8 Towards new rules for political transparency

Lessons from anti-corruption initiatives in Peru and Chile

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Introduction

The assertion that good governance by means of effective regulatory institutions will mitigate the different expressions of the resource curse is commonplace in the literature.² In contrast to this omnipresence and with a few notable exceptions (Dietsche, 2007; Haslam, 2016; Orihuela, 2013, 2018; Orihuela et al., 2021), silence reigns as to how these institutions can be built. In fact, as the resource curse literature points out, achieving political change can be assumed to be particularly challenging in resource-rich economies. For a variety of incentives set by resource dependency, these polities tend to feature political closure (Lipsky, 1968), i.e. the existence of high barriers preventing non-hegemonic (non-elite) demands for regulation from entering the policy processes to initiate institutional change. How can countries under these adverse circumstances overcome their resistance to regulatory change and improve governance—even against the will of established gatekeepers in the executive and legislative branches?

The Andean countries are a case in point: given their focus on the extractive sector, they depend on and perform according to global price cycles. Poverty is widespread even after the latest economic boom, and they are characterized by strong and multidimensional social inequalities including important power asymmetries (Damonte et al., 2018). Both economic elites as well as politicians, two groups that tend to overlap in the region, are focused on the resource sector, and the political will to regulate it is rather weak (Bebbington, 2012; Durand, 2016; Karl, 1997). Business elites enjoy strong influence, and the policy processes are generally considered to be closed (Bogliaccini & Luna, 2016; Crabtree & Durand, 2017; Durand, 2016; Fairfield, 2015; Olavarria-Gambi & Dockendorff, 2016).

Recent anti-corruption politics in Chile and Peru are examples for contentious political processes that did achieve institutional change, notwithstanding the adverse conditions described before. During the last decade, the societies of both countries learned about several enormous corruption scandals that elicited enormous social disapproval and, ultimately, drove presidents to draft and promote comprehensive reform agendas. Against substantive resistance in

Congress and by other politicians, a series of reforms aiming at political transparency, e.g. the regulation of political finance and rules regarding electoral integrity, were adopted.

This chapter explores the recent transparency politics in Chile and Peru as processes that led to institutional change in the context of the potentially adverse conditions of resource economies. The cases were selected because they share important similarities and interesting differences. Regarding similarities, in both countries, transparency politics are not new: since before the recent waves of corruption scandals swamped the countries, specialized actors existed that have lobbied for political transparency for quite some time. However, it was not until the period inaugurated by the recent wave of scandals that activism and social disapproval actually translated into institutional change. Exploring the political processes in Chile and Peru will allow us to identify the causal mechanisms that worked towards translating social disapproval and activism into actual change.

On the other hand, the two cases reveal differences regarding the ways and the time-frame in which the recent transparency processes have unfolded: Chile went through a much quicker and less contentious process, while in Peru it took more time and brought the country repeatedly to the brink of collapse. Thus, the comparison will identify background conditions that account for a smoother or more turbulent process respectively. On a more general level, this comparison adds nuance to the exploration of opportunities for institutional change in resource economies (and other difficult environments).

The case of anti-corruption politics is particularly insightful for resource economies, which research has found to be very prone to corruption (Brollo et al., 2013; Kirsch, 2014; Vicente, 2010; Zhu & Wu, 2014). The easy money provided by the extractive sector especially during boom times sets strong incentives for rent-seeking behavior and collusion between politics and money. Also, the opportunities to access rents can motivate state officials to prevent institutional changes that would end up limiting this access. Thus, political corruption and resistance to change do mutually reinforce each other, and this vicious cycle can only be broken by pushing the regulators to regulate themselves.

This chapter explores the political processes targeting political transparency regulation in Chile and Peru in order to achieve a better understanding of the conditions and mechanisms facilitating institutional change in political environments unreceptive to change, such as those characterized by resource dependence. Regarding the period under analysis, in both cases the exploration starts with the recent waves of mega-corruption scandals (2014 in Chile and 2016 in Peru). It finishes with the terms of the respective presidents who had promoted the reforms in their Congresses (in Chile, Michelle Bachelet in 2018, and in Peru, Martín Vizcarra in 2020). In neither case was the reform agenda adopted completely, and the political processes are still ongoing.

The chapter draws on empirical data collected during two field stays in Chile and Peru in 2018 and 2019. Interviews were conducted with public officials, with activists from civil society organizations and international organizations

and with experts. In addition, secondary literature including grey literature and press articles (print and electronic) were consulted.

The chapter proceeds as follows: The following section offers background information on political corruption and anti-corruption initiatives in the Andean region during the last two decades. Section 3 describes the political processes that have unfolded in Chile and Peru aiming at the adoption of new regulation for political transparency. The analysis in Section 4 highlights two factors that were key to institutional change in both cases: pressure by presidents and by organized civil society. The last section concludes with some general reflections on the conditions and factors promoting institutional change in resource economies.

Political corruption and anti-corruption politics in the Andes

While corruption is defined as the abuse of public office for private gain, which can be individual or collective (Heidenheimer & Johnston, 2017; World Bank, 1997), grand or political corruption refers to the type of collusion occurring at a high level of the state apparatus. It involves politicians embezzling public money or bending the law for private interests. In some cases, outright state capture takes place where legislation, formally developed and properly passed by the legislature, grants benefits in a corrupt manner (Dal Bó, 2006). Thus, corrupt influence is used to have laws written for specific private benefits.

In the Andean region, political corruption constitutes a grave problem that has enormous economic costs, perpetuates poverty and social inequality and prevents the development of institutional quality (Hessami, 2014; Rose-Ackerman & Palifka, 1999).³ It includes different expressions such as the bribing of politicians by private actors, secretive contributions to electoral campaigns or political parties, traffic of influence and the use of public resources for personal benefits or patrimonial practices (Barozet et al., 2020; Bogliaccini & Luna, 2016; Cañete Alonso, 2018; Crabtree & Durand, 2017; Durand, 2018; Fairfield, 2015; Matamala, 2015; Mönckeberg, 2015) on the national as well as the subnational levels (Barozet et al., 2020; Dargent & Muñoz, 2016; Melgar, 2017; Muñoz, 2019).

In the face of the latest mega scandals, citizens' perception of corruption and especially political corruption has steadily grown in the region.⁴ Following the Global Barometer on Corruption in Latin America and the Caribbean 2019 (Pring & Vrushni, 2019), 85% of the respondents think that government corruption is a big problem, more than 50% perceive that corruption is getting worse in their country, and 65% think their government is run by and for a few private interests. Politicians and public office holders are seen as the most corrupt groups.

The growing perception of political corruption and its costs has catapulted the subject on the top of domestic and international political agendas. On paper, all Andean countries feature some sort of anticorruption legislation (Blake &

Morris, 2009; Rotberg, 2019). Prosecutors and attorneys are increasingly taking up the battle against individuals allegedly involved in acts of corruption. However, existing legislation has been criticized for not raising the stakes for collusion in the political arena. In particular, rules ensuring electoral integrity and preventing vote-buying, transparency of political finance and the efficiency and transparency of public services and investments are lacking. In fact, TI reports that the majority of citizens (57%) think that their government is not doing enough to end corruption.

Towards political transparency in Chile and Peru

Reflecting regional developments, Peru and Chile share a history of political corruption, which became especially pronounced during the respective dictatorships of Augusto Pinochet (Orellana Vargas, 2018) and Alberto Fujimori (Dammert & Sarmiento, 2019; Schulte-Bockholt, 2013; Torrico et al., 2017). In both countries, corruption scandals continued to pop up after the transition to democracy.⁵ The last decade eventually saw a whole wave of corruption scandals revealed, which enormously raised public attention to the subject and laid the grounds for the initiation of political processes targeting institutional change in anti-corruption matters.

In Chile, starting in 2013 several major cases of collusion were revealed which involved public officials and their families from across the entire political spectrum (Casas-Zamora & Carter, 2017, p. 20). The most important cases were two tax frauds involving private companies, the National Tax System and both the conservative party UDI (Unión Demócrata Independiente) (in the *Penta Case*)⁶ as well as the left-wing *Nueva Mayoría* (the *SOQUIMICH case*).⁷ The *Caso Corpesca* confirmed the large influence of the fishing industry on the sector's governing legislation. While these scandals (and many more) provoked public outrage and nurtured demands for stricter regulation, the revelation of the *Caso Caval* became a political tipping point. It involved then President Bachelet's son Sebastián Dávalos and his wife in an act of traffic of influence. Given a rising public attention to the case, Bachelet declared the struggle against corruption as one of her top priorities and instituted in February 2015 a technical commission, the *Consejo Asesor Presidencial contra los Conflictos de Interés, el Tráfico de Influencias y la Corrupción* (Presidential Advisory Council against Conflicts of Interest, Traffic of Influence and Corruption, henceforth *Consejo Asesor*) charged with preparing a report with policy proposals for a governance scheme that would promote political transparency and reduce political corruption. The Commission was comprised of 16 persons who came from very different political backgrounds and headed by economist Eduardo Engel, a renowned expert in the field, hence its other name *Engel Commission* (Arís et al., 2019; Sahd & Valenzuela, 2018).

After only 45 days, the *Consejo Asesor* submitted a final report of 217 pages with 234 policy recommendations for probity and transparency in the public sector. The proposals were grouped into five categories: prevention of

corruption, regulation of conflicts of interest, political finance, trust in markets and, finally, integrity, ethics and civil rights (Consejo Asesor, 2015). With the exception of those policies affecting subnational governments, President Bachelet accepted the majority of the recommendations and sent them to Congress for adoption. In the following three years, a frenetic reform process set in and as of 2018, the Chilean Congress had approved 62% of the policy proposals formulated by the Engel Commission (Aris et al., 2019; Sahd & Valenzuela, 2018).

In Peru, the various scandals related to the *Odebrecht Case* revealed in 2016 opened up a window of opportunity for a process of policy change addressing the relationship between politics and money. Investigations in the US confirmed that Odebrecht had bribed several high-ranking Peruvian politicians in order to obtain public contracts (Durand, 2018). Former politicians were put under arrest, amongst them virtually all ex-presidents of the country and several high-profile political leaders such as the opposition leader Keiko Fujimori. Eventually even then-President Pedro Pablo Kuczynski resigned when facing congressional impeachment because of his involvement with Odebrecht during his time as a minister of the government of Alejandro Toledo (Vergara, 2018). His vice president Martin Vizcarra followed him into office. Only a couple of months later, a new corruption scandal convulsed the judiciary (the so called *NCM Audios*), revealing a vast collusive network of judges, officials and members of a criminal organization. Given the high public salience of the subject of political corruption at the moment, Vizcarra seized the opportunity to advance a wider political reform. In December 2018, he convened the *Comisión de Alto Nivel para la Reforma Política* (High-Level Commission for Political Reform), which consisted of five political scientists from important Peruvian universities led by the renowned expert Fernando Tuesta. In March 2019, the Commission submitted a report of over 400 pages, which contained 12 reform proposals organized in four thematic blocks: anti-corruption and reporting, governability, political organizations and representation, and electoral participation and civic politics (four constitutional changes and eight legislative changes). Political transparency and accountability were a transversal subject. With the exception of the reintroduction of a bicameral system of representation, President Vizcarra accepted all reform proposals and passed them on to the Constitutional Committee of the Peruvian Congress. By 2020, the Congress had adopted the majority of the reform proposals (Muñoz & Neyra, 2021).

Promoting institutional change: pressures from the inside and from the outside

Notwithstanding the support of individual congressmen and -women, in Chile and Peru the reform proposals concerning political transparency and accountability encountered a reluctant legislature. Members of both commissions consider the dominant motives to have been ideological reasons or the perception that the reforms would jeopardize legislators' private interests.⁸ Despite of

this resistance, legislators were driven to adopt the reforms by a combination of pressure exerted from the inside and the outside of the government.

In both countries, presidents were key in promoting the reform agendas from within the government. They convened the technical commissions, accepted their proposals and pressured the legislatures to adopt them. Their motives to initiate the reform processes were different. While Vizcarra acted out of a political belief that a reform was necessary, Bachelet's decision responded more to the desire of immediate political survival. Because the *Caso Caval* involved her son, the opposition and the media accused her of collusion and of covering up her son's illegal activities. While initially inactive, when public disapproval of her presidency rose to an astonishing 61%, she announced that the struggle against corruption would be one of her top priorities.

Regardless of these different motivations, both presidents would act in the following years as fierce defendants of the reform proposals. They faced different conditions: in Chile, the relation between the president and Congress was much less tense than in Peru which per se facilitated the reform process. In addition, Bachelet had two factors playing to her advantage: First, her government was based in a stable parliamentary coalition and she was able to mobilize the support of the members—or pressure them into support. To do so, she used an institutional vehicle called “urgency legislation” which forces legislators to vote on proposals classified as “urgent” within a two-week period.⁹ The extensive use of this instrument avoided the danger that the probity agenda would be shelved by congressional committees, or diluted in endless discussions, and thereby contributed greatly to the rapid adoption of many proposals.¹⁰

In Peru, Martin Vizcarra had a much longer and more aggressive struggle to fight with Congress over a reform agenda of a wider scope, which included constitutional reforms requiring special majorities in Congress and more complicated processes of negotiation. Vizcarra had a harder time pressuring Congress into approval because he could not rely on a stable majority in a highly fragmented and divided Congress. The dominant party was *Fuerza Popular* led by Keiko Fujimori, who was not only the daughter of former dictator with a similar anti-democratic posture but also fiercely engaged in a fundamental opposition to the sitting president who had beaten her at the polls (Dargent & Muñoz, 2016). To achieve the adoption of the transparency reforms, Vizcarra had to use heavier artillery and endure several political crises. In the following two years, the Peruvian president imposed a public referendum to bolster the legitimacy of his reform proposals in 2018 (which he won);¹¹ he threatened Congress with a motion of confidence and with closures in case of non-confidence in 2018 (to realize the referendum); he actually raised two questions of confidence tied to the acceptance of reform proposals in 2019, which ended with Congress granting confidence and adopting several proposals (the first motion pressured Congress into approving without violating its essence of six reforms the presidents' considered priority; the second came tied to the adoption of an amendment to the Organic Law of the Constitutional Court);¹² he dissolved Congress after a majority denied the second motion of confidence;¹³

and he decreed new elections in 2020. While the Congress elected in 2020 adopted further reforms basically to the rhythm of social pressure, the struggle between Congress and president continued. Parliamentarians staged two attempts to remove the president from office in 2020 on the concept of *moral incapacity* because of unconfirmed allegations of corruption. The second one ended up succeeding and plunged the country into another violent political crisis that ended with the institution of interim president Francisco Sagasti in charge of organizing new elections in 2021.¹⁴

To promote the reform proposals, the presidents in Chile and Peru received important support from civil society in general and non-governmental organizations in particular. In both countries, the presidents and their transparency agendas counted on massive social support as expressed in the media, surveys and, in the case of Peru, mass manifestations in the streets. In Chile, a whole trend was reversed during this period. Originally, Chileans had not considered their political authorities and system to be particularly corrupt. With the media revealing one corruption scandal after the other starting in 2013, the subject of political corruption rushed onto the public agenda and at moments appeared in surveys as the most important issue for the majority of the Chilean people (Arís et al., 2019, p. 20). While approval for President Bachelet had plummeted in the aftermath of *Caso Caval*, it gradually increased again when her commitment to the probity agenda became clear.¹⁵

In Peru, the corruption cases revealed in the context of the Odebrecht case spurred massive public outrage of a citizenry already very sensitive to the subject of political corruption. Since 2010, Peruvians ranked corruption as one of the two most pressing problems in the country.¹⁶ Periodically, the scandals captured the main headlines of the national press, and the capital Lima repeatedly saw large social protests reclaiming an end to what was perceived as a generalized political phenomenon. Reflecting the high social support of the reform agenda, Vizcarra relied on approval rates unseen in Peruvian history, reaching a peak of 80% in April 2020 (from 40% the year before (IEP, 2020). In 2019, 85% of respondents endorsed Vizcarra's decision to dissolve the Congress (ibid.)).

The two processes benefitted in particular from the support of organized action by non-governmental organizations dedicated to issues of political transparency. The most relevant of these organizations were in both countries the national chapters of Transparency International (called *Proética* in Peru) and international organizations (PNUD in Chile and *IDEA International* or *Oxfam* in Peru) as well as various national and local NGOs and think tanks. In Chile, the latter included the NGOs *Fundación Ciudadanía Inteligente* (Intelligent Citizenry Foundation, 2009), *Espacio Público* (Public Space, 2012) and the *Observatorio del Gasto Fiscal* (Observatory of Fiscal Spending). In Peru, the NGO *Transparencia* (Transparency) and various smaller groups actively engaged in the process.

These actors brought resources, expertise, contacts and legitimacy to the reform processes, and the reports and proposals they had already developed accelerated the work of the commissions in both Chile and Peru. In both

countries, the technical commissions not only maintained close and friendly relations with those actors, they also shared several key personnel.¹⁷ During the drafting of the reports civil organizations acted as brokers between society and the commissions by providing channels for feeding ideas into the reform agendas, which has led scholars to speak of the co-production of public policies (Maillet et al., 2018 for the case of Chile). The fact that these organizations were generally perceived as trustworthy among ordinary Peruvians and Chileans also raised the stakes for opposition or outright veto. NGOs also provided material resources to support the work of the technical commissions, who worked *ad honorem* and had only limited resources to run a small secretariat and pay a coordinator.¹⁸

Finally, NGOs and civic organizations continued to monitor the reform agendas after they had been submitted to congress by combining classical lobbying with watchdog and outreach activities. Lobbying not only helped to generate support among those legislators principally open to promoting transparency, but also allowed the NGOs to ensure a certain level of control over the process of policy formulation. In doing so, congressional maneuvers taking place behind closed doors with the aim of twisting or diluting the reform proposals could be exposed to the public.

On the other hand, outreach activities helped to mobilize public support and—more important—to sustain it in time. All of the organizations produced reports and information material that could be accessed publicly. They were also very active in their use of media, both traditional ones and new digital ones. Regarding the latter, several internet platforms were established (partly before the reform processes started), amongst them in Chile the *Observatorio Anti-corruption* (Anti-corruption Observatory) run in consortium by *Espacio Público* and *Ciudadanía Inteligente* and the web platform *integritywatch.cl*, operated by *Chile Transparente*, where meetings and audiences of public office holders with private actors are registered.¹⁹ In Peru, the NGO *Proética* runs an *Observatorio de Integridad* (Observatory of Integrity) and promotes *veedurías ciudadanas*, citizen groups, that monitor and inform on the performance of transparency initiatives in the country. In both countries, investigative journalists have set up virtual platforms that offer detailed information on politicians involved in acts of corruption.²⁰

Concluding remarks: lessons learned

This chapter has analyzed and compared reform initiatives towards political transparency in Chile and Peru. In both countries, political or grand corruption is a large problem. The disclosure of a whole series of mega scandals marked the beginning of political processes aiming at the adoption of new regulation for political transparency. Although in neither case were the ensuing transparency agendas adopted completely, the processes did lead to institutional change against the will of reluctant congresses. In other words, legislators were indeed pushed to regulate themselves. The analysis of the processes showed that in both countries the same mechanism of change was at play involving a combination of

pressure from the inside of governmental institutions as well as from the outside: a strategic coalition among presidents and civil society actors was able to build circumstances in which delegates could not afford to vote against the reform proposals—unless they were committed to an act of political suicide, as in fact they were in the case of Peru.

The remainder of this concluding section is dedicated to two general reflections regarding the conditions and factors promoting institutional change in resource economies where those in charge of political decisions are said to face strong incentives for impeding regulatory change.

First, an entire academic tradition embodied in social movements studies or the contentious politics literature focuses on the role of collective pressure and social mobilizations in achieving political change. The latest resource boom in Latin America, which motivated an infinite number of local conflicts over extractive projects, has inspired a great deal of scholarly interest in the topic. Studies have focused on internal dynamics of protest groups and to a minor extend explored the institutional legacies of these groups (among many Bebbington, 2012; Dietz & Engels, 2017). In the case of transparency politics in Chile and Peru, social discontent as expressed in mass mobilizations and protest, although present, were not the driving force to introduce change. In both countries, prior scandals had elicited social mobilizations and outrage, without triggering reforms.²¹ Instead, the cases highlight the role of highly specialized civil society organizations acting as brokers between the executive, the legislative and society.

Together with the press and the technical commissions, these groups contributed to keeping the subject of political transparency on the public and political agendas by means of lobbying and pressure. By using digital instruments allowing for mass communication (*connective action* in terms of Bennett & Segerberg, 2012), they were able to expose voting behavior of legislatures on a permanent basis to the voters and lobby support for the agendas. Moreover, they contributed to the campaigns with expertise, infrastructure and other material resources. While the cases also stress the role of presidents as promoters of change, without the important support from civil society actors (and international organizations) the reforms would probably not have materialized. Chile is a case in point: during her first government (2006–2010), President Bachelet promoted a very similar probity agenda. Back then, specialized social actors would not work towards maintaining the president on track and providing a constant pressure on legislators. As a consequence, the reform agenda “died in Congress” (Arellano & Carvajal, 2015). In a general perspective, thus, the cases might recommend reformers (presidents, legislators or other politicians) to form strategic coalitions with these actors so together they can *attack* once windows of opportunities open up.

The second reflection revolves around the greater difficulties of the Peruvian president to impose the reforms. While institutional change was ultimately accomplished in both cases, Vizcarra’s struggle with Congress turned into epic battles and repeatedly drove the country to the brink of collapse. The

differences in form and intensity directs attention to the underlying institutional fundament, i.e. the quality of democratic institutions and, consequently, the quality of decision makers. What is outstanding in the case of Chile is that after all the Chilean legislators played by the rules and responded to pressures for change, albeit unwillingly. Fair enough, since the Chilean reform agenda did not include constitutional reforms as the Peruvian did, the stake for adoption of the proposals were lower in Chile. Furthermore, the urgency legislation provided the Chilean president with a powerful institutional vehicle to impose the reforms.

These differences between the two countries are the reflection of long-term institutional developments since their independence in the 19th century (see Kurtz, 2013 for a detailed analysis). Based in an elite pact, the Chilean state evolved to a wide scope in terms of territorial control and a high capacity regarding public service delivery (Collier & Sater, 2012; Soifer, 2015). The high standards of public bureaucracy and bureaucrats in Chile are generally acknowledged (Orihuela, 2013; Polga-Hecimovich, 2019; Silva, 2009, 2016).

Most importantly for processes of institutional change, since the end of the dictatorship of Pinochet in 1989, democracy is the only game in town. Chile possesses one of the most institutionalized and stable party systems in Latin America (Mainwaring & Scully, 1995). Although it has been criticized for sacrificing representation for stability (Luna & Altman, 2011; Siavelis, 2016), it has contributed to the efficient functioning of governing institutions. Since the return to democracy, party politics have been organized in two large alliances positioned on the left-right continuum. Driven by the need to avoid authoritarian setbacks, both conservative and progressive actors have learned to cooperate, and cross-party agreements became iterative supported by a set of informal institutions (Siavelis, 2006, 2016). Presidents can rely on their majority coalitions and coalitions on their partners. As a consequence, reforms have been introduced as products of negotiations on a frequent basis (Sanchez, 2011). Although Chile is not alien to practices of clientelism and patrimonialism and outright corruption (as the cases show, see also Barozet et al., 2020), at the end of the day Chilean office holders display a high commitment to democratic institutions and the basic tenets of representative democracy. As the analysis has shown, confronted not only with internal but also with external pressure they voted for the transparency reforms, although reluctantly.

In Peru, the institutional fundament and quality is of a whole different nature. The infrastructural power of the Peruvian state in terms of scope and public capacity is historically low (Kurtz, 2013). Although it has increased in recent decades, so has the power of its social opponents (Dargent et al., 2017). The bureaucratic apparatus is generally described as deficient (Polga-Hecimovich, 2019). Most importantly, the country's scores for democratic quality are notoriously low (Bertelsmann Stiftung, 2020). Democratic institutions do perform their functions, but are often inefficient due to frictions among different state agencies, a lack of professionalization of office holders and, of course, corruption. In particular, scholars point out to the party system as plainly ineffective, unable to aggregate and communicate

political ideas and to hold delegates accountable according to programmatic lines. The existing parties are barely rooted in society, which has motivated several scholars to speak of Peru as a “democracy without parties” (Crabtree, 2010; Levitsky, 2013; Levitsky & Cameron, 2003; Tanaka, 2005).

Parties tend to perform as electoral vehicles for individuals engaging in a political career in order to access public resources and power. They form their electoral bases by means of clientelist and patrimonialist practices (Muñoz, 2019). The detachment of parties from ideas and constituencies has dramatic consequences for the type of representatives entering congress. The commitment to democratic institutions and the responsiveness of many delegates to public demands and needs is low and depends almost exclusively on individual ethical standards. This type of delegate is not so easily *pressurable* into adopting an unwanted regulation—as Vizcarra’s grim struggle has made clear.

Moreover, the Peruvian party system features a high number of small parties that generally do not survive more than one election period. This multiplicity translates into fragmented legislatures and severely hinders the formation of stable coalitions. Decision-making, particularly in the case of proposals affecting power relations, is difficult under these conditions, even when social demand is high and presidents raise pressure from the executive. The Peruvian agenda for transparency targeted many of the problems associated with the dysfunctionality of the party system and the low quality of democracy only to be torpedoed by expressions of precisely these problems. This vicious cycle could only be broken by a fierce battle delivered by a coalition between the president and civil society, at the costs of years of political crisis and instability.

The good news of the cases of transparency politics in Chile and Peru is that regulatory change is possible despite the expectations of the resource curse, even in the presence of adverse incentives. However, when assessing the opportunities of institutional change in resource economies, the cases stress the importance not only of a good regulation in place or efficient bureaucracies able to implement rules (Orihuela et al., 2021). The analysis also points out to the importance of the quality of the institutional fundament in place. In other words, resource economies can only be governed in a *good* way, when the very political fundament of the polity in question—the grounds on which those *institutions that matter* have to be negotiated—is of a *good* quality. This institutional fundament constitutes an important antecedent condition that shapes the opportunities for and forms of institutional change.

A final note of caution is called for here. As an ample political science literature reminds, the adoption of new rules does not automatically translate into them exerting the desired effect (Mazmanian & Sabatier, 1983; Pressman & Wildavsky, 1984). Rules need to be enforced. While transparency politics in Chile and Peru have achieved an impressive formal change in recent years, there is a rocky road ahead regarding their implementation. Both reformers as well as scholars should be attentive to the future course of events in order to develop a deeper understanding of how institutional change in the field of political transparency can have a lasting impact on politicians’ behavior.

Notes

- 1 I greatly appreciate the helpful comments of my colleagues Maritza Paredes, Markus Rauchecker and, especially, Hans-Jürgen Puhle.
- 2 Amongst many others: Boschini et al. (2007); Karl (1997); Kolstad and Wiig (2009); Lederman and Maloney (2009); Mehlum et al. (2006); Robinson et al. (2006); Ross (1999, 2015); Sarmidi et al. (2014); Tornell and Lane (1999).
- 3 For Peru, Quiroz calculated that between 1820 and 2000 collusion captured up to 40% of government spending and 3–4% of GDP growth per year (Quiroz, 2008).
- 4 See Transparency International (2019); also other regular Latin American opinion polls, like LAPOP (Latin American Public Opinion Project) and *Latinobarómetro*, confirm this trend. See also Moreno in this volume.
- 5 In Chile the public copper company Codelco and the Ministry of Public Work and Transport in the *Caso Coimas* and *MOP-gate* were involved in corruption scandals (Silva, 2016). In Peru, the public oil company *PetroPeru* was charged with collusion in 2008, and a major case of embezzlement in the context of an earthquake disaster relief program was revealed, amongst many others.
- 6 Employees of the *Penta Holding Group* and officials of the National Tax System together committed tax fraud by creating fake invoices. The payments for these invoices were directed to the political campaigns of party members of UDI.
- 7 The company SOQUIMICH had issued false bills and receipts to get tax reductions and used fake invoices to transfer money to the party.
- 8 Interviews with Commission members in Lima, April 2019 and in Santiago 2018.
- 9 On Chilean presidents' prerogatives for *urgency legislation*, see Vial et al. (2011).
- 10 In fact, the speed of the reforms substantially reduced once urgency legislation was cancelled (Interview with Commission member, Santiago de Chile, April 2018).
- 11 Vizcarra proposed four reforms regarding the re-introduction of bi-camerality, the reorganization of the justice system, the prohibition for immediate reelection of parliamentarians and a new regulation of the financing of political organizations. The referendum endorsed all of the proposals with the exception of the re-introduction of bi-camerality. With this political tailwind from the citizenry, Vizcarra constituted the technical commission in charge of drafting a wider reform agenda.
- 12 The legislators not only refused to approve the reform of the judiciary, but they also proceeded to nominate new members of the constitutional court which not only openly contradicted the reform, but also envisioned the appointment of individuals with an alleged past of corruption.
- 13 Since it was the second no-confidence resolution submitted during the same presidential term (the first one took place in 2017 against Kuczynsky), the president was constitutionally endowed to dissolve Congress—which he did on September 30, 2019.
- 14 The crisis included a five-day interim presidency of right-wing Congressman Manuel Merino who had to resign due to social pressure.
- 15 See www.t13.cl/noticia/politica/bachelet-alcanza-2017-su-mejor-cierre-ano-aprobacion.
- 16 See Proética, Encuestas Nacionales sobre Percepciones de la Corrupción en el Peru, www.proetica.org.pe/contenido/encuesta-nacional-sobre-percepciones-de-la-corrupcion-en-el-peru/
- 17 Eduardo Engel was the director of *Espacio Público*, and Marcela Ríos is an officer from UNDP Chile. In Peru, Martin Tanaka and Paula Muñoz were board members of the NGO *Transparencia*.
- 18 In Chile, UNDP and *Espacio Público* provided funds for material and staff. In Peru, the work of the commission was supported by the German *Konrad Adenauer Foundation*.
- 19 See: <http://integritywatch.cl/>. *Chile Transparente* also opened a *Centre for Legal Assistance* in cases of corruption (*Centro de Asesoría Legal Anti-Corrupción*), which provides free legal assistance for victims of corruption or collusion, whistle-blowers, and witnesses of corruption involving public authorities, officials or institutions; see: <https://denunciacorrupcion.cl/>

- 20 For instance, in Peru the website *memoriayciudadania.org* and the internet journal *convoca.pe*. In Chile, *CIPER Chile* (www.ciperchile.cl/) offers information and analysis.
- 21 On the other hand, there were also transparency reforms without social pressure, for instance under the presidency of Eduardo Frei (Olavarría-Gambi, 2016).

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