Democratic Governance in Latin America

Amid Poverty and Instability, Scholars Debate Path to Successful Democracy

At the Kellogg Institute’s conference “Democratic Governance in Latin America,” scholars gathered to look at the policies that could foster success in trying times.

The participants set out to address two fundamental questions, one specifically about Latin America and the other a broader methodological debate about how to analyze pathways to success in the contemporary world.

- Why have some policies and countries in Latin America been more successful than others? There have been many failures in democratic governance in Latin America since the 1980s, but failure is not inevitable: there is considerable cross-national variance in success, and it might be possible to systematize a few lessons about what policies, practices and institutions are favorable to success.

(continued on page 2)
Democratic Governance...
(continued from page 1)

- Is it possible to generalize lessons about what policies and institutions foster success in democratic governance? That is, are some policies or institutions more likely to promote success or failure?

One intellectually defensible position is that “success” is idiosyncratic, perhaps so much so that it is not worth thinking about “lessons.” Conversely, other social scientists believe that some policies and institutions are generally more likely to be successful. Conference participants examined variation in three policy areas crucial to the future of Latin America: economic and social policy and state capacity, specifically in prosecuting human rights abusers.

In addition, papers by ALAN ANGELL, University lecturer in Latin American politics at Oxford, MITCHELL SELIGSON, Centennial Professor of Political Science at Vanderbilt University, and JULIANA MARTÍNEZ, researcher at the Institute of Social Research at the University of Costa Rica, looked at Chile and Costa Rica, countries widely regarded as most successful in Latin America over the past 15 years. They examined the reasons for their relative success and analyzed whether these country experiences offer lessons for other countries.

The conference organizers believed that looking at the question of what accounts for variance in success through different prisms would be more fruitful than one more iteration of a detailed examination of specific social or economic policies.

JOSÉ DE GREGORIO, vice-governor and board member of the Central Bank of Chile, and FRANCISCO RODRÍGUEZ, assistant professor of economics and Latin American studies at Wesleyan University, presented papers on reasons for economic success in contemporary Latin America. EVELYNE HUBER and JOHN STEPHENS, both professors at the University of North Carolina, Chapel Hill, and JOAN NELSON, senior scholar at the Woodrow Wilson Center of the Smithsonian Institution and scholar in residence at the School of International Service at American University, wrote on varying degrees of success in social policy.

DANIEL BRINKS, assistant professor of Government at the University of Texas at Austin, examined variance in state capacity, particularly in prosecuting human rights violations.

What Explains Success?
The debate about economic policies in contemporary Latin America began the conference.

The two papers on economic policy manifested diverging views both about what accounts for success in contemporary Latin America and about the wisdom of generalizing about ingredients for success.

(continued on page 16)
Kellogg Welcomes New Faculty, Visiting Fellows

Spring Visiting Fellows

Joining SUSAN FITZPATRICK BEHRENS and LUCAN WAY, who hold yearlong teaching fellowships at the Kellogg Institute, are four new visiting fellows. They will spend the spring semester engaged in research pertaining to democratization, religion and society, and social movements, among other Kellogg research themes.

As part of the Fulbright Educational Partnerships project, Kellogg will host ROXANA BARRANTES CÁCERES, a research associate and member of the Board of Directors of the Instituto de Estudios Peruano (IEP), as well as an associate professor in the department of economics at Pontificia Universidad Católica del Perú.

Barrantes will spend the spring semester exploring the political economy of the Peruvian budget allocation process. In particular, her research will focus on the creation of special funds, public resources specifically allocated to a particular end. Preliminary research indicates that in the last ten years up to thirty such funds have been created by Congress in response to the demands of various interest groups. With the creation of a fund, the particular interest group is assured of public funding, but less public money is available for other legitimate uses, including the provision of general public goods. The hypothesis Barrantes will test is whether these funds give credibility to the political system while at the same time undermining the ability of the political process to redistribute resources among the general population.

Barrantes has served as an advisor to a variety of NGOs and policy-making bodies in Peru concerned with telecommunications, transportation, the environment and natural resources, and development and social programs. Currently, she is working on the institutional and regulatory model of Limabus, the public transportation service in Lima, and is coordinator of the Training and Research Program on Environmental and Forestry Policy in Peru, financed by the MacArthur Foundation and implemented by the Economic and Social Sciences Research Consortium (CIES). She holds a PhD in economics from the University of Illinois at Urbana-Champaign.

DAPHNA CANETTI-NISIM, an assistant professor of political science at the University of Haifa, Israel, where she also obtained her PhD, studies religion and democracy in Israel. She focuses on extreme religious expressions, beliefs and behaviors and their potential harm to democratic values.

While many intuitively believe religion to be antidemocratic, her findings have not shown this to be the case. With other scholars, she speculates that authoritarianism, among other factors, may account for the negative association. Her current project, “Religion and Democracy: Friends or Foes?” concentrates on the interrelationship between manifestations of religiosity and support for the political aspects of democratic values.

While at Kellogg, Canetti-Nisim will use structural equation modeling to analyze four years of Israeli survey data and compare it to American data, as well as integrate her extensive research in religious studies and democratic theory and methodology. She plans to take advantage of the opportunity to be part of the Institute’s scholarly community to widen her knowledge of the relationship between religion and politics outside of Israel.

VLADIMIR GEL’MAN will devote his visiting fellowship to preparing for a future book on failed democratization in Russia. Whimsically, he titles it “Out of the Frying Pan, Into the Fire: Post-Communist Regime Change in Russia in a Comparative Perspective.”

The project will focus on the impact of political actors and political institutions as the major factors of regime change. Gel’man will analyze the dynamics of the post-Soviet elite—hypothesizing that elite “pacts” prevented democratization rather than enforced it. He will trace the process of institution building, with special attention to the formalization of the “rules of the game,” and explore the role of “critical junctures,” such as Yeltsin’s coup in 1993. Ultimately, he would like to include the Russian case in a broader theoretical and comparative perspective, drawing parallels with studies of transitions to semi-democratic regimes in different parts of the world.

An associate professor of political science at European University in St. Petersburg, Russia, Gel’man is co-author of Making and Breaking Democratic Transitions: The Comparative Politics of Russia’s Regions (Rowman and Littlefield, 2003). He is a corresponding editor for the International Journal of Urban and Regional Research as well as a member of the editorial board of the Russian journal POLIS. In 2003, Gel’man held visiting professor positions at Central European University in Budapest and at the University of Texas at Austin. From 1995–98, he served as an associate member of the Central Electoral Commission of the Russian Federation. He received the Candidate of Political Sciences degree (PhD equivalent) from St. Petersburg State University and is a diploma engineer (MA equivalent).

GULNAZ SHARAFUTDINOVA, an assistant professor at Miami University (Ohio), studies issues related to the rule of law and elite accountability in the democratization of post-communist countries. Her Kellogg project, “The Dynamics of the Post-Communist Transformation: Varieties of Authoritarian Regimes (continued on page 4)
and Paradoxes of Crony Capitalism in Russia’s Regions,” grows out of her PhD dissertation, which she plans to develop into a book and a series of articles while she is in residence.

Sharaftuddinova is particularly interested in the interaction between formal institutions and the informal economic-political elite networks which characterize crony capitalism. Looking at the impact of political contestation on elections and governmental performance, her findings run contrary to usual expectations about the democratization process. She finds that uninhibited political competitiveness can work against public acceptance of elections, which come to be seen as power struggles among the elite, and that in terms of governmental performance, authoritarian monocentric regimes may fare better than contested regimes, at least in the short run. Focusing on Russia’s regions, her work combines statistical analysis and a case study of the Republic of Tatarstan. At Kellogg, she plans to further develop the comparative elements of her argument, which may be useful in the study of other post-communist nations.

After receiving her MA in International Affairs from the Elliott School of International Affairs, George Washington University, Sharaftuddinova returned to her native Tatarstan for a year. From 1997–98 she was senior officer of the Department on Asia and Africa in the Foreign Affairs Office of the President of the Republic of Tatarstan. She holds a PhD in political science from George Washington University.

**Guest Scholars**

**MANUEL AUGUSTO GLAVE TESTINO,** of the Pontificia Universidad Católica del Perú, will teach Global Economic History in the Department of Economics and Policy Studies.

**FAUSTO MIZIARA,** a sociologist specializing in rural sociology at the Universidade Federal de Goiás in Brazil, will focus on the project “The Sem Terra Rural Workers Movement and the Sustainability of Agricultural Reform Settlements in Brazil.”

**DENISE PAIVA FERREIRA,** of the Universidade Federal de Goiás in Brazil, will be working on the project “The Social and Economic Basis of Electoral Volatility in Brazil.”

**Kellogg Names Three New Faculty Fellows**

The Kellogg Institute has named three new Notre Dame faculty fellows whose research interests focus on early American literature, human rights law and comparative politics in the post-Soviet era, respectively.

**PATRICIO BOYER,** assistant professor in the Department of Romance Languages and Literatures, studies early American literatures in a comparative context focusing on Spanish- and Anglo-American colonial literatures. His thematic interests include law and literature as well as the convergence between the literary and the psychoanalytic. Boyer has teaching experience in a wide variety of subject areas, ranging from undergraduate language classes to seminars on literary theory and utopic discourse.

He received his PhD from Yale in 2005. He has served as executive editor of the Yale Journal of Law and the Humanities, and has been actively involved in the Association for the Study of Law, Culture and the Humanities. In 2003 Professor Boyer was awarded a Yale Prize Teaching Fellowship in recognition of his contribution to undergraduate education.

**DOUGLASS CASSEL** is the director of the Notre Dame Center for Civil and Human Rights and is a Lilly Endowment Professor. His research interests cover a wide range of issues in international human rights, international criminal law and international humanitarian law.

Currently, he is involved with efforts to strengthen the international system for protection of human rights and to ensure respect for human rights in counter-terrorism programs.

Cassel comes from the Center for International Human Rights at Northwestern University School of Law, where he was professor and director since 1998. He was the executive director of the International Human Rights Law Institute at DePaul University College of Law and of its Jeanne and Joseph Sullivan Program for Human Rights in the Americas from 1990 until 1998.

He has also been a consultant to the United Nations, the Organization of American States, the US Department of State, and the Ford Foundation. He lectures worldwide and his articles are published internationally in English and Spanish. His commentaries on human rights are published in the Chicago Tribune and broadcast weekly on NPR in Chicago.

In 2000, Casse was elected to the board for the Justice Studies Center for the Americas, Santiago, Chile, serving most recently as its president. Since 2000, he has been the president of the Due Process of Law Foundation in Washington, DC. He is a member of the Executive Council of the American Society of International Law, and a consultant on transitional justice.

Cassel earned a BA cum laude from Yale and a JD cum laude from Harvard. From 1992 until 1993, he served as Legal Adviser to the UN Commission on the Truth for El Salvador.

**DEBRA JAVELINE,** assistant professor of political science, specializes in comparative politics, mass political behavior, survey research and the politics of post-Soviet and other post-communist regimes.


She is currently conducting research on judicial effectiveness and respect for law in Russia, and she is beginning a new project on the links between social factors and public health. She has conducted survey research in the former Soviet Union for the US Information Agency (now State Department) and the US Agency for International Development, and she has held fellowships from Fulbright-Hays, Mellon, the American Council of Teachers of Russian, Foreign Language and Area Studies, Harvard University’s Davis Center for Russian Studies, the University of Colorado’s Institute of Behavioral Science, the Robert Wood Johnson Foundation, and the National Science Foundation.

Prior to joining the faculty at Notre Dame, she was an assistant professor at Rice University. She holds a PhD from Harvard University.
**Fellows in Policy & Public Service**

JORGE A. BUSTAMANTE addressed the UN General Assembly in October as the UN Special Rapporteur on the Human Rights of Migrants. MICHAEL COPPEDGE gave invited testimony, “Keeping Democracy on Track: Hotspots in Latin America,” before the Western Hemisphere Subcommittee of the House International Relations Committee on September 28, 2005. Also in Washington, he served as discussant when “The Effects of US Foreign Assistance on Democracy Building: Results of a Cross-National Quantitative Study,” a report prepared for USAID by Steven Finkel, Aníbal Pérez-Liñán, Mitchell Seligson and Dinorah Azpuru, was presented at the Woodrow Wilson International Center for Scholars. He also presented “[Venezuelan] Domestic Politics Defined” at the conference “Hugo Chávez’s Prospects at Home and Abroad,” sponsored by the Office of External Research, Bureau of Intelligence and Research, US Department of State.

GEORGES ENDERLE lectured on “Corporate Responsibility in the CSR Debate” for the seminar “La responsabilidad social corporativa: entre la ética y la estrategia,” organized by the Universidad Jaume I, Castellón, Spain. He also participated in the keynote session “Business Ethicists Between All Frontiers” at the European Business Ethics Network conference in Bonn, Germany.

RICHARD A. JENSEN participated in a panel discussion at “The 25th Anniversary of the Bayh-Dole Act,” at Indiana University-Purdue University Indianapolis (IUPUI).

KWN S. KIM presented the keynote “Global Poverty Gap” at the Foreign Policy Lecture Series organized by the World Affairs Council in Grand Rapids, Michigan, and also spoke on “Safeguarding Against Crisis: East Asian Financial Cooperation” at the joint session of the Western Economic Association and the North American Economic and Finance Association.

MIRIAM KORNBLITH participated in the panel “The Influence of Political Reforms on Democratic Governability” and presented the paper “The Recall in Venezuela: Context, Content and Assessment” at the conference “Governability and Political Reform: New Challenges for Democracy,” held in Guatemala City and attended by members of political parties and NGOs involved in political affairs in Guatemala. The conference was sponsored by the Program on Democratic Values and Political Management of the OAS office in Guatemala and by the office of the Vice-Presidency of Guatemala.

GEORGE LOPEZ, with David Cotright, provided expert testimony to the UN Security Council Sanctions Working Group on “Innovations of the 1990s in UN Sanctions.” He was also interviewed about the UN’s Oil-for-Food program by Chicago Public Radio’s Worldview and NPR’s Marketplace.

GUILLEMÒ O’DONNELL has been appointed member of the International Committee of the International Forum for Peace and Civilization. The Forum is institutionally located in the International Forum for Peace and Civilization. The Forum is institutionally located in the Academy of Korean Studies, Korea.

**Grants, Honors & Awards**

JEFFREY BERGSTRAND was invited to become a fellow of the CE-Sifo Research Network, a global network of economic researchers.

SUSAN BLUM received a grant from the Pilot Fund for Social Science Research through the Institute for Scholarship in the Liberal Arts, College of Arts and Letters, University of Notre Dame, for “My Word and Your Word: Toward an Ethnographic Understanding of Plagiarism in US Universities.” She also was included in the 2005 editions of Who’s Who in America, Who’s Who in the World, and Who’s Who of American Women.

MICHAEL COPPEDGE was elected Treasurer of the American Political Science Association (APSA) Comparative Democratization Section.

ROBERT DOWD, CSC, has been awarded a grant by the Spiritual Capital Research Program, with funding from the John Templeton Foundation, for “Religiosity and Political Culture: Christians, Muslims and Spiritual Capital in Sub-Saharan Africa.” The project will explore how various branches of Christianity and Islam empower Africans to involve themselves in their own economic development and that of their communities, encourage them to define themselves according to broad rather than to narrow nationalistic identities, and promote peaceful political participation.

VIRGILIO ELIZONDO presented the keynote talk “Mestizaje Theology as a Promising Future” at the “Inter-University Erasmus Program” in Paris. He also gave the keynote address “The Compassion of Mary in the Struggles of the Poor” at the “15th International Mariological Symposium” in Rome.

ROBERT M. FISHMAN’s recent book, Democracy’s Voices: Social Ties and the Quality of Democracy in Spain, was awarded Honorable Mention for Best Book in Political Sociology at the 2005 Annual Meeting of the American Sociological Association in Philadelphia.

GUSTAVO GUTIÉRREZ, OP, presented the keynote “Globalization and the Challenges to Mission” at Maryknoll’s 25th Anniversary. He also presented the keynote address “The Principles of Hope” for the “Chapel Series” at Loyola University (Chicago).

RICHARD A. JENSEN, with Celestine Chukumba of Pennsylvania State University, received funding from the Ewing Marion (continued on page 6)
Kellogg Awards Four Grants to Faculty

The Kellogg Institute recently awarded four new grants under its restructured grants program.

Administered by Kellogg’s Grants Committee, the funding promotes academic research efforts, including faculty research grants, grants for working groups, conference/workshop grants and distinguished lectureships.

For more information, see the Kellogg Web site at kellogg.nd.edu/grants.html.

The following faculty grants were awarded during the fall semester:

**VIVA BARTKUS**, associate professor of management in the Mendoza School of Business, has been awarded a grant to fund an interdisciplinary conference on social capital. The conference will explore the concept of social capital and argue its potential importance to the study of both business and the broader discourse on international economic development.

**JEFFREY H. BERGSTRAND**, professor of finance in the Mendoza College of Business, was awarded a three-year grant to support his research in the areas of international trade, foreign direct investment and multinational firm behavior. The grant will also support work on “Causas and Consequences of the Growth of Regionalism.”

**ANTHONY M. MESSINA**, associate professor of political science, received a grant to support his work compiling an index for the anthology, *The Migration Reader*. The Migration Reader analyzes the complex phenomenon of transnational migration and the challenges it poses for contemporary societies, states and international relations.

**CHRISTOPHER J. WALLER**, Gilbert F. Schaefer Professor of Economics in the Department of Economics and Econometrics, has received a three-year grant to fund research on the role of money and credit in overcoming frictions affecting trade between agents. This research will draw on the monetary search model to understand the key frictions that make money ‘essential’ in trade outcomes, and how credit and money can coexist.

In addition, funding for the following projects was renewed:

**PAUL V. KOLLMAN**, CSC, assistant professor of theology, will receive continued funding for the Africa Working Group. The goal of the working group is to provide a forum to present and discuss cutting-edge research on Africa, and understand its past, present and future in the context of the larger global order.

**JUAN M. RIVERA**, associate professor of accountancy in the Mendoza College of Business, will receive continued funding for the Rural Economic Development in Mexico Working Group. The working group seeks to promote cooperation on rural economic development and small business entrepreneurship, and understand the conditions that promote or restrain development.

Books & Publications


**MICHAEL COPPEDGE** contributed “Explaining Democratic Deterioration in Venezuela Through Nested Inference” to *The Third Wave of Democratization in Latin America*, edited by Frances Hagopian and Scott Mainwaring (Cambridge University Press, 2005).


The article was also translated into Japanese by Professor Shoji Yamada of Nanzan University and published in the Nanzan Journal of Economic Studies 20 (June, 2005).


GEOGE LÓPEZ contributed “La Reforma al Consejo de Seguridad” to Las Naciones Unidas Rumbo sus 60 Anos de Fundacion, edited by Maria Celia Toro Hernández (El Colegio de Mexico, 2005). He wrote “Impose ‘smart sanctions’ on Syria” for the Christian Science Monitor, as well as contributing six commentaries on issues of international politics to La Opinión.


GUILLERMO O’DONNELL’s writings on bureaucratic-authoritarianism are being translated for publication in Chinese by the Beijing University Press.

MARÍA ROSA OLIVERA-WILLIAMS, with Mabel Morana, co-edited El Salto de Minerva: Intelectuales, género y Estado en América Latina (Madrid: Iberoamericana-Vervuert, 2005). As well, she contributed the chapter “Vivencias en la escritura en los tiempos de la globalización” to the volume.

New in the Kellogg Series with Notre Dame Press

In Needs of the Heart, KENNETH P. SERBIN traces five centuries of conflict and change in the life of the clergy in Brazil, home to the world’s largest and arguably most dynamic branch of the Roman Catholic Church.

Serbin, associate professor of history at the University of San Diego, examines how priests participated in the colonization of Brazil, educated the elite and poor in the faith, propped up the socioeconomic status quo and reinforced the institution of slavery, all the while living in relative freedom from church authority.

The book will be published as part of the Kellogg Institute’s joint series with Notre Dame Press.

New Working Papers Available

Three titles have been added to the Kellogg Institute Working Paper Series. The series promotes the quick, wide dissemination, free of charge, of the latest research by current and past faculty fellows, visiting fellows and guest scholars. Faculty Fellow Michael Coppedge serves as the series editor.

Researchers and the general public can check Kellogg’s home page for links to the latest papers or access the archives according to region or theme of interest, at kellogg.nd.edu/working-papers.html.

Published this fall:

# 320 “Language and Politics: On the Colombian ‘Establishment’” By EDUARDO POSADA-CARBO (St. Anthony’s College, Oxford)

# 321 “With Friends Like These: Protest Strategies and the Left in Brazil and Mexico” By KATHLEEN BRUHN (University of California, Santa Barbara)

# 322 “Why Regions of the World Are Important: Regional Specificities and Region-Wide Diffusion of Democracy” By SCOTT MAINWARING (University of Notre Dame) and ANÍBAL PEREZ-LIÑÁN (University of Pittsburgh)

Staff News

Hahn-Wiggins Retires; Hartman Assumes Duties

In her 22 years at the University of Notre Dame, Nancy Hahn-Wiggins has had one of the best seats in the house to watch Kellogg grow.

Hahn-Wiggins started in 1984 when former directors and current faculty fellows

ERNIE BARTELL, CSC, and GUILLERMO O’DONNELL were defining the research agenda and priorities for the Institute. By the time she retired, the Institute had expanded its offerings to provide a wide array of student programs and funding.

On September 30, Kellogg’s senior administrative assistant gave up her seat to Peg Hartman, who assumed the role as assistant to the Kellogg directors in October.

(continued on page 8)
Although Hartman is new to Kellogg, she has been with the University for a comparably long tenure of 19 years, most recently with the National Institute for Trial Advocacy.

“I’ve enjoyed seeing how much the fellowships and grants have increased,” reflected Hahn-Wiggins.

“One of the most exciting things about the Institute is the people I’ve met from all around the world: visiting fellows, students, presidents and policymakers.

To Chris Welna, executive director at Kellogg, Hahn-Wiggins brought a potent combination of institutional memory and grace to the Institute.

“It didn’t matter whether you were president of the University, a trustee, student or a fellow, you were treated the same. She brought poise and grace to our relations.”

Sharon Schierling, associate director of the Kellogg Institute, was elected president of the Consortium of Latin American Studies Programs (CLASP) beginning January 1, 2006.

One of her first duties will be to organize a meeting of representatives from consortium institutions at the Latin American Studies Association meeting March 15–18, 2006, in San Juan, Puerto Rico. Previously, she served as vice president and president-elect of the organization.

CLASP promotes Latin American studies through programs ranging from the stimulation of research activities and funding of professional workshops to the encouragement of outreach activities and development of teaching aids for the classroom.

For the latest information on Kellogg’s academic events and fellows in the news, visit kellogg.nd.edu

Mack: Prize Strengthens ‘Security Umbrella’

In accepting the Notre Dame Prize for Distinguished Public Service in Latin America, funded by The Coca-Cola Foundation, Helen Mack Chang pointed to the press coverage and the recognition it provides as key to helping ensure her safety.

“The national coverage of this event was very important...because it helps strengthen my ‘security umbrella,’” said Chang at the ceremony in Guatemala City, Guatemala.

She said the Prize had renewed focus on the justice and reconciliation efforts that came out of the 1996 Peace Accords, and brought more attention to the Myrna Mack Foundation as it works to end the culture of impunity enjoyed by former members of the military.

At the Notre Dame Prize ceremony in Guatemala City, hundreds gathered—including representatives of all the country’s major newspapers.

Representing the University of Notre Dame, Rev. James McDonald, CSC, senior executive assistant and counselor to University of Notre Dame President Rev. John I. Jenkins, CSC, presented Mack with the Prize and the cash award of $10,000.

From The Coca-Cola Company’s Latin Center division, Rafael Fernández Quirós, director of Public Affairs and Communications, presented the Myrna Mack Foundation’s vice president, Dr. José García Noval, with a $10,000 matching award to help further the organization’s work on behalf of the people of Guatemala.

Soldiers in the now-defunct Presidential Security Corps murdered Helen’s sister, Myrna, in 1990 because of her research into the government’s repression in Guatemala’s Mayan highlands.

Through Helen’s tenacious efforts, an army sergeant was convicted of direct responsibility and the security chief responsible for ordering the assassination was also found guilty and sentenced to 30 years in prison. He remains at large.

In 2004, President Óscar Berger, accompanied by the heads of Congress and the Supreme Court, publicly acknowledged the Guatemalan government’s responsibility for Myrna’s killing.
Kellogg Embodies Much of What We Want to Be

An Interview with John Jenkins

When Father John I. Jenkins, CSC, became the 17th president of the University of Notre Dame, he brought with him a keen understanding of Kellogg’s mission. For the four years prior to his election as president, Jenkins served as associate provost and vice president of the University, positions that required direct oversight of the Institute.

A native of Omaha, Nebraska, Father Jenkins specializes in ancient philosophy, medieval philosophy and the philosophy of religion. He is the author of Knowledge and Faith in Thomas Aquinas (Cambridge University Press, 1997), and has published scholarly articles in the Journal of Philosophy, Medieval Philosophy and Theology, and the Journal of Religious Ethics. He delivered the annual Aquinas Lecture at the University of Dallas in January 2000 and was the recipient of a Lilly Teaching Fellowship in 1991–92.

Father Jenkins earned two degrees in philosophy from Oxford University in 1987 and 1989. While at Oxford, he taught in Notre Dame’s London Program. He earned his master of divinity degree and licentiate in sacred theology from the Jesuit School of Theology at Berkeley, California, in 1988. Prior to joining the Congregation of Holy Cross, he earned bachelor’s and master’s degrees in philosophy from Notre Dame in 1976 and 1978, respectively.

In the following interview, Jenkins reflects on Kellogg’s mission, his aspirations for the Institute’s mission and the importance of student programs.

What sort of importance do you place on having a scholarly institute focused on Latin America?

Latin America was chosen quite consciously as an emphasis and concentration for Kellogg. We have had Latin American students attending Notre Dame for a long time and the Holy Cross community has long had an association with Chile.

Therefore, Latin America was the natural choice as a place of concentration: Not only is it an important part of our Catholic culture, but it also shares a close proximity to the United States. Latin America is a part of the world that we really need—and should—have academic institutions focus on.

As a former provost responsible for overseeing the Kellogg, what aspects of the Institute’s mission strike you as most significant?

First, Kellogg has extraordinarily talented scholars, faculty and social scientists. It is one of the jewels in the crown at Notre Dame. The Kellogg Institute embodies much of what we want to be at Notre Dame: a leading institute for thought on Latin America and the world that has great influence on scholarly work, government leaders and policymakers. It is a place that—through its scholarly work—accomplishes a goal of being a part of the University that takes a leadership role in thought and scholarship. That’s what we would like to do throughout the University.

In your inauguration speech, you emphasized that all colleges, departments and institutes should strive to be in the top tier in the rankings. What sort of objective measures should be used in lieu of specific rankings?

We are always looking for the right kind of measures to assess quality, and they are very hard to come by. That said, I think there is just no question—in terms of quality of faculty, scholarly output, recognition of works and visitors who come to Kellogg—that Kellogg really is a leader in international studies.

What general aspirations do you have for the international research institutes at the University, including Kellogg?

Our departments are fully capable of engaging in serious scholarly work. We are looking for our Institutes to be centers of genuine excellence. Our aspirations across the University are for institutes like Kellogg to be publishing work that is trendsetting, and that has great influence in the scholarly community.

Beyond the academic world, we want our institutes’ scholarly work to influence governments and policymakers and to help these institutions think about how to address social and political issues for creating stable political systems.

Finally, Kellogg should seek to enhance the educational experience for both graduate and undergraduate students. Students should benefit from the presence of a Kellogg Institute beyond what they can get from the political science or sociology department. Our institutes need to be a source of cutting-edge educational opportunities that reflect engagement on important issues. And that’s something Kellogg does very well.

Over the past decade, we have seen a growing demand by students for international programs and experiences such as the Kellogg’s internship program. What do you perceive as the value of these programs as part of the curriculum?

When I graduated in the 1970s students went on international programs and they were bene-
A Conversation with Donna Lee Van Cott

The Rise of Indigenous Rights and the Politics of Diversity

by Elizabeth Station

Raised for her original fieldwork and insightful analysis, political scientist DONNA LEE VAN COTT’s research focuses on the implications of indigenous peoples’ political activity for democracy in Andean countries. An assistant professor at Tulane University, she is author of From Movements to Parties in Latin America: The Evolution of Ethnic Politics (Cambridge, 2005), and The Friendly Liquidation of the Past: The Politics of Diversity in Latin America (Pittsburgh, 2000). She also edited Indigenous Peoples and Democracy in Latin America (St. Martin’s Press, 1994) and has published numerous articles on the topic. Van Cott spent the fall semester at Kellogg developing a new project that will link her earlier work to current theoretical debates on the quality of democracy in the region. She spoke about her work in a December 2005 interview.

Your method of studying indigenous movements blends empirical data with historical analysis, and examines the movements through the lens of current debates in political theory. How did that approach evolve?

The political situation of indigenous peoples and their relationship to processes of democratization is very complex, and I think you have to draw upon a variety of social science methods in order to fully understand it. I’m very eclectic... My background before entering academia was as a musician and an artist—and so the way that I feel I can contribute is by being creative. I tend to look for topics that no one is working on; I try to use methods that are not commonly used, and I push myself to think of things in new ways. And like most artists, I’m not afraid of going somewhere new—in fact, that’s what excites me.

In your 2000 book, The Friendly Liquidation of the Past, you talk about the phases in which indigenous peoples gained greater inclusion in Bolivia and Colombia. Where along this continuum does Latin America find itself today?

As a region, Latin America has implemented the easy stuff. First of all, symbolic rights—just the written recognition in public documents that indigenous peoples exist, that societies are multicultural, that indigenous peoples have collective rights. Those are victories that were won early, and the recognition of customary law and bilingual education rights is coming along quite well.

The most difficult of the constitutional reforms have been those having to do with territorial and natural resource rights, and that’s because there is a lot of resistance to this among elites. Territorial rights require implementing legislation that has to be created by congresses, which tend to be more polarized, more conflicted, and more politicized than were constituent assemblies.

Have any developments surprised you?

Indigenous people have done a much better job than I would have anticipated in taking advantage of political opportunities. The indigenous parties that we see today, competing for presidential and national office, are the offspring of constitutional reforms of the 1990s... But I think nobody could have anticipated how well these parties are doing, particularly in Bolivia and Ecuador.

How do you interpret the rise of Evo Morales, a political leader of indigenous descent, in light of the movements you’ve studied in Bolivia?

The rise of Evo Morales and the MAS (Movement Toward Socialism) is due to an effective strategy of using indigenous identity and culture as a base, as an attractive message and a way to incorporate the vital, dynamic indigenous movement in Bolivia. But he’s also incorporating into that an anti-neoliberal, anti-US message that resonates very strongly with Bolivians of all walks of life.

The problem is whether he’s elected or not, the political system will be polarized, and you will still have problems of governability.

Morales has tried to reach out more to urban and middle-class sectors and to international actors to show that he can be a moderate, stable political actor as president of Bolivia... [But] in a sense it doesn’t really matter who is president, because nobody will have the consensus to develop and implement a coherent strategy.

I think that certainly if he does take office, it will be inspirational both to indigenous movements and to poor people’s movements in other countries—just as Bolivian indigenous movements have been very inspired by the success of Pachakutik in Ecuador and Lula in Brazil.

Why have indigenous groups succeeded in becoming viable political actors in some countries but not others?

My approach is to look at three sets of reasons that I think have to work together. The first is institutional changes such as constitutional reforms and decentralization... The second is the social movements themselves, because these actors are partly responsible for their own success... The third factor relates to how political party systems were becoming more fragmented, how traditional parties that had had a monopoly on representation in many countries had lost support, and this created a huge opening for any new party to
gain support. In particular, the rise in the indigenous parties corresponded in time with the decline of leftist parties. So I focus a lot on the connection between the rise of indigenous social movement organizations and the electoral decline of traditional leftist parties.

Why haven’t indigenous movements gained significant political power in Peru and Guatemala?

[Former President Alberto] Fujimori centralized power during the 1990s in Peru and made it more difficult for parties to run at the local level or to build institutions, and Fujimori attacked democratic institutions of all kinds. He also discredited any type of opposition activity, calling it terrorist under the rubric of fighting against Sendero Luminoso (Shining Path). Second, you have very weak indigenous movements in Peru because of the civil war against Shining Path in which many indigenous leaders were assassinated.

Guatemala has some of the same problems as Peru, in that you had the war of the 1980s that was very difficult for indigenous peoples; you have a lot of racism and attacks against indigenous organizations. Also since the return to elected civilian rule in Guatemala, communities can run candidates for local office without forming political parties—so you have a lot of indigenous mayors who just run on behalf of the local indigenous organization and now there’s an association of Mayan mayors in Guatemala to coordinate activities. There hasn’t been a need for parties at the local level, and indigenous peoples throughout Latin America are particularly focused on the local level because many live in rural areas.

You’ve argued that indigenous actors may be adding to the quality of democracy by promoting greater popular participation in local politics. Can you give some examples?

There are three institutions that seem to be common, although these different local spaces are enormously diverse. One is the use of what’s called the minga, which comes from Andean indigenous culture going back for a long time. That is, legitimate authorities are able to call on the community to provide labor for different types of community public works projects… and when indigenous mayors gain office, they are also able to take advantage of this source of labor and energy, and this makes the scarce resources that municipalities have go a lot further. A second thing that you find are the creation of quasi-public councils or working groups that connect municipal officials with civil society organizations—so you have spaces where state and society meet to talk about particular issues. And then the third thing that you see, and this also comes from indigenous culture, are frequent popular assemblies.

You’ve said it’s important not to idealize these experiences. Why?

Women aren’t able to participate fully in many of these spaces for a variety of cultural and economic reasons. Also, a lot of these spaces are dominated by community organizations that may have an authoritarian internal culture. Indigenous and peasant organizations, which as social movements have used internal discipline and an emphasis on conformity to survive and prevail against their adversaries, have a hard time adjusting to the different logic of running a municipal government. Some have yet to learn how to shift from representing the interests of a particular group before government officials, to representing diverse and sometimes conflicting local interests as government officials.

What lessons, if any, do Latin American cases provide for societies like Iraq, where conflicting ethnic and religious groups are trying to coexist in a fragile institutional setting?

Promoting spaces for free deliberation is really important because what you see throughout the world is that distinct identity groups tend to talk only to each other. Sometimes it’s because of language; partly it’s because of distrust or geographic location. So it’s very important to create spaces to promote dialogues among cultures, and I think that this has to begin at a very young age. In Latin America, one very interesting development is that indigenous parties’ innovations in participatory local government involve the children. Children are not only allowed to come to meetings—they’re required to send their representatives to some of these meetings.

What is your next book going to be about?

In the last decade, Bolivian and Ecuadorian indigenous-movement-based parties have tried to implement innovative institutional reforms to generate greater citizen participation, government accountability and intercultural communication. I am using my field research on a range of these cases to evaluate these claims in light of the literatures on the quality of democracy and radical democracy. My preliminary research shows that, under certain conditions, these parties are expanding the frontiers of what social scientists and philosophers think is possible for ethnically divided, developing countries.

And I think the propensity of parties based in indigenous and popular movements to aspire to make dramatic institutional changes is entirely appropriate. Given the difficult problems of democratization in Latin America, we can’t just look at existing institutional options: We have to consider more innovative changes because the aspirations of Latin Americans—indigenous and non-indigenous—are for significant, rather than incremental, change. We can’t just tinker with electoral formulas and redistribute power among elites. It’s important to look at new ideas and to design new institutions that might better incorporate democratic values and practices from civil society into governance. Some of these ideas come from indigenous and peasant cultures, while others come from models in other countries.

Political parties are often blamed for being the source of all the problems that Latin American democracies now face. I also hope in this research to give more attention to how political parties, including indigenous parties, can be part of the solution by being the generators of innovative ideas. That’s something new, I think—that’s the originality of this project.
The Consequences of the Corruption Scandal

Is the PT’s Party Over in Brazil?

When a spate of accusations against Brazil’s Worker’s Party (PT) surfaced last June, many wondered whether the PT and its charismatic founder, Luiz Inácio Lula da Silva, had finally succumbed to the temptations of political power.

The real story seems to have more to do with the immensely fragmented party system and the need to assemble broad coalitions. Still, the scandal holds profound implications for a party that had long been seen as the standard-bearers of clean government in Brazil.

“I don’t think the PT will ever be the same,” said WENDY HUNTER, a 2004–05 visiting fellow and associate professor of government at the University of Texas at Austin. “The party’s image and reputation as being ‘above politics as usual’ has taken an irreparable hit.”

In June 2005, Roberto Jefferson, then-president of the Brazilian Labour Party (PTB) who was under investigation for corruption involving the state-run postal service, accused the PT of offering bribes to members of Congress in exchange for support of the PT’s legislative agenda. Jefferson claimed that PTB members had been offered bribes but rejected them.

TIMOTHY POWER, a 2005 Kellogg visiting fellow and president of the Brazilian Studies Association, initially believed the allegations did not entirely hold water.

Jefferson, he said, is known to be something of a “politician for rent” who will vote whichever way ensures his paycheck.

“I thought, if Roberto Jefferson is saying it, it couldn’t be true.” But, when Jefferson began giving names and bank account numbers, it quickly became clear that the PT had more money than it could account for, Power said.

Although the PT vigorously denounced Jefferson’s accusations as unfounded, Lula’s chief of staff, José Dirceu, resigned later in June. That resignation was followed by the resignations of four top PT officials: President Jose Genoino, Treasurer Delúbio Soares, General Secretary Silvio Pereira and Communications Director Marcelo Sereno. All officials who have resigned denied involvement in the alleged corruption. In December, Dirceu was expelled from Congress for his role in the scandal.

However, there seem to be clear indications that the current scandal, sometimes called the mensalão (monthly payment), was not the first time the PT had crossed an ethical line. Much evidence has subsequently come to light that there was other serious corruption afoot long before the PT came to national power. In what is sometimes called the caixa dois (off the books) scandal, mayors in PT-controlled cities would give contracts to various garbage and transportation companies at an inflated rate.
It is alleged they would skim off a portion and kick it into the PT campaign coffers. “This was an elaborate, intricate scheme,” said Hunter.

**More Popular than the Party**

“From the time of its inception until 2002, the PT ran mainly as a programmatic leftist party,” said SCOTT MAINWARING, director of the Kellogg Institute. “An important part of its message from 1988 on was that it could deliver clean government. In the 2002 election, the PT somewhat downplayed its old leftist programmatic messages and focused more on delivering clean government.

“Yet, its image as a clean party that could overcome Brazil’s age-old problems of corruption and patronage was an important factor in Lula’s presidential election in 2002. The corruption scandal of 2005 showed that governing changed the PT more than the PT changed government.”

Power added that Brazilians look beyond the policies and identify with the man behind the presidency.

“Lula, to a certain extent, has always been more popular than his party,” observed Power. Lula, a former lathe operator and a prominent former labor unionist, is one of the figures most closely associated with Brazilian democracy. He is a household name, having run for president three times before finally winning in 2002.

In spite of the damage to the PT’s reputation, Lula has benefited from a strong economy and is still competitive in the elections.

However, his defense of the scandal has left many Brazilians with a bad taste in their mouths. In an interview Lula gave to O Globo in July 2005, he defended the PT by saying it had only done what all the other parties have done all along. For many Brazilians who hold their political parties (and notably the efficacy of democratic government) in low regard, this was another testament to the PT’s fall from grace.

**Too Many Parties?**

One of the biggest questions Power sees presented by this scandal is whether a presidential system can operate in a political system with so many parties.

With 18 parties in Brazil, building coalitions presents a major challenge for the president. In the 2002 elections, the PT won the most seats of any party, but it still only held about 20 percent of the seats.

“The electoral rules—the fact that you have to win a majority in a fragmented party system—makes it really hard,” said Hunter.

“Unless, of course, you’re willing to make alliances all over the map and get together a huge campaign chest in order to buy off people who can’t be persuaded by your programmatic message.

“There are some key structural factors that make it difficult to compete without falling prey to clientalistic behavior and even corruption.”

One tried and true way is to appoint politicians from allied parties into cabinet positions,” said Hunter. “In turn they dole out a lot of patronage and they get legislators to vote for the government program.”

Power speculated that this inability to build majorities could fuel renewed research about Brazil’s political institutions. Finding more effective ways of building coalitions and bridging the gaps between ideologically similar parties could be key to establishing a government without corruption.

The PT’s closest ideological neighbor, the Brazilian Social Democratic Party (PSDB), is also one of its biggest political rivals, with both parties vying for the same votes.

According to GABRIELA TAROUCO, a Kellogg guest scholar from the Instituto Universitário de Pesquisas do Rio de Janeiro, with this rivalry making it difficult to secure support from the PSDB, the PT sought support from parties farther to the right.

Because of the PT’s leftist orientation, this resulted in what Tarouco calls a “Frankenstein coalition” that was held together very delicately. This coalition worked during elections, with the parties supporting each other. But once the PT began trying to achieve its agenda, the ideological differences within its coalition began to surface.

In order to push some of its legislation through, it may have had to bargain with some lawmakers to support its programs.

**The Fallout**

Scholars are unsure what the ultimate effects of this scandal will be, as Lula appears to be retaining at least some of his popularity.

For Tarouco, the larger fallout from the scandal is likely to be a loss of confidence in the PT and further disillusionment with government and politics. Brazilians generally express a very low confidence in their political parties and have a similarly low opinion of democracy in general.

Tarouco said the allegations of the regular monthly payments to legislators were the shocking part of the accusations. She said corruption in the electoral process is common, and people are not surprised that campaigns are financed using illegal funds. But, regular monthly payments for the functioning of government crosses the line.

The party will be most hurt from this scandal through damage to its reputation, Tarouco said.

The PT had built a history on a discourse of honesty that has now been undermined. In many ways, the PT is now just a normal party, rather than being a cut above other parties. The PT will no longer be able to campaign on its reputation as an ethical and honest party, something that helped it win both national and local elections.

Despite the PT’s lost popularity, Lula retains a strong base of support among the people of Brazil and is respected by other nations in the region. Power believes Lula now has an incentive to run his campaign on a more personal level, rather than simply running as the PT candidate.

**Reform Proposal**

A proposal has been introduced in Congress to prevent further corruption. The first component would finance campaigns solely through public funding. Doing so would ensure that campaigns are run with limited resources, and discovering illegal funds would be significantly easier.

A second component would change the way candidates are elected to the Congress. Rather than voting for the candidates they like the most, voters would select the party. This system would theoretically reduce clientelism, according to proponents.

The downside would be the loss of freedom to choose a person, not just a party, particularly if voters preferred one member of a party over another.

This proposal would not, however, change the need to build governing coalitions.

“I honestly think the first decade and half, they (the PT) were clean,” concludes Hunter. “During that period, they didn’t put the winning of the election as their highest priority. "After about 1995, they made the winning of elections their absolute top priority—and they were willing to let their image go by the wayside in order to win.”
How the ‘Gravity Equation’ Can Buoy Free Trade

As a graduate student at the University of Wisconsin at Madison, JEFFREY H. BERGSTRAND wondered why trade economists weren’t studying the huge amount of data on the impact of bilateral trade.

Today, 25 years later, the finance professor in Notre Dame’s Mendoza College of Business still has occasion to wonder why more empirical research hasn’t been done on the trade relationships between pairs of countries and the factors that explain their benefits and predict future economic integration.

As a case in point, Bergstrand recalls posing a question to the director of research for the European Commission during his guest scholar visit a year ago: what is the average effect of a free trade agreement on trade between a pair of member countries in the EU?

“He couldn’t give me an answer,” recalls Bergstrand. “In fact, very few policymakers can answer this kind of question.

“We have very little firm evidence of these impacts, even though we have been studying this for decades. Much of the research undertaken in advance of signing free trade agreements is based on theoretical models and little, if any, is based on convincing empirical evidence.”

As policymakers debate the efficacy of trade agreements, there is a clear need for empirical evidence to support the gains from trade agreements. Furthermore, bilateral and regional trade agreements are by far the fastest growing type of trade policies.

“Why is this important?” said Bergstrand. “Policymakers need to know how much economic integration affects trade in order to know down the road how much trade will affect growth, and ultimately standards of living in the countries.”

Moreover, as Bergstrand explains, this research also helps policymakers project which countries, and under what circumstances, it makes sense to enter into free trade agreements.

This work has proved so significant that Bergstrand and coauthor Scott Baier, assistant professor of economics at Clemson University, have received a National Science Foundation (NSF) grant to explore the “Causes and Consequences of the Growth of Regionalism.”

The Gravity Equation

As a graduate student at UW-Madison until 1981, Bergstrand studied under several highly respected trade economists in the field: Robert Baldwin, now an emeritus professor of international economics at UW-Madison; J. David Richardson, senior fellow at the Institute for International Economics in Washington, DC, and professor of international economics in the Maxwell School of Syracuse University; and André Sapir, professor of international economics, Université Libre de Bruxelles (Brussels).

While much of the field was devoted to studying multilateral trade, Bergstrand instead turned his attention to studying bilateral trade flows, a topic largely ignored by most empirical trade economists.

This marked the genesis of his research into what is known in international trade as the “gravity equation.”

Similar to Newton’s law of gravity, or the fact that the force between a pair of objects is positively related to their masses and negatively related to their distance, there is a comparable relationship in international trade.

When looking at bilateral trade flows, Bergstrand saw that trade between pairs of countries enjoyed a similar relationship in that there was a positive correlation to the product of their GDPs and an inverse relationship to their distance. This prompted him to delve into an economic interpretation of these empirical relationships.

Since coming to Notre Dame in 1986, this has proved to be a cornerstone of Bergstrand’s work.

This methodology has proved to be enormously influential, as THOMAS A. GRESIK, professor of economics and econometrics at Notre Dame, pointed out.

“The gravity equation helps explain trade patterns between countries,” said Gresik. “For example, based upon how far apart the two countries are, we can determine how much two countries trade with each other, what products they trade, how this trade affects prices, and why, and when, countries enter into regional trade agreements.

“Early models focused mainly on geographic distance. However, more recent models are also looking at political and social differences.”

In short, investigating the relationships among economic and political factors influencing bilateral trade and the nonlinearities in
the gravity equation can better explain the impact of economic integration agreements on trade flows, and help identify economic and political determinants of the growth in regional economic integration.

It naturally follows that this information can be applied to research on whether a customs union, free trade zone, or other form of trade agreement should exist between pairs of countries based upon its potential net economic benefits, and then whether the member countries are likely to benefit from the trade agreement in terms of new markets, GDP growth or improved living standards.

**Determinants of Free Trade Agreements**

Because of the significant impact of these findings, Bergstrand and partner Scott Baier have received a NSF grant to fund research on “Causes and Consequences of the Growth of Regionalism.”

A key question in their research is: what are the determinants of the formation of free trade agreements and the likelihoods of free trade agreements between pairs of countries using a quantitative model?

“This is the first systematic analysis of its kind,” notes Bergstrand.

This model was developed based on a general equilibrium model of world trade with two factors of production, two monopolistically competitive product markets and explicit intercontinental and intracontinental transportation costs among multiple countries and continents.

Based upon these characteristics, the model correctly predicts 85 percent of the 286 free trade agreements existing in 1996 among 1431 pairs of countries and 97 percent of the remaining 1145 pairs with no agreements.

“This line of research has started off a new sub-literature on issues of endogeneity with trade agreements in international economics,” explains PETER EGGER, a frequent collaborator with Bergstrand, former Kellogg guest scholar and a professor of economics at the University of Munich.

Indeed, the modeling Bergstrand has done proved to be the catalyst for an international conference on “The Sequencing of Economic Integration” held last fall at Kellogg.

With the help of Antoni Esteveordal, principal economist in the Trade and Integration Department of the Inter-American Development Bank in Washington, DC, and Simon Evenett, professor of international economics at the University of St. Gallen in Switzerland and non-resident fellow of the Brookings Institution, they managed to attract many of the world’s leading trade economists to the University Notre Dame to analyze these issues.

“At the time of this conference, there was truly only one other study on the sequencing of economic integration,” said Bergstrand.

**Growth of World Trade**

If one can extrapolate the benefits of free trade between countries and correctly determine whether they are in the best interest of the member country, it should provide a good working model for calculating lower trade costs.

Bergstrand and Baier contributed an important insight in a paper titled “The growth of world trade, tariffs, transport costs and income similarities” in the Journal of International Economics 53 (2001). This paper won the journal’s third Bhagwati Award for the best paper in a two-year period.

In it, Baier and Bergstrand attempted to disentangle the relative effects of transport-

**The beauty of globalization is the sectors that are hurt— in terms of jobs or real incomes—can be compensated by the winners, and the winners will still be better off. Unfortunately, that’s where many industrialized nations— and some developing nations— have failed.”**

JEFF BERGSTRAND

cost reductions, tariff liberalization and income convergence on the growth of world trade among several Organisation for Economic Co-operation and Development (OECD) countries.

In the context of the model, the empirical evidence suggested that tariff reductions have roughly three times the impact on growth of world trade as transport-cost declines.

**Trade Costs and Intra-Industry Trade**

In a forthcoming paper in Review of World Economics, Bergstrand and Egger revisit an earlier theme in Bergstrand’s work, namely focusing both theoretically and empirically on the non-linear relationship between trade costs and the determinants of intra-industry trade.

In essence, this work is important since the bulk of trade between countries—certainly among industrial countries— involves the import and export of seemingly identical goods.

However, in creating models, economists failed to include trade costs in an economically logical way, despite the fact that such costs are large and significant.

In their paper, Bergstrand and Egger derive four empirically testable hypotheses regarding the relationship between measures of intra-industry trade and trade costs, using a cross section of bilateral OECD Grubel-Lloyd indexes.

“Our paper is aimed at enhancing our knowledge of the relationship between trade costs and the share of intra-industry trade,” they write. “We also address indirectly an important issue raised... on the relationship between absolute trade costs vs. relative trade costs (between two industries’ products) for international trade and the ‘home-market effect’.”

**‘A More Efficient World’**

There is little doubt that Bergstrand’s research has helped affirm the importance of free trade to economic growth and makes him one of the most articulate defenders of these policies. Though much heated debate continues, Bergstrand sees free trade as contributing to democratic governance, and ultimately to the health and well being of the people of the world.

“We want to show how trade and investment liberalization policies affect economies so that the populace can better understand the benefits and costs,” said Bergstrand. “And yet we shouldn’t forget that there certainly are adjustment costs to introducing such policies.

“In the end, these trade agreements are selected by policymakers who aren’t always maximizing the welfare of the people they represent.”

However, Bergstrand is convinced that a world without trade, investment or migration barriers is a much more economically efficient world.

“Globalization is all around us; we’re not going to stop it,” said Bergstrand.

“We need to accept it.

“The beauty of globalization is that the sectors that are hurt—in terms of jobs or real incomes—can be compensated by the winners, and the winners will still be better off. Unfortunately, that’s where many industrialized nations—and some developing nations— have failed,” said Bergstrand.

“We need to pursue government policies that allow the winners from globalization to still win, and yet mitigate the harm caused to unskilled workers so that they are, at minimum, no worse off.”
DEMOCRATIC GOVERNANCE...
(continued from page 2)

In “Economic Growth in Latin America: From the Failure of the 20th Century to the Hopes of the 21st,” José de Gregorio presented a quantitative analysis of economic growth to explain why Latin America’s development has lagged.

“Being macro-economically stable, having an open economy, developing institutions oriented to the protection of property rights and the rule of law, and good human resources, among others, are key to sustain growth,” concluded de Gregorio at the conference.

Central to de Gregorio’s policy agenda is the need for opening economies and freer trade—something he regards as “nearly undisputed.”

In looking at what other factors contributed to, or detracted from, growth among developing nations, he suggest that institutional factors account for almost half the lower growth.

When comparing Latin America to Asian economies, de Gregorio noted that the two most important factors explaining the difference in growth performance were “low investment and openness in the region.”

“It is a fact that more open economies grow faster than closed ones. This lesson is especially valid for small economies. I have not been able to find an example of a relatively high-income small economy that is not integrated with the rest of the world.”

Furthermore, he said, openness is associated with poverty reduction in the long run, and there is even a strong presumption that this association holds in the short run.

“Therefore, trade liberalization is good for the economy, and it is advisable to undertake it right away.”

A frequent source of debate in policy circles is the role good institutions play in fueling economic growth.

While few debate the essential role of the strong rule of law and low levels of corruption, de Gregorio said that his data points to trade openness being a catalyst for the development of strong institutions.

“Hence, openness has not only direct effects on growth, but also helps to strengthen institutions,” said de Gregorio.

Macroeconomic instability similarly plays a significant role in the region’s underperformance.

“Crisis may be triggered by external developments, but the economies affected are never entirely innocent, because crises do not occur at random,” noted de Gregorio.

“Most crises in the region have been associated to fiscal imbalances. Stable low inflation is a summary statistic for a good macroeconomic environment, which also is the basis for strong institutions at the macro level.”

When you have instability, he argues, financial markets work less efficiently; it rewards speculation and signals incompetent policymakers and institutions, he observed.

“For fiscal discipline is key,” added de Gregorio. “Countries that were able to recover strongly from their crisis—like Chile in 1982 and Mexico in 1994, and also most Asian countries in 1997–98—were those that had a strong fiscal position before the crisis.”

De Gregorio noted an important factor in policy success: the need for support among a populace that is deeply suspicious of purported benefits and fearful of the costs.

“It is necessary to build support for reforms and it is important for their benefits to reach all of the population,” said de Gregorio.

“Reforms and transformation have their costs. However, they must at least be perceived as fair, and those who bear the costs should not always be the same; those who enjoy the benefits should not always be the same minority either.”

“Policies that promote competition and openness bring better living conditions for the whole population.”

Underlying de Gregorio’s analysis is the view that many of these lessons are generalizable.

Does One Size Fit All?

Yet some social scientists ponder whether this generalized economic recipe can effectively deliver stability and growth.

One of the critics of this school of thought is Francisco Rodríguez, who along with Dani Rodrick of Harvard University has argued that a careful analysis fails to support general policy prescriptions and should instead be country specific.

Like de Gregorio, Rodríguez has a policymaking background, having served as director of the Economic and Financial Advisory Council of the Venezuelan National Assembly.

“There appears to be implicit agreement that such a list [of reforms] exists, in the sense that there is a set of policy prescriptions that, if applied in any Latin American country, would generate at the very least the basic conditions necessary for sustained economic growth,” said Rodríguez, who is a former visiting fellow of the Kellogg Institute.

As Rodríguez points out, even countries that have similar economic dimensions such as Peru and Ecuador can experience dramatically different economic growth. Both countries have similar savings rates, industrial profiles, urban populations, debt service and tariff levels.

However, since 1990, Peru has experienced a moderately high growth rate of 1.9 percent in its per capita GDP. Ecuador, in contrast, has stagnated and experienced a negative growth rate of -0.13 percent of GDP. Even though both countries are growing today at relatively high rates, the consensus appears to be that Ecuador’s growth is linked with high oil prices and will likely fall if these prices stabilize.

Moreover, the fact that Peru’s president, Alejandro Toledo, is deeply unpopular, and Ecuador’s leader, Lucio Gutiérrez, was ousted from power in April 2005, casts further doubt on the political benefits of this reform agenda.

In a carefully argued critique, Rodríguez used a standard cross-sectional data set of economy-wide measures of growth and its potential determinants from 1975–2000.

His calculations make use of data covering government consumption as a percent of GDP, the average tax on imports and exports, inflation rates and black market premiums. To capture the role of institutions, he used common indicators to measure the rule of law, political instability, an index of economic freedom and the effectiveness of government spending.

“The cross-national data displays wide divergences in the growth performances of countries that have carried out similar policies,” said Rodríguez. “It also shows numerous cases of...”

JOSE DE GREGORIO
countries that have found alternative pathways to high growth.

“Policy thinking should start from considering the country-specific characteristics that are likely to make certain policies work rather than trying to draw lists of reforms to be applied to large groups of countries.”

In wondering why closer attention hasn’t been paid to the data, Rodríguez advocated new methods to understand the effectiveness of these policies.

“There is a wealth of methods that can be used to attempt to understand the growth process at the level of specific economies,” said Rodríguez.

“It is regrettable to see serious attempts at putting these different pieces of a country’s growth puzzle together.

“Perhaps it is time to start.”

The Chilean Blueprint?

Whether Chile’s democratic governance experience holds broadly applicable lessons was something that the esteemed Latin Americanist from Oxford’s Latin American Centre, Alan Angell, explored in his paper. Angell detailed many of Chile’s remarkable successes over the past 15 years, including rapid economic growth and a plunge in poverty.

In his view, however, the country's economic and political experience is unique enough that it fails to provide a blueprint for the rest of the region.

... some big questions still lie before us ...

Unemployment continues high, there are many heavily indebted countries, foreign investment is lower than expected.

José Miguel Insulza

“This is an area where one has to proceed with extreme caution,” argued Angell.

“Social and economic reform is only partly about the design of the reform, but much more about the politics of implementation and that is contingent upon the specific political and institutional structure of each country.”

Inequalities have widened

José Miguel Insulza, general secretary of the Organization of American States and an old friend to the Kellogg Institute, gave the keynote address before a full auditorium.

“After almost 15 years of predominantly democratic rule in our region, we face a major challenge,” said Insulza, who has held a number of offices in the Chilean government, most recently as Chile’s Minister of the Interior. “If we want our people to continue believing in and supporting democracy all over the continent we must, first, improve the stability and quality of democratic governments; and, second, deliver the benefits of democracy to the vast majority of Latin Americans.”

The year 2004 brought exciting news in terms of economic activity in Latin America and the Caribbean, noted Insulza.

GDP grew 5.7 percent in 2004, its strongest growth in 25 years, and estimates indicate that the region will continue to expand in 2005 and 2006, although at more sustainable levels.

“But some big questions still lie before us,” cautioned Insulza. “Unemployment continues high, there are many heavily indebted countries, foreign investment is lower than expected.”

In Latin America, the statistics point to a citizenry that is mostly poorer, more disenfranchised and less enthusiastic about democracy than at any time in the last 15 years.

Per capita income in most of the region has been slow since 1982.

Only Chile has experienced robust economic growth in the 1990s. Every country in the Andean region is struggling.

Inequalities have widened in most countries and the absolute number of people living in poverty in the region has grown.

“Small wonder,” said Insulza, “if you consider that this region has 224 million poor (40 percent of its population) and 96 million of them are extremely poor, which means that they live with less than a dollar a day.”

The impact has been felt acutely by the fragile democracies in the region.

“In the last 15 years, 11 elected presidents have failed to finish their constitutional terms, and six of their replacements, chosen according to their countries’ constitutions, have also been unable to do the same,” said Insulza.

Jenkins interview...

(continued from page 9)

Jenkins interview...

ficial. But, young people these days realize that the world is at our doorstep. Globalization and economic integration are here to stay. Any thoughtful young person realizes that they have to be engaged with the world outside this country and culture. With programs such as those offered at Kellogg, we can give students a basic awareness of the 21st-century world—that there is a world out there that’s diverse, challenging and exciting—and we have to deal with it.

In addition, I see the need for multicultural skills. By this I mean language abilities, but also the ability to enter and navigate another culture—in a way that respects and understands it—so that constructive engagement can occur.

Kellogg also shows a deep respect and interest in religious issues, of Catholicism as well other religions in Latin America. In many institutions, I think there is a neglect of the serious influence religion has on societies. But, that’s not true of the Kellogg. They treat religious issues seriously and respectfully. In that way, Kellogg has capitalized on what is a great strength of the University.

Finally, the Kellogg embodies, to a great extent, what we want to do throughout the University: scholarly leadership, profound and powerful educational experiences for our students, and the distinctive values and traditions of a Catholic University.

In so many ways, I’m pleased.
‘I Saw in Thousands of Faces How Microfinance Can Affect People’s Lives’

Last summer, Pablo Ortega Gumucio (‘08), a finance and economics major, learned the true value $100 can have for a small-business person in his home country of Bolivia.

Ortega, who was conducting a research project on microfinance as part of an Experiencing Latin America (ELA) Fellowship, stopped to talk to a woman who ran a candy stand near his old high school.

In the course of conversation, she told him that much of the reason she was still in business had to do with a $100 micro loan she had received to restock her kiosk after a round of severe floods several years ago.

The interest, amounting to $4.28, was significantly less than what she would have paid on the informal lending market.

“It was very affordable for her,” said the Notre Dame sophomore. “Now she has two other candy stands in other parts of the city,” financed through micro lending.

“Microfinance has relatively low opportunity costs and can yield high returns.

“I saw in the thousands of faces in Bolivia how microfinance can affect people’s lives.”

A Hotbed for Financial Innovation

ELA Fellowships, which began last summer as part of the Latin American Studies Program, fund freshman and sophomores who seek to undertake innovative research projects or nonprofit work in Latin America and the Caribbean.

This year, three students received ELA Fellowships of $4,000 to pursue field projects.

Clare Halloran, a political science major, pursued a project called “Examining the Effect of Educational Reform in Contemporary Bolivian Society,” while student Stuart Mora explored “Continued Growth in Education through the Experiencing Latin America Fellowship.”

Interested in microfinance—the extension of credit and banking services to the poor, through a variety of formats—Ortega surveyed various countries in Latin America for a site for his study of the role of microfinance in poverty alleviation.

He discovered that Bolivia had become a hot-spot for this type of financial innovation, and set off at the end of his first year at Notre Dame to find out why.

Hosted by a local consulting firm, Tironi y Asociados, Ortega spent the first weeks of his project being trained in research techniques—how to find and analyze financial data, identify and track down sources—and in how microfinance works.

Over the next several months, he conducted interviews with Bolivians ranging from the former ambassador who negotiated Bolivia’s free trade agreement to a member of the board of NAFIBO, a Bolivian apex or development bank, to the small lenders and savers themselves, on city streets and in rural villages.


New Economic Policy

In the first part of his paper, he explores Bolivia’s New Economic Policy, an economic reform agenda of the formerly state-run economy.

Somewhat paradoxically, the New Economic Policy, which caused mass unemployment, also provided the opportunity to create microfinance institutions (MFIs) and introduce their services to the large pool of the newly self-employed.

In the second part of his report, Ortega points to the closing of state banks, which served small lenders, and the opening of the financial sector as key in allowing microfinance to take hold in the Bolivian economy.

“Bolivia’s microfinance success has been unprecedented,” says Ortega. “It serves as a textbook for emerging MFIs in developing countries.”

“A critical part of my research experience was the opportunity of actually living firsthand the benefits of microfinance,” he says. At one microfinance group he visited, “some told me about how tough their situation was but the overwhelming majority gave me stories of how their small businesses expanded through micro lending.”

Quechua Language Fellowships Begin Summer 2006

An estimated 9.6 million indigenous people in Latin America speak Quechua, making it the most widely spoken of all American Indian languages. Sometimes called the language of the Incas, Quechua is spoken throughout Bolivia, Colombia, Ecuador and Peru.

Yet, the University of Notre Dame’s program is one of only a handful of Quechua language programs at universities around the United States.

In the summer 2006, the Latin American Studies Program will expand its offerings by awarding Quechua Summer Language Fellowships.

“A growing number of undergraduates and graduate students are finding that a working knowledge of Quechua can provide a valuable tool in both research and international service projects,” explained SABINE MacCORMACK, Theodore M. Hesburgh, CSC, chair in the Department of History, and a Kellogg faculty fellow.

“The study of indigenous languages is important for those interested in the politics and sociology of contemporary Latin American societies. We all too easily overlook the multicultural and multilingual dimensions that characterize life in Latin American countries.”

MacCormack was instrumental in starting the program at Notre Dame through funding she received from a Mellon Foundation Distinguished Achievement Award.
panied by active public policies aimed at bringing social balance.”

‘Fed My Will for Change’

While he believes that microfinance has brought much-needed opportunity to many people in Bolivia, he feels that further analysis of the effects of microfinance on poverty alleviation needs to be done.

There is no doubt that Ortega will tackle these issues as he continues his studies at Notre Dame. Most of all, he is interested in applying his academic passion for finance to something practical.

Ortega plans to form a Notre Dame chapter of the Student Microfinance Initiative (SMI), an international student network, begun by students at Yale, which is dedicated to the promotion of microfinance around the world. Eventually, he hopes to make Bolivia one of its project countries.

“The ELA Fellowship strengthened my interest in Latin America and fed my will for change in this region,” he says. “The experience of studying macroeconomic policies through texts and through the eyes of those affected helped me understand the human side of economics.”

The deadline for applications for the Experiencing Latin American Fellowships is FRIDAY, MARCH 3, 2006.

Students awarded fellowships will attend classes at the Colegio Andino de Postgrado at the Centro de Estudios Regionales “Bartolomé de las Casas” (CBC) in Cuzco, Peru. Classes are available at beginning, intermediate and advanced levels and will last seven weeks.

The fellowships will work in concert with the Quechua language classes offered through the Department of Romance Languages and Literature.

The University of Notre Dame began the Quechua courses in the spring 2005.

The principal aims of the beginning-level Quechua course at Notre Dame, which is taught in Spanish, are to encourage the development of proficiency in listening, speaking, reading and writing, and to generate cultural understanding through a communicative approach to second language acquisition. Songs, role-playing and other related activities are also incorporated.

MacCormack said the Quechua Language Fellowship will offer students an immersion opportunity that will enhance skills learned in the classroom.

“The Quechua program is another way that we give our Latin American Studies Program and the University a distinct profile—it will really help students to learn about the Andean countries in an unusual and important way,” she said.

The Application deadline for the Quechua Language Fellowship is FRIDAY, MARCH 10, 2006. The Fellowship is open to both graduate and undergraduate students.

MacCormack (lower right) with Quechua instructors and students.
Celebrate Kellogg’s Brazilian Carnaval on Feb. 24
If Rio de Janeiro is too far to travel to celebrate Carnaval, get your mask and dancing shoes, and head for the University of Notre Dame’s South Dining Hall.

On February 24, 2006, at 7 pm, the Kellogg Institute will once again sponsor a Carnaval celebration to kick off Lent.

The event will feature the music of Chicago Samba, as well as enough traditional Carnaval costume and dancing to make you feel as if you’re at the Copacabana.

Professional Brazilian dancers will be on hand to perform and teach steps to samba and axé rhythms.

Admission is free and the event is open to the public.

Kellogg, MSU Co-Sponsor Student Conference
The Kellogg Institute and the Center for Latin American and Caribbean Studies at Michigan State University (MSU) will be co-sponsoring a Latin American and Caribbean Studies undergraduate student conference April 6–7, 2006 at MSU.

The conference aims to draw students from the Midwest and has previously attracted students from MSU, Central Michigan University, Kalamazoo College, Western Michigan University, Alma College, Grand Valley State University and Notre Dame.

This is a unique opportunity for undergraduate students to present their senior research projects on Latin America. Furthermore, students will learn about career options after they graduate, including employment, professional schools, graduate study and scholarship opportunities.

For student participants, the conference affords the opportunity to develop research and presentation skills, receive recognition and publication opportunities for research, and showcase academic work on a resume or graduate school application.

Organizers plan to bring an interdisciplinary perspective to the conference. In the past, students from political science, sociology, communication, history, international relations, business and literature have all presented papers. Faculty members will serve as chairs and discussants.

Contact Holly Rivers, academic coordinator, for more information (hrivers@nd.edu).

Kellogg, MSU to Sponsor LASA Reception on March 17
The Kellogg Institute and Michigan State University’s Center for Latin American and Caribbean Studies will be co-sponsoring a reception at the Latin American Studies Association (LASA) International Congress in San Juan, Puerto Rico.

The reception is scheduled for Friday, March 17, 2006, from 8–9:30 pm, in the Gold Room of the Normandie Hotel.

Kellogg Institute
The Helen Kellogg Institute for International Studies
University of Notre Dame
130 Hesburgh Center for International Studies
Notre Dame, Indiana 46556-5677

RETURN SERVICE REQUESTED