected, it is difficult to make any generalizations about which specific institutions are most affected. The results of this paper show that this is heavily dependent on local context. For instance, in Peru elites fought for a second round runoff because in that political environment this rule would help support more market-oriented candidates, but this is certainly not true universally. Additionally, while this paper does not disagree that certain institutional factors affect redistribution as many scholars have shown, my findings suggest that there is not an explicit choice made by the dominant class in transition to choose many of the institutions that have been previously studied. These institutions may be chosen for numerous other reasons. For instance, in the case of Argentina, it was simply a matter of convenience to use the institutional arrangement from a previous constitution.

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8 Some examples include Aghion, Alesina and Trebbi (2004), Iversen and Soskice (2005), Austen-Smith (2005), and Persson and Tabellini (2003).
The institutions that the drivers of transition made a conscious effort to influence were specific to each individual case and varied based on the local context of each case. This makes it difficult to construct a quantitative study to answer this research question without abandoning the causality examined in this paper. This provides a starting point for other scholars looking to see what types of intuitions may be influenced by elites to inhibit redistribution. Further research should be directed toward analyzing how these institutional choices impacted (1) the likelihood of constitutional reform or authoritarian backsliding and (2) redistribution in the ensuing democracy. This would allow us to better understand the long-term viability of biased institutions and its effect on redistribution, helping tie this research back into the broader literature on redistribution and democracy.
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