

## Book Reviews

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Katherine Bersch, *When Democracies Deliver: Governance Reform in Latin America*. New York: Cambridge University Press, 2019. Figures, tables, bibliography, index, 236 pp.; hardcover \$105, ebook \$84.

This is an important book, deserving of close attention from scholars, domestic policymakers, and officials in multilateral lending institutions. It focuses on the negative long-term impact of big bang (“powering”) reforms and the more positive outcomes achieved by an incremental problem-solving approach to policy.

Powering reforms involve major policy and institutional overhauls, orchestrated by political leaders and loyal technocratic reformers. Driven by “group think,” these reformers tend toward singlemindedness in their efforts to bully reform opponents into submission in order to ensure that reforms are implemented rapidly and not watered down. The preferable mode of policy reform, according to Bersch’s thoroughly researched and careful analysis, is slower problem-solving policy change that builds consensus, anticipates potential problems, and makes adjustments as policies unfold.

Bersch draws the bulk of her evidence from an examination of policy change in the transportation infrastructure and health sectors in Brazil and Argentina from the early to mid-1990s to about 2013. The analysis makes a compelling case that Brazil’s so-called stalled market-liberalizing reforms had, in the end, a considerably better outcome than Argentina’s big bang ones. This insight, which, as Bersch shows in her final chapter, is more broadly relevant, offers an important challenge to much of the scholarly and official conventional wisdom on how best to achieve state reform and substantive policy change. It reminds us that the conventional wisdom on policy change of the 1990s succumbed to its own version of “group think” when it cheered on politically insulated market reform processes as both necessary and effective.

The argument that powering reforms—reforms carried out without negotiation and compromise—are neither politically nor practically sustainable is so compelling that one wonders why their ultimately detrimental consequences were not anticipated at the time. Some of these processes involved the questionable use of presidential decree powers, as in Argentina, while other cases (not explored in this book) entailed the use of emergency powers and repression. As Bersch demonstrates, contrary to expectations, powering reforms did not generate vested interests willing to support them. Instead, given the exclusionary way that policymakers pursued them, such reforms left a trail of unhappy detractors, often producing a backlash capable of destabilizing, if not undoing reforms. More important, however, is that because powering policy change depends on narrow political and outsider technocratic elites, who resist negotiation and renegotiation, it fails because the policies that are developed do not consider opposing opinions and are not exposed to varying sources of informa-

tion. Thus the powering reform process produces poor policy and often disastrous social consequences, engendering increasingly strong public opposition.

Such a scenario is vividly described in the case of the initially highly praised transportation privatization in Argentina in the 1990s. President Carlos Menem, facing the pressing need to improve services and reduce the public deficit, succeeded in rapidly privatizing the operation of highways and railways. To thwart potential opposition, particularly from the trade union movement, and to ensure that reforms occurred rapidly, he appointed a loyal team of outside experts, dismantled the public agencies in charge of highways and railways, and cut public employees.

This strategy left the public sector without the bureaucratic expertise to anticipate possible negative outcomes of policy change. Menem's ill-informed advisers, apparently unaware of the private sector's propensity for cartel-like behavior, failed to design an appropriate regulatory framework. They similarly failed to create effective regulatory agencies—impossible, given the short time frame of the reform process and the absence of the now-discarded bureaucratic expertise. The inability to monitor and hold the private companies accountable had serious long-term consequences, producing a marked deterioration in service. Moreover, subsequent governments, which had risen to power on antineoliberal platforms, had little incentive to make privatization work. The utter lack of bureaucratic expertise meant that the administrations that followed Menem's were not able to identify and solve transport problems.

Ultimately, the transportation privatization was reversed, in another big bang overhaul of policy under President Cristina Fernández de Kirchner, a change that brought with it continuing (and even worsening) problems of weak institutions, high cost to the government, and increasing corruption. A similar process of policy failure occurred in the health sector, where an insulated policy process involving a tight alliance between World Bank experts and domestic policymakers and the absence of sufficient contextual technocratic expertise produced a flawed policy outcome. In this case, however, policy failure prompted a more promising attempt to rebuild core expertise and proceed more gradually.

In Brazil, on the other hand, although examples of powering policy change were not entirely absent, reforms were less radical, less rapidly pursued, and comparatively more successful. Following President Fernando Collor de Mello's attempt at a big bang reform of transportation, subsequent presidents pursued more incremental strategies, negotiating, making compromises, and delegating the details of policy to state bureaucrats with longstanding experience. The slower reform process allowed for learning and policy adjustments. Unlike in Argentina, highway concessions to the private sector occurred more slowly and were more limited. The process involved the participation of neutral state bureaucrats, ongoing improvement in bureaucratic capabilities, and the development of an effective regulatory framework for transportation that improved over time with experience. Although the Brazilian transport sector had its problems, the outcome was considerably better than the Argentine case, producing an improvement in transportation. The transformation in Brazil's health care sector is also due to a gradual problem-solving approach to policy.

As Bersch explains, an important difference in preexisting historical power and institutional arrangements, involving whether or not there is a tradition of presidents' sharing executive power with coalitions, was instrumental in shaping distinct policy processes. In Argentina, executive power has been concentrated in single-party cabinets, an arrangement that has encouraged the powering approach to policy. The lack of any need to form coalitions means that there is also no need to consider the perspectives of opposition actors. Furthermore, since those in power are aware that should they fail to win the subsequent election they will not be in a position to influence policy, there is an incentive to pursue a powering strategy because the time to see the preferred policy come to fruition is limited.

In Brazil, on the other hand, the existence of a multiparty system has produced a power-sharing tradition, resulting in the formation of party coalitions and the inclusion of cabinet appointees from opposition political parties. This tradition, Bersch argues, impedes attempts at radical big bang policy change, since negotiation and compromise among disparate political tendencies means that policy change proceeds incrementally. Thus power sharing restricts presidents in the speed and thoroughness with which they can pursue policy change.

An important line of argument found throughout this work is that incremental policy change is more conducive to transforming corrupt and weak institutions into durable and accountable ones. This is so, according to Bersch, because swift reform initiatives tend to tear down existing institutions, thereby removing the base on which to build new institutional structures. Therefore, new institutions are likely to be weak and to weaken further over time. Captured by corrupt politicians, they remain devoid of bureaucratic expertise and memory. Bersch argues that in Brazil, this gradualism has resulted in greater opportunity to increase bureaucratic expertise in monitoring agencies, an arrangement that mitigates corruption. The gradual approach also means that in Brazil, government procurement policies aimed at mitigating corruption were implemented slowly and selectively, thereby assuaging opposition from interested groups, such as the country's powerful construction companies. This process allowed measures addressing corruption to go forward, if only in a piecemeal fashion.

Bersch readily admits that Brazil's better policy performance in comparison to Argentina's still leaves much to be desired, and she is forced to confront the reality that Brazilian corruption remains all-pervasive. Arguably, Argentina's corruption is probably worse than Brazil's, but this is not a ringing endorsement for the gradual problem-solving approach as a strategy to achieve institutional strengthening and reduce corruption. Transparency reforms, Bersch admits, did not touch two of Brazil's most important institutions, which were heavily implicated in the recent corruption scandals: the state-owned petroleum company, Petrobras, and the state development bank, BNDES. It may be, as she suggests, that enclaves of meritorious bureaucrats facilitate revelations of corruption, making its level appear worse in the short term but opening the way to reform. It may also be that bureaucrats concerned with increasing transparency are no match for a powerful political and economic class intent on perpetuating past practices. Nevertheless, her analysis convincingly

demonstrates that even in a context of ongoing large-scale corruption, pursuing a problem-solving approach to policy development is far more likely to yield positive results than an insulated powering strategy.

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Carlos Gervasoni, *Hybrid Regimes within Democracies: Fiscal Federalism and Subnational Rentier States*. Cambridge: Cambridge University Press, 2018. Maps, figures, tables, abbreviations, bibliography, index, 308 pp.; hardcover \$105, ebook \$84.

Decades after the completion of national-level transitions to democracy in Latin America, the persistence of subnational political regimes that fall well short of democracy has emerged as a major area of scholarly interest. Why has democracy often proved to be so elusive at the subnational level, and what explains the reality that subnational regimes within the same country can differ so radically in the quality of democracy? Carlos Gervasoni's much-anticipated new book is a pivotal contribution to the vibrant literature that has emerged in the last decade on the causes and consequences of subnational regimes, a literature that his earlier publications (especially his 2010 article in *World Politics*) have already helped to shape and inspire.

*Hybrid Regimes within Democracies* points strongly toward fiscal institutions as the main determinant of subnational regime type. More specifically, Gervasoni's "rentier theory of subnational democracy" hypothesizes that reliance on federal subsidies, in the form of fiscal transfers from the national government, is what has enabled provincial rulers in Argentina to undermine democracy in their jurisdictions. Gervasoni provides extensive statistical evidence demonstrating that less-democratic regimes indeed tend to occur in rentier provinces; provinces whose revenues instead come from taxes collected by provincial governments themselves have been able to construct more democratic regimes.

This tightly argued and carefully executed book makes a number of signal contributions. As reflected in the titles Gervasoni gives to parts 1 and 2, his purposes are both descriptive and explanatory. Unlike many books in political science that tend to privilege causal over descriptive inference, Gervasoni is as interested in description as in explanation and is willing to do the work of first developing robust descriptive inferences before turning to causation. The book devotes a great deal of attention to the description of subnational democracy as the central outcome of interest, disaggregating this concept into components and subcomponents and developing a tailored measurement strategy for each. Given greater problems of data scarcity at the subnational level relative to the national level, where students of democracy have tended to focus their attention, this is a smart move, and one that other researchers should emulate. Gervasoni shows us why measuring democracy is harder at the subnational level than at the national level and why the approach to measurement must be even more rigorous.

Gervasoni also does a brilliant job at demonstrating how objective and subjective indices can be combined in ways that make it possible to take advantage of the