

Reinvented Governments in Latin America

Reform Waves and Diverging Outcomes

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7.1 INTRODUCTION

The debate about the state in Latin America has been increasingly influenced by comparative historical analysis and historical institutionalism.¹ These approaches see institutions – in this case, state institutions – developing along rigid, long-term trajectories, affected from time to time by relatively short critical junctures characterized by contingency.² This analytical framework has proven especially useful to understand the deep historical roots of differences in dimensions of state capacity such as tax collection, the monopoly of violence, and territorial reach and control.³ Yet, it is seldom, if ever, applied in the field of public administration or to study the recent evolution of civil services in the region.

Scholars of public administration in Latin America, on the other hand, tend to interpret civil service reforms in ways that fit the historical-institutionalist approach considerably well. The idea that in Latin America the bureaucracy is the “administrative widow of successive governments and political regimes” and should thus be seen as a succession of “geological layers,” suggests that countries made fateful decisions at specific points in time, which set them into distinct trajectories.⁴ The picture of Latin American bureaucracies evolving through forking paths, with every turn introducing inescapable rigidities, is so

¹ Mahoney and Rueschemeyer, *Comparative Historical Analysis in the Social Sciences*; Mahoney and Thelen, *Explaining Institutional Change*.

² Mann, *The Sources of Social Power*.

³ Kurtz, *Latin American State Building in Comparative Perspective*; Saylor, *State Building in Boom Times*; Soifer, *State Building in Latin America*; Schenoni, “Bringing War Back In.”

⁴ Oszlak, “¿Escasez de recursos o escasez de innovación?” 28; Chudnovsky, “Public Administration in Latin America.”

keen to the comparative historical approach that it cries for its exploration by public administration scholars.

This chapter provides an exercise of that sort, applied to the analysis of civil service reform in late twentieth-century Latin America. My argument brings together at least three intuitions already present in studies about those reforms, which also suggest the need to adopt a comparative historical framework: that institutional continuities, critical junctures, and sequencing, might have determined their divergent outcomes. Let us consider these three ideas separately, albeit briefly.

First, public administration reform in the 1990s took place on top of institutionalized practices which differed starkly from country to country. The idiosyncratic nature of Latin American civil services has consistently undermined large-n comparisons in previous research. Rules of promotion provide a clear example: incentive structures can value training and performance differently, and reward them via salaries, bonuses, or myriad other benefits, making it almost impossible to compare meritocracy across borders. Since indicators of bureaucratic quality are often very contextual, scholars have concluded that case-oriented research and awareness of strong path dependence within cases are necessary.⁵ The comparative historical framework makes it easy to incorporate these ideas by drawing on the comparison of a few relevant cases, which pay attention to singularities and continuities.

Second, new agendas were pushed in particular critical junctures during the 1990s, which opened a window of opportunity for reform. Changes are therefore as important as continuities. Put otherwise, factors that loosen institutional constraints and rigidities merit as much attention. Although reformists existed before and after, very little would have been done in the 1990s if it were not for the concurrency of an international context that put these apparent solutions at the top of the policy agenda.⁶ In most Latin American countries, the nadir of economic crises coincided with the sudden advancement of economic, state, and administrative reform – all at the same time. This, in turn, suggests that civil service reform can only be analyzed within a framework that thinks in terms of many factors and how they align – sometimes contingently – in critical moments⁷ (Goertz 2017).

Third, these reforms came in waves and followed specific sequences. Most scholars and practitioners agree, for example, in dividing late twentieth-century reforms into so-called “first generation” and “second generation” reforms – a distinction I explain later on. Importantly, sequencing mattered a great deal in determining the real impact of these reforms. Because career stability is a virtual prerequisite for bureaucratic autonomy and good performance, countries that adopted a piecemeal approach to downsizing in the first wave fared better

⁵ March and Olson, “Organizing Political Life.”

⁶ Kingdon, *Agendas, Alternatives and Public Policies*.

⁷ Goertz, *Multimethod Research, Causal Mechanisms, and Case Studies*.

in modernizing public management and reorientating the civil service toward the citizenry in the second wave.⁸

A close look at path dependence, critical junctures, and sequences, serves to highlight the importance of one recurrent factor: the autonomy of the civil service. Although Latin American civil servants are in general constrained by a civil law tradition that establishes clear boundaries to their competencies, in some countries those who live “from politics” have been able to develop a greater esprit de corps and resilience vis-à-vis the whims of public opinion and the interests of those who live “for politics.”⁹ This phenomenon hints at the importance of sociology and politics beyond and above the technicalities of administrative reform. When proactive bureaucrats with shared beliefs organized in influential and cohesive advocacy coalitions and preserved their reputation as uniquely qualified providers of key public services, they were better able to preserve their autonomy, and “own” the reforms.¹⁰

Finally, evaluating the success of these reforms requires some ideal goal which I relate to both the professionalism and legitimacy of the civil service. Professionalism is partly evidenced not only in the existence of competitive salaries, and meritocratic recruitment and promotion – i.e., initial incentives or inputs – but also in the technical competency and respect to legality showed by administrators – i.e., behavioral outcomes. The latter, in turn, strongly determines the (rational) legitimacy of bureaucracies.

Looking at these parameters it is reasonable to expect that economic crises and international pressures (creating critical junctures) as well as the bureaucratic institutions previously in place in each country (creating path dependence) would have influenced the capacity for civil service autonomy and resilience. Yet these structural factors bare no deterministic relation to the outcomes of reforms. Much of what happened within those critical junctures was highly contingent, from the timing and sequence of exogenous shocks, to the decisions of key agents and the results of their strategic interactions.

To develop my argument, I focus on four cases: Argentina, Brazil, Chile, and Peru. This small-n comparative strategy is in line with recent applications of the comparative historical approach, where case selection intends to provide a rudimentary control for possible confounding characteristics. Argentina and Brazil had a relatively large public workforce by the end of the 1980s and faced the challenge of decentralization to subnational units due to their federal structure. Chile and Peru, on the other hand, were centralized polities with relatively small bureaucracy. In the end, however, only Argentina and Peru implemented

⁸ Rauch and Evans, “Bureaucratic Structure and Bureaucratic Performance,” 53; Barzelay, “Designing the Process of Public Management Policy Change”; Echebarría and Cortázar, “Public Administration and Public Employment Reform.”

⁹ Spink, “Posibilidades técnicas e imperativos políticos”; Weber, *Politics as a Vocation*.

¹⁰ Jenkins-Smith and Sabatier, “Evaluating the Advocacy Coalition Framework”; Carpenter, *The Forging of Bureaucratic Autonomy*.

profound first-generation reforms drastically reducing their payrolls in the early 1990s. Conversely, Brazilian and Chilean bureaucracies were able to resist those pressures. Having undergone a deep restructuration of their civil service under first-generation reforms, Argentina and Peru were severely hampered in their capacity to properly implement more focused, second-generation ones. Conversely, the Brazilian and Chilean bureaucracies became paradigms of second-generation reforms aimed at enhancing meritocracy and efficiency.¹¹

Brazilian and Chilean bureaucracies had been historically more professionalized – this was their most salient similarity even before the 1990s. Yet, as we shall see, this did not automatically secure their autonomy. Because bureaucratic autonomy necessitates not only a solid reputation but also a political coalition to back it up, Argentine public servants were arguably in a much better position to weather the reforms and preserve their autonomy through a traditional alliance of trade unions and the Peronist Party in government.¹² The case of Argentina comes to illustrate that a great deal of uncertainty and contingency that takes place during critical junctures leading to the (unintended) results of institutional reforms.

I present this argument in three sections. The first one looks at the evolution of public sector reforms in Latin America throughout history and paints a picture of the regional context when our critical junctures hit. The second section turns to first-generation civil service reforms of the early 1990s, looking at the political dynamics and specific outcomes of each case. Finally, a third section focuses on second-generation reforms that took place in the late 1990s and assess the situation of civil services by the end of the decade. Some conclusions close.

7.2 PUBLIC SECTOR REFORMS UNTIL THE 1990S

Although it is tempting to trace back the history of Latin American public administrations to those who recreated a bureaucratic apparatus from the ashes of the Independence Wars, the Bourbonic and Pombaline reforms in the colonial era remind us that the issue of administrative reform reaches back beyond modern national states, and already in the form of concurrent, cross-regional critical junctures. In this seemingly endless regression, extant institutions conditioned and shaped subsequent ones, but innovation and contingency also led individual countries into specific institutional paths, a process that continued to take place throughout the nineteenth century.

The interaction of Latin American states with each other, foreign powers, and the global economic context played a constant role in this process. This explains a considerable amount of institutional isomorphism, which should also not be overlooked. European and United States bureaucratic missionaries scattered across the region played a key role in the modernization of state

¹¹ Iacoviello and Strazza, “Diagnostic of the Civil Service in Latin America.”

¹² Carpenter, *The Forging of Bureaucratic Autonomy*, 5.

agencies during the late nineteenth century, an era characterized by the rapid emulation of successful models.¹³ Some local bureaucracies, however, were relatively more able to run quiet revolutions of their own, entering self-reinforcing processes of modernization fueled from within, and indeed, bureaucracies that were already more autonomous and efficient by the early twentieth century, tend to be so nowadays.¹⁴

Yet, region-wide attempts to modernize the state bureaucracy are not easy to find until the twentieth century. Scholars have identified a first instance of this kind with the Kemmerer missions that the United States dispatched to Colombia (1923), Chile (1925), Ecuador (1926), Bolivia (1927), and Peru (1931), in order to update accounting techniques for budgetary and financial management. Prompted by the public administration career reform in the United States, also Brazil (1934), Argentina (1937), and many others followed in establishing meritocratic standards in these areas (Spink 1998). Not surprisingly, this reform wave took place during the critical juncture opened by the inter-war period and a transition away from a *laissez-faire* era. Although these total wars did not affect the region in important ways, the widening gap between European and American bureaucracies, as well as state expansion due to the depression, opened up a new critical juncture.¹⁵

In the early post-war era, although many states decided to follow the French paradigm of the *École Nationale d'Administration*,¹⁶ European models lost their former prominence and attempts to modernize bureaucracies across Latin America were heralded mostly by the United States Agency for International Development (USAID) and the United Nations Economic Commission for Latin America and the Caribbean (ECLAC). This consolidated a shift from an era where bureaucracies tried to modernize from the inside-out, seeking a variety of outside models, to a new era where powerful international agents pushed for reform, promoting uniform institutional blueprints. Some eclecticism, however, was inevitable. Specific characteristics of the Latin American developmental state – for example, the embeddedness of corporative interests and patrimonialism – undermined the straightforward implementation of outside models. In time, new actors like the World Bank (WB) and the Inter-American Development Bank (IADB) joined the discussion, and native initiatives like the *Centro Latinoamericano de Administración para el Desarrollo* (CLAD) joined in to provide more grounded approaches.

¹³ Resende-Santos, *Neorealism, States, and the Modern Mass Army*.

¹⁴ Paredes, *Shaping State Capacity*.

¹⁵ Centeno, *Blood and Debt*; Olavarria, "Recent and Past Governance Reforms in Latin America."

¹⁶ Some examples are the *Escola Brasileira de Administração Pública* in Brazil (1952), the *Instituto Nacional de Administración Pública* in Mexico (1955), the *Instituto Superior de Administración Pública* in Argentina (1958), the *Escuela Superior de Administración Pública* in Colombia (1958). Many of these institutions (or their successors) continue to carry central importance in the training of Latin American bureaucracies.

Interestingly, countries like Argentina and Chile remained relatively more shielded from external influences during this period, letting their bureaucracies set the pace and adapt with a higher degree of autonomy. Peter Spink concludes about this era that "...in all cases this adaptive process generated results. In countries where there have been major attempts at generating major and planned reform the reverse is the case."¹⁷ It was therefore known by the 1990s that broad reforms and imported blueprints could be problematic, and countries that preserved the prestige and know-how of their bureaucracies had fared better in both autonomy and efficiency.

However, when the neoliberal ideal of state reform kicked in, ushered by the Latin American debt crisis, considerations of this kind were sidelined. Nuances regarding the respective role that local and international actors should play had no place in a context that required drastic cuts in bureaucratic spending. The focus of the debate drifted toward the fiscal difficulties of an oversized state. The problem was seldom framed as one of enhancing taxation, formalizing the economy, or producing gains in efficiency – all of which would have required a stronger bureaucracy – and so a perfect political storm began to form threatening bureaucrats throughout the region.

7.3 FIRST-GENERATION REFORMS

First-generation reforms promoted by multilateral institutions in the early 1990s concentrated mostly on decentralization, privatization, deregulation, outsourcing, and reducing the size of the public administrative apparatus. Although other elements like streamlining hierarchies and increasing managerial salaries were sometimes part of the package, administrative reform was conceived as part of an overarching state and economic reform. The emphasis was on the ways in which reforms could help reduce fiscal deficits by downsizing national-level bureaucracies and reducing their cost.

Heralded by multilateral financial institutions like the IADB, the WB, and the International Monetary Fund (IMF), these reforms were often attached to conditionality-based lending in a context when several countries had defaulted and were restructuring their debts. The very political careers of top executive officials – often not only presidents themselves but also technocrats in charge of navigating the economic crises – hinged on the success of reforms, which created incentives for a strong centralization of decision-making. First-generation reforms seldom involved broad consensus. Not even at the implementation stage were agencies granted much control. Pressure from both international and domestic (executive) actors compounded and ensured that reform was imposed upon bureaucrats in a top-down manner and from the outside-in.

It should not be surprising that this resulted in much intra- and inter-bureaucratic unrest. In most cases, political debates pitched the Ministry of

¹⁷ Spink, "Possibilidades técnicas e imperativos políticos," 15.

Economy – in charge of reducing the fiscal deficit – against other agencies. But struggles also divided trade unions and generated a cleavage between reformists and obstructionists inside government, parties, and bureaucracies. Obstructionists had a strong case for resistance that reached beyond their corporate interests. They knew that drastic reductions in personnel would hurt important isles of efficiency and importing blueprints could result in increased inefficiency where new and old rules misaligned.¹⁸ In every case, these obstructionists put up a fight, for it was the resolution of these debates and political struggles that would decide the extent and nature of the reforms.

7.3.1 Argentina

The overwhelming victory of first-generation reformists in Argentina can be captured in a few jaw-dropping statistics. In 1989, before the reforms, the national state employed 874,182 civil servants. By the end of the 1990s, when first-generation reforms had officially ended, the number had come down to 270,000.¹⁹ The major shift was decentralization from national to provincial level bureaucracies, which by the end of the decade employed two-thirds of the public servants and executed in practice half of the budget.²⁰ Yet, the size of Argentina's bureaucracy was still cut by around one-third considering both levels.²¹ Employment in state-owned enterprises, which declined from some 347,000 in 1989 to 66,000 already in 1991, massively transferred skilled personnel to the private sector. Few states in the region underwent such a formidable reduction of public employment at the national level.

The context of hyperinflation in which President Carlos S. Menem arrived at *Casa Rosada* in July 1989 is key to understand these numbers. The economic reforms enacted were so rapid and profound that by October 1990 Argentina had already sold state-owned monopolies in five sectors – trains, telephones, commercial aviation, highways, and oil – and had pre-scheduled the privatization of water and electricity by 1993.²² “Argentina suffered one of the most comprehensive market reforms among developing countries,” which extended to state reform as well, meaning that “in less than five years the country witnessed a fundamental restructuring of its state–society relations.”²³

Focused mostly on reducing the fiscal deficit, the administrative reform was led by the Ministry of Economy and coordinated by the *Comité Ejecutivo para la Coordinación de la Reforma Administrativa* (CECRA), which handled negotiations with trade unions, coordinated task forces in different ministries,

¹⁸ Brinks et al. *The Politics of Institutional Weakness in Latin America*.

¹⁹ Chudnovsky and Dousett, “Cuando la falla en la implementación,” 325.

²⁰ Cao and Laguado, “La renovación en las ideas,” 143.

²¹ Oszlak, “From Smaller to Better Government,” 416.

²² Palermo and Novaro, *Política y poder en el gobierno de Menem*, 171.

²³ Etchemendy, “Construir coaliciones reformistas,” 675.

and dealt with technical experts from the WB and the IADB. CECRA's suggestions were analyzed and eventually approved by the President via decrees which bypassed the legislative, a procedure that was facilitated by a situation of economic emergency.²⁴ The reforms aimed to reduce the salaries and benefits of public employees, while promoting their voluntary and compulsory retirement as well. The focus on downsizing was clear from the start.

To push the reforms, CECRA pursued a divide-and-conquer strategy pitching the main unions of the public sector against each other. Naturally, unions progressively lost power during the reforms, losing affiliates, seats in congress, and part of their historic leverage within the Peronist party. But this would probably not have happened if union leaders had remained true to their allegiances. The *Unión del Personal Civil de la Nación* (UPCN), for example, compromised on the reform and was benefited from access to newly privatized pension funds and managerial control in sectors like health and tourism. Meanwhile, those who confronted, like the *Asociación de Trabajadores del Estado* (ATE), lost such benefits. In this way, the relatively reputed Argentine bureaucracy saw its autonomy corroded by a cunning executive who drew a wedge into its political coalition.

The decision to confront or bandwagon had important ramifications in the long term. UPCN, for example, was entrusted with the virtual monopoly of labor representation in the *Sistema Nacional de la Profesión Administrativa* (SINAPA). SINAPA was instituted in 1991 with the purported intention of consolidating promotion by performance and training but it quickly became a Trojan horse for radical reformists. By changing the rules of the game, SINAPA was also instrumental in undermining bureaucratic autonomy, replacing hierarchical personnel and serving as an excuse for leaving positions vacant, while informal, precarious employment contracts outside the system became common.²⁵

Another interesting characteristic of the early Menem reforms was the increase in the absolute number of public servants in political jurisdictions – e.g., secretaries and sub-secretaries of state – despite an initial rule that limited them to three units per level. The fact that those positions were allowed to grow in a context of unfathomable downsizing also underscores the politicization in the reform and the need to compensate entrenched bureaucrats and union leaders willing to change sides.²⁶

²⁴ Ghio and Echemendy, “Fugindo do perigo.”

²⁵ Orlansky, “Reforma del Estado”; Chudnovsky and Dussett, “Cuando la falla en la implementación,” 326.

²⁶ The leader of the union of gastronomic workers, for example, was offered a position at the *Superintendencia de Servicios de Salud*, which supervised the assignment of 4 billion dollars among a union-run branch of the Argentine health system. In another case, the leader of the railway union was offered a top position in the new privatized company in exchange for the dismissal of 80,000 employees. These are only two salient examples of a widespread practice at the time (Volosin, *La máquina de la corrupción*).

The informality of it all resulted in sprouting corruption scandals. Responding to pressure from the WB and domestic public opinion, mechanisms of budgetary control were introduced by law in 1992. Two relevant institutions were created: the *Sindicatura General de la Nación* (SIGEN) and the *Auditoría General de la Nación* (AGN), for internal and external monitoring of budgetary spending, respectively. Although these agencies served to legitimize previous reforms – and the argument for constitutional reform – they were still plagued by informality and lack of autonomy.²⁷

Overall, first-generation civil service reforms in Argentina are harshly criticized by public administrators. According to Oscar Oszlak, this dismantling had five serious consequences: poor planning led to state deformity; wholesale privatization compromised state regulatory capacities; abrupt decentralization of functions left subnational units incapable to deal with the burden; demobilization and systematic sidelining of critical actors undermined citizens-as-users, and inflexibility of the reforms created a type of inertia that would seriously undermine second generation reforms.²⁸

7.3.2 Brazil

Brazil differs markedly from Argentina in the breadth and intensity of its first-generation reforms. Although Brazil underwent two cycles of reform as well, the first of these cycles encountered serious political difficulties which delayed and softened its implementation considerably.²⁹

A first attempt at downsizing was heralded by President Fernando Collor de Mello (1990–1992), who tried some Argentine-style radical reforms during his administration. But both market and state reforms in the early 1990s were unsuccessful, not least because Collor faced the compounded opposition of a strong coalition of local businessmen, the developmentalist bureaucracy, the military, and several other actors bent upon slowing the pace and reducing the aims of the reform.³⁰ Finally, the impeachment of Collor meant that actual first-generation reforms would arrive to Brazil relatively late, with the administration of President Fernando Henrique Cardoso, starting in 1995.

The initiatives put forward by Cardoso also envisioned civil service reform as part of a broader package directed to reduce the scope of the state, and under the auspices of the IMF and the WB. The offensive was initially no less ambitious than others in the region, but Cardoso created the Ministry for Federal Administration and Reform of the State (MARE) and appointed a notable bureaucratic entrepreneur at the top: Luiz Carlos Bresser Pereira.

²⁷ Orlansky, “Política y Burocracia.”

²⁸ Oszlak, “From Smaller to Better Government,” 418.

²⁹ Barzelay, “Designing the Process.”

³⁰ Fausto and Devoto, *Brasil e Argentina*, 488; Di Tella, “El sistema político brasileño en perspectiva argentina,” 158; Pang, *The International Political Economy of Transformation*, 133–37.

Bresser introduced a big difference from the outset. He was a public administration professor and an active reformist with broad international networks. After becoming part of the cabinet, he was also named president of the *Centro Latinoamericano de Administración para el Desarrollo* (CLAD), the Latin America think tank that set the agenda of administrative reform. This put Brazil at the vanguard of the reformist movement but also meant that the person in charge of the process would have autonomy. Bresser's legitimacy as a notable academic also gave him political leverage even vis-à-vis Cardoso. His vision of the reform, it would be revealed, was not as crude as others, and he had already incorporated the kind of nuance and sophistication that would become the hallmark of second-generation reforms.

It is interesting to note that the fame and respect for Bresser were partly due to the reputation of the Brazilian public administration per se. Only a cadre recognized notable socio-economic status – comparable to the diplomacy or business associations – could have produced a leader of such authority.

The most outstanding particularity of the Brazilian process, however, was that the reformist impetus faced coordinated and strong opposition from both within and outside the bureaucracy. This would become evident right after the approval of the *Plano Diretor da Reforma do Aparelho do Estado* in 1995, which laid out the policy of fiscal adjustment, amalgamating this opposing coalition.

Counting with the support of the key ministries – like *Casa Civil*, *Planejamento*, and *Fazenda* – the *Plano Diretor da Reforma* divided the public sector into a strategic nucleus, exclusive activities, and non-exclusive activities, envisioning much more flexible contracts and the possibility of outsourcing for the latter. Yet, the stability of public employees soon became a highly politicized issue. Although some voluntary retirement took place, most civil servants resisted. Little support was gathered for institutional changes, even within the ministries that led the reform. While the top echelons approved budgetary cuts, the personnel able to produce real productivity gains within the bureaucracy was reluctant to cooperate.³¹ Obstructionists were backed by strong unions which formed broad coalitions in the public sector – like the *Confederação dos Trabalhadores no Serviço Público Federal* (CONDSEF), created in 1990 – and were ultimately able to close ranks with the *Central Única dos Trabalhadores* (CUT), the main union federation in Brazil.

Eventually, obstructionists mobilized through unions and political influences and gathered enough power to block the reform at the level of Congress. MARE had prepared an amendment to the 1988 Constitution which Cardoso sent to the legislature on August 1995, but its treatment was delayed for years.

Aware of the opposition, MARE moderated and started to push for more circumscribed and selective reforms.³² Discourse changed radically as well.

³¹ Rezende, “Por Que Reformas Administrativas Falham?”

³² Lima, “As reformas administrativas no Brasil.”

In the words of Bresser, the stated goal of these reforms became not only to eliminate personnel redundancies but also to increase the accountability and efficiency of the civil service by offering more stability to competent professionals.³³ Despite all these attempts at renegotiating some reform, the political resistance marshaled by unions representing the interests of middle- and low-rank public employees was fierce and effectively blocked it.

In retrospect, this was fortunate. Studies have demonstrated that the greatest problem Brazil was facing at the time was not the size of its bureaucracy per se, but the high cost of salaries, pensions, and bonuses, which were up to fifty percent higher than in the private sector.

In any case, the element of fiscal adjustment – the core of first-generation reform – had to be postponed and dealt with more cautiously and gradually in the future.

7.3.3 Chile

Unlike our first two cases, Chile was not a main target of WB or IMF conditionality-based lending in the early 1990s and could, mainly because of this, avoid reforms of the great spectrum.³⁴ Moreover, administrative reforms under the Pinochet regime – which included a unified salary scale, a statue for public employees, administrative decentralization of the state into regions, and a 30 percent reduction in the size of public employment – already profiled Chile as an “entrepreneurial market state” on the eyes of multilateral institutions. The power of the neoliberal wing during the dictatorship, as well as the political institutions they left behind, had constrained expansions in the public sector and left Chile in better fiscal standing. Therefore, administrative reform was less of a concern.

President Patricio Aylwin (1990–1994), for example, kept state reform low in the agenda and showed important continuities with what was done under Pinochet. Although Aylwin’s concern with the topic is evident in the creation of the *Ministerio de Planificación y Cooperación* (MINDEPLAN) at the beginning of his term, overly confronting unionized civil servants would have undermined a still young and fragile democratic alliance vis-à-vis the military and right-wing parties. Aylwin promoted cooperation instead, starting with unionized workers of the National Association of Fiscal Employees who participated actively in the elaboration of an accord expanding performed-based remuneration.³⁵

The broad recognition of civil servants as those distinctively capable of enhancing the efficiency of the public sector encouraged some entrepreneurs within the bureaucracy – a group that became known as “the archangels” – to

³³ Bresser, “New Public Management Reform,” 14.

³⁴ Lardone, “The appropriation of the World Bank policies?”

³⁵ Marcel and Toha, “Reforma del Estado y de la gestión pública.”

take reform into their hands and began a bottom-up transformation of areas like taxation, health, education, and prevision.³⁶ As it would happen later on in Brazil, advocacy coalitions rising from within the bureaucracy responded to stability and meritocratic incentives by pushing a process of increasing sophistication, for example, in the measurement of performance indicators for budget elaboration and planning.

The initial steps of the reform were piecemeal, however, and based on trial and error. A *Plan Piloto de Modernización de Gestión en Servicios Públicos* (1993), for example, was implemented to test a method of results-based evaluations on five to seven agencies before the system was extended beyond. The experiment took three years to produce some initial results which were thoroughly evaluated by the next administration before any large-scale implementation took place. Some of these projects were co-financed by the WB and the IDB, but always with strong participation of Chilean counterparts and imposing very little threat, if any, to the stability of public officials.³⁷

When President Eduardo Frei arrived to power in 1994, he gave more impulse to the process, starting with a focused effort to reform justice. The agenda was pushed by a broad coalition including Agustín Edwards, president of *Fundación Paz Ciudadana*, and a few top political figures, but was mostly handled by the judiciary. Edwards, just like Bresser in Brazil, was the kind of public intellectual and reform entrepreneur that could remain autonomous vis-à-vis the executive and give the reform legitimacy needed in Congress and in the streets.

Early in 1994, the Inter-ministerial Committee for Public Modernization was created, demonstrating that administrative reform beyond justice was still on the agenda. Progress, however, continued to be very slow. Laws had to be passed in 1995 and 1996 to start the process of reform in areas like budgetary planning, tax collection, and customs. The methodology of pilot projects that took many years to evaluate also delayed implementation. But reforms advanced slowly and steadily, which eventually resulted in a much better coupling with second-generation reforms.

7.3.4 Peru

The contrast between Chile and Peru with regard to state reforms in the 1990s could not be starker (see Camacho and Dargent in this volume). When it comes to first-generation civil service reforms, the cases are polar examples. The context in Peru was even more severe than in Argentina or Brazil, given the concurrency of economic and political crises affecting the party and regime institutions, which meant that the critical juncture was carved deeper than elsewhere into existing administrative institutions.

³⁶ Weissbluth, *La reforma del Estado en Chile*; Navarrete, “La modernización del Estado.”

³⁷ Filgueiras, “Los casos de los Ministerios de Hacienda y de Salud en Chile.”

The destruction of bureaucratic capacity in Peru during the 1990s took place in a broader context of a party system collapse. This meant that the advocacy coalition led by political outsider Alberto Fujimori could exclude the bureaucracy affiliated with traditional parties – a strong force for stability in other cases – while still including powerful actors like international financial organizations, local and foreign businessmen, and a new technocracy concentrated in the high echelons of the executive.³⁸ While these bureaucrats were somehow shielded by the *Partido Aprista* during the Alan García, and by Congress during the first months of the Fujimori administration, the attack on partisan and republican institutions soon became fierce, and civil servants became were openly targeted. Fujimori called them “parasitizing” and “idle” in public speeches, identifying “bureaucratization” as one of the biggest problems he was determined to resolve.³⁹

In January 1991, an offensive plan to downsize the bureaucracy was enacted. The process was handled in a top-down, centralized fashion, by the Ministry of Economy – the agency that, as in other cases, most openly embraced fiscal reform. The plan consisted of two reinforcing measures. A first resolution promoted resignations across the board by offering compensation to civil servants who adhered to the plan within a specific time frame. The second measure consisted in allowing the dismissal of non-essential personnel with meager compensations starting in April. This threat led more than 30,000 public officials to resign voluntarily in a matter of months.

By late 1991, this initial attempt at wholesale reform was slowed down due to continuing economic hardships, some reorganization of unions, and the growing confrontation between Fujimori and Congress. The *Instituto Nacional de Administración Pública* (INAP) started to gain some promising control over the reform, and some hoped it could stop, and even revert some measures. But Fujimori’s self-coup of April 1992 led to strong re-centralization of state reform. That same month regional governments were suppressed and replaced by provisional councils depending directly on the central government. Subsequent debates about constitutional reform sent the topic to the bottom of the agenda, but the reform continued steadily underway in a rather authoritarian fashion.

Subsequent administrative reforms reflected the increasing verticalization of authority in Peru. They were handled directly by the *Ministerio de la Presidencia* (MIPRE), infamous for its authoritarian role, without much consultation with other organs. Subsequently, the 1993 Peruvian Constitution itself contemplated the centralization of the executive bureaucracy in the presidency, allowing MIPRE authorities to first absorb and then shut down the INAP in 1995. Overall, Peru underwent a cut in public employment from roughly 600,000 to 300,000 civil servants in this first wave of reform.⁴⁰

³⁸ Tanaka, “¿Crónica de una muerte anunciada?”

³⁹ Cortázar, *Oportunidades y limitaciones*, 43.

⁴⁰ Webb and Fernández Baca, *Perú en números 1994*.

Although Peru is perhaps the clearest case of bureaucratic destruction during first-generation reforms, the literature does recognize some specific examples where bureaucratic know-how and prestige were preserved. These cases are the exceptions that prove the rule applied to all other areas of public administration was seriously wrongheaded. One such case is that of the *Superintendencia Nacional de Administración Tributaria* (SUNAT). Prompted by the urgent need to enhance tax collection Fujimori preserved the autonomy of this agency and devised a plan to reform it “from within.”⁴¹ The reform, therefore, came to include the training of new agents in the also newly created *Instituto para la Administración Tributaria* (IAT), and although several hundred of employees voluntarily resigned in 1991, the number of SUNAT agents was up again to its original 3,000 by 1993, with a ten-fold salary increase and the social prestige derived from Fujimori’s public support. This newly created elite corps simplified the tax system – from sixty to just nine tax categories – and tax collection increased considerably as a result.⁴² In this way, SUNAT became an example of how reforms could be done right although, as we shall see, the damage caused to the civil service was already great enough to undermine second-generation reforms.

7.4 SECOND-GENERATION REFORMS

Second-generation reforms find their root in the New Public Management (NPM) school, a view of the civil service that took hold in OCDE countries during the 1980s. These ideas were famously summarized in a volume by David Osborne and Ted Gaebler (1992) which arguably set the stage for a change in the ideology of multilateral institutions by the mid- 1990s.⁴³ According to this new mindset, “reinventing governments” required not a drastic downsizing and reduction in scope, but a more result- and citizen-oriented type of management that, by copying practices in the private sector, would bring critical gains in efficiency.

These ideas disembarked in Latin American policy circles through a 1997 report by the WB noting that first-generation reforms had gone too far in the direction of reducing the scope of the state and had done too little to strengthen it.⁴⁴ The new recipe was marked by what became known as the “four Es”: efficacy of public sector intervention, economic efficiency, equity in the distribution of expenditures, and generating a proper environment for the private sector. Poverty reduction, infrastructural investment, and good state regulation became at least as important as reducing the fiscal deficit. Administrative reform, in a way, started to decouple from economic policy. A concrete focus

⁴¹ Cortázar, *Oportunidades y limitaciones*, 50.

⁴² Nickson, “Transferencia de políticas.”

⁴³ Osborne and Gaebler, *Reinventing Government*.

⁴⁴ Fukuyama, “The Imperative of State-Building.”

on the civil service was promoted instead. This involved redesigning the functions of the staff, getting rid of overlapping hierarchies, streamlining organizational charts, and de-bureaucratizing. The view of the public servant also changed radically, with a new emphasis on meritocratic rules for recruitment and career advancement, competitive salaries, continuous training of personnel, and enhancing the technological infrastructure in the public sector to facilitate the management and flow of information.

The second wave was different not only in the way multilateral institutions pictured the reforms but also in the way they approached actual countries. Although NPM became a necessary buzzword for getting funding from the WB, IMF, and IADB, the emphasis shifted from conditionality-based lending and forcing reforms upon states in need to the negotiation of legally binding agreements with specific bureaucracies, the use of ideological persuasion, and a particular emphasis in having civil servants “own” the reform.⁴⁵ Bureaucratic autonomy, erstwhile the last line of defense against downsizing, now became a prerequisite for successful implementation.

Because of the more active role that bureaucracies played during second-generation reforms, it would be unfair to continue dividing the two main coalitions of this era between reformists and obstructionists. These antagonistic camps did not polarize after fiscal adjustment policies were loosened and the discussion became more technical. During second generation-reforms, we should talk instead of political reformers, on the one hand, and embedded or autonomous bureaucratic reformers, on the other. Collaboration between these two camps was frequent in order to surpass the hurdles old administrative traditions and patrimonialism supposed for NPM reforms.⁴⁶

7.4.1 Argentina

By the mid-1990s, the WB became increasingly concerned about the situation of the Argentine state, which was now smaller in size but remained highly inefficient. Reports issued in 1996 and 2000 highlighted that great “institutional weaknesses” remained, mainly regarding the capacity of the federal government to sustain in time the initial boost in efficiency that was achieved via downsizing.⁴⁷ Embarked upon a set of economic policies that necessitated a continuous flow of foreign credit and investment, the response of the second Menem administration was swift. A Second State Reform has launched already in February 1996.

The legal framework included a new focus on rationalization, particularly trying to eliminate remaining areas of overlap between national, provincial,

⁴⁵ Riggiozzi, “The World Bank as conveyor.”

⁴⁶ Pollitt and Bouckaert, *Public Management Reform*.

⁴⁷ Lardone, “The appropriation of the World Bank policies?”

and decentralized agencies. But key aspects of first-generation reform remained, such as high levels of informality, and a notable concentration of authority in the executive. The president created the *Unidad de Reforma y Modernización del Estado* by Decree and under the *Jefe de Gabinete* (Chief of Staff). Created by the 1994 Constitution, the Chief of Staff was a powerful executive official, now invested with notable authority to approve or reject so-called “modernization plans” and “strategic plans” that would be developed by different bureaucracies. The Chief of Staff was also a political appointee with no legitimacy within the bureaucracy. This often led to conflict with the ministries which slowed down and at times paralyzed the reform.

The politicization and informality of the reform were a residue of first-generation reforms that Argentina could never get fully rid of and which purported serious problems. The timeline for bureaucracies to present their plans was too short, and delays related to inter-bureaucratic bargains undermined a few attempts at rationalization. Similarly, while some agencies were reorganized and integrated under bigger structures, the critical problem of overlap and duplication of activities was almost never taken care of due to intra-bureaucratic political struggles.⁴⁸ Finally, while the formal public servant career – now regulated by SINAPA – seemed to be in line with fiscal goals, a whole parallel structure of informal and precarious state employment exploded when the climate of second-generation reforms allowed some expansion. From 1997 to 1999, short-term contracts and outsourcing to self-employed workers increased by 300 percent.⁴⁹

The Second Reform also included some important initiatives that were not clearly related to bettering efficiency, monitoring, and planning. For example, a fund was created to assist those public workers who remained unemployed, as a sort of palliative for the unintended consequences of previous reform, and a bargaining chip with ATE, still a powerful union. Although the fund was never implemented, this is another example of how Argentina missed the chance to implement important second-generation reforms, diverting its attention to fix the problems created by first-generation ones.

Most importantly, first-generation reforms had eroded the basic structures needed to build upon. The precarity of labor and growth of the informal sector, which resulted from wholesale privatization and downsizing, led to an inefficient growth of the state – many times tinged by clientelism – in areas beyond the scope of capable bureaucratic structures. Similarly, the concentration of power in the executive, which was essential to the success of the first-generation reforms, consolidated after the 1994 Constitutional Reform, making it ever more difficult to preserve bureaucratic autonomy.

The failure of NPM in Argentina is captured in several studies. One contemporary study, for example, concluded that “...dysfunctional features which

⁴⁸ Orlansky, “Política y Burocracia.”

⁴⁹ Chudnovsky and Doussett, “Cuando la falla en la implementación de las reglas,” 326.

existed prior to the reform continue to appear in more than 80 percent of the issues.”⁵⁰ More recently, this assessment has not changed.⁵¹

7.4.2 Brazil

As previously discussed, the 1995 plan for public administration reform became virtually stalled when Cardoso sent a project to Congress to amend the 1988 Constitution, generating much criticism and politicizing of the issue. This setback, however, led to a shift in focus at MARE, whose main goal drifted toward a more piecemeal implementation of concrete initiatives.⁵²

Even before the 1997 WB report, MARE had been successful in implementing some gradual changes. For example, Bresser coordinated with the *Escola Nacional de Administração Pública* (ENAP) – the school of public officials – the training of public managers and budgeting and planning analysts, two new career paths in the public sector that remained absent in most Latin American bureaucracies.⁵³

From 1995 to 1998, MARE also won, one by one, more than a hundred legal battles to derogate administrative rules in the areas of human resources, state purchases, and organization. These slow but consistent reforms set the stage for a second cycle of Brazilian reform started when Congress finally passed a law in 1997 regulating “social organizations” – new entities that would be functional to the decentralization of state activities. Even more importantly, the constitutional amendments proposed by MARE were also approved in 1998.

Still, Cardoso had learned from his early experience that politicization could spoil all this progress. He was committed to lower the tone of the discussion, keeping second-generation reforms under a low profile, shielded under the umbrella of bureaucratic autonomy. The best way to do this was to shut down MARE, giving a political victory and some closure to the losers of the reform process.

Bresser (2001) himself agreed that MARE was closed, and its responsibilities were transferred to the Ministry of Planning.⁵⁴ Discretion was probably the best way to ensure the continuity of the process. Unlike most first-generation reformers in Latin America, Bresser was persuaded by the NPM framework from the beginning and perhaps more concerned with the citizen-user framework than he was with downsizing and fiscal adjustment, which were chiefly associated with MARE. Therefore, by changing discourse, Brazilian reformists were able to soothe concerns related to personnel dismissals and heavy policy transfers from outside. Instead, bureaucratic entrepreneurs were empowered

⁵⁰ Bozzo et al., *Cuaderno CEPAS No. 5*.

⁵¹ Oszlak, “From Smaller to Better Government.”

⁵² Nickson, “Transferencia de políticas.”

⁵³ Barzelay, “Designing the Process,” 12.

⁵⁴ Bresser, “New Public Management Reform.”

inside each of their autonomous units, which allowed for a more decentralized, piecemeal management of the reforms.⁵⁵

Progress in this second phase remained slow but steady. In 2000, for example, Cardoso implemented a national survey to evaluate user satisfaction with public services and created – by decree – a system to evaluate user satisfaction in the future, including quality standards to be attained across the federal bureaucracy.⁵⁶

The new focus on public service accountability was also accompanied by a very strong pro-democratic discourse which emphasized the necessity to open erstwhile authoritarian bureaucracies to the citizenship as a necessary step toward a full-fledged consolidated Brazilian democracy. The narrative was very successful in legitimizing second-generation reforms. The public debate shifted from the stability of public employees toward the existence of authoritarian enclaves within the bureaucracy, which even generated incentives for insiders to reform in order to preserve their social prestige. This discursive shift toward the necessity of democratizing the bureaucracy was a distinctive feature of the Brazilian administrative reform process when compared to its neighbors. Contrary to the expectations of many bureaucrats, it also reinforced bureaucratic autonomy by enhancing their reputation and expanding their political coalitions.

7.4.3 Chile

Almost in parallel to the WB report issued in February 1997, Frei launched the *Plan Estratégico para la Modernización de la Gestión Pública*, which contained in it many of the reforms the archangels had been pushing for years.⁵⁷ As with previous experiences, the process started with pilot projects which only after careful evaluation evolved into more institutionalized *Planes de Mejoramiento de Gestión*. Unlike the programs of the early 1990s, second-generation reforms in Chile were owned by the state to a much greater degree. For example, a *Programa de Coordinación de Proyectos de Gestión* (1997), a *Programa de Evaluación de Proyectos Gubernamentales* (1997), and a *Programa de Mejoramiento de Gestión* (1998) were financed in their entirety by the Chilean state, ensuring almost complete autonomy from WB pressures and institutional blueprints. These programs provided general frameworks but the details about performance indicators and modernization projects were subscribed by the agencies to be reformed. Results, therefore, grew out of much intra-bureaucratic, inter-bureaucratic, and even executive-legislative cooperation.

Given the gradual nature of administrative reform in Chile during the early 1990s, the continuity between first-generation and second-generation reforms

⁵⁵ Barzelay, “Designing the Process,” 13.

⁵⁶ Nassuno, “A administração com RSP foco no usuário-cidadão.”

⁵⁷ Weissbluth, *La reforma del Estado en Chile*.

was notable. Yet, this new wave helped embolden the Chilean reform process, in particular by legitimizing a more technocratic approach the country had already taken. The 1997 plan introduced by Frei, therefore, presented Chile already as a paradigm of the NPM school; a country that foresaw the conclusions that CLAD and multilateral institutions were discovering only by then.⁵⁸ In important respects, Chile was truly at the vanguard of NPM in Latin America. Budgetary planning is perhaps the clearest example. In 1998, the *Dirección de Presupuestos* developed a program for strategic planning which included multi-year budgetary forecasts and commitments, something rather unseen in the rest of Latin America.⁵⁹

A clear downside of the Chilean reform, however, was the democratic deficit that any highly technocratic reform entails. In this regard, a democratic narrative might have played a positive role, just as it did in Brazil. On the one hand, it generated incentives for bureaucrats to demonstrate efficiency and transparency to the private sector and civil society. On the other hand, being led by the left-wing coalition, the reforms were seen as an opportunity to increase accountability and thus viewed positively by the public.

Also due to the graduality and long-term nature of the reform calendar, many of these reforms continued to take place under President Ricardo Lagos (2000–2006). The main drivers of reform under Lagos were not his own agenda, nor the top-down pressure of multilateral institutions, but a consistent request for transparency and accountability from the citizenry after a corruption scandal in the Ministry of Public Works. This case serves as a reminder that even corruption scandals and politicization can have a relatively positive impact on reforms, albeit under very particular conditions.

All in all, after first- and second-generation reforms, Chile not only avoided drastic downsizing; it had registered a 20 percent enlargement of its public payroll amidst increased efficiency. Brazil is the only other Latin American country that registers such an enlargement, while the rest of the region underwent reductions from 5 to 40 percent throughout the 1990s – Argentina and Peru, as we have seen, are among the most radical examples.⁶⁰

7.4.4 Peru

The second phase of reform in Peru coincides with the second term of Fujimori, who was reelected in 1995. By that time, it was clear to officials and public opinion that autonomous entities within the public administration who skipped first-generation reform blow, like SUNAT, had become the only “isles of modernity” left and awaiting to be mimicked.⁶¹

⁵⁸ Marcel and Toha, “Reforma del Estado y de la gestión pública.”

⁵⁹ Filgueiras, “Los casos de los Ministerios de Hacienda y de Salud en Chile.”

⁶⁰ Oszlak, “El servicio civil en América Latina y el Caribe,” 8.

⁶¹ Ordoñez, “La reforma Administrativa en el Perú.”

These few so-called “enclave reforms” contrasted with attempts at wholesale reform and downsizing which were seriously questioned, even by the President himself. By 1995, Fujimori found those measures had created serious bottlenecks and began to hire new personnel under a different type of contract to bypass self-imposed limits.⁶² Through these means, the public administration had started to grow again to the extent that pre-reform levels of public employment would be achieved before the end of the decade.⁶³

The new focus, thus, tuned to modernization, while fiscal concerns were relegated. In terms of decision-making, the Ministry of Economy was sidelined, and more control was granted to the *Presidencia de Consejo de Ministros* (PCM) and decentralized to the ministries and entities to be reformed.

Fujimori counted now with a sound majority in Congress, so a law was passed in late 1995 which delegated legislative functions on the executive to modernize all ministries, which would expire in December 1996. From the beginning, however, the program was marred with ambiguities. While on the one hand, there was an emphasis on the autonomy of bureaucratic enclaves and incentives for self-reform, the PCM team hired consulting experts paid by development cooperation funds and coming from the private sector.

In a blatant attack against bureaucratic autonomy, private and foreign reformists tried to impose indicators of performance promoted by multilateral agencies, which were seen by civil servants as yet another way for the Presidency to exert control over them.⁶⁴ International pressure and competition between the Ministry of Economy and other ministries eventually led to politicization. The Peruvian press suggested that the new reform could entail a new wave of voluntary retirements – this time of up to 200,000 civil servants. Amidst a heated debate, public opinion soon turned against second-generation reforms.

In the end, Congress, the President, and the ministries ended up abandoning the reform plan, aligning with public opinion and activists from the bureaucracies directly affected by the plan – some thirty entities which would have disappeared as a consequence of rationalization and streamlining. The issue had become so sensible that Congress had to reject an already approved loan by the IDB, which the executive had previously negotiated with much effort. The contradictions that marred second-generation reforms in Peru point to the importance of sequencing. It was arguably the reminiscence of the first reforms that scared public opinion and made the second wave politically untenable.

Finally, the reform process was not sufficiently institutionalized and decentralized to be sustained in time by bottom-up forces from within the bureaucracy. The reform was conceived as an executive project centralized in the

⁶² Cortázar, *Oportunidades y limitaciones*, 65.

⁶³ Echebarría and Cortázar, “Public Administration and Public Employment Reform,” 137.

⁶⁴ Cortázar, *Oportunidades y limitaciones*, 72.

upper echelons of the administration. Therefore, with Fujimori swayed away from this policy goal, and the expiration of the legislative delegation by the end of 1996, reform attempts found a sudden end.⁶⁵

7.5 CONCLUSIONS

This study of civil service reforms in Latin America during the 1990s illustrates, first and foremost, many possible forms of collaboration between comparative historical analysis and public administration, which could be further explored. These areas of overlap are both methodological and theoretical.

Methodologically, it is worth pointing to insights about critical junctures, path dependence, and sequencing, which undergird all four narratives across this chapter. First of all, critical junctures mattered. In all our cases like-minded reforms concurred in moments of regional crisis. In Argentina, a case of serious economic crisis, and in Peru, a case of overlapping economic and institutional crisis, international pressure more easily pushed wholesale first-generation reforms. Dodging both economic and political storms, Chile more easily avoided a rupture with the past. Yet, Brazil could have ended down the former path be it for the severity of its economic and political crisis, and yet did not, pointing to the importance of other factors as well.

Secondly, previous trajectories mattered as well. Chile and Brazil, our two cases of success, already had relatively professionalized bureaucracies before the 1990s. This reputation arguably gave them an edge over others. With the exception of a few small enclaves, the Peruvian bureaucracy did not count with a similar reputation. But again, this relationship is not deterministic. Argentina counted on a relatively strong bureaucracy both respected and initially backed by a political coalition, and yet failed to reform successfully as well. This points to the importance of contingency. Whether bureaucracies could preserve their autonomy did not depend exclusively on previous institutional legacies or the nature of structural shocks, but rather on fortuitous strategic interactions during the juncture. The cohesiveness of the Brazilian autonomist coalition, and the breakup of the Argentine one, were unforeseeable.

Thirdly, sequencing also mattered. The relative resilience of Brazilian and Chilean bureaucracies vis-à-vis first-generation reforms determined, in turn, the feasibility of further reforms. Conversely, in Argentina and Peru, where first-generation reforms hit hard, second-generation ones became politically and practically impossible to implement. The importance of this sequence becomes evident when we try to flip the order of events by virtue of a thought experiment or speculate about a counterfactual where first-generation reforms never have happened.

Theoretically, all the previous insights point to the autonomy of the civil service – given its reputation and capacity to build political coalitions – as a key factor,

⁶⁵ Barzelay, “Designing the Process.”

at the center of this story.⁶⁶ The issue of state autonomy has also been of key importance in the comparative historical tradition, but attention to it has ebbed and flowed, and the idea is rarely applied in the field of public administration.⁶⁷

In our story, bureaucratic autonomy is key because it explains both the preservation of prestigious, meritocratic bureaucracies from first-generation reforms *and* the successful implementation of second-generation reforms from within. Conversely, the vulnerability of civil servants to the pressure exerted by chief executives and multilateral financial institutions led to less auspicious outcomes.

This lends credence to the idea that positive feedbacks are possible when strong bureaucracies are able to build fiscal, human, and organizational capacity, while shielded from “powering reforms” (see Bersch in this volume). The latter is likely to create policy volatility and produce negative policy cycles, also reproducing in the long term.⁶⁸ Conversely, as it turns out, gradualism, stability, and consistency, seem to be important predictors of success. Katherine Bersch aptly captures these ideas by referring to the fable of the tortoise and the hare. The tortoise, self-aware of its (cognitive) limitations, used gradualism and consistency, the weapons of the slow, to get to the goal.⁶⁹ This chapter contributes with a complementary insight: just as tortoises can be slow and survive because of their shell, so is bureaucratic autonomy necessary to underpin processes of slow reform.

Other basic comparisons between these same four cases question the validity of alternative interpretations. For example, the influence of the military during the Fujimori administrations in Peru contrasts with their radical exclusion from politics in Argentina, suggesting that the armed forces did not play a stabilizing role in the context of administrative reforms – as one might be led to think when analyzing only Brazil and Chile, two countries where the military remained relatively strong. Similarly, the concurrency of administrative and economic reform in Brazil contrasts with their clearer separation in the case of Chile and shows that the urgency of state reform due to a critical economic context did not necessarily doom public servants – as one might be led to think if looking only at Argentina and Peru.

Yet, the conclusions drawn from these four cases do not automatically generalize to the rest of Latin America. Future research should explore this possibility. That abrupt downsizing was a mistake seems to be corroborated by looking at countries like Costa Rica and Uruguay, for example, where reforms had only marginal effects on public employment. Both these have retained a relatively large payroll – as a percentage of their population – and focused instead on enhancing meritocratic rules of recruitment and promotion.

⁶⁶ Carpenter, *The Forging of Bureaucratic Autonomy*.

⁶⁷ Evans et al., *Bringing the State Back In*.

⁶⁸ Chudnovsky et al., “Construcción de capacidades estatales.”

⁶⁹ Bersch, *When Democracies Deliver*, 6.

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