

An Inter-American Dialogue Book



*Constructing
Democratic Governance
in Latin America*

THIRD EDITION

Edited by

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tionality. Once inside, it tested the limits of membership; however, the underlying parameters became more sharply defined. During the Cold War, coercive conditionality was directed mainly against governments of the left, especially the Sandinistas and, prospectively, the Cubans. However, under the current conditions this formula is likely to prove counterproductive (easing the task of Caracas, stoking anti-imperialist imagery). Even the softest variants of conditionality carry some ambiguity and therefore risk misfiring.

By contrast, a loosely pluralist international environment may be particularly conducive to various forms of democratic contagion. One feature to notice here is that the contagion may flow in both directions. If Mexico's electoral institutions emerge reinforced after the current trial of their strength, an important message will be transmitted to officials in comparable institutions elsewhere in the hemisphere. At the same time, if Telesur's news coverage proves more relevant and persuasive than that of CNN or Televisa, under current conditions it can readily attract more viewers, subscribers, and initiators. The SIP's *pensamiento único* will have to be converted into a more persuasive and open dialogue if it is to embrace all the forms of free expression that are currently proliferating across the hemisphere. This "multivocal" type of contagion poses problems for *democraduras* as well as for chavistas.

Finally, therefore, the democratization of the Western Hemisphere remains an open project, equally capable of sharp regression and of swift recovery. Despite the current difficulties, there remains scope for advancement in a broad process of democratic dialogue and mutual accommodation based on the consent of all the parties involved, both domestic and international. Consent of this kind, however, will not arise from spontaneous agreement based on common values and assumptions. But if there is no single consensual model of democracy and democratization, openness to regional influences and discordant viewpoints tests the extent of pluralism and toleration in all the polities involved, not only those tilting toward liberal distributivism but also those single-mindedly geared to security. So consent would have to be built up over time, requiring efforts of tolerance and imagination from all sides. In contrast to the assumptions of the Miami Summit process, it would uncover important areas of disagreement and even quite strong clashes of views between rival conceptions of democracy, alternative understandings of the region's history, and competing models of political participation and institutional design. While many of these debates would take place within the domestic politics of each American democracy, they would also find expression in rival projects of regional cooperation, integration, and democratic affirmation. Whether or not events will actually take this course is a separate issue. However, this is what regional consent to democratic pluralism in the Americas is likely to involve if it indeed materializes over the next few years.

3

The Backlash against Market Reforms in Latin America in the 2000s

Javier Corrales

The most salient political story in Latin America since the late 1990s has been the political defeat of market-oriented incumbents and candidates. With the exceptions of Chile, Colombia, Mexico, and several Central American nations, the electoral trend between 1998 and 2006 has been averse to pro-market political forces.

The new winners have tended to be figures whose electoral platforms are decidedly less enthusiastic about market economics than was the case in the 1990s. Presidents Hugo Chávez in Venezuela (1998), Alejandro Toledo in Peru (2001), Luiz Inácio "Lula" da Silva in Brazil (2002), Lucio Gutiérrez in Ecuador (2002), Néstor Kirchner in Argentina (2002–3), Tabaré Vázquez in Uruguay (2004), Evo Morales in Bolivia (2005), Rafael Correa in Peru (2006) (2006), Daniel Ortega in Nicaragua (2006), and Alan García in Peru (2006) all campaigned farther to the left than the incumbents they challenged. In Mexico and Peru, two explicitly anti-neoliberal candidates, Andrés Manuel López Obrador and Ollanta Humala, came close to winning in 2006. Although their levels of market aversion varied, all these new presidents and presidential candidates campaigned on more market-critical platforms than did other candidates. While it is true that in the 2000s economic issues during elections are concerned more with how to generate growth and improve distribution than with market reforms, there is no question that political forces advocating some form of statism are doing well electorally.¹

Is there any chance for advancing market reforms in Latin America in this political context? On the surface, it seems that the answer is no. One way to read the political victories of these statist forces is to simply conclude, as sug-

gested by Przeworski and more emphatically by Chua, that democracy and market reforms are incompatible: the reforms produce a majority of losers, and democracy empowers these losers to capture the state and block further market reforms.² This would be the most pessimistic reading of the trend of the 2000s—one that, I argue, may be incorrect. Although the rise of statist forces constitutes evidence of democratic opening, this trend is not exclusively fueled by losers or entirely incompatible with further market reforms.

In this chapter I argue that the rise of the left is fueled by a variety of complainants—blobs of voters from different sectors of society who have different views about the status quo and thus different agendas. I propose viewing the current wave of leftist movements not as a relatively homogeneously “moderate” left or even a dichotomous left split between good and bad, but rather as the amalgamation of many disparate movements representing diverse constituencies, often with conflicting goals.³ All these constituencies advocate change—and that is what unites them—but they differ on the institutions that they want to see changed (their policy targets), how far those changes must go (their degree of radicalism), and the appropriate means by which to attain those changes (their degree of respect for rules and political opponents). In short, the left is fueled by a variety of forms of discontent, not all of it radical or anti-market. Understanding this internal diversity within the rising left, both within countries and across countries, is also important for understanding the performance of these forces once their candidates assume office.

The Turn to the Left

Statist political forces are not new in Latin America.⁴ By statist I mean displaying a programmatic orientation to use laws, decrees, and other state resources to restrict market activities (e.g., trade barriers; regulations; state ownership of productive assets; restrictions on competition; price, interest rate, and exchange rate controls; equity and content requirements). Between the 1930s and the late 1970s, statist political forces were dominant in most Latin American countries. Some were oriented more to the left (advocating stronger redistribution toward labor groups and closer collaboration with the Soviet bloc). Others were oriented more to the right (advocating more investments in infrastructure development, which tended to favor business groups). Others offered a combination of these strategies. Frequently, statist forces had a strong presence across states and also across society. Leftist forces (unlike populist forces) seldom captured the state, but they still had strong access to civil society through their penetration, and sometimes control, of labor groups (whose loyalties they disputed with other populist parties and, in some cases, with Christian Democrats). Most social and economic policy

in Latin America's postwar period was negotiated among these various statist groups.⁵ The difference between populism and the left is treated in more detail later in the chapter. For now, suffice it to say that on the whole, the leading political forces in Latin America from the 1930s onward were similarly reluctant to liberalize markets.

The minoritarian and weak status of pro-market political forces began to change in the 1970s with the rise of military regimes in Argentina, Brazil, Chile, Peru, and Uruguay that, rhetorically at least, called for less state intervention. But except for the Pinochet government in Chile, none of these military regimes achieved any real change in favor of economic freedoms; some did not even try. It was not until the mid-1980s that the region began to see the rise of political forces that decided to govern with the explicit intention of lessening statism, achieving real movement in this direction and achieving reelection.

The new salience of statist parties in the 2000s is thus remarkable only in comparison to the 1990s. During the 1990s, the trend was for statist and leftist parties to move to the right, both on the campaign trail and in office. This rightward move, so electorally rewarding in the 1990s, underwent a change in Latin America at the end of that decade. Both the former populist and the traditional leftist parties have begun to shift back to more statist electoral platforms, and new political movements expressing market discontent have emerged. Unlike in the 1990s, these newborn or reborn statist movements are doing well electorally.

Argentina is a good illustration of this back-to-the-left phenomenon. For the purposes of illustration, we will discuss the political spectrum in that country in terms of three political forces at the moment of each presidential election: those of the incumbent president (I) and the main leading candidates, the one who actually wins (C_w) and the loser (C_l) (Figure 3-1). In the early 1980s, both the winning candidate (Carlos Menem of the Partido Justicialista, or Judicialist Party) and the losing candidate placed themselves on the left, certainly more so than the incumbent (Raúl Alfonsín of the Unión Cívica Radical, or Radical Civic Union), who was trying to implement an increasingly market-oriented stabilization program. The more statist candidate, Menem, prevailed.

In 1995 (and to some extent in 1999), the candidates' positioning within the political spectrum was radically different from that seen in the late 1980s. Both the incumbent, who was running for reelection, and the leading opposition candidates placed themselves closer to the right than had candidates in the 1980s. No candidate advocated significant change of the economic reforms already set in motion, which at that point were deemed far-reaching by world standards.

Figure 3.1. Presidential Candidates' Positioning vis-à-vis Market Economics

	C_w	C_l	I	
Statism				Free markets
				Argentina, 1989
				Argentina, 1995
Statism			C_l C_l I_w	Free markets
				Argentina, 1999
Statism			C_w C_l C_l	Free markets
				Argentina, 2003
Statism		C_l C_w	C_l C_l	Free markets

Notes: C_w , winning candidate; C_l , losing candidate; I_w , winning incumbent; I_l , losing incumbent.

But in the 2003 elections, the winning candidate (Néstor Kirchner) campaigned on a platform that was more statist than that of any major candidate since the 1990s, though it was more centrist than the platforms of the candidates in 1988. A second change in 2003 was that the electoral space occupied by pro-market forces remained strong. The two more pro-market candidates, Carlos Menem and Ricardo López Murphy, obtained 40.7 percent of the votes combined. If anything, the 2003 election offered far more diversity of choice for voters, at least in terms of candidates' positioning vis-à-vis market economics.

A similar "back-to-the-left" phenomenon was evident in Brazil's 2002 presidential race, to cite another example. Three major opposition candidates (Lula, Anthony Garotinho, and Ciro Gomes) came from parties that are typically classified as being on the left.⁶ As in Argentina, the winner, Lula, was from this more statist camp. The more pro-market candidate obtained 23.2 percent of the vote in 2002 and 39.2 percent in 2006.

Argentina and Brazil thus offer three puzzles about electoral positioning vis-à-vis market reforms common to many countries of the region in the last three decades. First, why did statism become trendy again in the 2000s, albeit in a more modest manifestation than in the 1980s? Second, why has the electoral turn to the left not been more sweeping, with pro-market forces remaining electorally relevant? Finally, what explains the extent to which statist forces actually move away from market-oriented reforms once in office?

The answers to the first two questions have to do with economics. The mixed record of market reforms in the 1990s lends itself to a more divided electorate, and hence a more diversified electoral race. The answer to the third question, on policy movement, is harder to arrive at, but I contend that it has to do with the answer to the second question as well as with political party variables. Specifically, where party institutionalization is strong, it has served to moderate policy volatility in the 2000s.

Neoliberalism in the 1990s as an Explanation for the Return of Statism in the 2000s

The Blame Game

Perhaps the explanation most often heard for the return of the left is the "disappointing" performance of market reforms of the 1990s. A change of opinion has taken place. In the mid-1990s, there was a certain sense of "market triumphalism."⁷ It was a time when everyone seemed to believe that market forces were winning, even if by ideological imposition.⁸ Geddes even talked about the "ineffectiveness of popular opposition" to reforms.⁹

In the mid-2000s, in contrast, the climate could very well be described as one of "market defeatism": a feeling among analysts and politicians that the market reforms of the past two decades, at least in Latin America, involved too much pain for very little gain, maybe even retrocession. Meager growth in the 1990s, financial crises in the late 1990s and early 2000s, and unstable politics in many Latin American countries have led many perennial critics of the market to feel vindicated and many supporters of market reforms to feel dumbfounded. The "failure" of neoliberalism in addressing pressing social issues, the argument goes, explains the rise of the left.

But how terrible was the record of the 1990s? And, more important, how much can the economic record of the 1990s be blamed for the political rise of statist movements? Defenders of market reforms must contend with the fact that the record of the 1990s was less glittery than initially expected. Yet critics of market reforms cannot paint a picture of "overall devastation."

If anything, it is difficult to come to clear-cut judgments about the effects of market reforms. A variety of contradictory conclusions about the socioeconomic impact of reforms can be drawn from the same type of evidence. Next I review some evidence with the goal of showing that all sides in this blame game make strong points, but none can claim conclusive victories. Whereas in the 1980s both analysts and Latin American citizens could easily agree that the experience of the previous decade had been negative and was thus worth revamping, in the 2000s no such consensus about ills and prescriptions seems possible.¹⁰ And this disagreement about how to assess the performance of the 1990s is influencing politics on the ground.

Stabilization, Growth, and Poverty

One of the primary objectives of market reforms was to restore growth and eradicate inflation, which, at least since the 1960s, has been an endemic, poverty-multiplying economic malaise in many Latin American countries. Inflation abatement is perhaps the one area in which market reforms produced astounding success. Latin America moved from the position of world champion of inflation—a true global outlier—to one of the most price-stable regions in the world. Furthermore, this gain in price stability has proven to be sustainable, surviving even the most recent recession (1999–2002), an accomplishment that eluded the region in the past. Weyland suggests that, by saving the region from economic instability, neoliberalism actually safeguarded the new Latin American democracies from possible authoritarian reversals.¹¹

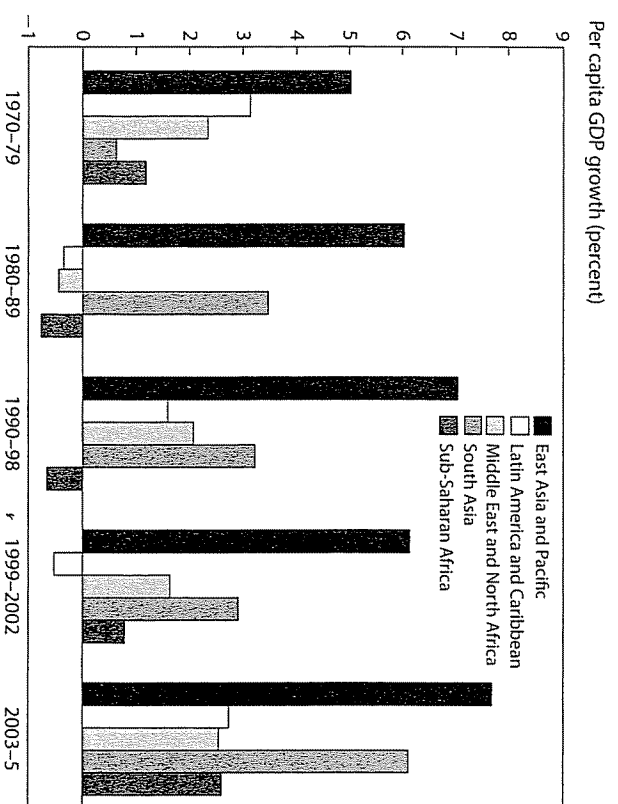
Defenders of market reform can also argue, rightly, that the reforms produced a “sustainable recovery” (Figure 3.2). This was a huge change from the past, in which the region had either unsustainable growth rates (i.e., growth with inflation and debt in the 1970s) or economic collapse (with even more inflation and debt in the 1980s). Instead, Latin America had growth without inflation in the 1990s and has had growth with declining debt in the 2000s. Furthermore, there is some evidence that, overall, poverty has declined in the region. All in all, the 1990s and 2000s have not been bad decades.

However, the story of success is not as clear-cut. Figure 3.2 also shows that in the 1990s growth levels were modest in relation to both the region’s development needs (i.e., they were insufficient to generate the levels of employment needed to combat poverty) and their record prior to the 1980s. Furthermore, from 1998 through 2002, Latin America experienced negative growth (suggesting excessive vulnerability), and during the recovery period after 2003, the region’s growth underperformed compared to that of Asia and the Pacific regions. From this perspective, the performance of the period was modest, maybe even mediocre.¹²

Far-Reaching Reformers versus the Rest

One problem with the macro figures discussed thus far is that they do no differentiate among degrees of market reforms. I have argued that there were different levels of market reformers in Latin America, ranging from aggressive reformers (e.g., Argentina, Chile, Mexico, and Peru) to reform laggards (e.g., Ecuador, Paraguay, and Venezuela).¹³ Some sectors of the economy were universally reformed (inflationary pressures, trade), but reform in other sectors was uneven across countries.¹⁴ Did the more (or less) market-oriented countries or sectors perform noticeably differently than the rest?

Figure 3.2. GDP Growth per Capita by Region, 1970–2005



Source: World Development Indicators.

This question is not easy to answer because there are different ways of ranking degrees of market reform, and each produces different assessments. For instance, Huber and Solt classify countries according to whether they scored above or below the median on a widely accepted index of market-oriented reform from 1982 to 1995.¹⁵ Their aim is to assess whether countries that changed policy (from statist to pro-market) most rapidly and extensively between 1982 and 1995 performed better or worse in terms of economic growth, volatility, inequality, poverty alleviation, and political rights between 1990 and 1998. They conclude that more aggressive and rapid reformers actually scored less well than the rest.

But Huber and Solt have faced direct criticisms. Walton, for instance, has explicitly challenged them by arguing that there are no statistically significant correlations across the variables that Huber and Solt study.¹⁶ Furthermore, he contends that Huber and Solt’s classification of countries is “unconvincing,” in part because it gives too much emphasis to policy changes in the 1980s, when countries were mostly muddling through rather than actually achieving real market-oriented reforms.

The debate of Huber and Solt versus Walton highlights a broader methodological controversy. There are many ways to classify degrees of market orientation. Huber and Solt focus on one metric: changes in a given reform index. But one could instead propose a different index, such as the Heritage Foundation's *Index of Economic Freedom*, which is used to rank countries on a large array of pro-market policies. Alternatively, one could classify degree of market orientation by focusing on actual outcomes, such as degree of private sector investments. Yet another option is to rank countries on the extent to which private investments (as a percentage of gross domestic product, or GDP) have increased in the region. Yet another alternative is to focus on a particular measure of privatization (e.g., private investments in traditional state-owned sectors, such as utilities and transport) or liberalization (e.g., number of procedures needed to start a private business).

Table 3.1 shows how each of these metrics, including Huber and Solt's, yields different groupings of "far-reaching" market-oriented countries. For each metric, the countries that scored the highest values are shaded gray in the table. For all columns except column 4, the standard for a high score that I use is based on a comparison with Chile's ranking: the metrics of countries that matched or surpassed Chile's score are indicated in gray. The reason I use Chile's score as the dividing point is that almost all analysts agree that Chile has been Latin America's most market-oriented country since the early 1990s. Column 4 reflects Huber and Solt's classification.¹⁷

Table 3.1 shows that there is in fact variation across countries and across domains: being a far-reaching reformer in one domain does not mean that a country is a far-reaching reformer in another domain. Not one country scores high in all categories. Only Chile, mostly as a result of definitions, and Trinidad and Tobago appear as far-reaching reformers in four of the five rankings covering the late 1990s.

One problem with many of these metrics is incomplete data: coverage does not include recent years or all the countries. For this reason, it might make sense to focus on the *Index of Economic Freedom*, which contains data for the largest number of countries from 1995 to the present. Another benefit is theoretical: this index contains metrics that closely resemble the components of the Washington Consensus, and furthermore, most studies on the subject conclude that this index is positively correlated with economic growth.¹⁸

Table 3.2 lists all Latin American countries included in the Heritage Foundation's *Index of Economic Freedom* and indicates in light gray the scores of those countries that matched or did better than Chile's score in 1995 (2.6 points), the first year for which this index is available. The scores of countries that matched or did worse than Venezuela in 1995 (3.23 points), one of the region's most prominent reform laggards, are indicated in dark gray.

Table 3.1. Aggressive Reformers According to Different Metrics (circa late 1990s)

Country	A Private investments as a percentage of GDP (proxy for degree of reliance on market activities)	B Private investments in utilities and transport (proxy for privatization)	C Economic freedoms (level achieved by 2002)	D Distance traveled (largest change in market reform index between 1982 and 1995)	E Procedures necessary to start a new business
Argentina			HIGH		
Barbados	NA	NA		NA	NA
Belize	NA	NA		NA	
Bolivia	HIGH	HIGH			
Brazil		HIGH		Above	
Chile	HIGH	HIGH	HIGH		Few
Colombia		NA			
Costa Rica	HIGH	NA		Above	
Cuba	NA	NA		NA	
Dominican Republic	NA	HIGH		Above	
Ecuador		NA			
El Salvador			HIGH	Above	
Guatemala				Above	
Haiti		NA		NA	
Honduras	NA	NA			
Jamaica	NA	NA		Above	
Mexico	HIGH				Few
Nicaragua	HIGH	HIGH		NA	Few
Panama		HIGH	HIGH	NA	Few
Paraguay				Above	
Peru	HIGH			Above	
Trinidad and Tobago	HIGH	HIGH	HIGH	NA	Few
Uruguay		NA	HIGH		
Venezuela					

Sources: World Development Indicators; Heritage Foundation; Huber and Solt, "Successes and Failures of Neoliberalism."

Notes: Shading indicates countries whose scores match or surpass Chile's. NA, data not available.

Column A—HIGH indicates countries whose scores in 1998 matched or surpassed Chile's score in 1989 (18.2 percent of GDP), the earliest year for which there are data on Chile.

Column B—HIGH indicates countries whose level of private investment in telecoms, energy, water and sanitation, and transport in 1998 matched or surpassed Chile's levels in the early 2000s.

Column C—HIGH indicates countries whose scores in 1998 matched or surpassed Chile's score in 1995 (2.6 points).

Column D—Above indicates countries that experienced a degree of change that was above the median on the Morley, Machado, and Pettinato index of economic reforms; the classification appears in Huber and Solt, "Successes and Failures of Neoliberalism."

For Column E—Few indicates countries whose scores matched or surpassed Chile's score of 9 procedures (same as Iran).

Table 3.2. Economic Freedom Index for Latin America

Country	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	Change 1995- 2002	Change 2002-6
Argentina	2.85	2.58	2.70	2.48	2.23	2.28	2.29	2.63	3.09	3.43	3.49	3.30	-0.22	0.67
Bahamas	2.36	2.09	2.05	2.16	2.16	2.23	2.23	2.06	2.15	2.25	2.25	2.26	-0.67	-0.23
Barbados	N/A	3.15	2.98	2.63	2.86	2.74	2.59	2.48	2.24	2.41	2.35	2.25	-0.11	0.04
Belize	2.85	2.74	2.71	2.96	2.76	2.84	2.64	2.74	2.69	2.69	2.71	2.78	-0.50	0.30
Bolivia	3.16	2.56	2.51	2.61	2.61	2.56	2.31	2.66	2.54	2.64	2.75	2.96	-0.30	-0.03
Brazil	3.41	3.61	3.33	3.41	3.24	3.46	3.26	3.11	3.06	3.10	3.20	3.08	-0.72	0.00
Chile	2.60	2.56	2.26	2.10	2.13	2.04	2.03	1.88	2.06	1.91	1.86	1.88	-0.06	0.17
Colombia	3.05	3.10	3.23	3.19	3.09	3.14	3.05	2.99	3.10	3.13	3.21	3.16	-0.31	-0.04
Costa Rica	3.04	3.00	3.03	3.00	3.00	2.83	2.84	2.73	2.76	2.66	2.76	2.69	-0.12	-0.73
Cuba	4.95	4.95	4.85	4.90	4.85	4.83	4.83	4.48	4.13	4.24	4.10	4.10	-0.44	0.20
Dominican Republic	3.63	3.94	3.24	3.26	3.20	3.30	3.09	3.19	3.29	3.51	3.54	3.39	-0.47	0.13
Ecuador	3.39	3.33	3.26	3.15	3.14	3.19	3.56	3.60	3.58	3.60	3.49	3.30	0.21	-0.30
El Salvador	2.89	2.68	2.55	2.61	2.38	2.10	2.21	2.28	2.35	2.24	2.20	2.35	-0.61	0.07
Guatemala	3.36	3.10	2.94	2.96	2.94	2.91	2.88	3.00	3.01	3.16	3.18	3.01	-0.36	0.01
Guyana	3.70	3.38	3.40	3.55	3.30	3.35	3.35	3.23	3.15	3.08	3.08	3.11	-0.20	-0.10
Honduras	3.58	3.56	3.56	3.51	3.71	3.51	3.50	3.38	3.24	3.53	3.43	3.28	-0.15	-0.20
Jamaica	3.11	2.94	2.91	2.94	2.96	2.66	2.96	2.96	2.68	2.81	2.76	2.76	-0.09	-0.13
Mexico	3.05	3.31	3.35	3.41	3.30	3.09	3.05	2.96	2.81	2.90	2.84	2.83	-0.85	-0.18
Nicaragua	4.08	3.65	3.75	3.68	3.65	3.49	3.23	3.14	2.99	2.99	2.90	3.05	-0.02	0.02
Panama	2.70	2.55	2.49	2.50	2.48	2.61	2.58	2.68	2.64	2.83	2.74	2.70	0.34	-0.02
Paraguay	2.99	2.94	2.96	3.09	2.95	3.06	3.34	3.33	3.40	3.44	3.45	3.31	-0.71	-0.02
Peru	3.59	3.01	3.08	2.91	2.61	2.69	2.56	2.88	2.91	2.88	2.83	2.86	-0.20	0.01
Suriname	N/A	4.10	4.00	4.10	4.08	3.98	3.98	4.01	3.96	3.93	3.60	3.60	0.70	0.23
Trinidad and Tobago	N/A	2.69	2.63	2.60	2.49	2.43	2.59	2.49	2.54	2.40	2.54	2.50	-0.22	0.67
Uruguay	3.03	2.85	2.65	2.59	2.60	2.50	2.35	2.56	2.50	2.55	2.60	2.69	-0.67	-0.23
Venezuela	3.23	3.58	3.53	3.48	3.43	3.38	3.78	3.93	3.76	4.23	4.09	4.16	-0.11	0.04

Source: Heritage Foundation, *Index of Economic Freedom*, 1995-2006.

Notes: Light shading indicates the scores of those countries that matched or did better than Chile's score (2.6 points) in 1995, the first year for which this index is available. Dark shading indicates the scores of countries that matched or did worse than Venezuela (one of the region's most prominent reform laggards) in 1995 (3.23 points). N/A, data not available.

The first point that emerges from this exercise is that, according to this classification, the number of deep reformers (light gray) in Latin America has never been very large. The peak year was 2001, when 10 of 26 countries matched or exceeded Chile's 1995 score. Second, the category of reform laggards (dark gray) is large: 9 of 26 in 2001. Third, by 2006 the number of far-reaching reformers had declined by half (down to 5), whereas the number of reform laggards had declined by only one (8 of 26). This is an important trend that is discussed later in the chapter. For now, suffice it to say that the overall economic performance of Latin America in 1996-2006 cannot be used to evaluate "neoliberalism" because, according to this metric, the region is neither entirely nor consistently neoliberal.

Public Opinion: The Dislike of Privatization

Is there evidence of discontent with market reforms regardless of the model's performance?¹⁹ Latinobarómetro has conducted surveys of attitudes toward market economics. Its findings present a curious paradox. Although there is overwhelming support for "market reforms" in almost all countries (on average, 57 percent of the population supported market reforms in 2003), "privatization" was rejected (an average of 22 percent supported privatization in 2003, down from 46 percent in 1998).²⁰ This low level of support for privatization in a region where there is overall support for market reform and macroeconomic stability seems odd because privatization is a cornerstone of market reform.

Dislike of privatization prior to the sale of a firm has always been easy to understand: privatization is likely to generate concentrated losses (uncompetitive workers lose income and jobs), uncertain gains, and new hardships for winners (longer hours, job insecurity, and greater job pressures for retained workers). But intense dislike of privatization after the sale, as seen in parts of Argentina, Bolivia, Ecuador, Mexico, and Peru, is more mysterious because, as recent studies have shown, privatization has not been that nefarious: privatization (in infrastructure) may not have generated as much growth and investment or as low prices as expected, but it does not generate poverty or maldistribution of income, and in many cases it has significantly expanded access.²¹ What might explain this discontent in Latin America?

The answer may have to do with the fact that discontent with privatization after the sale is indicative of discontent with politics more than with economics.²² When privatizations are carried out in a transparent fashion, they still generate suspicion of collusion and state favoritism. When they are carried out in a less than transparent fashion, the suspicions explode, which is arguably what occurred in many Latin American countries.²³ Both Corrales and Schamis show that many of these irregularities, or what I call

“rents as baits,” were offered to entice initially reluctant buyers.²⁴ Murillo shows that, consequently, privatization laws related to telecommunication companies (more than to electricity) created legal monopolies in order to increase the value of assets, promote investment, and smooth the end of cross-subsidies, which led to reform unpopularity.²⁵ That is why Lora and Panizza find that discontent with privatization is correlated not so much with the degree of reforms in a given country as with the degree to which the people perceive their country to be corrupt or the degree to which monopolies were created.²⁶ Thus, the dislike of privatization after the sale seems to reflect a dislike of political institutions more than a dislike of markets in general.

Examining Urban Labor Markets

Critics of market reforms point out that the strongest evidence of “devastation” can be seen not by looking at macro numbers such as those for growth, inflation, or unemployment but by more microscopically examining labor markets, which, after all, are one of the factors that determine the type and quality of jobs, and thus poverty levels. A lot of research by sociologists and economists has been devoted to examining the response of labor markets to the economic reforms of the 1990s. There is agreement that the more far-reaching reforms have been able to generate winning sectors (competitive firms) and winning workers (high-skilled employees). But these researchers focus on the plight of the losers, which are found even in the best-performing economies. These researchers contend that the size of the losing sectors is large and that they are neglected.

These studies paint a clear picture of how market reform (more than labor market reform, which did not advance considerably) negatively affected labor markets. First, wages did not grow sufficiently, even during good times, perhaps because the race to stay competitive forced firms to keep wages down, or, more important, labor productivity increased at a snail’s pace.²⁷ Second, private employment creation was insufficient, while public employment declined, leading to persistent or growing unemployment.²⁸ Third, wages and employment benefits for some workers in some privatized firms declined, while prices of some privatized services increased. Furthermore, the decline of trade unions’ power in manufacturing sectors, the availability of cheap imports, and the rise of temporary contracts led to the expansion of informal or unstable jobs (to the detriment of more formal jobs), where working conditions were more precarious and unstable.²⁹ The result was a fragmentation of the labor market along these lines:

1. Skilled workers gravitated toward high-productivity sectors and liberalized sectors.³⁰ These workers are the real winners of market reform.

2. Women and less skilled workers gravitated toward the informal sector.³¹ These workers are partial losers: they find incomes but also encounter precarious labor conditions.

3. Many young males and less skilled workers were unable to find (well-remunerated) jobs in either sector. They are the major losers of reforms.

4. Criminal activity (and drugs) became the magnet for these young males: urban gangs became their “employer/family/support-system” of last resort.³²

5. Crime expanded in many urban areas, generating a demand for private security; older adult males found employment in the security labor market as private security guards, but most faced scarce job opportunities.³³

Critics of market reform argue that these massive disruptions within labor markets—unemployment, underemployment, informality, criminalization, declining state support (e.g., unemployment insurance was rare and insufficient) and, more important, brutal shifts in workers’ labor positions and expectations—had a powerful impact on politics. They led low-income groups to feel an intense discontent with the status quo.

Sometimes these arguments seem suspect because they tend to minimize the extent to which the pre-reform period (i.e., the 1930s through the 1980s) was plagued by inequality, marginality, plain hardship, and profound political protest.³⁴ In the 1960s, it was already clear that the formal economy was generating insufficient labor demand, which suggests that there must have been pervasive underemployment and unemployment and that workers in the formal economy, especially manufacturing, were earning good wages.³⁵ Together with the urban-biased social programs in place in the region, which excluded rural and informal workers from most welfare benefits, import substitution industrialization led to a dichotomous situation across urban sectors: formal, urban sector workers were doing well, the rest far worse, at least in some countries.³⁶ For that reason, Almeida and Johnston suggest that not just the austerity policies of the 1990s, but also the existence of a new “globally informed way of interpreting” hardship, together with new political opportunities, explain these presumably anti-austerity protests of the period.³⁷ Nevertheless, it is hard to dispute that market reforms have led to disruptions in Latin America’s labor market. The debate is about whether these effects are really the result of market reforms themselves or are instead un-related factors (e.g., the aftershocks of the collapse of the 1980s, demographic forces, low levels of labor productivity, exogenous economic shocks, insufficient flexibility of formal labor markets, or failure to revamp public education systems and social services).

Furthermore, it is unclear whether this devastation, even if fully accurate, is the most important driver of anti-market movements in the region in

the late 2000s. The argument by many market critics is predicated on the idea that the losers of market reforms are the main engines of these anti-market forces. However, there is a rival theory: that some of the most important drivers of anti-market backlash are not the losers themselves but rather the winners.

The Winners' Protest: Issue-Shifting, Frustrated Achievers, and Newcomers

Scholars have produced at least three theoretical statements about how political discontent might be stemming, at least in part, from economic and political winners of the 1990s rather than from losers. The first is Remmer's, resulting from work on determinants of the vote for incumbents.³⁸

At the most basic level, Remmer's main point is that the Latin American electorate rewards incumbents who address key macroeconomic issues and punish incumbents who do not. But a more sophisticated version of her argument is what could be described as issue shifting. Latin American voters value macroeconomic variables when evaluating incumbents, but once those concerns are addressed, voters shift in issue preference; they begin to evaluate incumbents on other, newer issues. Some of these newer issues have to do with economic policy (e.g., addressing deficiencies in human capital), others with institutional reform (e.g., combating corruption or policy efficiency). In the late 1990s, this long list of poststabilization issues came to be known as "second-generation reforms."³⁹ The key point is that success with the first set of issues does not automatically mean success with the subsequent ones. Voters initially reward incumbents for delivering sustainable growth, but then they want other things. In Brazil, for instance, after stabilization voters began to prioritize inequality and transparency; in Argentina, they became concerned with corruption and inattention to unemployment; in Peru, they became less tolerant of autocratic-militaristic practice as the salience of key political issues requiring such an approach—the fight against the Sendero Luminoso (Shining Path) insurgency and an obstructionist Congress—declined.⁴⁰ The rise of the left in the 2000s could very well be seen as an anti-incumbent trend resulting from what Weyland, discussing the Fujimori case, calls "the paradox of success": after success was achieved in the first round of reforms, voters moved in issue preference, but the incumbent did not move in issue deliverance.⁴¹

The second argument about the possibility that winners fuel the anti-market backlash involves what Graham and Pettinato call "frustrated achievers."⁴² In studying support for market reforms in the region, these authors find that "upwardly mobile" citizens are more critical in their self-

assessments than less mobile people. The reason is that these "winners" compare themselves to the wealthy rather than to their cohorts. One could also posit that these winners are the ones who worry more about "postmaterialist" issues such as probity, institutional checks and balances, promoting a pro-women's agenda, and so on. Graham and Pettinato's research thus suggests that the rise of anti-incumbent, leftist movements in the late 1990s might have been fueled not entirely by the economically disadvantaged sectors but by economic winners dissatisfied with their gains or, as Shirley would add, those who believe that the bigger winners owe their gains to cheating, corruption, and foul play.⁴³ This explains why some of the strongest anti-incumbent, pro-left votes in Argentina (1999), in Brazil (2002), and in Peru (2000–2001) occurred in relatively wealthy, urban neighborhoods, exactly where these "frustrated achievers" are concentrated.

The third argument has to do with the decline in barriers to entry to new political organizations in the 1990s. Students of contentious politics have long argued that the rise of protest movements is contingent on two variables: gripe and opportunity. Gripe refers to the existence of complaints about the status quo; opportunity refers to the degree to which the political system becomes more amenable to collective action by protesters. A key trend in many Latin American countries was precisely the expansion of political opportunities for the traditional leftist parties, as Cleary says, and for new forces mobilizing unorganized groups, as Weyland says.⁴⁴ Four factors explain the rise in mobilizing opportunities in Latin America in the 1990s. The first is decentralization.⁴⁵ In numerous countries, new rules were created to give voters more direct opportunities to vote for, and monitor the performance of, local state officials.⁴⁶ A second factor was declining clientelistic mechanisms of control, which opened opportunities for citizens to reorganize from below and present new citizenship claims.⁴⁷ Third, there were greater mechanisms for the accountability of national-level politicians: electoral reforms that allowed for more direct election of legislators; the creation of *defensores del pueblo* (ombudsmen) and truth commissions; and the establishment of more independent courts. In Bolivia, these institutional changes made possible the act of "denouncing legal wrongdoing" and thus provided opportunities for "new social forces" to challenge the status quo.⁴⁸ The fourth trend, related to the first two, was the collapse of traditional parties and, in some cases, the complete party system. The causes of party collapse varied from case to case, but the effects seem similar everywhere: like decentralization, party collapse creates opportunities for new actors to mobilize old and existing voters and capture the political space. Van Cott invokes precisely these variables to explain the rise of indigenous movements in the 1990s; Corrales invokes them to explain the rise of "newcomers," that is, can-

didates who run for president without prior electoral or administrative experience.⁴⁹ Insofar as the rise of the left is the product of expanding mobilizing opportunities, it is a mistake to think that this trend is fueled strictly by reform losers.

In short, the 1990s produced new *economic winners* who turned anti-status quo, or at least anti-incumbent (due to issue shifting and rising reference points) and *political winners* who were able to challenge the status quo (due to new opportunities). The opening of these opportunities might explain why political protest in Latin America after market reforms has been less acrimonious than was the case prior to the reforms.⁵⁰ The left that rose to power in the late 1990s was composed not just of marginalized sectors, as much of the literature romantically or disparagingly suggests, but also of winners.

Varieties of Discontent

In the previous section I attempted to show that neoliberalism produced a variety of outcomes within countries, and consequently a diversity of assessments of market reforms. Rather than thinking that reforms produced a uniform sentiment, it is better to think of a variety of responses to or complaints about the reforms. In this section I discuss prominent manifestations of this discontent.⁵¹

The Radicals

The radicals are Latin America's old revolutionaries. They have not changed much since the 1960s. They still harbor the same passion (angry romanticism) and reasoning (dislike of markets and existing institutions). In the 1990s, scholars believed that their numbers and passion had subsided, but this might have been a premature assessment. What might have changed are their tactics. In the 1960s, radicals were infatuated with armed guerrillas and radical priests; more recently, they have developed a penchant for street protest and electing neophytes—politicians with little political experience who promise to kick out the bad guys. Their commitment to violence has diminished, but their commitment to contentious politics (roadblocks, paralyzing strikes, disrupting public events) has not. “*Qué se wayan todos!*”—Let’s get rid of everyone!—is their slogan, and it became a refrain during the 1999 Constitutional Assembly in Venezuela, the 2001 financial crisis in Argentina, and the 2003 street protests in Bolivia. In some countries, the radicals’ most important targets have been political parties, which they blame for most ills. On this topic, the radicals find support across different sectors of society, given that the distrust of political parties is widespread in Latin America.⁵²

The Protectionists

Many business owners and union leaders throughout Latin America support tariffs and protection against cheap imports from Asia or even neighboring countries. Protectionists are found in a wide array of sectors: auto parts, light manufacturing, agriculture, toy and apparel production, financial services, and the media. This camp lost a lot of ground with the reforms of the 1990s, and it seeks to regain control of trade policy. Protectionists are particularly motivated to defeat efforts to open Latin American markets even further. Their slogan is “*No al ALCA* (Área de Libre Comercio de las Américas)” or No to the FTAA (Free Trade Area of the Americas), which the United States and various Latin American governments are advocating.

The Hyper-nationalists

Latin America’s unexpected alignment with the United States on trade and drug policy during the 1990s alarmed this group. Inheritors of the “Yankee go home” mentality, the hypernationalists vent their anger against President George W. Bush, the International Monetary Fund (IMF), the Drug Enforcement Administration, and immigration officials at the Department of Homeland Security. Hypernationalists pervade Latin America’s university sector and parts of the media, the military, and the middle class. Mahon has found, through multivariate analysis, that the best predictor of the rise of leftist governments in the region (stronger than indicators of “economic failure”) is “negative attitudes” toward the United States: where discontent against the United States or Bush is stronger, the chances that the left will rise are greater.⁵³

The Commodity Nationalists

The rise in the price of commodities, especially energy, since 2003 has generated a group that could be called the commodity nationalists. These are the heirs of the old economic nationalists.⁵⁴ They feel that the state is not capturing enough of the profits from the revenues generated by land-based exports. They are interested in greater taxation, even more state control of these sectors, and perhaps less leeway for foreign interests. As the mining minister in Bolivia stated, they are looking for “partners” to develop their mineral riches but do not want “bosses” in their mining and hydrocarbon sectors.⁵⁵

The Crusaders

The crusaders are part of loosely organized citizen-based watchdog groups such as Alianza Cívica (Civic Alliance) in Mexico. In some cases, they are the

heirs of the pro-human rights civic groups that mushroomed in the 1970s; in the 1990s, they began to advocate greater transparency in government, more public participation in policy making, less corruption, and better-functioning courts. The crusaders gravitated toward the left in the 1990s but more recently have displayed weaker ideological moorings than other groups. In Peru in the 1990s, for instance, it was impossible to find a single crusader group that was not affiliated with a leftist party; now they are less party-attached. In Brazil, the Partido dos Trabalhadores (Workers' Party) became the standard-bearer of the anti-corruption vote in the 2002 elections.

The Big Spenders

The big spenders want to invest more in old-fashioned progressive policies such as delivery of social services (education and health) and in statist projects such as infrastructure and energy development. They are tired of more than two decades of budget controls. They are not inherently anti-market, but they reject the pro-cyclical fiscal policies of the past two decades, which they blame on the IMF and bond traders. Lomnitz labels this sentiment the new form of Latin American "consumerism."⁵⁶ Like anti-party radicals, protectionists, and nationalists, big spenders include strange bed-fellows, from business groups seeking state contracts to teachers' unions seeking higher wages. Infrastructure spending will be a big winner. The Inter-American Development Bank (IDB) predicts that infrastructure spending will reach 6 percent of GDP in the coming years, far higher than the 1.5 percent average of the early 2000s. In Peru, for example, President Alan García is actively raising funds from private financiers, foreign governments, and multilateral organizations to build new airports and roads.

The Egalitarians

A hybrid between the revolutionaries and the big spenders, the egalitarians advocate redistributive policies to help the poor. Andrés Manuel López Obrador's slogan in the 2006 Mexican presidential elections offers a good summary of this thinking: "For the good of all, the poor first." For egalitarians, the state should prioritize investment in the poor above all else.

The Equalizers

Not to be confused with the egalitarians, the equalizers want to help the poor by equalizing access to the market through low-priced privatized services, lower interest rates, expanded credit opportunities for low-income

groups, more and better education, more consumer protection, and overall, greater opportunities for business to make profits. The collection of finance, education, and infrastructure ministers recruited by Chile's leftist governments since 1990 is a good example of this form of thinking. These ministers have famously cooperated with each other to fight the enormous barriers that continue to exist to market and education access and still preserve fiscal prudence. Their slogan has been "Free market social economy." Rather than pushing for one at the expense of the other, equalizers seek to promote strong states and strong markets simultaneously.

The Multiculturalists

The multiculturalists want to address the ethnic apartheid that is so prevalent in parts of Latin America, especially the Andes, where long-neglected indigenous groups lack political representation and economic assets. This sentiment helped elect Alejandro Toledo in Peru in 2001, Lucio Gutiérrez in Ecuador in 2003, and Evo Morales in Bolivia 2005, all of whom campaigned on an explicit pro-indigenous platform.

The Macho Bashers

"Macho bashing" is one of the newest trends in the Latin American left. Fighting to make these macho societies a bit less macho and, more recently, a bit less homophobic, there is no question that parts of the left today are a far cry from Fidel Castro's macho "*Patria o muerte*"—Fatherland or death—style of leftism.⁵⁷ In the 1980s, groups of this movement shifted their focus toward granting women more access to state office (not just more power in the family) or showing more respect for women's rights. The movement has succeeded in getting 11 countries since 1991 to enact laws requiring political parties to nominate a minimum percentage of female candidates for the legislature and encouraging presidents to nominate more female ministers.⁵⁸ In 2005, this sentiment encouraged Chileans to elect Michelle Bachelet, the first elected female president to campaign on an explicit platform of "gender parity."

To come to power, the left in Latin America has had to draw support from people with all these varieties of discontent. No government was able to rely exclusively on one issue or one constituency. Consequently, each of the leftist movements that has come to power since the late 1990s has included—in different proportions—people with all these different forms of discontent. Because of this variety of constituents, the vision of a united leftist coalition of Latin American nations is an illusion.

Leftist Factions and Their Impact on Democracy and Market Reforms

What impact does each of these varieties of discontent have on democracy and market reforms? On the impact of democracy, I suggest that each of these forms of discontent offers the potential for enhancing democracy but also for hurting it. For instance, radicals can push parties and representative institutions to renew themselves, but they can also push for the demise of party life, which would undermine democratic competition. Protectionists and nationalists offer the promise of asserting the nation's interest vis-à-vis globalization, but they can also undermine accountability with their proclivity for blaming international actors (more than state officials or themselves) for domestic ills. Crusaders can enhance government accountability, but they can easily be co-opted by their funders, including the state. Egalitarians can address social needs, but they can also disregard institutional procedures and fiscal health in their obsession with redistribution. Equalizers are able to promote both the big and the little guys in the national economy, but they can also be too risk-averse with regard to social programs. Multiculturalists have the opportunity of ending racial apartheid, but they can also appear too threatening to others, especially to nonmembers of their groups. The macho bashers can lessen patriarchalism in institutions, but they can also ignore merit in the name of filling quotas. In short, the left has its democratic side, because its components seek to address many items on the second-generation reform agenda, but it also has an undemocratic side. The vision of the left as uniformly democratic (or not) is also an illusion.

On the question of the impact of people with the different varieties of discontent on market reforms, it is not entirely clear that these varieties of discontent are entirely or fully adverse to such reforms. The discontent of radicals, protectionists, and, to a lesser extent, nationalists makes them the most serious opponents of market reforms. But the other types of discontent represent demands that could easily be met while simultaneously pursuing economic reforms; they are more supplementary to market forces than incompatible with them.

A crucial question, therefore, is which of these factions end up prevailing within each leftist government? The answer might have to do with each country's recent experience with the implementation of market reforms: the bumpier the recent experience, the more likely it is that anti-market, radical, nationalist, anti-party factions will prevail within a government.

Table 3.3 depicts levels of bumpiness by looking at basic economic indicators (GDP growth per capita, unemployment and poverty levels, and trends in poverty alleviation) and political crisis indicators (executive-legislative gridlock, street protests, and political party dealignment) in the few years prior

Table 3.3. Problem Policy Area at the Time of Election of Leftist Governments

Case	Average GDP per Capita, Past Three Years	Annual Unemployment Rate ^a	Poverty Rate ^b	Poverty Trend	Political Crisis ^c	Recent Party Dealignment
<i>Full (and Smooth) Implementation of Market Reforms</i>						
Chile	2005	4.24	7.4	2.00	—	—
<i>First-Generation Reforms Implemented, with Gaps</i>						
Argentina	1999	1.68	14.1	2.00	—	—
Brazil	2002	1.07	9.2	8.20	—	—
Chile	1990	5.35	5.7	4.90	↑	—
Peru	2006	3.61	10.5	12.50	—	—
Uruguay	2005	6.22	16.8	2.00	—	—
<i>Recent Economic and Political Crises</i>						
Argentina	2003	-3.09	15.6	7.09	↑	PR, SP
Bolivia	2005	1.65	5.5	23.20	↑	EL, PR, SP
Ecuador	2003	2.90	11.3	15.78	—	EL, PR, SP
Ecuador	2006	3.56	11.4	15.78	NA	EL, PR, SP
Nicaragua	2006	1.80	7.3	45.00	↑	EL
Peru	2001	-0.29	7.9	18.10	↑	PR
Venezuela	1998	0.91	10.0	19.16	↑	—

Sources: Figures from *World Development Indicators*; political crisis indicators from country chapters.

Notes: Shading indicates crisis areas. NA, data not available.

^aData from the latest year available prior to election.

^bPercentage of population living on less than \$1 a day; data from latest year available prior to election.

^cEL, executive-legislative gridlock; PR, presidential resignation; SP, street protests.

^dMost dealignment occurred with indigenous populations; see Raúl L. Madrid, "Indigenous Parties and Democracy in Latin America," *Latin American Politics and Society* 47, no. 4 (2005): 161–79.

to the rise of a given leftist administration. Shaded indicators reflect areas of deep crisis, that is, situations in which performance is particularly alarming. The table shows three different contexts in which the left has come to power. The first context is successful and smooth implementation of market reforms. In this context, the left can come to power provided that it addresses

the problem of issue shifting. In Chile toward the late 1990s, postmaterialist values, especially related to gender issues, became salient across the elec-

torate, and the Concertación, led by the Socialists, responded by offering candidates and policies accordingly and was thus reelected.

The second context is that of countries that implement first-generation reforms but with a few salient “gaps” or trouble spots, in any policy area, such as growth rates, poverty, unemployment, transparency of institutions, and so on. In this context, the left has a chance of being elected, and the prevailing factions within the new government will likely consist of individuals interested in carrying out second-generation reforms. This was the experience of Chile in 1990, Argentina in 1999, Brazil in 2002, Ecuador in 2003, and Uruguay in 2005. In such cases of mild bumps on the path to the market, the left, if elected, is likely to form cabinets with a greater presence of equalizers than of radicals. The political problem that these administrations will potentially face is that the more moderate, pro-market groups will have to share the space of, and learn to tame, the less market-oriented factions within their ranks. A struggle between the equalizers and the egalitarians, to mention one example, is likely.

If, instead of mild gaps, a country suffered from recent large-scale crises both in economics (a huge economic recession, very high levels of unemployment, rampant poverty) and in politics (chronic street protests, executive-legislative gridlock, recent dealignment of voters), a leftist victory is likely to produce a cabinet with a predominance of less moderate, less pro-market factions. However, even these forces will still have to contend with more moderate factions. The only two surprise cases in this classification are Peru in 2001 and Ecuador in 2003. In the case of Peru, moderates ended up prevailing in the Toledo administration (in part because the more radical left gravitated toward the alternative candidate on the left, Alan García). In Ecuador, President Gutiérrez tried to implement more pro-market policies, but most of the groups allied with him were farther to the left, provoking a serious rift that brought the government down.

The key point is that the left has come to office in different contexts, and therefore with different prevailing factions, within each administration. In some cases, the more market-friendly factions have dominated (Brazil under Lula, Chile under Aylwin, and Peru under Toledo). Other times, the least pro-market factions have prevailed (Argentina under Kirchner and, more to the left, Venezuela under Chávez). Regardless, each of these leftist administrations has faced huge internal frictions between the different factions that compose it, at least at first. In some cases, the infighting has brought governments down (Argentina in 1999–2001, Ecuador in 2003–5). In yet other cases, the left has come to office after having suffered serious schisms (e.g., in Nicaragua in 2006, the more moderate groups left the Sandinistas; in Peru in 2001 and 2006, the more radical groups defected toward the alternative leftist candidates, Alan García in 2001 and Ollanta Humala in 2006). Either

way, these administrations have all faced huge internal struggles between the different factions within their ranks and even outside their ranks.

If the story of the 1980s was how the authoritarian-statist formula of the postwar period unraveled, and if the story of the 1990s was how inflation and economic isolation ended, the story of the 2000s could very well be how different forms of market discontent’s fight among themselves once in office. A question yet to be answered is how far each of these winning factions is able to influence policy, if at all.

Has There Been a Leftward Trend in Economics?

Thus far, I have discussed the *political* leftward trend in Latin America, examining the electoral return of leftist-statist political forces. The next question is whether there has been a comparable leftward shift in *economic* policy. Have Latin American states relaxed their commitment to pursue market reforms?

Cleary and others argue that in the 2000s the left-leaning governments have exhibited “moderation” in economic policy, never quite repeating the excesses of the populist governments before the 1980s or in other parts of the world.⁵⁹ There is no question that, compared to this historical record, the return of the left in the 2000s is better described as a tropical storm than as a tsunami.⁶⁰ Yet this assessment belies the fact that there has been noticeable variation within this moderation. In the case of Kirchner, for instance, there is evidence, discussed later, that the state has rolled back some market-oriented institutions. Other leftist governments in the region (e.g., that of Chávez in Venezuela) moved even farther to the left, whereas yet other leftist administrations moved less (e.g., that of Tabaré Vázquez), and still others have moved hardly at all (e.g., that of Toledo in Peru).

One way to examine this question is to look at the economic freedom scores in Table 3.2, which track commitment to market reforms from year to year. Several observations are possible. First, on average, most of the countries did move in the direction of greater economic freedom from 1995 to 2001: the average score for the region moved from 3.24 to 2.97. All 23 countries except 3 (Ecuador, Paraguay, and Venezuela) moved in the direction of greater freedom during this period, albeit at different speeds.

Second, since 2002, the average score for the region has remained fairly stable: the regional average score for 2006 is virtually identical to that for 2002. This suggests that, on average, the progress toward market reform of the 1990s has halted, which is evidence of some leftist policy influence, but the reversal, on average, has not been drastic, which is evidence of moderation.

Third, there was far more variation in the direction of movement in 2002–6 than in 1995–2002. Between 2002 and 2006, more than half of the

countries on the list experienced reversal of market reforms, which is in stark contrast with what happened in 1995–2002, when most countries were moving in the same direction, toward greater freedom.

Finally, some of these reversals have occurred in governments that are not led by the left (e.g., in Colombia and in Uruguay prior to 2005), suggesting that factors other than partisanship or ideology are influencing this leftward shift in economic policy.

Figure 3.3 offers one way to visualize this greater variation in direction during 2002–6. This figure plots each country's economic freedom score in 2002 (ranging from 5 to 0 on the horizontal axis) against the total change in scores experienced by each country from 2002 to 2006 (ranging from -0.8 to +0.08 along the vertical axis). The figure shows that there is widespread variation along both axes. The first few sections of this chapter addressed the issue of variation along the horizontal axis. I now turn to variation along the vertical axis: changes in commitment to market reforms since 2002.

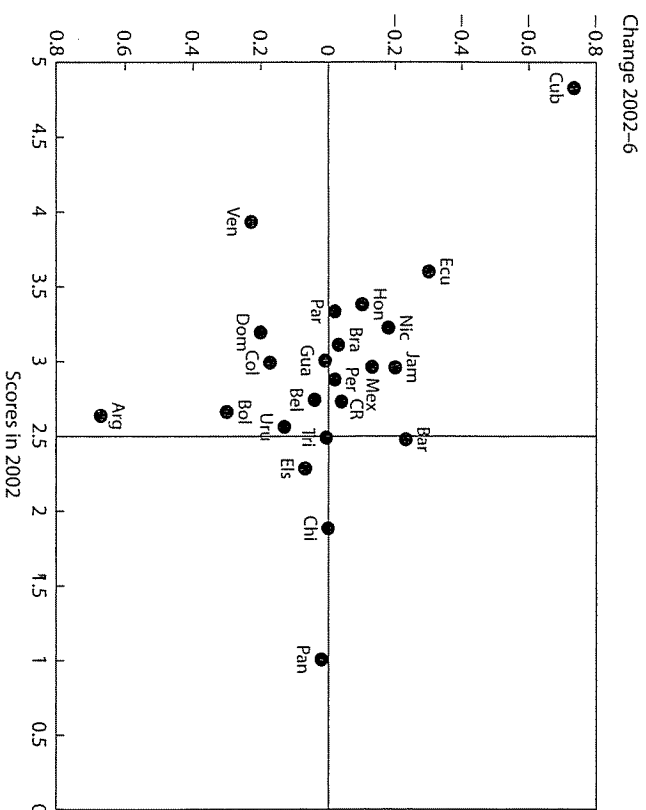
It is too early to offer definitive conclusions about the sources of an economic leftward shift; after all, maybe not enough time has passed to allow us to assess the causes of a trend, or even whether a trend exists. However, we can offer some possible hypotheses, drawn from various works cited in this and other chapters of this volume. The first set of hypotheses has to do with economic factors, which explain the incentives that states face to deepen (or relax) market reforms. The second set of hypotheses has to do with political factors, which explain the capacity of partisan factions to carry out policy.

Economic Factors: External Shocks and Domestic Economic Institutions

Part of the explanation for the slowdown of market reforms in the 2000s (why so many countries are near zero or in the negative range along the vertical axis of Figure 3.3) may have to do with two external economic shocks that have hit the region since 1999. One was negative, the other positive. The negative shock was the regional recession of 1999–2002 (see Figure 3.1), which in some countries was profound. This economic contraction diminished enthusiasm on the part of the public and politicians for market reforms and increased the number of economic losers in countries where it hit hardest.⁶¹

A second factor was the boom in the world economy (2003, 2004, and 2005 were the best years in the world economy since the early 1970s) and in the prices of export commodities that matter to the region—oil, gas, iron, copper, zinc, wheat, and cement. These booms have had a mixed effect on the state's commitment to market reforms.⁶² On the one hand, by boosting export revenues, capital flows, and economic activity in general, these external booms have allowed countries to maintain fiscal discipline. On the other hand, by reducing fiscal pressures and encouraging capital inflows, the

Figure 3.3. Economic Freedom Scores in 2002 and Change 2002–2006



Source: Heritage Foundation, *Index of Economic Freedom, 2002–6*.

Notes: Arg, Argentina; Bar, Barbados; Bel, Belize; Bol, Bolivia; Bra, Brazil; Chi, Chile; Col, Colombia; CR, Costa Rica; Cub, Cuba; Dom, Dominican Republic; Ecu, Ecuador; Eis, El Salvador; Gua, Guatemala; Hon, Honduras; Jam, Jamaica; Mex, Mexico; Nic, Nicaragua; Pan, Panama; Par, Paraguay; Per, Peru; Trin, Trinidad and Tobago; Uru, Uruguay; Ven, Venezuela.

booms have diminished the incentives—so strong in the 1990s, when external conditions were less favorable—to create more business-friendly domestic policies and thus to embrace the costs of pushing forward for greater market-oriented reforms. The result has been that, except for Venezuela, countries have been able to maintain healthy primary fiscal surpluses while still expanding spending and slowing the pace of market reform.⁶³ This change in the external environment is one reason that in the 1990s the Cardoso administration in Brazil, in the words of Hunter and Power, was a “government of reforms whereas Lula’s has been a government of *prograsms*, a qualitative difference.”⁶⁴ It is one more reason that Mahon finds a strong correlation between current-account balances and the incidence of leftist governments.⁶⁵

However, as Figure 3.3 reveals, not all countries have responded to these two external influences similarly. Some countries have accelerated their commitment to market reforms, some have stood still, and others have reversed

their economic freedom scores since 2002. Part of the explanation for this variation has more to do with domestic (than with external) economic conditions.

Figure 3.3 also shows that countries that advanced the furthest in consolidating economic reforms domestically in the 1990s (Barbados, Chile, El Salvador, Panama, and Trinidad and Tobago) have been less susceptible to deviation in the 2000s (i.e., they responded to the external shocks by either sustaining or deepening their commitment to economic freedom). This suggests that that there may be a certain threshold of economic freedom after which the reforms become deeply consolidated, maybe even widely supported by the political system, and thus resilient to external shock. On the other side of this threshold (apparently, the 2.5 score on the *Index of Economic Freedom*), the commitment is less secure. In these cases, market reforms are perhaps not yet consolidated; consequently, modest change in either direction is possible.

Political Factors: Party System Institutionalization

To explain policy variation among the cases that have not crossed this threshold, it may be necessary to invoke other variables. Schamis and the IDB, drawing from Mainwaring and Scully's seminal work, have emphasized a crucial point: party system institutionalization, defined as the creation of systems in which parties are stable and valued by citizens, have roots in society and ties with civil organizations, and enjoy organizational independence from strong leaders.⁶⁶ Where both the ruling party and the opposition parties are institutionalized, the chances of policy moderation and accommodation improve, as do the chances of policy implementation success. Where party politics are disjointed, on the other hand, the chance for parliamentary negotiation is weak and political disputes move to the streets. In this context, the executive branch either succumbs to policy chaos or, alternatively, concentrates too much power in an effort to survive in office, transforming regimes into "super presidencies." At this point, policy moderation declines along with respect for democratic institutions.

An institutionalized ruling party yields moderation because in such parties, mechanisms are in place for different internal factions to work out disagreements. An institutionalized opposition yields moderation because it has greater bargaining leverage vis-à-vis the government to effectively block efforts by the ruling party to deviate too radically from policies preferred by the opposition and can force the executive to try to work with the existing legislative channels.

Table 3.4 shows how prominent cases of the left in office fare in terms of this asymmetry in party institutionalization. The first category consists of countries in which both the ruling and the opposition parties are compara-

Table 3.4. Leftist Administrations, Party System Institutionalization, and Policy Outcomes

Case	Degree of Party Institutionalization/Cohesiveness		Outcome
	Ruling Party	Opposition	
Argentina 1999	Low	High	Government collapse
Argentina 2003	Medium	Low	Less moderation / concentration of power
Bolivia 2005	Increasing?	Declining?	Less moderation / attempt to change the constitution
Brazil 2002	High	Medium	Moderate changes / acceptance of existing institutional channels
Chile 1990	High	High	Moderate changes / acceptance of existing institutional channels
Ecuador 2003	Low	Medium	Government collapse
Peru 2001	Low	Low	Moderate changes / stable politics and economics
Uruguay 2004	High	High	Moderate changes / acceptance of existing institutional channels
Venezuela 1999	Low	Medium	Serious defections from ruling party / political instability
Venezuela 2004	Medium	Low	Less moderation / concentration of power

bly institutionalized: Brazil in 2002, Chile since the 1990s, and Uruguay in 2004. The result in these cases, as predicted, is moderate policy deviation. The executive adheres to existing legislative mechanisms to achieve policy change.

The second category consists of countries in which the ruling party lacks institutionalization or cohesiveness relative to the opposition: Argentina in 1999, Ecuador in 2002, and Peru 2001. In both Argentina and Ecuador, the ruling coalitions succumbed to internal disarray. In Argentina, because the opposition was institutionalized, it was able to regain command of the country after the collapse; in Ecuador, where the opposition was less institutionalized and more fragmented, no powerful force was able to take control, and the country remained unstable. Again, Peru represents a somewhat anomalous case: despite a low level of institutionalization, the ruling party remained moderate and respectful of the rule of law and even survived until the end of its term, despite low approval ratings.

The third category consists of countries in which the party systems are in flux and asymmetrical: Argentina in 2003, Bolivia in 2005, and Venezuela in

1998. In these cases, if the ruling party manages to achieve greater institutionalization while the opposition continues to deinstitutionalize, the likely result will be greater concentration of power in the hands of the executive, and thus a greater possibility of radical policy deviation. In Argentina, Néstor Kirchner has been able to reorganize the ruling party, while the opposition's organizational and fund-raising capacity has continued to decline. Consequently, he has been able to engage in greater policy deviation. In Venezuela, this trend is even more advanced. In Bolivia, the same trend in party system institutionalization was visible in Morales's first year in office, but it is still too early to tell.

In short, asymmetries in party institutionalization matter. These are not the only factors that matter, but they are not insignificant, either. When both the ruling and the opposition parties are comparably institutionalized, policy change will be moderate and likely to be negotiated through normal legislative channels. When the ruling party is more institutionalized relative to the opposition, policy may shift more drastically in the direction of the particular partisan faction in office. When the opposition is more institutionalized than the ruling party, instability is likely.

The Left and Populism

The return of the left has also reopened an old conceptual debate in comparative politics about the difference between the left and populism. Scholars recognize that populism and left-wing ideologies share an affinity for using state resources to favor nonelite groups but also recognize that sections of the left, historically and currently, are repelled by populism.⁶⁷ How, then, should one think about the difference between the left and populism? The political variables discussed thus far—different ideological factions and asymmetries in party institutionalization—can help elucidate the differences (and overlap) between them. But first, a brief discussion of the concept of populism is necessary.

In the late 1980s, scholars tended to think of populism as a set of economic policies—mostly fiscal profligacy and protectionism—in the service of a particular political project, namely, the concentration of political power in the hands of the executive, the undermining of intermediate institutions of representation, and the construction of a multiclass, majoritarian coalition that mobilizes previously excluded groups.⁶⁸ But with the rise in the 1990s of presidents who pursued neoliberal economic policies in the service of similar political goals, scholars began to drop the economic aspect of the definition and think of populism strictly in political terms.⁶⁹ Thus, Weyland argues that populism ought to be defined as “a political strategy” in which a leader seeks concentrated power based on “direct, unmediated, uninstitu-

tionalized” support from “unorganized” followers; others would stress lack of respect, or *ventajismo*, in relation to organized opposition groups.⁷⁰ In addition, Mudde emphasizes not just the notion that populism divides the world between organized and nonorganized groups that matter, but rather the notion that it sees the two sides as “antagonistic groups,” with one camp seen as “the pure people” clashing with the other camp, seen as the “the corrupt elite.”⁷¹ Precisely because it views the other side as objectionable and adversarial, populism has a difficult time extending democratic rights to the other side. It is the mirror image of elitism and the antithesis of pluralism.

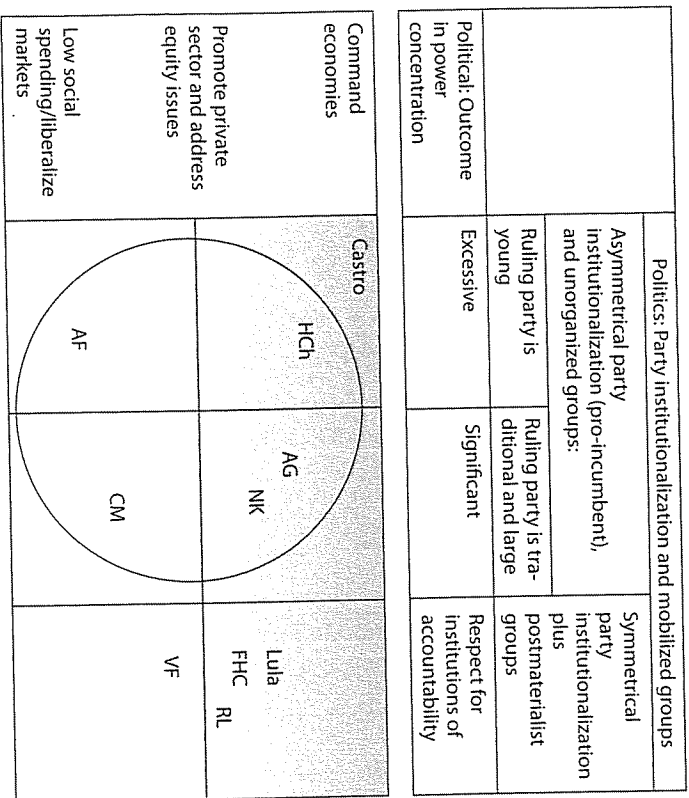
Defining populism based on its political features (state-society relations) rather than economic features has been a conceptual step forward because it has made it possible to accommodate populists who pursue both leftist and right-wing economic policies (e.g., Alan García in Peru in the 1980s versus Alberto Fujimori in the 1990s).

I propose that the difference between populism and the left has to do with the degree to which different factions of the left, in their efforts to achieve their own policy objectives, condone this form of state-society political relation (concentrating power in the executive and disfavoring organized opposition). In Latin America, leftist governments have exhibited different degrees of preference for this form of state-society relations: at one extreme, in the 1960s Fidel Castro in Cuba espoused complete power concentration and a disregard of organized opposition; at the other extreme, in the 1990s the Concertación in Chile exhibited a complete rejection of the model; meanwhile, in the 1980s Alan García in Peru embraced a less extreme version of it.

Drawing from the previous discussion of varieties of discontent and party institutionalization, I can now situate contemporary leftist administrations along this populist spectrum, defined in political terms. When the left comes to power by mobilizing mostly unorganized groups in which more radical varieties of discontent (those of radicals, protectionists, and nationalists) prevail and where the party system is asymmetrically institutionalized, conditions are favorable for a leftist-populist project to emerge. In contrast, when the left mobilizes predominantly more traditional voters led by factions that embrace less extreme views about the need to change institutions, and when both the ruling party and the opposition parties are similarly institutionalized, checks will be placed on any populist tendencies. In these cases of symmetrical party institutionalization, both the ruling party and the opposition prevent the president from concentrating power and mistreating organized groups.

In Figure 3-4 I have tried to capture these relationships. The upper rectangle presents the factors that determine variations in state-society relations (populism versus pluralism). Mobilized factions and party institutionalization play the key roles here. The lower rectangle adds the economic orientation of the leading faction within each government.

Figure 3.4. The Left and Populism



Notes: The shading indicates areas that the left can occupy. The oval indicates the area that populism can occupy. Cases: AF, Alberto Fujimori (Peru, 1992); AG, Alan García (Peru, 1988); Castro, Fidel Castro (Cuba, 1960s); CM, Carlos Menem (Argentina, 1992); FHC, Fernando Cardoso (Brazil, 2001); HCh, Hugo Chávez (Venezuela, 2006); Lula, Luiz Inácio Lula da Silva (Brazil, 2005); NK, Néstor Kirchner (Argentina, 2006); RL, Ricardo Lagos (Chile, 2005); VF, Vicente Fox (Mexico, 2005).

Economic orientation can range from extreme statism (command economies) to extreme neoliberalism (concern with liberalizing markets without regard for equity issues). Somewhere in the middle is an orientation that tries to promote both markets and human capital concerns (second-generation reforms, if you will). Leftist factions occupy different positions between this middle position and a command economy.

Combining both rectangles illustrates the areas of overlap and separation between populism (as a model of state-society relations) and the left (as both an economic and a political project). Essentially, the left can occupy any space in the shaded gray area: different degrees of statism in economic policies and different degrees of support for populist or pluralist political projects. Populism, on the other hand, can occupy only the area marked by the oval: all populist leaders are on the same side of the state-society relations model (i.e.,

strong leaders and disrespect for organized opposition groups and for institutions that hold the executive branch accountable), albeit in different degrees. However, they can exhibit any number of economic policies, ranging from high levels of statism to extreme neoliberalism.

Different cases of populism versus liberal and left-wing versus right-wing governments from the past 20 years can now be placed in the different areas of Figure 3.4. In the family of left-wing populists, the most extreme contemporary case is that of Hugo Chávez in Venezuela: economically and politically, Chávez has reversed economic and political freedoms the most, but never as much as Castro. The Chávez case meets the causal conditions depicted in Figure 3.4: Chávez came to power with the support of many unorganized groups, with radical varieties of discontent prevailing, and in the context of party deinstitutionalization. Néstor Kirchner is a less extreme version, although still within the family of left-wing populism. He was supported by unorganized groups with various forms of market discontent, although they were less radical leftists than the groups under Chávez. He also came to power under conditions of party institutionalization similar to those that elevated García in the 1980s, that is, with a ruling party that was more institutionalized than the opposition. Because the opposition was weak, Kirchner enjoyed enormous political leeway. But because his party was more institutionalized than the ruling party (less controlled by the leader), it prevented the president from concentrating as much power as is the case under Chávez, whose ruling party is mostly a self-serving machine of followers.

Likewise, within the family of right-wing populists (prevalent in the 1990s), there was variation in the degrees of party institutionalization: Fujimori had a more personalistic party, if one could even call it a party. Consequently, Fujimori was able to pursue a more extreme form of right-wing populist project.⁷²

Figure 3.4 also shows the degree to which the democratic left and the democratic right have converged in contemporary Latin American politics. These groups reject the populist political project entirely (they respect institutions and organized groups) far more than do groups on the left side of the figure. They all emerge in contexts of more symmetrical party institutionalization. This type of context makes it difficult for populist political tendencies to emerge and prevail. In addition, these political forces also mobilize groups that embrace more moderate, more postmaterialist varieties of discontent. They are dominated by ideological factions that share a consensus on larger policy questions: agreement on the need to foster *both* human capital and private sector development.

The democratic left and the democratic right are therefore in agreement about the overall contours of economic policy (market liberalization, fiscal prudence, and social spending), but they differ on what some might call the

minutiae of policy: the appropriate tax rate, the parameters of the tax base, the degree of labor market flexibility, the extent of labor and environmental regulations in free trade agreements, the degree to which competition and choice are introduced in the delivery of social services, the degree to which marital affairs and sexuality ought to be deregulated, and so on. The differences between the groups appear too small only to those observers who are situated close to the extreme ideological positions—extreme statist or neo-liberals. For everyone else in the middle, these differences are the stuff of tough political competition.

Conclusion

In this chapter I have sought to address two main questions. First, what explains the electoral rise (or return) of leftist-statist parties in Latin America? I have argued that the economic experience of the 1990s offered a variety of outcomes and thus a variety of assessments, even a variety of forms of discontent, across the region. Leftist politicians were able to challenge incumbents by drawing from this wide variety of forms of discontent. The result was the rise of strong electoral coalitions, especially where barriers to entry for new political forces were lowered. However, these leftist forces had to compete with stronger pro-market forces on the one hand, and also had to cope with a set of constituents within their ranks who disagreed widely on which institutions to change, how much to change them, and which means are appropriate to bring about change. Internal disarray more than coherent policy implementation tended to characterize most leftist governments, at least in their first years in office.

The second question is what explains the degree of deviation from the path toward market reform that has been prevalent in the region since the late 1980s? This deviation has been moderate relative to previous episodes of statism in the region, but there has nonetheless been less policy continuity than some have argued: in most countries, progress toward market reforms has slowed considerably; in others, it has even reversed.

Two external conditions seem to have lessened the region's commitment to deeper reforms: the externally induced recession of 1999–2002 and the post-2003 boom in the world economy and export commodity prices. However, the decelerating impact of these shocks has been mitigated by domestic politics and institutions: countries that had achieved greater degrees of economic freedom have been less susceptible to policy volatility. In the rest of the cases, party system variables (asymmetries in the degrees of institutionalization between the ruling party and the opposition), together with the prevailing orientation of the dominant faction within each leftist coalition, explain the deviation from previous policy choices.

Contrary to what was initially believed in the mid-1990s, the region does not seem to be moving entirely toward greater convergence in the acceptance of the market and democracy. Some cases, mostly those in which party systems are institutionalized, exhibit convergence. In the rest, democracy and the market remain highly contested ideas. Where the radical anti-market forces have gone the furthest (Venezuela), they have also faced enormous political resistance. The Chávez government has produced the highest degree of market reversal and also the largest degree of political polarization in Latin America since the Sandinistas were in office in Nicaragua in the 1980s. One lesson that the left can draw from the Chávez administration is that attempting to reverse market institutions as far as Chávez has can end up destabilizing a country.

By the same token, where the more moderate left has taken control of policy, the story is not so rosy, either. In Peru, Toledo was able to preserve and pursue market reforms, but his popularity ratings were dismal. In Ecuador, the Gutiérrez government suffered a premature collapse because more leftist factions abandoned him. And Néstor Kirchner decided to pursue some market-friendly policies (e.g., competitive exchange rates and fiscal prudence), but he preferred to keep them a secret and instead flaunt his anti-market policies (an anti-IMF/Bush discourse, a hard line against privatized utilities, and overtures to Chávez).

These experiences reveal that the concepts of market economics and adherence to democratic norms remain enormously contentious issues, or at least are lower priorities in countries where the minimum features of modern state governance are lacking.

Countries like Chile, which have been able to find ways to make state and rule-of-law forces work in harmony with (rather than in opposition to) market and competitive forces seem to enter into a virtuous cycle of political stability and economic prosperity. In the other countries, this virtuous cycle seems more elusive.

48,000 Bolivians, among others. There is a significant exception in the case of Cuba, where the Spanish view is that it remains impossible to establish a reciprocity agreement based on democratic criteria.

8. The SIP has tried to promote its conception of press freedom throughout the hemisphere ever since the first Peronist period. It currently represents over 1,300 enterprises engaged in the print media in almost all Latin American republics. For example, it has 16 affiliates in Bolivia covering all the main commercial dailies.

9. By contrast, on March 14, 2006, Southcom Commander General Bantz Craddock spoke at a hearing of the Senate Armed Services Committee of the need for South America's military to address unconventional new threats such as "ungoverned spaces, porous borders, corruption, organized crime and narco-terrorism." Southcom has also warned against threats of "radical populism" and "indigenismo" in Andean countries. The Pentagon is pursuing bilateral policies with each national military counterpart, thereby fragmenting regional cooperation. It is urging local militaries to become more like Central American "constabularies." A law before the U.S. Congress calls for an OAS multinational political task force primarily targeting the Argentine-Brazilian-Paraguayan frontier area. Argentina explicitly rejected this "new threats" argument in May 2006, and Brazil protested against the OAS proposal. Instead, Brazilian forces are being deployed in the tri-border area.

10. The Helms-Burton Act presumes that this will prove the case for a postcommunist Cuba, but even there, there is room for doubt.

11. The sense that the Internet can be appropriated by the user for his or her own purposes probably adds to its impact and assists its diffusion, though it also increases the uncontrollability and even the unpredictability of the effects.

12. The Americas executive editor for the BBC World Service, James Painter, is currently on a career break at the Reuters Institute of Oxford University researching new international news networks such as Telesur. His preliminary comparison of CNN and Telesur concluded that the two networks cover similar themes but have very different news priorities and different senses of what is newsworthy. In his opinion, neither network is falsifying news. Telesur is not a vehicle for state propaganda (as was Mexico's Televisa before 1990 or Radio Havana). It is a network "with an agenda." Of course, so is Fox News. Telesur broadcasts little or no criticism of its sponsor governments (Argentina, Cuba, and Venezuela). It may be missing an opportunity to deepen democratic debate in Latin America and to strengthen public sector broadcasting there. James Painter, "The Boom in Counter-Hegemonic News Channels: A Case Study of Telesur," conference paper, Reuters Institute for the Study of Journalism, Oxford University, December 2006.

13. According to Cuban Ambassador Rafael Daussá, quoted in "Cuba se disculpa y se compromete con la salud de Bolivia," *La Razón* (Bolivia), August 19, 2006, www.la-razon.com/versions/20060819_005638/nota_250_322147.htm. According to the Associated Press, 562 non-Cubans graduated from medical school in Havana in 2006, adding to the 3,000 already qualified. They came from poor families in 26 countries of Latin America and received free education in return for a commitment to provide health care for poor communities in their countries of origin (notably Guatemala and Honduras).

14. Guillermo O'Donnell and Philippe C. Schmitter, in *Transitions from Authoritarian Rule: Tentative Conclusions about Uncertain Democracies* (Baltimore: Johns Hopkins University Press, 1986), propose the term "democratism," or "limited democracy," as a counterpart to "dictablanda," or "liberalized authoritarianism." Their explanation is that "once democratization has begun and its prudent advocates fear the excessive expansion of such

a process or wish to keep contentious issues off the agenda of collective deliberation, they may well continue old, or even create new, restrictions on the freedoms of particular individuals or groups who are deemed insufficiently prepared or sufficiently dangerous to enjoy full citizenship status." While this was a useful contribution to the democratization literature, it was arguably too narrow. Just as *dictablanda* had an earlier history as a term describing a fully fledged but not very repressive authoritarian regime (the dictatorship of Primo de Rivera in Spain), so *democratism* first emerged in reference to the guerrilla-inspired withdrawal of democratic freedoms in a venerable but declining democracy (Uruguay after 1971). Current regime taxonomies recognize various "illiberal," "delegative," or "low-quality" possibilities between strong liberal democracy and outright authoritarian rule. In the new climate created by the "war on terror," even the best-established of old democracies may display features of *democratism* in the sense that full citizenship rights are conditioned by a severe security override.

15. In a recent survey of Spaniards over the age of 45, 76.4 percent said they had done "nothing" to bring the Franco regime to an end, and 16.6 percent said they had done "little." This held for voters of Partido Socialista Obrero Español (the Spanish Socialist Workers' Party) and for supporters of regional parties as well. Only the Izquierda Unida's electorate reported otherwise, and their pro-communist affiliations suggest that they were not necessarily seeking the current type of liberal market democracy. "El Franquismo a debate 30 años después," *El Mundo* (Spain), August 17, 2006, www.elmundo.es/papel/2006/08/17/espain/2012608.html.

16. Peter Hakim, "Democracy and U.S. Credibility," *New York Times*, April 21, 2002, <http://query.nytimes.com/gst/fullpage.html?res=9E0CE4DA33FF932A15757C0A9649C8B63>. White House bulletins of April 16 and 18 contain denials of the main press accusations, but these were discounted by many in Latin America as backtracking once Chávez was reinstated. On April 12, the Associated Press correspondent in Washington reported on the White House's desire to see democracy restored but also noted that the Bush administration blamed Chávez for the events that (supposedly) had led to his resignation, adding that "officials suggested that the interruption of the democratic process in Venezuela was justified." "U.S. Closely Watching Political Developments in Venezuela Following Ouster of President," Associated Press, April 12, 2002, www.lubbockonline.com/stories/041202/upd_075-8830.shtml.

17. In my view, it need not be seen as a criticism to note the teleological elements in a democratization project. The same applies to EU enlargement, an imagined better future that has been (at least partially) realized.

18. A single way of thinking.

Chapter 3. The Backlash against Market Reforms in Latin America in the 2000s

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10. Nancy Birdsall, Augusto de la Torre, and Rachel Meneses, *Washington Contentious: Economic Policies for Social Equity in Latin America* (Washington, D.C.: Carnegie Endowment for International Peace and the Inter-American Dialogue, 2001).
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- ### Chapter 4. Political Inclusion and Social Inequality
1. Mala Htun, "Is Gender Like Ethnicity? The Political Representation of Identity Groups," *Perspectives on Politics* 2, no. 3 (September 2004): 439–58.
 2. I use the term *subordinate ethnic or racial groups* instead of the more popular *ethnic or racial minorities* because the groups in question are often not minorities but majorities (indigenous people in Bolivia, Afro-descendants in Brazil, and so forth).
3. Manager A, for example, sees an indigenous finance minister on television announcing important and desirable changes to economic policy. This experience causes her to question some of her racist beliefs about the financial acuity of indigenous peoples. A week later, interviewing applications for an accountant position, she is less likely to exclude indigenous candidates on the grounds of their ethnicity alone. Eventually, Manager A may come to regard ethnic diversity as helpful for her business because it attracts indigenous customers.
 4. Hannah Pitkin, *The Concept of Representation* (Berkeley: University of California Press, 1967).
 5. Sue Thomas, *The Difference Women Make* (Chicago: University of Chicago Press, 2002), and Michele Swers, *The Difference Women Make: The Policy Impact of Women in Congress* (Chicago: University of Chicago Press, 2002).
 6. Iris Marion Young, *Justice and the Politics of Difference* (Princeton, N.J.: Princeton University Press, 1999).
 7. The effectiveness of the laws in getting women elected varies across countries depending on the structure of the electoral system and the details of the legislation: women's presence exceeds 30 percent in Argentina and Costa Rica but is as low as 9 percent in Brazil. At the local level, the effects of quotas have been even greater. In Bolivia, Ecuador, and Peru, women made up only 8 percent of municipal councilors before quota laws, but after they came to occupy a quarter to a third of seats. See Mala Htun, "Democracy and Political Inclusion: The Andes in Comparative Perspective," in *Nadando contra la corriente: Mujeres y nuevos políticos en los países andinos*, ed. Magdalena León (Quito and Lima: UNIFEM, 2005); Mala Htun and Mark Jones, "Engendering the Right to Participate in Decision-making: Electoral Quotas and Women's Leadership in Latin America," in *Gender and the Politics of Rights and Democracy in Latin America*, ed. Nikkí Craske and Maxine Molynieux (London: Palgrave, 2002).
 8. I refer to gender equality policies rather than the advancement of women's interests. The latter notion is controversial because it may imply that women are a homogeneous group with shared concerns rather than individuals capable of making diverse life choices. In this chapter, I define "women's interests" in the loosest possible sense: it encompasses all claims made on behalf of women to improve their quality of life and promote their equality. These include demands made by feminist movements as well as by grassroots women's groups.
 9. For a fuller discussion of the factors behind the adoption of quotas, see Htun and Jones, "Engendering the Right to Participate in Decisionmaking"; Lisa Baldez, "Elected Bodies: The Gender Quota Law for Legislative Candidates in Mexico," *Legislative Studies Quarterly* 29, no. 2 (May 2004): 231–58; Mona Krook, "Reforming Representation: The Diffusion of Candidate Gender Quotas Worldwide," *Politics & Gender* 2, no. 3 (2006): 309–27. These works emphasize the role of international factors, diffusion effects, and strategic interests.
 10. Bolivian feminist activists first forged an agreement among themselves, then got support from the government women's agency, and finally brought in women politicians, creating the Women's Political Forum. The forum carried out a national survey on women in politics and distributed the results; it held debates, meetings, and workshops; it sought allies; and it even distributed "palominas" (popcorn) at a soccer match. The strategy was "very scientific and very planned." Diana Uríoste, Women's Coordination, interview by the author, La Paz, May 12, 2005.
 11. Jimena Costa, interview by the author, La Paz, May 13, 2005.
 12. Marcela Durrieu, *Se dice de nosotras* (Buenos Aires: Catalogos, 1999).

