

# EXPLAINING POPULIST PARTY ADAPTATION IN LATIN AMERICA

## Environmental and Organizational Determinants of Party Change in Argentina, Mexico, Peru, and Venezuela

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This article uses a two-level framework to explain variation in Latin American populist parties' responses to the neoliberal challenge of the 1980s and 1990s. First, it examines the incentives for adaptation, focusing on the electoral and economic environments in which parties operated. Second, it examines parties' organizational capacity to adapt, focusing on leadership renovation and the accountability of office-holding leaders to unions and party authorities. This framework is applied to four cases: the Argentine Justicialista Party (PJ), the Mexican Institutional Revolutionary Party (PRI), the Peruvian APRA party, and Venezuelan Democratic Action (AD). In Argentina, the combination of strong incentives and substantial adaptive capacity resulted in radical programmatic change and electoral success. In Mexico, where the PRI had high adaptive capacity but faced somewhat weaker external incentives, programmatic change was slower but nevertheless substantial, and the party survived as a major political force. In Peru, where APRA had some capacity but little incentive to adapt, and in Venezuela, where AD had neither a strong incentive nor the capacity to adapt, populist parties achieved little programmatic change and suffered steep electoral decline.

**Keywords:** *Argentina; Mexico; Peru; Venezuela; populist parties; party change*

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**M**ass populist parties were central political actors in much of postwar Latin America.<sup>1</sup> Their emergence in countries such as Argentina, Chile, Mexico, Peru, and Venezuela was accompanied by the entry of the working classes into the political arena and the consolidation of statist, inward-oriented economic models (Collier & Collier, 1991). Beginning in the early 1980s, however, these parties confronted a set of fundamental political and economic challenges. Changing trade and production patterns, increased capital mobility, and the collapse of the Soviet bloc reshaped macroeconomic policy parameters. At the same time, the increasing fragmentation and heterogeneity of working classes reduced the capacity of unions to deliver the votes, resources, and social peace that had been the foundation of the traditional party-union exchange. These changes compelled mass populist parties to rethink both their platforms and their social coalitions to remain politically viable. Yet parties varied considerably in their responses to these challenges. Some, such as the Argentine Peronists, adapted quickly and successfully, whereas others, such as the Aprista Party in Peru and Democratic Action in Venezuela, largely failed.

What explains this variation? In some respects, the relationship between Latin American populism and the market-oriented reforms of the 1990s has been widely studied. Recent research has shown how personalistic “outsider” appeals (Roberts, 1995; Weyland, 1999), successful economic stabilization (Stokes, 2001; Weyland, 1998), clientelism (Gibson, 1997; Gibson & Calvo, 2000), and other distributive mechanisms (Dresser, 1991; Roberts, 1995; Schamis, 1999) were used to build, maintain, or reshape populist (or “neo-populist”) coalitions in a neoliberal context. However, less attention has been paid to the populist parties themselves and particularly to explaining differences in their strategies and levels of success.<sup>2</sup>

This article develops a two-level framework for explaining variation in mass populist party adaptation in the contemporary neoliberal era. First, we examine parties’ incentives to adapt, focusing on their electoral and economic environments. We argue that deep economic crises and absence of a left-wing electoral challenge create stronger incentives to adapt in a market-oriented direction than lower levels of crisis and strong competition from the Left. Second, we examine parties’ organizational capacity to adapt, focusing on the fluidity of leadership hierarchies and the autonomy of the chief execu-

1. A mass populist party may be defined as a party born of a populist movement “characterized by mass support from the urban working class and/or peasantry; a strong element of mobilization from above; a central role of leadership from the middle sector or elite, typically of a personalistic and/or charismatic nature; and an anti-status quo, nationalist ideology and program” (Collier & Collier, 1991, 788).

2. Corrales (2000, 2002), Burgess (1999, 2004), and Levitsky (2001, 2003) are exceptions.

tive from party authorities and affiliated unions. We argue that internally fluid party structures, subject to executive influence, possess greater adaptive capacity than highly bureaucratic ones that can block or override executive initiatives.

We apply this framework to Latin America's four largest mass populist parties: the (Peronist) Justicialista Party (PJ) in Argentina, the Institutional Revolutionary Party (PRI) in Mexico, the Aprista Party (APRA) in Peru, and Democratic Action (AD) in Venezuela. All four parties governed at some point between 1982 and the early 1990s and thus faced similar pressures to undertake orthodox stabilization policies and market-oriented reforms. Yet the parties responded to these pressures in different ways. Whereas the PJ and (to a lesser extent) the PRI undertook far-reaching market-oriented reforms, APRA pursued an ill-fated populist strategy and AD's reform efforts stalled in the face of intraparty resistance. These divergent responses had a clear impact on the parties' electoral fortunes. The PJ maintained a stable electoral base, and the PRI, though losing ground, remained in power throughout the 1990s. By contrast, AD and APRA experienced steep electoral decline.

We find that this variation is explained by differences in the parties' external incentives and organizational capacities. In Argentina, a hyperinflationary crisis and the absence of a left-wing challenge created a strong incentive for the PJ to adapt, and the PJ's fluid internal structure made rapid adaptation possible. In Mexico, the highly centralized PRI responded to somewhat weaker external incentives with a significant, though less radical, set of reforms. By contrast, in Peru, a less severe crisis and a strong left-wing challenge created a disincentive for APRA to adapt, and in Venezuela, the combination of moderate incentives to adapt and a highly bureaucratic party structure undermined AD leaders' market-oriented strategies.

### EXPLAINING POPULIST PARTY ADAPTATION

Successful party adaptation can be understood as a set of changes in strategy and/or structure, undertaken in response to changing environmental conditions that improve a party's capacity to gain or maintain electoral office.<sup>3</sup> To adapt successfully, party leaders must first choose an appropriate strategy and then win support for that strategy from both the party and the electorate.

Labor-based parties confronted a set of fundamental external challenges in the 1980s and 1990s. Long-term changes in the global economy, together

3. Although parties have a variety of goals, for large established parties such as those under consideration here, electoral goals tend to be primary.

with a series of short-term economic shocks, had eroded the foundation of Keynesian or “import-substituting” models and reduced the feasibility of traditional state interventionist and prolabor policies. In Latin America, policy choices were further constrained by the debt crisis, which generated severe fiscal crises and reduced governments’ leverage vis-à-vis international financial institutions. These programmatic challenges were compounded by an electoral challenge. The decline of mass production and the expansion of the tertiary and the informal sectors weakened class identities and eroded labor-based parties’ electoral bases. Whereas in Europe, postindustrial electorates were increasingly white-collar and “postmaterialist” (Inglehart, 1977; Kitschelt, 1994a), in Latin America, postindustrialism was characterized by the expansion of the urban informal sector (Castells & Portes, 1989). Geographically fragmented and heterogeneous in their forms of work, identities, and interests, informal-sector workers constituted a much more tenuous support base for populist parties than did unionized blue-collar workers (Roberts, 1998).

These changes called for adaptation by labor-based parties in the direction of market liberalization, looser ties to unions, and appeals to new electoral constituencies (Kitschelt 1994a; Koelble 1992). In Latin America, as elsewhere,<sup>4</sup> labor-based parties responded to this challenge in different ways and with varying degrees of success. Whereas some parties underwent far-reaching change and achieved substantial electoral success (Argentine PJ, Chilean Socialist Party), others either adapted insufficiently (Venezuelan AD) or pursued inappropriate strategies (Peruvian APRA, Chilean Communist Party), which generally resulted in electoral decline. Still others fell in between, adapting slowly and experiencing moderate electoral decline (Mexican PRI).

What explains this variation? One possible explanation lies in the choices and strategies of party leaders (Rose & Mackie, 1988, p. 557; Wilson, 1994). Leadership-centered explanations have been especially prevalent in analyses of Latin America, where weak democratic institutions and personalistic patterns of authority have enhanced the visibility and power of executive office holders. In our cases, scholars have highlighted the effective leadership of Argentine President Carlos Menem (Corrales, 2000, 2002) and Mexican President Carlos Salinas (Córdoba, 1994) and the ill-advised or ineffective strategies of Peruvian President Alan García (Graham, 1990) and Venezuelan President Carlos Andres Pérez (Corrales, 2000, 2002).

Yet presidential strategies cannot be fully understood—much less systematically compared—outside the political and economic context in which they

4. On labor-based party adaptation in the advanced industrialized countries, see Koelble (1991, 1992) and Kitschelt (1994a).

operate. Leadership-centered approaches tend to pay insufficient attention to the ways in which leaders' strategies are encouraged or constrained by structural factors such as the economic environment, party competition, and their own parties' internal dynamics. Whereas some political and economic contexts encourage adaptive strategies and facilitate their implementation, others create strong disincentives for, and may even impede, adaptation.

Building on recent studies of party change in the advanced industrialized countries,<sup>5</sup> we adopt a two-level framework that places party leaders at the intersection of environmental and intraparty dynamics. We argue that the economic and electoral environment shapes the incentives for party leaders to undertake adaptive strategies, whereas party organization affects their capacity to implement those strategies. Our approach thus contextualizes the role of leadership, highlighting the ways in which party leaders' choices are encouraged or discouraged—and their strategies facilitated or constrained—by their structural surroundings.

#### **ENVIRONMENTAL FACTORS: SHAPING THE INCENTIVES TO ADAPT**

Parties' behavior cannot be explained without reference to the environment in which they operate (Harmel & Janda, 1982, 1994; Panebianco, 1988). Parties that do not respond to environmental changes are likely to suffer membership loss, diminished access to resources, and electoral decline. Although many aspects of the environment shape party strategies, two are of particular importance in explaining contemporary mass populist party adaptation: (a) the electoral environment and (b) the economic environment.

*The Electoral Environment.* Party strategies are heavily influenced by the structure of the electorate and the party system (Downs, 1957; Schlesinger, 1984, pp. 383-384). Parties that do not adapt to changes in the electoral environment are likely to suffer defeat and/or decline. Because electoral defeat generally results in a loss of resources for parties and party leaders, it often serves as a stimulus for change (Panebianco, 1988, p. 243). In general, then, the greater the electoral threat to parties' traditional bases, the stronger will be their incentive to adapt.

Yet party strategies are also shaped by the "location" of the electoral threat. Contemporary mass populist parties face potential challenges on two fronts. For some, the primary electoral threat comes from centrist or center-right competitors who make inroads among the middle-class electorate.

5. See Panebianco (1988); Koelble (1991, 1992); Harmel and Janda (1994); Kitschelt (1994a); and Maor (1998).

These populist parties face the risk of electoral “ghettoization,” that is, being electorally confined to their declining working- and lower-class bases. They have an incentive to pursue catch-all strategies not unlike those followed by European social democratic parties (Kirchheimer, 1966; Kitschelt, 1994a). Such a strategy entails loosening ties to organized labor, softening traditional class-based appeals, and adopting more media-based and issue-oriented campaign strategies aimed at independent and middle-class voters. Although such a strategy does not necessarily include market-oriented policies, it is generally compatible with such a programmatic shift.

Alternatively, mass populist parties may be challenged on their own electoral flanks. In this case, the growing stratum of urban (and often informal sector) poor produced by deindustrialization and economic crisis may be successfully courted by either radical left-wing parties or new populist parties. Significant left-wing challenges may create an incentive for mass populist parties to shift leftward in an effort to retain or regain a substantial share of the popular sector vote.<sup>6</sup> Such strategies are generally less compatible with market-oriented policies than are catch-all strategies.

In sum, the erosion of middle-class support at the hands of center and center-right parties creates an incentive for parties to pursue centrist (and potentially market-oriented) catch-all strategies, whereas the erosion of popular-sector support at the hands of leftist or populist parties creates an incentive to turn leftward to protect (or win back) traditional voters. Populist parties that face no imminent threat on either flank will generally have a weaker incentive to adapt. Parties that face strong threats on both flanks will have mixed incentives, for which the optimal strategy is indeterminate.

*The Economic Environment.* Populist party strategy is also shaped by the economic environment. Macroeconomic constraints often limit the degree to which governing parties can pursue short-term vote-maximizing strategies. Indeed, the crisis of the 1980s pushed many Latin American governments to carry out policies that had little to do with either their programs or the immediate preferences of the electorate (Stokes, 2001). Governing populist parties had a strong incentive to shift in a market-oriented direction because the crisis both reduced the resources available for carrying out traditional prolabor policies and raised the potential costs (in terms of domestic inflation and access to international finance) associated with those policies.

Although all governing populist parties confronted economic crises during the 1980s, their incentives to shift in a market-oriented direction varied

6. For a similar argument, see Kitschelt (1994a, 128-130) and Harmel and Svasand (1997).

according to two factors. The first was the depth of the economic crisis. Extreme crises, particularly those characterized by hyperinflation, create a greater incentive for market-oriented adaptation. First, they reduce governments' leverage vis-à-vis international financial institutions, which tend to condition assistance on orthodox economic policies. Second, they tend to convince party leaders that no viable policy alternative exists. Third, deep—and particularly hyperinflationary—crises lead many voters to conclude that orthodox austerity measures are preferable, at least in the short term, to the status quo (Weyland, 1998). In such a context, the electoral cost of failing to resolve the crisis is often greater than the cost of “betraying” traditional populist programs. By contrast, moderate crises create weaker incentives for market-oriented adaptation because policy makers are more likely to believe they have room for maneuver vis-à-vis international lenders, and voters are less likely to perceive an urgent need for reform.

Populist party strategy was also shaped by the perceived source of the crisis. A populist party that inherits a crisis that is widely associated with heterodox (Keynesian or populist) policies carried out by an outgoing left-of-center government will have a stronger incentive to adapt in a neoliberal direction than a populist party that inherits a crisis that is widely associated with orthodox neoliberalism implemented by an outgoing conservative government.

#### **PARTY ORGANIZATION: SHAPING THE CAPACITY TO ADAPT**

Although environmental factors help us to understand the incentives for parties to adapt, they tell us little about how parties actually respond to these incentives. Parties may respond slowly or inappropriately to environmental changes, or they may not respond at all. To understand parties' varying capacities to adapt, we must look within the parties themselves and, specifically, at party structure. Two aspects of party structure are of particular importance: the fluidity of the party hierarchy and the degree to which office-holding leaders are autonomous from party authorities, unions, and other intraparty actors.

*Leadership Fluidity.* Scholars have identified leadership turnover as an important cause of party adaptation (Harmel & Janda, 1994, pp. 266-267; Panebianco, 1988, pp. 242-244; also Michels, 1911/1962, pp. 174-176). According to Angelo Panebianco (1988), changes in party strategy tend to be accompanied by a change in the party's “dominant coalition” (pp. 243-244). Yet parties vary considerably in their capacities for leadership renovation. For example, bureaucratized party hierarchies, which tend to entrench old

guard leaderships and inhibit the entry and rise of reformist currents, limit the prospects for rapid or far-reaching change (Kitschelt, 1994b, pp. 17-21; Roberts, 1998, p. 47). By contrast, more open and loosely structured parties tend to facilitate the entry of fresh blood and the removal of old guard leaders (“housecleanings”), which generally leaves them more open to strategic change.

*Leadership Autonomy.* A second organizational factor that shapes parties’ adaptive capacity is the strategic autonomy of party leaders who hold public office, particularly the chief executive (Kitschelt, 1994a, pp. 212-213; Koelble, 1992, p. 58; Strom, 1990, p. 577). To respond quickly and decisively to external challenges, party leaders require some room for maneuver. Parties whose leaders and elected officials can make decisions without extensive consultation with—or threats of a veto from—lower-level authorities, activists, or affiliated unions can be expected to be more flexible than those whose leaders are accountable to such groups. Such flexibility depends on the degree to which office holding leaders are subject to institutional mechanisms that make them answerable to party authorities and/or trade union leaders, as well as whether these intraparty actors have independent sources of power vis-à-vis office holding leaders (e.g., regarding legislative votes or candidate nomination procedures).

#### **APPLYING THE FRAMEWORK: THE CASES OF ARGENTINA, MEXICO, PERU, AND VENEZUELA**

This section applies the framework outlined above to the cases of the Argentine PJ, the Mexican PRI, the Peruvian APRA, and the Venezuelan AD. These four parties were all historically labor-based parties, in that they had played a leading role in the mobilization and political incorporation of the working classes in the 1930s and 1940s (Collier & Collier, 1991). At the onset of the debt crisis in 1982, they maintained close ties to organized labor and were committed to statist and inward-oriented economic programs.<sup>7</sup> In addition, all four parties held the presidency during the 1980s. While the PRI continued its decades-long rule with a new administration in 1982, the other parties gained office soon thereafter: AD in 1984, APRA in 1985, and the PJ in 1989. Thus each party governed in the midst of a serious economic crisis

7. APRA is a partial exception, as its ties to labor were severely weakened in the 1960s and 1970s.



Table 1  
*Degree of Economic Reform in Argentina, Mexico, Peru, and Venezuela (1985-1995)*

Case/Period	Presidency	Change in Openness During Period*			Score**
		Case (1)	Latin American Mean (2)	Difference (1)-(2)	
Argentina 1989-1995	Menem	.308	.185	.123	high
Mexico 1985-1988	De la Madrid	.097	.072	.025	medium-high
Mexico 1988-1994	Salinas	.195	.188	.007	medium-high
Peru 1985-1990	García	.020	.131	-.111	low
Venezuela 1985-1989	Lusinchi	.040	.091	-.051	medium-low
Venezuela 1989-1992	Pérez	.082	.156	-.074	medium-low

*Source:* Inter-American Development Bank Structural Policy Index (1997)

\* For the cases, this number is the difference between the measures of openness in the first and last years of the relevant period. For Latin America, this number is an average of the difference between the measures of openness in the first and last years of the relevant period across all countries in the region. \*\* These scores measure the degree of economic reform during the relevant period. They are based on the figures in the previous column and are distributed as follows: 0.1 or above = high; between 0 and 0.1 = medium-high; between -0.1 and 0 = medium-low; -0.1 or below = low.

and growing external pressure for orthodox stabilization measures and market-oriented reform.

*Diverging Outcomes.* Notwithstanding these shared characteristics, the four parties responded to the socioeconomic crisis of the 1980s in strikingly different ways. One indicator of this variation is the degree of economic reform undertaken by these parties while in office. Using the Inter-American Development Bank's Structural Policy Index (1997, p. 96), Table 1 scores the degree of economic opening in each country by administration. The index ranges from 0 to 1, with 0 being the least liberalized. We score cases based on the degree of liberalization undertaken between the first and the last years of each administration compared with the Latin American average over the same period. By these criteria, Argentina under Menem is scored as high, Mexico under both De la Madrid and Salinas as medium-high, Venezuela under both Lusinchi and Pérez as medium-low, and Peru under García as low.

Because a lack of market reform tended to produce negative economic outcomes during the 1980s and early 1990s, nonadaptation was closely associated with electoral decline. Table 2 compares the electoral performance of our four cases during the postresponse period of the 1990s to that of the crisis period of the 1980s. Parties that either maintained or improved their vote share during the 1990s are scored as cases of electoral *success*. Parties whose

Table 2  
*Electoral Performance in the 1980s and 1990s (Presidential Elections)*

Mass Populist Party	1980s	1990s	Absolute Change	Relative Change
Justicialista Party (PJ)	43.7	44.0	+0.3	+0.7
Institutional Revolutionary Party (PRI)	60.9	48.7	-12.2	-20.0
Democratic Action (AD)	55.7	24.4*	-31.3	-56.2
American Popular Revolutionary Alliance (APRA)	36.6	13.4	-23.2	-63.6

Note: \* Because AD did not field a presidential candidate in 1998, legislative results were used instead.

vote share declined but which remained important and viable players in the electoral arena are scored as cases of *survival*. Parties that suffered such steep electoral declines that they ceased to be major players in the electoral arena are treated as cases of electoral *failure*. According to these criteria, the PJ is a case of electoral success, the PRI is a case of electoral survival, and AD and APRA are cases of electoral failure.

#### THE PJ: ADAPTATION AND ELECTORAL SUCCESS

The PJ case is one of far-reaching programmatic adaptation and electoral success. Peronist President Carlos Menem underwent a stunning about-face upon taking office in 1989. Declaring that recovery from Argentina's hyperinflationary crisis required "solutions that have nothing to do with the Peronism of the 1940s,"<sup>8</sup> Menem opted to forego limited or incremental economic reforms in favor of an "all or nothing" strategy (Palermo, 1994, p. 322). Thus he forged an alliance with conservative parties and business magnates and abandoned Peronism's traditional statist program. After launching an austerity program that Menem likened to "surgery without anesthesia,"<sup>9</sup> the government carried out a range of liberalizing reforms between 1989 and 1994. These reforms included the elimination of a variety of regulations, subsidies, and price controls, a radical reduction in tariff barriers, privatization of virtually all of the country's state enterprises (including petroleum and social security), and the shedding of hundreds of thousands of jobs from the federal bureaucracy. The 1991 Convertibility Law transformed the Central Bank into a currency board by making the peso freely convertible with the U.S. dollar. Although the government moved more slowly in liberal-

8. *Clarín*, March 11, 1990, 16.

9. *La Prensa*, July 10, 1989, 5.

izing labor markets and provincial bureaucracies, the overall speed and extent of the reform process was striking. According to one comparative survey, the Argentine reforms were the second most far-reaching in the world in the 1990-1995 period (Gwartney, Lawson, & Block, 1996).

The Menem reforms were politically successful. Although the government's neoliberal turn stunned Peronist leaders, activists, and unions, Menem encountered surprisingly little intraparty resistance. The PJ leadership never publicly opposed a position taken by Menem, and the bulk of the reform program was approved with Peronist support in the legislature. Moreover, the Menem-led PJ was successful in the electoral arena. The Peronists won four consecutive national elections after the initiation of neoliberal reforms, including Menem's landslide reelection in 1995. Although the PJ lost the presidency in 1999, it won 14 of the country's 23 governorships and remained Argentina's largest party.

#### THE PRI: ADAPTATION AND SURVIVAL

The PRI is a case of significant programmatic adaptation and electoral survival. Faced with Mexico's worst economic crisis since the 1930s, two PRI presidents, Miguel de la Madrid (1982-1988) and Carlos Salinas (1988-1994), engineered a radical departure from the PRI's historical commitment to state intervention in the economy. De la Madrid began the process with an orthodox austerity program, followed by trade liberalization and privatization of some state-owned enterprises. Salinas deepened the reforms by liberalizing Mexico's foreign investment regime, selling off more than \$3 billion worth of public enterprises, reprivatizing commercial banks, increasing central bank autonomy, winning a constitutional amendment to allow the sale of communal land holdings (*ejidos*), and negotiating the North American Free Trade Agreement (NAFTA) with the United States and Canada. Salinas also maintained strict macroeconomic discipline even after the economy recovered in the early 1990s.

Although the PRI's programmatic changes were extensive, they were more gradual and less far-reaching than in the PJ case. It was not until Salinas took office that a structural transformation of the economy really occurred. Moreover, several reforms were never seriously pursued (labor law reform, privatization of the oil industry), and others were substantially modified and/or delayed (restructuring of the worker housing institute, privatization of social security) in response to real or anticipated resistance within and outside the party.

Notwithstanding an increasingly hostile political environment, the PRI had considerable political success in the 1980s and 1990s. Although the

PRI's share of the vote in presidential elections fell from 71% in 1982 to 36% in 2000, this decline took place in the context of a transition from a hegemonic to a competitive party system. Moreover, with the notable exception of the defection of Cuauhtémoc Cárdenas and other left-leaning PRI leaders in 1987, De la Madrid and Salinas met little effective intraparty resistance to their market-oriented strategy. The PRI staged an impressive electoral comeback after the tainted 1988 elections, which were nearly won by Cárdenas.<sup>10</sup> In the context of an increasingly transparent electoral system, the PRI won both the 1991 mid-term congressional elections and the 1994 presidential elections by healthy margins. The PRI narrowly lost the presidency in 2000, but it retained important state governments and remained the largest party in the legislature.

#### **APRA: FAILED POPULISM AND ELECTORAL DECLINE**

APRA is a case of a populist response that resulted in economic collapse and steep electoral decline. Unlike Menem in Argentina, APRA leader Alan García did not abandon his party's populist platform after taking power in 1985. He announced that debt payments would not exceed 10% of Peru's export earnings and embarked on a Keynesian reactivation program that included salary increases, job-creation programs, and a variety of ambitious social welfare programs (Graham, 1992, pp. 101-104). Despite some initial success, this strategy proved disastrous. The international financial community cut off new loans to Peru, and by 1987 the government's expansionary policies had depleted the country's foreign reserves and created a severe fiscal crisis. In July of that year, García announced the nationalization of the banking system, a move that destroyed the government's relationship with the private sector and further isolated Peru internationally. Even as the economic situation deteriorated, García steadfastly refused to implement an orthodox austerity program (Graham, 1992, pp. 121-124), and in late 1988, Peru descended into hyperinflation. When García left office in 1990, the inflation rate stood at more than 7,000%.

APRA's electoral fortunes plummeted in the wake of the García government's failures. From a high of 53% in 1985, the party fell to 23% in the 1990 presidential election. Over the course of the 1990s, the party that had long been the largest in Peru virtually disappeared from the political scene, win-

10. According to official figures, Salinas won 50.7% of the vote, compared with 31.3% for Cárdenas. Given widespread evidence of fraud, however, the real figures were undoubtedly worse for the PRI.

ning just 4.1% of the valid vote in the 1995 presidential election and less than 2% of the vote in the 2000 presidential election.<sup>11</sup>

#### **AD: BLOCKED REFORM AND ELECTORAL DECLINE**

AD is a case of limited adaptation and electoral collapse. Although President Jaime Lusinchi implemented tough austerity measures upon taking office in 1984, he neither maintained them after the economy recovered nor undertook structural reforms to address Venezuela's dependence on oil exports and public financing. Instead, he returned to AD's traditional policies of demand stimulation based on deficit spending and monetary expansion. Faced with enormous deficits and rising inflation, Lusinchi's successor, Carlos Andrés Pérez, undertook a comprehensive package of structural reforms. These reforms, aptly dubbed "The Great Turnaround," marked a dramatic departure from AD's traditional policies. Soon after taking office, Pérez eliminated exchange controls and most price controls, raised rates on public services, devalued the currency by 170%, and freed interest rates (Naím, 1993). He also reduced trade barriers, removed restrictions on foreign investment (except in oil, mining, and banking), privatized several major state-owned industries, and increased central bank autonomy.

Pérez's reform program quickly stalled, however, in the face of widespread opposition. Not only did the government confront mass demonstrations and two coup attempts before Pérez's removal from office in May 1993, but also—in stark contrast to Argentina and Mexico—much of the president's project was derailed by opposition from within AD. Old guard party and union leaders used their influence in AD to block many of Pérez's legislative initiatives, ultimately forcing him to abandon much of the reform program altogether. Among the failed reforms were a second round of privatizations and a restructuring of the pension system, the tax system, and the banking system (Burgess, 2004; Corrales, 1997, 2002).

Like APRA, AD saw its electoral fortunes plummet in the 1990s. Its share of the presidential vote fell from 52.9% in 1988 to 23.6% in 1993. In the 1998 elections, AD ran no candidate of its own after opinion polls indicated that its original nominee, Luis Alfaro Ucero, would receive less than 10% of the vote.<sup>12</sup> Although it maintained a plurality of seats in congress through 1998,

11. Although APRA experienced a modest comeback with the return of Alan García in 2001 winning 26% of the presidential vote, this outcome was more a product of García's personal appeal than of party revival.

12. Alfaro Ucero competed in the elections without AD's endorsement but received only 0.4% of the vote. AD supported independent candidate Henrique Salas Romer, who finished a

Table 3  
*Macroeconomic Indicators (%) and Depth of Crisis in Presidential Election Years*

	Inflation (CPI)	Score	GDP Growth Rate	Score	Balance of Payments/ GDP	Score	Average Score*
Argentina (1989)	3,080.5	3	-6.2	3	-3.5	3	3
Mexico (1982)	98.8	2	-0.6	2	-1.9	2	2
Mexico (1988)	51.7	2	1.3	2	-3.8	3	2
Peru (1985)	163.5	2	2.2	1	-6.8	3	2
Venezuela (1983)	6.7	1	-5.6	3	-4.1	3	2
Venezuela (1988)	29.5	1	6.2	1	-7.1	3	1

Sources: USAID Data Base (1994; <http://www.lanic.utexas.edu/la/region/aid/aid94>); Lustig (1998).

Note:\* These figures have been rounded to the nearest whole number.

AD's appeal had been so weakened by the end of the decade that many of its leaders and militants began jumping ship, and the party suffered a debilitating split in 2000.

#### INCENTIVES TO ADAPT: THE ECONOMIC AND ELECTORAL ENVIRONMENTS

The PJ, PRI, APRA, and AD confronted different economic and electoral environments in the 1980s and early 1990s. To measure the depth of the crisis facing each president upon taking office, Table 3 compares the inflation rate, the GDP growth rate, and the balance of payments (BOP) as a share of GDP in the year the president was elected.<sup>13</sup> Scores range from 1 (*low*) to 3 (*high*). Each composite score is an average of the individual scores for each variable.<sup>14</sup>

distant second to Hugo Chavez. In the July 2000 "mega-elections," AD again failed to run a presidential candidate and won only 33 out of 165 seats in the National Assembly.

13. In all of our cases except Venezuela, presidents are elected and inaugurated in the same calendar year. In Venezuela, presidents are elected in December and inaugurated the following February. Nonetheless, data from the election year are more relevant to the Venezuelan president's perception of the economic situation upon taking office.

14. For inflation, *high* (3) is assigned to annual inflation rates above 500%, *medium* (2) is assigned to annual inflation rates between 50% and 500%, and *low* (1) is assigned to annual inflation rates below 50%. For GDP growth, *high* (3) is assigned to annual growth rates below -2%, *medium* (2) is assigned to growth rates between -2% and 2%, and *low* (1) is assigned to growth rates greater than 2%. For balance of payments deficits, *high* (3) is assigned to BOP deficits of greater than 3% of GDP, *medium* (2) is assigned to BOP deficits between 0% and 3% of GDP, and *low* (1) is assigned to cases of BOP surplus.

Table 4  
*Comparing Economic and Electoral Incentives to Adapt*

	Argentina (1989)	Mexico (1982)	Mexico (1988)	Peru (1985)	Venezuela (1983)	Venezuela (1988)
Economic incentives	4	2	2	1	2	1
<i>Depth of crisis</i>	3	2	2	2	2	1
<i>Source of crisis</i>	1	0	0	-1	0	0
Electoral incentives	2	0	0	-2	0	0
<i>Middle-class threat</i>	3	1	2	1	1	1
<i>Working-class threat</i>	-1	-1	-2	-3	-1	-1
Total	6	2	2	-1	2	1
Score	high	medium	medium	low	medium	medium

*Note:* Qualitative scoring of total: In a possible range from -2 to 6, < 1 = low; 1-3 = medium; > 3 = high.

Table 4 compares the economic and electoral incentives facing the four parties. The score for economic incentives combines the composite score for depth of crisis (from Table 3) with a measure of the perceived source of the crisis. Scoring on the latter dimension ranges from -1 (*negative incentive*), when the crisis is widely associated with orthodox policies, to 0 (*neutral*), when there is no clear association between the crisis and previous policies, to 1 (*positive incentive*), when the crisis is widely associated with heterodox policies. The score for electoral incentives is based on two dimensions: middle-class threat and working-class threat. Both of these dimensions measure the degree of competition faced by the populist party during the 5 years preceding the relevant presidential election. Middle-class threat is scored from 1 (*low*) to 3 (*high*), and working-class threat is scored from -1 (*low*) to -3 (*high*).<sup>15</sup>

As Table 4 indicates, the PJ had strong incentives to adapt in a market-oriented direction, because it took office amidst a deep crisis inherited from a heterodox administration and faced no serious electoral challenge on its working-class flank. The PRI and AD had medium incentives to adapt, as they faced moderate levels of economic crisis and weak or mixed incentives on the electoral front. APRA had a clear disincentive to adapt, because it

15. Competition on the party's working class flank is scored with negative numbers because it acted as a disincentive to adapt in a neoliberal direction. A score of 3 or -3 (*high*) is assigned to cases in which electoral competition on the party's middle- or working-class flank was believed by party leaders to have resulted in an electoral defeat within the last 5 years; a score of 2 or -2 (*medium*) is assigned to cases in which competition on the party's middle- or working-class flank was a major source of concern for party leaders but was not directly linked to a recent electoral defeat; and a score of 1 or -1 (*low*) is assigned to cases in which no serious electoral threat was perceived to exist on the party's middle- or working-class flank.

faced a moderate crisis inherited from an orthodox administration along with intense left-wing competition in the electoral arena.

*Argentina.* The PJ's external environment created strong incentives for market-oriented change. The Menem government faced the deepest economic crisis of the four cases under consideration here. When Menem took office in July 1989, the economy had been in a deep recession for more than a year, foreign reserves had fallen to dangerously low levels, and Argentina had been cut off from international lenders due to a failure to meet previous debt obligations. Moreover, a massive run on the dollar in early 1989 had triggered a burst of hyperinflation. In this context, the government had strong incentives to abandon the traditional Peronist program in favor of orthodox stabilization and other policies aimed at restoring ties to the international financial community. Moreover, because the PJ's populist past created a "credibility gap" for the new government in its relationship with investors and foreign lenders, Menem arguably had an incentive to pursue radical reform initiatives as a means of signaling his commitment to reform (Gerchunoff & Torre, 1996, p. 736). Finally, the fact that the economic crisis was widely associated with the heterodox policies implemented by the Radical Civic Union (UCR) government of Raúl Alfonsín reinforced the idea that there were few viable alternatives to market reforms.

The PJ's promarket incentives were reinforced in the electoral realm. In Argentina's largely two party system, which had been dominated by the PJ and the middle-class UCR since the 1940s, electoral competition tended to be centripetal, with the growing pool of middle independent voters as the primary domain of competition (Catterberg, 1991). The PJ's unprecedented losses in the 1983 (presidential) and 1985 (midterm) elections were widely attributed to its failure to appeal to these voters (Cantón, 1986, pp. 48-49; Catterberg, 1991, pp. 82-83). At no time, however, did the PJ face a serious threat on its working-class flank. It maintained a relatively stable support base among the poorest and least educated voters throughout the 1980s and 1990s (Ostiguy, 1998, pp. 353-355). Traditional left-wing parties remained weak, and center-left parties, such as the Intransigent Party in the 1980s and the Front for a Country in Solidarity (FREPASO) in the 1990s, had predominantly middle-class constituencies.

*Mexico.* The PRI had moderate incentives to adopt market-oriented reform in the 1980s and 1990s. Its choices were clearest in the economic realm. Although Mexico never experienced hyperinflation, it sparked the Latin American debt crisis with a near-default on its foreign loans in August 1982, and De la Madrid inherited a deep crisis when he took office in Decem-



ber 1982. Over the next 6 years, Mexico suffered persistent recession and inflation, with annual GDP growth averaging only 0.2% and annual inflation averaging 92.9% (Lustig, 1998, pp. 40-41). In late 1987, a stock market crash and another round of devaluations raised fears of hyperinflation. The negotiation of a successful anti-inflation pact in December 1987 reversed the inflationary spiral, but the prospects for sustained recovery were still tentative and potentially jeopardized by high balance of payments deficits when Salinas took office the following year.

These conditions created a moderately strong incentive to embrace and then deepen orthodox stabilization and structural adjustment. Although the Mexican crisis never reached the extreme levels experienced in Argentina, the country shared some of Argentina's credibility gap, particularly in the wake of President José López Portillo's bank nationalization in September 1982. Moreover, Mexico faced special pressures associated with its proximity to (and dependence on) the United States. The steady infusions of U.S. capital that Mexico needed to sustain macroeconomic stability and growth depended on the government's commitment to market opening and greater integration with its northern neighbor.

Unlike the PJ, however, the PRI's economic incentives were not strongly reinforced in the electoral realm. When De la Madrid became president in 1982, the PRI was still hegemonic and therefore largely insulated from electoral threats from either the Right or the Left. This hegemony began to decline in the 1980s, but the PRI's incentives remained ambiguous because it faced threats from both sides of the political spectrum. Its first major challenge came from the right-wing National Action Party (PAN), which had a strong middle-class appeal and made impressive showings in several gubernatorial races in northern states in the mid-1980s. The threat shifted to the Left in the 1988 presidential elections, when the PRI nearly lost not to the PAN but to a left-wing coalition led by Cárdenas. The rise of the *cardenistas*, who later formed the Party of the Democratic Revolution (PRD), tempered the PRI's incentives to move to the Right, particularly given the Left's strong showing in urban- and working-class neighborhoods once dominated by the PRI. Thus the PRI's electoral incentives were mixed.

*Peru.* In contrast to the PJ and the PRI, APRA had a disincentive to pursue a market-oriented strategy. The economic crisis inherited by the García government in 1985 was comparable to that of Mexico but not as severe as that of Argentina. Although Peru had a large balance-of-payments deficit and significant inflation, hyperinflation had not yet set in, and the economy was growing. Moreover, in contrast to the other two cases, Peru's poor economic performance in the early 1980s was widely associated with the IMF-style

austerity program implemented by the center-right government of Fernando Belaúnde (Cameron, 1994, p. 42). Also, at the time of García's election (1985), no regional consensus had yet emerged around orthodox policy responses to the debt crisis. Indeed, few democratic governments in Latin America had successfully undertaken neoliberal reforms.

APRA's weak economic incentives to adapt were reinforced by strong electoral disincentives. More than any other party under consideration here, APRA faced a serious and sustained electoral threat on its working- and lower-class flank (Cameron, 1994; Sanborn, 1989). Due to the party's conservative turn in the 1950s and 1960s, the reforms of the leftist military government of 1968-1975, and the expansion of the urban informal sector, APRA's working-class base had eroded. Beginning in the late 1970s, the radical Left made substantial inroads among these sectors (Roberts, 1998, pp. 203-217; Sanborn, 1989, pp. 94-99). The United Left (IU) outpolled APRA in urban working-class districts in 1980 and 1983 (Cameron, 1994, pp. 37, 54), and IU candidate Alfonso Barrantes defeated APRA to win the 1983 Lima mayoral election. Barrantes' victory transformed the IU into APRA's leading challenger in the 1985 election. In the context of Peru's polarized multiparty system, the IU's success created an incentive for APRA to shift leftward in an effort to increase its share of the popular sector vote (Sanborn, 1991, pp. 311-313).

*Venezuela.* AD's incentives to pursue market-oriented reforms were stronger than those facing APRA but weaker than those facing the PJ. On the economic front, Venezuela faced two relatively serious yet short-lived crises. President Jaime Lusinchi took office in February 1984 in the midst of a balance of payments crisis and a severe contraction of the economy. He did not face high inflation, however, and quickly abandoned austerity in favor of expansionary policies. These policies fueled a few years of rapid growth but eventually resulted in rising inflation, accumulating deficits, and an even more severe balance of payments crisis. By the time Pérez took office in February 1989, growth had slowed considerably, and the economy was again in disarray.

Although the 1988-1989 crisis convinced Pérez and his advisors of the need for far-reaching reforms, several factors weakened AD's economic incentives to adapt. First, Venezuela continued to have relatively low inflation, even in the worst days of the crisis. Second, the economy recovered quickly, albeit briefly, after each major downturn, as a result of government pump-priming and/or increased oil revenues, making it difficult to sustain painful reforms. Third, and related, many Venezuelans believed that their vast oil reserves gave them policy options at home and bargaining leverage

Table 5  
*Comparing the Parties' Organizational Capacity to Adapt*

	PJ	PRI	APRA	AD
Leadership fluidity	3	3	2	1
Leadership autonomy	3	2.5	2.5	1.5
<i>From party</i>	3	3	2	1
<i>From unions</i>	3	2	3	2
Total	6	5.5	4.5	2.5
Score	high	high	medium	low

*Note:* Qualitative scoring of total: In a possible range from 2 to 6, < 3 = low; 3 to 5 = medium; > 5 = high.

abroad. Rather than viewing the hardships of the late 1980s as a function of misguided policies, they tended to blame corruption and mismanagement. In this context, any government faced a hard sell with regard to market reform.

These comparatively weak economic incentives were reinforced in the electoral realm. Although not as insulated as the PRI in 1982, AD did not face a serious threat from either the Left or the Right during the 1980s. AD was one of two dominant parties in a system of proportional representation. Following a brief stint in the opposition, it won resounding victories over its main rival, the Committee of Independent Political Electoral Organization (COPEI), in December 1983 and again in December 1988. Other (mainly leftist) parties never seriously challenged AD for control of the presidency or the legislature prior to the 1990s.<sup>16</sup> Moreover, COPEI's mild electoral challenge did not necessarily encourage AD to move in a market-oriented direction. Although COPEI was generally viewed as being to the right of AD, the two parties did not differ substantially on socioeconomic issues, and both were internally divided over market-oriented reforms. Hence, AD lacked a strong incentive to abandon the status quo.

#### CAPACITY TO ADAPT: PARTY STRUCTURE

The PJ, PRI, APRA, and AD also differed in their organizational capacities to adapt. Table 5 presents an overview of how the cases are scored on two dimensions: leadership fluidity and leadership autonomy. We measure leadership fluidity in terms of the degree to which leadership renovation is limited

16. The one exception was the strong showing of the People's Electoral Movement (MEP)—which was formed by leftist AD dissidents—in the 1968 elections. However, the MEP quickly faded after 1968, and many of its leaders returned to AD in the 1970s.

17. A score of 3 (*high*) is assigned to parties with no significant barriers to entry, no real bureaucratic hierarchy, and minimal tenure security. Thus party leaders are easily dismissed

by barriers to entry into the party and/or a bureaucratized hierarchy with institutionalized career paths and tenure security in leadership posts. Scoring ranges from 1 (*low*) to 3 (*high*).<sup>17</sup> We measure leadership autonomy in terms of the degree to which office holding party leaders are held accountable to party leadership bodies and party-affiliated unions. Scoring ranges from 1 (*low*) to 3 (*high*).<sup>18</sup> As Table 5 shows, the PJ, PRI, and APRA all had highly autonomous and—with the exception of APRA—fluid leaderships. By contrast, AD had a relatively bureaucratized hierarchy and a substantial degree of executive accountability to intraparty actors.

*Argentina.* Due in large part to its charismatic origins, the PJ organization has historically been fluid and flexible (Levitsky, 2003). The party hierarchy is extremely porous. It lacks recruitment filters or a central bureaucracy with stable career paths, which means that reformist currents and even outsiders may rise rapidly through the ranks. Thus both Isabel Perón (in 1974) and José María Vernet (in 1984) became party president without having previously held a party office. In the absence of any tradition of tenure security in party posts, leaders may also be easily removed. Indeed, the first four acting presidents elected after 1983 were forced out before their mandates had expired.

The rapid and extensive turnover permitted by the PJ's fluid hierarchy clearly contributed to its adaptation in the 1980s and 1990s. Between 1987 and 1991, leadership change triggered two housecleanings of the party hierarchy. The first housecleaning followed the Renovation faction's 1987 victory over the union-backed Orthodox faction that had run the party since 1983. The result was a 100% turnover in the Executive Board of the PJ National Council. A second housecleaning followed Menem's victory over the Renovation faction in the 1988 primaries. Menem stacked the National

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before the end of their mandates, and outsiders routinely enter the party and rise quickly into the leadership. A score of 2 (*medium*) is assigned to parties that possess at least minimal barriers to entry and a bureaucratic hierarchy with a degree of tenure security. However, these features are not fully institutionalized, and as a result, leadership turnover is at times irregular. A score of 1 (*low*) is assigned to parties with highly bureaucratic hierarchies with substantial barriers to entry, stable career paths, and effective tenure security. In such parties, irregular leadership turnover is rare and outsiders rarely, if ever, ascend quickly into the leadership.

18. A score of 3 (*high*) is assigned to parties that lack any effective mechanisms for holding public office holders accountable to party authorities and/or affiliated unions, and as a result, presidents routinely formulate and carry out strategies without consulting the party or unions. A score of 2 (*medium*) is assigned to parties that possess some mechanisms of consultation or accountability but in which these mechanisms are weakly institutionalized and only partially effective, such that presidents are periodically able to circumvent them. A score of 1 (*low*) is assigned to parties in which mechanisms of consultation and accountability are well-institutionalized and effective, such that presidents rarely, if ever, circumvent them.

Council Executive Board with marginal party leaders and “outsiders” (such as pop singer Ramon “Palito” Ortega and auto racer Carlos Reutemann) with no previous ties to the party. He also benefited from an internal “bandwagoning” process in which Renovators, unable to entrench themselves in the party bureaucracy, defected to the Menemist camp in an effort to preserve their careers (Levitsky, 2003, pp. 156-161). Thus rather than oppose the chief executive from within, as occurred in AD, Menem’s intraparty rivals opted to join him.

The PJ is also characterized by a high degree of executive autonomy. Because their movement had historically been organized around Perón’s charismatic authority, Peronists never took formal party structures seriously. Even in the 1990s, formal leadership bodies such as the National Council met irregularly, possessed little in the way of resources or professional staff, and lacked effective authority over public office holders. In the absence of stable norms of accountability to the party leadership, Peronist office holders enjoyed substantial decision-making autonomy. As one party leader put it, “The government runs the party.”<sup>19</sup> PJ leaders also enjoy autonomy from Peronist unions. Though historically a central actor within Peronism, organized labor’s role in the party was never institutionalized. Traditional mechanisms of union participation, such as the *tercio* (or one-third) system of leadership and candidate selection, were never formalized in party statutes or rigorously enforced. When party leaders’ dependence on union resources diminished during the 1980s, union leaders were left without effective mechanisms of participation in the party (Levitsky, 2003, p. 111-118).

Executive autonomy facilitated the implementation of Menem’s radical reform strategy. Although most of the PJ’s leaders, including party president Antonio Cafiero, preferred a more limited or gradual reform, they possessed neither the authority nor the institutional means with which to hold Menem accountable. As Cafiero himself recognized, the National Council played “no role” in the development of the Menem government’s economic program.<sup>20</sup> PJ leaders complained of learning about cabinet appointments through the newspapers,<sup>21</sup> and key appointments were made despite Cafiero’s opposition.<sup>22</sup> After Cafiero resigned the PJ presidency in 1990, party decisions were “made in the presidential palace” by Menem and a small circle of advisors.<sup>23</sup>

19. Author’s interview with Hurlingham mayor Juan José Alvarez, July 18, 1997.

20. Author’s interview, October 3, 1997.

21. *Clarín*, July 16, 1989, 23; July 17, 1989, p. 7.

22. Author’s interview with Antonio Cafiero, October 3, 1997.

23. Author’s interview with senator José Luis Gioja, September 18, 1997.

*Mexico.* The PRI had a significant capacity to respond to the incentives it faced in the economic and electoral arenas in the 1980s and 1990s. First, it had a relatively fluid hierarchy, largely as a result of the chief executive's powers of appointment. Throughout the period of PRI hegemony, the president of the republic served as *de facto* leader of the PRI during his 6-year term (*sexenio*). He chose a significant share of its leaders and could remove any PRI bureaucrat or politician who challenged his authority. More important, he controlled the nomination of his successor. Each outgoing president selected the party's presidential candidate, who was then formally nominated by the PRI.

In addition to generating a wholesale turnover in the government and the party at the beginning of each *sexenio*, these powers of appointment created a system whereby moving up the political hierarchy required joining intraparty patronage networks, or *camarillas*. These networks, which served as the primary channels of access to political power, were relatively porous, in that they were often open to young technocratic leaders who had spent relatively little time paying their dues. Moreover, through the late 1980s, presidents encouraged leadership fluidity by naming a successor from another *camarilla*, thereby creating a "pendulum effect" in policy and maintaining party unity by keeping open the promise that the losers would one day become winners.

Leadership fluidity had its limits, however. First, the persistent influence of the PRI's organized sectors, especially labor, enabled some critics of market-oriented policies to entrench themselves in positions of power. Although Salinas pushed through a party reform in 1991 that diluted the power of the sectors, he ultimately backed away from his most radical attempts to weaken labor's position in the party, and many of the labor sector's prerogatives were restored toward the end of his *sexenio* (Burgess, 2004). Second, leadership fluidity was top-down rather than bottom-up, which kept key positions closed to anyone who was not an ally of the president. During the 1980s and 1990s, the neoliberal technocrats took advantage of this arrangement to maintain control over the party. Rather than transferring power to a *camarilla* with a different policy orientation, De la Madrid and Salinas chose like-minded technocrats as their successors.

As the technocrats' power grab suggests, the real key to the PRI's adaptive capacity was the tremendous autonomy of the chief executive relative to his own party. First, his powers of appointment gave him enormous leverage over party leaders and their clients, especially toward the middle of each *sexenio*. Second, the PRI was highly centralized and disciplined under his *de facto* leadership. Besides generating the majority of legislative proposals, he dictated the party line in Congress. Well aware of the president's power to punish

them, PRI legislators voted in a highly disciplined manner. Combined with the PRI's dominance of the legislative branch, this discipline meant that presidential initiatives almost always became policy. Hence, although the labor sector extracted important concessions in return for union cooperation, both De la Madrid and Salinas enjoyed substantial policy-making autonomy.

*Peru.* APRA is also characterized by high levels of strategic flexibility, although its hierarchy is less fluid than that of the PJ or the PRI. Historically a closed and even cult-like organization with relatively high barriers to entry (Graham, 1992, pp. 26-27), APRA had only one national leader between 1930 and 1979, party founder Victor Raúl Haya de la Torre. The party finally experienced substantial leadership renovation after Haya de la Torre's death in 1979, when a group of younger militants defeated the old guard and elected 33-year-old Alan García general secretary in the 1982 party congress (Sanborn, 1991, pp. 281-286). Nonetheless, this renovation was less extensive than in the PJ in the 1980s. Much of the middle-level leadership remained in place (Sanborn, 1991, p. 344), and García was hardly an outsider, having been a longtime activist who rose up through APRA youth wing (Graham, 1992, p. 83).

As in the PRI, the most important source of strategic flexibility in APRA is its leadership autonomy. Treated as a virtual "God figure" until his death (Graham, 1990, pp. 80-81; North, 1973, pp. 178-186), Haya de la Torre enjoyed charismatic-like authority within APRA and was largely unconstrained by internal norms of accountability to party organs. This authority enabled him to undertake a series of radical strategic changes in the 1950s and 1960s, including the party's stunning alliances with conservative forces. APRA leaders also maintained autonomy from *Aprista* trade unions, which were tightly controlled by the party (Sanborn, 1991, p. 73).

These centralized authority patterns persisted under García, although APRA exhibited greater independence from the government than did the PJ or the PRI. After becoming party leader in 1982, García "had supreme authority and few channels of accountability back to the bases" (Sanborn, 1991, p. 345), which allowed him to impose far-reaching strategic changes on APRA. Between 1983 and 1985, he "engineered a remarkable renovation of APRA's image and rhetoric" (Sanborn, 1991, p. 291), broadening its appeal, particularly among the urban poor, and leading it to an easy victory in the 1985 presidential elections (Cameron, 1994, pp. 42-46; Graham, 1992, pp. 84-90). García's autonomy from the party leadership was also evident during his presidency. He governed at the margins of APRA, excluding it from major policy decisions, including the ill-fated 1987 bank nationalization (Graham, 1990, pp. 92-93). His authority did not extend, however, to

control over the selection of his successor. In 1988, the party congress elected García's rival, Luis Alva Castro, to serve as Secretary General (Graham, 1990, p. 96). Nonetheless, intraparty appeals for orthodox stabilization were insufficient to force Garcia to fundamentally reorient his economic policy (Cotler, 1995, p. 346).

*Venezuela.* Of the parties in this study, AD had the least capacity to adapt. First, the party had relatively little leadership fluidity. An entrenched group of leaders, known as the *cogollo*, maintained a firm grip on the party apparatus and provided relatively little opportunity for young, innovative leaders to rise rapidly to high positions. The cogollo retained its dominance largely through its influence over leadership selection. According to Michael Coppedge (1994), party control over candidate nominations was far more centralized than in most other democracies. This control enabled the cogollo to act as a gatekeeper to positions of power within the party.

AD also scores low on the dimension of leadership autonomy. In contrast to our other cases, authority within AD resided not with the chief executive but with the party's National Executive Committee (CEN). AD presidents could hold no formal post in the party leadership and had no direct control over the party organization (Coppedge, 1994, p. 123). The CEN controlled the placement of candidates on AD legislative lists, selected the leader of the party's parliamentary fraction, and dictated the party line in Congress (Kelley, 1986, 35; Myers, 1986, 132). In addition, AD presidents exerted little influence over the nomination of their successors. Presidential candidates were nominated by a convention whose delegates were chosen by regional and sectoral power brokers (Coppedge, 1994, pp. 109, 122), and these conventions frequently voted down the president's choice. The Labor Bureau, which was the most coherent and autonomous grouping within the party, often provided the swing vote in the leadership selection process.

Although AD customarily released sitting presidents from party discipline (Coppedge, 1994, 65) and rarely challenged their own presidents' legislative initiatives, this executive autonomy was conditional, and during the Pérez administration it was quickly withdrawn. Angered by market reform and the party's lack of representation in the cabinet, AD began behaving "like an opposition party" in the early 1990s (Corrales, 1997, p. 97), using its control over the legislative faction to support a labor law reform opposed by the government and to stall many of Pérez's reform initiatives (Burgess, 2004). The breach between Pérez and AD widened after the October 1991 National Convention, when the anti-Pérez *ortodoxo* faction gained control of the party leadership, and key sectors of AD joined opposition forces in pushing for Pérez's removal from office in 1993.



Table 6  
*Combining Incentives and Capacities*

	High Incentive	Medium Incentive	Low Incentive
High capacity	PJ	PRI	
Medium capacity			APRA
Low capacity		AD	

**PUTTING THE VARIABLES TOGETHER  
 (AND REASSESSING THE ROLE OF LEADERSHIP)**

Table 6 summarizes the scoring of the four cases on the dimensions of external incentives and organizational capacity to adapt. The PJ stands out in that it combines strong incentives to adapt with substantial adaptive capacity. The economic crisis left the Menem government with little alternative but to pursue market-oriented policies, and the electoral costs of a market-oriented shift were relatively low in the absence of a serious left-wing competitor. At the same time, high fluidity enabled reformers to rise rapidly into the party leadership, while executive autonomy gave Menem the tools to undertake a radical reform program with little resistance. Thus, although Menem's considerable political skills were undoubtedly important to the PJ's successful adaptation, he possessed important adaptive advantages over his counterparts in Mexico, Peru, and Venezuela.

The PRI also possessed substantial adaptive capacity, but its incentives were more mixed. The PRI's relatively fluid hierarchy allowed the neoliberal technocrats to rise quickly to positions of power within the party and the state bureaucracy, and executive autonomy empowered them to impose market reform on a sometimes recalcitrant rank-and-file. But the PRI's incentives did not always point clearly in a promarket direction. The economic threat subsided after 1988, and the PRI's greatest electoral threat in the late 1980s came from the Left. In this context, Salinas' decision to accelerate and deepen neoliberal reform was rather bold.

Although APRA probably possessed the organizational capacity to adopt a market-oriented strategy, it had few incentives to do so. García enjoyed substantial policy-making autonomy, but he faced only a moderate economic crisis, took office in the wake of failed orthodox policies, and confronted a serious electoral challenge from the Left. It would therefore have taken extraordinarily farsighted leadership to move APRA in a neoliberal direction in 1985. Even if García had moved to the Right, the dynamics of electoral competition might well have resulted in a massive loss of votes to the IU. Hence, although it is easy to criticize García's populist turn in hindsight, the

incentives facing APRA at the time suggest that his strategy was not an unreasonable one.

Finally, AD had neither strong incentives nor substantial capacity to adapt. Venezuela's economic crisis, although serious, was intermittent and not hyperinflationary, and AD faced very little electoral pressure from either the Right or the Left. Moreover, as demonstrated by Pérez's failed attempt to impose market reform in the face of these weak incentives, the lack of leadership fluidity and executive autonomy within the party worked strongly against programmatic adaptation. In this context, Pérez's neoliberal strategy in 1989 looks relatively farsighted. His failure suggests that the prospects for any AD leader to impose a sweeping neoliberal strategy were rather bleak.

## CONCLUSION

The Argentine, Mexican, Peruvian, and Venezuelan cases lend support to our two-level framework for explaining party adaptation. In the four cases, external incentives and organizational capacity combined to produce different strategies and varying degrees of adaptive success. These findings suggest several implications for future research. First, our framework should be applicable to other cases of parties under stress. Beyond other Latin American populist and labor-based parties,<sup>24</sup> it might also apply to contemporary conservative parties, which face a distinct set of challenges in light of shifting demographics and changing sociocultural landscapes (Middlebrook, 2000).

Second, our analysis highlights the importance of combining structure and agency in the study of party change. Scholars of regime change have stressed the importance of developing integrative approaches to explaining democratic transitions or breakdown (Karl, 1990; Kitschelt, 1992; Mahoney & Snyder, 1999). Such an approach is clearly warranted in questions of party change, where the choices made by leaders are often decisive and have in some cases far-reaching implications. Although scholars have usefully combined environmental and intraparty variables,<sup>25</sup> fewer studies have explicitly examined the role of leadership within the context of these structural opportunities and constraints.

Third, our analysis points to the importance of looking inside individual parties to understand party system change. Studies of party system change frequently focus on how changes in the external environment (shifting elec-

24. These might include the Bolivian Nationalist Revolutionary Movement and the Chilean Socialist and Communist parties.

25. See Panebianco (1988); Strom (1990); Harmel and Janda (1994); Koelble (1991, 1992); Kitschelt (1994a); and Maor (1998).

torates, emergence of new issues and cleavages) affect the system as a whole (Dalton, Flanagan, & Beck, 1984). Yet our case studies suggest that the strategies of individual parties may have profound party systemic implications as well. In Argentina (and to a lesser extent, Mexico), the party system remained relatively stable in the 1990s owing, at least in part, to successful populist party adaptation. In Peru and Venezuela, by contrast, failed populist party adaptation contributed to party system collapse, the election of antisystem outsiders, and the breakdown or near-breakdown of democracy (Roberts, 1997).

Far-reaching programmatic and coalitional change permitted several Latin American populist parties to survive in the neoliberal era. However, these outcomes came at the expense of the parties' traditional programs and alliances. Indeed, their survival may well have hinged on their capacities to divorce themselves from the "losers" in the reform process, particularly trade unions. Thus although the changes undertaken by the PJ, the PRI, and other mass populist parties helped them to survive to "play another day" in the political arena, the question of for whom they will be playing remains open. Although they could conceivably replace union-based linkages with ties to other subaltern groups, such as informal sector workers and urban popular organizations, they are more likely to rely increasingly on a mix of clientelistic and media-based linkages.<sup>26</sup> If this is the case, then their days as representatives of the popular sectors—however imperfect—may well be over.

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26. See Roberts (2001).

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