

1

The Inconvenient Fact of Anti-Neoliberal Mass Mobilization

Between 1989 and 2002, a nationwide massive anti-neoliberal mobilization shook Argentina, Bolivia, Ecuador, and Venezuela to the core. All across each country, protestors rioted, blocked highways and roads, disrupted transport and commerce, staged marches from the interior to the capital, laid siege to capital cities, burned effigies, and attacked and occupied government buildings as well as the offices of transnational corporations. Ferocious street battles with riot police and the army rocked the establishment, leaving behind a toll of dead and wounded that spurred outraged protestors to redouble their efforts. At times, the army and the police refused to fulfill their repressive function.¹

These events were not just anomic outbursts of rage. In most cases, from inauspicious beginnings in the 1980s and early 1990s, participants patiently built organizational and coalitional capacity and used it for political purposes. This process involved the formation of new social movement organizations (composed of indigenous peoples, the unemployed, pensioners, and neighborhood associations, among others), new unions, and new political parties. These existed alongside traditional union and middle-class movements and political parties, sometimes in competition and sometimes in cooperation. Over time, mobilization became increasingly coordinated and powerful as organizations rooted in cultural, identity, and class politics linked together and reached out to new political parties and, on occasion, to dissident military factions.

Protestors pressured government authorities for reforms to free-market economics and to procedural democracy. They focused on redistributive issues (social insurance and services) and land reform, and questioned ideological commitments to private property rights by pressing for more active state involvement in the economy and society. Material demands intersected indigenous claims for autonomy and citizen rights as well as society-wide protests against corruption, and, in

¹ For an overview of anti-neoliberal protests, see Petras and Veltmeyer (2005); Prashad and Ballve (2006). For Argentina, see Rock (2002); Auyero (2004, 2007); López-Levy (2004); Svampa and Pereyra (2003). For Bolivia, see Assies and Salman (2003); Crabtree (2005); Olivera and Lewis (2004). For Ecuador, see O'Conner (2003); Yashar (2005); Zamosc (2004). For Venezuela, see Roberts (2003a); López Maya (1999c); Salamanca (1999); Ellner (2003).

Cambridge University Press

978-0-521-87993-4 - Challenging Neoliberalism in Latin America

Eduardo Silva

Excerpt

[More information](#)**Challenging Neoliberalism in Latin America**

some cases, calls for more participatory forms of democracy. In all four countries, mass mobilization brought down governments that steadfastly supported neoliberalism and contributed to their replacement with political leadership committed, at least in principle, to reforming it.²

Massive leftist popular mobilization in Latin America posed an inconvenient fact for the prevailing consensus of the time. It held that globalization (defined as an intensification of the integration of the world-market economy) and the demise of the Soviet Union as an alternative development model led to the triumph of free markets and liberal democracy as a rational, normatively desirable end point in human progress. Persuaded by these trends, responsible political leaders supported market liberalization and demobilized popular sectors in the interest of democratic stability. From this perspective, anti-neoliberal leftist popular mobilization seemed highly improbable. Several additional globalization-driven factors strengthened this outlook. Market liberalization had decimated traditional class-based mass movement organizations, principally labor, thus weakening them significantly. The collapse of the communist bloc made it easier to defeat or contain insurrectionary movements, such as the Shining Path in Peru and the Revolutionary Armed Forces in Colombia.³

Analysts, however, also recognized that these momentous trends did not mean the end of contentious politics as such. Taking comfort in the decline of leftist class-based mass movements, they identified a new trend in which movements rooted in identity, cultural, ethnic, citizen, livelihood, and environmental concerns appeared ascendant. Given the turn away from socialist demands and the highly fragmented nature of the postmodern world, these new social movements were not expected to mount concerted nationwide leftist mobilization. And yet, flying in the face of these prevailing interpretations of the neoliberal age, it occurred.⁴ Not only that, but, on a larger scale, the episodes of contention that wracked these countries can be interpreted as the most dramatic instances of a leftward trend in Latin American politics as resistance to neoliberalism spills over into the electoral arena across the region.⁵

Why did Argentina, Bolivia, Ecuador and Venezuela develop episodes of anti-neoliberal contention that ended in the fall of governments unabashedly

² Those presidents were, in Argentina, Néstor Kirchner (2003–07) and Cristina Fernández de Kirchner (2007–); Evo Morales in Bolivia (2005–); Rafael Correa in Ecuador (2006–); and Hugo Chávez in Venezuela (1998–).

³ For an introduction to these arguments, see Fukuyama (1992); Sklair (2002); Giddens (1994); Castañeda (1993); Cohen and Rai (2000).

⁴ For new social movements, see Slater (1985); Foweraker (1995); Escobar and Alvarez (1992).

⁵ What these efforts actually accomplish in terms of reforming neoliberalism remains unclear. At minimum, however, popular mobilization has raised significant challenges to neoliberalism and may herald the beginning of a reform process whose contours we cannot yet know. To the extent that it contributes to a new process of reincorporation of the popular sectors into politics and the extension of economic and social rights to them, we may be at the threshold of a new critical juncture in Latin America (Collier and Collier 1991; Mahoney 2001).

Cambridge University Press

978-0-521-87993-4 - Challenging Neoliberalism in Latin America

Eduardo Silva

Excerpt

[More information](#)**The Inconvenient Fact of Anti-Neoliberal Mass Mobilization**

committed to free-market economics and the election of political leaders more interested in social equity? This book argues that the construction of a contemporary version of what Karl Polanyi called market society (Polanyi 2001) was the first of several necessary factors.⁶ Beginning in the 1980s and gathering force and coherence in the 1990s, a wide array of neoliberal reforms provided the *motive* for mobilization. They sought to build an entire new order that, as in market society, subordinated politics and social welfare to the needs of an economy built on the logic of free-market economics. Because neoliberal reforms simultaneously affected the economic, political, and social sphere, they threatened a wide variety of popular sector and middle-class groups and raised a gamut of grievances radiating from all three areas.⁷ It is crucial to underscore that these episodes of anti-neoliberal mobilization in South America protested *a specific kind of capitalism*, not capitalism in general. The dominant protest movements sought to *reform* neoliberal capitalism, demanding a return to the mixed economy and a larger welfare role for the state, rather than to replace it with an alternative “socialist” or other model.⁸

How could formerly disorganized and ineffectual subordinate social forces mount such strong challenges to seemingly hegemonic neoliberal forces? To get at the issue of *capacity*, following Rueschemeyer, Stephens, and Stephens (1992) and Mann (1993, 1986) this book analyzes shifts in political, economic, military, transnational, and cognitive power sources. Chapter 2 specifies these factors and how they reveal four additional necessary variables: political associational space, economic crisis, reformist thrust to major protest movements, and two transformative mechanisms, cognitive (mainly issue framing) and brokerage.⁹ Issue framing and brokerage mechanisms, in particular, explain the process by which a wide range of once fragmented and isolated movements formed expanding alliances and coalitions that in some cases included support from political parties and dissident factions of the military (McAdam, Tarrow, and Tilly 2001).

Why did countries such as Peru and Chile, which also implemented extensive free-market reforms, not experience mass popular mobilization in the 1990s and early 2000s? Peru differed on two key conditions: It harbored significant armed insurrectionary movements, and an authoritarian turn under Alberto

⁶ Topik (1999) and Almeida (2007) have also argued that comprehensive neoliberal reforms in Latin America amount to the construction of market society. Silver (2003) and others make the claim on a global scale.

⁷ In other words, the threat mechanism identified by McAdam, Tarrow, and Tilly (2001) affected every major source of social organization, turning it into a powerful agent of movement transformation.

⁸ This does not, however, preclude the possibility that the process unleashed by mass mobilization may generate such outcomes in particular cases; for example the Venezuelan leadership claims to be building 21st-century socialism.

⁹ McAdam, Tarrow, and Tilly's (2001) appropriation mechanism (in which social actors take over an existing organization and turn it to new purposes) also operated in some instances, but not as systematically as framing, brokerage, and, of course, threat.

Challenging Neoliberalism in Latin America

Fujimori closed associational space (Roberts 1998; Yashar 2005). Chile lacked the most basic condition: sustained imposition of contemporary market society after redemocratization in 1990. Ever since 1990, center-left governments have been reforming a strong version of market society established by a military dictatorship between 1975 and 1989 (Oppenheim 2007).

Following an exposition of the argument in Chapter 3, Chapters 4 through 7 analyze the development of anti-neoliberal episodes of contention in Argentina, Bolivia, Ecuador, and Venezuela. In each case, analysis specifies how efforts to construct contemporary market society created significant economic and political exclusion among urban and rural labor and even middle classes as they dismantled the old national-populist order. To trace the evolution of episodes of contention, the chapters organize protest events into successive waves of contention. Analysis then focuses on how, in the context of democracy and economic crisis, mobilizing groups demanding reforms to contemporary market society applied cognitive and brokerage mechanisms to forge organizational and coalitional power. These developments combined with traditional and innovative disruptive tactics to force political leaders who unconditionally supported neoliberalism out of office. Chapter 8 shows how variation in key necessary conditions accounts for the absence of similar episodes of anti-neoliberal mobilization in Peru and Chile. The concluding chapter addresses what these episodes of anti-neoliberal mobilization accomplished, and explores their implications for new research.

The Puzzle of Leftist Mobilization in the Age of Global Liberalism

Protest, mass mobilization, insurrection, military coup d'états, and tumultuous politics in general are hallmarks of Latin American politics. Consequently, these recent outbreaks, although not predicted by most theories, in and of themselves were not unprecedented, they disappointed analysts hoping for an era of improved governability. However, leftist mobilization at the turn of the 20th century in Argentina, Bolivia, Ecuador, and Venezuela had a special quality and consequence. It was historically unique because it built in reaction to stubbornly persistent efforts to replace a national-populist order with contemporary market society and democracy – the new path to modernity. Anti-neoliberal mobilization was also extraordinary for its perseverance and its scale at the climax despite the decline of organized labor, the traditional leader of the popular sectors. They forced the resignation of presidents committed to neoliberalism and helped to usher in governments that wanted to reform it.

Indeed, the decidedly leftist cast to these mobilizations in the age of global liberalism was quite surprising and posed a puzzle for Latin American social movement theory, as did the degree of coordination across movement organizations and other political actors. Protesters emphatically demanded that the state reclaim a stronger role in economic development and the provision of welfare. They advocated nationalization of natural resources, controls over international companies,

Cambridge University Press

978-0-521-87993-4 - Challenging Neoliberalism in Latin America

Eduardo Silva

Excerpt

[More information](#)

The Inconvenient Fact of Anti-Neoliberal Mass Mobilization

industrial policy, land reform, and subsidized social programs. They clamored for the punishment of corrupt politicians who profited from market liberalization and called for constitutional changes to open formal democratic procedures to social sectors excluded and hurt by neoliberal reforms. Equally unexpected, a wide array of new social movement organizations based on identity, citizen rights, livelihood struggles, and neighborhood improvement formed coalitions with established and new urban and rural labor unions, as well as with new and traditional political parties, and even dissident factions of the military.

Leftist mobilization was simply not expected in the age of globalization. The triumph of global economic and political liberalism, reinforced by the fall of communism and bolstered by prevailing intellectual trends, conspired against it. Economic globalization had decisively changed the balance of structural power in favor of capital, especially international capital, over the territorially bound state. Hence, it made little sense to look to the state for protection from markets (Ohmae 2005).

All over the world the sociopolitical forces that relied on state power to protect them from unfettered markets weakened because market liberalization and sharp reductions in barriers to trade since the 1970s intensified the global integration of production.¹⁰ These conditions gave international capital (and its domestic allies) an edge over states. They rewarded governments that liberalized their trade, production, and financial sectors and that held down factor costs, especially labor. Equally, if not more important, they punished governments that attempted to control or restrain the private sector or to compete with it by promoting industrial policy, public enterprise, large welfare states, labor-friendly regulations, or a tight regulatory environment for business. Given the staggering sums that now crossed borders with ease, territorially bounded states had no alternative but to maintain business-friendly climates. They could ill afford the economically and politically destabilizing effects of huge losses in employment and investment; losses the public sector could not make up for.

The fall of communism in the late 1980s sealed the ideological triumph of liberalism in the world and clinched the mainstream intellectual conviction that leftist development models had lost their appeal and no longer exerted any force around the globe. After the collapse of real socialism, expectations soared that

¹⁰ International companies, wielding resources in assets, financial capability, and sales rivaling the gross national products of middle income countries, developed global commodity chains to produce their goods. This allowed firms to take advantage of changing costs related to labor, land, regulatory environment, and taxes. Transnational companies became indispensable for economic growth because they alone could afford the costs of technological innovation and large scale projects. International financial capital expanded at a dizzying rate. Institutional portfolio investors and arbitrageurs looked for favorable changes in foreign exchange rates, interest rates, financial sector liberalization, and stock markets in “emerging markets.” Breathtaking sums of money changed destination in the time it took to strike a few keys. Intense innovation in communications, information technology, and transport made these changes possible (Sklair 2002; Soros 1998; Stiglitz 2002).

Challenging Neoliberalism in Latin America

mass mobilization around their banners was a thing of the past. In the 1990s, the conviction that free-market economics had no rivals deepened (Fukuyama 1992). Its efficiency-maximizing characteristics, as opposed to the inefficiencies and failures of state-led development, made it the only path to the accumulation of wealth. Unleashed from its fetters, only the private sector could supply the huge quantities of investment needed for sustained growth with low inflation and the creation of productive employment. The state, by contrast, not only lacked sufficient capital, it had proven to be an inflation-creating sinkhole for unproductive activities and generator of socially and politically corrosive stagnation (Ohmae 2005, 1995).¹¹

Liberal democracy ascendant became the political corollary to economic liberalism because the economic failure of socialism also spelled the political failure of the one party mobilizational state and, it was argued, the social democratic welfare state as well. Liberal democracy emphasized procedural conditions for individual freedom regarding political participation and representation, meaning voting and elections. It absolved the state from commitment to substantive economic or social rights. The state, or rather, government, had a duty to focus on public order and macroeconomic stability, and to establish strong, efficient, legal-rational institutions to support private property rights. Liberal democracy legitimized free-market economics by means of the electoral process (Chan and Scarritt 2002).¹²

If these trends weakened first world mixed economies and welfare states, along with the labor parties and strong unions that sustained them, they destroyed the national-populist state and the organized constituencies that supported it in Latin America. Historically, these had been the labor movement and the populist, socialist, and communist parties they allied with. Those combative movements, forged in the crucible of world-market expansion from the 1870s to the 1920s, and rising to political prominence in the 1930s and the post-World War II period, had been the standard bearers of contentious politics in Latin America. They struck in massive numbers, manned barricades, took over haciendas, turned out by the tens and hundreds of thousands in mass demonstrations, rioted, and suffered death, injury, imprisonment, and exile for their cause. The mode of incorporation of the urban and rural labor movements into national politics defined regimes and

¹¹ Free-market (neoliberal) capitalism (the modern variety of 19th-century Manchester capitalism) was also considered the wellspring of individual liberty. Freed from the oppressive, and discriminating, hand of the state (even in the mixed capitalist economies under Keynesian economics), people gained the liberty to make personal choices in the context of universally applicable and impersonal market rules. One stood or fell depending on one's capacity to rationally exploit market conditions. It was expected that the entrepreneurial spirit, once unleashed, would reject the straightjacket of "cradle-to-grave" welfare states. Rational individuals would simply not undertake collective action to limit personal freedom with the energizing emotional, spiritual, and material satisfactions of the daily hustle and bustle of negotiating markets as reward for their labors at the end of the day (Hayek 1994).

¹² For a more optimistic view, see Glatzer and Rueschemeyer (2005).

The Inconvenient Fact of Anti-Neoliberal Mass Mobilization

political conflict, whether institutionalized by means of electoral politics and legal strikes or openly rebellious or by military putsch well into the 20th century (Collier and Collier 1991).

Economic globalization dethroned the labor movement and associated political parties from their prominent historical position and demoted them to irrelevancy in the new international capitalist system. Analysts noted that market liberalization in the form of decreasing protection against imports for domestic industry, the privatization of public enterprises, the flexibilization of labor codes, falling wages, and the growth of the informal sector of labor (not subject to state regulations such as contracts and payment of benefits and taxes) decimated organized labor. Their sheer numbers declined as industries collapsed because of international competition and as privatized state-owned enterprises shed workers. The growth in cheap, underutilized, and difficult-to-organize labor occupied in precarious employment at substandard wages further undermined unions. Because they could not protect their members' job security and benefits, individuals preferred not to join and unions lost the ability to coordinate politically meaningful mass mobilization (Burgess 2004; Cook 2007; Kurtz 2004; Murillo 2001; Oxhorn 1998; Roberts 1998; Roxborough 1994).

Economic globalization, the fall of communism, and the emphasis on procedural democracy after redemocratization, especially between 1979 and 1989, also severed, or severely weakened, linkages between labor parties and the union movement. In the interest of getting elected and of governability, the former recognized the validity of the neoconservative mantra – there is no alternative (to market liberalization and procedural democracy). Reformed socialist, social democratic, and populist political party leaders used their remaining links to labor to demobilize it.¹³ If unionists demonstrated, their protests sputtered because they had no impact on government policy. In the absence of a political amplifying chamber, a numerically weak and fragmented labor movement stood little chance of achieving significant political impact.¹⁴

¹³ Success in elite bargaining between military regime softliners and opposition moderates depended on, among other conditions, the opposition's ability to control the more radical, and hence more mobilization-prone, elements among them. Moreover, an emphasis on procedural rules of political competition, while keeping socioeconomic issues off the table, increased the success of democratization. (O'Donnell and Schmitter 1986). They reduced uncertainty and mollified the fears of socioeconomic elites capable of reverting democratization (Przeworski 1991, 1986). Also see Roberts (1998); Garretón (1993).

¹⁴ Theorists observed that leaders of the reformed political left believed that loyalty to democracy required subordinating socioeconomic demands and renouncing mobilization to avoid polarization. These views had deep roots in Latin American experience since the mid-1960s and in the efforts of intellectuals to learn the lessons to be drawn from it. From different theoretical perspectives they came to the same conclusion. Social mobilization based on redistributive or revolutionary demands substantially contributed to the breakdown of democracy in South America because their threats to socioeconomic elites polarized politics. In a polarizing game of political brinkmanship, leftist political parties mobilized organized labor, peasants, and shantytown dwellers who threatened the core interests of capitalists and landowners – property and profits – and scared middle classes, which drove them to join anticommunist military establishments in

Challenging Neoliberalism in Latin America

New institutional political economists in the neoclassical tradition seized on this about-face. They argued that market liberalization would, in addition to reviving sustained economic growth, have salutary political consequences. From their perspective, strong public sector involvement in the economy under national populism had turned the state into a target for economic demands by social groups that used their political connections, especially political parties, to obtain economic favors, such as subsidies, employment through public enterprise, welfare, rigid labor codes, housing, and so forth. Rent-seeking behavior by social groups under national populism generated fiscal deficits that fed inflation and retarded rapid economic growth. It also fed social mobilization because politicians wanted votes. Thus, providing material benefits in response to protest was a vehicle for retaining and expanding an electoral base (Crisp and Levine 1998; Dornbusch and Edwards 1991; Huntington 1968; Krueger 1974).

Free-market economic reforms, by contrast, took the state out of much of economic policy making, removing it as a political referent for social groups. The market, not politicians and the state, now allocated most goods and services. Hence mobilization and protest aimed at the state could not resolve organized labor's demands. The expectation was that concentrated, coordinated general mobilization by organized labor would decline as it realized the government would not intercede in its favor. Moreover, it was expected that the labor movement would fragment as unions pursued more company- and sector-specific grievances; not to mention it was also expected that union membership would decline as workers realized unions could not help them.¹⁵

Last, but not least, the collapse of communism had significant impact on the decline of revolutionary socialist insurgencies, if nothing else because of the withdrawal of the material support they had enjoyed during the Cold War while the governments they fought continued to receive U.S. military aid (Castañeda 1993). Bolstered by the United States, the superior resources of the Peruvian government under Alberto Fujimori contributed to the defeat of the Shining Path guerrillas who lost crucial logistical, tactical, and training aid (Palmer 1994). The same dynamic helped the Colombian government to contain the Revolutionary Armed Forces of Colombia, which, moreover, lost the ideological high ground by turning to the drug economy to survive. Similar, but far more complex, circumstances heavily influenced the resolution of insurgencies in Central America in the early 1990s (Walker and Armony 2000). Meanwhile, in Mexico the emergence of the Zapatistas in 1994 suggested that the insurgency of the future would be regionally based, of short duration, and limited in its demands rather than building the "long march" for total social transformation. In short, an outburst

the overthrow of democracy. Hypermobilization overwhelmed institutional capacity to contain conflict. See O'Donnell (1973); Linz (1978); Mainwaring and Pérez-Liñán (2005); Huntington (1968); Crozier, Huntington, and Watganuki (1975).

¹⁵ Marcus Kurtz (2004) and Manuel Antonio Garretón et al. (2003), albeit from different theoretical and normative approaches, agreed on these points.

The Inconvenient Fact of Anti-Neoliberal Mass Mobilization

of violence to draw attention to long-ignored grievances was followed by more conventional efforts at building a social movement organization and program for noninsurrectionary contentious politics. The Mexican case also seemed to prove that the political establishment could keep such movements isolated, impeding their ability to connect with larger, more established political and social forces.

New Social Movements and Resistance

Despite the decline of class-based movements, protest, demonstrations, and resistance still abounded in the form of decentralized, fragmented identity and subsistence-based movements. Building on a largely European conception of power and postmaterialism in late capitalism, scholars critiqued class for understanding protest and resistance in Latin America. Class analysis posited unity of purpose based on material interests and rigidly defined the subjects of mobilization according to their objective location in the structure of production. Therefore it missed the main sources and characteristics of movement effervescence in Latin America after the 1960s and 1970s: identity and subjectivity (Slater 1994).¹⁶ As the politics of material distribution lost force in advanced capitalism, the bureaucratization of society, the commodification of every aspect of life, and massification of social activity politicized culture and identity (Slater 1985). However, a high degree of fragmentation characterizes the resultant movements because mobilization occurs across many diverse and self-contained issues, such as gender, sexuality, environment, ethnicity, race, urban landscapes, subsistence rights (such as urban squatter movements), livelihood, culture, human rights, democracy, and consumer protection, to name but the most prominent. Fragmentation also occurs because new social movements favor loose nonhierarchical forms of association and because they are often relatively apolitical (Escobar and Alvarez 1992; Mainwaring and Viola 1984).

The new social movements literature had a positive impact because it drew attention to a wider gamut of movement. It conceptualized social subjects beyond class, providing detailed accounts of movement origins, organization, and demands and frequently connected protest to larger political processes (such as democratization and citizen rights). Once the overly optimistic, transformational characterization and the “newness” of new social movements waned, it became possible to see them as one more set of movements including traditional class-based ones. For example, they had political orientations, they made material demands, they could be hierarchical, they might succumb to clientelistic pressures, and many were not even so “new.”¹⁷

Yet, for all the attention paid to the role of women in neighborhood associations, the rise of indigenous people’s movements, urban squatter movements,

¹⁶ For an excellent review of these positions and constructive critique, see Foweraker (1995).

¹⁷ On this point, see Foweraker (1995). A good example would be Eckstein and Wickham-Crowley (2003).

Challenging Neoliberalism in Latin America

environmental and racial justice movements, the “new” social movements literature could not account for conditions that linked disparate movements to each other and to class-based movements in episodes of leftist mass mobilization. This was a consequence of the focus on subjectivity, discrete identity, and fragmentation and distinctiveness from class-based movements. The new social movement literature overplayed the extent to which identity politics had overtaken material interest. This emphasis also limited the approaches’ utility for uncovering the larger political significance of mass mobilization. It could not grasp the forces that catapulted their subjects to national and international political significance. What had turned them into a substantial challenge to neoliberal economic and social policies and purely formal conceptualizations of democracy? In other words, what explains these episodes of decidedly material-based leftist protest in Latin America’s neoliberal era? We turn to this question in the next two chapters after a brief review of alternative explanations.

Alternative Explanations

The democratic consolidation literature argued that institutional insufficiencies in two areas caused anomie and fueled civil unrest in the 1990s. First, weak political institutions fed discontent. Patrimonial state organization bred preferential treatment through clientelism, creating popular resentment. When coupled with inadequate rule of law, political corruption flourished, deepening the disgust of the population for the established order. Weak political parties and party systems embroiled in scandal further alienated citizens from orderly participation in politics. Second, weak economic institutions contributed to poor economic performance that, alongside deepening extreme poverty, further stoked the cauldron of democratic distemper. Financial crises, rigidities in factor adjustments during trade and financial sector liberalization, poor execution of privatization policies, labor-market inflexibility, a welfare system skewed toward middle classes and a labor aristocracy, all courted economic instability and exacerbated poverty and income concentration. These political and institutional deficiencies undermined democratic governance, understood as the capacity of institutions to provide orderly, impartial, and just administration based on universal rules of law, contracts, public policy, and opportunity.

Given this diagnosis of the problem, the consolidation of democracy and free-market economic reforms required proper institutional design and strengthening. Market institutions needed fine-tuning (a technical matter) to ensure that market efficiency would, in fact, generate wealth. Democratic consolidation required building institutions for good governance. These included a Weberian legal-rational state to ensure the rule of law: meaning, universal rules, meritocracy, enforcement of contracts, and a functioning justice system. Strong political parties free of corruption and not beholden to mass organizations (labor and other “populist” social movements) must be encouraged. Equality of opportunity