ON THE INSTITUTIONALIZATION OF CONGRESS(ES)
IN LATIN AMERICA AND BEYOND

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Abstract

This paper sketches an agenda for the study of the determinants of and the processes by which strong policymaking institutions emerge, with emphasis on the most central democratic institution: the legislature. It reviews extant theories of institutionalization, and proposes further ways of specifying and studying the concept. It emphasizes the notion that investments and beliefs are the driving force of congressional institutionalization and of its relevance in the policymaking process. Making use of several indicators of Congressional institutionalization, it provides evidence suggesting that congressional institutionalization has an impact on the qualities of public policies and on economic and social development outcomes. It also explores some “constitutional” factors that may promote congressional institutionalization. Given that a central theoretical argument of this paper is that the institutionalization of legislatures is a process that includes various self-reinforcing dynamics, the paper also undertakes the preliminary steps in developing a comparative case study of the evolution of Congressional institutionalization in two Latin American countries: Argentina and Chile.

Keywords: Congress, Institutionalization, Institutions, Electoral System, Political Regime, Democracy, Trust, Development, Public Policies.

JEL Codes: D70, D72, H0

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1. INTRODUCTION

Countries around the world vary substantially in their policymaking style. In some countries policies are decided by bargaining in the legislature, while in other countries they are decided unilaterally by executives influenced by social groups that threaten violence in the street or by businesspeople who bribe them. These differences relate to the workings of political institutions and have a profound impact on the capacity of countries to implement effective and sustainable public policies. Previous work has shown that well institutionalized political parties, legislatures with strong policymaking capabilities, independent judiciaries, and well-developed civil service systems (“the institutionalization of policymaking”, for brevity) are crucial determinants of the capacity of countries to implement effective public policies.¹

The purpose of this paper is to sketch an agenda to study the determinants of and the process by which strong policymaking institutions develop, with special focus on the potentially most central policymaking institution in a democracy: Congress. Legislatures are critical institutions in the effective functioning of a democratic system and in the policymaking process. Legislatures are expected to represent the needs and wishes of citizens in policymaking, to identify problems while proposing and passing laws to address them, and to oversee the implementation of policies by monitoring, reviewing, and investigating government activities (Beetham 2006). The extent and role played by legislatures in the policymaking process varies greatly across countries (Saiegh 2010). How legislatures play their policymaking role has an important effect on policy outcomes and on societal welfare. When the legislature is a marginal actor, it gives the executive free rein to enact policy changes. But the lack of legislative deliberation during policy formulation and the weakness of oversight may mean that the policies adopted are poorly conceived in technical terms, poorly adjusted to the real needs of various relevant societal actors, lacking consensus and therefore stability, and/or inefficiently or unfairly implemented.

This paper provides preliminary evidence that suggests that countries with stronger congresses tend to also produce better public policies. We argue that the

capability of Congresses to perform an effective role in the policymaking process is a consequence of its institutional strength, or institutionalization. We draw from extant theories of political institutions and institutionalization, and in particular from earlier efforts at conceptualizing and measuring the institutionalization of various political arenas, including parties (Mainwaring 1995, 1998) and legislatures themselves (Polsby 1968). We argue for the need to extend notions of institutionalization based on aspects of Congress as an organization to a notion inclusive of its overall role in the broader political system.

The paper proceeds as follows: in Section II we review extant theories of institutionalization and propose further ways of specifying and studying the concept by emphasizing the notion that investments and beliefs are the driving force of congressional institutionalization. In Section III we provide preliminary empirical analysis of some tentative indicators of congressional institutionalization, and explore the constitutional factors affecting the likelihood of institutionalization. On the basis of such exploratory empirics, we suggest ways to improve our indicators of institutionalization, as well as explanatory avenues to be explored. In Section IV, in order to further develop the theory and explore the dynamic determinants of Congressional institutionalization, we provide a preliminary analysis of two Latin American cases of recent democratization with contrasting experiences, Argentina and Chile. Our analysis there suggests that the Chilean Congress is more institutionalized and more relevant in policy-making than the Argentine one, in spite of the fact that the Constitution of Argentina endows more formal powers in the Argentine Congress than the Chilean Constitution does in its own. The paper concludes, in Section V, by suggesting a research agenda that may “fill in the blanks” of the various questions raised by these preliminary steps.

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2 One intriguing finding is the divergence between formalistic measures of parliamentary power (legislative prerogatives in the constitution) and congresses’ actual institutionalization and relevance in policymaking, which is consistent with our theoretical view of multiple equilibria and path dependence. The paper shares the spirit of others who have noted the divergence between formalistic measures of power and actual performance (Helmke & Levitsky 2004, Helmke & Ríos Figueroa 2011, among others).
2. THEORIES OF INSTITUTIONALIZATION

The notion of institutionalization in political science is associated to some of the main themes of the discipline. In trying to explain why some countries were having trouble achieving modernity and industrialization, Samuel Huntington (1968) argued that the fundamental difference between developed and developing societies lay not in their levels of wealth, health, or education, but rather in their level of political institutionalization (which implicitly meant democratic political institutionalization). Huntington viewed institutions not so much as formal arrangements constituting polities, but as democratic action patterns: “Institutions are stable, valued, recurring patterns of behavior.” (Huntington 1968: 12).

Institutionalization is often described as both a process and a state. The term institutionalization is widely used in social theory to denote how the process of making something (for example a concept, a social role, particular values and norms, or modes of behavior) becomes embedded within an organization, social system, or society as an established custom or norm within that system. According to Huntington “it is the process by which organizations and procedures acquire value and stability”. Angelo Panebianco refers to institutionalization as a process of “consolidation of the organization, the passage from an initial, structurally fluid, phase when new-born organization is still forming, to a phase in which the organization stabilizes” (Panebianco 1988: 18). But the term institutionalization is also used in synchronic comparisons or assessments of levels of that property.

Beyond general discussions of institutionalization, some authors have investigated the institutionalization of specific institutional arenas or subsystems. The single most studied area in this regard is party system institutionalization, a trait considered vital for long-term stability, accountability, and healthy functioning of democratic regimes (Mainwaring and Scully 1995, Mainwaring 1998, 1999, Jones 2010). Institutionalized party systems can help ensure greater policy consistency because of the role played by parties in political recruitment and the efforts made by elites to promote and protect the value of the party label (Jones 2010). Institutionalized political parties are also considered ideal actors to articulate the intertemporal bargains
necessary to induce effective public policies consistently implemented over time (IADB, 2005).³

There is also a burgeoning literature on Judicial Institutionalization. For instance McGuire (2004) defines institutionalization as the *development of a regularized system of policy making* -- which could include the “structure” of the courts, public support for the courts, and “norms” such as judicial review (related to judicial independence). McGuire’s definition gets close to the notion of institutionalization we want to apply to Congress.⁴ An ongoing research project by Gretchen Helmke, Clifford Carrubba, Matt Gabel, Andrew Martin, and Jeffrey Staton is also driven by a logic analogous to the one we develop below. Seeking to identify conditions under which institutional design should induce greater judicial influence, they are attempting to test whether: 1) institutions that insulate judges increase judicial influence; 2) institutions that insulate judges only increase influence when courts enjoy sufficient public support to ensure compliance; and 3) institutions that insulate judges are irrelevant to judicial influence, because public support substitutes for them. Even though they do not explicitly use this language, their inquiry gets at the heart of the discussion of institutions as rules versus institutions as equilibria, a point we also develop later.

There has also been work addressing head on the issue of concern here, Congressional institutionalization, with Nelson Polsby (1968) as the founding author. Polsby applied Huntington’s “macro” institutionalization theory to a particular organization, the U.S. House of Representatives, thereby pioneering the field of “organizational institutionalization” in political science. According to Polsby, an institutionalized organization has three major characteristics: it is well bounded, it is complex, and the organization tends to use universalistic as opposed to particularistic criteria. Polsby developed a number of indicators of such characteristics in Congress, relating to long congressional career paths, growth of specialized agencies within such as committees, and increases in various forms of remuneration and other resources. According to Polsby's indicators, “the House” became more institutionalized since its

³The type of concepts traditionally utilized to define and measure party system institutionalization tend to capture some of the dimensions of institutions and institutionalization that we emphasize here, such as investments inside those institutions (“do party organization have structure and resources?”) and beliefs by insiders and other actors (“do people trust political parties?”) about the relevance of that political organization or political arena.

origin up to the time of his study. As a result, it became a more attractive organization for career-oriented individuals, developed a more professional set of norms, and increased its influence.5

Polsby’s pioneering effort generated an important literature, especially within the American politics field, looking across US state legislatures (see Squire 2007 for a brief overview of that rich literature).6 For instance, Squire (2006) is a wonderful study of the historical evolution of U.S. state legislatures from the colonial assemblies, including an analysis of the impact of the first state legislatures on the rules and structures given to the U.S. Congress in the American Constitution. This literature has also paid substantial attention to the concept of legislative professionalization, as well as to the relationship between legislative evolution and membership turnover, a point we come back to in the empirical section.7

Polsby’s early emphasis on the implications of the internal organization of Congress was taken several steps forward by a later literature that sought to shed light on the motivations underlying congress’ observed organization (for instance, Weingast and Marshall 1988, Krehbiel 1991, Cox and McCubbins 2005). That literature debates how Congress is organized, why that is the case, and its implications for the characteristics of the players in Congress. But implicit in those debates, is the notion (seemingly taken for granted in the U.S. context) that Congress is a key arena in the American policymaking process.

5 An important aspect to be considered when undertaking case studies of institutional development is to focus on questions such as when, how, and why did shorter careers become longer, discretion was replaced by universal criteria, and staff and other resources grew. For an example of such analysis applied to the forging of bureaucratic autonomy in U.S. executive agencies see Carpenter (2001).
6 There is also a related literature on the policy-making role of legislatures across countries (Olson and Mezey 1991, Norton 1993). This literature is rich in hypotheses relating various external and internal aspects of legislatures to their policy-making influence (Mezey 1991). We explore some of these hypotheses in the empirical analysis below.
7 Professionalization measures are intended to assess legislative capacity to generate and digest information in the policy-making process. Measures of legislative professionalization have been developed in the context of the U.S state legislatures, the most commonly employed ones based on three main components: level of member remuneration, staff support and facilities, and the time demand of services (Squire and Hamm, 2005). There is substantial variation in professionalization across U.S. states, with some legislatures (such as the one of California) closely resembling the U.S. national Congress, and others such as New Mexico and Wyoming being very amateur. For instance, there is huge variation in the number of Legislative Staff as a percentage of the staff of the U.S. Congress, which varies from 67% in California to less than 1% in Vermont.
The insights of Polsby and some subsequent work focus on aspects largely “internal” to the organization we call Congress. In the view of institutionalization that we wish to advance here, the strength, relevance and “institutionalization” of Congress are also dependent on the beliefs and expectations of relevant actors in the broader political scenario. Legislators can dress up, pay themselves heftily, and have elaborated and consistently repeated procedures, but all of that might merely boil down to appearances if other actors in society and in the political system do not view Congress as a key arena in the political and policymaking processes.\(^8\)

In that sense, our approach, to be described in the next section, is closer to that postulated by Blondel’s (2006) article in the Oxford Handbook of Political Institutions,\(^9\) which emphasizes the need to bring “external” considerations into our understanding of the institutionalization of political institutions. According to him, it is necessary to take into account how the institution relates to the rest of society, to the polity at large. The strength of institutions in the political realm appears linked to the support they may enjoy outside their “borders”.\(^10\) A similar notion is developed by Keohane in his studies of international organizations. According to him, “the impact of an international organization on its environment depends upon the interactions between its own organizational characteristics (including attributes of its leadership) and the willingness of other actors (principally governments and other international organizations) to respect and where necessary to enforce its decisions.” (Keohane 1984)

Clearly, strength of internal organization and external perception are likely to reinforce each other. This view links naturally with our own, which takes cues from the literature on “institutions as equilibria” in rational choice institutionalism.

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\(^8\) We use the term “arena” in its common usage as “place”: a place or scene where forces contend or events unfold. This place, could be more or less relevant in the broader polity game. Polsby used the term arena in a different way, to refer to one of the two extreme types of legislatures in terms of their power: arena legislatures referred to cases where the primary focus is just debate, like the U.K. House of commons (with remembrances of the original French word for Parliament, just parler), vis a vis transformative legislatures (like both houses of the U.S. Congress) where the primary focus is in actual law production.

\(^9\) Curiously, Blondel’s is the only chapter in that Handbook that speaks about the notion of institutionalization.

\(^10\) Other work that focuses more explicitly on this connection between inside and outside aspects of Congressional institutionalization includes, for instance, Agor (1971), Garcia Arias (2007), and Patzelt (2011).
Institutionalization as an Equilibrium Phenomenon

Institutions reflect past investments; summarize information, beliefs and expectations; and incorporate self-reinforcement effects. The view of institutionalization that we purport to utilize is based on the notion that institutions and institutionalization are the result of “investments” that actors undertake over time, and that these actions and investments, in turn, depend on their beliefs about the actions of other players. In standard game theoretic analysis, the actions (and investments) of the relevant players are a function of their beliefs about what other relevant players will do. An equilibrium is a consistent and self-confirming configuration of actions and beliefs.

When applying this abstract logic of game theoretic actions, beliefs, and equilibria to a specific real world situation such as the process of Congressional institutionalization, an obvious question is who are the relevant players whose actions and beliefs one has to consider. In the broadest sense, the game of national policymaking and politics is played by a very large number of players including every person in the country and even various foreign actors. In practice, one tends to focus on a smaller set of crucial individual or collective players.

For each of these actors or classes of actors, one can mention examples of actions that have the nature of investment in the institutionalization of Congress, as well as activities that have the opposite effect. As stated, such choices will depend on whether each actor believes that Congress is the relevant arena in which important policy decisions are made and hence it is the place where it is worthwhile to focus their scarce political resources.

One crucial set of actors whose incentives, beliefs, and investments have to be considered are obviously the legislators themselves. As explored later, their own investments in their congressional careers and on the institutionalization of Congress

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11 This section is a brief sketch of a theoretical approach which is described in some more detail in Scartascini and Tommasi (2009).
12 For that reason, in our efforts to measure institutionalization we will use variables that attempt to capture investments (organization, education, resources, etc.) and appreciation by various actors (the legislators themselves, expert opinion, key players, the general public).
13 This includes professional politicians – actors inside the institution (legislators), in the overall institutional complex (the Executive, the Judiciary, the bureaucracy, subnational governments, political parties)—as well as a number of societal actors, starting from the most organized and relevant ones such as businesses, unions, students, unemployed labor groups, the military, and ending with citizens in general.
itself, depend on their views about the role and effective powers of the legislature. (Later in the paper we present some empirical indicators connecting these concepts.)

Another key actor is the Executive. Executive actors can be respectful of the prerogatives of Congress, or they can attempt to ignore Congress and rule unilaterally. Whether they manage to do that or not, and hence whether they attempt that in equilibrium or not, will depend on their expectations about the reactions of other players such as legislators themselves, the Judiciary, and public opinion. There are clear path-dependent self-reinforcing dynamics at work here.

As an example of key socioeconomic actors, business actors can also invest in political activities or technologies of varying degrees of institutionalization, and their activities will tend to strengthen or weaken various arenas including Congress. For instance, they can directly invest in strengthening some state capacities, they could form business associations that participate in institutionalized corporative arrangements, they could invest in strengthening those political parties that better represent their interests, they could invest at the sectoral level to push for specific policies, they could do so by focusing their energies on the chief executive, on the sectoral ministry, on the appropriate committees in Congress; they could invest in the abilities and contacts necessary to influence corrupt bureaucrats, or they could even invest in technologies that allow them to physically or legally threaten those politicians that do not follow their demands.\(^\text{14}\)

As we will explore in the empirical sections, different formal rules (such as Constitutions and electoral mechanisms), by affecting the incentives of key players, might make the institutionalization of Congress more or less likely. But the institutionalization of Congress is by its very nature, an equilibrium phenomenon, subject to a variety of self-reinforcement effects. Actors will concentrate their political investments and actions in the place where they believe crucial decisions are made. As stated, institutions reflect past investments; summarize information, beliefs and expectations; and incorporate self-reinforcement effects. The relevance of specific institutional arenas for policymaking is a self-reinforcement phenomenon, potentially

\(^{14}\) On the former portfolio choices see Schneider (2010), on the latter threat strategies see Dal Bó et al. (2006) and Scartascini and Tommasi (2009).
subject to multiplicity of equilibria. When Congress and the political party system are effective conduits of preference aggregation and political bargaining, various relevant actors place their bets (investments) on those institutions, most citizens believe that those are the spaces where relevant decisions are made, and this whole logic reinforces and becomes self-fulfilling. On the contrary, if such institutional arenas are not taken seriously and everybody knows that the way of getting something out of the political system is to blockade a road or to bribe the president, those investments in the institutionalization of Congress and/or parties are not undertaken and the weakness of formal institutions is reinforced. Polities might be stuck with higher or lower levels of institutionalization.

This logic of multiplicity has important implications for the empirical study of Congresses. As well put by Shepsle (2002: 393), “many elements of legislative life are best conceived as hanging together, rather than as part of a causal chain.” One of the implications is the need to complement theoretical analysis and cross-country empirics with historical process tracing of specific legislatures, a task that we take up in later sections. Such studies, by looking into specific temporal sequences, might also shed light on complex causality questions.

The next two sections provide preliminary evidence guided by this theoretical approach. In the next section we look at some (rough) indicators of Congressional institutionalization within Latin America and in a broader (but shallower) international sample. In the section after that, we develop the embryo of a case study of institutionalization in two countries of recent return to democracy.

3. CONGRESSIONAL INSTITUTIONALIZATION AND ITS CORRELATES ACROSS THE WORLD

We have argued that congressional institutionalization is an equilibrium result that depends upon the investments of a multiplicity of actors. Citizens should see Congress as the arena where their interests are represented and where decisions are made, politicians should consider Congress as the place to foster their political careers and to bring their preferred policies into fruition, and presidents should respect its

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15 In pursuing this argument, the paper concurs with an analytical current that views institutions as equilibrium phenomena. Our use of “institutionalization” is quite close to the game theoretic notion of “institutions as equilibria” by authors such as Calvert (1995, 1995b), Greif (2006), and Aoki (2001).
independence and authority over certain policy domains. If key actors have such beliefs, adequate investments in the institution of Congress, including investments in policy expertise, will be undertaken. Hence, a higher level of congressional institutionalization should bring about better outcomes. The possibility of these things happening might depend on some specific constitutional rules that, for instance, give more formal powers to congress, or that make congress a more natural focal point for political careers and policy influence. In this section we take some steps in the attempt to explore these claims empirically.

Measuring congressional institutionalization is not straightforward because it cannot be built out of de jure attributes of congress. It has to do with previous investments on the capacity of the legislature, on the incentives of legislators, and on the expectations and beliefs of various actors. Therefore, in order to provide an empirical grounding to the agenda that we summarize in this paper, we draw from three interconnected layers of empirical analysis. We utilize some variables available in international data sets for large-N empirical analysis, we complement that data with more attuned data for 18 Latin American democracies, and we develop the embryo of a case study of the state and evolution of institutionalization in two countries of relatively recent democratization: Argentina and Chile. While we attempt to use the best available data for exploring the arguments, one of the purposes of this paper is to identify the work that is needed in order to refine the measures as well as the conceptualization at each of those levels.

Congressional Institutionalization across Democracies

We start by referring the extant data for 18 Latin American countries; data that we have developed with some collaborators in earlier studies of Latin American institutions and policymaking.\textsuperscript{16} These data is then used to motivate the (more limited) indicators available at this point for a larger international sample. We employ the latter larger-N sample to explore some suggestive empirical correlations.

One of the findings of those comparative studies of Latin American countries was that different legislatures seem to play different roles in policymaking. Those different roles are associated with various measures of legislators’ and legislatures’

\textsuperscript{16} These studies are reflected in IADB (2005), Stein et al. (2008), and Scartascini et al. (2010).
capabilities, which have a clear investment component and that reflect the beliefs of various actors: longevity of legislative careers, legislators’ education and specialization in policy committees, resources available for policy analysis, esteem in the eyes of the public, and appreciation of Congress as an important place in politicians’ career. Saiegh (2010) reflects the latest version of various indicators for all such characteristics for a sample of 18 Latin American Legislatures. Table 1 presents a summary of these measures of Congressional institutionalization.  

Table 1. The Institutionalization of Latin American Legislatures

<table>
<thead>
<tr>
<th>Country</th>
<th>Confidence in Congress, Avg 1996-2004</th>
<th>Effectiveness of Lawmaking Bodies</th>
<th>Average Experience of Legislators (Years)</th>
<th>Percentage of Legislators with University Education</th>
<th>Average Number of Committee Memberships per Legislator</th>
<th>Strength of Committees</th>
<th>Place to Build a Career</th>
<th>Technical Expertise</th>
<th>Index of Congress Institutionalization</th>
</tr>
</thead>
<tbody>
<tr>
<td>Argentina</td>
<td>20.5</td>
<td>1.6</td>
<td>2.9</td>
<td>89.6</td>
<td>4.5</td>
<td>Medium</td>
<td>Low</td>
<td>Low</td>
<td>1.4</td>
</tr>
<tr>
<td>Bolivia</td>
<td>19.9</td>
<td>1.8</td>
<td>3.3</td>
<td>78.4</td>
<td>1.7</td>
<td>Medium</td>
<td>Medium</td>
<td>Medium</td>
<td>1.8</td>
</tr>
<tr>
<td>Brazil</td>
<td>24.9</td>
<td>3.1</td>
<td>5.5</td>
<td>54.0</td>
<td>0.9</td>
<td>Medium</td>
<td>High</td>
<td>High</td>
<td>2.4</td>
</tr>
<tr>
<td>Chile</td>
<td>36.0</td>
<td>3.7</td>
<td>8.0</td>
<td>79.4</td>
<td>2.0</td>
<td>High</td>
<td>High</td>
<td>High</td>
<td>2.7</td>
</tr>
<tr>
<td>Colombia</td>
<td>20.3</td>
<td>2.7</td>
<td>4.0</td>
<td>91.6</td>
<td>0.9</td>
<td>High</td>
<td>High</td>
<td>Medium</td>
<td>2.4</td>
</tr>
<tr>
<td>Costa Rica</td>
<td>29.9</td>
<td>2.2</td>
<td>2.6</td>
<td>80.4</td>
<td>2.1</td>
<td>High</td>
<td>Medium</td>
<td>Low</td>
<td>1.9</td>
</tr>
<tr>
<td>Dominican Rep.</td>
<td>n.a.</td>
<td>2.0</td>
<td>3.1</td>
<td>49.6</td>
<td>3.5</td>
<td>Low</td>
<td>High</td>
<td>Low</td>
<td>1.4</td>
</tr>
<tr>
<td>Ecuador</td>
<td>15.3</td>
<td>1.7</td>
<td>3.5</td>
<td>83.1</td>
<td>1.3</td>
<td>High</td>
<td>Medium</td>
<td>Low</td>
<td>1.9</td>
</tr>
<tr>
<td>El Salvador</td>
<td>27.7</td>
<td>2.1</td>
<td>3.9</td>
<td>64.0</td>
<td>2.4</td>
<td>Medium</td>
<td>High</td>
<td>Low</td>
<td>1.9</td>
</tr>
<tr>
<td>Guatemala</td>
<td>19.9</td>
<td>1.8</td>
<td>3.2</td>
<td>68.4</td>
<td>3.2</td>
<td>Low</td>
<td>Medium</td>
<td>Low</td>
<td>1.4</td>
</tr>
<tr>
<td>Honduras</td>
<td>30.8</td>
<td>2.6</td>
<td>3.0</td>
<td>73.1</td>
<td>2.3</td>
<td>Low</td>
<td>Low</td>
<td>Low</td>
<td>1.6</td>
</tr>
<tr>
<td>Mexico</td>
<td>27.4</td>
<td>2.0</td>
<td>1.9</td>
<td>89.5</td>
<td>2.4</td>
<td>High</td>
<td>Medium</td>
<td>Medium</td>
<td>2.0</td>
</tr>
<tr>
<td>Nicaragua</td>
<td>23.1</td>
<td>1.6</td>
<td>3.5</td>
<td>85.6</td>
<td>2.0</td>
<td>Low</td>
<td>Medium</td>
<td>Medium</td>
<td>1.7</td>
</tr>
<tr>
<td>Panama</td>
<td>22.5</td>
<td>1.8</td>
<td>5.8</td>
<td>81.3</td>
<td>1.9</td>
<td>Medium</td>
<td>High</td>
<td>Low</td>
<td>2.0</td>
</tr>
<tr>
<td>Paraguay</td>
<td>25.0</td>
<td>2.2</td>
<td>5.5</td>
<td>75.4</td>
<td>3.2</td>
<td>Low</td>
<td>High</td>
<td>Low</td>
<td>1.7</td>
</tr>
<tr>
<td>Peru</td>
<td>22.1</td>
<td>1.7</td>
<td>5.2</td>
<td>92.9</td>
<td>2.4</td>
<td>Low</td>
<td>High</td>
<td>Low</td>
<td>1.6</td>
</tr>
<tr>
<td>Uruguay</td>
<td>38.2</td>
<td>2.7</td>
<td>8.8</td>
<td>68.4</td>
<td>1.0</td>
<td>High</td>
<td>High</td>
<td>Low</td>
<td>2.5</td>
</tr>
<tr>
<td>Venezuela</td>
<td>27.8</td>
<td>1.4</td>
<td>4.9</td>
<td>74.6</td>
<td>1.0</td>
<td>Medium</td>
<td>Medium</td>
<td>Low</td>
<td>1.9</td>
</tr>
</tbody>
</table>

Source: Saiegh (2010)

The measure of Confidence in Congress was constructed as the average percent of respondents from 1996 to 2004 in the Latinobarometer survey who stated that they had a lot or some confidence in congress. The measure attempts to capture the way that citizens view this institution, which might serve as a reflection of the nature of the role that legislatures play, and at the same time might affect the likelihood that investments will be made in building its capacity. Therefore, a low level of confidence in congress

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17 The construction of these indicators was an iterative process involving a number of researchers undertaking case studies on the overall policymaking process in a number of countries (reflected in Stein et al 2008), as well as studies of policymaking in a number of specific areas such as tax policy, public services, education and decentralization (summarized in IADB 2005).
implies that Congress may not be working in a way that citizens consider relevant, and at the same time that investments will be less likely to happen.\textsuperscript{18}

*Effectiveness of Lawmaking Bodies* is a variable constructed using data collected by the World Economic Forum between 2002 and 2005 on the basis of the following question to business executives: How effective is your national parliament/congress as a lawmaking and oversight institution? It is likely that in cases in which legislatures are considered to be ineffective, that is both cause and consequence of the executive seeking to bypass or minimize the legislature in the policymaking process.

The measure of *Experience of Legislators* looks at the number of years legislators remain in office in average. This variable can be read in several ways for our purposes. On the one hand, term length is thought to influence legislative behavior, with longer terms insulating legislators more effectively from electoral pressures than shorter ones. As such, longer tenures present an incentive for legislators to invest in their capabilities.\textsuperscript{19} On the other hand, the fact that legislators stay longer is an outcome measure that reflects the relevance of Congress as a policy arena and as a place to develop political careers.

The measure of *Legislators’ Education* looks at the share of legislators with higher education. This measure has several interpretations (once socio-demographic conditions are accounted for). First, it captures legislators’ level of human capital and in the aggregate it may proxy the capacities of the legislature for deciding policies. Second, it also captures certain characteristics of the political equilibrium as it shows what type of people decides to vie for public office and the type of politician citizens reward with public office.

The legislature’s ability to effectively participate in policymaking is affected by its organizational characteristics. Given the unwieldy size and lack of specialization of the full congress, if legislatures are to play an active role they must find ways to develop

\textsuperscript{18} Along the lines of Caselli and Morelli (2004), this might relate to externalities across potential politician types. Bad legislators lead to Congresses with little reputation, which in turn makes the institution less attractive for potential candidates with high opportunity cost.

\textsuperscript{19} Using a natural experiment in the first cohort of Argentine legislators after re-democratization in 1983, Dal Bò and Rossi (2011) show that short tenures in Congress discourage legislative effort due to an investment payback logic: when effort yields returns over multiple periods, longer terms yield a higher chance of capturing those returns.
specialized knowledge. The most common way to provide for such specialization is through the system of committees. Committee membership enables members to develop specialized knowledge of the matters under their jurisdiction. If legislators belong to too many committees, that limits their ability to concentrate efforts and develop specialized knowledge. The measure *Legislative Specialization* has been built by looking at the number of committees legislators belong to. The average number of committee memberships per legislator attempts to measure the degree of specialization of legislative committees, and thus their effectiveness.

The other three measures—strength of committees, whether the legislature is a good place to build a career, and technical expertise—were constructed by Saiegh, drawing from a variety of secondary sources, but especially from the legislator survey (PELA) of the University of Salamanca.

All the above information is summarized in the last column of Table 1 in an overall index of the institutional capabilities of these Latin American Congresses.

As it can be observed from Table 1, there is a large variance across countries across the different measures despite the fact that, by international standards, it is a relatively homogeneous set of countries in terms of their degree of development, political institutions (e.g., they are all presidential countries), and cultural and historical traits. One of the aspects of the cross country comparison we want to highlight is the fact that the Chilean Congress is the one that presents the highest level of institutionalization of the entire region, while the Argentine Congress is among the ones with weaker institutionalization, a comparison that we explore further in the next section.

Interestingly, and in line with our theoretical framework, the variance is not that high within countries. Countries tend to consistently score high (or low) across various different measures; that is, the measures tend to be highly correlated. For example, the correlations between Legislators Reelection rate and Legislative Efficiency and Confidence in Parliament are positive and statistically significant (0.82 and 0.61 respectively). This also indicates the reinforcing nature of all of these processes, one of the points stressed in our theoretical framework.

---

20 We develop this point further in the section on Argentina and Chile.
Several of these variables come from specialized Latin American sources and data, not available for a wider sample of countries. But two of them, the effectiveness of lawmaking bodies and the population's confidence in parliament, come from an international source (the Global Competitiveness Report (GCR)), and can be constructed from an international source similar to Latinobarómetro (the World Values Survey), respectively. Even though we would prefer to use a broader set of variables for computing a worldwide measure of Congressional Institutionalization, at this stage, given the availability of international information, we have concentrated on these two, and combined them as our rough proxy of Congressional Institutionalization around the globe. Despite the limitations of these two measures, and pending the development of better international indicators of Congressional institutionalization (a key step in this agenda), we believe they capture some of the components of our notion of institutionalization: in a rather direct sense they are a measure of the beliefs about the strength and relevance of Congress by some relevant actors; more indirectly, these perceptions might capture to some extent the likelihood that investments are made in building its capacity. Additionally, there is a substantive positive correlation (0.68) of this indicator (from the two international sources) with an indicator combining the other six “Latin-American specific” variables. Figure 1 shows this relationship. For those reasons we believe that, albeit indirectly, this rough indicator captures some of the phenomena under study; and it is what we use in the rest of the section while exploring the effects and the determinants of institutionalization.

**Figure 1. Correlation between international and Latin America–specific measures of Congressional Institutionalization** (18 Latin American countries)
Congressional Institutionalization Matters

Legislatures are critical institutions in the effective functioning of a democratic system and in the policymaking process. Legislatures are expected to represent the needs and wishes of citizens; to identify problems and produce laws to address them; and to oversee the implementation of policies. The extent and nature of the role played by legislatures in the policymaking process varies from country to country. In this subsection we explore whether Congressional Institutionalization has an impact on the generation of better policies and in facilitating better social outcomes.\footnote{In some sense we are carrying forward a question posed by authors such as Olson and Mezey (1991) studying legislatures in the policy process in the context of descriptive comparative studies. For instance, Mezey (1991: 214) concludes his final assessment chapter arguing that “the next issue on the research agenda of those interested in comparative legislative behavior must be assessments of the consequences of legislative ability.”}

Congressional institutionalization and development outcomes

We ask whether Congressional Institutionalization is correlated with some of the ultimate measures of development, such as growth in GDP per capita and changes in the Human Development Index (the most commonly used proxy for a number of measures of human welfare, produced by the United Nations). There are various possible channels through which higher congressional institutionalization can improve development outcomes, mostly operating through the quality of public policies, a topic that we explore later.

Table 2 shows that Congressional Institutionalization seems to be correlated with long-term development outcomes: higher levels of institutionalization measured according to our proxies are positively correlated with growth and on the evolution of the human development indicators.\footnote{The fact that the measure we are using –based on surveys- correlates well with the LAC measure which is based mostly on objective indicators reduces the concern that the measure is picking up only “positive sentiments” regarding the general outcomes of the country. Because we are trying to capture long-term trends in development but the measures for Congress Institutionalization we have are relatively recent, then we could be capturing some reverse causality mechanisms. This issue should be further explored in future versions of this work.}
Table 2. Congressional Institutionalization and Development Outcomes

<table>
<thead>
<tr>
<th>Congress Institutionalization</th>
<th>GDP growth</th>
<th>HDI Growth</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Legislative Efficiency</td>
<td>1.148***</td>
<td>0.0583***</td>
</tr>
<tr>
<td></td>
<td>(0.269)</td>
<td>(0.0189)</td>
</tr>
<tr>
<td>Confidence in Parliament</td>
<td>0.763***</td>
<td>0.0416***</td>
</tr>
<tr>
<td></td>
<td>(0.200)</td>
<td>(0.0146)</td>
</tr>
<tr>
<td>Ln GDP pc</td>
<td>-0.450***</td>
<td>0.151***</td>
</tr>
<tr>
<td></td>
<td>(0.129)</td>
<td>(0.0538)</td>
</tr>
<tr>
<td>Constant</td>
<td>4.576***</td>
<td>0.104***</td>
</tr>
<tr>
<td></td>
<td>(1.003)</td>
<td>(0.0164)</td>
</tr>
<tr>
<td></td>
<td>(0.982)</td>
<td>(0.00983)</td>
</tr>
<tr>
<td></td>
<td>(2.794)</td>
<td>(0.0219)</td>
</tr>
<tr>
<td></td>
<td>(0.0704)</td>
<td>(0.0715)</td>
</tr>
<tr>
<td></td>
<td>(0.062)</td>
<td>(0.065)</td>
</tr>
<tr>
<td></td>
<td>(0.051)</td>
<td>(0.053)</td>
</tr>
<tr>
<td>Observations</td>
<td>105</td>
<td>98</td>
</tr>
<tr>
<td>R-squared</td>
<td>0.195</td>
<td>0.207</td>
</tr>
<tr>
<td></td>
<td>0.262</td>
<td>0.530</td>
</tr>
<tr>
<td></td>
<td>0.534</td>
<td>0.430</td>
</tr>
</tbody>
</table>

Standard errors in parentheses
*** p<0.01, ** p<0.05, * p<0.1

Congressional institutionalization and public policies

As we mentioned above, one of the mechanisms by which stronger congresses may affect welfare outcomes may be through the ways in which policies are designed and implemented. Because the effect of policies on the final economic and social outcomes of interest depends on the actions and reactions of economic and social agents, who take into account their expectations about the future of the policies in question before deciding on their responses, there are certain features of policies (such as their credibility) that are important for the achievement of the desired objectives.

Previous work has measured and analyzed the impact of various features of policies (Stein and Tommasi 2007 and Tommasi 2007 within Latin America, and Scartascini et al. 2009 and Ardanaz et al. 2011 for a wider international sample). These variables include:

*Stability* (the extent to which policies are stable over time), *Adaptability* (the extent to which policies are be adjusted when they fail or when circumstances change), *Coherence and coordination* (the degree to which policies are consistent with related policies, and result from well-coordinated actions among the actors who participate in their design and implementation), *Quality of implementation and enforcement* (the degree to which policies are implemented and enforced properly after the approval in Congress), *Public-regardedness* (the degree to which policies pursue the public interest), and *Efficiency* (the extent to which policies reflect an allocation of scarce
resources that ensures high returns). We also computed a composite Policy Index, that summarizes the information from the previous six. The theoretical framework on which those variables where built (Spiller, Stein and Tommasi, 2003) emphasized that policies with such desirable good characteristics are likely to obtain in policymaking environments that facilitate intertemporal cooperation and hence induce political actors to take the long term view. Congresses, particularly if well institutionalized and strong, are the ideal environments for the bargaining and enforcing of intertemporal policy agreements.

Institutionalized Congresses tend to facilitate (and at the same time are the result of) intertemporal cooperation. Legislators with long term horizons would be more willing to enter into long term bargains (and agreements) than those that have a very short term horizon (who would be interested instead on reaping the highest possible short term political benefit). Similarly, they would care more about the long-term impact of their decisions than those who would be leaving soon from office. As such, the features of policies would differ across countries with different degrees of institutionalization. Also, the fact that the legislature, being institutionalized, is strong and capable, will increase the incentives of other actors to focus their political energies in that arena, and to trust it as the means to ensure intertertemporal policy agreements.

As it can be seen in Table 3, Congressional Institutionalization and its components have positive and significant correlations with these features of policies.

**Table 3. Congress Institutionalization and the Features of Policies**

<table>
<thead>
<tr>
<th>Congress Institutionalization</th>
<th>Adaptable</th>
<th>Stability</th>
<th>Coordination</th>
<th>Imply and Enforce Efficiency</th>
<th>Public Regardness</th>
<th>Policy Index</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>0.402***</td>
<td>0.356***</td>
<td>0.476***</td>
<td>0.411***</td>
<td>0.519***</td>
<td>0.450***</td>
</tr>
<tr>
<td></td>
<td>(0.0788)</td>
<td>(0.0558)</td>
<td>(0.0785)</td>
<td>(0.0618)</td>
<td>(0.0617)</td>
<td>(0.0577)</td>
</tr>
<tr>
<td>Legislative Efficiency</td>
<td>0.350***</td>
<td>0.281***</td>
<td>0.430***</td>
<td>0.415***</td>
<td>0.463***</td>
<td>0.422***</td>
</tr>
<tr>
<td></td>
<td>(0.0557)</td>
<td>(0.0404)</td>
<td>(0.0542)</td>
<td>(0.0418)</td>
<td>(0.0420)</td>
<td>(0.0398)</td>
</tr>
<tr>
<td>Confidence in Parliament</td>
<td>0.435**</td>
<td>0.482***</td>
<td>0.672***</td>
<td>0.402**</td>
<td>0.520***</td>
<td>0.453***</td>
</tr>
<tr>
<td></td>
<td>(0.207)</td>
<td>(0.174)</td>
<td>(0.213)</td>
<td>(0.157)</td>
<td>(0.174)</td>
<td>(0.157)</td>
</tr>
</tbody>
</table>

Standard errors in parentheses, observations in brackets

*** p<0.01, ** p<0.05, * p<0.1
Each cell corresponds to an individual regression controlling for GDPpc.

Beyond those generic policy features, some particular policies which are important for growth and development tend to impose heavy demands on the institutional capabilities of the State and on the arenas in charge of deciding, designing,
and implementing them. Think for example about those policies that would help to foster productivity. Increasing productivity is a complex endeavor that requires identifying the right policies, understanding the tradeoffs among competing objectives, having resources to implement the policies, satisfying or compensating those who would prefer other policies, and maintaining sustained efforts over several policy domains at the same time over long periods (Scartascini and Tommasi 2010). Therefore, increasing productivity requires substantial capabilities for identifying the key barriers to productivity growth and it also requires the ability to focus on the longer term because raising productivity takes a long time and a willingness to invest substantial economic and political resources. Those characteristics are more likely to come by in polities characterized by strong and institutionalized Congresses; in particular, Congresses where legislators have a long-term horizon and can specialize to study the intricacies of policies and their effects.23

Table 4 reports regressions that have as dependent variables a number of policies (described in more detail in the Appendix) that have been identified to foster productivity (Pagés et al. 2010). The table shows that Congress Institutionalization has a positive correlation with those policies that are productivity enhancing.24 That is, countries in which congresses are more institutionalized tend to have better infrastructure, a more neutral tax system, higher credit availability, governments that invest in improving the competitiveness of the economy, and less distortive systems of subsidies.25

23 In Scartascini and Tommasi (2010) it is argued that features of the political system such as Congressional institutionalization, also affect the type of policies demanded by socioeconomic actors. If governments do not have the capability to sustain long term policies and to implement complex policies, economic actors are more likely to demand policies that deliver short term benefits, policies that by and large are less productivity-enhancing.

24 The dependent variables have been gathered from the Global Economic Report (several years). For the exact definition of the variables see Scartascini and Tommasi (2010) and Mecikovsky et al. (2010).

25 We find no relationship with the administrative easiness to open a business, and the size of the informal sector in the economy, which are also some variables found to matter for explaining increases in productivity (Pagés 2010).
Table 4. Congress Institutionalization and policies that foster productivity

<table>
<thead>
<tr>
<th>Infrastructure</th>
<th>Tax Neutrality</th>
<th>Administrative Easiness</th>
<th>Credit Index</th>
<th>Improve Competitiveness</th>
<th>Subsidies Neutrality</th>
<th>Formal Sector</th>
</tr>
</thead>
<tbody>
<tr>
<td>Congress Institutionalization</td>
<td>0.701***</td>
<td>0.373***</td>
<td>0.133</td>
<td>0.394***</td>
<td>0.649***</td>
<td>0.427***</td>
</tr>
<tr>
<td></td>
<td>(0.0906)</td>
<td>(0.119)</td>
<td>(0.0823)</td>
<td>(0.0796)</td>
<td>(0.0762)</td>
<td>(0.0840)</td>
</tr>
<tr>
<td>Legislative Efficiency</td>
<td>0.568***</td>
<td>0.258***</td>
<td>0.106</td>
<td>0.324***</td>
<td>0.541***</td>
<td>0.359***</td>
</tr>
<tr>
<td></td>
<td>(0.0665)</td>
<td>(0.0943)</td>
<td>(0.0649)</td>
<td>(0.0606)</td>
<td>(0.0516)</td>
<td>(0.0614)</td>
</tr>
<tr>
<td>Confidence in Parliament</td>
<td>0.963***</td>
<td>0.364</td>
<td>0.197</td>
<td>0.305</td>
<td>0.531**</td>
<td>0.378</td>
</tr>
<tr>
<td></td>
<td>(0.231)</td>
<td>(0.342)</td>
<td>(0.220)</td>
<td>(0.207)</td>
<td>(0.232)</td>
<td>(0.239)</td>
</tr>
<tr>
<td></td>
<td>[59]</td>
<td>[59]</td>
<td>[59]</td>
<td>[59]</td>
<td>[54]</td>
<td>[48]</td>
</tr>
</tbody>
</table>

Standard errors in parentheses, observations in brackets
*** p<0.01, ** p<0.05, * p<0.1
Each cell corresponds to an individual regression controlling for GDPpc

Table 5 presents additional evidence in the same line, showing that congressional institutionalization is correlated with other synthetic measures of good policies. The first column indicates a positive relationship with a composite index, which summarizes the variables in Table 4. The second column shows that these correlations are not only significant with variables (as those in Table 4) constructed based largely on the opinion of business people but also with the most objective indicator of productivity: growth in total factor productivity (TFP). Column 3 indicates that those countries with a more institutionalized congress tend to also have less wasteful public spending. Column 4 indicates that there is also a positive correlation with efficiency in education spending. Overall, the results tend to present rather convincing evidence about a positive relationship between institutionalized congress and better policies, measured for different policy areas and through different methods.

Table 5. Congress Institutionalization and Good Policies

<table>
<thead>
<tr>
<th>Productivity Policy Index</th>
<th>TFP Growth</th>
<th>Wastefulness Gov. Spend.</th>
<th>Education Efficiency</th>
</tr>
</thead>
<tbody>
<tr>
<td>Congress Institutionalization</td>
<td>0.392***</td>
<td>0.823***</td>
<td>0.768***</td>
</tr>
<tr>
<td></td>
<td>(0.0555)</td>
<td>(0.150)</td>
<td>(0.0729)</td>
</tr>
<tr>
<td></td>
<td>[77]</td>
<td>[67]</td>
<td>[104]</td>
</tr>
<tr>
<td>Legislative Efficiency</td>
<td>0.335***</td>
<td>0.628***</td>
<td>0.622***</td>
</tr>
<tr>
<td></td>
<td>(0.0380)</td>
<td>(0.108)</td>
<td>(0.0534)</td>
</tr>
<tr>
<td></td>
<td>[77]</td>
<td>[66]</td>
<td>[99]</td>
</tr>
<tr>
<td>Confidence in Parliament</td>
<td>0.314**</td>
<td>1.648***</td>
<td>0.785***</td>
</tr>
<tr>
<td></td>
<td>(0.153)</td>
<td>(0.445)</td>
<td>(0.192)</td>
</tr>
<tr>
<td></td>
<td>[47]</td>
<td>[34]</td>
<td>[59]</td>
</tr>
</tbody>
</table>

Standard errors in parentheses, observations in brackets
*** p<0.01, ** p<0.05, * p<0.1
Each cell corresponds to an individual regression controlling for GDPpc
+ A higher value of the index indicates lower wastefulness
Institutionalized Congresses, governance and social conflict

Interestingly, Congressional institutionalization is correlated with two other sets of phenomena: lower corruption and lower social conflictivity. It is to be expected that more institutionalized congresses lead to more open and more transparent policymaking, and that a stronger Congress can better supervise the executive and the bureaucracy, leading to lower corruption. Also, more institutionalized, stronger, and more relevant Congresses will induce socioeconomic actors to focus their political energies in this arena as opposed to using alternative political technologies such as street protests or violence (Scartascini and Tommasi 2009, and Machado et al. 2011).

Table 6 shows the correlation for different measures of these two phenomena. More institutionalized congresses are positively correlated with a measure of perception of corruption (higher values imply less corruption), with lower diversion of public funds, with lower illegal donations to parties, and lower favoritism of public officials. Additionally, it is also positively correlated with lower levels of social conflictivity, measured according to the levels of strikes, protests, and two composite indicators (“weighted conflict index” and “internal conflict”).

Table 6. Congress Institutionalization and Social Conflict

<table>
<thead>
<tr>
<th></th>
<th>Corruption Perception Index</th>
<th>Public Funds+</th>
<th>Illegal Donations+</th>
<th>Favoritism in Govt. Off.+</th>
<th>Weighted Conflict Index</th>
<th>Internal Conflict</th>
<th>Strikes</th>
<th>Protests</th>
</tr>
</thead>
<tbody>
<tr>
<td>Congress Institutionalization</td>
<td>1.037*** (0.139)</td>
<td>0.647*** (0.134)</td>
<td>0.857*** (0.113)</td>
<td>0.713*** (0.0709)</td>
<td>-0.756.6** (141.5)</td>
<td>-0.724*** (0.177)</td>
<td>-0.106*** (0.0329)</td>
<td>-0.250**</td>
</tr>
<tr>
<td>Legislative Efficiency</td>
<td>0.949** (0.0937)</td>
<td>0.614*** (0.0990)</td>
<td>0.670*** (0.0864)</td>
<td>0.613*** (0.0481)</td>
<td>-0.233.4*** (112.6)</td>
<td>-0.045*** (0.142)</td>
<td>-0.118*** (0.0250)</td>
<td>-0.0774</td>
</tr>
<tr>
<td>Confidence in Parliament</td>
<td>1.430*** (0.382)</td>
<td>0.913** (0.342)</td>
<td>1.319*** (0.298)</td>
<td>0.777*** (0.210)</td>
<td>-0.747.8* (402.9)</td>
<td>-1.327*** (0.426)</td>
<td>-0.0374 (0.0934)</td>
<td>-0.0888</td>
</tr>
</tbody>
</table>

*Standard errors in parentheses, observations in brackets
*** p<0.01, ** p<0.05, * p<0.1
Each cell corresponds to an individual regression controlling for GDPoc
+ A higher value of the index indicates a "better" outcome: less diversion, lower illegal donations, and less favoritism

Determinants of Congressional Institutionalization

Having argued that “congressional institutionalization matters”, we turn now to a very preliminary exploration of one of the key questions in this agenda. What determines the degree of Congressional Institutionalization across countries? In order to provide a better answer to these questions, further theoretical and empirical work will be required, exploring the various possible theoretical channels connecting potential explanatory
variables to the object of interest. For the sake of brevity, in this initial exploratory paper, we just postulate a few of the most obvious candidates, and provide some preliminary correlations.

On the one hand one might expect that Congressional institutionalization depends on some specific political institutions (defined as political rules) which affect the equilibrium behavior of political players. Conventional wisdom would suggest that legislatures are likely to become more relevant and more institutionalized when the Constitution endows the legislature with important legislative powers vis a vis the Executive. Also, we wonder whether the type of government (presidential or parliamentary), the type of electoral system (majoritarian or proportional), and the federal organization of the country affect the degree of congressional institutionalization.

It is also possible that some deeper structural characteristics of the country affecting the degree of fragmentation, the nature of social cleavages, or other structural factors facilitating or impeding cooperation across groups will tend to be associated with more or less institutionalized national legislatures.

To complicate matters, we believe that Congressional institutionalization is an equilibrium phenomenon, and the theoretical logic we sketched earlier suggests that it might well be subject to multiplicity of equilibria. That means that the saliency of Congress as a key political and policymaking arena in which players are willing to invest could also be heavily affected by historical developments (such as whether Congress played an important role in the transition from autocracy), by underlying cultural traits (such as whether society tends to trust collective organizations or is inclined to search for messianic solutions), and even by particular leadership styles and contingent strategies (of party leaders, of presidents) in the early stages of democratization processes.

Another important question to be explored is the degree of complementary or substitutability among various institutional arenas. For instance, will stronger congresses tend to be complements or substitutes of institutionalized party systems, or strong and independent judiciaries, of capable and institutionalized bureaucracies?
With all the due caveats about the tentativeness of these steps, a priori some hypotheses that we would venture are the following: (we have not been able to explore fully all of these hypotheses, but we report the partial results obtained so far)

1. Institutionalization is a long-term process. Therefore, older democracies may be better able to build stronger legislatures over time.\textsuperscript{26}
2. Political institutions that favor longer tenures should tend to facilitate Institutionalization.
3. The type of regime (parliamentarism or presidentialism) may matter.\textsuperscript{27}
4. The powers of the president may affect the degree of institutionalization.
5. Electoral rules matter.\textsuperscript{28}
6. Underlying cultural traits may affect the possibility to institutionalize Congress.

Table 7 shows some of the results. As expected, and in line with hypothesis 1, older democracies are associated with more institutionalized legislatures (Figure 2). That is, those countries with longer lasting democracies and fewer democratic interruptions seem to have been able to invest more in the development of their legislatures. Two factors may be driving this result. First, democratic interruptions tend to destroy the investments made as legislatures are closed, and institutional memory and human capital is lost. Second, lower prospects of democratic interruptions increase the horizon of legislators and political actors.

\textsuperscript{26} This hypothesis was postulated by Blondel in his 1973 book on \textit{Comparative Legislatures} (Blondel, 1973).
\textsuperscript{27} This hypothesis was postulated by Mezey (1991)
\textsuperscript{28} This hypothesis was postulated by Mezey (1991)
Table 7. Some determinants of Congress Institutionalization

<table>
<thead>
<tr>
<th></th>
<th>Congress Institutionalization</th>
<th>Legislative Efficiency</th>
<th>Confidence in Parliam.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Age of Democracy</td>
<td>0.920*</td>
<td>1.652***</td>
<td>0.869***</td>
</tr>
<tr>
<td></td>
<td>(0.462)</td>
<td>(0.603)</td>
<td>(0.282)</td>
</tr>
<tr>
<td></td>
<td>[73]</td>
<td>[73]</td>
<td>[42]</td>
</tr>
<tr>
<td>Presidential System</td>
<td>-0.323**</td>
<td>-0.542***</td>
<td>-0.148</td>
</tr>
<tr>
<td></td>
<td>(0.143)</td>
<td>(0.178)</td>
<td>(0.122)</td>
</tr>
<tr>
<td></td>
<td>[127]</td>
<td>[127]</td>
<td>[64]</td>
</tr>
<tr>
<td>Legisl Powers of the Pres.</td>
<td>0.567</td>
<td>1.749*</td>
<td>-0.164</td>
</tr>
<tr>
<td></td>
<td>(0.568)</td>
<td>(0.859)</td>
<td>(0.273)</td>
</tr>
<tr>
<td></td>
<td>[17]</td>
<td>[17]</td>
<td>[17]</td>
</tr>
<tr>
<td>Parlam. Powers Index</td>
<td>-0.871**</td>
<td>-0.603</td>
<td>-0.830**</td>
</tr>
<tr>
<td></td>
<td>(0.373)</td>
<td>(0.478)</td>
<td>(0.403)</td>
</tr>
<tr>
<td></td>
<td>[125]</td>
<td>[125]</td>
<td>[63]</td>
</tr>
<tr>
<td>Proportional Representation</td>
<td>-0.444***</td>
<td>-0.513***</td>
<td>-0.334***</td>
</tr>
<tr>
<td></td>
<td>(0.139)</td>
<td>(0.185)</td>
<td>(0.109)</td>
</tr>
<tr>
<td></td>
<td>[115]</td>
<td>[115]</td>
<td>[59]</td>
</tr>
<tr>
<td>Fragmentation of Legislature</td>
<td>-1.365***</td>
<td>-1.400***</td>
<td>-0.986***</td>
</tr>
<tr>
<td></td>
<td>(0.284)</td>
<td>(0.370)</td>
<td>(0.281)</td>
</tr>
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<td></td>
<td>[124]</td>
<td>[124]</td>
<td>[63]</td>
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<tr>
<td>Federal</td>
<td>-0.108</td>
<td>-0.0858</td>
<td>-0.0459</td>
</tr>
<tr>
<td></td>
<td>(0.236)</td>
<td>(0.315)</td>
<td>(0.132)</td>
</tr>
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<td></td>
<td>[72]</td>
<td>[72]</td>
<td>[41]</td>
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<tr>
<td>Trust</td>
<td>2.955***</td>
<td>3.553***</td>
<td>1.636***</td>
</tr>
<tr>
<td></td>
<td>(0.467)</td>
<td>(0.618)</td>
<td>(0.351)</td>
</tr>
<tr>
<td></td>
<td>[70]</td>
<td>[70]</td>
<td>[50]</td>
</tr>
<tr>
<td>Ethnolinguisitc Fractionalization</td>
<td>1.415***</td>
<td>1.832***</td>
<td>0.526*</td>
</tr>
<tr>
<td></td>
<td>(0.386)</td>
<td>(0.518)</td>
<td>(0.285)</td>
</tr>
<tr>
<td></td>
<td>[73]</td>
<td>[73]</td>
<td>[42]</td>
</tr>
</tbody>
</table>

Standard errors in parentheses, observations in brackets

*** p<0.01, ** p<0.05, * p<0.1

Each cell corresponds to an individual regression controlling for GDPpc
Interestingly, the preliminary results indicate that political regimes affect institutionalization. The results in the Table indicate that it is in parliamentary systems where institutionalization seems to be higher. This point certainly requires further theoretical and empirical exploration.

There is a rich literature exploring Executive-Legislative relations, with focus on executive and legislative prerogatives emanating from constitutions and from party-based factors. Valuable studies, many of them with Latin American presidential democracies as focus, have explored the various constitutional and partisan powers of executives, and their implications for executive-legislative relations. Analysts have explored “how does variance in partisan, electoral, and constitutional arrangements affect the legislatures’ structure and function?” (Morgenstern 2002: 2). One of the key dependent variables in these studies has been the legislature’s policy role. A number of indicators of “legislative or constitutional powers of the president” and of “partisan powers of the president” have been developed. The logic underlying many of those studies is some sort of “zero-sum” game in which powers of the president and powers of legislatures are opposite objects.  

29 This view is somewhat mirrored in a number of applied political economy literatures, such as the political economy of fiscal policy, or the political economy of economic reform. In those areas it is often
such measures have an impact on Congressional institutionalization. The first variable we use for that is one developed for 17 Latin American presidential democracies looking at proactive (decrees, budget) and reactive (veto, exclusive initiative) and plebiscite powers of the president. We also use a cross-country measure with broader coverage (116 countries) from Fish and Kroenig (2009). In either measure, we find that formal *de jure* powers of the legislature (or of its “rival” the executive) are not significant predictors of congressional institutionalization. This finding is consistent with our theoretical notion of institutionalization being an equilibrium phenomenon subject to multiplicity. As we develop further in the Argentina-Chile comparison, strong congresses are not antithetical to presidents with strong constitutional powers, and vice versa.

Related to hypothesis 5, proportional representation electoral systems and more fragmented legislatures—which usually go hand in hand—tend to reduce the institutionalization of Congress. As with political regime, these results deserve more careful scrutiny.

Underlying cultural traits seem to matter too. As shown in the Table, higher levels of societal trust tend to have a positive correlation with institutionalization. With respect to ethno-linguistic fractionalization, it also appears positively correlated to institutionalization. This is another intriguing finding that requires further exploration. Ethno-linguistic fractionalization is usually considered a predictor of ethnic and political conflict and tension due to preference heterogeneity and to the common tendency of polities to fracture along ethnic or religious lines. The fact that this variable relates positively to Congressional Institutionalization might mean that, at least in the countries that manage to be democracies with reasonably functional legislatures, it is thought that a powerful executive and a weak congress are beneficial conditions for fiscal prudence and for the implementation of market oriented reforms.

30 Fish and Kroenig (2009) is an extraordinary source that attempts to catalogue all national legislatures, scoring each according to the degree of “official power” that it commands. Their “Parliamentary Power Index” is based on 32 questions on Congressional powers, some of which are answered by reading constitutions, and others based on expert judgments on things that are hard to measure objectively. We consider that the index is to a large extent a measure of “formal” (written) powers, what we would call exogenous political rules, but it also contains a few items (especially under the general heading of “institutional capacity”) that get closer to being components of our notion of “endogenous” investments in the institution, or institutionalization. In later work we will unbundle these components and explore further our questions in the context of that rich dataset.
precisely in more conflictual cases where more investments in this particular institution are crucial to pacify the system.\footnote{One could formulate a repeated game model to formalize this point, somewhat along the lines of Przeworski (2005). The logic is reminiscent of work in new institutional economics regarding the organization of firms: the worst the cost of short term deviations, the more likely it will be possible to sustain cooperation under some institutional forms (Halonen 2002).}

Results do not change much when several of the variables are introduced at the same time, which reduces the possibility that some of the results were affected by omitted variable bias. Regardless of the specification, presidential systems, less fragmented legislatures, and older democracies seem to be correlated with higher Congress Institutionalization. Higher trust and ethno-linguistic fractionalization seem to have a positive effect too. (Table 8)

Table 8. Some determinants of Congress Institutionalization. Multivariate analysis

<table>
<thead>
<tr>
<th>Dependent Var.</th>
<th>Combined Index of Congress Institutionalization</th>
<th>Legislative Efficiency</th>
<th>Confidence in Parliament</th>
</tr>
</thead>
<tbody>
<tr>
<td>Presidential System</td>
<td>-0.395*** -0.270** -0.533***</td>
<td>-0.611*** -0.404** -0.687***</td>
<td>-0.142 -0.156 -0.312***</td>
</tr>
<tr>
<td>Fragmentation of Legislature</td>
<td>-1.471*** -0.643 -1.899***</td>
<td>-1.739*** -0.314 -2.383***</td>
<td>-0.673** -0.827*** -0.170</td>
</tr>
<tr>
<td>Age of Democracy</td>
<td>0.0114*** 0.0166** 0.0114***</td>
<td>0.0198*** 0.0214*** 0.0207***</td>
<td>0.00766*** 0.00887*** 0.00653***</td>
</tr>
<tr>
<td>Trust</td>
<td>1.447***</td>
<td>2.119***</td>
<td>0.586*</td>
</tr>
<tr>
<td>Ethnolingual Fractionalization</td>
<td>1.171*** (0.316)</td>
<td>1.588*** (0.413)</td>
<td>0.351 (0.247)</td>
</tr>
<tr>
<td>Ln GDP pc</td>
<td>0.0532 0.283*** 0.368*</td>
<td>0.114 -0.144 0.323**</td>
<td>-0.190*** -0.309*** -0.217***</td>
</tr>
<tr>
<td>Constant</td>
<td>1.873*** 3.796*** 0.853</td>
<td>3.500*** 4.167*** 1.604</td>
<td>4.232*** 5.233*** 4.196***</td>
</tr>
<tr>
<td>Observations</td>
<td>106 64 72</td>
<td>106 64 72</td>
<td>55 45 41</td>
</tr>
<tr>
<td>R-squared</td>
<td>0.335 0.565 0.523</td>
<td>0.467 0.638 0.610</td>
<td>0.331 0.570 0.457</td>
</tr>
</tbody>
</table>

Standard errors in parentheses
*** p<0.01, ** p<0.05, * p>0.1

The Road Ahead

So far, within the limitations of the data we have been able to collect thus far, we have shown hints that Congress Institutionalization is correlated with long term development outcomes and the mechanism by which this may take place is through a better policy environment and better policies. We have also shown some preliminary correlations between institutionalization and their potential determinants. Work is still necessary to understand the mechanisms that connect some of these variables to congressional institutionalization, and to assess their relative importance in a more general framework.
In addition to that, the most important and challenging task is collecting more and better data to measure the concepts we are interested in for a larger number of countries. The concepts we need to measure (better) include:

- Legislators’ horizon
  - Reelection rate
  - Experience
  - Term length and limits

- Congress as a place to foster political careers
  - Role of congress in political careers
  - Do people recognize more those whose legislative output is higher or those who spend their time campaigning outside of congress?

- Legislators’ human capital

- Congress as a policymaking arena
  - Does congress affect policies?
  - How much does congress discusses policies?
  - Does congress revert policy decisions?
  - Does congress enforce laws and statutes?
  - Does congress enhance accountability mechanisms?
  - Do legislators participate in the discussions? Do they attend meetings? Do they vote?
  - Do interactions with interest groups take place in Congress?
  - How do advocacy groups elevate their concerns?
  - Do people have access to Congress and their legislators?

- Measures of organization of Congress
  - What is the role of committees?
  - How are they formed?
  - How many committees does each legislator belongs to?
  - Is legislator’s expertise somehow related to committee membership?
  - How important is seniority?

- Congress capabilities –which reflect previous investments-
  - Availability of support personnel
4. ARGENTINA AND CHILE: A TALE OF TWO COUNTRIES

The theoretical discussion of section II, as well as some of the preliminary evidence in section III, points to the fact that Congressional Institutionalization is a process that takes place over time, that might be subject to path dependent dynamics, and that might not be entirely dependent upon “obvious” institutional rules such as the constitutional powers of the legislature. This suggests that in order to complement the large-N cross-national analysis of section III, it might be useful to explore the institutionalization of Congress more closely in a small number of cases. We have chosen the cases of Argentina and Chile, two countries that share some broad historical and cultural traits, but that seem to have embarked on different paths with regards to congressional institutionalization since their return to democracy in the 1980’s.

We start by showing that the two countries present very different policymaking styles, and we argue that these differences are partly anchored in very different roles plaid by the two congresses in the policymaking process. We then attempt to provide some evidence that the different policymaking roles are associated with variables that relate to the institutionalization of these congresses. The section ends by hinting some of the possible explanations for this divergence, and by suggesting the further work necessary to explore these issues.

Argentina and Chile’s Policymaking Compared

Figure 3 presents an aggregate index of quality of policies across 70 countries constructed by the Inter-American Development Bank (IADB 2005, Stein and Tommasi 2007). Chile appears within the group of countries with relatively high quality, well ahead of its Latin American peers (highlighted in red). Argentina, by contrast, is one of the countries at the bottom end, among those ranking lowest in terms of the quality of policies.
Such numerical assessment is buttressed by various comparative policy studies within Latin America, which focus on diverse policy areas. For instance, in a multi-country study of the design and implementation of reforms in public utilities, Bergara and Pereyra (2005) characterized the Argentine case as one of “institutional weakness and volatile results”, and the Chilean case as one of “institutional consistency and stable results.” Bergman (2003) argues that “Chile was able to enhance better tax compliance because it has implemented a permanent, stable and rational policy that allowed for the development of an effective tax administration – a process never fully accomplished in Argentina.” Tokatlian and Merke (2011) show the volatility of foreign policy in Argentina, which according to them is more dependent on the perceptual map of the executive of the day than on any long-term State decision undertaken in an exchange arena such as Congress.\footnote{Providing an additional example, Aggarwal, Espach and Tulchin (2004) compare commercial policy in Argentina, Brasil, Chile, and Mexico, and argue that Argentina is the only country that does not have a commercial strategy because neither the State nor the private sector can resolve the differences among the actors.} Pension policy represents a clear contrast between both countries. In Argentina, reforms represented a pendulum swing from a national pay-as-you-go system, to privatization and the creation of individual accounts, then back to a nationalized pay-as-you-go scheme, all done while some of the key problems of the
system remain unsolved. On the other hand Chile is regarded as a case of gradual adjustment following deliberation and consensus building, with progress made in correcting the specific problems posed by the system. Rofman, Fajnzylber and Herrera (2008) provide an interesting contrast between pension policymaking in Argentina and Chile. They claim that “in recent years authorities in both countries coincided on identifying insufficient coverage among the elderly and adequacy of benefits as the most critical problems. The authors argue that as a result of differences in the political economy and the institutional constraints in each country, responses were different. In Chile, a long and participatory process resulted in a large reform that focuses on medium-term impacts through a carefully calibrated adjustment. In Argentina, instead, reforms were adopted through a large number of successive normative corrections, with little public debate about their implications, and immediate impacts on coverage and fiscal demands.” (2008:1).

Overall, Chilean policies seem to enjoy more of the characteristics that lend themselves to higher quality policy. As suggested, these superior properties of Chilean over Argentine policies are not restricted to stability, but also to the capacity to adjust policies to changing circumstances and new information, the capacity to enforce, the quality of implementation, the coordination and coherence across policy areas and across functional units operating over the same socioeconomic issues, and other efficiency properties. 33 In this paper we argue that divergence in policy characteristics are the outcome of the differences in the policymaking processes of the two countries.

Policymaking in Chile (and the role of Congress) 34

Historically considered among the most stable democracies in Latin America, the Chilean political system has long stood out in the region for having a representative party system along with well-institutionalized political practices. This legacy is undoubtedly favorable for Chile’s current democracy, inaugurated in 1990 after the extended dictatorship that took place following the 1973 coup d’état.

33 While pension policy is the archetypical example of the differences in policy and policymaking to which we refer, we do not overlook tensions surrounding other policy areas in Chile. Most recently Education policy has emerged as an area where gradual reforms have been perceived as inadequate, leading to turmoil on the streets. We acknowledge the complexity surrounding specific policy areas. Notwithstanding, in the broader scope of things the characterization distinguishing Chile and Argentina seems to hold, and we claim that it is worth uncovering its determinants.

34 This section draws heavily from Aninat et al. (2008).
Chile came out of the seventeen-year authoritarian regime with a new constitutional text carefully designed in order to provide the country with the checks that may have prevented the democratic breakdown in 1973. Under the new institutional environment, the presidency and inter-branch relations were fundamentally re-defined, as was the nation’s electoral system. Under Chile’s 1980 Constitution, the president is constitutionally very powerful, with near-monopoly control over the legislative agenda, and with proposal and veto powers that make him/her the de facto agenda setter. While the president is very powerful, the Chilean policymaking system is studded with veto players, written into the constitution by the outgoing military government to impede policy changes by subsequent elected governments. Yet some characteristics of the Chilean polity are surprising. While it has a relatively weak Congress in terms of constitutional prerogatives (see Table 9 reflecting constitutional prerogatives across 18 Latin American countries), Chile’s Congress also ranks the highest in terms of its actual capabilities and participation in effective policymaking, as evidenced by the indicators of Congressional institutionalization compounded into the index shown in Table 1.

Table 9a. Legislative Powers of Presidents in Latin America

<table>
<thead>
<tr>
<th></th>
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<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Chile</td>
<td>0.33</td>
<td>0.73</td>
<td>0.50</td>
<td>0.85</td>
<td>0.85</td>
<td>0.67</td>
<td>0.79</td>
<td>0.66</td>
</tr>
<tr>
<td>Brazil</td>
<td>1.00</td>
<td>0.91</td>
<td>0.96</td>
<td>0.15</td>
<td>0.15</td>
<td>0.67</td>
<td>0.33</td>
<td>0.62</td>
</tr>
<tr>
<td>Ecuador</td>
<td>0.33</td>
<td>0.73</td>
<td>0.50</td>
<td>1.00</td>
<td>0.69</td>
<td>0.33</td>
<td>0.67</td>
<td>0.59</td>
</tr>
<tr>
<td>Colombia</td>
<td>0.67</td>
<td>0.64</td>
<td>0.66</td>
<td>0.31</td>
<td>0.31</td>
<td>0.67</td>
<td>0.43</td>
<td>0.59</td>
</tr>
<tr>
<td>Peru</td>
<td>0.67</td>
<td>0.73</td>
<td>0.70</td>
<td>0.15</td>
<td>0.15</td>
<td>0.33</td>
<td>0.21</td>
<td>0.50</td>
</tr>
<tr>
<td>Argentina</td>
<td>0.33</td>
<td>0.45</td>
<td>0.38</td>
<td>0.85</td>
<td>0.85</td>
<td>-</td>
<td>0.56</td>
<td>0.44</td>
</tr>
<tr>
<td>Panama</td>
<td>0.17</td>
<td>0.55</td>
<td>0.33</td>
<td>0.77</td>
<td>0.33</td>
<td>0.62</td>
<td>0.43</td>
<td></td>
</tr>
<tr>
<td>Uruguay</td>
<td>0.17</td>
<td>0.64</td>
<td>0.37</td>
<td>0.54</td>
<td>0.33</td>
<td>0.47</td>
<td>0.38</td>
<td></td>
</tr>
<tr>
<td>El Salvador</td>
<td>-</td>
<td>0.82</td>
<td>0.35</td>
<td>0.77</td>
<td>-</td>
<td>-</td>
<td>0.26</td>
<td>0.33</td>
</tr>
<tr>
<td>Venezuela</td>
<td>0.33</td>
<td>0.64</td>
<td>0.46</td>
<td>0.08</td>
<td>0.08</td>
<td>-</td>
<td>0.65</td>
<td>0.30</td>
</tr>
<tr>
<td>Guatemala</td>
<td>0.33</td>
<td>0.18</td>
<td>0.27</td>
<td>0.77</td>
<td>-</td>
<td>-</td>
<td>0.26</td>
<td>0.29</td>
</tr>
<tr>
<td>Dominican Republic</td>
<td>-</td>
<td>0.64</td>
<td>0.27</td>
<td>0.92</td>
<td>0.15</td>
<td>-</td>
<td>0.36</td>
<td>0.27</td>
</tr>
<tr>
<td>Honduras</td>
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<td>0.36</td>
<td>0.34</td>
<td>0.77</td>
<td>-</td>
<td>-</td>
<td>0.26</td>
<td>0.26</td>
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<tr>
<td>Mexico</td>
<td>0.17</td>
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<td>-</td>
<td>-</td>
<td>0.31</td>
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<td>0.12</td>
<td>0.85</td>
<td>-</td>
<td>0.33</td>
<td>0.39</td>
<td>0.23</td>
</tr>
<tr>
<td>Costa Rica</td>
<td>-</td>
<td>0.64</td>
<td>0.27</td>
<td>0.77</td>
<td>-</td>
<td>-</td>
<td>0.26</td>
<td>0.23</td>
</tr>
<tr>
<td>Paraguay</td>
<td>-</td>
<td>0.64</td>
<td>0.27</td>
<td>0.23</td>
<td>0.23</td>
<td>-</td>
<td>0.15</td>
<td>0.19</td>
</tr>
<tr>
<td>Nicaragua</td>
<td>-</td>
<td>0.73</td>
<td>0.31</td>
<td>0.15</td>
<td>0.15</td>
<td>-</td>
<td>0.10</td>
<td>0.19</td>
</tr>
</tbody>
</table>

In spite of the strong constitutional prerogatives of the presidency, there is a widely held consensus that Chilean presidents have exercised this power in a careful and consensual manner during the years since the restoration of democracy in 1990. The Chilean president is the top agenda-setter in the policymaking process, with several tools at her disposal to exert pressure to get her policies through the policy making process. Many important policies are developed primarily within the cabinet (with the

Table 9b. Potential Political Control Capabilities of the Legislature (formal)

<table>
<thead>
<tr>
<th>COUNTRY</th>
<th>Index of Potential Control Capacity of Legislature+</th>
</tr>
</thead>
<tbody>
<tr>
<td>Peru</td>
<td>10.90</td>
</tr>
<tr>
<td>Bolivia</td>
<td>10.70</td>
</tr>
<tr>
<td>Venezuela</td>
<td>10.40</td>
</tr>
<tr>
<td>Colombia</td>
<td>10.30</td>
</tr>
<tr>
<td>Costa Rica</td>
<td>10.05</td>
</tr>
<tr>
<td>Uruguay</td>
<td>9.80</td>
</tr>
<tr>
<td>Argentina</td>
<td>9.80</td>
</tr>
<tr>
<td>Ecuador</td>
<td>9.05</td>
</tr>
<tr>
<td>Paraguay</td>
<td>8.85</td>
</tr>
<tr>
<td>El Salvador</td>
<td>8.55</td>
</tr>
<tr>
<td>Honduras</td>
<td>8.00</td>
</tr>
<tr>
<td>Nicaragua</td>
<td>8.00</td>
</tr>
<tr>
<td>Panama</td>
<td>7.80</td>
</tr>
<tr>
<td>Guatemala</td>
<td>7.80</td>
</tr>
<tr>
<td>Brazil</td>
<td>6.80</td>
</tr>
<tr>
<td>Chile</td>
<td>6.30</td>
</tr>
<tr>
<td>Dominican Republic</td>
<td>6.20</td>
</tr>
<tr>
<td>Mexico</td>
<td>6.05</td>
</tr>
</tbody>
</table>

Source: Aldontara et al (2005). Note: The index is constructed from nine parliamentary oversight instruments: control over presidential nominations, interrogations of government officials, creation of investigative committees, presidential report, confidence vote, inquiry of information from the executive, parliamentary questions, interrogations and instruments that imply political responsibility (impeachment).

* 0 = min; 25 = max

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35 Our description of the Chilean policymaking process stems from the dynamics characterizing the system under the various Concertación governments that took place since 1990. The 2010 change in government coalition that brought President Piñera to power may have altered these dynamics in ways difficult to uncover yet. Being the government of Piñera the first one of a different sign after the return to democracy, and given some aspects of the personal style of the president, it constitutes an interesting test with respect to the continuity of institutionalization in Chile. One of the hypotheses to be explored is to what extent the particular configuration of political forces in the post-democratic period mattered for the process of Congressional (re) institutionalization, and eventually what the effects of the new configuration of forces might be.

36 This does not deny the fact that the Chilean political system has veto points that might have influenced the consensual strategies of most Chilean presidents since the return to democracy.
assistance of technically capable and politically adroit ministers). There is a practice of negotiation and agreement that operates in several (usually sequential) stages. Since during the period under consideration Chile has had relatively strong parties and party identities,\textsuperscript{37} it has been common practice for the president to initially seek to develop consensus for her policies inside her own party, and next within her coalition, usually through negotiation with the leaders of the other parties in the coalition. Finally, interactions with the opposition take place mostly through open forums such as Congress (Aninat et al. 2008).

Technical input enters the policymaking process at multiple nodes. The Chilean cabinet and bureaucracy are very capable by Latin American standards. Chile also has several well-established and reasonably well-staffed think tanks, which feed into the system given their institutionalized links to different political parties and coalitions. Congress itself has higher technical capabilities than those of its regional counterparts, in comparative perspective (Table 1).

On the other hand, given that the political system has many veto players, political transactions produce stable results. Once policies are passed, the underlying bargains struck during negotiations are stable, and policy is credible (as seen in IADB 2005 policy indicators). This very policy stability makes policies a strong currency in political exchange, precisely the opposite of what happens in the Argentine case.

In addition, while Chilean congressmen complain that the executive has higher technical capacities than those available to the legislature, the Chilean congress appears to fare well by comparative standards. As highlighted by Montecinos (2003), the high reelection rate in the Chilean legislature helps translate individual knowledge into

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\textsuperscript{37} In recent years, a number of scholars have questioned the way party system institutionalization tends to be defined and measured, and has unbundled the concept in directions that seem fitting for a better characterization of the Chilean case. For instance, Luna and Altman (2011) define the Chilean party system as “uprooted but stable”, meaning that it is “well institutionalized” at the elite (“Polsbian”) level, yet, its roots in society are not that strong. This issue of elite and mass level institutionalization is an important one that we would like to explore further in later work. (See also the notion of horizontal and vertical institutionalization, applied to Chile, in Nolte 2003).
in institutional expertise. So much so that the Chilean parliament of the 1990s has been described as unusually professionalized and technically competent. (Santiso, 2006: 57-58). This all contributes to the assessment of the Chilean Congress as being an important arena in the policymaking process, both from a political as well as from a technical point of view.

Policymaking in Argentina (and the role of Congress)³⁹

Argentina provides a great contrast with its neighbor across the Andes. A country of relatively high human capital and high levels of human development, its performance in terms of policymaking does not reflect its privileged standing on so many counts. The country has a very dysfunctional way of making public policies.

Argentina is known worldwide for its economic and political instability. Argentina’s key political actors have had short political horizons. The country’s unusual political instability during the twentieth century has left an imprint through path-dependent behavior in Congress, the courts, the bureaucracy, and the federal fiscal system, as well as through the actions and expectations of nongovernmental actors.

Political instability, however, is not the only factor contributing to shortsighted behavior. Argentina has a complex political system, with electoral rules and political practices that transfer power away from Congress and national parties toward provincial political patrons (who are not particularly interested in building a strong National Congress). This contributes to the shortening of legislators’ political horizons, and, in an “institutional equilibrium” way, affects the incentives of the rest of the polity. In addition, weak constraints (constitutional, judicial, and budgetary) on unilateral actions by the executive undermine political players’ ability to enter into efficient intertemporal political exchanges.

The historical legacy of political instability has contributed to the lack of judicial, and thus constitutional, constraints on executive action. A professional bureaucracy, well supervised by Congress, could provide an alternative channel for the intertemporal enforcement of political agreements. But Argentina—in part because of

---
³⁸ As it can be observed in Table 1, Chilean legislators are the ones with the longest congressional careers in Latin America, while those of Argentina have one of the shortest.
³⁹ This section draws heavily from Spiller and Tommasi (2008).
its history of instability, but also owing to the current incentives of key political players—does not have such a bureaucracy either.

A combination of lack of legislative incentives, the ability of the executive to act unilaterally, and the power of provincial leaders, have moved crucial political and policy bargaining away from the national legislature and into other arenas. Some key policy decisions take place in executive quarters (among the president, a key minister, advisers, and a few businesspeople), in meetings between the president and a few governors, or in other closed ad hoc groups. Not only are those arenas not transparent, they also lack the required institutional stickiness to enforce bargains over time.

To summarize, the policymaking process in Chile and Argentina are quite distinct, and so are the properties of the resulting policies. Policy changes in Chile tend to be incremental, and in general are the outcome of a relatively profound and institutionalized technical discussion. Its policy process exhibits various continuities and gradual reforms at the margin, contrasting with periodic policy “reinventions” in Argentina, as characterized for instance in the nationalization – privatization – nationalization cycles in various areas.

The differential use of technical knowledge in the two cases is striking. According to Montecinos (2003) this is a trend that in the case of Chile goes a long way back in time: “In a trend that goes back several decades, the government counts on the advice of a large cadre of well-trained economic specialists. For its part, the private sector has been strengthening its capacity to produce quality economic information and policy recommendations. Much of this is developed at several well-funded think-tanks, some of them independent, and others linked to political parties and entrepreneurial associations.”

One of the important differences in policymaking across the two countries relates, precisely, to the role and capabilities of the respective Congresses, a point we take in the next subsection.

**The Argentine and Chilean Congresses Compared**

In what follows we present a preliminary summary of ongoing work comparing the two countries’ congresses. While a number of indicators may aid in establishing levels of
institutionalization, we focus here on a few that seem most telling. The nature and length of legislative careers, social/educational characteristics of legislators, and key aspects of the internal organization of congress, as well as budgetary considerations, provide valuable information regarding what congress may be capable and willing to do in terms of policy.

A. Legislative Careers

Understanding the nature and length of legislative careers requires unveiling a process that begins with the selection of certain types of individuals to congress, the institutional/partisan constraints faced both in their initial selection as well as in decisions to remain in congress for additional terms, as well as the destinations that legislators choose once they leave congress. Legislative careers provide valuable information regarding how well bounded an organization is with respect to its environment, as suggested by Polsby (1968).40 An institution that is well bounded draws its members mainly from within and distinguishes itself clearly from other locus of political performance.

Both partisan and electoral determinants influence which individuals achieve congressional nominations and end up being elected. Argentina and Chile differ greatly both in terms of the nature of their party systems as in the nature of their electoral systems.41 The literature has identified each country as associated with one of two distinct trends: while Chile lies at the upper end of the Latin American scale for static ambition, with longer tenures, and legislators seeking voter recognition as they work to professionalize their workplace (Morgenstern 2002: 417), Argentina lies at the lower end in terms of legislator tenure, their careers guided by progressive ambition instead (Jones et al. 2002).

Among other things, the differential career paths of Chilean and Argentine legislators are reflected in the fact that legislative tenures are longer in Chile than in

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40 See also Hibbing (1999) for an argument of why studying legislative careers is a natural entry point for the study of congressional institutionalization.
41 They do so today, but both have also changed their electoral systems over the course of the twentieth century, providing institutional variation between the countries and also within each. Because the length of legislative careers has been directly associated to electoral rules, we expect that the variation identified in Argentina and Chile will enable us to disentangle the effects of electoral rules from other factors determining the length of legislative careers.
Argentina. As presented in the fourth column of Table 1, early in this paper, Chilean legislators’ tenure is among the longest in Latin America, eight years on average (at the time of that study), against an average of only 2.9 years in the Argentine case, the third lowest in the sample of 18 Latin American countries.

The same trend can be seen in Table 10 below, which shows the number of terms served by Argentine and Chilean legislators. The decline in first term members, observed in the Chilean case implies that legislators entering congress end up staying there, likely increasing their abilities as legislators as they acquire experience. As membership stabilizes, entering congress becomes more difficult, the apprenticeship period may lengthen and recruitment to positions of leadership in congress is more likely to happen from within (Polsby 1968, p. 146). The opposite is true in the Argentine case, where almost 30 years after the return to democracy most deputies are freshmen, and very few have long tenures in Congress. We come back to these points below when analyzing the selection to different leadership positions.

Table 10. Congressional Terms Served by Argentine and Chilean Legislators

<table>
<thead>
<tr>
<th>Term</th>
<th>1994-98</th>
<th>1998-02</th>
<th>2002-06</th>
<th>2006-10</th>
<th>2010-14</th>
</tr>
</thead>
<tbody>
<tr>
<td>1st</td>
<td>40%</td>
<td>33%</td>
<td>33%</td>
<td>35%</td>
<td>32%</td>
</tr>
<tr>
<td>2nd</td>
<td>60%</td>
<td>31%</td>
<td>25%</td>
<td>24%</td>
<td>27%</td>
</tr>
<tr>
<td>3rd</td>
<td></td>
<td>36%</td>
<td>23%</td>
<td>18%</td>
<td>16%</td>
</tr>
<tr>
<td>4th</td>
<td></td>
<td></td>
<td>19%</td>
<td>14%</td>
<td>9%</td>
</tr>
<tr>
<td>5th</td>
<td></td>
<td></td>
<td></td>
<td>9%</td>
<td>8%</td>
</tr>
<tr>
<td>6th</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>7%</td>
</tr>
</tbody>
</table>

Chamber Mean Experience

| Experience | 2.4 | 4.12 | 5.12 | 5.52 | 6 |


10.b. Argentine Deputies

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1st</td>
<td>72%</td>
<td>75%</td>
<td>77%</td>
<td>61%</td>
<td>71%</td>
<td>71%</td>
</tr>
<tr>
<td>2nd</td>
<td>24%</td>
<td>20%</td>
<td>15%</td>
<td>27%</td>
<td>18%</td>
<td>21%</td>
</tr>
<tr>
<td>3rd</td>
<td>3%</td>
<td>5%</td>
<td>5%</td>
<td>6%</td>
<td>7%</td>
<td>5%</td>
</tr>
<tr>
<td>4th</td>
<td>1%</td>
<td>1%</td>
<td>2%</td>
<td>5%</td>
<td>2%</td>
<td>2%</td>
</tr>
<tr>
<td>5th</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>2%</td>
<td>2%</td>
<td>1%</td>
</tr>
<tr>
<td>6th</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

10.c. Comparison Last Cohort - (Chile 2010-2014, Argentina 2007-2011)

<table>
<thead>
<tr>
<th>Term</th>
<th>Chile</th>
<th>Argentina</th>
</tr>
</thead>
<tbody>
<tr>
<td>1st</td>
<td>32%</td>
<td>71%</td>
</tr>
<tr>
<td>2nd</td>
<td>27%</td>
<td>21%</td>
</tr>
<tr>
<td>3rd</td>
<td>16%</td>
<td>5%</td>
</tr>
<tr>
<td>4th</td>
<td>9%</td>
<td>2%</td>
</tr>
<tr>
<td>5th</td>
<td>8%</td>
<td>1%</td>
</tr>
<tr>
<td>6th</td>
<td>7%</td>
<td>-</td>
</tr>
</tbody>
</table>


An important caveat, often highlighted, is that the difference in reelection rates between Argentina and Chile is not necessarily caused by citizen choice (De Luca, Jones & Tula 2002, Jones et al 2002, Navia 2008). That is, differences are not a consequence of citizens voting the rascals out, but rather of the decision of legislators (or their political bosses) to seek reelection or not. In particular, it is the decision not to seek reelection that places Argentina in the lowest position within the broader sample of countries presented in Table 11, whereas authors such as Luna and Altman (2011) or Navia (2008) argue that it is partisan control of this decision which has increased the length of legislative careers in Chile.
Table 11. Reelection Rates in Some Countries of The Americas

<table>
<thead>
<tr>
<th>Country</th>
<th>Length of term</th>
<th>Percentage Seeking Reelection</th>
<th>Percentage Winning (of those seeking)</th>
<th>Percentage Returning to Office</th>
</tr>
</thead>
<tbody>
<tr>
<td>United States (1996)</td>
<td>2</td>
<td>88</td>
<td>94</td>
<td>83</td>
</tr>
<tr>
<td>Panama (1999)</td>
<td>4</td>
<td>87.5</td>
<td>49.2</td>
<td>43</td>
</tr>
<tr>
<td>Chile (1993)</td>
<td>4</td>
<td>76</td>
<td>78</td>
<td>59</td>
</tr>
<tr>
<td>Colombia (1990)</td>
<td>4</td>
<td>n.a.</td>
<td>n.a.</td>
<td>48</td>
</tr>
<tr>
<td>Uruguay (1999)</td>
<td>5</td>
<td>72.3</td>
<td>64.9</td>
<td>47</td>
</tr>
<tr>
<td>Brazil (1995)</td>
<td>4</td>
<td>70</td>
<td>62</td>
<td>43</td>
</tr>
<tr>
<td>Venezuela (1993)</td>
<td>5</td>
<td>n.a.</td>
<td>n.a.</td>
<td>32*</td>
</tr>
<tr>
<td>Bolivia (2002)</td>
<td>4</td>
<td>n.a.</td>
<td>n.a.</td>
<td>22*</td>
</tr>
<tr>
<td>Argentina (1997)</td>
<td>4</td>
<td>26</td>
<td>67</td>
<td>17</td>
</tr>
<tr>
<td>Costa Rica (2001)</td>
<td>4</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Mexico (1997)</td>
<td>3</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
</tbody>
</table>

Reproduced from Altman & Chasquetti 2005
*Represents the average of both chambers.

Closely linked to the different types of political ambition, and to the evidence just presented, various sources have shown that legislative careers are much more valued in Chile than in Argentina. One consequence of legislators’ valuation of their job is how seriously they take it in terms of how much of their time they devote to it. Survey evidence collected by Nolte (2002) and Llanos (2003), reproduced below in Table 12, shows that in Chile only 13% of senators do not devote themselves full-time to their legislative job, whereas 26% are not exclusively dedicated to their job in Argentina.
Table 12. Level of Dedication to Legislative Job

<table>
<thead>
<tr>
<th>Q: Do you currently devote time exclusively to your job as Senator, or do you combine it with other paid activities?</th>
<th>Argentina</th>
<th>Brazil</th>
<th>Chile</th>
</tr>
</thead>
<tbody>
<tr>
<td>Exclusively to my job as Senator</td>
<td>74.2</td>
<td>78.5</td>
<td>86.5</td>
</tr>
<tr>
<td>Combine with other activities</td>
<td>25.8</td>
<td>19.9</td>
<td>13.5</td>
</tr>
<tr>
<td>No response</td>
<td>--</td>
<td>1.6</td>
<td>--</td>
</tr>
<tr>
<td>Total</td>
<td>N=52</td>
<td>N=35</td>
<td>N=37</td>
</tr>
</tbody>
</table>


B. Internal Organization

As highlighted in previous sections, several aspects of the internal organization of congresses are of relevance in determining levels of congressional institutionalization. In terms of Polsby (1968), how a committee system is organized provides indicators of the internal complexity that the organization has achieved, whereas how legislators are selected to leadership positions speaks also of the degree to which the organization is bounded with respect to its environment. We analyze these and other aspects of the internal organization of the Chilean and Argentine congresses next.

B.1. Congressional Leadership

We work with the assumption that congresses that are well bounded from their environment will tend to select their leaders from within, that is, more experienced or resourceful legislators will be chosen to leadership positions as opposed to legislators that are known for their linkages to the executive or to partisan leadership more broadly, but that lack experience inside congress. If congresses select their leaders from without, one expects that the institution might lack adequate levels of differentiation from its environment, allowing partisan or other considerations to intervene in its management. Well-bounded congresses may better represent constituency interests and be less acquiescent in the face of influential executives, as well as have more incentive to develop its own internal capabilities.
Evidence collected for the Chilean Congress shows that between 1991 and 2011, the Lower Chamber selected 80% of its Chairs (equivalent to Speakers in the US Congress) from among legislators not in their first term (Ayala, Lagos, Matus & Riquelme 2011). While the short length of the period analyzed does not allow for more subtle tenure effects to emerge, the fact that only four out of twenty Chairs of the Lower Chamber were selected without having spent previous mandates in the legislature indicates a relatively high degree of boundary establishment, particularly within a Congress that was reestablished in 1990 with a predominantly freshman composition. Additionally, Ayala et al. 2011 provide evidence that only 35% of legislators selected to be Chairperson of the Lower Chamber had previously held partisan leadership positions within congress, and only 10% had chaired their parties (at the national level), indicating that considerations other than partisan influence likely dominate the selection.42

In the Chilean Senate, where we have some information for the period between 1932 and 1973, before the coup d’état, interesting facts, though less systematic, also emerge: all Senate Chairs had spent at least one term in the Senate prior to their nomination, and Chairs spent 17 years in the Senate on average (although only 1.5 on average as Senate Chair). The pattern is reproduced somewhat in the period beginning in 1990, where senators chosen to be Chair also held a previous term in the Senate, and spent 9.3 years in the Senate on average (Castillo et al. 2011).

We are still collecting the comparable evidence for the Argentine case, but preliminary evidence suggest that in the case of the Argentine Lower Chamber, its Chairs have also tended to be experienced legislators; although the last two appointments of the current administration have been exceptions to that pattern, being professional politicians with no previous Chamber experience. It remains to be explored the extent to which these non-institutionalizing moves could be interpreted more broadly, as well as the exploration of previous experience for other positions of importance within the Chamber.

42 In an interesting twist, Ayala et al 2011 provide evidence that whereas 80% of Lower Chamber Chairs were legislators prior to the term in which they were chosen for the position, an equivalent 80% of Chamber Chairs do not remain in the Chamber upon concluding the term during which they held the position.
B.2. Specialization and the Committee System

One might expect the length of legislators’ tenure in Congress to affect the ways in which they organize internally. While legislators who anticipate that their days in the legislature will quickly end might care less to strengthen the organizations that make their job easier and more efficient, we would expect longer-lived legislators to make investments leading towards that goal. The committee system stands at the heart of the internal organization of congresses, being committees a fundamental arena in which legislative proposals may be debated and negotiated.

Comparative research has shown the centrality of standing committees as determinants of legislative outcomes. Various authors (from Gilligan and Krehbiel 1997 onwards) have studied the level of specialization of legislators in various policy domains, specialization that is connected to the specific policy jurisdictions of legislative committees in most legislatures around the world. One commonly used indicator of specialization is the number of committees in which legislators participate.\(^{43}\) It is clear that too many committees vie for legislators’ time and attention. In terms of the legislature’s role in the policy-making process, a system with too many committees may overextend legislators, create duplication of their work, or both, becoming an obstacle to the acquisition of specialized knowledge, and hindering competent performance. As Figure 4 shows, throughout recent history, Chilean legislators have been more specialized than Argentine legislators. Today Argentine deputies belong, on average, to nearly five committees, while their Chilean counterparts belong on average to less than two. (In the Figure, interruptions in the lines correspond to democratic breakdowns, during which the legislature was closed.)

\(^{43}\) This is obviously a rough indicator to provide detail insight on the level of specialization within any given Congress (Krehbiel 1991, Shepsle & Weingast 1987, Weingast & Marshall 1988, Jones et al. 2002), but it is a natural first comparison. We expect to provide deeper measures of specialization in these two cases in later work.
The fact that the existence of too many legislative committees is an obstacle for effective legislative work is well understood by legislators themselves, as suggested by Nolte (2002) and reproduced below in Table 1, where 90% of Argentine senators agree with the fact that there are too many legislative committees making their legislative work less effective, against only 25% of Chilean senators agreeing with that statement. The table also shows that 90% of Chilean Senators believe that legislative policy committees serve as an instance for the technical discussion of *proyectos de ley*, while only 54% of Argentine legislators believe so.

Source: Danesi (2010)
Table 13. The Workings of Legislative Committees in the Upper Chamber -
(Comparison of four Latin American Cases)

<table>
<thead>
<tr>
<th>Q. in response to the following sentences regarding the Senate Committee System, please indicate if you &quot;mostly agree&quot; or mostly disagree.</th>
<th>Argentina</th>
<th>Brazil</th>
<th>Chile</th>
<th>Uruguay</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mostly Disagree (%)</td>
<td>Mostly Disagree (%)</td>
<td>Mostly Disagree (%)</td>
<td>Mostly Disagree (%)</td>
<td></td>
</tr>
<tr>
<td>Legislative committees are not instances where bills are debated on technical grounds.</td>
<td>53.8</td>
<td>87.9</td>
<td>89.2</td>
<td>69.6</td>
</tr>
<tr>
<td>Currently there are too many legislative committees, which hinders the workings of the system.</td>
<td>10.7</td>
<td>75.8</td>
<td>75</td>
<td>100</td>
</tr>
<tr>
<td>Committee work is not sufficiently valued by some senators, who limit their participation to signing documents rather than actively participating in legislative debates.</td>
<td>17.2</td>
<td>43.8</td>
<td>74.3</td>
<td>40.9</td>
</tr>
<tr>
<td>Total of respondents</td>
<td>N=52</td>
<td>N=35</td>
<td>N=37</td>
<td></td>
</tr>
</tbody>
</table>

Source: Nolte (2002)

The explanation and dynamics behind the number and structure of committees is illustrative of both the reasons and the self-fulfilling dynamics leading to Congresses with different degrees of institutionalization and of relevance in policymaking. In the case of Argentina, the number and size of legislative committees bear no correspondence with the size of the legislature, but also provide a poor match with the structure of the presidential cabinet (Jones et al. 2007). Although committees in the Argentine Congress have specific jurisdictions, each defined by subject matter, these definitions do not reflect the structure of administrative or cabinet agencies. In fact, while some committees have far too vast a focus, others have a far too narrow one (Jones et al. 2007: 63). Since the return to democracy in 1983, the number of standing committees increased from 27 to 45, while the number of deputies increased only slightly, from 254 to 257. Danesi (2004) argues that the creation of new committees in this period has more to do with the need to assign a committee chairmanship or other leadership positions to politicians of some importance, than to legislative needs. This fact is reflected in the vague wording used to justify the creation of each new committee, a point made by several authors.
C. Budget Allocation

A fundamental aspect reflecting levels of congressional institutionalization is the evolution of resources available to congresses for their diverse needs. The congressional budget affects a range of issues, from legislators’ salaries to resources for technical and administrative support. Polsby (1968) suggests that the level of expenditures made by congress is an indicator of internal complexity, growth in expenditures implying higher levels of internal complexity. Table 14 below shows that congressional expenditures have tripled in real terms since 1991, although they have decreased slightly as a function of national expenditures. Even though the preliminaryness of the Argentine data makes a conclusive comparison difficult, the tentative evidence suggests that the growth in Congressional expenditures in real terms has been much lower in the Argentine case.

44 The evidence in this section is highly preliminary and subject to adjustment in future versions.
Besides the global evolution of the congressional budget, which we take to be an indicator of the evolution of internal complexity, the way in which budgets are allocated internally provides a valuable indicator of levels of specialization. Specifically, we care to know what portion of the budget is allocated to personnel, as we expect that higher salaries, particularly on congressional staff, may imply better technical abilities of such staff. Figure 5 shows the evolution of congressional expenditures on personnel. While the figure does not distinguish between expenditures on legislators’ salaries vis à vis expenditures on staff, we can see that it has almost quadrupled in real terms during the period we analyze, growing in relative terms from conforming approximately one third of congressional expenditures in 1991 to practically one half of total congressional expenditures in 2011.45

45 We expect to provide a comparison to the Argentine case in later work.
**Figure 5A. Expenditures on Congressional Personnel: Chile, 1991-2011**

Source: Dirección de Presupuesto, Chile. * Millions of Chilean pesos.
Figure 5b. Congressional Expenditures on Personnel as a Percentage of Total Congressional Expenditures. Chile, 1991-2011*

Source: Dirección de Presupuesto, Chile. * Millions of Chilean pesos.

Where Does Congressional Institutionalization come From?

The evidence summarized above suggests that, since the return to democracy, the Chilean parliament has established itself as a stronger institutional player and more relevant arena in the policymaking process than the Argentine one. This is connected to a number of indicators of a higher level of institutionalization, such as the facts that: a legislative position is a more valued step in the career of Chilean politicians than of Argentine politicians, an important number of Chilean legislators have static ambitions, in the sense that remaining in their post in the legislature is a desirable career objective; while Argentine legislators tend to have progressive ambition towards a number of desirable positions in national and subnational political and policymaking positions; congressional committees are more institutionalized and powerful in the Chilean case; seniority is a more valued commodity in the Chilean Congress; Chilean legislators last longer and accumulate more experience and expertise within committees; and even though public view about legislatures in Latin America are everywhere low, the Chilean
Congress always appears with a higher proportion of positive views than the Argentine one.

How did two countries with similar cultural backgrounds and comparable levels of socioeconomic development present such divergent patterns of institutional development? In this section we provide some tentative hints of the directions we believe need to be explored in further research to attempt answering these questions. These speculations have the purpose of guiding the extant research agenda in attempting to achieve a better theoretical understanding of the process of institutionalization of political institutions, and to guide the additional digging and empirical work necessary to discern among explanations within the context of this comparative case study. The idea is to move back and forth between the different levels of empirical analysis of this project, between the explanations that suggest themselves from these two cases, to the cross country econometrics. Disentangling these arguments should also serve for broader theoretical speculation on institutions and institutional dynamics.

We list below a number of lines of explanation, which for brevity we present as alternatives, although it is probable that a complete answer engages a combination of various explanations. In particular, within the family of “institutional” explanations, we focus on the potential effects of one variable at a time, while the actual behavioral outcomes are likely to be the result of broader institutional configurations.

By focusing on two “most similar” cases in a way we are already disposing of some potential explanations in which the independent variables take the same values in Argentina and Chile, such as constitutional factors as being presidential. Staying within the most aggregate “institutions as rules” line of thought, some of the most important “macro level” differences between the two countries are in the constitutional legislative and control powers of the legislature, their electoral systems, and in the fact that Argentina is a federal country while Chile is a unitary one.

One constitutional factor of potentially direct impact on congressional institutionalization are the constitutional prerogatives of the legislature. These prerogatives are most often depicted in the literature as a zero sum distribution of powers between the Executive and the Legislature. There are various different ways of measuring such constitutionally endowed capabilities (Llanos and Nolte 2006
summarize and discuss various such measures and their application across Latin American cases). In Table 9 above we have depicted two commonly used combined indicators, one of the legislative powers of the President (the “complement” supposedly being the legislative powers of the legislature), and one of the formal political control capabilities of the legislature. In Table 9a (from UNDP, 2004), the Chilean President appears as the most powerful of Latin America in terms of his/her legislative powers (0.66 in a scale 0-1,\textsuperscript{46} while the Argentine President ranks 6\textsuperscript{th}, with an average of 0.44, below the Presidents of Chile, Brazil, Ecuador, Colombia, and Peru. Table 9b (from Alcantara et al. 2005) shows the Argentine legislature among the highest and the Chilean one as the third lowest in the region in terms of its formal prerogatives to control the Executive. So, by well accepted metrics of constitutional powers, the Argentine Congress is, in terms of formal rules, more powerful than the Chilean one. These cases constitute, then, an important “puzzle” from the point of view of a naïve explanation centered on such formal rules. We come back to this point below, when we connect these institutional differences with equilibrium practices that go in a theoretically surprising direction.

Important strands of literature have emphasized a number of differences in political and policy outcomes emanating from basic characteristics of the electoral system. Applied to the issue that concerns us here, features of the electoral system that lead to a more or less personalized vote might in turn impact on the way in which the different incentives of legislators impinge upon the tendency to make Congress a key political and policy arena.

Not only is Argentina a federal country, but there are a number of peculiar features of its federal organization that impinge upon the configuration of the party system and the incentives of key political players, in a way that has tended to make legislators more dependent on provincial level party leaders, and that might have influenced the relative weakness of the Congressional arena.

Beyond the most standard macro-level institutional variables, there are a few more specific features of the lawmaking rules that need to be highlighted for their potential to contribute to the explanation of these diverging paths. In particular, there

\textsuperscript{46} This is driven by a number of reactive (veto) powers, as well as some prerogatives in the budget process.
are two features of the Chilean institutional structure that are often considered as adding veto points to the lawmaking process: the supermajoritarian requirements to amend policies enacted as *Leyes Organicas Constitucionales* (a more restrictive legal status than that of ordinary statutes) and the inclusion of the Constitutional Tribunal in the lawmaking process, intended to hold back legislation conflicting with the Constitution. We definitively need to explore the nature and implications of these policymaking rules, but we can briefly speculate here over their potential impact on the issue at hand. Both features constitute veto-like instruments, making policy change more difficult, and they might be part of the explanation why Chilean policies are more stable than Argentine ones. Having said that, it is far from obvious which is the expected theoretical connection between these further veto instances and the tendency of relevant actors to take Congress more seriously and invest more in Congress, our focus here. At a very rough level, these further vetoes (focus on the Constitutional Tribunal, for simplicity), tend to weaken the legislative powers of both the Executive and Congress. A lineal interpretation of this fact would then, suggest a further reason why the Chilean Congress should be weaker and less relevant in policymaking than the Argentine one (given that there is no equivalent of this constitutional tribunal in Argentina). If these features contribute somehow to the opposite result, it has to be through a more subtle connection that needs to be explored theoretically. For instance, it might be the case that in a two player bargaining situation in which there is a dominant player (generally the Executive in Latin America), the addition of a third player with veto capabilities might alter the distribution of power among the original two players in such a way that increases the relative weight of player “two” (the legislature). Another channel through which some of these institutional rules might lead to congressional institutionalization in equilibrium relate to another family of explanations that relate to specific conjunctural aspects of the transitions from military rule and early democratic experiences in these two countries.

For instance, the supermajoritarian requirements in Chile have combined with the partisan and coalitional composition of Congress in the 1990-2010 period in such a way that it gave the conservative opposition the chance to veto, which forced the *Concertacion* government to negotiate in Congress, thereby increasing the centrality.

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47 Further work will explore in more detail the intervention of the Judiciary in the policymaking of the two countries more broadly, to speculate on the way in which that “third player’s strategies affect the institutionalization of Congress. (See Magaldi de Souza, 2010)
and relevance of this arena. More generally, this particular configuration of forces in the post-authoritarian democracy, which started under the shadow of the previous dictatorship and with a substantial number of relevant actors with affinity to the outgoing dictatorship, combined with a moderate and measured style of the initial Concertacion presidents, lead to a careful and consensual policymaking style, in which negotiations in Congress became the norm. This connects to the fact that early post-authoritarian Chilean presidents “chose the high road” in spite of their substantial constitutional powers. In the words of Siavelis (2002: 81): “Despite working within what has been characterized by scholars as one of the most powerful presidencies in the world, the first two postauthoritarian governments represent models of what should be done by executives in transitional situations.” “... while Chile’s institutional structure is characterized by an exaggerated presidential system, its two postauthoritarian presidents Patricio Aylwin and Eduardo Frei, have been decidedly moderate and measured in the use of presidential prerogatives.” “… the unique characteristics of the party system, the extent of presidential support in the legislature, and the political situation created by the democratic transition have provided incentives for presidents to avoid resorting to the use of extreme presidential power. In the process, the legislature has emerged as a more powerful and significant actor than it might be in other contexts.” (See also Nolte, 2003)

This “good start” of the Chilean legislature might have “carried over” throughout the democratic period by the very reinforcing aspects of the investments that various actors have made in the institutionalization of Congress. The new and different configuration of forces (with a right-wing president) since 2010 constitutes and interesting test of the stability of such practices. Were the Chilean Congress to come out of the Piñera period as strong as it was, it would be prima facie evidence in favor of the “durable” lines of explanation. If this transition would lead to a more permanent decrease in the importance of Congress, then the conjunctural explanations (without much durability mechanisms) would gain credence.

Relatedly, various authors have suggested anchoring explanations of modern Chilean political practices on longer term historical trends and “cultural practices.” Many of the features that we attribute to the 1990-2010 Congress might have been also present in earlier periods. If that is the case, further research will need to determine
whether the outcomes remain similar because key explanatory factors also remain more or less the same, or for given historical causes, reinforcements and path dependency reasons lead to the current state. Such research efforts lay beyond the scope of this initial exploratory paper, but we reproduce from secondary sources some evidence about the past strength and institutionalization of the Chilean Congress and about possible carryover mechanisms.  

“The Chilean legislature is a long-standing legislature that has been able to function for more than a century-and-a-half, notwithstanding interruptions in 1924-1925, 1932, and 1973-1989. The fact that the Chilean legislature reemerged after these interruptions *departing slightly from previous forms and routines, even under new constitutions*, suggests that it has become a meaningful political actor in the Chilean polity over the years and points to earlier times when it gradually acquired stability, permanence and distinctiveness among Chile’s political organs.” (Obando Camino 2009 p. 2)  

Montecinos (2003), referring to *the post-democratization period* argues that the great influence of technocratic cadres gained in pre-transition politics led to a spillover of technocratic policy conventions from the executive branch to the legislature, and that this may have fostered democratic accountability, raising the policy stature of the legislature and expanding its ability to challenge government actions and policy preferences in what the author characterizes as a “super-presidential system”. Referring to *earlier eras*, it has been argued that the high level of institutionalization that characterized the Chilean party system, the significant degree of interbranch cooperation, and more generally, the stability and legitimacy of Chilean democracy were anchored in Congress’s ability to serve as an arena of compromise. Particularistic legislation, clientelism and patronage effectively moderated ideological polarization and permitted Congress to participate in the policy process to a much greater extent than its formal constitutional prerogatives allowed (Valenzuela and Wilde 1979).  

“To assess current concerns regarding the policy capabilities of the legislature, it is helpful to consider that, as stated in scholarly analyses, the Chilean Congress has long possessed the ability to influence policy making to a relatively greater extent than other

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48 See Obando-Camino (2009) for a very valuable dissertation on the institutionalization of Chilean Congress in the period 1834-1924.
legislative bodies in the region. In the early 1970s, members of Congress could proudly state that Chile was “the only Latin American country with a century and a half of continuous parliamentary life” (Agor 1971:146). Stable congressional careers, norms regulating the structure, membership and operation of congressional committees, as well as the existence of a capable staff contributed to the use of specialized knowledge, moderated partisan conflict and facilitated the scrutiny of government performance and considerable congressional control over budgetary matters.

The Chilean Congress of the past was usually described as a strong and influential legislature. For example, Federico Gil (1966: 117-118, cited by Nolte 2003: 44) writes: “Unlike many Latin American legislatures, the Chilean Congress is not a rubber-stamp body. It is an independent, properly elected, deliberative assembly, which often challenges the authority of the executive and participates actively in the determination of national policies”.

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5. CONCLUDING REMARKS

This paper sketches an agenda to study the determinants of and the processes by which strong policymaking institutions develop, with particular emphasis on one of the most central democratic institutions: the legislature. It reviews extant theories of institutionalization, and proposes some further ways of specifying and studying the concept. It draws from the notion of “institutions as equilibria” and emphasizes the notion that investments by and beliefs of various political and socioeconomic actors are the driving forces of Congressional institutionalization and, hence, of its relevance in the policymaking process.

The paper provides some preliminary measures of Congressional institutionalization across Latin American countries and in broader international perspective. It also provides evidence on the effects of Congressional institutionalization, as well as some tentative evidence on its causes. Developing better

49 This needs further analysis: is level of continuity much higher than in Argentina? What effectively happened each time there was a ‘change’ of regime –like with Portales, republica parlamentaria, etc (See, among other things, Calbucura 2011 on Chilean Senate 1932-1989).

50 See Nolte 2003 and Valenzuela and Wilde 1979 for further description of the strength and capabilities of the Chilean Congress in the earlier periods, as well as for speculations on the reasons for that.
measures of congressional institutionalization is a priority for further progress in this inquiry.

Given that one of the theoretical arguments and tentative findings is that the institutionalization of legislatures is a process which includes various self-reinforcing dynamics, the paper also undertakes the preliminary steps of some comparative case studies to analyze the evolution of Congressional institutionalization in two Latin American countries, Argentina and Chile.

The comparative description of institutionalization in those two countries needs to be developed further, and must be followed by a theoretical cum historical exploration on the candidate hypotheses (differences in formal rules, structural factors, multiple equilibria, institutional dynamics) to explain those divergent paths.
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Appendix. Definitions and sources of variables

Administrative Easiness: Average of responses to the question: Starting a new business in your country is generally: 1=extremely difficult and time consuming; 7=easy. Source: Global Competitiveness Report.

Age of Democracy: defined as \((2000 - \text{first year of uninterrupted democratic rule})/200\) and varying between 0 and 1, with US being the oldest democracy (value of 1). Source: Persson and Tabellini (2003)

Confidence in Parliament: How much confidence do you have in Parliament? A great deal of confidence (1), quite a lot of confidence (2), Not very much confidence (3) or none at all (4)? Source: Berkman et al. (2008) based on World Values Survey. For Tables 2 to 6, this index is constructed using data for the years 1984, 1993, 1997, and 2002. For Tables 7 and 8, this index is constructed using data for the years 2002 and 2008.

Congress Institutionalization Index: Based on Legislative Efficiency and Confidence in Parliament. Source: Berkman et al. (2008). The range of years over which this index has been computed depends on the table in which it is introduced. For Tables 2 to 6 in which the index is used as an independent variable, the index enters “lagged”. For Tables 7 and 8, where it works as dependent variable, it enters “forward”.


Corruption Perception Index: Perceptions of the degree of corruption as seen by business people and country analysts and ranges between 10 (highly clean) and 0 (highly corrupt). Source: Transparency International.

Credit Index: Mean of the GCR questions “How easy is to obtain loan in your country? (1=impossible; 7=easy)” and “How easy is to get capital for entrepreneurship? (1=impossible; 7=very easy)”. Source: Mecikovsky, Scartascini, and Tommasi (2010), based on Global Competitiveness Report.


Ethnolinguistic Fractionalization: index of ethnolinguistic fractionalization, approximating the level of lack of ethnic and linguistic cohesion within a country, ranging from 0 (homogeneous) to 1 (strongly fractionalized) and averaging 5 different indexes. Source: Persson and Tabellini (2003)

Formal Sector: Average of responses to the question: What percentage of businesses in your country would you guess are unofficial?: (1=less than 5%; 2=6-10%; 9=more than 70%). Source: Global Competitiveness Report.

Fragmentation of Legislature: The probability that two deputies picked at random from the legislature will be of different parties. Source: DPI.


Improve Competitiveness: Average of responses to the question: Organized efforts to improve competitiveness in your country are: (1= nonexistent; 7= widespread and well coordinated). Source: Global Competitiveness Report.
Infrastructure Index: Average of responses to the question: General infrastructure in your country is (1=poorly developed and inefficient; 7=among the best in the world). Source: Global Competitiveness Report.

Internal Conflict: Assessment of political violence in the country and its actual or potential impact on governance. Its components are Civil War/Coup threat, Terrorism/Political Violence, and Civil Disorder. Source: International Country Risk Guide.

Legal System: Dummies equal to 1 when the origin of the legal system is either British, French, German, Scandinavian or Socialist. Source: Mecikovsky, Scartascini and Tommasi (2010).

Legislative Efficiency: Effectiveness of lawmaking bodies (1= very ineffective to 7 = very effective). Source: Global Competitiveness Report (several years). For Tables 2 to 6, this index is constructed using data for the years 2002, 2003, and 2004. For Tables 7 and 8, this index is constructed using data for the years 2010, 2011, and 2012.

Legislative Powers of the President: Index based on proactive (v.g. decree, budget) and reactive (v.g. veto, exclusive initiative) and plebiscite powers of presidents. Source: UNDP (2005).


Parliamentary Influence on Executive: An index measuring the legislature’s influence over the executive. This variable is a count of the number of powers related to the legislature’s influence over the executive that the national legislature possesses. The variable ranges from zero (least powerful) to nine (most powerful). Source: Fish and Kroenig (2009)
Parliamentary Powers Index: An index gauging the aggregate strength of the national legislature. The PPI ranges from zero (least powerful) to one (most powerful). The PPI score is calculated by summing the number of powers that the national legislature possesses and dividing by thirty-two. Source: Fish and Kroenig (2009)


Policy Quality Index: Mean of Infrastructure Index, Tax Neutrality, Administrative Easiness, Credit Index, Improve Competitiveness, Subsidies Neutrality and Formal Sector. Source: Mecikovsky, Scartascini and Tommasi (2010).

Presidential System: dummy equal to 1 if system is presidential and 0 otherwise. Source: DPI.

Proportional Representation: “1” if candidates are elected based on the percent of votes received by their party and/or if our sources specifically call the system “proportional representation”, “0” otherwise. Source: DPI.


Riots. Source: Cross National Time Series database. 1990-2008


Subsidies Neutrality: Average of responses to the question: Government subsidies to business in your country (1=keep uncompetitive industries alive artificially; 7=improve the productivity of industries). Source: Global Competitiveness Report.

Tax Neutrality: Average of responses to the question: The level of taxes in your country: (1=limits incentives to work and invest; 7=has limit impact of those incentives). Source: Global Competitiveness Report.

Trust: Based on WVS questions about trust on other people. Source: Berkman et al. (2008).

Unions Contribution to Productivity: Average of responses to the question: "Labor unions in your country (1=prevent productivity improvements, 7=contribute to productivity improvements)". Source: Global Competitiveness Report.

Volatility of GDP: Normalized standard deviation of GDP per capita in PPP. Source: Berkman et al (2008), based on WDI.

Wastefulness of Government Spending: Average to the question How wasteful is Government Spending (1=extremely wasteful to 7). Source: Global Competitiveness Report.

Weighted Conflict Index. Source: Cross National Time Series database. 1990-2008