

# Patterns of Business Politics in Latin America

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# Overview

- Portfolio framework for analyzing business politics
  - And comparing patterns in Argentina, Brazil, Chile, Colombia, and Mexico
- Assessment of how various types of policy encourage different political responses from business

# Portfolio analysis of business investment in politics

- Business associations
- Campaign contributions
- Personal networks
  
- Lobbying
- Corruption

# Strong Encompassing Associations

	<b>Association</b>	<b>Date</b>	<b>Scope</b>	<b>Staff</b>
Mexico	Coparmex	1929-	Economy-wide	30
	CMHN	1962-	Economy-wide	0
	CCE	1975-	Economy-wide	80
Chile	CPC	1935-	Economy-wide	8
	Sofofa	1883-	Industry	50
Colombia	Federacafe	1927-	Coffee	3,500
	ANDI	1944-	Industry	150

# Weak Encompassing Associations

	<b>Association</b>	<b>Date</b>	<b>Scope</b>	<b>Staff</b>
Argentina	ACIEL	1958-73	Economy-wide	0
	APEGE	1975-6	Economy-wide	0
	CGE	1952-	Economy-wide	10
	UIA	1886-	Industry	50
Brazil	UBE	1987-88	Economy-wide	5
	IEDI	1989-	Industry	8

# Political Activities of Associations

- Many direct contacts with policy makers
- Little involvement in elections and parties
- Sometimes significant representation on consultative or policy councils

# Elections and Campaign Finance

- Campaign contributions may not buy much influence
  - Legislature subordinate to executive
  - Low reelection rate
  - Insurance contributions
- Narrow interests represented

## Personal Networks: Business Appointees in Government Cabinets, 2000-06

	President	Number of business ministers	Percent of business ministers
Argentina	Kirchner	0	0
	Duhalde	1	8
	De la Rúa	1	9
Chile	Lagos	0	0
Colombia	Uribe	7	54
Mexico	Fox	5	25
Peru	Toledo	7	27

# Modal Patterns of Business Investment in Politics

	Elections	Associations	Networks	Corruption
Chile	Low	High	Low	Low
Brazil	Medium	Low	Medium	Medium
Colombia	Low	High	High	Medium
Argentina	Medium	Low	Medium	High
Mexico, 1990s	Low	High	Low	Medium
Mexico, 2000-	Medium	Medium	Medium	Medium

# Negotiating Trade Agreements

- Chile, Mexico, and Colombia relied on “room next door” model of close consultation with business
  - Business participation mediated by associations
- In Brazil and Argentina negotiations for Mercosur excluded business

# Policy Scope and Speed of Implementation

	Broad Scope	Narrow Scope
Rapid Implementation (under 5 years)	Uniform changes in trade policy, pensions, taxes or fiscal policy	Privatization, deregulation
Lengthy Implementation (over 5 years)	Reforms in public administration, education, or judiciary	Sectoral re-regulation

# Final Considerations

- Variation in patterns of business politics caused by prior government actions
- Patterns of business politics are stable over time
  - yet still subject to change through policy
- Business influence better when it is formal, encompassing, organized, and transparent