

Review

Reviewed Work(s): *The Politics of Freeing Markets in Latin America: Chile, Argentina, and Mexico* by Judith A. Teichman

Review by: M. Victoria Murillo

Source: *Journal of Latin American Studies*, Feb., 2003, Vol. 35, No. 1 (Feb., 2003), pp. 180-182

Published by: Cambridge University Press

Stable URL: <http://www.jstor.com/stable/3875593>

---

JSTOR is a not-for-profit service that helps scholars, researchers, and students discover, use, and build upon a wide range of content in a trusted digital archive. We use information technology and tools to increase productivity and facilitate new forms of scholarship. For more information about JSTOR, please contact [support@jstor.org](mailto:support@jstor.org).

Your use of the JSTOR archive indicates your acceptance of the Terms & Conditions of Use, available at <https://about.jstor.org/terms>



Cambridge University Press is collaborating with JSTOR to digitize, preserve and extend access to *Journal of Latin American Studies*

JSTOR

underpin the decision to engage in corrupt activities; Luis Moreno Ocampo reflects upon the clash of normative systems inherent in international efforts to contain the phenomenon; Luca Meldalosi, claiming that Italy rightfully belongs in 'the Latin world', explores the relevance of the Italian case to the Latin American experience; and long established authority in this area, Susan Rose-Ackerman, reflects upon the growing realisation that 'leaner government is not necessarily cleaner'.

This latter point is highlighted by Laurence Whitehead in his discussion of high level political corruption in Latin America which opens part two. Economic liberalisation may curtail some forms of grand corruption but others may become easier. This, as a number of contributors to this collection observe, has become particularly apparent with regard to the process of privatisation. Following Whitehead, Luigi Manzetti examines the pitfalls of market reforms without transparency; Carlos Eduardo Lins da Silva provides interesting examples of the corruption of journalists in Brazil reinforcing the point that a vigorous press is not necessarily free press; and Edmundo Jarquin and Fernando Carillo-Flores discuss the complexity of anti-corruption policies, albeit largely confining themselves to listing what needs to be done as opposed to assessing feasibility.

This last point highlights what are the two fundamental weaknesses of this collection: first, most of the issues, questions, themes, policy recommendations have been aired at length in a range of publications, conference papers, journal articles and suchlike during the five years that have passed since this roundtable took place. Consequently, readers seeking new perspectives on anti-corruption initiatives will be disappointed. Second, while a number of the contributors emphasise that greater transparency must compliment economic liberalisation, the full implications of this are not worked out. In fact there is a contradiction here: greater transparency can ultimately only be achieved by strengthening structures of accountability particularly legal institutions, inspectors general and other oversight mechanisms. This would seem to demand an expansion of the public sector in order to ensure that contractions elsewhere operate in the public interest. In a continent where the public services of its most developed state, Argentina, are collapsing, and the administration of its richest city, São Paulo, is well down the road to disintegration, one wonders where the resources needed to fund these structures of accountability are likely to come from?

*University of Westminster*

ROBIN THEOBALD

*J. Lat. Amer. Stud.* 35 (2003). DOI: 10.1017/S0022216X03326720

Judith A. Teichman, *The Politics of Freeing Markets in Latin America: Chile, Argentina, and Mexico* (Chapel Hill, NC: University of North Carolina Press, 2001), pp. xv + 273, £45.95, £16.95 pb.

In *The Politics of Freeing Markets in Latin America* Judith Teichman provides a provocative argument about the politics of market reforms and its implications for democracy as well as a rich description of the reform processes in Argentina, Chile, and Mexico. This book emphasises the personalistic aspects of the Iberian traditions in the region to explain the policy networks that were instrumental for market reforms in the three studied countries.

In Teichman's view Latin American policy networks link ideas with domestic and international actors. Personal relationships and loyalties sustain these networks

taking advantage of personal power and discretionality in the application of the law. Therefore, 'policy networks are hierarchical, cohesive, tightly integrated, and resistant to penetration from the outside' (p. 18). In Latin America, policy networks link personalistic leaderships with US-trained technocrats in government and their counterparts in international financial institutions (mainly World Bank and International Monetary Fund). The characteristics of each country and the circumstances in which they started the process of reform are associated with different features of the policy networks. In some cases policy networks are more porous to social allies from the business sectors and, in Argentina, to some privileged labour unions. Policy networks are more cohesive under authoritarian Chile than in democratic Argentina. They include a stronger component of domestic technocrats (although trained together in the same American Ivy League universities) in Mexico than in Argentina where the relative absence of such individuals increased the dependency on the technical advice of the World Bank.

Although policy networks played a key role in each of the three countries, they were subjected to historical legacies and the interaction between domestic and international factors. According to Teichman, their role is more relevant in the first stage of reforms where consultation is minimal. However, in the second stage of reforms popular dissatisfaction with the previous pro-market policies increases the number of actors providing policy input. Moreover, the inclusion of new actors, she argues should be considered by the international actors in the policy networks. Because policy networks have closed and secretive deliberations, international actors cannot make alliances with social actors who agreed with them more than government officials do. Whereas governmental reformers could ignore the advice from the World Bank when they did not like it, 'including societal groups might enlighten bank officials and cause them to modify policy advice, producing ultimately different policy outcomes' (p. 212). In contrast, the secrecy and unaccountability of the process can have negative consequences for policy success, according to Teichman. Electoral politics and open deliberation rather than insulated technocrats may help implement sustainable market reforms while fostering democratic consolidation in Latin America.

This description of policy networks, however, does not provide the conditions defining when ideas overcome vested interests in imposing a reform, such as her description of trade liberalisation in Mexico. Alternatively, it does not explain under which conditions ideas coincide with the desires of the private sector, such as in the case of privatisation in all three countries. Is this a characteristic of the policy involved or are policy makers using some policies as compensations for others in order to convert the losers into winners by taking advantage of the redistribution created by market reforms? Were the personalistic features of the Latin American policy network a result of the Iberian heritage? Perhaps political leaders were taking advantage of the redistribution generated by market reforms to constitute (in the case of Pinochet) or reconstitute (in the cases of Salinas and Menem) their support coalitions in a similar way in which others before them used import substitution policies. These are questions opened by the book that deserve further research by others following in Teichman's footsteps.

Teichman's main conclusion is that market reforms in these three countries were not homogenous. She analyses the policies implemented in these cases to show that they did not hurt the vested interests that were supposed to oppose them, according to the economic literature on market reforms. In her conclusion, she states 'the evidence from this study contradicts the notion that market reforms generate opposition from

privileged interests while its beneficiaries, a diffuse cross section of the public, remain silent. In fact the biggest winners of the initial period of reform were the powerful conglomerate owners, who bought up public firms, took advantage of new export opportunities, and acquired privileged and personal access to the highest reaches of political power' (pp. 210–211).

This conclusion, which summarises the evidence of her empirical chapters, contributes to the political science literature on privatisation. Teichman's arguments resonate with Joel Hellman's 'Winners Take All: The Politics of Partial Reform in Postcommunist Transitions' (*World Politics*, vol. 5, no. 2, January 1998). Hellman's argument is that market reforms in the former socialist countries are captured by the initial winners, who take advantage of the arbitrage opportunities between the reformed and the unreformed sectors generated by the sequencing of reforms. Later, these 'unexpected' winners hinder the implementation of second generation reforms that eventually reduce the rents acquired in the first round. Teichman's description of Telmex (Teléfonos de México) pressing against competition in telecommunications follows a similar logic. Teichman's book, thus, speaks to a current debate in the political science literature on market reforms while emphasising a key mechanism in their implementation: policy networks.

*Yale University*

M. VICTORIA MURILLO

*J. Lat. Amer. Stud.* 35 (2003). DOI: 10.1017/S0022216X03336727

Mark Eric Williams, *Market Reforms in Mexico: Coalitions, Institutions, and the Politics of Policy Change* (Lanham, MD: Rowman and Littlefield Publishers, 2001), pp. xiv + 258, \$75.00, \$26.95 pb.

This recent publication provides us with an excellent account of the political dimension of the reformist process in Mexico. It centres on the question of what makes reform policies successful. First, it carefully examines the political dynamics that characterised various policy arenas across presidential administrations in Mexico. Secondly, it extends the comparison to the Argentine case. For Williams, the core of the explanation of relative successes and failures lies on the coalition politics both outside and inside the state. This factor, together with certain institutional dynamics that help to offset or compensate for the costs involved in the changes in each case, crucially determines the fate of reformist initiatives.

The policy areas selected include privatisation, deregulation and environmental reform. In all three the Mexican government aimed to produce substantial changes. However, political success, defined as the capacity to implement a specific policy and therefore attain the government's main goals in those areas, was relatively higher in the first two than in the third. Thus, after making a critical review of different possible explanations of these dissimilar outcomes, the author suggests his own, based on the factors mentioned above.

His argument has the merit of highlighting an element usually neglected by coalition approaches: coalitions made within the state, and their impact on the elaboration of a policy initiative and on the chances of successful implementation and consolidation. It also points out to diverse strategies that may be used to cope with opposition and gather support. But coalitions are at the centre of the analysis and are treated as 'agents' with capacity to affect the organisational position of their members, generate institutional innovation and advance ideological paradigms.