

Turning to the Left? Understanding Some Unexpected Events in Latin America

by Carlos M. Vilas

Argentina, Bolivia, Brazil, Chile, Ecuador, Nicaragua, Uruguay and Venezuela are currently ruled by governments that are typically considered to be on the left of the political spectrum due to their progressive, reformist stances. Together, these states account for almost two thirds of Latin America's population and roughly half of its combined GDP. In the 2006 presidential election in Mexico, the candidate who shared the political views of the aforementioned states was defeated by less than 1 percent in a contested turnout.

There is stark contrast between the current political landscape in Latin America and that of the preceding decades, a time in which most of the region seemed politically committed to implementing drastic macroeconomic and institutional reforms inspired by the so-called "Washington Consensus." "Market democracy" was the name of the game, highlighting the combination of representative democracy, enacting market-friendly reforms and an open exposure to the trends and forces of an increasingly globalized international arena. In the field of democratic theory market democracies were interpreted as the successful result of democratic consolidation that followed the transitional stages from military regimes to liberalized states such as Argentina, Chile, Uruguay and Brazil.

After numerous economic crises and social unrest followed the electoral success of a number of reformist-platform parties, replacing the groups who had implemented the socioeconomic models of the 1990's in place. The deterioration of many of Latin America's market democracies seemed to have surprised many in the academic, media, and financial fields as well as the policy makers in the developed world. Nationalism, state-sponsored development, and government controlled market regulation replaced the earlier market reform agendas. To a large extent the typical remarks and hypotheses surrounding these government changes and future expectations appear to be based more on skepticism than an objective analysis of facts and trends.

Carlos M. Vilas is an Argentine political scientist and Graduate Studies Professor at Universidad Nacional de Lanús. He was formerly the Under-Secretary for Domestic Security in Argentina.

The central purpose of this article is to briefly discuss some of the features of these political phenomena, paying particular attention to both the reciprocal differences and common traits, as well putting forward the elements for a basic understanding of the current situation in a number of Latin American—primarily South American—societies. The main conclusion of this exercise is that the new Left-wing reformism in Latin America has risen in response to several decades of neo-liberal economic and social reforms under the aegis of the Washington Consensus, particularly by countries still struggling with national or social integration issues as well as demands for even further social and political change.

DIVERSITY

The range of Latin American governments that are included under the classification of “Left” exposes the imprecision of the term. Despite shared goals of socioeconomic and institutional reforms, the policy-tools and strategies these governments appeal to in order to achieve them are very diverse. What is the criterion by which the Chávez administration of Venezuela and that of Chile’s Bachelet, are grouped together for instance? The Venezuelan government often asserts its commitment to a radical transformation of both the political régime and the socioeconomic system apart from capitalism and towards a “21st Century Socialism”, as Mr Chavez has baptized his political design. Meanwhile, the current Chilean government maintains its dedication to continuing the political and socioeconomic régime it inherited from its democratic predecessors of the 1990s.

Beyond these examples and throughout Latin America the differences in the methods of governance are apparent. The Kirchner administration in Argentina is sometimes perceived as Left-wing due to past confrontations with the International Monetary Fund and foreign creditors as well as previous political differences with the United States regarding international issues, despite Argentina’s relatively moderate social reforms. Lula da Silva’s Brazilian government is frequently referred to as “Leftist” generally due to the social and political trajectory of most of its leaders, as well some ideological traits of the ruling Workers’ Party notwithstanding its persistent attachment to orthodox macroeconomic policies. There is, then, a vast array of political expression that seems to fall under the umbrella term “Left” that must be taken into account in order to achieve a more comprehensive understanding of current political affairs in the greater part of Latin America.¹ Therefore, we must first consider the duration of each administration in their respective offices because a newly established government cannot be treated the same as a more experienced and well established one.

Bachelet’s presidency in Chile is the most recent expression of an ongoing political coalition (Convergencia Democrática, or Democratic Convergence) that has ruled in Chile since 1990. Hugo Chávez was elected President in 1998 and again in 2006 while Lula received the Brazilian vote in 2002, Argentina’s Néstor Kirchner took power in 2003 and Uruguay’s Tabaré Vázquez has led since 2004. More recent administrations include those of Evo Morales in Bolivia (2006), Rafael Correa in

Ecuador (2006) and Nicaragua's Daniel Ortega (2007). Time in office provides experience in the exercise of power, increased knowledge of the scope and limitations of policy options and institutional instruments, as well as gaining awareness of the restrictions stemming from other actors' and from the configuration of political settings—both domestic and international. If politics is—as Max Weber stated—a profession, a successful performance depends a great deal on the acquisition of practical knowledge alongside its exercise.

Secondly, Lula da Silva, Michelle Bachelet, Tabaré Vázquez and Nicaragua's Daniel Ortega came to power as the outcome of an electoral competition within a consolidated institutional framework. On the contrary, Kirchner, Morales, Correa and Chávez, took office in countries undergoing deep, persistent social and institutional crises which in a few cases forced the resignation of previously elected authorities. In the first group of countries Neoliberal reforms predated the ascent to power of the current administrations. Previously, radical market reforms were implemented in Chile by the Pinochet dictatorship; in Uruguay they were advanced by the traditional two-party system that was eventually defeated in the polls by Vazquez's Frente Amplio party; in Brazil and in Nicaragua, market reform was implemented by the preceding administrations of the 1990s.

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The ‘New Left’ in these countries were able to run for office and win elections unencumbered by associations with past neo-liberal reforms that were largely understood by the citizenry as socially regressive and contrary to national interests. Conversely, in Argentina, Bolivia and Ecuador (as in Venezuela in the 1990s), economic reforms were implemented by democratic parties and leaders—some with a wide labor base such as Argentina's Partido Justicialista or Bolivia's Movimiento Nacionalista Revolucionario—who subsequently had to face increasing social unrest and macroeconomic deterioration. These factors eventually culminated in huge political crises and the overthrow of the governments promoting the reforms, while simultaneously discrediting the political parties that supported them.²

Thirdly, the Morales and Correa governments face a number of unresolved ethnic, cultural and regional integration issues that have been aggravated by recent sociopolitical crises, making the achievement of a basic national consensus on much needed institutional as well socioeconomic reforms a particularly challenging task. The very existence of the state as a unified principle of political command and delivery of public goods is under severe strain in these countries with complex

geographies that reinforce cultural cleavages. In both Bolivia and Ecuador, as well in other Andean societies, the entire make-up of power relations rests not just on socioeconomic or class issues, but also on ethnic and regional issues. Even today, political institutions, wealth, and social prestige, are mostly the inheritance of well educated, healthy urban people of European descent; while most of the historically native population survives under unbelievable conditions of poverty and scarcity. Indigenous South Americans are practically, if not formally, marginalized from schooling, decent health services, personal security, and other basic dimensions of modern human needs. In these countries, political change often involves not only a drastic shift in power holders, but also a cultural and ethno-demographic shift. Accordingly, if social integration (i.e. closing the huge inequality gap that is one of the most relevant features of Latin America's social settings) is a pressing challenge for all of these governments, national integration is an additional complexity in Andean societies.

COMMONALITIES

Reformist democracies

The first common trait linking these “New Left” administrations is their democratic birth; they have all come to power by means of a competitive electoral process rather than through military might. Armed struggle seems to have become a part of the past, proving that there is no better antidote to violent political change than effective political democracy. Like their more conservative counterparts, these Left-wing administrations utilize this consolidation of representative democracy as a system for political competition; yet they have freed the system from an artificial attachment to a specific economic approach such as “market democracies”.

The implementation of the economic reform agendas that enabled these governments to win elections has further exacerbated confrontations with economic elites, as well as with middle class professionals who are oftentimes well-established in certain government institutions and professional corporations. The Morales administration came into conflict with both the Constitutional and the Supreme Courts, in addition to a number of regional governments and several foreign-owned oil companies, including Petrobras, the Brazilian state-owned oil company. Similarly, Chávez has struggled repeatedly with the bureaucracy of PdeVSA and the elite owned media; the Kirchner administration has battled with some segments of the judiciary, as well as with the leadership of the Catholic church; and strained relations between Ecuador's Rafael Correa and Ecuadorian Parliament and the Courts are just some of the more noteworthy cases.

More often than not, leaders from the New Left respond to opposition from more affluent factions of the middle class by a persistent appeal to “the people” through a variety of means. Some hold mass-rallies while others use institutional resources such as referendums or constitutional reforms in order to stir up political tensions. But not all of these conflicts are solely results of economic or social

policies. For example, one of the most significant tensions between the Argentine leadership with sectors of the Catholic Church as well as the judiciary is the intention of the Kirchner administration to thoroughly investigate and ultimately punish those responsible for the human rights violations of the military régime of 1976–83 (also known as the Dirty War).

Beyond their commitment of managing political conflicts without violence, a common feature of all of these administrations is their conviction that exercising democracy involves the promotion of progressive social change. These reforms are advanced in a democratic manner assuming that democratic institutions foster progressive socioeconomic reform. The notion of democratic ideals has been deeply rooted in Latin America's political culture since before the early 20th century. However, social transformations have repeatedly escalated social conflicts within many of these countries primarily due to political opponents who, after losing their positions of power, are the most negatively affected by the changes made by these reform-minded governments. Frequently these individuals appeal to their economic resources, international connections and media ownership to oppose, obstruct, or mitigate reforms. The failed violent coup against the Chávez government in April 2002 that was chiefly conducted with the involvement of powerful Venezuelan economic elites allegedly assisted by some foreign governments (namely the US) suggests that devious behavioral tendencies have not entirely disappeared from the repertoire of conservative politicians and elites.³

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The previously mentioned crisis of traditional political parties in countries like Venezuela, Ecuador and Argentina from their involvement in neo-liberal reforms has contributed to reinforcing the personalization of politics and increasing the effective power of top leaders. A number of comparative opinion polls have shown a persistent public distrust of politics, political parties, the judiciary, and parliaments in most Latin American countries. This skepticism appears to usually arise out of the respondent's perception of the performance of these institutions as well as its leaders.⁴ In the absence of constitutional institutions having strong, unquestioned legitimacy, government offices tend to be associated with the actions of the President considered the constitutional head of state as well as the highest political leader. Under these conditions, ruling parties become little more than electoral tools devoid of any relevant influence in government affairs or in the nomination of candidates for electoral competition. While conventional political wisdom tends to associate *caudillismo* as an inheritance from Latin America's Spanish colonial rulers, it is also a recurring factor wherever a new political régime is being built.⁵ In Venezuela, Chávez dealt with this aspect in a two-fold manner: he created a new political party while promoting a failed constitutional reform which, among other innovations, was

addressed at removing limits on the number of times a president could be reelected. In Argentina, despite enjoying a high approval rating, Kirchner relinquished the constitutional possibility to run for a second term. In the style of the old Mexican PRI, Kirchner bypassed party mechanisms to personally appoint the party's official presidential candidate—his wife, Senator Cristina Fernandez, who was elected in the presidential contest in October 2007.

In democracies focused on *social* transformation, decision-making is heavily centralized in the executive branch. In the neo-liberal “delegative democracies”⁶ of the 1980s and 1990s presidents addressed the standard prerogatives given by the parliament while exerting pressure on the judiciary. These actions facilitated the implementation of the Washington Consensus in Peru, Mexico, Brazil, Ecuador and Argentina and came with the endorsement of the international financial institutions and sectors of the US government. Conversely, today, democracies promoting progressive social transformations are devoted to advancing change in a different direction. Chavez's or Kirchner's *decisionism* is not stronger, more evident, more intense, or greater than that of Carlos Menem's or Fernando de la Rúa's in Argentina, Alberto Fujimori in Peru, Mexico's Carlos Salinas de Gortari or Venezuela's Rafael Caldera. Only the contents of the decisions have changed, as have also changed those who win and those who lose with them.⁷

Pragmatic politics

Another trait worth underlining is political pragmatism. Pragmatism does not necessarily suggest moderation in government goals or reforms, but rather it provides a more careful assessment of what can be successfully accomplished at each juncture; which policies should be deferred or discarded; and how to anticipate or manage conflicts with other political or social forces. A pragmatic approach to decision making addresses all aspects of policy creation, such as procedures and methods, and not only their objectives and goals. It especially implies discarding the notion of unlimited governmental power, a frequent misunderstanding in those who have not held government positions before.

Political experience during the 1980s and onward, in holding power at either the municipal, provincial, or parliamentary levels, has proved to be of utmost utility. The Brazilian Workers' Party, Bolivia's MAS (Movement Towards Socialism), the Chilean Democratic Convergence, Uruguay's Frente Amplio, and Argentina's Justicialista Party have acquired extensive experience in political institutional participation at both the executive and legislative branches, in domestic as well international affairs. Daniel Ortega presided over Nicaragua in the 1980s; Néstor Kirchner began as the elected mayor of his hometown, Río Gallegos prior to being elected, and re-elected, governor of his Santa Cruz Province, from where he successfully competed in the presidential race in 2003. Tabaré Vázquez was a successful and very popular mayor of Montevideo before being elected to the Uruguayan Presidency. There are few newcomers in this political arena, although some have only recently gained their somewhat notorious reputations on the international level.

Pragmatism is also apparent in the strategies created to build broad electoral coalitions that paved the way to power. Daniel Ortega is one of the more illustrative cases. His electoral victory in January 2007 after three unsuccessful attempts was nevertheless the result of sustained popularity in large segments of the Nicaraguan society, together with pre-electoral *power* brokering with his former political foes, such as Cardinal Obando and former Nicaraguan President Arnaldo Aleman. In Brazil, Lula has managed to initiate a complex system of parliamentary agreements to appeal to right-wing parties thus preserving much necessary parliamentary support. In Chile, the successful coalition of Socialists, Christian Democrats and Radicals has kept the coalition government in power for more than a decade. In Argentina, Kirchner created alliances and negotiated with factions of the centrist Radical Party, smaller political organizations and provincial governors in order to counterbalance the Justicialista Party's hegemony of his Frente de la Victoria, yet without alienating JP's much needed contribution as an electoral machine. In addition, Kirchner has appointed a number of leaders of independent non government organizations to government positions in areas such as environment, human rights or social policies. Thanks to the creation of the *Alianza PAIS*, Rafael Correa was able to win over the presidency of Ecuador from traditional parties and, more recently, the new Constitutional Assembly.

A proactive state

Recently many Latin American countries have benefited from sustained economic growth, in part fueled by rising international prices for exports. Increased earnings are being channeled to cover the expansion of government costs that are intended to alleviate poverty, remove social inequalities, advance social and economic development as well as reduce the burden of foreign debt. Although the shared goal is to establish an alternative public-private economic mix, the reorientation of social and economic policies in Bolivia, Ecuador, Venezuela, and to a lesser extent Argentina and Uruguay contrasts sharply with the preservation of 1990s neo-liberal parameters in Chile and Brazil (Nicaragua still being an open question).

In spite of pragmatism, this Left-wing reformism has clear ideas regarding socioeconomic issues. While it criticizes "really existing capitalism," (as opposed to theoretically) it is not against capitalism as a system, but what could be termed as "Neo-liberal capitalism," i.e. the result of more than a decade of macroeconomic, institutional, and social reforms which many people, including most of these governments' electoral supporters, blame for decline in their living conditions. The new Left governments do not push forward an inclusive program of structural transformations as the Left of the 20th century intended to do, but rather a program of reforms aimed at more steady growth, more equal distribution of wealth and benefits, and a more balanced national participation in regional and global settings. Thus, it opposes the specific type of deregulated, individualistic capitalism born in the 1980s and 1990s under the aegis of the Washington Consensus, but in its place it proposes no more than to move beyond it by means of more ambitious policy

goals and more effective policy instruments, much in the vein of World Bank's former Chief Economist Joseph Stiglitz.⁸ The main exception to this model is Chávez and his proposal of “a socialism for the 21st century” which up to now has gained some sympathies from the governments of Bolivia, Ecuador and Nicaragua.

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In all these cases, the state is assigned a more active role in regulating private investment and businesses and in directly controlling certain resources considered to be of strategic relevance. This includes, but is not limited to: renationalizing companies that had previously been privatized—in fields such as natural gas, oil, telecommunications—and greater state participation in planning investments in economic and social infrastructure—housing, education, health, communications and transportation. While to some critics resorting to a more active state participation may invoke 20th-century Latin American experiments with populism or development, it can also be linked to the persistent influence of Western European political institutions and experiences in Latin American political culture. If the very idea of a regulated capitalist economy may sound as anathema to neoclassic economists and to the unregulated Anglo-Saxon capitalism of the second part of the past century, it is an important notion in the “social democratic” and Asian models for capitalist development. The latter school remains influential on Latin American policy makers, but unlike the development or populism of the past, new Left administrations pay closer attention to macroeconomic fundamentals and proper management of fiscal accounts (fiscal discipline, efficient public management, public responsibility, and ensuring policies of social reform are apace with macroeconomic foundations).

The expansion of the state's involvement in economic affairs can be understood as a consequence of the perception on the necessity to recover or reinforce regulation capabilities—as listed in most of the constitutional texts—in key sectors of the economy which had been transferred to business actors in previous decades. The privatizations of the 1980s and 1990s involved not only transferring the ownership of state assets to business corporations, but also delegating on the boards of those companies the policy objectives and goals that are typically political concerns of the state.⁹ Reincorporating the state in these matters should be viewed in the context of the rebirth of nationalism in certain economic activities, and as the political determination to recover the control of policies for development and well-being.

Reformist governments halted the wave of dismantling the state's regulating tools and privatization of strategic natural resources and services of the 1980s and 1990s. The objective of enhancing the state's involvement in economic development is prevalent in administrations that, without altering property relationships, have strengthened government tools for regulation and control (Chile, Brazil, and Uruguay); some have occasionally resorted to nationalization. In Argentina the state resumed direct administrative jurisdiction over certain services that had been conceded to foreign companies: water and waste disposal in the metropolitan area; the administration of radio waves; the postal service; and a state-run energy company which was created in order to develop a countervailing actor to private ones. Nevertheless, most services that were privatized in the 1990s continue to operate under private companies, despite the recent repossession of certain industries by states. Evo Morales' administration re-nationalized oil and natural gas which was his main campaign pledge; Chavez did the same with the gigantic PdeVSA oil company; and recent public pronouncements from Rafael Correa suggest that the Ecuadorian government is about to do something similar regarding oil wells and exploitation. In most of these cases, re-nationalization has been carried out within the pre-existing legal framework, sometimes after long negotiations which also included the usual ingredient of institutional and de facto pressures and threats from every party in the negotiation.

Argentina, Bolivia, Brazil, Venezuela have strained relations with their external creditors, particularly the IMF. Argentina reduced its foreign debt drastically by means of a gigantic default and paid off its debts to the IMF in advance, as Brazil had done shortly before—a decision that weakened the IMF's traditional capacity to influence the debtor's macroeconomic and social policies. The IMF's performance during the Argentine crisis of 1999–2001 came under severe criticism both from domestic and external actors, thus adding to its discredit before large segments of civil society which the Kirchner administration has been able to capitalize.¹⁰ The main objective of these and other decisions is to increase the autonomy of debtor countries vis-à-vis creditors and other foreign policy-actors and their traditional articulation with domestic power groups that oppose to progressive reforms.

Enhanced state involvement and far-reaching goals for public policies are facilitated by the greater availability of resources stemming from the economic growth of recent years and a sustained increase in exports earnings. Yet favorable economic conditions should not be under, or over-stated. Latin America has known stages of economic expansion before, which could not stop poverty and social inequality from advancing. In societies characterized by deep social inequality—and Latin America displays the highest world rates of inequality¹¹—rewards from economic growth are unevenly collected. In the absence of government intervention and proactive public policies poverty keeps growing alongside the increasing concentration of wealth. During the 1990s Latin America's GDP grew slightly over 25 percent, but poverty increased by percent reaching around 40 percent of the total population, while indigence, or extreme poverty, remained at around 20 percent.¹²

SOCIO-ECONOMIC PERFORMANCE OF A GROUP OF LATIN AMERICAN COUNTRIES, 2000-2005 ¹³

	GDP ¹	Unemployment ²	Poverty ³	Income Inequality ⁴
"New Left"				
Argentina	3.9	- 50%	- 42.0%	- 8.9%
Brazil	1.1	- 20%	- 6.2%	- 4.0%
Chile	3.5	- 20%	- 6.6%	0.0%
Venezuela	2.3	- 44%	- 23.6%	- 1.6%
<i>Average</i>	<i>2.7</i>			
Non-Left				
Colombia	2.7	- 2.6%	- 8.2%	+ 2.6%
Costa Rica	3.3	0.0%	+ 3.4%	- 3.6%
Mexico	1.4	+ 1.8%	- 9.9%	+ 2.7%
Peru	4.2	- 9.5%	- 6.7%	- 3.8%
<i>Average</i>	<i>2.9</i>			
Latin America	1.9	- 1.7	- 9.5	s/d

1: GDP per capita. Average annual rate of growth, 2002-2006 2: Urban 3: Persons 4: Households

The contrast between that inertia and the current panorama seems to be due fundamentally to the economic and social policies implemented. The quality of public policies marks the difference between the efficient allocation of resources and profligacy, in the same way that the political gravitation of different domestic and foreign social actors sets priorities on how resources are allocated. In uneven measure, the arrival of the new Left governments implies a shift in power relations among social actors and consequently in policy-making and implementation. The table presents preliminary, inconclusive figures on the recent evolution (2001-2005) of per capita GDP, unemployment, poverty and social inequality in two groups of countries. Administrations of the new Left have performed in a relatively positive manner in social issues, while the growth of per capita GDP lags slightly behind that of their center or right-wing counterparts. Information available makes drawing definitive conclusions difficult beyond acknowledging that the new left has not been as successful as their partisans assert, nor as disastrous as their critics decry.

The pursuit of greater autonomy in the face of globalization can be seen in the strengthening of regional integration efforts, motivated by proactive and reactive factors. The former refer to the advisability to coordinate development policies in infrastructure, energy and finance. By supplementing resources to reach economies

of scale as well to speed up the circulation of production factors, states are able to achieve a more balanced involvement within globalization, improving bargaining power with other key actors. New initiatives have been added to the processes of MERCOSUR (Southern Common Market) and CAN (Community of Andean Nations) and are underway; in particular, ALBA (Bolivarian Alternative for America, a Venezuela-inspired initiative) and more recently, UNASUR (Union of South American Nations). UNASUR is composed of MERCOSUR and CAN nations, and has several initiatives for policy and resource coordination in specific contexts between states party. In all, these initiatives share a common critical approach to neo-liberalism; an emphasis on active government involvement in policy-orientation, tighter state regulation of certain economic aspects, as well the need to implement active public policies in order to assure a progressive distribution of the fruits of economic growth. Integrative efforts go beyond strictly economic matters, as they are also addressed at educational and cultural issues; MERCOSUR and ALBA have devised institutional areas for civil society's participation.¹⁴ The main reactive factor is the US FTAA (Free Trade Area of the Americas) proposal and the American strategy of negotiating bilateral or sub-regional free trade agreements among exceedingly unequal partners in terms of market size, production structure and income level. The majority of Latin American public opinion sees this as an economic instrument to preserve traditional US hegemony in the Hemisphere.¹⁵ Yet, Chile signed a bilateral free trade agreement with the United States years ago, and some high officials in the Uruguayan government started to explore that same possibility for their country—despite opposition of other participants in the government coalition.

Efforts to reinvigorate regional integration and attempts at the coordinating development strategies is also a byproduct of the inherent nationalism present in Leftist governments. Active promotion of what are perceived as national interests may collide with other governments' similar goal. Bolivia's decision to re-nationalize gas and oil wells and to achieve a tougher deal with foreign oil and gas companies, and the enactment of land reform have led to confrontations with some Brazilian companies and landowners. This not only places Lula's government in the difficult position of having to step forward in the defense of Brazilian companies or individuals, but also on behalf Brazil's own national interests with regard to the oil company Petrobras. In the same vein, the installation of a huge pulp and paper mill on the left bank of the Uruguay River led to a rapid deterioration of bilateral relations between Uruguay and Argentina on environmental issues. Accordingly, devising ways to regionally coordinate specific development policies is seen as a tool to prevent or downgrade potential clashes as well to strengthen shared development commitments.¹⁶

WHAT DOES ALL THIS MEAN?

The current wave of Latin American reformist governments can be subject to divergent interpretations. It can be understood as an outdated remake of the 20th century populist regimes, sooner or later doomed to deliver new frustrations to their

societies because of their unconventional management of economic affairs, overexpansion of state intervention together with a nationalist insulation from international economic and political trends. Demagoguery, *caudillismo*, manipulation of democratic institutions, and the artificial fueling of social confrontations point to the authoritarian stance of the “new Left”. In the most extreme versions, this interpretation depicts some of these regimes—that of Hugo Chávez and Evo Morales to a lesser extent—as the Latin American proxies to the rogue states referred to in the US National Security Strategy.¹⁷

It can also be viewed as a transitory, initial stage which inevitably will lead to more *rational* performances both at the economic and institutional levels. In the meantime, strident rhetoric, nationalistic or socialist language, and social policies excessively generous with the poor have no other purpose than to reduce the anger or resentment of the poor and other social fractions negatively affected by neoliberal reforms. Moreover, notwithstanding some unavoidable modifications, these policies retain the essential traits set forth by the implementation of the Washington Consensus. Administrations presided over by Tabare Vazquez, Lula da Silva, Nestor Kirchner, and most of all Michelle Bachelet would fit into this skeptical characterization.

In spite of their differences, both approaches display a heavy ideological burden as they rely more on rhetoric than objective deeds and facts. More specifically, they pay no attention to historical records, to people’s memories, to past political experiences and to persisting and unfulfilled expectations and demands. In such an approach politics is divorced from history and culture, or it becomes reduced to the leaders’ fancies and ability to cheat or manipulate meaningful segments of civil society—because of the latter alleged ignorance, or volatility or their lack of self-sufficiency. Yet, it is interesting to recall that while in both Eastern and Western Europe millions of people from the middle and laboring classes shifted their electoral preferences to radical right-wing, neofascist or populist options as a reaction to downgrading welfare conditions, rising unemployment or other dimensions of transitions from Communist to post-Communist regimes or the partial dismantling of Social-democratic welfare states,¹⁸ their Latin American counterparts reacted to drastic downgrading of standards of living in quite an opposite way, voting for progressive change.

The author’s view of these “new Left” regimes goes in quite a different direction. Ultimately, reformist governments of the “new Left” and the conflicts surrounding them dramatically portray the still incomplete processes of national and social integration in their countries. The Bolivian case is quite paradigmatic: initiatives for autonomy or separatism of its more developed regions, now that “the Indians” are in office, witness to protracted territorial as well ethno-linguistic, historical and class conflicts. The Evo Morales government thus faces the many challenges of state-building, not just of state-reform. To a certain extent, that is also the case of Ecuador. In societies with sounder, long-lasting national integration (such as Chile, Brazil, Uruguay or Argentina) politics are beleaguered by deep social

inequalities aggravated during the years of Neoliberal reforms. Recent violent street rallies of Chilean workers and middle-class students are a testimony to the growing impatience with the Bachelet administration's lethargic and lackadaisical approach to remedying social differences in education, access to basic services, and labor conditions.

In settings like these, it is not enough to agree on the *rules of the game*; there also has to be an agreement as to which game is being played: either preserving a particular distribution of resources which substantial sectors of the citizenry deem unfair, or progressive democratic change. When social and cultural inequalities reach such profound levels as in most of Latin America, it is inevitable that those who have been charged with most of the costs of market reforms are determined to change things if only in a small measure, just as those who have preserved or increased their share in benefits are determined to wholeheartedly defend them. It is illuminating that in a recent continental opinion survey almost three quarters of those interviewed responded that when the powerful run the government, the government becomes an extension of tools which the powerful use for their own self gain.¹⁹ As the late Brazilian sociologist Octavio Ianni once stated, "Latin American elites do not behave as rulers, but as masters." Thus, Latin America's reformist democracies are torn between Alexis de Tocqueville's warnings against majority rule becoming a tyranny upon minorities and the stubbornness and anachronism of domestic elites.

Notes

¹ One could even say that, because of such a variegated landscape, there is also a "Left" and a "Right" inside this progressive group of governments, with Venezuela being on the extreme Left and Chile on the far Right, and the rest falling somewhere in between. See Carlos M. Vilas, "The Left in South America and the Resurgence of National-Popular Regimes," in *Latin America after Neoliberalism: Turning the Tide in the 21st Century?* ed. Eric Herschberg and Fred Rossen. (New York: The New Press, 2006), 232-251.

² Carlos M. Vilas, "Shaky Democracies and Popular Fury: From Military Coups to People's Coups?" *Research Reports, Latin American and Caribbean Studies, University of South Florida* 2, no. 2 (July 2004); Carlos M. Vilas, "Neoliberal Meltdown and Social Protest: Argentina 2001-2002," *Critical Sociology* 32, no.1 (2006): 163-186.

³ Luis Lander, "La insurrección de los gerentes: PDVSA y el gobierno de Chávez," *Revista Venezolana de Economía y Ciencias Sociales* 10, no 2 (2004): 13-32; Christopher Marquis, "Estados Unidos financió a grupos opositores a Chávez," *Clarín.com*, April 26, 2002. Available at: <http://www.clarin.com/diario/2002/04/26/i-02815.htm> (accessed February 29, 2008).

⁴ See Corporación Latinobarómetro, *Informe Latinobarómetro 2006* (Santiago de Chile, 2006).

⁵ As explained by Max Weber's charismatic domination. Marcos Novaro, *Pilotos de tormenta* (Buenos Aires: Letra Buena Ediciones, 1994.)

⁶ The term was introduced in political analysis by Argentine Political Scientist Guillermo O'Donnell, "Delegative Democracy?" (working paper 172, The Kellogg Institute, Notre Dame University, 1992, 1-17).

⁷ Carlos M. Vilas, "Entre la democracia y el neoliberalismo: Los caudillos electorales de la postmodernidad," in *El fin de siglo y los partidos políticos en América Latina*, eds., Silvia Dutrenit & Leonardo Valdés (México City: Instituto Mora, 1994), 323-340.

⁸ Joseph E. Stiglitz, "Más instrumentos y metas más amplias para el desarrollo. Hacia el consenso post-Washington," *Desarrollo Económico* 38, no. 151 (October-December 1998): 691-722; Joseph E. Stiglitz, "El rumbo de las reformas. Hacia una nueva agenda para América Latina," *Revista de la CEPAL* no. 80 (August 2003): 7-40.

⁹ Luigi Manzetti, *Privatization South American Style* (Oxford: Oxford University Press, 1999). The author conducts an insightful discussion of privatization processes in Argentina, Brazil and Peru during the 1980s and 1990s.

¹⁰ See the most revealing report of the Independent Evaluation Office of the International Monetary Fund, *Report on the Evaluation of the Role of the IMF in Argentina, 1991-2001*, July 2004. Available at: www.imf.org/External/NP/ieo/2004/arg/eng/index.htm (accessed October 20, 2007); Karin Lissakers et al., *Report on the External Evaluation of the Independent Evaluation Office*, March 29, 2006. Available at: www.imf.org/External/NP/pp/eng/2006/032906.pdf (accessed October 20, 2007); Paul Blustein, *And the Money Kept on Rolling In (and Out): The World Bank, Wall Street, the IMF, and the Bankrupting of Argentina* (New York: Public Affairs, 2005).

¹¹ World Bank, *Equity and Development. World Development Report 2006* (Washington DC: The World Bank, 2005); David de Ferranti et al. *Inequality in Latin America: Breaking with History?* (Washington DC: The World Bank, 2004).

¹² Economic Commission for Latin America and the Caribbean, *Panorama social de América Latina 2006* (Santiago de Chile: CEPAL, 2006).

¹³ 1 and 2: Author's estimates from ECLAC, *Balance preliminar de las economías de América Latina y el Caribe* (Santiago de Chile: CEPAL, 2006); 3 and 4: Authors calculations on the basis of figures from ECLAC, *Panorama social de América Latina* (Santiago de Chile: CEPAL, 2006).

¹⁴ For an updated assessment of processes of regional integration see SELA, *Arquitectura institucional para la articulación y la convergencia de la integración en América latina y el Caribe* (Caracas: SELA, June 2007).

¹⁵ According to the 2005 Latinobarómetro Survey (175,554 interviews across 18 countries) only 31 percent of interviewees responded that privatizations had been beneficial either for themselves or their country, which contrasts with 45 percent in the 1998 poll. See Corporación Latinobarómetro, *Informe Latinobarómetro 2005* (Santiago de Chile, 2005): 68, 69).

¹⁶ The South American Initiative for Regional Infrastructural Integration (IIRSA according to its Spanish acronym) is a good example of this trend. Presidents of all South American nations met in Brasilia on August 31-September 1st 2000 in order to launch an Action Plan for the integrated development of transportation and communications in order to close the deep regional inequalities on these matters and to set the conditions for a more balanced development. However, the Initiative remained in an almost dormant state until it was reactivated in recent years by Argentina, Brazil and Venezuela, with particular emphasis in energy matters.

¹⁷ General James T. Hill, posture statement, on March 13, 2003, to the 108th Congress House Armed Services Committee. Available at: <http://armed-services.senate.gov/statemnt/2003/March/Hill.pdf> (accessed February 18, 2008).

¹⁸ Jens Rydgren ed., *Movements of exclusion: Radical Right-Wing Populism in the Western World* (New York: Nova Science Publishers, 2005); Cass Mudde, "EU Accession and a New Populist Center-Periphery Cleavage in Central and Eastern Europe," (working paper 62, Center for European Studies, University of Antwerp, 2004); Duane Swank and Hans-Georg Betz, "Globalization, the welfare state and Right-wing populism in Western Europe," *Socio-Economic Review* 1, no. 2 (2003): 215-245.

¹⁹ Corporación Latinobarómetro, *Informe Latinobarómetro 2006*, 65-66.