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The Performance of Leftist Governments in Latin America

Conceptual and Theoretical Issues

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The first decade of the third millennium has seen a striking move to the left in Latin America. After the victory of Hugo Chávez in Venezuela in December 1998, presidents who identify themselves and are widely seen as part of the left have been elected in Bolivia, Brazil, Chile, Ecuador, El Salvador, Guatemala, Nicaragua, Paraguay, and Uruguay, and leftists in Mexico and Peru came very close to accomplishing the same feat. Moreover, former Argentine president Néstor Kirchner, who represented the center-left wing of the ideologically heterogeneous and amorphous Peronist Party, won in 2003 against the exponent of the party's neoliberal wing, Carlos Menem. The current Argentine president, Cristina Fernández de Kirchner, who took over from her husband in 2007, occupies a similar position on the ideological spectrum. As a result, left-leaning presidents currently govern approximately two-thirds of the region's population.

This shift to the left constitutes a dramatic change from the 1990s, when the left elected barely any presidents in Latin America and when governments of various stripes enacted market-oriented reforms – the economic project of the right – in most countries of the region. At that time, the Washington Consensus on market reform was indeed the consensus approach among high-ranking policymakers, and although there always were organized interests, sectors of the population, and political parties (especially from the left) that rejected it, they were fairly marginalized in many nations and could at best exert defensive veto power. Whereas until the 1980s, the left had claimed the mantle of modernity and structural reform, in the 1990s neoliberals occupied this discourse and redefined its meaning. Rather than spearheading progress, the left was accused of clinging to a failed and untenable status quo. The

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protagonists of market reform appealed to new winners. By contrast, the left seemed to defend losers, dying sectors, and shrinking constituencies, which did not look like a propitious strategy for gaining power.

How the situation has changed! Discontent with neoliberalism has spread as it has failed to fulfill its promise of enhancing mass prosperity, and as it has exacerbated long-standing problems such as precarious employment. Promoters of the market system have worried about a popular backlash that would reverse the reforms of the 1990s. From the other side of the ideological spectrum, leftists have rejoiced in the hope that the opportunity to enact their long-delayed projects has finally arrived. As radical populists, leaders of contentious mass movements, and representatives of parties with Marxist origins took power in country after country, the time seemed ripe for dramatic change. The question was how far would leftist presidents go? And what would they accomplish on the economic, social, and political fronts?

The present volume seeks to answer these important questions and in this way complement the burgeoning literature on Latin America's "new left." Many scholars have documented the reversal of political trends; proposed classification schemes to make sense of the variety of leftist movements, leaders, and governments; and sought to explain their emergence and rise to power (Petkoff 2005; Castañeda 2006; Cleary 2006; Arnson 2007; Boeckh 2007; Hunter 2007; Roberts 2007; Castañeda and Morales 2008; De la Torre and Peruzzotti 2008; Madrid 2008; Cameron 2009; E. Silva 2009; Weyland 2009; Levitsky and Roberts in press). This book takes the discussion a crucial step further by investigating what left-wing governments have actually done and what they have accomplished. In political science jargon, the chapters analyze the policy outputs and outcomes of the new wave of administrations, focusing on three main spheres: economy, society, and politics. The following questions guide this analysis. First, have leftist governments managed to boost economic growth and upgrade development despite the constraints arising from economic globalization and the legacies of domestic market reform? Second, have they distributed the benefits of growth more equitably and improved the social well-being of the population, especially of previously neglected, poorer sectors – and have they done so in an economically and politically sustainable fashion? And third, have they promoted the political inclusion of marginalized groupings and boosted political participation in general, yet without undermining pluralism and liberal safeguards?

These crucial questions have so far not received the scholarly attention they deserve. Whereas the present volume concentrates on the *performance* of the left, much of the extant literature has discussed the classification of leftist governments and the causes of their assumption of power (cf. Petkoff 2005; Castañeda 2006; Cleary 2006). For instance, controversies have raged on the proper labels for various presidents (e.g., Arnson 2007). Are some of them populists, and if so, based on what definition of populism? Are others social-democratic, and what would that notion mean in contemporary Latin America? Can one even speak of social democracy in a setting in which the "working

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class" (strictly defined) is small and shrinking, trade unions are weak, and external economic constraints are often tight (Sandbrook, Edelman, Heller, and Teichman 2007; Lanzaro 2008; Roberts 2008)?

Scholars also disagree on whether there are two main groups of leftist movements, parties, and governments, or whether it is useful to design more complex, multidimensional classification schemes (Ramírez Gallegos 2006; Cameron 2009: 334–35; Levitsky and Roberts in press). Simple classification schemes emphasize a basic difference in the political orientation and strategy of Latin America's contemporary leftists, distinguishing a moderate from a more radical grouping. By contrast, multidimensional classifications in addition highlight organizational differences, such as the differential institutionalization of left-wing parties and movements (see Levitsky and Roberts in press). The latter approach may be useful for analyses that investigate leftist forces, their origins, and their rise to power.¹ This volume, however, focuses on policy and performance and examines the decision outputs and outcomes of left-wing governments. For this analytical purpose, the crucial difference concerns the political orientation and strategy of these administrations, not the organizational features of the forces sustaining them. The present book therefore applies a simple, pragmatic ordering scheme that arrays leftist governments on a continuum ranging from moderation to fairly radical contestation, similar to Kaufman (2007: 24) and to Levitsky and Roberts themselves in their concluding chapter (in press).²

The moderate current tempers its pursuit of leftist goals prudently, respecting economic constraints and political opposition. When encountering problems and resistance, it negotiates rather than trying to impose its will. By contrast, the more radical wing challenges neoliberalism, defies strictures of globalization, and attacks the political opposition. To maintain and strengthen the loyalty of its mass followers, it feels the political urge to contest with enemies, especially political adversaries, business sectors, or the U.S. government – the favorite target during the presidency of George W. Bush. The present volume therefore calls this current *contestatory*. It avoids the label *radical* because, although clearly more radical than its moderate counterparts, the contestatory left is not nearly as radical as its forefathers in the 1960s and 1970s. Above all, by forgoing a comprehensive, systematic assault on capitalist property relations, it does not go to the root of socioeconomic and political problems in the eyes of true Marxists.

¹ In an in-depth conceptual analysis, however, F. Silva (2009) demonstrates that various dimensions along which leftist forces have been distinguished in fact align quite closely; he therefore arrives at two groupings arrayed along a single dimension, very similar to the approach of the present volume.

² Such a simple scheme also has the advantage of yielding a reasonable number of cases per category. By contrast, Levitsky and Roberts' two-dimensional scheme ends up with an average of only two cases per cell. As a result, causal analysis runs a greater risk of getting confounded by the idiosyncratic characteristics of a single case, which are more likely to cancel out if scholars use a one-dimensional distinction that groups together more cases.

Virtually all observers agree that in rhetoric and action (though more in rhetoric than in action), Venezuela's President Hugo Chávez is charting a fairly radical and contestatory political and policy course for contemporary Latin America. Although not pursuing a total transformation of the socioeconomic and political order as earlier generations of leftist radicals did in revolutionary Cuba and Salvador Allende's Chile, Chávez's proposals and programs deviate starkly from the market orientation that became predominant after the global collapse of communism and the enactment of economic liberalization in Latin America. Chávez's efforts to contest the hegemony of neoliberalism and move toward twenty-first-century socialism are quite radical in the current world-historical setting. The Bolivarian leader's approach is clearly more defiant than the projects pursued by Socialist presidents Ricardo Lagos (2000–06) and Michelle Bachelet in Chile (2006–2010), who are – among the administrations under investigation – furthest toward the moderate pole.³ On this continuum, Bolivia's Evo Morales (2006–present) is in the eyes of many observers closer to the Venezuelan leader. By contrast, the orientation of Brazil's Luiz Inácio Lula da Silva is fairly similar to that of the Chilean Concertación. In fact, the social policies of the Lula government are more timid than Chile's, which has promoted an ambitious health reform (Plan AUGE) and an overhaul of the pension system. But Lula faces more pressure and independent action in some areas, especially land reform. Based on the classification of policy stances, the present volume identifies and examines two groups of leftist governments, exemplified by Chávez's Venezuela on the contestatory pole and by the Chilean Concertación and Lula's Brazil on the moderate end of the spectrum.

This distinction of two groupings also reflects mutual influence inside each camp and a certain degree of tension between them. Clearly, Chávez has served as an important source of inspiration and of political and financial support for Bolivia's Morales (and Ecuador's President Rafael Correa), whereas the Chilean model and its socioeconomic accomplishments have influenced the center-left and left in Brazil. At the same time, Chávez has challenged Brazil's claim to South American leadership, and Morales' hydrocarbon nationalization of May 2006 affronted Brazil by hurting its national oil company Petrobras. In turn, Lula da Silva has countered Chávez's influence in Central America by assiduously courting El Salvador's new left-wing president, Mauricio Funes ("Modelo Importado do Brasil" 2009). As a result, underneath the diplomatic surface of leftist brotherhood there has been unease and tension between the two camps. The moderate and contestatory lefts are not only conceptual constructions but also act as loose coalitions in the real world. The distinction of two policy approaches therefore seems to be valid and useful for this book's analytical purposes.

³ With deliberate exaggeration, a leading figure in Lagos' and Bachelet's Socialist Party told me during an interview in Santiago in July 2007 that "President Lagos led Chile's best government ever – of the right."

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This volume avoids another tricky conceptual issue by concentrating on Bolivia, Brazil, Chile, and Venezuela, whose current presidents indisputably are leftists in extraction and orientation. The left is defined in ideological terms, characterized by the determined pursuit of social equity, justice, and solidarity as an overriding priority. Although historically focused on reducing or eliminating socioeconomic class differences, this egalitarian, antihierarchical approach has been broadened in recent decades to oppose any kind of status difference, especially those based on ascriptive criteria such as gender, race, and ethnicity. The left is driven by the optimistic belief that equity and nondiscrimination are attainable. The hope that “a new world is possible!” drives the left, whereas the right highlights obstacles and constraints and claims that reform tends to have counterproductive, perverse effects (Hirschman 1991). The left pursues its goal of egalitarian transformation through deliberate political action, relying on the state as a principal instrument for reshaping the economy and society. Critical of the anarchy of the market, where actors are driven by private profit motives and exposed to the vagaries of supply and demand, the left enlists the visible hand of the state, which – especially if it is democratically legitimated – is seen as pursuing collective, social rationality, that is, the common good. Whether more moderate or more radical and contestatory in orientation, the governments under investigation all embrace these typically leftist beliefs and goals.

By featuring case studies of administrations that clearly qualify as leftist, the present volume avoids grappling with borderline cases, such as Argentina’s Kirchner or Peru’s born-again Alan García, who is trying to make up for his catastrophic first term by charting a “responsible” nonleftist course. Instead, the chapters focus on unambiguous and exemplary cases.⁴ To ensure proper balance, they examine two administrations close to the moderate pole and two governments that tend toward the more radical, contestatory side of the spectrum. The effort to undertake a systematic and thorough examination of four paradigmatic experiences is particularly important because the recent rise of the Latin American left – especially the emergence of a more radical, contestatory left – has evoked a good deal of passion from different academic and ideological camps. But both the fears of the right and the excitement among the left can become obstacles to scholarly analysis, which benefits from neither panic nor wishful thinking. Instead, the best understanding of past experiences and future prospects arises from studies that bring a wealth of empirical information and data to bear.

⁴ But of course, in analyzing the real world, the project does encounter some gray zones. For instance, Chilean Socialists only captured the presidency in 2000, but played a decisive role in government as part of a center-left coalition from 1990 onward. And although Lula’s predecessor, Fernando Henrique Cardoso (1995–2002), enacted market reforms in an alliance with a center-right party, his own Party of Brazilian Social Democracy claimed a center-left orientation, and the president himself had, in his earlier incarnation as a sociologist, professed a commitment to socialism (see Power 2001).

To explain the parameters under which the two currents of leftism operate and the distinctive strategies they pursue, the following section provides a broader perspective on the historical evolution of the left. The subsequent three sections discuss the guiding questions examined in this volume and summarize the main conclusions arising from the case studies. Specifically, they focus on left-wing efforts to stimulate economic development under the strictures of globalization, to enhance social justice in spite of resource constraints, and to deepen democracy without undermining it. In all three areas, the moderate left has arguably attained better performance than its contestatory counterparts. The sixth section highlights the limits that democracy itself, with its insistence on checks and balances and liberal safeguards, sets to radical efforts at producing socioeconomic and political change. The subsequent section accounts for the emergence of moderate-left governments in some countries, whereas contestatory leftists capture power in others. The penultimate section discusses the book's contributions to important substantive and theoretical themes, such as the impact of the two lefts on the fate of Latin America's market system and the abstract question of political agency versus structure. A final section briefly summarizes the case studies and the concluding chapter.

THE CENTRAL TASK AND DILEMMA OF THE LEFT

To situate Latin America's contemporary left, clarify the difference between its two main wings, and examine the opportunities and constraints facing them, it is useful to start from a broader reflection on the main task the left has historically set for itself and the obstacles it has faced in fulfilling this task. Essentially, the left has always sought to attain a structural transformation designed to guide economic activities toward fulfilling the social needs of the popular majority and to advance its political participation. Long crystallized in the demand for socialism, this quest encompasses economic and social redistribution and the revamping of power relations in economy and society through the full incorporation of poorer, excluded sectors. Thus, the left has promoted profound change. Yet these transformative efforts have faced serious constraints arising from the existing organization of economy, society, and politics. Resource limitations and opposition from socioeconomic and political elites have posed particular obstacles. As a result, how many of its goals can the left actually accomplish? And how does it best pursue its agenda? Should the impulse toward activism or the need for realism prevail?

Thus, leftists face the quandary of how best to cope with the obstacles they confront, increase their chance of success, and avoid a backlash. When, how, how far, and how fast should they push for their goals? How bold or how cautious should they be? Throughout history, leftists have differed on these questions. Their approaches have ranged from radical efforts to smash constraints in a revolution to reformist strategies of transforming existing structures from within through gradual change. The radical position cuts the Gordian knot

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of economic and political constraints with the sword of revolutionary violence. By sweeping away the old order, it seeks to create ample opportunities for rebuilding economy, society, and politics anew and quickly attaining economic solidarity, social justice, and political participation. The moderate position embraced by social democracy, by contrast, fears the costs and risks of such voluntaristic activism and therefore places priority on realism. To bring progress in a nonconfrontational fashion, it takes advantage of any opening in the existing order – especially the political influence granted to the working class via universal suffrage – to enact reforms step by step in a determined, cumulative strategy. It plays by the rules of the game to better the game's outcomes and, eventually, alter the rules and nature of the game itself. In sum: the radical position privileges ambition, boldness, and activism; the moderate position, prudence, gradualism, and realism.

Even inside the revolutionary and moderate poles, debates have raged on the relative importance of activism versus realism. Among Marxists, for instance, Friedrich Engels emphasized the need to wait for the right socioeconomic preconditions for revolutionary change, whereas Lenin adopted a voluntaristic position and took advantage of a unique political opportunity. In a similar disagreement, orthodox communists in Latin America during the 1950s and 1960s advocated waiting for the full development of capitalism and rejected any immediate transition to socialism, which young firebrands Fidel Castro and Ernesto Che Guevara sought. Equivalent discussions occurred within European social democracy. Some sectors believed that each reformist success would enhance working-class power and facilitate further advances, eventually allowing for a peaceful transition to socialism (Stephens 1986). But others argued that the transitional costs of a structural transformation and the incentives of democratic competition would limit social democracy. While achieving immediate improvements inside the existing order, it would refrain from overcoming capitalism (Przeworski 1985).

These old debates between voluntaristic activism and prudent realism play out in Latin America's contemporary left and underlie the difference between its contestatory and moderate wings (Weyland 2009: 148–49). The more radical sectors led by Hugo Chávez invoke some of the slogans and symbols of the revolutionary tradition, put ambition ahead of prudence, and pursue fairly far-reaching goals under current circumstances. By contrast, moderate leaders and governments avoid revolutionary rhetoric, insist on realism, and adopt a gradualist approach. Specifically, the contestatory left rejects neoliberalism, challenges the constraints arising from economic globalization, pursues determined social change, and pushes through political reforms that strengthen the participatory, majoritarian features of democracy at the expense of political pluralism and liberal safeguards. Moderate leftists refrain from such controversial measures and negotiate reform with the domestic and international stakeholders of the established order. So the old disagreements inside the left on how to tackle the dilemma of transformation under constraints continue to reverberate in present-day Latin America.

But of course, times have changed. The range of options available to all of the region's leftists has narrowed greatly in recent decades. Both extremes, especially the revolutionary pole, have lost appeal and run into serious feasibility problems. The collapse of communism has deprived the radical left of an alternative to global capitalism and a source of economic and political support for its own efforts. Who still believes that socialism as a truly new mode of production is an attainable and desirable goal? The dysfunctions of import-substitution industrialization also raised doubts about the capacity and rationality of Latin American states. And determined market reform and integration into the global economy have created powerful stakeholders that make any frontal attack on the capitalist system prohibitively costly. The failed and counterproductive attempts of the 1960s and 1970s to start revolutions in Latin America also fueled a profound rethinking among the Latin American left (Castañeda 1993). For these reasons, the basic outline of the socioeconomic order does not face radical challenges any longer. The left now also places much greater value on political democracy, an additional reason to forswear extra-constitutional assaults on power. The experience of brutal authoritarian rule demonstrated the importance of liberal safeguards, which radical leftists used to denounce as bourgeois formalities or obstacles to revolution. The international regime for protecting democracy, especially its electoral rules, has raised another obstacle to revolutionary efforts.

For all of these reasons, no significant force in contemporary Latin America advocates a full-scale revolution. The hope to remove constraints and realize ambitious goals in one fell swoop has evaporated. By historical standards, even the advocates of twenty-first-century socialism are much less radical than their forefathers from the second millennium, such as the Chilean Socialists of the 1960s and early 1970s. But given the tighter constraints and the reduced room for activism, they are still significantly more radical than their moderate contemporaries.

At the other end of the spectrum, space for social democracy has shrunk as well. Rather than breaking through constraints, social democracy sought to bend them. Keynesian economics provided the cornerstone for this strategy (Przeworski 1985: 36–38). It depicted demand management by the state, which could be used to pursue social justice via redistributive reforms, as crucial for the proper functioning of a market economy. Accordingly, the profit interests of capitalists and the consumption interests of workers overlapped substantially. This compatibility claim eased the socioeconomic and political obstacles facing social-democratic reforms and allowed for negotiated advances. Yet with the decline of Keynesian economics and the rise of globalization, which tipped the balance of power toward mobile capital holders and weakened workers and governments, this synergy faded. Social democracy has faced increasing financial pressures even in northwest Europe (Lange and Garrett 1991: 548–55; Lemke and Marks 1992; Sassoon 1996: chaps. 16, 22, 24; Huber and Stephens 2001: chaps. 6–7). In a dependent region suffering from unfavorable starting chances in the global economy such as Latin America, social democracy's

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historical accomplishments cannot be replicated in the foreseeable future. An underdeveloped productive apparatus, deep social segmentation due to the exclusion of many workers from the formal economy, and the organizational weakness and shallow societal roots of many political parties and trade unions preclude a determined reform strategy that could profoundly alter the distribution of socioeconomic benefits in society. Gradualist efforts nowadays face tighter constraints, especially in the Third World.

Therefore, the northwest European experience cannot be replicated in present-day Latin America. Trying to attain a semblance of mass prosperity in the first place, Latin American countries put special emphasis on economic growth and development. Because domestic business alone cannot spearhead this process, foreign capital is needed. But a recent history of political instability and severe economic turmoil makes investors worry about a much wider range of issues than in stable northwest Europe (Mosley 2003). Because investors may withdraw their capital at will, the bargaining power of workers and governments on a host of important issues has diminished. Therefore, the balance between different social forces that underlay European social democracy is unlikely to emerge. The socioeconomic improvements that Latin America's moderate leftists can attain are likely to be much more limited than the accomplishments of their European comrades. The reformist option has lost a good part of its luster as well.

In sum, leftists in contemporary Latin America can neither smash constraints through a revolution nor evade them through social-democratic synergies between economic growth and social justice. Therefore, they face the classical dilemma of leftism in an especially stark fashion: how to bring about change despite obstacles. Although the bounds of feasibility have tightened and their range of options has narrowed, they still have to make a choice on whether to put activism or realism first. Should they challenge the socioeconomic and political constraints they face, even at the risk of provoking reactions such as capital flight or strenuous political opposition? Or should they seek modifications via negotiation within the confines of the established system, even at the risk of making painfully slow progress and leaving the root causes of problems in place? Should they be bold and make a determined push for their goals, yet incur the danger of a backlash? Or should they prudently take step after step and embark on a long march, which may never reach its goal?

The contestatory and moderate lefts in present-day Latin America diverge in their strategic choices. Among the four cases under investigation, Evo Morales in Bolivia and especially Hugo Chávez in Venezuela have tended to prefer ambition over caution, whereas Ricardo Lagos and Michelle Bachelet in Chile and Luiz Inácio Lula da Silva in Brazil have adopted the inverse priority. For reasons to be explained later, more radical leftist governments have often defied the forces empowered by economic globalization and domestic market reform and have enlisted inclusionary mass mobilization to put pressure on the political opposition and bend checks and balances. In these ways, they have sought to reorient the economy toward fostering popular well-being,

push through ambitious social programs, and refound the political system with new constitutions. By contrast, moderate leftist administrations have tried to improve the operation of the new market model to produce more dynamic growth, use the proceeds to fund social initiatives sustainably, and negotiate these reforms with the opposition in a setting of liberal pluralism. When facing resistance, they have usually made concessions – whereas the contestatory left has tried to break resistance with ever more forceful means. Thus the moderate and contestatory lefts have navigated the dilemma of change under constraint in distinct ways.

This difference has characterized leftist efforts in the three spheres that the present volume investigates: economy, society, and politics. The following sections examine the specific issues and problems that leftist administrations have confronted in each of these areas and briefly present the main findings of the case studies.

EFFORTS TO STIMULATE ECONOMIC DEVELOPMENT DESPITE THE STRICTURES OF GLOBALIZATION

Guiding Question 1: Have the efforts of the moderate left to modify the market system and bend the strictures of economic globalization or the radical attempts to challenge domestic neoliberalism and international constraints stimulated more dynamic economic development and opened up more promising prospects for the future?

Given their materialist orientation, leftists have long attributed particular importance to efforts to stimulate economic development and guide it toward the needs of the majority, rather than the profit interests of a minority. The desire to increase economic well-being is especially strong in a region where millions of people – majorities in some countries – suffer from poverty. But economic globalization and the outcomes of market reform have tightened constraints on political efforts to promote development by transferring assets from the public to the private sector, by empowering domestic and foreign businesses that control mobile capital, and by limiting state interventionism. How can leftist governments induce these economic forces to contribute to their developmental efforts or at least not block them? Whereas the contestatory left is willing to apply forceful pressure, the moderate left embraces negotiation to effect gradual reform. Which one of these strategies yields greater success in a sustainable fashion? The question of sustainability is particularly important because governments can use the power of the state to confiscate resources from business in the short run, but they may pay a heavy price by scaring off investors and diminishing development prospects for years to come.

Impressed by these risks, the moderate left has accepted the basic framework of Latin America's new market model and has made modifications step by step, for instance through new industrial policy initiatives and public investment programs in Brazil and through better, firmer regulation of business activities as well as attempts to boost human capital and improve worker