

**ECONOMIC REFORMS AND THE DEFICIT OF DEMOCRATIC
LEGITIMACY IN HONDURAS**

Jose Cuesta¹

July 2002

Working Paper Series No. 366

319. _____

¹ Institute of Social Studies, The Hague (cuesta@iss.nl). I wish to thank comments from Rolando Sierra and Sergio Membreno, and one anonymous referee. The usual disclaimers apply.

The Institute of Social Studies is Europe's longest-established centre of higher education and research in development studies. Post-graduate teaching programmes range from six-week diploma courses to the PhD programme. Research at ISS is fundamental in the sense of laying a scientific basis for the formulation of appropriate development policies. The academic work of ISS is disseminated in the form of books, journal articles, teaching texts, monographs and working papers. The Working Paper series provides a forum for work in progress which seeks to elicit comments and generate discussion. The series includes the research of staff, PhD participants and visiting fellows, and outstanding research papers by graduate students.

For further information contact:

ORPAS - **Institute of Social Studies** - P.O. Box 29776
2502LT The Hague - The Netherlands - FAX: +31 70 4260799
E-mail: **workingpapers@iss.nl**

ISSN 0921-0210

Comments are welcome and should be addressed to the author:

ABSTRACT

For the last decade Honduras underwent two critical developmental processes, that is, the consolidation of its democracy and a comprehensive program of economic reforms. Both processes achieved only relative progress resulting in a persistent crisis of democratic legitimacy and the need for a second wave of profound economic reforms to be implemented in the next fifteen years. Contrary to most conventional analyses, this paper explores the impact that economic reforms have had upon the democratic consolidation process in Honduras. The hypothesis is that economic reforms shape democratic consolidation to the extent that affect the socio-economic inclusion and State's capacities to carry out nationally desired policies. These channels are analysed and compared with the role that political factors have had in the process of legitimisation. It is found that traditional political practises and subsequent unfinished political transitions have had a major and more substantial role than economic reforms in explaining political dissatisfaction and democratic delegitimation. This in turn causes a higher pressure on structural reforms to deliver 'economic goods' if democracy is to further consolidate in the country.

CONTENTS

1. INTRODUCTION	1
2. THE DEFICIT OF DEMOCRATIC LEGITIMACY IN HONDURAS.....	2
3. A FRAMEWORK LINKING ECONOMIC REFORMS AND DEMOCRATIC LEGITIMACY.....	7
3.1 The Legitimacy contradiction.....	7
3.2 The hypothesis of economic reforms eroding legitimacy in Honduras	
4. CONTRASTING THE HYPOTHESIS OF LEGITIMACY ERODING ECONOMIC REFORMS.....	
4.1 Faltered economic reforms	
4.2 Economic reforms and exclusion.....	
4.3 Economic reforms and the State's capacities.....	
5. POLITICAL FACTORS: AN UNFINISHED TRANSITION FROM ELECTORAL TO PARTICIPATIVE DEMOCRACY.....	
6. ECONOMIC REFORMS AND THE UNFINISHED POLITICAL TRANSITION	
6.1 Economic reforms and the participatory democracy	
6.2 A final look at economic reforms and political aspects.....	
7. CONCLUSIONS.....	
REFERENCES	
APPENDICES	34