THE POLITICAL ECONOMY OF TRANSITIONS
- ANALYSIS FOR CHANGE

Paper for discussion at the UNDP-NOREF Conference
"The Political Economy of Transitions – Analysis for Change"
(Oslo, 8-9 November 2012)

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## Acronyms

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<tr>
<td>ASEAN</td>
<td>Association of Southeast Asian Nations</td>
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<tr>
<td>BPC</td>
<td>Continued Cash Benefit Program</td>
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<td>CDES</td>
<td>Council for Economic and Social Development</td>
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<tr>
<td>CEBRAP</td>
<td>Centro Brasileiro de Análises e Planejamento</td>
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<tr>
<td>CED</td>
<td>Centro de Estudios del Desarrollo</td>
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<tr>
<td>CIEPLAN</td>
<td>La Corporación de Estudios para Latinoamérica</td>
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<tr>
<td>CSOs</td>
<td>Civil society organizations</td>
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<td>DPR</td>
<td>Indonesian Parliament</td>
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<td>FDI</td>
<td>Foreign direct investment</td>
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<tr>
<td>GDP</td>
<td>Gross Domestic Product</td>
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<td>IDSC</td>
<td>Information and Decision Support Center</td>
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<td>IMF</td>
<td>International Monetary Fund</td>
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<td>INSS</td>
<td>National Social Security Institute</td>
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<td>IPEA</td>
<td>Institute for Applied Economic Research</td>
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<td>ISI</td>
<td>Import-substituting industrialization</td>
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<td>JAJKI</td>
<td>Indonesian Public Policy Network</td>
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<td>JPS</td>
<td>Social safety net programs</td>
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<tr>
<td>LGBT</td>
<td>Lesbian, gay, bisexual, and transgender</td>
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<td>MDRI</td>
<td>Myanmar Development Resource Institute</td>
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<td>MDS</td>
<td>Ministry of Social Development</td>
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<td>NDP</td>
<td>National Democratic Party</td>
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<td>NGOs</td>
<td>Non-governmental Organizations</td>
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<td>NOREF</td>
<td>Norwegian Peacebuilding Resource Center</td>
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<td>OCG</td>
<td>Oslo Governance Center</td>
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<tr>
<td>OECD</td>
<td>Organization for Economic Cooperation and Development</td>
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<tr>
<td>PDS</td>
<td>Democratic Social Party</td>
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<tr>
<td>PGRI</td>
<td>Partnership for Governance Reform in Indonesia</td>
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<tr>
<td>PMDB</td>
<td>Brazilian Democratic Movement Party</td>
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<tr>
<td>PT</td>
<td>Workers’ Party</td>
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<tr>
<td>RCD</td>
<td>Constitutional Democratic Rally</td>
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<td>SCAF</td>
<td>Supreme Council of the Armed Forces</td>
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<td>SOEs</td>
<td>State-owned enterprises</td>
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<td>UGTT</td>
<td>National Council for Protection of the Revolution</td>
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<tr>
<td>UNDP</td>
<td>United Nations Development Program</td>
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<td>UNSFIR</td>
<td>United Nations Support Facility for Indonesian Recovery</td>
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<tr>
<td>US</td>
<td>United States</td>
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<tr>
<td>USDP</td>
<td>Union Solidarity and Development Party</td>
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The regime changes in the Arab world – in particular in Tunisia and Egypt – and the evolving process of economic and political reform in Myanmar have renewed international interest in the process of transition. This paper asserts that with a clearer analysis and understanding of transition, based on previous lessons, the challenges and opportunities that transitions present could be better approached and supported.

The label ‘transitional’ can be applied to a diverse range of situations moving through various political and social upheavals. Some are markedly violent and characterized by major fractures in state and society, and others are less overtly so, despite catalyzing long-running processes of social change. This paper focuses specifically on some of the less overtly violent experiences of transition from authoritarianism towards the development of democratic institutions and processes.\(^1\) Even though every process of change is specific to its context, commonalities between previous transitions and current ones in the Arab region and in Asia can be identified and learnt from. What drove changes from authoritarian to greater democracy, as well as the main features of transitions, are the points of departure for this analysis.

Rather than taking a broad perspective on all the various facts that contribute to transition, this paper adopts a political economy approach.\(^2\) Through looking at the interaction between political and economic processes in society it provides insight into how the social contract\(^3\) between individuals, communities and the state has come under question and eventually unraveled. It also illustrates how the social contract is being renegotiated and reshaped.

Transitions, by definition, change over time. However, transitions are also non-linear; societies experience varying degrees of instability and upheaval at different points, rather than constant forward momentum towards democratic change. Moreover, historical experience has shown that there are usually several phases of transition before the degree of social momentum necessary for political change is realized, and those who seek to analyse and support transitions must therefore take a long-term perspective.

**Fiscal decision-making by elites in authoritarian situations has influenced the demand for democratic change.** The unequal distribution of wealth and wealth-making opportunities, the management of public money and, in some cases, the adherence to economic policy influenced by international neo-liberal models for growth and development, have all played a part in creating and transforming relationships in societies undergoing transition.

**Authoritarian regimes have undermined the role of the state in governance.** Generally, elites in these situations do not meet the basic expectations of individuals and communities and so undermine the development of a healthy social contract between state and citizen. Reestablishing the legitimacy of the state’s governing role in relation to service delivery, regulation of private enterprise and upholding the principle of equal benefits and protections of the law, are major aspect of repairing the social contract.

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\(^1\) There is no consensus on a clear definition of political transitions. O’Donnell and Schmitter (1986) argue that “transitions are delimited, on the one side, by the launching of the process of dissolution of an authoritarian regime and, on the other, by the installation of some form democracy, the return to some form of authoritarian rule, or the emergence of a revolutionary alternative” (p.6).

\(^2\) For the OECD, “political economy analysis is concerned with the interaction of political and economic processes in society: the distribution of power and wealth between different groups and individuals, and the processes that create, sustain and transform these relationships over time”. See [http://www.oecd.org/development/governanceanddevelopment/politicaleconomyanalysis.htm](http://www.oecd.org/development/governanceanddevelopment/politicaleconomyanalysis.htm).

In all of the examples of transition that this paper looks at, the military plays a central role in the process of change. Moreover, the perceived legitimacy of subsequent governments through the process of transition tends to be judged by how effectively they redefine the role of the military in a democratic state. This includes the exercise of appropriate civilian power and oversight of military decision making, as well as ensuring that military perpetrators of crimes are brought to justice and that military assets remain public goods.

Finally, given the changes that institutions undergo throughout the course of transitions, as well as changing demands and expectations of their roles and responsibilities, it is shown that the promotion of inclusive dialogue over the development of public policy is essential. Public involvement in reformulating policy, at all levels, is central to realizing a legitimate social contract.

**Approaches**

This paper is intended to provide a basis for discussion. It provides analysis for a conference on the political economy of democratic transitions jointly organized by the UNDP Oslo Governance Center (OGC) and the Norwegian Peacebuilding Resource Center (NOREF) on 8-9 November 2012.

The purpose of the conference is to stimulate dialogue between practitioners, academia and policy makers on key issues related to recent and ongoing transitions. It should also inform the policy making and policy advice provided by civil society and international actors on the ground.

The note analyses three experiences of transition conducted or initiated in Latin America and Asia since the mid-1980s – Brazil, Chile, Indonesia – and uses them as a background to identify key challenges and opportunities for the ongoing transitions in Myanmar, Tunisia and Egypt.

The choice of these case studies has been informed by the fact that these six countries share a number of features, which have determined the transition process and its outcomes – in particular a political economic situation with destabilizing social consequences, a military with a major political role and a very unequal society. The timing has also played a role in the choice of cases: comparing experiences that started almost thirty years ago with more recent and ongoing experiences makes it possible to analyse transitions not only in their initial stages, but also take stock of later evolutions and reorientations over time, as the context and actors change.

This background discussion paper concentrates on only some of the factors that have played a contributing factor in transitions from authoritarianism to democracy. Inevitably, many other factors have been left out or only partly addressed. It is hoped that the conference will provide space and opportunity to discuss further, based on the issues outlined here, but bringing in and expanding on other related factors.

**Key Lessons**

*Economic conditions affect political stability; economic spoilers threaten transition.*

Institutions under authoritarian regimes tend to shape economic policy and the management of public goods according to elite political and economic objectives rather than encourage a broader distribution of wealth, regulation that protects individual rights or a culture of service delivery. In all the transition settings identified in this paper the economic choices of elites, and the demands of the people were out of sync and made more profoundly so as economic conditions worsened. The initial stages of transition in most of these contexts saw very little in the way of real economic policy change, because of a lack of fundamental change in power
structures. In fact elites with vested economic interest, rather than ideological oppositions, have been the biggest spoilers in transitions to democratic transition.

A focus on growth without inclusive, pro-poor policy development maintains the status quo.

Those calling for change generally seek the redefinition of power structures in society - not just in terms of who holds political office, but also in terms of wealth distribution and wealth-making opportunities. Addressing fundamental structural imbalances in, for example, access to education, skills, employment or start-up loans, has required the simultaneous development of inclusive economic and social policy. A domestic and international focus on restoring growth without investment in parallel measures to ensure social and economic inclusion has been problematic in transitions; the initial failure of Brazil, Chile and Indonesia to address social inequalities in a meaningful way had a significant impact on the credibility and legitimacy of their burgeoning democracies.

Realising democracy requires the growth of civil societies, political parties and a culture of political participation.

Authoritarian regimes generally maintain power through suppressing opposition, including the organisation of agents of political representation. A democratic transition requires the development of sound democratic structures, institutions and parties. However, supporting the strengthening of these structures has often not been a national or international priority in early transition, resulting in the re-establishment of political culture still controlled by elites, not representative of the majority and not sufficiently accountable. A diverse and free media can play a central part in developing the demand for inclusive politics as well as sound democratic institutions. The demand for participation in decision-making, when it cannot be channeled through political parties, has nevertheless led to innovation in some contexts. New democratic practices have grown up in some transitional contexts to fill the gap in representation, although with limited sustainability. Without finding a way to institutionalize broad political representation and change the culture of political participation, it is difficult for the state to realise the democratic expectations of citizens.

Early negotiation of the role of the military in democratic transition is important, but actual change in the balance of military and civilian power is often gradual.

A central feature of many authoritarian regimes is the blurred (or non existent) lines between military and civilian political leadership. Military institutions often hold power over many layers of political and economic decision-making and have subverted the rule of law through limiting the independence of the judiciary. The influence of senior military leadership can be widespread, including in the private sector, and military requisitions strictly ‘off-budget’. Negotiating the role of the military in transition, given their power, economic influence, and their monopoly of force, is key to democratic transition. However, early agreement to preserve military autonomy from civilian control often proves difficult to reverse in the long run, with a gradual rebalancing of civilian authority necessary. The reality of this very gradual shift in power has also often meant that transitional justice processes suffer as military impunity is negotiated as a condition of transition and therefore preserved.

Promoting public participation in policy development is essential for transitions to progress.

As nascent democratic institutions struggle to find their footing and as the vested interest of prior power holders continue to affect political decision-making, encouraging broad public participation in policy-making is key. Donor backed, civil society based policy support has had impact in some transitions, but can suffer from limited sustainability, association with international ideas rather than local needs, and can be limited in the representation of diverse views. Support for public policy dialogue as well as inclusive models of policy development appropriate for the context generates debate and ultimately encourages a reformulation of the social contract.
Part 1: Socioeconomic transformations and political change

This part focuses on the interaction between socioeconomic transformations and political change. Divided into three sections, it shows how the economy has affected political stability, and how the nature of political arrangements has contributed to shaping economic policy-making.

The first section analyses how the choice of economic models and policies has been dictated and constrained by the nature of transition and specific agreements between elites, rather than by ideological preferences. It also shows how the preservation of elite interests has often prevailed over the need to address social inequalities (1.1.).

The second section highlights the importance of time in transitions. It discusses how gradual changes in the balance of power between political actors has allowed for policy reorientations with a greater social component (1.2).

Section three discusses principal challenges faced in ongoing transitions due to the limited capacity of new governments to deal with potential spoilers and implement simultaneous economic and social reforms (1.3).
1.1 Early economic policy choices dictated by the context and actors in transition

1.1.1 The constraints of “pacted transitions” (Brazil, Chile)

In Brazil, the military regime’s decision to open up the political space in 1974 (“abertura”) resulted in a new dynamic between the regime and the opposition that proved difficult to manage when the economy started to deteriorate in the early 1980s. In the 1985 indirect presidential election, defectors from the pro-government Democratic Social Party (PDS) aligned themselves with opposition Brazilian Democratic Movement Party (PMDB) and created the Democratic Alliance. As a result, the regime could not secure the election of its candidate by the members of Parliament, which instead elected opposition leader Tancredo Neves as president.

Only through an alliance with significant and substantial parts of the old regime did the opposition come to power in 1985. However, this alliance between elites was to the detriment of wider participation. The negotiating parties were the PMDB, the Democratic Front, the Democratic Alliance and the armed forces. After the death of elected president Tancredo Neves, vice-president José Sarney, an old regime leader, served in his place. Moreover, six military ministers remained in the government. This illustrates the compromises that were made to depose the military regime.

The economic situation in the initial stage of this transition remained cautious. While the new regime had considered three far-reaching reforms in the first year – an agrarian reform, major changes in the corporatist labor laws, and a new constitution – only the third one became reality. Tancredo had announced his intention of sponsoring an agrarian reform. The initial proposal, quite ambitious, was abandoned by Sarney in the face of the strong opposition of rural elites and military ministers. An extremely diluted alternative was eventually conceded. The minister of Labor, an ex-labor lawyer for the metallurgical unions in the region of São Paulo, proposed major changes in the country’s corporatist labor laws. He was faced with the same kind of opposition and could not concretize them. Despite the adoption of a new constitution, the conditions dictating the adoption were designed to limit the magnitude of change. Drafted by the Congress elected in the November 1986 elections, it severely under-represented the more modern and liberal parts of the country.

The significant evolution in economic orientations was the transition from a model based on import-substituting industrialization (ISI) to a neoliberal one. The implementation of measures now known as the Washington Consensus was to secure short-term macroeconomic stability and growth. The Real Plan, initiated in 1993, was based on five main policies: import liberalization, exchange rate over-evaluation, domestic financial liberalization, fiscal reforms and liberalization of capital inflows. The policy reforms dismantled the production systems established during the ISI-era and the social structures and patterns of employment that corresponded to them. They have led to the privatization of the most productive and financial state-owned enterprises (SOEs), and promoted the alliance between foreign and domestic capital at the firm level, as well as the denationalization of industry and infrastructure.

The implementation of a new economic model was possible because the Brazilian elites had gradually convinced themselves between the early 1970s and the early 1980s that a new system of accumulation was needed to restore economic dynamism. Economic reform therefore went hand in hand with political change, as a result of an agreement between elites. While it allowed for successes at the macroeconomic level, it reduced the state’s capacity for implementing distributive economic and social policies in the country. In any case, since the latter were not in the interests of the new ruling elites, there was little chance that any significant measure would be implemented.

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4 Mainwaring, p. 32.
5 Mainwaring, 32-33.
6 Idem.
7 Filho, 2010.
8 Filho, p. 16.
The Chilean transition, on the other hand, occurred in a context where the overall macroeconomic situation was considered very positive, but with an increasing share of the population living in poverty. The socioeconomic situation played a major role in the coming into power of the opposition in 1990.

In the early 1980s, Chile had undergone a comprehensive process of economic restructuring, embodied in a dramatic change in the relative roles of the private and public sectors. The liberalization policies implemented since the mid-1970s were successful in completing stabilization and structural adjustment. Yet the record in terms of income distribution was poor: real wages declined significantly and unemployment increased to unprecedented levels. Moreover, a number of social expenditure items were severely affected by the adjustment, especially in the first half of the 1980s.9

The new Constitution adopted in 1980 stated that a referendum would be held eight years after the extension of President Pinochet’s rule to another term. In view of that plebiscite, the opposition formed a broad coalition, Concertación por el No, which gathered the Christian Democratic Party, the Socialist Party and several other small left and centrist parties. In the 1989 election, the coalition’s manifesto promised more government spending in the social services, better health care, training schemes for the young unemployed, a higher minimum wage, a more generous program of inexpensive housing and more taxes for the wealthy.10 This resulted in the election of opposition leader Aylwin to the presidency.

Despite the campaign promises for significant socio-economic reforms favorable to the masses, the Concertación had to make considerable efforts to reassure the military and economic elites that the change in government would not result into policies that would threaten their interests. In March 1989, the Concertación agreed to support the broad framework of market economy and pursue policies consistent with it. Once in power, it reassured the military and the economic elites by delivering to their demands. It also sought consensus on economic policy often broader than the share of the votes it commanded in Congress.

Two critical economic reforms were accordingly made possible as a result of negotiations on their key details with the center-right opposition and the eventual support gained from a congressional supermajority:

- a change in the composition of government spending: the share of social spending in the government budget during 1990-9 was 3.4 percentage points higher than in 1988-89;
- the implementation of a tax reform that contributed additional resources for social spending.

In 1990, the government also sent labor reforms to Congress for approval. The reforms were partly intended to balance negotiating power between employees and employers, and raised the minimum wage, the family allowance, and the subsidy for low-income families during 1990-92.

Government officials were able to achieve these limited reforms by explaining to the old-guard that these pieces of legislation were the only important changes to the previous regime’s economic model; and, doing so was indispensable for maintaining their interests. This was done to make sure that the economic elites and the military would not spoil the transition process.

In Brazil and in Chile, the need for economic policy change was key in the formation of new political coalitions. In both countries, transition was the result mainly of an agreement between elites. Policy choices were therefore made in view of satisfying the interests of the members of the new political coalitions and/or reassuring potential powerful opponents that their own interests would not be threatened. Such deals were, however, achieved at the expense of the demands of significant parts of the population.

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1.1.2 The maintenance of politico-business alliances (Indonesia)

The fall of the dictatorship and the shift towards democracy in Indonesia was provoked by the 1997 financial and economic crises in Southeast Asian countries and its domino effect. The economic crisis undermined the legitimacy of (then) President Suharto’s regime, and triggered protests that eventually led to the downfall of the regime. Military officers close to General Wiranto facilitated transfer of power from Suharto to his deputy Habibie, thus negotiating a regime change that cleared the way for political and economic reforms.

Between 1997 and 2003, Indonesia was formally under International Monetary Fund (IMF) management. Achieving macroeconomic stability was the top priority of the government. In late 1997, the government’s first measures were aimed at trying to halt the slide in the currency and the runaway inflation. This meant borrowing huge sums to support the balance of payments. In the medium term, this was followed by plans to restructure and recapitalize the heavily indebted banking system and institute far-reaching structural reforms, including the dismantling of monopolies, price control and privatizations of some state-owned companies in addition to cuts in public expenditure.

Yet the transformation of Indonesia into a liberal market economy was ambiguous. Deregulation was selective and the state continued to play a critical role in shaping the market and controlling access to it. The system of predatory power relations that existed under Suharto and the influence of politico-business families and corporate conglomerates survived successive waves of reform. The politico-business oligarchy reorganized its economic power within new political frameworks that retained intact the old state-business relations.

Since President Suharto had eventually been forced to resign by wide social protests, it was crucial for the new government to restore the macroeconomic balance and address socioeconomic inequalities simultaneously. Possible threats to the transition came from both the crony networks that had constituted the core of the system under Suharto and the impoverished parts of the population.

In 1998 the government embarked on a series of new and expanded social safety net programs (JPS) aimed at mitigating the social impact of the crisis both on groups who had been vulnerable before the change as well as the new ‘crisis-generated’ poor through various means such as:

- sale of subsidized rice to poor households to maintain food security;
- employment creation in labor-intensive sectors;
- scholarships for students from poor families to enable them to stay in school, and block grants to schools to help them continue operating;
- subsidies for medicines and imported medical equipment.

In August 2005, the government faced a crisis of a lesser extent in which it had to make the decision to cut the fuel subsidy to avoid the deterioration of its fiscal position in the face of high oil prices. This led the president to conclude that macroeconomic stability should be given first policy priority.

In Indonesia, wide-scale social protest in the face of economic crisis played a crucial role in the formation of the new political coalition. In addition to the neoliberal measures advocated by the IMF, the first elected governments therefore had to implement early social measures. Yet there was no deep change in the structure of the economy and the domination of the politico-business oligarchy, the preservation of which remained the priority.

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11 Mietzner, 2006.
12 Hadiz & Robison, p. 226.
13 Idem.
1.2 The time factor: late and limited acknowledgment of social needs (Brazil, Chile)

The time elapsed since the beginning of the Brazilian and Chilean transitions makes it possible to analyze these experiences in a time perspective. Both experiences show that with the passage of time, the specific context in which the “pacted transitions” took place have changed, thus allowing for economic policy adaptations or reorientations.

In Brazil, the composition of the political coalition that had ruled the country since 1985 was significantly altered with the election of Workers’ Party candidate Lula da Silva as president in 2003. This change allowed for a policy reorientation.

In Brazil, the distribution of wealth is one of the worst in the world, with at least 12.9% of the population living in extreme poverty. Despite the central role of the 1984 mobilizations in defeating the authoritarian regime and the promises made during the electoral campaign, very few social measures were implemented in the post-election period. Though a gradual move was made after the adoption of a new Constitution in 1988, it remained limited; and, it was only after the election of Lula that significant social programs aimed at tackling poverty and inequality were implemented.

Currently, the two most important programs designed to reduce poverty and inequality are the Continued Cash Benefit Program (BPC) and the Bolsa Familia, both targeted instruments of cash transfer programs. The former was enshrined in the 1988 Constitution and later regulated by ordinary legislation; whereas the latter was created in 2003 through a presidential provisional measure, which was later transformed into law. As a program established by the constitution, BPC is less vulnerable to fiscal adjustments, budgetary cuts and other contingencies. Nevertheless, the Bolsa Familia has been given higher attention due to its strong association with the (Lula) government that created it.

The two programs target different groups:

- the BPC was first implemented in 1995. It is a monthly unconditional cash transfer targeted to individuals of any age with severe disabilities and to the elderly over 65, with family per capita income below one-fourth of the minimum wage. Although the Ministry of Social Development (MDS) is in charge of coordinating the program, the application for the benefit is carried out in the branches of the National Social Security Institute (INSS). In the case of the disability benefit, the selection of beneficiaries is carried out mostly by doctors.

- the Bolsa Familia Program is a cash transfer launched at the end of 2003, which resulted from the unification of a series of pre-existing conditional cash transfer programs. It is directed to low-income families, especially to pregnant or lactating women, children and adolescents. Municipalities are largely responsible for the selection of the beneficiaries. The program includes education and health conditional on the receipt of transfers, basically related to school attendance, children’s immunizations and pre and post-natal care.

In 2008, analysts considered that they were accomplishing the goals they were designed to achieve, i.e. reducing poverty and inequality under costs which were compatible with the Brazilian budgetary capacity. It was estimated that they alone were accountable for 23% of the drop in income inequality between 2001 and 2004.

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16 Medeiros & Britto, p. 2.
17 Garbelotti.
18 Idem, p. 1.
19 Medeiros, Britto, p. 13.
In Chile, the balance of forces within the political coalition born in 1989-1990 has gradually changed in a similar manner. From the early 2000s onwards, the reduced influence of the military and their supporters made it possible for Social-Democrats Ricardo Lagos and Michelle Bachelet to implement further-reaching social measures. Yet the extent of change remained limited.

Chile has a high level of income inequality compared to both developed countries, and even compared to the standards of Latin America. After the political transition, successive Concertación governments did little to abandon or change the basic welfare institutions inherited from the military regime (characterized by privatization of social security and decentralization of health care). In March 2008, the Bachelet administration succeeded in adopting a reform that notably increased minimum pensions and provided non-contributory ones to those over 65 with the lowest incomes. While powerful private interests prevented more extensive reforms, the result of the reforms implemented by the Bachelet administration was layering of new protections for those vulnerable or likely to be excluded from the existing system.

As a result, indicators show that income inequality has fallen in Chile since 2000. Moreover, the percentage of poor in 2006 was only one-third of the 1990 level, representing a dramatic decline in poverty in a relatively short period of time. However, as with previous Concertación governments, the measures implemented mainly focused on the allocation of additional funding to social policies rather than on any structural changes to the existing social security systems.

The consequences of failure to implement meaningful changes have started to manifest themselves in various social protests in the country. These include large student protests in mid-2011 that demanded reform of the education system, which was largely privatized under General Pinochet’s rule. Protesters criticized the system for failing families with poor quality public schools, expensive private universities, unprepared teachers and banks that make education loans at high interest rates that most Chileans can ill afford. Similarly, the health system is considered a failure.

As the transition underwent different phases in Brazil and Chile, the constraints exerted on policy-making by the original pact between elites have gradually weakened. This allowed for the formation of new political coalitions (Brazil) or provided wider margin for maneuver to elected governments (Chile). This translated into greater attention paid to the social dimension of economic policies. In Brazil, Chile and Indonesia, however, failure to address social inequalities in a meaningful way has had a significant impact on the credibility and legitimacy of democracy.
1.3 Challenges and lessons learned for Myanmar, Tunisia and Egypt

1.3.1 Identifying and containing potential spoilers
Previous experiences have shown that the composition of the new political coalitions and the balance of forces between new governments and former elites play a crucial role in economic policy choices in times of transition. Because of possible convergence of interests between elites, reforms might eventually maintain the pattern of exclusion characteristic of the former regimes. Similarly, new governments might feel constrained to make compromises with former elites in order to avoid their spoiling the transition process.

In Tunisia, Egypt and Myanmar, one major challenge of the ongoing transition will therefore be the management of potential spoilers by the new governments and their capacity ensure change is not decided by non-elected groups or institutions in the decision-making process.

Pillars of the former regimes
In Myanmar, the three main economic power centers were the business associates of the military regime, the military itself and the ruling party, the Union Solidarity and Development Party (USDP). Each could lose out significantly in the transition and might therefore have an interest in derailing the process. The main issues hence are whether they will have the will or the capacity to resist the change, and how they could be prevented from derailing the process. For the International Crisis Group, the broad consensus among the political elite on the need for fundamental change means that the risk of a reversal appears low and that there is no coherent group of disaffected individuals with the power to undo the process.27 While reaching the same conclusion, other experts consider that if the reforms were to falter or if there were signs of instability, both cronies and members of the USDP could press for a return to more authoritarian control.28

Previous experiences, notably that of Indonesia, should be kept in mind in the case of Myanmar, however. Given the nature of the new political coalitions, there is a risk of economic reforms being implemented that will not break the power of the politico-business-military oligarchies and thus not significantly change the pattern of power relations.

In Tunisia, various groups and individuals close to the former regime – businessmen, cadres of the former ruling party – the Constitutional Democratic Rally (RCD) – members of the bureaucracy and the security apparatus (especially the ministry of Interior) – might have an interest in derailing the transition process to provoke a backlash against the new authorities. Recent reports have highlighted that networks of former notables – sometimes local leaders of the RCD – have reconstituted and played a role in violent conflicts at the local level29, contributing to a serious deterioration of the security situation. Similarly, it has been argued that businessmen whose economic positions were consolidated under the former regime are trying to preserve their monopoly rents by creating tensions at the local level.30

Economic recovery has also been impeded by the bureaucracy’s reluctance to accept Ennahda’s rule, while the Islamist party cannot rely on supporters in the intermediate levels of the administration yet. Similarly, given that there is no significant change in the business elites after the departure of Ben Ali – the most influential being businessmen from Sfax and the Sahel regions) – the new government might find it difficult to obtain their cooperation or make them play a constructive role in the transition. In a context where personal relations and connections still play a central role, Ennahda’s leadership knows that the only way to implement its economic policy would be to rely at least partly on the former regime’s networks. Yet this is hardly acceptable for Ennahda’s rank-and-file members and local leaders, who expect genuine change as well as rewards for the sacrifices they made.31

27 ICG, 27 July 2012.
29 ICG, 6 June 2012, p. 16-18.
30 Idem.
31 Author’s interview with a Tunisian researcher, July 2012.
In Egypt too, various groups and individuals linked to the former regime might have an interest in impeding the transition: businessmen who might feel threatened by competitors close to the Muslim Brotherhood now in power; former cadres of the National Democratic Party (NDP), local notables and members of the security apparatus who might have an interest in showing that the new authorities are unable to control the situation and the capacity to incite violence and sectarian clashes, for instance.

The military
In Myanmar and in Egypt, among the central issues is the political role of the military, and the shift in the balance of power between the latter and the new governments.

In Myanmar, the exit strategy engineered by General Than Shwe has allowed for a generational transition and the nomination of new leaders into key positions after 2010 (not considered free and fair) elections. Yet the government still includes many members of the previous military regime. The president was the former prime minister and a career military officer.

In Egypt, the Supreme Council of the Armed Forces (SCAF) directly assumed political leadership from February 2011 until the presidential election of July 2012. While in power, SCAF determined the rules of the transition (through several secretly drafted constitutional declarations) and decided when and which political forces to consult in making important decisions (for instance on the new electoral law or the formation of the constituent assembly). Yet SCAF chose not to oppose the democratic election of the first civilian president, Muslim Brother Mohamed Morsi. Contrary to widely shared expectations at the time of his election, President Morsi has gradually imposed a new balance of power between the Presidency and the military. Yet the apparent agreement reached between the two groups has raised questions regarding the kind of compromises that might have been agreed upon behind closed doors. Still a major economic actor, the military may still turn out to be a major obstacle to social and economics reforms demanded by the public for action by the new government, because of vested economic interests.

1.3.2 Implementing simultaneous economic and social reforms

While previous experiences have highlighted a tendency of new governments to focus on macroeconomic reforms and the restoration of growth to the detriment of socially-oriented measures; such strategy might prove particularly unfit both to the situation in Tunisia and Egypt, where regime change was triggered by popular calls for social justice. Nor is it likely to work in Myanmar, where peace and social cohesion are yet to be achieved.

In such contexts, economic and social policies based on inclusive, pro-poor growth might appear to be the best policy options. However, the realization of such policies is a difficult task for new governments, given their pragmatic interest in appeasing the old-guard coupled with pressure from international organizations to implement traditional neoliberal policies.

Myanmar
The degradation of the macroeconomic situation played an important role in the decision of the military regime to accelerate economic and political reforms. The new semi-civilian government that came to power in March 2011 inherited a dysfunctional economy, resulting from decades of mismanagement as well as the impact of international sanctions. Key factors inhibiting the country’s growth rate in the last decades have been low investment; frequent episodes of macroeconomic instability; low levels of industrialization; a weak banking sector; and numerous distortions and inefficiencies, the most important being the multiple exchange rate regimes. Moreover, major reforms were viewed as necessary in order to increase competitiveness and prepare the country for its entry into the ASEAN Free Trade Area in 2015.

32 ICG, 7 March 2011.
35 ICG, 11 April 2012.
The transitional phase is therefore from a managed economy to a market economy. The exchange rate crisis proved crucial in the commitment of the military regime to implement economic reform. In a recent report, ICG argued that the managed float of the kyat has been a key reform for rationalizing the state budget, reducing inefficiencies and rent-seeking opportunities in the economy and creating space for private sector development. Other steps need to be taken to ensure that the exchange rate is stable and predictable, which is vital for building business confidence in the currency. In the long term, the economic base needs to be diversified, by supporting new job-creating industry and lessening the over-reliance on exploitation of natural resources. Budget priorities would also need to be reconsidered, especially high military spending and very low spending on social service provision.

The government has taken a number of important steps since March 2011. Experts highlight that the country has high potential for rapid economic growth and development given its rich natural resources, abundant labor force, and strategic location between China and India. They also consider that recent reforms have opened up a wide range of economic opportunities including foreign investment in key sectors that are outdated due to decades of isolation.

Yet, the speed and extent of these reforms have raised questions about how sustainable the process is. The government is also confronting the continuing international sanctions that limit its capacity to receive assistance for the elaboration and implementation of economic reforms. There is notably limited institutional and technical capacity to carry out detailed policy formulations and to implement some of the reform measures being adopted. This is acting as a brake on the process and means that citizens are slow to see the impact of some of the changes.

Moreover, there is a risk that making major policy changes in a context of unreliable data and weak economic institutions could create unintended economic shocks. Given the high levels of impoverishment and vulnerability, even a relatively minor shock has the potential of causing a major impact on livelihoods. At a time when expectations are running high, and authoritarian controls on the population have been loosened, there would be a potential for unrest. While Myanmar has still not achieved peace, there is a special need to pay sustained attention to social cohesion. Economic reforms implemented without social safety nets being in place might give rise to renewed social tensions and violence.

Tunisia

Despite its economic growth and macroeconomic performance before the revolution, Tunisia was faced with problems that increasingly threatened the authoritarian “bargain” between the regime and society: the growing inability of the economy to create jobs for educated labor, the proliferation of marginal and poorly paid jobs in the informal sector, and rising income inequality and regional disparities. Gradually, the losers from the status quo became more numerous than the winners, which led to the erosion of the regime’s legitimacy and opened the way for the unprecedented social protests in December 2010. The wide scale demonstrations that led to the toppling of President Ben Ali were largely triggered by demands for social justice, employment opportunities and the end of corruption.

Political instability and a growing sense of insecurity have seriously damaged the overall economic situation after January 2011. Tourism, which represents 6.5 % of GDP and is the largest provider of foreign exchange, declined by more than 50 %. Foreign direct investment (FDI) dwindled by 20 % and more than 80 foreign companies left the country. The unemployment rate reached 17 %, compared with 14 % before the revolution. Both the public deficit and current account deficit increased.

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36 ICG, p. 19.
37 Reference to add.
38 ICG, 27 July 2012.
39 CEIP, December 2011, pp. 4-5.
40 ICG, June 2012, p. 5-6.
41 CEIP, December 2011, p. 5.
On such background, the new government has insisted on the need to implement economic policies that aim at both supporting growth and reducing social inequalities. In April 2011, it announced a “short-term economic and social program” focused on five priorities: security, job creation, support for economic activity and access to finance, the promotion of regional development, and the provision of targeted social aid. In addition, a complementary budget bill was approved in June 2011 in which projected spending was increased by 11%. Nevertheless, most announced measures remained vague and lacked any firm schedule for implementation.42

It is often argued that the government's strategy should focus on:

- developing a strong and competitive private sector (to sustain job creation);
- supporting small and medium enterprises;
- designing incentives to channel resources toward selected high-value added and knowledge intensive sectors;
- reforming the tax system in order to remove distortions and achieve an equitable sharing of the taxation burden and more effective social spending (including the use of instruments such as gender and participatory budgeting);
- designing a comprehensive regional development strategy that responds to the full diversity of socio-economic interests and needs.

Yet the new government has so far taken very little action on the economic front and Tunisians have grown increasingly impatient over the last months, raising fears of renewed wide scale protests and increased violence.43

**Egypt**

In the immediate period before the revolution, the performance of the Egyptian economy was considered globally positive. Structural reforms implemented under the influence of the IMF had accelerated in the 2000s, moving the country towards a more market-oriented economy and prompting increased foreign investment. Macroeconomic annual growth averaged 5% annually in the period between 2005 and 2010. Yet the expected “trickle-down” effect of these policies had been slow to emerge and an increasing part of the population, especially among the poor and middle-class families, felt that the benefits of growth were not equitably shared. Growing unemployment, especially among the youth, added to the hardships encountered by many Egyptians. This deepened the regime’s crisis of legitimacy. When the scale of the popular upheaval of January / February 2011 increased significantly, the military, which had on several occasions voiced their opposition to the economic orientations taken since the mid-2000s,44 chose to distance itself from President Mubarak and took the lead of the transition process.

The sense of insecurity and the multiplication of strikes and protests have seriously impeded economic activity since early 2011. GDP has declined by almost 4% and manufacturing by 12%. Revenue from tourism has collapsed, putting pressure on the balance of payments, which in turn has sparked a slide in foreign reserves. Official reserves have fallen by $9 billion during the first half of 2011. It is estimated that Egypt will further face an external financing gap of about $11 billion in the second half of 2011 and the first half of 2012.45

Some experts have argued that under the current circumstances the new government should focus on a number of priorities:46

In the short term, the image of the private sector – which continues to carry negative connotations (corruption and collusion with the security services) – needs to be rehabilitated so that it can be a productive player. The government should also stop borrowing from the domestic market, which absorbs a significant amount of liquidity that otherwise could benefit other economic sectors and postpones many pressing decisions, such as reconsidering the tax structure and government subsidies. More attention should also be given to small and medium enterprises, which employ the largest number of workers.

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42 CEIP, December 2011, p. 5.
43 ICG, June 2012.
44 COLLOMBIER, p. 10.
45 CEIP, November 2011, pp. 4-5.
46 Saf, July 2012.
In the long term, there must be a rehabilitation of the increasingly unproductive agricultural sector, which absorbs a large number of workers, and the manufacturing sector.

Yet, faced with continuing protests and rising tensions, the transitional government mainly reacted by inflating the budget to appease the demands of the protesters. For instance, it offered fixed-term contracts to 450,000 temporary employees and approved a 15% public-sector wage increase that will raise the total pension expenditure. While an elected government is now in place, no overall strategy to address the economic and social situation has been designed so far, and no significant measure considered with a view to addressing the severe inequalities that triggered the regime change.

More serious, there has been no indication so far that the new government’s economic program will be substantially different from the one implemented under the Mubarak regime. In August 2012, Egypt requested $4.8 billion in economic assistance from the IMF to help stabilize the economy. Now experts expect that the conditions for such a loan will be the usual sets of reforms, and might for instance require the end of the subsidies on petroleum and food products. If not counterbalanced by other measures aimed at supporting the poorest, such policies would have an extremely negative impact on the social situation.

Moreover, analysts underline that the new Islamist-led governments in Tunisia and Egypt essentially call for the increase of growth rates, stimulation of the private sector, and attraction of foreign investment, at the expense of development and equitable distribution of income and resources, arguing that putting an end to corruption will be sufficient to erase the flaws in the system. There has also been an attempt on their part to silence those opposing this economic trend, particularly in Egypt given the Brotherhood’s control of labor unions and professional associations and unions.

Since the revolutions, the number of protest movements, strikes and sit-ins in both countries have increased due to deteriorating economic situations and the failure to implement significant social measures. In Egypt a deteriorating security situation in conjunction to a stumbling economy has influenced a significant number of Egyptians to question the benefits of transition, considering that there is no perceived benefit in having a new government unless it is able to improve their living conditions.
Part 2: State-society relations

This part focuses on the need for a profound reshaping of state-society relations in the transition period. Authoritarian regimes have not only delegitimized the state in the citizens’ eyes; they have also in many cases deeply affected social cohesion. New mechanisms and institutions allowing for sustained interaction between the state, individual citizens and communities need to be imagined for a viable democracy to be built.

The first section underlines how traditional intermediary institutions such as political parties are affected by a deep crisis of legitimacy. It shows that any effort to build effective democracy should focus on their strengthening. It also highlights that despite current shortcomings, the media could play a positive role in enhancing political inclusion (2.1).

The second section focuses on recent experiences of democratic participation undertaken in Brazil and Indonesia, underlining their successes and limits (2.2).

The third section addresses the current challenges in Myanmar, Tunisia and Egypt. It stresses the need to strengthen traditional intermediary institutions and establish creative mechanisms for ensuring participation in decision-making at the local level and inclusion of marginalized communities (2.3).
2.1 Traditional intermediary institutions that do not fulfill their role

2.1.1 Political parties and institutions

Political theory views political parties as the main agents of political representation, and as playing a crucial role in articulating and aggregating citizens’ demands in democracies. As one of the main intermediaries between the state and citizens, one would therefore expect parties to have a major role to play in transitions. In Brazil, Chile and Indonesia, however, the very pattern of transition has seriously impeded that role, as well as that of democratic institutions in general.

Brazil

In Brazil, political parties have proliferated since 1985. The party system remains, however, little institutionalized and extraordinarily fragmented, with several parties too weak to have a nation-wide presence that limit their individual electoral successes to limited constituencies. Against this background, the Workers’ Party (PT) appears as an exception. It highlights the decisive role of political parties in channeling the demands of (ordinary) citizens into mainstream politics.

While Brazilian politics has traditionally been elitist, trade unions and leftist parties have made a serious attempt to break with this feature by claiming access to, inclusion and participation in the national political sphere. Formed in 1980, at a time of growing confidence of social movements, the PT has become a symbol of this popular struggle. Born out of the metal working unions of São Paulo, the PT is a unique entity in the Brazilian political spectrum. It differentiated itself from most other parties in that it was essentially a party with its roots in mass movement. Initially spanning from new unionism, it attracted a variety of other social movements (the Catholic church, left-wing intellectuals and feminist groups, among others). These groups, which had previously been on the fringes of a clientelistic state and were either ignored or repressed by the authoritarian regime, have essentially been incorporated and represented in the democratic system. The PT has gradually become a progressive catch-all party for the marginalized sectors of Brazil, playing a major role as a democratizing force. Moreover, the PT has maintained a low level of entrenchment, making leaders accountable to the rank and file. Frequent internal elections allow party members to hold their leaders accountable and adapt their policy preferences over time.

Because of the party’s internally democratic institutions of participation and contestation, the PT’s evolution to a more moderate and pragmatic party has been a bottom-up change. The PT has become more moderate over the last decade as it gained support and won elected office at all levels of government. There has gradually been an ideological shift towards accepting the economic consensus around neoliberal market reforms. This helped mitigating the potential for an elite reaction to the election of a left-wing party, and proved a successful strategy for the municipal elections of 2000 and the successive presidential elections since 2002.

It is widely argued, however, that the use of Brazil’s democratic institutions has been perverted, both because of the weakness of the party system and the complexities of the institutional framework. This has seriously impeded effective representation of citizens and the possibility to implement significant policy change.

The electoral system (open-list proportional representation for the legislative elections) and the high levels of political decentralization (federal system) have contributed to the creation of a political culture based on personalized politics, narrow self-interests, and clientelistic relationships. Poverty forces the poor to accept only minimal benefits in exchange for their political support, effectively creating a second-class citizenry.

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54 Lobo, 2010.
56 Brodie, p. 10.
Moreover, the institutional framework has stymied attempts at reform at the national level, mainly because it has fragmented the legislative process and created a large number of “veto players” that can efficiently resist change and reform. The constitution disperses power both horizontally – between bureaucracies, Congress, the judiciary and the executive – and vertically by giving huge political and fiscal power to the states. Due to the federal system, most of the fiscal distributive power is concentrated at the state level. Accordingly, instead of a party having a single, central decision making process at the national level, coordination needs to occur between all twenty-six state party leaders for large reforms. The reform of the health system in 2003, and the way it had to be watered down in the course of the negotiation process illustrated how Brazil’s political institutions have a debilitating effect on the legislative process and help serve the interests of elites.

Chile

Elite politics has been at the core of Chile’s successful transition. From 1990 onwards, the political system has been characterized by a supra-party political elite; the negotiation of elaborate power sharing arrangements in the executive branch; and the elite domination of the candidate selection process. The electoral system - two seat-districts where the highest polling coalition can only win both seats if it more than doubles the vote total of the second-place list - also contributed to reinforcing the elite power sharing arrangement. Moreover, tripartite negotiations were introduced between the government, employers and labor organizations as means to reach agreement on major policy decisions. In this context policy experts and technical cadres, who were seen as the main pillar for consensus building, have gained enormous influence in the policy making processes.

If this pattern had a stabilizing effect during the transition period, it has turned counterproductive in the period of democratic consolidation. The principle of deal making – the very basis on which successive Concertación governments were built – has undermined democratic responsiveness, accountability and legitimacy. The government’s emphasis on consensus has placed the parties in a subordinated position, and technocrats’ policy preferences have prevailed. Moreover, negotiated agreements outside Congress have often been the norm between the Concertación and its allies, such as trade unions. This model has minimized the role of the citizenry and Congress in government policy making. Political parties are less connected to their constituencies and their ability to satisfy sectoral demands and distribute benefits to specific groups is more limited than in the past.

Since 1990, the two main coalitions have also increasingly converged in terms of their political agenda. The consensus model has prevented deeper and much-needed reforms to the political, economic and social system. It has focused on preserving the economic and social security structures set up by the Pinochet dictatorship. Although the Concertación governments have significantly increased fiscal expenditure on social policies, they have not in any way touched the privatized structures of healthcare and pensions or attempted any form of redistribution.

Ordinary Chileans therefore have few tools with which to shape the political agenda or to hold leaders accountable. While there is a mass public demand for practical changes and solutions to everyday problems, there has been increasing level of intolerance with elitist institutions and mechanisms of policy making. Public opinion survey data suggest citizens’ disgust with politics as usual. Now the Chilean public is not willing anymore to excuse limited popular input and the lack of deeper reform as simply an inevitable result of the delicate politics that characterized a sensitive transition. Increasingly, Chileans have disengaged in formal forms of political participation (lower voter registration, lower electoral turnout). There is obviously a need to move on to a more inclusive form of politics.
Part 2: State-Society Relations

Indonesia

Despite the successful introduction of formal electoral democracy, the traditional institutions of liberal democracy are still largely missing in Indonesia. Many commentators suggest that Indonesia’s political system has remained as exclusionary as it was.

Political parties have been confronted with new pressures in the recent years. Voter identification with parties is said to have declined, notably as a result of the homogenization of parties (their “flight to the center”) and the relative decline in identity politics (while voters traditionally tended to vote along socio-religious lines). This void has not been replaced by contestation over policies — since parties have been increasingly producing almost interchangeable policy platforms — and party activity has been mostly fueled by “money politics” or “distributional politics”. As a result, there has been a sharp decline in public regard for parties and increasing disillusionment with the electoral process since 1999. Surveys have indicated that political parties are seen as amongst the most corrupt organizations in the country and amongst the least trusted.65

In formal constitutional and political terms, the Indonesian Parliament (DPR) has undergone a transformation since its days as a rubberstamp for the regime under Suharto. The DPR has ended the monopoly on decision-making once exercised by the President. The free elections of 1999 invigorated it with a new legitimacy, which gave it confidence to intervene in the operation of the government in an unprecedented way (for instance with the removal from office of President Wahid in 2001).

Yet the DPR has remained largely captured by a culture that lacks transparency and accountability. Public perceptions of inattention to duty and corrupt and rent-seeking behavior have seriously tarnished the image of the DPR. Observers have highlighted the poor record of communication with constituents.66 Very few members have any kind of office or other public presence in their electoral districts. The electoral system has also perpetuated this situation in the sense that the party list system means that a higher ranking in the party’s list is the most important determinant of electoral prospects. This has exacerbated a lack of internal party democracy. In the DPR, members are regarded as being the instrument of their party rather than being chosen by the voters to represent them in Parliament.

Moreover, the bureaucracy continues to play a major role in formulating government policy. Parliament lacks the capacity to take full advantage of its legal authority, and politico-bureaucrats are able to influence parliamentary decisions through corruption.

On such background, some have argued that the process of democratization has nevertheless removed key obstacles to organization by poor and disadvantaged groups and their NGO allies, making it easier for them to engage in collective action aimed at achieving pro-poor policy change.67 They underline that poor and disadvantaged groups have had the opportunity to establish new representative organizations outside the corporatist structures associated with the old regime. There was for instance a massive explosion in the number of trade unions, a dramatic growth in the number of organizations representing peasant and indigenous communities, as well as the establishment of women’s organizations. They also argue that there has been an electoral incentive for political representatives to pursue policies that favor the poor and disadvantaged (including peasants and indigenous groups). Despite such improvements, however, it is recognized that these new organizations still lack the organizational capacity and access to the material resources necessary for their empowerment.68

In most cases, rather than fulfilling their role as intermediaries between the citizens and the state, political parties have become instruments for the preservation of elite interests and the status quo.

65 Sherlock.
68 Idem.
Only in the case of Brazil did the Workers’ Party play a significant role in the aggregation and representation of disadvantaged groups, and their political inclusion. Yet the overall political system is designed in such a way that it impedes any attempt at reform that could seriously threaten the interests of traditional elites.

Addressing such discredit of political parties and political institutions is of paramount importance in ensuring the legitimacy of the existing political system and evolving democracy in the respective countries.

2.1.2 The media
The media has a crucial role to play in the development of a meaningful role in democracy. Credible outlets enable citizens to have access to information that they need to make informed decisions and to participate in society. In Brazil and Chile, the media sector in general has not proved particularly supportive of democracy during the transition period. On the contrary, while media outlets had played a major role in the struggle against the military regime in Chile, the policies implemented by the Concertación governments have led to a serious reduction of media diversity. Even though positive developments occurred in Indonesia over the last decade, they remain very limited.

Brazil
In Brazil, there was a history of censorship and government interference with the media from long before the 1964 coup. The media in general, and broadcasting in particular, had from the beginning been closely related to the state and the political elite. National broadcasting policies have traditionally been closely aligned with political interests and state control. Broadcasting regulation has been under control of the ministry of Communication, with presidents using the distribution of radio and television licenses as a form of political patronage.

The role played by the mass media in the new democratic order did change somewhat, with a widening of public debate in the mediated public sphere and reporting of political issues displaying less bias. Yet the continuities with the military dictatorship are particularly evident in the broadcasting system and press. The same companies, the same families, the same editors ran the media before, during and after the dictatorship. Although significant changes occurred in the Brazilian media in line with the political transition over the last decades, these changes helped preserve rather than alter the larger media system.

Even the election of President Lula has not substantially altered the distribution of power in the media. While the program for the sector of social communications presented by Lula in 2006 for his re-election bid stressed the democratization of communications as necessary for the deepening of democracy, the President has been criticized for having done little to change the media landscape in the country.

There are demands of civil society players for a diverse communication platform that can attend to the needs of the country’s multiple identities. In March 2010, the National Cultural Conference defended further commitment to the regionalization of programs and criticized the concentration of media groups. Similarly, various scholars have defended the strengthening of community media as a means for further democratization of social relations in Brazil.

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69 Sparks, p. 16.
70 Sparks, p. 17.
71 Sparks, p. 20.
72 Matos, p. 192.
73 Matos, p. 191.
Chile
In Chile, the struggle against dictatorship produced a wide array of independent media closely linked to grassroots social movements and employing participatory forms of production and distribution. These alternative media became important voices of dissent and their role expanded as mass opposition grew. When the first Concertación government took office in 1990, the public sphere was energized by an upsurge of new alternative and participatory media.

Radio has traditionally been Chile’s most decentralized medium with a more than double increase in the number of stations between 1990 and 1996. This expansion of provincial stations had the potential to revitalize radio as a source of local news and a forum for local expression. Similarly, there was an upsurge of grassroots video production as the transition got under way. It appeared that the development of such decentralized, participatory media might provide an important outlet for diverse voices and social demands to be expressed.

Yet, despite some advances such as the new Press Law, the government neither supported the existing independent media nor fostered the development of the emerging ones. Instead it opted for a market model responsive to the needs of transnational investors and consistent with its own political interest in curtailing or eliminating media that could serve as voices for human rights advocates or opponents of the neoliberal economic model. As a result, media diversity did not resist the first decade of transition.

Indonesia
In Indonesia, hundreds of new newspapers opened following the downfall of the Suharto regime in 1998. Media have done well to help articulate people’s interests, especially at the local level. They are increasingly using the various tools at their disposal to facilitate a two-way communication between local government and civil society. When given these opportunities, Indonesian citizens respond overwhelmingly enthusiastically, as seen in the sustained popularity of interactive radio and television programs and the high number of readers’ comments and questions regularly submitted to local print media.

The media have also played an important role in highlighting malfeasance in public life – resulting in the oustering of corrupt officials – and raising public awareness on the need for reform. The press for instance uncovered wrongdoing that led to the filing of charges against high officials. The Alliance of Independent Journalists in Indonesia has launched an “anti-envelope” awareness campaign where journalists wear T-shirts or ribbons saying, “I don’t take envelopes,” alluding to the common practice of providing reporters envelopes of cash during press conferences. The newsmagazine Tempo, which provides a weekly analysis of the news in addition to original reporting on current affairs, appeals to readers as citizens. One of the most respected and best-selling publications in Indonesia, is seen as a beacon of democracy and has influenced public opinion on issues of governance, human rights and ethnic and religious conflict.

Yet such examples are limited, both in number and in the long-term change achieved. Moreover, their impact has been influenced by a variety of local factors – be it open-minded government officials, particularly determined journalists, or the existence of local media that are particularly public interest oriented. Standards of professionalism in journalism also need serious improvement.

The experiences of Chile under the authoritarian regime and the recent developments in Indonesia have underlined how media democratization can assist in the deepening of political democratization.

Development of decentralized, community-based and participatory media in particular can play a significant role in the enhancement of citizens’ participation.

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74 Bresnahan, p. 51.
75 Bresnahan, p. 61.
76 UNDP, 2009.
77 Coronel, p. 10.
78 Coronel, p. 16.
2.2 The development of new democratic practices

Partly because of the perceived limits of citizen participation through political parties and traditional intermediaries, new democratic practices have developed. These initiatives aim at allowing citizens to become more directly involved in the administration of all things public – particularly the design, implementation, and control over public policy. Citizens are thus enabled to express their preferences in a way that is not directly mediated by political parties and professional politicians, whose legitimacy is questioned.

Different because of the circumstances in which they took place and the time that has elapsed since the formal transition to a democratic system occurred, the experiences of Brazil and Indonesia provide interesting examples of institutions and mechanisms that can contribute to the reshaping of the relationships between states and citizens in countries that have been characterized by highly coercive and centralized forms of authority, domination of elites, regional, and ethnic or sectarian diversity.

2.2.1 The reinvigoration of Brazil’s participative democracy

The 1988 Constitution
In 1988 the adoption of a new constitution was a first step towards increased citizen participation. The text incorporated social demands for inclusion in the political arena, thereby creating space to experience participatory democracy. Various devices were implemented to expand political rights – especially related to administrative decentralization – as well as incorporating citizen and civil society participation in the management of public policies. Furthermore, referendum and plebiscite mechanisms were established for consultations on state divisions and legal matters, and a public initiative was created for the drafting of legislative proposals. While the Constitution provided a framework for such enhancement of participation, however, it still needs to be actually practiced.

Participatory budgeting
The Workers’ Party is noted for the introduction of participatory budgeting in the city of Porto Alegre (controlled by the PT), starting in 1989. It was part of a number of innovative reform programs initiated to overcome severe inequality in living standards among city residents.

Participatory budgeting in Porto Alegre occurs annually, starting with a series of neighborhood, regional, and citywide assemblies, where residents and elected budget delegates identify spending priorities and vote on which priorities to implement. Porto Alegre spends about $200 million per year on construction and services, an amount which is subject to participatory budgeting. Around 50,000 residents of Porto Alegre now take part in the participatory budgeting process (compared to 1.5 million city inhabitants), with the number of participants growing year by year since 1989. The successes in Porto Alegre led to the program’s enrolment in virtually all PT-controlled districts.

National policy conferences
The major participatory experiment held in Brazil has been the national public policy conferences. They consist of participatory spaces designed to deliberate on guidelines for the formulation of public policy at the federal level. Meetings are organized at the municipal, state or regional levels, and the aggregate results of the deliberations occurring during those stages are the object of deliberation in a national conference.

National policy conferences have gradually become more inclusive, assembling more diverse and heterogeneous social groups, especially representatives of civil society originating from NGOs, social movements, labor unions, business associations and other entities, professional or otherwise.
Since 2003, several conferences concentrating on the deliberation of policies related to minority groups have taken place. Participation has grown among women, Afro-Brazilians, indigenous people, the lesbian, gay, bisexual, and transgender (LGBT) community, people with disabilities, and youth, among others. In this way, national policy conferences can be seen as political processes inclusive of minority groups. They have made it possible to represent the interests of minority groups in the Congress even when they are not being defended in traditional party platforms.

Yet, despite successes, participatory governance experiences face countless challenges. The consolidation of these experiences depend on overcoming numerous difficulties such as an under-empowered civil society, excessively technical language in discussions, detachment of the legislative power, lack of information and motivation for participation, and insufficient structures to promote participation. It has for instance been noticed that participation within these programs has been largely taken up by existing political actors and groups.

### 2.2.2 Indonesia’s efforts to enhance citizens’ representation and participation

#### The decentralization experiment

After the fall of the Suharto regime, Indonesia’s diverse regions asked for more democracy and local control over their own affairs. Since these demands were heard more insistently from restive regions rich in natural resources such as Aceh and Riau, they raised fears that Indonesia might disintegrate under pressure from secessionist movements. Decentralization was presented as the answer to this fear, and as a way to ensure enhanced participation of citizens in decision-making processes.

With the passage of Laws 22 and 25 on local autonomy and local finance in 1999, all municipal-local level services and health, education and culture, public work, agricultural development, communications, environment, land management, capital investment, labor, cooperatives, and management and manufacturing and trading activities were devolved to districts, cities, towns and villages. The major functions that have remained with the central government are justice, defense, police, monetary policy, development planning and finance. All other functions are reserved for local governments. The provinces have only been given a minor, coordinating role. The program was implemented at a great speed and completed in less than two years.

Thanks to these laws, new opportunities emerged for a revised relationship between state and communities. They provided a new legal framework for the democratization of local-level politics and village institutions, by clearly stating that the basis for the new regulations on village government was “diversity, participation, genuine autonomy, democratization and people’s empowerment”. The objective was to enhance political participation, strengthen home rule for local services, while trying to redress long-standing grievances of resource-rich provinces by giving them a greater access to resource revenues collected by the center from the provinces.

At the time of taking first stock of the experiment, some analysts consider that a real measure of local autonomy has emerged, while others underline the limits of the experience. In particular, they insist on the fact that it has been solely focused on enhancing local autonomy, with almost complete neglect of bottom-up accountability issues. Several reasons have been highlighted for such failure:

- in the absence of any tax decentralization, local governments have been in the situation of spending money raised by others. Government accountability to the people will be incomplete until the politicians making decisions about expenditures are the same ones who have to justify tax rates to the citizens;
- there has been confusion about expenditure assignment: the law is unclear about which responsibilities are mandatory for the local government to take on, and which ones may be shared with the central government. The result of such unclear demarcation of responsibilities has been weakened accountability, as people are unsure which level of government is responsible for what.

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79 Pogrebinski, p. 9.
80 IDEA, 2000.
81 Shah & Thompson, 2004.
82 Shah & Thompson, 2004.
The Partnership for Governance Reform in Indonesia (PGRI)

Based on the assumption that civil society organizations (CSOs) can play an essential role in pushing for and helping to bring about reform, the creation of a mechanism that would allow for communication and coordination between CSOs, government agencies and international donors was considered at the end of 1999.

After consultations between UNDP, representatives of the new government, the parliament, representatives of the judiciary as well as civil society and the private sector, the Partnership for Governance Reform in Indonesia (PGRI) was officially established in 2000. Two orientations had been chosen for its work: advocacy, dialogue and policy analysis, and the funding of reform initiatives by civil society organizations and government agencies. PGRI activities focused on the following sectors and themes: anti-corruption, decentralization, civil service reform, legal and judicial reform, representation/electoral reform, and police reform.

An evaluation of its first five years of activity conducted in early 2006 concluded that on the whole PGRI has performed well and made a positive contribution to the reform process. PGRI advocacy and dialogue activities have done a great deal to raise awareness and improve the understanding of reform issues. Its many projects have played a useful role in capacity building at national and local level. PGRI’s most significant contribution has perhaps been the setting up of the network of reform-interested NGOs, which have kept up the pressure for reform “from below” and can help to ensure that the reform process becomes irreversible.

One lesson that can be drawn from the PGRI initiative is that such institutions can be useful in the initial transition phase for donor coordination and as an intermediary between state and society. As a rule, international organizations can help legitimizing domestic CSO efforts to engage the state, where state actors are often unwilling to partner with CSOs, as they see this as a challenge to their authority. Yet, as donor support has reduced and the government representatives on the board of PGRI are not as well connected as they once were in changing political circumstances, the PGRI has become more like any other domestic NGO.

The new participatory mechanisms experimented in Brazil and Indonesia have had positive effects on the representation and participation of various groups in decision-making.

Yet these institutions have often been gradually taken up by existing groups, or at least partly recuperated by incumbent elites. This has limited the scope of intended change.

Moreover, most often these new institutions’ dependence on foreign donors constitutes a serious obstacle to their sustainability.

2.3 Challenges and lessons learned for Myanmar, Tunisia and Egypt

In Myanmar, Tunisia and Egypt, the issue of representation and participation does constitute a major challenge for the new governments if they are to be considered legitimate and be given the means to conduct successful reforms. Since the relationships between the citizens and the state and its institutions have long been characterized by coercion, distrust and fear, one of the main challenges for the new governments is to give citizens the sense that they are part of the new polity, represented and welcomed to participate in the definition of the country’s future.

In Myanmar, the top-down reform process initiated by the new government will have better chances of succeeding if a significant part of the population feels that it might improve its living conditions and give it a say in decision-making processes. In Tunisia and Egypt, where incumbent leaders were toppled by popular revolts induced by the former’s monopolization of power in a way that served their personal interests instead of those of the community, citizens need to feel that democracy makes a change in their lives, and that the transition is not to be a mere substitution of elites, but a genuine regime change accompanied by new state-society relations. Over a year and half into the transition in both countries, this is increasingly being questioned.

2.3.1. A persistent lack of political inclusion

Despite major differences, Myanmar has so far reproduced the overall pattern of elite-driven political and economic opening that characterized the transitions in Brazil and Chile. Although in the new political structure decision-making and power are more diffused, decision-making remains highly centralized. At the economic level, business activity still requires political approval and personal connections remain important.

Moreover, there has been no real reconciliation with minority nationalities. It is argued that ethnic communities will strongly resist any development agenda based solely or even primarily on an elite Burman consensus. In such context, the establishment of mechanisms for consultation and engagement of stakeholders is highly desirable, especially targeted at the grassroots and ethnic communities.

In Egypt, even though the transition was triggered by wide scale social protest, the transition process itself was conducted by the Supreme Council of the Armed Forces (SCAF) without any form of institutionalized participation by the country’s various social and political forces beyond elections. From February 2011 onwards, the Supreme Council of the Armed Forces (SCAF) left very little space to other revolutionary actors in the management of the transition. Even though on some occasions they consulted with representatives of political parties and revolutionary groups, discussions remained informal and were organized on an ad hoc basis. No formal mechanism for consultation and participation of the various political and social forces have ever been institutionalized between February 2011 and the presidential election in June 2012. Until the summer of 2012, most decisions made by the ruling SCAF were unilateral. In such circumstances, street protests had come to be seen by most revolutionary groups as the most efficient way to voice their demands and criticism. Now that a new president has been elected and that the military has been forced to step back from direct exercise of political power, it remains to be seen how political and social forces as well as ordinary citizens will be associated to decision-making, both on the central and local levels. Many issues related to governance of diversity (notably sectarian, gender and regional) pose serious challenges to the definition of a new social pact. Bedouin tribal leaders for instance recently criticized the lack of representation of Sinai’s tribes in the Constituent Assembly tasked with drafting the new constitution.

87 Currie, 2012.
In such context, the persistent weakness of political parties constitutes a major source of concern. Despite the registration of dozens of new organizations since February 2011, none of them has proven capable of positioning itself as a credible and efficient instrument for channeling demands and representing the citizens in the new political arena. Only the Freedom and Justice Party (the Muslim Brotherhood) and the Nur ("Light") Party (Salafist) – which have been relying on influential pre-existing networks using charity and religious identity – have distinguished themselves (notably by securing approximately 70% of the seats in the People’s Assembly). Efforts have recently been made to create a credible political movement that would be able to compete with the Islamists, but to no avail so far.89 Similarly, despite advances, proper representation of the workers has still not been achieved; and there has been no attempt to establish genuine channels of communication between political parties and trade unions, whose demands are therefore not voiced in the institutionalized political system.90

Only in Tunisia were the early phases of the transition process relatively inclusive. Most political and social forces were formally represented in the transition institutions, which were given real decision-making power. Under strong pressure from the National Council for Protection of the Revolution, which consisted of the trade union UGTT, the lawyers syndicate, and several opposition parties) asked for a decisional role in the transition process; the new National unity government formed in January 2011 had to accept the election of a Constituent Assembly and the creation of the High Instance for the Fulfillment of the Revolution’s Objectives, which was to function as a mini-Parliament. Despite some drawbacks, this original institutional formula allowed for the inclusion of most social and political forces in the transition process and contributed to the representativeness of the transitional authorities.

In the subsequent stages of the transition, a constituent assembly was elected and a transitional government formed. This brought issues such as the gap between party elites and ordinary citizens or regional integration and development to the fore and highlighted the need for the establishment of new mechanisms for inclusion and participation. Like in Egypt, political parties have proliferated since January 2011, yet the deep fragmentation and the elitist character of the non-Islamist political sphere have seriously impeded the emergence of a strong and credible alternative to Islamist Ennahda.

In Tunisia like in Egypt, there is still a serious gap in the political representation and inclusion of significant parts of the citizenry, as many citizens complain that politics has remained a game between elites cut off from ordinary people. Beyond the need for strengthening traditional intermediary institutions such as political parties and unions, restoring the link between the state and citizens in Myanmar, Tunisia and Egypt would require the establishment of mechanisms for participation in decision-making at the local level, and ensuring the inclusion of marginalized communities.

A potential role for the media
In Myanmar, freedom of expression, association and assembly has increasingly widened in scope and practice. As a consequence, it has become easier for the population to be heard by decision-makers. On 20 August 2012, the government announced that it would no longer censor private publications.91 Other steps need to follow in order to create the enabling environment which will allow the media to play its role as a channel for participation.

One of the most controlled and censored in the Arab world before the revolution, the Tunisian media has undergone dramatic change since January 2011. Media outlets are now diverse in output and do not have to echo the state line. The legal framework and state institutions governing the sector are being reformed.

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90 Abdallah, 2011.
In spite of these positive developments, the media is still a venue for manipulation, intimidation and bias. If the state-owned press and the media owned by the former ruling party and the Ben Ali family were restructured, the process has been incomplete, since some prominent figures close to the former regime are still controlling the decision-making process in some state-run media.\(^92\) Competing political groups – mostly Islamist Ennahda and the secular elite – have also started using media outlets as a tool in their political and ideological battles. Journalists still operate without appropriate resources and training, and under questionable professional standards.

In view of the experiences of pre-transition Chile and post-transition Indonesia, one positive development is the evolution of the public broadcasting scene: it is now made up of two television channels and nine radio stations, of which four are national and five are regional (Sfax, Monastir, Gafsa, Le Kef and Tataouine). This is in contrast with the pre-revolutionary period during which outlets were centralized in the capital. It could constitute a step towards increasingly decentralized and participative outlets through which citizens can voice their views and learn more about what is occurring in their immediate environment.

In Egypt, the coverage of the Maspero events in November 2011 shed a crude light on the influence – either positive or negative – that media can exert in terms of social cohesion. While Coptic demonstrators and their Muslim supporters were being mowed down by live ammunition and as military tanks ran amok amongst the crowd, state television was reporting that the army had come under attack by armed Coptic demonstrators. It subsequently appealed to ‘the people’ to come out and ‘protect’ the armed forces from their supposed assailants. At the same time, armed gangs from the Bulaq neighborhood were given their marching orders. It was then widely argued that the massacre was the first ‘operation’ that state media and its private satellite channel partners were called upon to help orchestrate, justify, and to the extent possible, cover up.\(^93\)

Such events have demonstrated that while there is more pluralism since the revolution, professionalism in media institutions has suffered a lot. There is currently a vacuum in terms of regulation, and an urgent need to develop mechanisms to hold media accountable.\(^94\) ‘Red lines’ have partly remained, in particular concerning criticism of the ruling military council or the new president. Moreover, the Muslim Brotherhood has recently been accused of trying to control the media in the same way as former President Mubarak did, taking a series of actions that have allowed the group to gain influence over media policy including taking a private TV network off air and confiscating the print-run of a critical newspaper.\(^95\)

In view of the Chilean and Indonesian experiences previously mentioned, and in the light of the grassroots ‘bottom-up’ approach to politics which many Egyptians are trying to encourage, the media need to reorient themselves to ensure that they are more relevant and closer to the people they are supposed to be serving. Interesting initiatives have already been undertaken in this direction, for instance with the development of citizen journalism at the local level.\(^96\)

As a rule, in Myanmar, Tunisia and Egypt, the development of professional decentralized, participative outlets involving local communities might play a positive role in the re-creation of social cohesion, and contribute to enhance the political inclusion of citizens and communities.

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92 CEIP, p. 10.
94 Chatham House, 2011.
96 See for instance http://sa7afa.org/.
Part 3: Security institutions and democratic rule

This part focuses on the military as an institution whose role was central in former authoritarian regimes and is crucial for the future of democratic transition and consolidation. The will and capacity of newly elected governments to exercise control over the military and deal with the crimes it committed under the dictatorship are viewed as determining the credibility and legitimacy of their evolving democratic systems.

The first section analyzes the evolution of civil-military relations throughout the transition period, underlining the common features between Brazil, Chile and Indonesia. In particular, it shows how the negotiated nature of transitions have made it possible for the military to extend some of its privileges and informal powers into the new political system, and what impact this has had on the overall implementation of reforms (3.1).

The second section focuses on how transitional justice has been pursued in the three countries. It shows that exit guarantees granted to the military at the time of the transition have often severely constrained the search for justice and accountability (3.2).

The final section analyzes the ongoing redefinition of power relations between civilians and the military in Myanmar and Egypt, in the light of previous experiences of transition. It also provides an overview of how the issue of transitional justice has been addressed so far, highlighting the factors impeding significant progress at that stage (3.3).
3.1 Changing civil-military relations: a long-term struggle

In Brazil (1964-1985) and Chile (1973-1990), the military seized power by a coup and exercised direct rule for almost two decades. In Indonesia, the military was entrusted political and social roles that effectively made it the basis of Suharto’s New Order (1966-1998). In the three countries, the military was the institution that effectively held power: it dominated other formal political institutions and most often played a central role in the economy. The eventual transfer of power to elected governments did not automatically translate into the return of the military to its barracks and its submission to civilian rule. On the contrary, the very nature of the transitions in the three countries – which were largely the result of agreements between elites – had guaranteed the military the preservation of institutional prerogatives and areas of autonomy that have proved difficult for civilians to reverse.

Brazil

In Brazil, it is widely assumed that military authorities still exert considerable influence over politics – even though not directly – and continue to behave autonomously vis-à-vis the government.97

The way the transition was negotiated between elites in 1985 has proved crucial in this regard. Uncertain of its power in comparison to both the military and other political forces, the government wished the military to be part of its political alliance and was therefore ready to make compromises. The first elected governments were cautious not to take steps against the military; they did almost nothing to control it and bring it under the control of the elected institutions. This was illustrated by the continuing presence of military in government, for instance: both under President Sarney (1985-1990) and Collor (1990-1992), military officers on active service were still members of the cabinet.

As the military perceived the balance of power to be in its favor during and in the immediate aftermath of the transition, it was able to negotiate “exit guarantees” that allowed them to preserve their autonomy as well as a number of prerogatives. The 1988 Constitution left the military apparatus almost intact. Only in 1999 was a ministry of Defense created and entrusted to a civilian. To date the military still enjoys a privileged jurisdiction even for common crimes, and the National Security Law (a legal ramification of the National Security Doctrine, the “ideological bible” of the military regime of 1964) still regulates political crimes.

One major factor for the continuing influence of the armed forces over civilian life has also been the absence of separation between the military’s internal and external role. While article 142 of the Constitution confers on the armed forces the responsibility for guaranteeing law and order, observers have argued that there has been increasing militarization of the civil public space.98 As criminality rose as a result of the social crisis, it has been treated as a military problem rather than a social problem, which contributed to strengthening the military presence in the political arena. In Brazil, the armed forces also emerged from the authoritarian regime without being perceived as so wildly violent or corrupt as in other countries. To date, the military benefits from the perception that it is less corrupt than the police, which has contributed to reinforcing its influence.

Chile

In Chile, the relationship between civilians and the military has evolved over time, as three periods/issues have had significant influence on it.99

One crucial aspect of the Chilean transition is that it was anticipated and planned by President Pinochet. The military agreed to negotiate a transition to civilian government, but managed to control the terms of negotiation. Hence, when the Aylwin government came into office in 1990, the military’s exit from direct exercise of power had been prepared in advance. The 1980 Constitution had established a mechanism for succession that would ensure the continuity in power of the military leaders and the commander in chief of the army until 1997, as well as that of the judiciary. In addition, the Organic Law of the Armed Forces maintained the budgetary autonomy of the armed forces.

97 Zaverucha, 1993.
The prerogatives and areas of autonomy that the military had secured before the transition through institutionalization in the constitution proved difficult for the new government to amend. Because they commanded much less power than the military, the civilian forces were left with little room for maneuver and could not challenge this situation. The democratic government was able to displace Pinochet from the presidency in 1989, but only at the cost of reducing its future scope of action.

Another important aspect that framed the Chilean transition was the fact that Pinochet continued as commander in chief of the army during the prolonged transitory period (until 1998) and as self-appointed senator for life until 2000. This constituted a serious impediment to any attempt by the successive civilian governments to challenge the military.

The constitutional reforms of 2005 eventually erased the most problematic aspects of military autonomy by:

- removing the military's right to protect “institutional order”;
- granting the president the right to fire commanders in chief;
- ending military control over the National Security Council;
- suppressing the appointed senators (which included retired commanders in chief from each branch).

**Indonesia**

In Indonesia, the military has lost much of its formal political influence since the departure of Suharto, but it has successfully maintained its autonomy from institutional control and exploited the fragmentation of civilian politics to gain political concessions. Several phases can be distinguished.

During the Habibie Presidency (1998-1999), important steps were taken early in the transition phase to depoliticize the armed forces. Between July and November 1998, several reforms were implemented that contributed to extract the military from active politics. Most importantly, active military officers were excluded from government, and the armed forces' legislative representation was gradually reduced (down from 75 to 38 delegates in national parliament and to 10% of the seats in local legislatures).

Yet the fact that the transfer of power from Suharto to his deputy Habibie was facilitated by military officers close to army commander General Wiranto created a relation of mutual dependence between the armed forces and President Habibie. Compromises between the armed forces and President Habibie gave the former power to define the areas of reform. As a result, those fields viewed by the military as most crucial to their interests were excluded. The territorial command structure, in particular, was left untouched whereas it has allowed the armed forces to remain largely independent from central government funding and civilian control institutions. Moreover, the new decentralization scheme offered the military increased opportunities to access the budgets of local governments at the district level. At the same time, because of growing tensions between civilian elites, the armed forces were increasingly lobbied for their political support and thus managed to get informal influence on the political game.

When he came into power, President Wahid (1999-2001) appeared determined to initiate a radical process of military reform and enforce civilian supremacy over the political realm. There was a belief that the civilian elite was strong enough to push though wide-ranging reforms. This was illustrated by the initiation of debates on the future of the territorial command structure. Yet, as conflict quickly arose between the presidency and the legislature and Wahid started to lose support among the members of his coalition, he tried to secure political backing from the armed forces. The concessions he made brought military reform to an almost complete standstill. Reform nevertheless continued at the institutional level. In 2000, the task of the military was defined as exclusively focused on defense.
Between 2001 and 2004 President Megawati, anxious to secure military support in case the political elite deserted her, expanded her concessions to include greater institutional autonomy and increased influence on security affairs. Three parallel developments also came as serious obstacles to military reform: the loss of East Timor in 1999, the outbreak of communal violence between 1999 and 2001 and the expansion of separatist movements in Aceh and Papua (which had started during Wahid’s rule). Political instability and insecurity thus resulted in renewed prioritization of territorial integrity and repressive methods of conflict resolution. In such context, the military seen as indispensable to uphold law and order.

During this period, the popularity of the armed forces within the civilian elite and the wider public increased. This was illustrated by the success of the military in the 2002 and 2004 gubernatorial elections. In 2004, the first direct presidential election resulted in the victory of former general Yudhoyono.

Previously the leader of the “gradual” military reformers, Yudhoyono (2004- ) was not expected to initiate wide-range reforms. Yet he concentrated his efforts on “excluding the spoilers” within the military establishment, by sidelining the most conservative officers. In turn, he was able to secure the military’s compliance with the government’s peace plan for Aceh in 2005.

This was made possible through a decision to compensate the armed forces for its potential loss of income in Aceh’s lucrative conflict economy. 526 billion Rupiah were allocated for the military to finance its partial withdrawal from the province. The payment was a major disincentive for officers to prolong the war, convincing them that the peace deal was not only politically viable, but also economically advantageous for them.

No further institutionalization of military reform was possible, however. In particular, firm subordination of the armed forces to the ministry of Defense could not be achieved and no reform of the military's financing system could be established (notably through a better control over its economic enterprises).

Several features of military involvement in politics and society continue to obstruct more substantial reform measures to date. The persistence of the territorial command structure is considered one of the most important. This system has allowed military self-financing to remain operational: the armed forces continued to raise large parts of their effective expenditure through the territorial network, enabling them to maintain a significant autonomy from the state.

In the three countries, the negotiated nature of regime change made it possible for the military to extend some of its privileges and informal powers into the new political system in exchange for its withdrawal (“exit guarantees”).

There has been an obvious link between the state of civilian politics and the extent of military intervention in political affairs. Deep fragmentation of civilian politics has allowed for the enhancement of the military's influence.

Political instability and insecurity (Brazil, Indonesia) have proved decisive in the continued influence of the military over politics.

Over time, changes in the balance of power between civilian forces and the military have allowed for a gradual reduction of the military’s role in politics and reinforcement of civilian authority.

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101 Metzner, pp. 42-43.
102 Metzner, p. 51.
3.2 Transitional justice: a conflict between accountability and stability

It has been argued that transitional justice can contribute to democratic change by allying reform processes with just responses to past abuses, and that it can therefore be a basis for domestic reconciliation. Yet transitional justice has often conflicted with compromises deemed necessary for stabilizing the transition and consolidating democratic change. In Brazil, Chile and Indonesia, because of the negotiated character of transitions, the search for transitional justice has been severely limited by the compromises reached between elites at the time of the transition, as well as by fear of retaliation from the same outgoing elite whose policies were to be under scrutiny.

Brazil

In Brazil, the process of transitional justice was centered on forgiveness rather than reconciliation. Amnesty was the official mechanism of transitional justice adopted in the end of the military rule. In 1979, as a result of negotiations, the Parliament had adopted a federal law conceding amnesty to all individuals who committed political crimes from September 1961 to August 1979. Today, the government continues to cite the Amnesty law as a justification for not prosecuting those allegedly responsible for human rights abuse during the dictatorship. The constitutionality of the amnesty law was submitted in April 2010 to the Supreme Court for judicial scrutiny. The court subsequently decided that it did not violate the constitutional text.

In such context, the most significant effort at accountability came from civil society, with crucial involvement of the Catholic Church, and occurred during the military dictatorship, from 1979 to 1982 (the Brazil: Nunca Mais project). In contrast, the government has consistently refused to disclose information about violations (until Lula’s presidency).

In 1995, the government took on the issue of gross violations committed during the dictatorship. Law no. 9140 officially recognized that the deaths of those that disappeared was a consequence of their political activities during the dictatorship, assigned responsibility for those deaths to the state and granted compensation to the victims’ families. The engagement focused on financial payments to victims, a mechanism which has nourished an environment of silence.

As a matter of fact, experts consider that reconciliation in Brazil is not a subject for public concern, and that the Brazilians are content with an approach that has emphasized forgetting and page-turning without accountability. They notably attribute this situation to the relatively low number of victims of mass atrocities committed under the military dictatorship (compared to other countries of the region), as well as to the surge in crime that accompanied the transition.

Against this background, one interesting recent development was the Inter-American Court ruling in 2010, which invalidated Brazil’s amnesty law. Together with the election to the presidency of Dilma Roussef—a former guerilla imprisoned and jailed during the dictatorship – this suggests that change might be on the way in Brazil’s approach to accountability.

Chile

Chile opted for a restorative and reparation strategy focusing rhetorically on the need for truth and reconciliation. Yet no punitive justice was to be sought systematically.

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103 Leebaw, 2005.
104 Drumond Coelho, 2011.
105 Cavallaro & Delgado.
106 Drumond Coelho, 2011.
107 Cavallaro & Delgado, p. 4.
In 1989, Aylwin’s electoral platform was centered on truth, justice, addressing political prisoners and reparations. In part responding to public pressure, the government created a truth commission – the Rettig commission – only a month after Aylwin assumed power. Composed of representatives from both Pinochet supporters and opponents, it was given four primary tasks:

- to establish as complete a picture as possible of human rights violations under the Pinochet regime;
- to gather evidence to allow for victims to be identified;
- to recommend reparations;
- to recommend legal and administrative measures to prevent a repetition of past abuses.

The Rettig Commission submitted its final report to the government. Aylwin then made an impassioned nationally televised address introducing the report and apologizing on behalf of society to victims. The report called on the state and all of society to acknowledge and accept responsibility for past crimes and offer moral and material reparations meant to restore the dignity of victims. The Reparations Law enacted under the Aylwin government benefited around 7,000 people (only the relatives of disappeared). But seeking wider institutional and constitutional reforms happened to be more difficult.

Because Pinochet retained significant support and because the government feared possible unrest in the country (similar to what had happened in Argentina in the 1980s), it upheld the 1978 Pinochet regime amnesty law, which restricted prosecution for prior crimes. This made actual indictment of Pinochet impossible and legal accountability in general difficult. It also reflected the Concertación’s calculation that it did not possess the force to confront those responsible for gross human rights violations. Moreover, the government’s ability to pursue justice was also tightly limited by the fact that Chilean courts were still largely dominated by the old regime.

An unexpected renaissance of post-transitional accountability occurred at the end of the 1990s. In 1999, the courts handed down prison sentences to the former head of the secret police and to other military and police officers involved in the repression. In July, the Supreme Court confirmed the indictment of high-ranking officers on the ground that disappearances were not to be covered by the amnesty law. During this period, human rights issues gained importance in the media. In 2000, it became an issue in the electoral campaign. In 2004, the National Commission on Political Imprisonment and Torture Report published its report – the Valech Report. The report detailed the results of a six-month investigation about the abuses committed by the military regime between 1973 and 1990. The judiciary is now showing more interest and willingness to investigate past violations.

Such developments have shown that steps toward accountability and justice might come at a later stage in the transition process. In the case of Chile, they might have been triggered by the arrest warrant issued in Spain against General Pinochet in 1998. But other determining factors have been highlighted:

- the strength of human rights networks and the increased pressure for accountability from civil society. In particular, two groups of victims’ relatives began in 1997 to consider prospects for a direct legal assault against Pinochet. New criminal complaints were submitted in 1998;
- the political forces and authorities will and ability to implement policies, because of a changing balance of forces in their favor in the face of the military;
- the role played by the judiciary: the judicial reform implemented under the Frei presidency allowed for the replacement of a whole generation of Supreme Court judges, mostly Pinochet’s appointees.

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110 Ernudd, p. 18.
111 Ernudd, p. 22.
112 Collins, p. 2-3.
113 Collins, p. 17.
Indonesia

In Indonesia, there has been great reluctance to deal with the past so far. Almost no progress has been made in the field of accountability and justice since the fall of Suharto, a situation that can be explained by the fact that an important part of the military leadership has remained in place after the transition.

Nothing has been done to identify those within the security personnel responsible for human rights abuses and either remove them or prevent them from getting positions of public authority. As a result, the military, police, and intelligence services continue to employ a significant number of personnel implicated in severe human rights abuses.114 This has been even more visible in the political sphere, where two vice presidential nominees in the 2009 elections, Wiranto and Prabowo Subianto, were implicated in serious human rights violations.115

In 2000, due to international pressure, specialized Human Rights Courts were established as a result of gross violations of human rights committed in the lead up to the independence of East Timor.116 Yet there have been few criminal prosecutions for security personnel implicated in severe human rights violations and none of the senior officers indicted for violations in East Timor and the 1984 massacre of Tanjug Priok was convicted. This happened despite the 2008 Commission for Truth and Friendship report’s confirmation that Indonesian security forces were responsible for gross violations of human rights in East Timor.

In 2004, the Indonesian Parliament passed the Law on a Truth and Reconciliation Commission, which provided for the establishment of a national truth commission with powers to receive complaints, investigate grave human rights violations which occurred in the past and make recommendations for compensation and/or rehabilitation for victims. Yet in 2006 the Constitutional Court struck down the law, after it ruled that an article which provided reparation for victims only after they agreed to an amnesty for the perpetrator was unconstitutional. To date, attempts to pass a new law and enact a national truth commission have stalled. Although a new law has been drafted and is scheduled for discussion in Parliament in 2011-2014, there has been no progress so far, with Parliament failing to prioritize debate of the draft in the 2012 legislative program.

In May 2011, President Yudhoyono established a multi-agency team to devise “the best format to resolve grave human rights violations that occurred in the past”. The team has so far visited victims of such violations in various part of the country. However, it has been criticized by human rights organizations and victims’ groups for failing to develop a concrete strategy to ensure truth, justice and reparation for victims.

The compromises reached between elites at the time of the transition often comprised amnesty laws that guaranteed the military’s impunity for crimes committed when they were in power (Brazil, Chile).

Civilian leaders have often found it difficult to reverse the “exit guarantees” that they had granted. Hence, if such exit guarantees have allowed for the military’s formal withdrawal of the political scene, they also severely constrained the search for justice and accountability.

The “pacted” character of transitions has resulted into the continuing presence of military leaders in their positions after the transfer of formal power to civilians. From these positions, they have been able to successfully impede attempts for truth and accountability (Brazil, Indonesia).

The experience of Chile in the 2000s has shown that change toward accountability and justice might come at a later stage in the transition process. Several factors can account for such developments: a change in the balance of forces between civilians and the military, the strength of civil society networks, but also events in the field of justice, both domestic (a judicial reform) and international (in the Pinochet case).

114 ICTJ & Kontras, p. 77.
115 Idem, p. 78.
3.3 Challenges and lessons for Myanmar, Tunisia and Egypt

3.3.1 Ensuring civilian control over the military

Myanmar
The constitution adopted in 2008 – key to Than Shwe’s exit strategy – has diffused power more than ever in Myanmar’s political system. While all legislative, executive and judicial power were previously in the hands of Than Shwe, there are now four key centers of power in Myanmar: the presidency, the military, the parliament and the party.

If in the text the presidency of the Republic is the first institution of the state, the military’s powers actually rival that of the president.117 They hold 25% of reserved legislative seats, ensuring that they can block changes to the constitution. The military also has considerable executive authority, since it appoints one of the presidential/vice-presidential candidates, and the commander-in-chief appoints serving military officers to be the ministers of defense, home affairs and border affairs. In addition, the commander-in-chief will have effective control of the National Defense and Security Council. The main source of influence that the president has over the military is his control of the national budget (and the Financial Commission that prepares it), including allocations to the military.118

Against this new background, experts consider that the question going forward is how these different power centers will interact with each other. The architects of the new constitutional system have been careful to ensure that no individual or power centre can become all-powerful. Myanmar has therefore stepped in a very sensitive stage of its transition process, where the evolution of the balance of forces between institutions will prove crucial: having preserved a significant part of their formal power within the political system, the military remains a powerful actor for the semi-civilian government to deal with.

Egypt
In Egypt, the situation evolved over time, from the coup led by the Free Officers in 1952 to the rule of President Mubarak, himself a soldier. Under his rule, the military remained a central institution. But, an informal agreement was reached that organized the relationship between the presidency and the military: the latter agreed to submit to civilian power – to be “the state’s army” and not the reverse – as long as the top executive was occupied by a military person in civilian clothes. It accepted to stay back from politics, even though it had a say on foreign policy matters or economic issues that it considered as having an impact on national security.

Yet the political role of the military has come back to the fore as a crucial issue when the SCAF seized direct power after the toppling of Mubarak. Most Egyptians initially welcomed that step. In the absence of a credible and organized opposition – and because some feared an Islamist takeover – the military’s intervention in politics was seen as legitimate. Yet the legitimacy of its unchecked political role has been increasingly questioned, as it used excessive violence against demonstrators and as civil society activists started documenting the extent of its economic privileges.119 In July 2012, the last-minute attempt of the SCAF to secure and institutionalize its political role beyond the transitional period through an addendum to the constitutional declaration provoked a fierce reaction by most political forces.120

The election to the presidency of the first civilian ever – Mohamed Morsi – and the latter’s subsequent attempts to restore the control of elected institutions over the political process seem to have significantly changed the balance of power between civilians and the military. Yet it remains to be seen, on the longer run, whether the President and civilians forces will find it in their interest to reach an agreement with the military, and in that case, what kind of agreement.

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117 ICG, March 2011.
118 Idem.
Tunisia
In contrast, in Tunisia, the 1987 coup was not led by the military, which never exercised direct political rule. Under president Ben Ali, the army’s role in the regime’s maintenance was indeed very limited in comparison to that of the police, which was the real backbone of the regime, together with the ruling party, the RCD. Even though the armed forces played a major role in the 2011 revolution by stepping to the protesters’ side, it withdrew from the political scene immediately thereafter, as soon as the formal transition process was initiated and the first transitional government formed. In the current context, the issue of civilian control over the military does not appear as relevant for the future of transition, since the elected institutions have not been challenged by the armed forces so far.

3.3.2 Searching for truth, accountability and reconciliation

Myanmar
Reports of human rights abuses by the military regime that ruled Myanmar from 1962 to 2010 include recruitment of child soldiers, forced displacement, detention of political prisoners, sexual violence, and extrajudicial killings as well as severe violations of economic, social, and cultural rights. Military campaigns in areas of eastern Myanmar have also reportedly resulted in crimes against humanity and war crimes.121

The new constitution approved in 2009 provides amnesty for any crimes committed since 1988. After the 2010 elections, the military and the Union Solidarity and Development Party (USDP) – with a history of carrying out attacks on civilians on behalf of the military – have held a majority in the upper house, lower house and all state and regional parliaments. The continuing political influence of the military, despite formal transfer of power to civilians and their control of major positions in the political system indicate that it may take some time until a significant change in the civil-military relations is seen and the military allows for the initiation of a process of truth and accountability.

Egypt
When the deposed former president Hosni Mubarak was wheeled on a hospital bed into the Cairo courtroom in May 2012, the process of transitional justice in Egypt appeared to have achieved an important symbolic victory. After numerous court proceedings against former Mubarak advisors and confidants, the start of the trial appeared to fulfill a central demand of the uprising: that Mubarak and his cronies face justice for their past crimes.

In June 2012, Hosni Mubarak was sentenced to life in prison for failing to stop the killing of demonstrators during the protests that ultimately led to the downfall of his regime. But while Mubarak and his former Interior minister, Habib el-Adly, were convicted of being “accessory to murder,” they and their codefendants were acquitted of more serious charges of having ordered the killings of nearly 1,000 protesters. Mubarak and his sons were further acquitted of corruption charges. The verdict brought tens of thousands of people to the streets to protest the outcome of the trial.

The focus on the former president and the speed with which his trial was initiated raised troubling questions about the future scope and trajectory of transitional justice efforts. Transitional justice has so far been characterized by ad hoc decision-making and suffered from a fundamental lack of transparency. In April 2011, a commission of inquiry into the 18-day uprising issued a report that documented the number of dead and injured protestors, named the police as responsible for most deaths, implied premeditation through their use of snipers, and implicated some members of the then ruling National Democratic Party. Yet the commission was neither transparent nor participatory, and civil society’s calls for open inquiries around other events (including the “Maspero massacre”) have been ignored by the SCAF, which has organized internal investigations.122 In the absence of a broader transitional justice process, trials have so far been principally aimed at punishment.

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**Tunisia**

After January 2011, one of the first decisions of the interim government was to establish three commissions; one on constitutional reforms; the second to look into corruption; and the third to investigate violations that occurred during the uprising. It also announced that it would seek the extradition of Ben Ali along with members of his family, many accused of corruption. Several high-ranking officials allegedly responsible for human rights abuse during and before the protests are already in custody awaiting trial.

In April 2012, Tunisia’s top three political figures, Mustafa bin Jaafar, speaker of the Constituent Assembly, Prime Minister Hamadi Jebali and President Moncef Al-Marzouqi, announced the launching of a process of national dialogue on the treatment of those suspected of corruption under the former regime, with the creation of a ministry for Human rights and Transitional justice. A technical committee in charge of the national dialogue was formed in June 2012 to implement this decision. It will be tasked with organizing a multisectoral dialogue at the regional level, a national consultation on transitional justice and preparing a draft law on transition justice that will be submitted to the Constituent Assembly. The first meetings were organized in the summer of 2012, and gathered representatives of civil society, victims of the former regime and members of the technical committee. The process is still in its early stage.


Part 4: Policy support facilities and the role of the international community

Periods of transition have highlighted the lack of capacity of the state – both in terms of resources and skills – to address simultaneous needs for political and economic reform. This part is therefore devoted to the analysis of experiences of knowledge-based policy making and policy support to new governments. It focuses on the mobilization of both domestic resources and international support.

The first section analyzes the role of think tanks in the early Chilean and Brazilian transitions, showing that while public policy centers played a crucial role in the design of reforms, they also tended to perpetuate the exclusionary exercise of political influence characteristic of bureaucratic-authoritarian regimes (4.1).

The second section is devoted to the more recent efforts undertaken in Indonesia and Brazil to promote public policy dialogues and support more inclusive modes of policy-making. It underlines the successes and limits of these experiences (4.2).

The final section discusses the importance of building efficient policy support institutions and mechanisms in countries currently undergoing transitions. It shows that the inclusion of grassroots actors in the deliberative process and autonomy from foreign funding might be determining factors for success (4.3).
4.1 The central role of experts in early Chile’s and Brazil’s transitions

Studies on democratic transitions in Latin America indicate no substantial change in the technocratic style of policy-making, which was one distinguishing component of bureaucratic-authoritarianism. Elected executives continued to monopolize economic management, relying on small groups of experts who formulated policies, without systematic consultation with political parties, the legislature, or organized groups. The reemergence of technocracy—the exclusionary exercise of political influence on the basis of technical knowledge—was legitimized by the economic crisis. It was further emphasized during the mixed process of democratization and economic stabilization, which required technical teams able to design and set up constitutional and institutional reforms and structural adjustment reforms. The technocratic style of governance found its roots in the central role traditionally entrusted to policy elites, at the expense of societal participation in government decisions.

Against this background, public policy centers played a major role in the design and implementation of first-generation reforms in Latin America. Think tanks started to be created following the expelling of important scholars from the main universities by dictatorships and worked as intellectual shelters. Among the most well known examples are Brazilian CEBRAP, founded in 1969 by Fernando Enrique Cardoso, and Chilean CIEPLAN, which gathered those who would later become senior leaders of the ruling coalition of parties at the end of the 1980s. Those organizations not only promoted ideas forbidden before the return to democracy, but also established networks made up of NGOs, universities and political parties that aimed at having influence on the public agenda.

In Chile, during the last years of Pinochet’s dictatorship, specialized professionals and scholars played the role of “catalysts for consensus”. They set up effective research and consultancy centers, among which was the CIS consortium—made up of CED, SUR, ILET and the Technical Committee for Free Elections. It is generally argued that Chilean intellectuals and policy centers helped the newly formed political opposition forces to overcome their marked divisions as well as to provide them with a strategic vision.

In Brazil, the Institute for Applied Economic Research (IPEA), created in 1964, is one example of those public policy centers conceived as a response to increasing demand for policy research on the part of the government. A federal public institute linked to the Strategic Affairs Secretariat of the Presidency, IPEA was tasked with “producing, coordinating and disseminating knowledge to improve public policy and to contribute to Brazilian development planning.” While the bureaucracy had been unable to expand sufficiently to develop the necessary analytical base for decision makers— with civil servants lacking the skills, training, or adequate resources—it was to provide technical and institutional support to government for the formulation and reformulation of public policies and development programs. Divided into departments dedicated to different studies and policies, IPEA is mainly staffed with experts and researchers whose task is to produce knowledge (regular publications, seminars) to be used by governmental institutions. Knowledge production thus remains highly specialized and centralized.

In recent years, studies have shown that research centers have gone beyond their academic nature by introducing strong political and negotiation components and by playing not only the role of political critics or advisors, but also of state collaborators, thereby having a direct impact on policy implementation. Informal relations often provide initial linkages that are often institutionalized by political parties or social movements and then governments (not necessarily by the parliamentary groups). Presidents and their governments can be easily associated with one or two policy research institutions.

125 Montecinos, 1993.
126 Garcé & Una, p. 108.
127 Garcé & Una, p. 114.
129 Garcé & Una, p. 112.
The first generations of think tanks in Brazil and Chile supported elite policy-making. While they were often established as laboratories for academics linked to the opposition to elaborate alternative policies, many became establishment institutions closely tied to the state after the return to democracy. Their primary purpose was to provide information to the government, through the production of policy papers and studies by specialists. This contributed to reinforce the exclusionary exercise of political influence characteristic of bureaucratic-authoritarian regimes.

4.2 Recent efforts to promote public policy dialogue (Indonesia, Brazil)

As efforts were made to go beyond ownership of development by the state, the role of non-state actors in reform has been gradually explored. This allowed for the incorporation of new actors into the public agenda. Political parties, local governments and civil society organizations – in many cases universities and think tanks – were given the opportunity to participate in public decision-making. In this context, it was considered that research institutes and think tanks could play a role in bringing evidence into public policy processes to foster inclusive participation and responsive institutions, and entailing networking between local communities, policy makers, research and the media. The underlying assumption was that such institutes were to function as agenda setters and as providers of public space for the voices of the marginalized and vulnerable groups.130

Indonesia

The politics of policy-making after the fall of the Suharto regime has gradually become more inclusive.

In 2000, the Indonesian government and the UNDP established the United Nations Support Facility for Indonesian Recovery (UNSFIR) as a means to stir public discussion on policy and institutional options for the country. In the early phase of transition, the Indonesian government had to search for policy options and institutional innovations that would allow not only for economic recovery, but also for a more open, transparent and decentralized policy-making process.

Designed to address seven major policy areas (agriculture, industry, external trade, foreign aid management, social welfare policy, the interaction between state and civil society, and regional disparities in the context of decentralization), UNSFIR was to produce studies and policy briefs, establish a network of institutions which would engage in policy dialogue, and submit policy proposals to the government.131

To facilitate this process of public discussion on policy alternatives and linkage between the state, the private sector and civil society, the Indonesian Public Policy Network (JAJAKI) was created. It provided a platform for public policy dialogue between a diverse range of stakeholders, from leading universities and policy think tanks to key government ministries and provincial administrations, media, private sector, and civil society groups.

Beyond the experience of UNSFIR, there has been a practice in the post-Suharto era of the president forming task forces made up of high profile think-tank intellectuals/academics, and sometimes activist NGOs or business people to deal with particular issues.

There have also been many examples of civil society coalitions organizing around specific issues and of NGO involvement in the elaboration of laws.132 As the number of trade unions, organizations representing peasant and indigenous communities or women increased dramatically, there has been an electoral incentive for political representatives to pursue policies that would gain them the support of these groups.

132 Rosser, pp. 14-23.
However, civil society input has often been patchy, based on personal relationships or bargaining between various issues, since decisions in parliament are by consensus.\textsuperscript{133} In general, the capacity of poor and disadvantaged groups to influence policy-making has remained weak as compared to politico-bureaucrats, the major domestic conglomerates or the international financial institutions.\textsuperscript{134} Moreover, most of these civil society inputs rely on donor funding (except business and some academics).

**Brazil**

Created soon after President Lula da Silva took office in January 2003, the Council for Economic and Social Development (CDES) was designed to provide civil society and the private sector with broader access to and participation in the policy-making processes on issues related to social development. It is an independent consultative body within the overall structure of government, whose work is coordinated by a special secretariat reporting directly to the Office of the President.

In 2003, the creation of the CDES was considered one of the new government’s most innovative measures. While corporatism has essentially defined state-society relations in Brazil, the CDES concept was presented by the PT during the 2002 electoral campaign as the basis for a new social contract, in which redistribution and participation would be priorities.

This institution was initially made of 82 members – which included the President of the Republic and 10 government representatives, representing the government – representative of the country’s social class, sectoral and geographical diversity. Yet the government decided that business should be overrepresented since its role was crucial for the improvement of economic and investment conditions and the generation of support for public policy decisions. The CDES was entrusted with generating proposals on key reforms under consideration – such as tax, social security, and labor law reforms – and was seen as a tool to build consensus around it.\textsuperscript{135}

Even though it constituted a significant institutional innovation favoring greater social participation in the policy formulation and implementation process, the council has also raised criticism. The PT’s original proposal was to create a social policy-oriented council. Yet earlier emphasis on social inclusion has shifted to economic policy areas, and more precisely on stimulating economic development. One of the key problems of the CDES is that it has been almost totally dependent on the executive, which defined not only its structure and membership, but also its agenda. The scope for autonomous action has therefore been extremely limited and its accountability to the public is nonexistent. Another weakness has been its heavy bias toward the business sector. The asymmetry in the representation of civil society caused resentment on the part of labor unions and social movements. The geographic distribution of its membership was also severely biased in favor of the more developed South and Southeast regions, with 46% of the first batch of members originating from the state of Sao Paulo alone. Moreover, the low representation of the North and Northeast undermined claims that it was an inclusive organ focused on social and economic development throughout the country. The Congress has been jealous of its legislative prerogatives and has been unwilling to accommodate recommendations coming from a body constituted by and subordinate to the executive. Finally, political elites – political parties or state governors – tended to ignore the council.

Despite successes, the models experimented in Indonesia and Brazil to promote more inclusive modes of policy-making have highlighted the resistance of traditional political actors in face of initiatives perceived as undermining their own prerogatives.

These experiences have also shown that successful inclusion of marginalized groups in the policy process ultimately depends on good relationships with power holders.

Donor funding has worked best where it has supported coordination among existing civil society organizations and acted as intermediaries between them and the government.

\textsuperscript{133} Idem.
\textsuperscript{134} Rosser, p. 23.
\textsuperscript{135} Doctor, 2007.
4.3 Challenges and lessons for Myanmar, Egypt and Tunisia

Myanmar

A recent ICG report argued that one of the major impediments to the economic reform process in Myanmar was the lack of expertise and technical capacity at all levels of both the public and the private sector.\(^{136}\) Because of chronic under-investment in education and wide-scale brain drain, there is a limited policy formulation capacity in the government, civil service and the legislatures. In Myanmar, the issue of policy support is therefore crucial. Faced with this situation, the Thein Sein government has already taken a number of initiatives.

One step in identifying possible economic policy options was the creation in June 2011 of the Myanmar Development Resource Institute (MDRI), designed to serve as an independent source of policy analysis for the government. Until then, a small unit composed of economists attached to the President’s office and which closely consulted with the government was in charge of this task. With the MDRI, there was a change in scale. The main purpose of the new institution to undertake policy research and help plan and implement programs. Therefore it calls upon local and foreign professionals, businesspeople, academics, administrators, political parties, national groups as well as common people with the interest to express their views.\(^{137}\) Like Brazilian CDES, the MDRI aims at favoring greater participation in the policy formulation and implementation, and is presented as a social policy-oriented council. It remains to be seen whether, like its Brazilian counterpart, it will rapidly shift focus to economic policy areas and privilege business over social inclusion.

In May 2012, President Thein announced the formation of a National Economic and Social Advisory Council, which includes union-level and region-level ministers and prominent personalities from the private sector. The council is intended to play an important role in reaching a broad social consensus on contentious issues, especially those related to foreign aid and foreign investment. Yet no clear description of the mandate of the council or its membership is available in English language yet.\(^{138}\)

The government has sponsored a series of workshops and conferences on a wide range of economic issues. The assessment shows that these events have been helpful in raising public awareness of the issues and moving forward toward a social consensus on how to approach them. Experts have, however, raised concerns that key decision makers are spending too much time in these public discussions.\(^{139}\)

In their efforts to build an independent capacity for research and analysis, the presidential advisors have been seeking international assistance, and the international community has in turn shown interest in providing support. For example, in February 2012, the Asia Society was planning to marshal private resources in the US and internationally to assist with the immediate task of developing a pool of international expertise to advise on policy and legislative best practices.\(^{140}\) It argued at the time that a mechanism that could provide ready access to information on international experience and best practices should be a priority.

Yet in the specific and sensitive context of Myanmar’s transition several recommendations have been addressed to international donors. Cautious choices should be made regarding the type of support to provide. To ensure true country ownership of the reforms, it will be essential that donors engage multiple stakeholders – with a special interest for those from the communities that suffer from conflict and those discriminated against – through participatory planning and implementation processes. It is argued that ethnic communities will strongly resist any development agenda based primarily on an elite Burman consensus. Moreover, economic development should not be viewed as a substitute for the resolution of political conflicts.

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139 Rieffel, 2012.
140 Clapp & D’Maggio, p. 6.
Egypt

Under Hosni Mubarak’s presidency, several institutions were playing a policy support role. During the 2000s, under the influence of Gamal Mubarak, the ruling National Democratic Party (NDP) had been increasingly playing the role of the government’s think tank, through the party’s prominent Policies Secretariat. Composed of many valuable academics, businessmen and technocrats, this secretariat had come to play an important role in the elaboration of public policies, particularly those related to the economy. It eventually disappeared after the revolution, when the NDP was dissolved.

The most important and institutionalized policy support institution was the Information and Decision Support Center (IDSC), which was acting as the Cabinet’s think tank. Even though its direction has changed, the IDSC has survived the 2011 revolution. Most of its staff has remained unchanged, and so has its mission of supporting decision-makers through advice on best policy scenarios and analytical research on priority economic, social and political issues. It also undertakes opinion polls. Essentially composed of high-level experts and analysts, the IDSC is gathering and disseminating information to government centers and producing reports. Yet, despite the quality of its production and its staff, the institution suffers from a lack of engagement with communities at the grassroots level, which has limited its impact and relevancy. Like most similar institutions, it is also largely dependent on funding from international donors (UNDP, Ford Foundation...).

Moreover, it is argued that the election of Mohamed Morsi at the presidency has had an impact on the IDSC’s activities.141 While its staff have demonstrated their willingness to work with the new government – for instance through the implementation of awareness campaigns focused on the constitutional process; the Muslim Brotherhood-led cabinet may not trust the institution, as it could be perceived as a bastion of the former regime.

In such context, new groups have also started to organize in view of playing a policy support role. One of the most interesting initiatives to date has been the creation of the House of Wisdom, a civil society organization whose most prominent members have close links to the Muslim Brotherhood. It was created by a professor of political science who is close to the party and played a central role in drafting of its Renaissance Project in 2005 – a document then intended as the party’s governmental platform. Although still limited in scope, the House of Wisdom looks like an interesting project. Contrary to most public policy centers, it claims strong links with communities at the local level. Moreover, it aims at advising and lobbying government centers in the capital, especially through the action of its most prominent members. It also intends to establish local offices at the regional level in view of helping local authorities to assess citizens’ needs and determine policy priorities, and providing them with concrete ideas/policies. Finally, contrary to most Egyptian civil society organizations, it relies on local funding (like charities, it can mobilize support from local notables of social and religious conservative backgrounds).142

In general, the models for public policy support currently being implemented in Myanmar and Egypt highlight that two issues at least have a potential to impede efforts to produce relevant knowledge-based recommendations in support for the action of new governments: the limited inclusion of grassroots actors in the deliberation process; and dependency on foreign funds. These might be factors to take into account also in Tunisia, where new mechanisms and institutions for producing knowledge-based recommendations co-exist with well-established policy centres such as the Tunisian Institute for Strategic Studies (ITES), founded in 1993 to carry out policy-oriented research under the oversight of the Presidency of the Republic.

In Tunisia, while most political parties rely on advice from individual experts on specific issues, it seems that there has been no specific structure intended to produce analysis and recommendations for either political parties or the government created to date.

141 Author’s interview with an Egyptian researcher familiar with the institution, October 2012.
142 Author’s interview with a young Egyptian researcher familiar with the organization, August 2012.
The most visible institution since the revolution has apparently been the Center for the Study of Islam and Democracy (CSID), headed by Radwan Masmoudi, an engineer by profession. Founded in Washington DC in 1999 by a group of academics, professionals, and activists, the CSID is a non-profit organization which had been very active after 2001 in promoting the compatibility between Islam and democracy. It has notably been supported by the National Endowment for Democracy (NED), with which it co-organized a number of events throughout the 2000s. Radwan Masmoudi returned to Tunisia in 2010 with the declared intention of playing the role of a bridge between the U.S. and the Muslim world and helping strengthen and promote the values of freedom and democracy. The CSID is now considered as Ennahda party’s think-tank. Yet its role has so far been limited to the organization of conferences. [More detailed analysis of policy-support centres in Tunisia will be added]
Concluding remarks

This analysis of transitions in Brazil, Chile and Indonesia presents useful, comparative experience for domestic and international actors involved in supporting the ongoing transitions in Myanmar, Egypt and Tunisia. The following conclusions are intended to influence discussion at the Oslo conference and could also be elaborated into recommendations based on a further examination of the contexts.

• Agreements forged at the initial stages of a transition often impede the implementation of inclusive and comprehensive reforms at later stages. Pressure to restart economic growth, for example, can mean that developing policy options for more inclusive socio-economic development can suffer. This is exacerbated both by internal vested interests and some international concentration on neo-liberal economic policy, which has been criticised for reinforcing structural inequalities. *Maintaining space at the outset and throughout transition for inclusive policy making is key.*

• Transitions are provoked when citizens do not feel that their expectations are being met. Without initial attention to addressing social inequalities and strengthening the role of the state, it’s likely that expectations will continue to be disappointed, even as elites change. Social cohesion, or the horizontal relationships between groups in society, also suffers as perceptions of injustices increase. *Without attention to a renegotiation of the social contract and social cohesion the legitimacy of democratic institutions will be in question.* Ultimately, this can affect stability, endanger peace and undermine democratic transition.

• The role of the military in democratic transitions should not be neglected. As this discussion paper has shown, the military plays a central role in transitions and all too often the success of a transition will depend on its influence. *Analysis of the role of the military, as well as initial and ongoing dialogue with (and between) military actors should be a focus of support to transitions.*

• The role of law is generally undermined in authoritarian situations. Laws can be enforced as means of repression rather than to uphold the principle of equality before the law, including through equal benefits and protections under the law. *Reestablishing knowledge of, access to and implementation of a legal framework that reflects international standards and guidelines, including through pursuing transitional justice, is essential to heal the rifts in society* and move towards a culture of equal rights. This is often damaged when some elites are seen to continue to be exempted from accountability for their alleged crimes.

• Forging democratic state institutions requires support, in terms of skills, capacities and development of new responsibilities. *Ensuring that transition becomes an inclusive process that builds state and civil society interaction is essential to creating a culture of participation in policy development.*
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