This paper sets out a proposed working agenda to reconfigure the social pact in Latin America and the Caribbean in a way that strengthens democratic systems and tackles extreme inequality of money and power. In the current context of pandemic and political crises, this is a critical issue for the region. Analysing case studies on party financing (Peru), tourism (Dominican Republic), telecommunications (Argentina) and access to water (El Salvador), we show how political capture is undermining democracy and driving greater inequality, putting privilege for the few ahead of rights for the many. These cases demonstrate how lobbying, revolving doors and media campaigns are wielded by elites to push crucial policy decisions away from the public interest.
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1. INTRODUCTION

Latin America and the Caribbean (LAC) is a region of extreme inequality, where even the wealthiest countries experience great poverty alongside great privilege. High levels of inequality undermine democratic systems, by allowing those with the most wealth and power to exercise undue influence over policy-making and to skew decisions to serve their own interests.¹

This kind of political capture is a symptom of state weakness,² and this paper argues that it is also the main driver of even greater inequality in the region. It is easy to see how this vicious cycle of capture and inequality self-perpetuates in LAC, where the richest 10% of the population own 68% of all wealth.³ This paper also argues that political capture is one of the main causes of growing social discontent and democratic disaffection, and has fuelled protests that have affected almost every country in the region.

To demonstrate this, we analyse the scope and scale of political capture in LAC, and a number of public policy choices that have been made in the interests of a wealthy elite, rather than for the common good. While these examples are taken from the pre-pandemic period, it is important to note that they highlight the same underlying power imbalances and systemic flaws that have governed the region’s unequal response to coronavirus. For example, it is no coincidence that some elites have been able to get vaccinated before the majority of the population, or that large pharmaceutical companies who stand to profit from the crisis are able to put pressure on governments.

The pandemic has magnified the injustices caused by inequality and political capture, and exposed cracks in health, economic and political systems across the region, but it has also fuelled debate about whose interests will truly be served by rescue packages and recovery plans.

On the positive side, this has opened up discussion about ‘new’ public goods such as vaccines and technology, as well as about public service provision. However, confidence in democracy and political parties is low; the public no longer believes they can guarantee access to these goods. Young people are particularly, and increasingly, disaffected.

The crisis has also made space for new voices from social movements, promoting alternative models based on real, decentralized, non-institutionalized and inclusive democracy. However, coronavirus has exacerbated already concerning trends of closing civic space, with governments introducing laws that limit public debate and freedoms, and further restrict civil society, activists, journalists and others.⁴ Some governments have silenced alternative voices, manufactured false ‘public opinion’ and public debate, and even militarized public space.⁵ It is notable that powerful elites, who can sway government policy-making, are likely to support such suppression of protest and dissent to safeguard their own privileges.

Today, Latin America stands at a crossroads. These unprecedented times present a unique opportunity: the chance for a fundamental reconfiguration of power relations in the region. However, the scale of transformation that is needed will likely spark conflict between elites and the majority, and the outcome is uncertain. Will a wealthy minority maintain their stranglehold on wealth and power? Or will there be a redistribution of power and resources that lays the foundations of a fairer future? Opposition will be strong, but Chile’s experience (see Box 2) shows that change is possible.

In a spirit of hope, this paper presents a number of proposals on how democracy can be strengthened and re-empowered in LAC. This means going beyond matters of institutional representation and electoral processes, and making a more fundamental shift to put principles of equality and freedom at the heart of democracy.⁶ This is a crucial foundation for the reconfiguration of the social contract in the region.
2. DEMOCRACY IN LAC: FROM DISTRUST TO POLITICAL CAPTURE

2.1 Distrust of democracy

It is estimated that today, only 8.4% of the world’s population lives in full democracies, \(^{10}\) and approximately 1.5 billion people live in countries where there is widespread discontent with democracy. \(^{11}\) This discontent is even greater among ‘millennials’ (born between 1981 and 1996), who are the least satisfied age group. \(^{12}\)

Geographically, Southern Europe has seen the largest increase in dissatisfaction, (mainly in Spain); however in recent years, discontent and distrust have been extremely high in LAC. This has led some to label the region’s last ten years, ‘the decade of lost trust in democracy’. \(^{13}\)

Evidence shows that satisfaction with the democratic system, and trust in its various institutions, has been dropping consistently over the last decade in LAC, and has done so across all indicators (see Figure 1). In fact, dissatisfaction has reached the point where only three out of ten people in LAC trust political parties, \(^{14}\) even though the majority of people support democracy as a system of government.

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Box 1

What is ‘political capture’?

‘Political capture’ can be defined and interpreted in a number of different ways; \(^{7}\) therefore it is important to clarify the term for the purposes of this paper. Do we mean capture of the state? Of democracy? Of policies? Or ideas? The OECD defines it as: ‘the process of consistently or repeatedly directing public policy decisions away from the public interest towards the interests of a specific interest group or person’. From the academic perspective, Francisco Durand describes it as ‘a process in which the economic elites of power use overwhelming political force to protect and project their economic interests onto the state’.

For Oxfam, political capture (which we sometimes refer to as ‘capture’ in this paper), is ‘the exercise of abusive influence by one or more extractive elite(s) – to favour their interests and priorities to the detriment of the general good – over the public policy cycle and state agencies (or others of a regional or international scope) with potential effects on inequality (economic, political or social) and on democracy’s correct functioning’. Therefore, this paper focuses specifically on the capture of public policy. \(^{8}\)

Oxfam also believes it is important to analyse capture through the lens of political economy. This means considering public policy design, and looking beyond the policy’s objective, to how it might change the balance of power in society. How a policy is designed, and who influences the decision-making process, determines who will benefit from it, and who will suffer.

There are two more points that should be mentioned. The first relates to who is doing the ‘capturing’. Some definitions suggest that business groups are the main agents in this process, but depending on the context, it might be that other actors such as armed groups, or political representatives, take on this role. In all cases though, there is a link to economic power in one way or another.

The second point relates to the distinction between capture and corruption. From Oxfam’s perspective, corruption is an illegal mechanism of capture. However, there are also legal mechanisms, such as party financing. Corruption always involves a monetary transaction, whereas other forms of capture may not. Also, there may be capture without corruption (e.g., the legal use of lobbies), and vice versa (e.g., an illegal payment for a bureaucratic permit). Finally, it is important to underline that while corruption is within anyone’s reach, political capture requires a certain level of power and control over political processes and/or resources, which are only available to some.
In addition to the data shown above, on average, 73% of people in the region believe that their government favours a minority, (in Brazil, Colombia, Costa Rica, Peru and Paraguay this percentage is almost 90%). 57% think their government is not doing enough to tackle corruption, and 65% believe their country is governed exclusively for private interests.

These statistics predate the arrival of the pandemic in the region, and its impact on trust in democracy is still unknown. However, poor health care responses, coupled with vaccine problems and scandals, could fuel greater doubt about who democracy is really serving, lending legitimacy to increased authoritarianism, and further eroding confidence in government. Some surveys on presidential popularity in the region at the end of 2020 found that only in one country – Uruguay – did a majority of people approve of their head of state.

### 2.2 Drivers of distrust: inequality and political capture

There are numerous theories about the main causes of increased disaffection and falling support for democracy in the region. For example, it could be driven by the high level of precarity and vulnerability in LAC, where 40% of the population live on between $5.50 and $13 a day, or by the fact that some segments of the population are being prevented from realising their aspirations. However, these explanations all have their roots in inequality.

High levels of inequality in the region undoubtedly play a decisive role in worsening disaffection. Evidence has found that:

- Stronger democracies redistribute more and offer greater social protection.
- Greater inequality reduces social mobility.
- Without democracy, there is less potential for reducing inequality.

In the case of Latin America, data from 17 countries demonstrates that there is a negative correlation between inequality and support for democracy (see Figure 2). This suggests that inequality, which is linked to low intergenerational mobility, could be an important factor in reduced support for democracy. And although available data show that income inequality has decreased in recent years in the region, in many countries both income and wealth inequality remain very high. Also, income inequality has increased since the onset of coronavirus, which bodes ill for the future.
Globally, though, evidence finds that democratic disillusionment is also an issue in some countries with relatively low inequality. A clear example of this is Spain, where inequality is far lower than countries in LAC, but where confidence and support for democracy has seen one of the biggest declines in the world. So inequality alone does not fully explain the trend of growing disillusionment in the LAC region.

Political capture, and the prevalence of powerful private interests in politics, are also key factors to consider (see Figure 3). This graph shows that the greater the political power wielded by the richest socio-economic groups, the lower support for democracy is. In other words, concentration of political power in the hands of a small elite also correlates with low support for democracy.

The graph also shows that there are three groups of countries: Central American countries (blue circle) where the concentration of political power is most pronounced, and there is very low support for democracy; countries where political power is most equally shared (notably Bolivia and Uruguay) where there is high support for democracy (red circle); and a middle group (green circle), including Chile, Costa Rica, Peru, Panama, and Brazil (although the last has low support for democracy).
While the correlation between inequality and support for democracy, and equality of political power and support for democracy may seem obvious, taken together they highlight a concerning structural issue in the LAC region - they represent a ‘semi-rupture’ of the social contract. It is also important to note, that although income inequality (as measured by the Gini coefficient) has declined in recent years, concentration of political power in the hands of the wealthiest has remained high, except in a few rare cases. This inequality of power is undoubtedly one of the main drivers of protests across LAC in recent years.28

This evidence and analysis raise a fundamental question, though; what do we mean when we talk about ‘democracy’? Studies in the region suggest that democracy is mainly associated with the concepts of freedom and the right to choose, and that the main benefits of living in a democracy are greater social justice and a more equal distribution of income.29 Therefore, in societies where both inequality and political capture have become structural phenomena, the principles of democracy are eroded. These societies may be formal democracies, where various rights have been granted, but the unequal ‘power machinery’ is allowed to continue operating, concentrating resources and power into the hands of an elite few, and fuelling inequality and privilege.

### 2.3 Closing civic space

LAC is one of the regions that has seen the greatest closure of civic space in recent years. There has been a progressive limiting of the three essential components of this space, namely freedom of assembly, freedom of association and freedom of expression.30 This has been widely evidenced in research and reports, and also through testimonies from across the region of how dissent is silenced, repressed and even eliminated through murder in some cases.31 Restrictions on the use of public space due to the pandemic have accentuated the phenomenon of closing civic space even further.32

The general trend in the region is one of restricted, and closing, civic space. According to the CIVICUS 2020 Civil Society Report, apart from Uruguay, which is rated ‘open’, all countries in the region are experiencing obstructed (the most common), repressed, narrowed, or closed civic space (see figure 4).

The same report found that in Costa Rica (formerly open), Chile and Ecuador, the situation had worsened in the preceding year.33

2019 was a year marked by great social upheaval in the region, with widespread protests in Chile, Ecuador and Colombia, for example. However, the subsequent closure of public space and restrictions on mobility due to coronavirus led to a certain degree of calm, which was regarded by social movements, journalists and analysts as beneficial for the elites targeted by the protests.34 In the second half of 2020, though, protests revived and even intensified in some cases, such as in Peru and Guatemala, and also in Colombia which has recently seen an escalation of state violence. In all of these countries, a crisis of representation, the power of elites and frustration with the status quo, have brought large numbers of citizens out into the streets, in what has been dubbed the Rebellion Against the Elites in Latin America.35

Civic space is the foundation of any open democratic society. It is where opposition and protest take place, and where new and alternative ideas are built. It is also where citizens can become agents of real change.36 Of course, this means civic space generates challenges to both formal and informal power, hence it is an arena of great strategic importance for elites, who will seek to control and limit it.

Elites can use their wealth and power to gain privileged access to political and economic decision-makers, to put legal limits on dissent and protest, and even to militarise the streets, as is happening in most countries in LAC. Laws governing the media, limitations on the use of public space, control of social networks, and attacks on individuals, journalists, and organizations, are all mechanisms of control that they employ in the region.37
It has become apparent during the COVID-19 crisis, just how much power elites have to control civic space, and just how much such a context can be exploited to that end. In societies where civic space was already very restricted or closed, and where there was a high concentration of political power, the pandemic has represented a great opportunity for wealthy elites to make use of their connections to power. It should be noted that there are exceptions, and examples of progress, driven by social movements and people power. In Argentina, for example, the struggle to introduce the Voluntary Termination of Pregnancy Law was finally won in 2020. However, despite these chinks of hope, the current context is not conducive to an opening of civic space.

In historic times like these, where recovery from the pandemic and a possible reconfiguration of the social contract are up for debate, it is more important than ever that civic space is open, so that the people can make their voices heard, beyond just voting in elections. Otherwise, fundamental decisions could be made through flawed and politically unequal processes, that fail to protect the rights of the many. These decisions are too important to governed by the interests of a wealthy elite: issues such as which companies and sectors will be helped, what governments demand in exchange for bailouts, and, ultimately, the priorities, and the very rules of the political and economic game that are set for the future. This is why defending civic space is crucial to tackling political capture.

2.4 An uneven recovery?

COVID-19 is having an unequal impact on the region’s population, and this is being compounded by highly unequal access to power, and influence over political decision-making. Elites and power groups have mobilized, in some cases successfully, to put their own interests at the heart of the design and implementation of economic stimulus packages, reforms, procurement rules, etc. For example, the new Responsible Tourism Recovery Plan in the Dominican Republic eases health restrictions for foreign visitors, which is of great benefit to the large hotel groups that dominate the island’s tourism sector. In Honduras and Guatemala, there has been close cooperation at the highest level between government and the chambers of commerce, leading to regressive fiscal reforms. Also, in Peru, economic stimulus has been concentrated into a small number of hands, with four banks controlling approximately 90% of funds allocated by the Reactiva Peru economic recovery program.

The fact that there have been similar instances of political capture during the pandemic in Europe and the US demonstrates the extent to which the current context provides opportunities for well-connected and well-resourced groups to gain privileged access to decision-making. Large corporations are spending more than ever on lobbying activities to increase their influence and access to decision-makers, in order to cut their tax burden, reduce protections for workers, and gain many other advantages.

Vaccines are another major issue, because they are the key to determining who returns to ‘normal’ life after the pandemic. Again, we know that across LAC, wealthy elites are using their privilege to get vaccinated, in some cases, ignoring all protocols and administrative processes. These scandals highlight the inequality of wealth and power in the region, and beg the question: Who is democracy really serving?

There is also an emerging debate on the concentration of power in the pharmaceutical sector. Just over fifteen multinationals control half of global trade and medicine production in the sector, protected by international standards such as patents, [protected under trade agreements] that reinforce their own power and prevent the vaccine from being a global public good. This highlights the sector’s disproportionate bargaining power, and its ability to set the rules of the game for governments around the world. In some countries in the LAC region, these tactics have been exposed and governments have dispensed with vaccines from multinationals, choosing those developed by China or Russia instead.

All of this raises the question of whether democracy has sufficient power and legitimacy to meet the challenges of public health protection and access to vaccines, and to prevent elites influencing decision-making in their favour. The challenge is to turn this situation into an opportunity to strengthen democracy. This requires rules, public policies and government transparency with regard to contracts and plans. It also requires international cooperation, to ensure pharmaceutical companies share their technology and release patents so the COVID-19 vaccine can be administered in the region at low cost.
'Counter capture’ in Chile

Chile’s recent constitutional reform offers an example of how it is possible to find spaces to counter long-rooted privileges, through democratic institutional mechanisms.

The current Chilean constitution essentially maintains the foundations of the Pinochet regime, and the privileges of the country’s elites, despite the change from a dictatorial to a democratic system. It was also approved at a time when Chilean society demanded a democratic transition (1980). Despite the constitution including protection of numerous economic, political and social rights, the country’s power structures have remained essentially unchanged, controlled by a small group of elites. This group and their successors have taken control of a range of spaces, from schools and universities, to party legislative bodies, and the economic and financial sector, and have continued to veto any proposals that attempt to reduce privileges and inequalities.

Years of implementing neoliberal policies, followed by a failure to change power structures in the transition to democracy, have led to high levels of inequality in Chile. Between 2000 and 2017 the gap between the income of the richest decile and that of the average person grew by 45%. And while 40% of pensioners live below the poverty line, mining companies do not pay royalties for copper extraction. This situation came to a head in 2019, when an increase in the metro fare sparked the ‘social outburst’, leading to the start of a comprehensive reform movement. In October 2020, the reform process culminated in a majority vote in favour of constitutional reform, even though participation was low, at just 50.95%.

Citizens opposed to changing the status quo also voted. For example, the three wealthiest neighbourhoods in Santiago de Chile (Vitacura, Lo Barnechea, and Las Condes), where a large proportion of Chile’s elites live, voted against the reform, which would change a framework they had benefited from for decades. However, the rest of the city’s comunas, including the middle-class areas of Providencia and La Reina, voted in favour of the reform. Thus, most of society, including the emerging middle classes and some of the country’s political elites, saw the process as an opportunity to change the rules of the game, or at least to prompt a public discussion on the social contract.

This process of social and political debate about Chile’s future, involving all parts of society, provides a unique example of what could be called ‘counter-capture’. In other words, citizens managed to challenge a system of privilege, promote gender equality and the equality of Indigenous peoples, and initiate a discussion of alternatives through the institutional process. The big question now, is whether this process will be capable of changing power relations in the country.

3. CAPTURE IN THE DAILY LIFE OF LATIN AMERICA AND THE CARIBBEAN

This section presents four cases of political capture in LAC, including one of attempted capture in the case of El Salvador, that have been studied by Oxfam, in partnership with civil society and academics. They are part of a wider research project, organized by CLACSO, Oxfam and the Fundación FES in LAC, using the methodological framework The Capture Phenomenon: Unmasking Power. Guidelines for the analysis of public policy capture and its effect on inequality, by Oxfam Intermón. These studies focus on answering and analysing the following five questions:

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<thead>
<tr>
<th>PHASE 1</th>
<th>PHASE 2</th>
<th>PHASE 3</th>
<th>PHASE 4</th>
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<tbody>
<tr>
<td>What is captured, and when?</td>
<td>Who does the capturing?</td>
<td>Why is capturing happening in this context?</td>
<td>How is the capture taking place? (mechanisms)</td>
<td>What is the capture’s impact?</td>
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Source: author’s compilation
In this paper we have drawn out salient points from four of the case studies (which are available in full on the CLACSO website\(^53\)) to illustrate the scope and impact of political capture in the region. They focus on different sectors, but they all evidence the direct and/or indirect effects of political capture on inequality and democracy. We chose these cases for three reasons: (i) they involve sectors that are relevant to the region’s current situation; (ii) they have an impact on inequality and well-being; and (iii) they are central to the debate on the reconfiguration of the social contract in the region.

### 3.1 Case studies

**Peru: Money talks louder than votes\(^54\)**

<table>
<thead>
<tr>
<th>Subject</th>
<th>What is captured</th>
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<tbody>
<tr>
<td>Financing of democracy</td>
<td>Presidential elections 2011 and 2016, and congressional elections.</td>
<td>Donations to parties Media campaign Use of private resources</td>
<td>-Greater weight of money in politics. -Beginning of chain of favours that translates into the capture of policies (or even of the state). -Undermining of the democratic function.</td>
</tr>
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Money is the most common power resource in our societies, and its relationship to political decision-making is complex. Money is essential to politics, mainly in electoral campaign financing, and politics is essential to preserve and expand the interests and privileges of donors, especially large donors. Our case study finds that this complex relationship is at the heart of political capture in Peru.

The research started by asking some fundamental questions, such as ‘where does campaign money come from, and who channels it?’ and ‘what debts does campaign finance engender, and how they are paid?’ The study then analyses the influence of elites and power groups in politics, in two electoral contests: the 2011 and 2016 Presidential elections. The study found that in both cases, large donors and business groups funded the majority of candidates, across the political spectrum, and were able to do so both legally and illegally. It also found that elites invest more resources in the second round of elections, where there are just two candidates, especially when one of them is likely to win, and to go on to challenge or reduce their privileges.\(^55\)

This study is innovative, as while political funding of organized crime groups has previously been studied in depth, the monetary and in-kind political contributions of large business groups has not. The importance of taking this into account has become increasingly evident in the wake of the Odebrecht scandal, which has affected the entire region.\(^56\) It seems that legal and illegal financing by large business groups is the gateway to political capture.

Electoral financing creates a ‘revolving door’ between business and politics, whereby in return for their contributions, wealthy campaign supporters receive favours that maintain and improve their own interests. This calls into question how possible it is for institutional reform processes, and regulations on the use of money in democracy, to really achieve change. Political financing is undoubtedly the most significant mechanism for capture, because it sets the very rules of the game.

Our study found that financial contributions are not the only factor at play, though. Wealthy elites and funders also have media, lawyers, infrastructure, property, etc. at their disposal, which they can put to use to support a candidate, or even use to form their own electoral platforms. For example, Pedro Pablo Kuczynski created his own PPK party (Peruvians Por el Cambio [Peruvians for Change]) from scratch, even using his own initials. Kuczynski was also the first major funder of his own political campaign, and allegedly a recipient of Odebrecht contributions.\(^57\)
Analysis of these two elections in Peru shows how private money predominates in electoral financing, mainly through large donations (both declared and undeclared) that are made at critical moments in the campaign. These funds from private interests and big business groups generate a ‘debt’ that they expect to be repaid through public policies that benefit them, or at least do not jeopardize their interests. While all candidates get such funding, those who best defend the interests of the elites receive the largest contributions. In the 2011 elections, for example, 80% of the financing for Fuerza Popular 2011 came from business groups.

Dominican Republic: Tourism at all costs

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<th>How it is captured</th>
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<tr>
<td>Tourism</td>
<td>Law 158-01 on the Promotion of Tourism Development and five subsequent amendments (Law 184-02, 318-04, Decree 835-08, Law 253-12 and 195-13).</td>
<td>Technical veil Media campaign Revolving doors Lobby Extraordinary legislative procedures (“early bird” sessions)</td>
<td>-Resource leakage to tourism-origin countries. -A regressive and inefficient tax system that makes it difficult to carry out distributive policies through fiscal policy. -Development model focused on large hotel and real estate groups with low distributive effect. -Unequal development of the country’s different regions. -Abandonment of economic sectors such as agriculture. -Average wages below the country’s average. -Commercial water management that makes communities’ access more difficult. -Overexploitation of natural resources</td>
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This study addresses the capture of Law 158-01 on the Promotion of Tourism Development, and its five subsequent amendments, in the Dominican Republic. The law established several extensions of the geographical scope, and the scale of tax exemptions, for the tourism sector, in one of the countries that offers the most incentives of this kind in the world.

It is well known that tourism is fundamental to the Dominican economy, accounting for 25% of the country’s GDP and 35% of total employment. Hotel complexes, and economic development zones linked to the tourism sector, are located in specific areas of the country that are owned by a small number of hotel groups, funded by international capital. Therefore, transnational elites, mainly of Spanish origin, wield great power over tourism flows, as well as the sector’s financial and commercial resources at the global level. The Dominican Republic has been reliant on tourism since the 1990s, and this, along with the economic importance of a sector that generates nearly $8 billion in annual income, means these same private interests have undue power and influence over the government.

The strategic importance of tourism, along with the small number of actors and their transnational reach, has further increased the power that the sector’s elites have to influence public policies in their own interest. As a result, for example, they enjoy significant tax exemptions (misnamed ‘tax incentives”), and the law and its subsequent amendments have extended their duration, as well as the geographical areas and activities they cover. According to data from the Ministry of Finance, these exemptions added up to a loss of $820 million in income between 2009 and 2018.

This case study highlights the complicity between economic power groups and the state to promote reforms in favour of business interests. To give a specific example, the most recent amendment to Law 158-01 includes, among other things, an extension of the exemption period from 10 to 15 years.
In this case, elites used several tactics to access and influence the entire public policy cycle. These included revolving doors, media disinformation campaigns, and extraordinary legislative procedures (the so-called ‘early bird’ sessions). In addition to the direct impact of exemptions on tax revenues, this kind of capture perpetuates a development model based on the exploitation of natural resources, makes work in the tourism sector more precarious, and prioritizes the interests of international groups over local development.

### Argentina: Communication (and information) is power

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<th>Subject</th>
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| Telecommunications       | Capture of the Audio-visual Communication Services Act                           | Media campaign National / International lobby Judicialization Revolving doors | - Plurality of alternative media affected.  
- Limited licences for community media.  
- Communities have no media space in the face of market dominance.  
- Media concentration. |

One sector that is of great interest due to its political relevance is that of telecommunications. It is clear that control over how public opinion is generated brings great power. The case of Argentina with the Audio-visual Communication Services Act (LSCA) of 2009 is paradigmatic of the struggles between political and media/economic elites, on both sides of the ideological spectrum, to capture a law whose essence was to reduce the concentration of media ownership in Argentina. The law in question made it possible to open and licence community radio stations and media, as well as facilitating the participation of new actors in the institutions that regulate the media in the country.

The LSCA replaced Law 22.285 of 1980, passed under the civil-military dictatorship, which vetoed audio-visual licences for non-profit entities. It was approved during the Kichnerist government in the face of fierce opposition from related business and political elites. Once there was a change of government with the victory of Mauricio Macri in 2015, one of the first measures approved was precisely a modification of the LSCA, custom designed for the dominant media group.

In 2009, after several disputes between elites of different political colours – all linked, in turn, to different media groups – a space was created to promote the Act. It was at this time that there was an initial attempt by the opposition to capture the law discussion process and the debate in public opinion. To this end, a media campaign and judicialization were the main mechanisms used to promote a clash between ‘individual/corporate freedom of expression’ and ‘state control’ in public debate. This clash between ‘individual freedom’ and ‘human and social rights’ is one of the central elements of this capture case, which goes beyond public policy and plunges into the area of ideology and values.

When the Act was approved however, it opened up an opportunity for a process of ‘counter capture.’ Social groups that had long been organizing in the country, were admitted to regulatory bodies, and worked together with certain political elites to defend social interests in the telecommunications sector. This went against the interests of wealthy elites. Unfortunately, though, when the government changed, these progressive measures were reversed and the LSCA was quickly repealed. This resulted in a tremendous concentration of media, and an increase in inequality of access to the media.

This case shows that as well as classic mechanisms of capture, such as revolving doors, judicialization and lobbying, media campaigns can be employed to capture ideas and narratives in support of elite interests. The power these elites wielded over the country’s large media groups helped to fuel an ideological debate about the LCSA, pitting ‘individual/corporate freedom of expression’ [associated with the neoliberal bent of Mauricio Macri’s government] against ‘state control’, which is how they characterised the ‘human and social right to communication and information’ approach of the Kichnerist government.
The natural resource sector is subject to greater capture and privilege than any other, and is also where elites have most vigorously defended the status quo.\textsuperscript{65} Recent data show that in several LAC countries, the energy matrix is shifting even further in favour of fossil fuels,\textsuperscript{66} highlighting how strongly entrenched the privileges of elites benefiting from extractives are. Water is among the most valuable of all natural resources, hence the struggle over its control and use is at the root of many social conflicts in the region.\textsuperscript{67}

In the case of El Salvador, water has historically been a strategic power resource for the country’s agro-export-based economic development models. At present, it is also central to the country’s agricultural and urban development, especially tourism. This context means that control of the sector has been concentrated into the hands of an economic elite, leaving too many people suffering dire consequences. For example, four out of ten people in rural areas have no access to water, and 90\% of surface water is contaminated by industrial waste. The fact that golf courses are irrigated with drinking water in areas where 75\% of the population do not have safe water to drink\textsuperscript{68} illustrates the absurd and extreme inequalities at play here.

The country’s economic elite linked to the water sector, has great power, including privileged access to and influence over public policy decisions. This fact is crucial to understanding the fight around the drafting of the General Water Act: elites were able to exert considerable influence over the content of this Act, and to block its approval. After the Water Forum presented an initial proposal for water legislation in 2006, several proposals were made to establish a national regulatory body. These progressive proposals were unsuccessful, however – they were not included in the General Water Act, which ultimately represented the interests of the elite rather than the social justice agenda of civil society.

This fight over water has become the epicentre of the country’s social movements, who call for access to water to be considered a human right, and for an end to its commodification. In other words, they want an end to a system that benefits the economic interests of a wealthy elite, and promotes an extractive development model.

These elites have used various typical tactics to influence the legislative process, but party funding stands out above all the rest. Despite these efforts, though, the struggle to influence the General Water Act continues, because the country’s political context means that the elites are very fragmented.

### El Salvador: The right to water

<table>
<thead>
<tr>
<th>Subject</th>
<th>What is captured</th>
<th>How it is captured</th>
<th>Impact</th>
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<tr>
<td></td>
<td></td>
<td>Lobby</td>
<td>- Overexploitation and contamination of water sources.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Capturing idea</td>
<td>- Soil degradation due to deforestation and chemicals used by different productive activities.</td>
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<td>(think tanks)</td>
<td>- Low water availability per inhabitant.</td>
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3.2 Key insights from our four case studies

Analysis of the four case studies above yields three main conclusions.

First, the effects of political capture practices are similar, in that they all perpetuate, or increase, the privileges of a minority, and deny rights for the majority. In this way, they fuel greater inequalities.

Second, although the range of sectors that can be captured is very broad, taxation and natural resources are of the greatest interest to the elites. Land, water and tourism, among others, are strategic sectors controlled by a small number of actors, who are often linked to foreign capital. Controlling these sectors is also paramount for elites, both in LAC and globally.

Third, there are a number of ‘typical’, or recurring, mechanisms and tactics used to achieve political capture (see Table 2). Media campaigns, lobbying, extraordinary legislative procedures (such as ‘early bird’ sessions), and revolving doors are the most common. Others, such as party funding, are of great importance, but more difficult to thoroughly investigate.

Of all these mechanisms, it is worth further analysing media campaigns. Control over the means to influence, or even ‘manufacture’ public opinion, and set the public agenda, grants a great deal of power. This is why media ownership, and the creation and/or control of think tanks, are so important to elites. Thus, debates and narratives are generated in society according to special interests. This process is also linked to digitalization, media concentration and, most importantly, the emergence of illiberal-type political movements. These movements have tremendous reach because of their extensive use of technology and social networks. Recent data show that nearly 30% of the population consults Twitter or Facebook daily as sources of political information. These social networks are becoming the public’s gateway to politics, especially among younger people, and the data also show that the more people use them, the more dissatisfied they become with democracy.

Table 2: Capture mechanisms used in the cases analysed.

<table>
<thead>
<tr>
<th>Cases / Mechanisms</th>
<th>Media campaign</th>
<th>Party financing</th>
<th>Private resources</th>
<th>&quot;Early bird&quot; sessions</th>
<th>Lobby</th>
<th>Technical veil</th>
<th>Revolving doors</th>
<th>Judicialization</th>
</tr>
</thead>
<tbody>
<tr>
<td>Peru: People vote, resources decide</td>
<td>✔️</td>
<td>✔️</td>
<td>✔️</td>
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<tr>
<td>Dominican Republic: Tourism at all costs</td>
<td>✔️</td>
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<td>Argentina: Communication is power</td>
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<td>El Salvador: The human right to water</td>
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</table>

Source: author’s compilation
4. A FUTURE WORK AGENDA TO RECONFIGURE THE SOCIAL CONTRACT AND STRENGTHEN DEMOCRACY

To counteract political capture, it is crucial to carefully consider which strategies are most likely to be successful. For example, the more a topic is discussed in the media, the less likely elites are to try and influence related policies. Therefore, one pragmatic and strategic approach to tackling political capture would be to increase media coverage of key policy areas, and to start awareness-raising campaigns to help bring about change.

In the context of the pandemic, there is also an opportunity to rethink social contracts, as is happening in Chile. A new social pact in LAC must be based on a fundamental change to power structures, which inevitably involves addressing political inequalities. Today represents a unique moment in time, where the opportunity to do this is real. This is a debate that is at the heart of the agenda for social movements and organized civil society alike, and even for international institutions like the OECD.

Rather than making concrete recommendations, the intention of this document is to suggest work agendas (see Figure 1 and Table 3) that contribute to current debate on the future of democracy, and how to deal with political capture in LAC. The remainder of this paper will attempt to answer two questions: What is necessary to achieve more democratic societies, in which the interests of the majority prevail over those of the elites? And how can we build a social contract that alters the organization of power, and gives democracy meaning and legitimacy? It offers these contributions to the debate, in the knowledge that each society must rethink and agree on its own social contract, on the basis of collective work and consensus-building among all relevant stakeholders.

Figure 1. Key elements for a new social pact in LAC

![Diagram of a new social pact in LAC]

Source: author’s compilation
<table>
<thead>
<tr>
<th>AXIS</th>
<th>QUESTION</th>
<th>CENTRAL IDEA</th>
<th>AGENDA</th>
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</thead>
</table>
| Strengthening democracy   | How can we recover democracy and empower citizens?                       | Democracy is being captured by the elites and it needs to be reinforced       | - Promote political and social participation (especially of young people and women)  
- Prioritize equality and social justice and the fight against violences  
- Centrality of transparency and accountability  
- Judicial systems free of capture by political and corporate interests |
| Financing of democracy    | Why is there so much money in politics? Where does it come from?         | Economic groups invest a lot of resources in politics                         | - Centrality of transparency  
- Focus on the big interests behind the financing  
- Clear and effective laws |
| Civic space               | How can we curb the closing of spaces for social activism?               | Alternative voices are silenced despite having a significant role in political and social changes | - Highlight the political and social capital of activism and social movements in change  
- Protect investigative journalism and dissenting voices  
- Equalize urban and rural spaces  
- Assess the impact of technology on democracy  
- Assess the impact of religious fundamentalisms  
- Be alert to new captures |
| Intermediaries            | Who are these intermediary groups, how do they work and how do they affect democracy? | The rise of consultancy and advisory services to governments and public bodies raises the question of what interests are being promoted and ‘who benefits’. Opacity in public procurement. | - Regulate the revolving doors  
- Regulate lobbies - Put the focus on public procurement processes  
- Centrality of transparency  
- Foment political and social participation and strengthen training for social auditing |
| International cooperation | Who are the beneficiaries of international cooperation?                    | The international community must incorporate a new interpretation of power and prevent cooperation from benefiting mainly private interests. | - Recognize the role of activism and empower it  
- Protect civic space  
- Develop new analysis criteria in cooperation strategies  
- Define a participatory cooperation agenda  
- Ensure real policy coherence  
- Discuss the cui bono of cooperation  
- Invest in social participation and training/action for social auditing  
- Support regional coordination and cooperation against corruption |
| Fiscal Agreement          | Who should finance the new social contract, and how?                     | Financing the social contract to provide universal public services requires strong resource mobilization to attain the necessary volumes of social investment. | - The principles of equity and progressivity must be central, in order to increase fiscal morale  
- Implement new additional taxes  
- Ensure transparency in incentives and other tax measures  
- Update tax systems to the economy of the 21st century (digital, dynamic, services, etc.)  
- Encourage greater fiscal coordination among governments |
| New economic and social development paradigm | What should be the bases for a new development model? | Go beyond extractivism, forging a new sustainable model in which social priorities are determined democratically. | - De-monopolize the economy.  
- Move from captured goods to public goods.  
- Understand context changes in order to identify new strategic assets.  
- Achieve broad consensus on economic and social priorities, prioritizing citizens. |

Source: author’s compilation
4.1 Strengthening democracy

In recent years, the main cause of protest in LAC – and most of the world – has been the demand for real democracy.\textsuperscript{75} This underlines how important it is to fundamentally recast democracy so that it can meet the expectations of the many, and successfully address asymmetries of power. This is also the only way to curb populist trends that are eroding the region’s democratic systems.

The first mechanism for revitalizing democracy is to promote participation that goes beyond voting. This must be built from the bottom up, and on the premise that not all actors are represented in the institutional framework of an organization or political party. Mechanisms and participation processes designed to understand what the public thinks, and what topics are most relevant for them, should be explored and developed. It is also essential to find methods for incorporating these ideas into the public policy agenda. In addition, participation must cover a wide range of actors and geographical spaces (including local and regional), without which the social contract does not make sense. To discuss a social contract is to talk about the foundations of a society’s present and, above all, its future. This is why young people, as well as racial minorities and Indigenous groups, are key actors who must participate fully in the process.

Forms of participation must be adapted to the times, and new social contracts must free themselves from the past, and interpret the present correctly. Of course, this is not a barrier to learning from and using mechanisms that have worked well in the past, though. For example, public consultations, like those on mining in Colombia, can be successful tools for participation in the future.\textsuperscript{76} Also, it is essential that the authorities offer incentives to all actors, and ensure that everyone participates on an equal footing, and is equally able to influence the end result.

Second, the idea of political representation must be re-examined. Are our elected political representatives the only ones with the power to make a final decision on a policy? Or could other actors be brought into the decision-making process to ensure broader social consensus? Are existing political parties the only options, or should there be processes to introduce independent lists? If so, who should participate, and with what legitimacy? And how would these decisions be made transparently? One key point that must not be overlooked here is that democracy cannot be truly revitalized without the full and equal participation of women and ethnic minorities. This is what happened in the Constitutional Convention of Chile, which offers a model of parity and incorporation of Indigenous peoples that should be considered in other contexts.

Third, governments must be able to provide quality public services, and to finance them adequately. If democratic systems are unable to meet the need for these services, their legitimacy will be undermined. Also wealthier people will turn to private providers, increasing inequality and creating a ‘public goods trap’.\textsuperscript{77} The majority will be left to rely on a hollowed out public system, while a wealthy minority are able to buy the services they need, and to influence government policy to further protect their interests.

Fourth, politics must be partially de-institutionalized, to regain its true value and role of empowering citizens. Real politics goes beyond institutions. It also comes from discussions and debates that take place in other spaces that are not necessarily formalized. To promote true democratic participation, and to recapture a more dignified politics that is rooted in communities, civic space must be protected. The fifth mechanism needed to revitalize democracy is judicial reform. Unfortunately, judicial systems often operate in a way that provides impunity for the powerful, and this is a structural problem that many countries in the region experience. There have been numerous failures of justice in LAC, where the system has yielded to pressure from power groups. This denies a large majority of people their right to justice, and further erodes public confidence in state institutions. It also allows corruption to become deeply embedded, because there is no thorough judicial response to act as a disincentive.

Finally, in the current context, another essential requirement for strengthening democracy and curbing political capture is transparency. If a democracy is unable to show who governs and how, and what interests are trying to influence the process, it loses all validity. Of the six issues identified, this is perhaps the simplest change to make, but also the one that requires the greatest political will.

4.2 One person one vote, or one dollar one vote?

The debate on how democracy is financed, including by organized crime, is a hot topic. The relationship between money, power and politics has been widely analysed,\textsuperscript{78} but recent illegal financing scandals, such as the Odebrecht case,\textsuperscript{79} have made it even more crucial to the debate on strengthening democracy in LAC and beyond. The case presented in this document of El Salvador provides a clear example of how political financing is at the heart of capture. On the other
hand, the Chilean process of independent nominations for the Constitutional Convention shows that money should not necessarily be a central element in politics.\textsuperscript{80}

Again, transparency is key here: it is essential to know who finances election campaigns and parties, and how. Getting to the heart of the issue means following the money. Illegal money that enters politics under the radar, must be stopped, and judicial systems should be empowered to investigate alleged cases of illegal funding. It has also been shown that politics can become a mechanism for laundering illegal funds, mainly at the local level.\textsuperscript{81} In addition, we urgently need a debate on tax exemptions for donations to parties, campaigns and foundations. These challenges do raise a fundamental question though; how should democracy be financed? And how can citizens participate in this process? The issue of political financing may seem banal, but ensuring it is done in a transparent and democratic way is paramount to tackling political capture.

Effective implementation of legislation, and judicial enforcement, are key mechanisms for bringing about change here. With the exception of some Central American countries, political funding is already highly regulated in the region, but loopholes remain. For example, cash donations are still allowed in most countries in the region. There are also defects in the implementation of laws. Governments must apply regulation effectively, and the relevant judicial investigations must also be strengthened.

Finally, we must also consider why a person or entity finances politics. There are often ideological motives, but also economic incentives, and more could be done to tackle these, and to reduce political capture. For example, if companies finance a party or a candidate, they should be banned from access to public contracts. Similarly, there should be no private sector representatives in the government if the company or group in question has funded or advised the governing party, and individuals who have worked on both sides of the ‘revolving door’ should also be barred from public office. The latter issue is of great importance in the context of a pandemic, where many companies are receiving public aid. These funds must, of course, be well audited, but there should also be checks on whether the companies in question have financed governments.

4.3 Opening space to civil society

The trend of closing civic space is intensifying, and reversing this is crucial to tackling political capture and distrust in democracy. Civil society must be given the freedom to organise, and hold governments’ and decision-makers’ feet to the fire.

Civil society is more than just organized groups, linked to formal structures and institutions; it is a dynamic force that springs from activism and social movements. Activism is central to any healthy democracy, and must be protected. Social movements have strong links to urban youth from across the socioeconomic spectrum who are disenfranchised and alienated from political institutions, and do not identify with or trust the current leadership. Without more space for activism and social movements to develop, trust in and support for democracy will continue to decline, and there will be no effective counterforce to political capture.

In a region like LAC, where the extractive industries play a major role in the economy, environmental activists and Indigenous movements are key to challenging a very wealthy and powerful sector, and the international finance behind it. These citizens are on the frontline, often suffering violence, persecution and even execution. Protecting them must be a priority, especially if the ‘green wave’ of investment is to be successful.

Independent and investigative journalism is also essential in a context where the mainstream media increasingly reflect business interests,\textsuperscript{82} and it has been key to exposing corruption scandals and elite privilege in the region. This is why governments must strengthen and safeguard independent journalism, by giving it full freedom and judicial protection.

As we have already discussed, political capture does not only take place in the policy-making sphere - it also works to control ideas and beliefs. The control of narratives and the channels used to broadcast them, is one of the most important battlefields, and technology is therefore a significant power resource. Today, though, technology is concentrated in the hands of a wealthy few, and deployed to further geopolitical and corporate interests.\textsuperscript{83} This has reached the point where private interests are able to use technology as a surveillance tool, and are in the process of a ‘new colonisation’ under the guise of being connected. There is no doubt that technology has the potential to make a significant positive impact on people’s lives, and could also greatly improve transparency and accountability, but this is not possible when it is captured by elites.
Political capture is also manifested in the actual and religious power that is exerted over women’s lives and rights. The region is experiencing a move towards politics that are anchored in religious fundamentalism, which drives policies that restrict rights, such as the right to safe, legal and free abortion, and family diversity.

Finally, it is important to note that activism and civil society must be capable of thinking disruptively, and of anticipating the future. How will political capture take place in a post COVID-19 world? What impact will digitalization and artificial intelligence have on democracy and power relations? Will virtual currencies be mechanisms for illegally financing political parties? How do technologies change protest and civic space? How do fundamentalists seek to influence political decisions that could limit or infringe the rights of women, and of minorities and marginalised groups? What influence will China’s growing influence in the region have on elites? Answering questions like these can help prepare for future attacks on democracy.

### 4.4 The role of intermediaries

Cases examining capture and corruption rarely focus on intermediaries or facilitators. The analysis usually looks at who is engaging in capture or corruption, and who is captured or corrupted. However, it is increasingly clear that the role played by actors who advise or represent organizations on fiscal matters, public procurement, etc. must also be closely examined and challenged. Addressing the “corruption and capture networks” they comprise is a matter of great urgency.

Two of the most well-known scandals of recent years focused on these facilitators. The first was LuxLeaks, in which it was revealed that the big consultancy firms were giving companies fiscal advice in Luxembourg. The second was the Panama Papers, in which the Panamanian law firm Mossack Fonseca gave legal advice to wealthy clients around the world on how to evade taxes and hide shell company owners. These two stories highlight the power that intermediaries have in dictating, implementing and revising the rules of the game in various sectors. They also point to the need to protect whistle-blowers, who are key to exposing bad practice.

We urgently need greater transparency on how these intermediary actors work, and to what extent they are ideologues, consultants, auditors, or public policy implementers. Increasing knowledge and awareness of their bad practice is imperative to limiting their ability to act. Clear rules and regulations are also urgently required to better regulate and control their behaviour.

The power of intermediaries to exert political capture of policies, and of democracy, should not be overlooked. It is often they who advise governments on national development plans or changes to the law. In LAC, governments are even increasingly outsourcing the design of large economic plans and processes to private groups, creating revolving doors and significant conflicts of interest. The COVID-19 crisis is likely to exacerbate this problem: it has prompted a rethink of the public sector, large new projects and sizeable recovery funds, all of which could be captured by wealthy elites. This dynamic is already playing out in some EU countries in relation to the management of Next Generation EU funds.

### 4.5 New international cooperation

It is wrong to expect policies to fulfil their intended objective without understanding how formal and informal power relations work in the context in question. This means ascertaining who ultimately benefits from a policy, and who does not. It is vital to incorporate this perspective into all international cooperation strategies, interventions and policies, to prevent development policy from being captured.

However, donors and the wider international development community can also be subject to capture, for example by national or corporate interests. The entry of the large private sector as a key player in development cooperation, through mechanisms such as blending, has been strongly criticized, on the basis that such instruments put private interests before those of aid recipients and people receiving assistance. Development cooperation must be rethought, so that social justice, and the priorities and issues of the global South, come before those of the North, and of private interests.

Donors could, for example, adopt indicators on transparency, government procurement, election campaign financing, or even the use of tax havens. They could also support regional coordination against corruption. Such measures would help to create a ‘firewall’ against capture, and to combat political inequality. They would also create incentives to strengthen democracy, rather than powerful groups. This is all essential to ensure development policy is in the interests of the intended beneficiaries. Again, this is particularly important in the context of the pandemic, as countries design and implement recovery plans. There have already been cases of malpractice, where international cooperation funds to combat coronavirus have benefited mainly private interests. Donors have a responsibility to do better than this.
International cooperation must also play a central role in defending civil society and civic space. Currently though, in LAC, less than 3% of resources for civil society go to supporting their basic operation and organisation, with the remaining 97% allocated to implementing projects and providing basic services. And although many donors talk about the importance of democracy and reconfiguring social contracts, less than 6% of the resources for civil society in LAC promote activism and political advocacy. \textsuperscript{91}

4.6 A new fiscal covenant

Tax has become one of the most important issues on the regional and international political reform agenda in recent years. Many cases of political capture in the region stem from powerful groups exerting their influence to change tax laws, or to win ‘made to measure’ tax policies that suit their interests.

The losses to the public purse due to tax evasion and avoidance are enormous. This makes it impossible to finance public services, which in turn drives up inequality, and distrust of democracy. It erodes public confidence in tax, and reduces people’s willingness to pay, because they cannot see the improvements in public services that their contributions should be paying for. Wealthy elites are the main beneficiaries of this perverse dynamic, and their wealth and power also give them greater access to intermediaries who can help them to reduce their tax contribution even further. This has been clearly illustrated by the \textit{Panama Papers}.

Tax plays a key role in enabling democracy to function effectively, and providing quality public services. But today, the basic fiscal covenant that allows the state to redistribute and fund these services is being undermined by special interests. Breaking the vicious cycle, whereby elites who enjoy privileged access to political power, can use this to avoid paying their fair share of taxes, is essential to revitalize the social contract and democracy.

There are a number of key battlefields for the future of tax in the region - for example, wealth taxes, which have great potential to redistribute both money and power, and are therefore highly contested by rich elites. The pandemic has also opened up opportunities for power groups to further skew tax policy in their own favour, for example by winning extraordinary tax exemptions. In a context of growth at all costs, a spotlight must be shone on new tax privileges that the region’s governments are being lobbied to approve; such regressive measures would increase inequality in the future.

The COVID-19 crisis is also an opportunity to rethink the fiscal covenant though, which will be necessary across the region given the high tax deficits and the soaring public debt countries are facing.

4.7 Building a new economic and social paradigm

To reconfigure the social contract, LAC needs to rethink today’s economic and social model that confers great privileges on wealthy elites and power groups. This means building alternatives to extractivism, as well as democratizing the economy, and opening it up to sectors that are more consistent with environmental and social objectives.

This new paradigm must ensure that \textit{captured goods} become \textit{public goods}, which requires policies to protect these strategic assets from exploitation by the market. Decision-making on these issues must be based on social dialogue with civil society and citizens, to make sure the public interest is put front and centre in reform.

Natural resources are key to debates over a new economic and social pact in LAC. Today, elites are able to use their wealth and influence to expand their control over natural resources, reaping great profits, and gaining even greater strategic influence. This is also an example of political capture exacerbating the climate crisis, as profit is put before the interests of people and planet. This is not just about mining. Water exemplifies the accumulation of privilege at the expense of rights, as demonstrated in the case of El Salvador. To take another example from the region, in Chile water is privatized, and access is precarious in regions far from the capital. The agro-industry is another site of struggle, where elites seek to control assets in the interest of profit. For example, in Brazil and Bolivia, economic elites have aligned themselves with political elites to capture the exploitation of land for their own benefit. \textsuperscript{91}

We urgently need to change the paradigm so that these resources, which are fundamental to all human beings, are considered \textit{public goods}, and protected from capture. The definition of public goods must also be expanded, to include other resources that are crucial to social development, such as technology, information and vaccines (especially in the current context of coronavirus). This is essential to curbing the power of rich elites and corporations, and building a new economic and social paradigm.
5. CONCLUSIONS

This report shows how the relationship between inequality, power and money, leads to capture that permeates politics and public narratives.

The cases analysed illustrate how political capture by certain elites in LAC has a negative impact on the daily lives of the majority of citizens. It has deep roots in the region, and has played a key role in undermining democracy, fuelling great inequalities, and crucially, worsening inequalities of power. Today, wealthy elites are taking advantage of debates about the region’s recovery from the pandemic to further their own interests. While support for democracy wanes, these elites are reinforcing their power.

The only way for LAC to emerge from the current crisis, and build a more equal future, is through a reconfiguration of the social contract, and a fundamental reorganization of power that strengthens democracy. This means putting inequalities, and economic and social rights, at the heart of the agenda. The political class must also be accountable for its actions, and find ways to increase democratic participation and engagement among citizens. Promoting transparency, attracting young people and women, and expanding spaces for participation beyond merely institutional ones, are all essential to achieve these goals.

Organizations like Oxfam must not to miss the opportunity that the present moment represents. There is an urgent need to open up debate, create spaces and influence from the ground up, and to redistribute power. At the same time, states and governments must be open to genuine engagement with civil society, starting with an acceptance that social mobilization is necessary and important. The region’s youth, and people on the streets, are demanding change. Oxfam believes that this can only be achieved through a broad consensus building process, that counterbalances political capture, and rebuilds the social contract. Inequality can only be addressed with a democracy free of capture.
6. NOTES


3 https://www.oxfam.org/en/research/time-care

4 The Economist Intelligence Unit. (2021). Democracy Index 2020. In sickness and in health?


6 Rancière’s definition of (real) democracy states that ‘it is a demand not only for better governance and broader representation, but also for direct universal participation and a society in which the principles of freedom and equality are not only found in laws and institutions, but in daily life.’ See J. Rancière (2006). Hatred of Democracy. London: Verso; or Wolin, who defines it as ‘the process by which the people (demos) struggle for their rights, win them, sustain them, and in the process acquire experience of the political, the consequences of its exercise and the struggle for the general welfare, in the midst of cultural differences and socio-economic inequalities’. See S.S. Wolin (1996). Review: The Liberal / Democratic Divide. On Rawls’s Political Liberalism. Political Theory, vol. 24, 1, pp. 97-119.


8 This does not deny that there may be a more structural character at the level of all institutions, as is identified in the case of Guatemala, where we can speak of state capture. See the CICIG report on this: https://www.cicig.org/wp-content/uploads/2019/08/Informe_Captura_Estado_2019.pdf


10 The Economist. (2021).


18 This section uses inequality data based on the Gini coefficient. While recognizing its weaknesses with regard to method and scope (such as under-reporting of the highest deciles), this is the standard measurement for measuring income inequality over the years. In this regard, although the Gini reveals a reduction in inequality in Latin America, the concentration of wealth has increased steadily. Similarly, other indicators have been worsening.

19 Some authors also link this disaffection with low economic growth and the lack of opportunities associated with it. See: http://centrostudiosinternacionales.uc.cl/médicos/3739-los-desafíos-de-america-latina-desigualdad-protesta-social-y-populismo


23 There are exceptions, such as El Salvador where violence and feelings of insecurity are likely to be important factors to consider. According to a study of political culture and democracy in the country, in 2018 ‘61.9 per cent of the population of El Salvador perceived security as the most serious problem facing the country’. See: LAPOP et al. (2019). Cultura política de la democracia en El Salvador y en las Américas 2018/2019


25 Despite this, the relationship between inequality and capture has already been made clear.

26 See: https://www.economist.com/the-americas/2021/04/03/the-influence-of-central-american-dynasties-is-ebbing

27 The V-Dem indicator Power distributed by socioeconomic position is used to observe the greater capacity of certain groups to influence politics. Data from the Social Progress Index 2021, which uses the V-Dem indicator mentioned above. Scale from 0 to 4 where 0 ‘is equivalent to ‘the rich have a monopoly on political power and the poor and middle segments of society have almost no influence’; 1 ‘the rich have a dominant position over political power’; 2 ‘the rich have a great influence over political power’; 3 ‘the rich have more power than others but the poor and middle classes have almost the same power of influence’; and 4 ‘the rich have no more power than other socioeconomic classes in society’. See: https://www.v-dem.net/en/data/data-version-10/ and https://www.socialprogress.org/


The fact that these are the most visible does not mean that they are the only ones in use.

Americas Barometer (2019).

See: https://blogs.lse.ac.uk/europpblog/2020/08/28/how-wealthy-lobby-groups-benefit-from-a-silent-media/#Author

These proposals do not necessarily relate directly to the cases presented above.

Ortiz et al. (2021).

These consultations began in 2016, but were vetoed by the Constitutional Court due to mining company lawsuits in 2018. See: https://www.larepublica.co/especiales/minas-y-energia-marzo-2019/comunidades-votaron-en-10-consultas-populares-mineras-desde-el-2013-2842036

This is known as the public goods trap. See: Leopoldo Fergusson. (2015). The Public Goods Trap. TED x Youth. https://www.youtube.com/watch?v=qXEz_XT-gIA


There are some who speak of a new Wall Street Consensus in this regard, mainly in the application of private-public alliances.

See: https://www.icij.org/investigations/luxembourg-leaks/

See: https://www.icij.org/investigations/panama-papers/

See for instance the case of Guatemala and the advice from McKinsey on its No se Detiene plan: https://lahora.gt/presidente-giammattei-presenta-plan-mckinsey-a-la-comunidad-internacional/


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See: Ourania Dimakou et al. (2020). Never let a pandemic go to waste. How the World Bank’s COVID-19 response is prioritizing the private sector. EURO-DAD and SOAS


See: Julián Cárdenas et al. (2020).
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This paper was written by Hernan Saenz Cortes and managed by Pablo Andres Rivero. Oxfam acknowledges the assistance of Andrea Costafreda, Susana Ruiz, Armando Mendoza, Nick Galasso and Carlos Botella. The author also acknowledges the contributions of the following experts: Diego Sánchez-Ancochea, Julián Cárdenas, Francisco Durand, Deborah Itriago, Alina Rocha-Menocal, Elisa Mougin, and Juan Vázquez Zamora. Copy-edit in charge of Ignacio Iturralde and Emma Seery. It is part of a series of papers written to inform public debate on development and humanitarian policy issues.

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The information in this publication is correct at the time of going to press.

DOI: 10.21201/2021.7758

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