

# Moving Beyond the Washington Consensus: The Resurgence of the Left in Latin America

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Since the late 1990s, neoliberalism has been losing support in Latin America. In fact, almost two-thirds of Latin Americans are currently governed by leaders who consider themselves to be to the left of the political spectrum (Roberts 2008: 328). How can we explain this fact? Even though this question has been answered in many different ways, most scholars apply a bottom-up perspective, explaining the electoral victories of left-of-center governments as the result of the patient construction of the organizational and coalitional capacities needed to confront neoliberal ideas and policy reforms (Silva 2009: 1).

## New Movements Against the Imposition of Market Fundamentalism

According to this analysis, the Washington Consensus itself sowed the seeds for waves of protest against its further implementation. Several authors (Oxhorn 2009; Perrault 2009; Roberts 2007, 2008, 2009; Silva 2009; Taylor 2009) refer to the work of Karl Polanyi, who in his classic work »The Great Transformation« (1944) argued that the construction of a market society produces its own opposition. The expansion of a free market tends to reduce everything in society to the level of commodities, and creates social tensions that inevitably generate a protectionist counter-movement. However, this process is not automatic. In the case of Latin America, the implementation of the Washington Consensus not only produced economic and social exclusion, but also weakened and fragmented the labor unions. Moreover, the transition to democracy generally tended to demobilize civil society as political parties became the

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dominant means of political articulation and collective action was seen as a threat to democratic consolidation (O'Donnell and Schmitter 1986: 66).

Only when different, previously disunited, groups forged horizontal linkages the articulation of their particular demands could be aggregated into a generalized challenge to neoliberalism. Examples of this are the so-called »Caracazo« (widespread spontaneous rioting that took place in 1989 in Venezuela due to heavy price increases), or the massive protests in 2001 in Argentina that demanded an end to neoliberal economic policies and represented a general rejection of the establishment. Both examples reveal that moving beyond the Washington Consensus involves an increase in popular pressure for political and social incorporation. While the transition to democracy and to a market economy involved the demobilization of civil society and the compliance with regimes of low democratic quality (Roberts 2007, Oxhorn 2009), nowadays we can observe a counter-movement that challenges both the notion of »the end of history« and the idea that »there is no alternative.«

The reemergence of the Latin American left is partly related to the decentralizing reforms that were part of the neoliberal agenda. Initiatives to downsize the state created opportunities for diverse leftist parties and movements to reformulate their programs and take political power at the local level (Goldfrank 2009). Thus, municipal government turned out to be a platform on which the left could demonstrate its capacity for exercising responsible and effective government. In this sense, the electoral victories of left-of-center forces represent a repoliticization on two fronts. First, the hegemony of neoliberal ideas is broken and there is a search for policies that give a new role to the state (Cameron 2009: 337–338). Second, new political actors are emerging that – through elections or mobilizations – are challenging the elitist influence of neoliberal technocrats in the existing democratic regimes (Beasley-Murray / Cameron / Hershberg 2009: 325).

## **The Left Turn of the Middle Classes**

The middle classes had a pivotal role in the political radicalization of Latin American societies in the 1960s and 1970s, a substantial segment of them explicitly or implicitly supported extremely authoritarian military regimes (O'Donnell 1972; Collier 1979; Rueschemeyer / Huber Stephens / Stephens 1992). Now, many middle class citizens have turned

towards a political left which confronts neoliberalism and seeks to deepen democracy. Both Hugo Chávez in 1998 in Venezuela and Evo Morales in 2005 in Bolivia achieved a clear majority in their *first* ballot.

It is true that the implementation of the Washington Consensus has brought about the shrinking of the middle class in most Latin American countries (Klein/Tokman 2000; Portes/Hoffman 2003).<sup>1</sup> For Oxhorn (1998), this has provided fertile ground for the rise of populist leaders who promote multi-class coalitions based on top-down mobilization. But this argument is based on a purely economic notion of class and neglects the cultural capital – in Pierre Bourdieu’s sense (1984) – of the impoverished middle classes and their awareness of their rights. It is more convincing to relate the rise of left-of-center governments to the generation of new alliances between these impoverished middle sectors and the socially excluded groups.

These alliances are, however, anything but stable. The sustainability of the post-neoliberal agenda of development depends on ongoing middle-class support (Riggirozzi / Grugel 2009: 227–228). But at present, we do not know whether the forces which currently support the movement to go beyond the Washington Consensus will maintain their alliance in the future. Nor can a cohesive and comprehensive post-neoliberal model of development be identified. The paths which Latin American countries will eventually follow will probably diverge significantly, because each country not only enjoys different levels of popular support for the free market (note Chile’s swing to the right with the recent presidential election of Sebastián Piñera), but also has a particular place in the global economy which can determine their room for maneuver (for example, the dependency of Venezuela’s government on the oil price).

## The Global Turning of the Ideological Tide

The view from below is essential for explaining why a political left-turn has taken place in several Latin American countries. In the words of Kenneth Roberts (2009: 5), »a bottom-up perspective is vital for under-

1. From a sociological point of view, one of the best analyses of this transformation of Latin America’s social structure is the work of Maristella Svampa (2001, 2005), in which she examines how the neoliberal reforms of Argentina – a society traditionally characterized by an extensive middle class – resulted in a huge number of »modernization losers« and very few »modernization winners.«

standing the most important linkage between market reforms and political change – namely, the conditioning effects of economic liberalization on collective action and political society.« But this approach risks to be one-sided. We also need to consider the impact of global transformations on the formation of new development agendas that reach beyond the Washington Consensus. Here is a research gap that should be tackled in further studies.

The growing loss of support for neoliberalism in Latin America cannot be fully understood if we do not take into account the ideational shift that is occurring in both the developing *and* the developed worlds. An indicator of this shift is the fact that the Nobel Prize in Economics in recent years has been given to authors such as Amartya Sen (1998), Joseph Stiglitz (2001) and Paul Krugman (2008), who have openly argued against the extreme implementation of the free market. All of these authors have promoted a new thinking within international financial institutions. Both the World Bank and the International Monetary Fund now pay much more attention to the role of the state and the importance of institutions. They have adopted a new rhetoric that has incorporated several notions that were traditionally part of progressive political discourses on democracy and development, such as »consultation«, »empowerment«, »ownership«, and »participation« (Panizza 2009: 148).

As Jürgen Habermas (2008) has pointed out, we are experiencing a reappraisal of the importance of the state, and the idea that the »invisible hand« of the market represents an all-encompassing solution has lost its charm and plausibility. The current financial crisis has further contributed to the demise of *radical* neoliberalism. In this new ideological context, the UN's Economic Commission for Latin America and the Caribbean (ECLAC) has generated conceptual innovations with a significant impact on several left-of-center governments and leaders. Even though the neostructuralist paradigm proposed by the ECLAC should be seen as a *complement* to rather than a substitute for neoliberalism (Leiva 2008), it embodies a discourse which criticizes the idea that the free market is the sole or principal motor of development. Many of the arguments put forward by the ECLAC are used by various actors on the left in order to offer policies that go beyond the Washington Consensus.

The expansion of social movements and organized groups in Europe and the USA which contest neoliberal ideas is another driver for Latin America's left-turn. Transnational civil society has played a crucial role in the shift of attitudes at both national and international levels (Friesen

2009). The increasing presence of groups such as ATTAC has favored the emergence of new norms, principles, and framings that could be used at the local and national level with the aim of developing alternatives to neoliberal tenets (Roberts 2008: 340–341). Just as in the 1970s and 1980s progressive voices in the North promoted a discourse of democracy and human rights in the South, today we observe the expansion of groups encouraging a new agenda of development for the »third world«. Without the economic, ideological, and organizational support of these transnational advocacy networks, Latin America's turns to the left would have been much more difficult to achieve.

To understand how the debates of the »first world« may affect the development agenda of the »third world«, it is worth taking into consideration the work of Yves Dezalay and Bryan G. Garth (2002), which provides perhaps one of the most eloquent analyses of the link between local and international elites. In order to explain the advent not only of democracy but also of a market economy in Latin America, the authors argue that this region can be conceived of as an »explosive laboratory of modernity« – a space in which the political debates of European and North American societies are not only passively received but also processed further by internal struggles. The current rise of left-of-center governments in Latin America can thus be seen as related to »first world« discourses on growing inequalities, the need for more economic regulation and the existence of democratic deficits. Seen from this angle, today's Latin American left-of-center governments are trying to offer original solutions to challenges that are also present in the developed world.

## **The Decline of US Hegemony**

Finally, it is worth mentioning that the current rise of left-of-center governments in Latin America is linked to the decline of the United States' historic hegemony in the southern part of the hemisphere. It has become evident that the geopolitical environment is determined not only by established but also by emerging powers. Thus Latin American states have the possibility of fostering new forms of cooperation and obtaining both economic and political support from different countries around the world. Moreover, the current opportunities for experimentation with new policies that have emerged in Latin America go hand in hand with America's »imperial overstretch«, which may well lead to a »post-imperial

age« (Münkler 2007). The failed foreign policies of the USA and its focus on other parts of the world allow greater room for Latin American governments to design, test, and implement new agendas of development (Hershberg/Rosen 2006: 14; Macdonald/Ruckert 2009: 10).

## **What the New Leftist Governments Have in Common**

There are large differences between the agenda and style of leaders such as Lula da Silva in Brazil and Hugo Chávez in Venezuela, which suggests that there are more dissimilarities than parallels among the current left administrations. The tendency has been to use Castañeda's (2006) normative distinction between a »good« and a »bad« left: the »good« left is characterized not only by a moderate and pragmatic economic program, but also by adherence to the principles of political liberalism, while the »bad« left is distinguished by inflammatory rhetoric, redistribution measures financed by growing state intervention in the economy, and defense of political models that foster polarization. But this distinction is too simplistic and stereotypical: It assumes that only a social democratic response to neoliberalism is acceptable and that, accordingly, we should worry about all those who promote »radical« or »populist« projects (Arditi 2008; Cameron 2009; French 2009).

Before stressing differences let us look at the similarities between the contemporary left-of-center governments. The closest similarity is that all these governments are keen to tightly maintain fiscal equilibrium, and that this has a great impact on the type of social policy that they implement. In contrast to previous incumbents, current left administrations do not try to spend beyond their means, they are far more economically responsible than their predecessors in the 1960s and 1970s (Tussie 2009: 86) – the case of Venezuela representing a partial exception.

The second similarity is that the expansion of social policies is usually financed through taxes on the export sector. In fact, these governments have avoided in-depth redistributive measures or a change in the taxation structure, but have instead introduced cash-transfer programs. The latter have been extended in terms of both budget and coverage, but it is questionable whether this policy will help the beneficiaries out of poverty for good. More likely it is that it is just a means of alleviating poverty. In other words, cash-transfer programs do not tackle the root causes of poverty in the region (Cortés 2009: 63).

Another commonality between the current left-of-center governments lies in the fact that they all achieved economic growth through the export of primary commodities, with Brazil being a partial exception. This strategy has been successful due to the demand for commodities from China, India, and other new markets, which also pushed up the prices for these goods.

Still another commonality is that the current left-of-center governments are open to new forms of economic and political integration which transcend and/or oppose the US idea of a Free Trade Area of the Americas. Although they do not have a common view of what a new strategy of regional cooperation should look like, they share the opinion that the goal must be more than solely that of market integration.

## Liberal versus Radical Democracy

We can identify two ideal types of how to conceive and exercise political representation: liberal democracy and radical democracy. In the first model, the people do not govern directly, but rather through the control and selection of their representatives – although this does not mean that the latter *have* to implement the wishes of the electorate (Manin 1997). The second model is characterized by the continuous aggregation of different demands and the constitution of a popular subjectivity that allows for the emergence of a leader who symbolizes both who the people are and what the people want (Laclau 2005).

This distinction stipulates a complex discussion which is beyond the scope of this essay. But one implication is important here: these ideal types assume opposing views on the relationship between democracy and populism. While liberal democracy conceives of populism as a pathology, radical democracy sees populism as an integral part of every democratic regime.<sup>2</sup> The interesting point is that both models of democracy can be found within the current left-of-center governments of Latin

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2. For an excellent discussion of this issue see Arditi (2004, 2005). To avoid misunderstandings, it is important to mention that I adhere to the approach of Cas Mudde, who defines populism as a »thin-centered ideology that considers society to be ultimately separated into two homogeneous and antagonistic groups, »the pure people« and »the corrupt elite«, and which argues that politics should be an expression of the *volonté general* [general will] of the people« (Mudde 2004: 543; 2007: 23).

America. Political representation understood as liberal democracy is or was exercised in the cases of Brazil (Lula da Silva), Chile (Lagos and Bachelet), and Uruguay (Vázquez and Mujica). In these administrations the political parties play a key role in mediating between governed and governors, personalist leadership is not decisive, and civil society participates mainly through institutional channels.

Quite different are the cases of Bolivia (Morales), Ecuador (Correa), and Venezuela (Chávez): because these administrations do not rely on parties but rather on movements, personalist leadership is key to cultivating the linkage between governed and governors, and civil society is both very active and highly politicized. On the other hand, the cases of Argentina (Kirchner and Fernández) and Paraguay (Lugo) should be positioned between these ideal types of democracy, since in these administrations political representation is exercised through a combination of mediated and unmediated linkages.

This distinction groups the current left-of-center governments in clusters similar to Castañeda's »good« and »bad« lefts. However, the criterion is now not normative but *analytical*. Both liberal democracy and radical democracy have their own problems: while the first emphasizes the formal aspects of democracy and seeks to eliminate any kind of political conflict, the second underlines the substantive dimension of democracy and fosters extreme polarization. As Panizza (2009) notes, in accordance with Lipset's classic insight, a healthy democracy needs the right balance between popular pressure for further social inclusion and the elites' interest in preserving the status quo. In this sense, the main difference between the contemporary left-of-center administrations lies in how they deal with the tension between conflict and accommodation that it is inherent in every democratic regime and especially pressing in Latin America due to the heritage of large-scale social exclusion.

## **Populism and the Search for Viable Paths to Social Inclusion**

In Latin America it has been almost impossible to find a sustainable balance between liberal democratic institutions and market regimes. The reemergence of the left implies another round in the search for a socially viable and sustainable paradigm of development. It will experiment with multiple ways of pursuing political and socioeconomic incorporation. We should expect new arrangements that are seen *locally* as legitimate,

although our normative ideals may well favor other kinds of solutions. And we should not a priori condemn them.

In particular, we should be careful in judging Latin American populism. Although it is beyond question that populism maintains an ambivalent relationship with democracy, it is worth noting that in Latin America it embodies an inclusionary and not an exclusionary endeavor, as in Europe. In other words, European populism involves a type of political mobilization that is posited on *excluding* certain groups from the polity (for example, immigrants), while Latin American populism implies a kind of political mobilization that seeks to *include* underprivileged groups (for example, the poor) within the polity. This is not to defend Latin American populism or to offer a romanticized view of it. The point is that the current left-of-center governments are trying to develop new economic and political arrangements in order to foster integration of the vast sectors of society which are excluded. Seen in this light, populism is one option among others; one which has its own virtues and vices (de la Torre 2000, 2009).

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