

LEFTIST GOVERNMENT IN LATIN AMERICA: A Comparison of Bolivia, Brazil, Chile, and Venezuela

by RAÚL MADRID

I IN MUCH OF LATIN AMERICA, THE LEFT IS resurgent. During the 1990s, conservative policies held sway in much of the region, as even traditionally populist parties came to embrace the market-oriented paradigm. The new millennium, however, saw the region move in a different direction, driven in part by disenchantment with the traditional parties and their record of governance. By early 2008, left-of-center parties or movements had come to power in Argentina, Bolivia, Brazil, Chile, Ecuador, Guatemala, Nicaragua, Paraguay, Uruguay, and Venezuela, and, nearly, Mexico and Peru as well.

The new left-of-center governments are often said to represent a wide variety of tendencies, yet we still have relatively little systematic and comparative information on their policy programs. To help fill this gap, the Teresa Lozano Long Institute of Latin American Studies brought together distinguished academics from Latin America and the United States for a two-day conference entitled *The Performance of Leftist Governments in Latin America: What Does the Left Do Right?* This conference focused on four countries—Bolivia, Brazil, Chile, and Venezuela—and covered a wide range of policy areas from economic and social policy to the reform of political institutions. The conference organizers, Wendy Hunter, Raúl Madrid, and Kurt Weyland of the Dept. of Government at the University of Texas at Austin, hope to publish the proceedings of this conference in a forthcoming volume.

The former president of Chile, Ricardo Lagos, kicked off the conference by delivering the 2008 Lozano Long lecture entitled: “Democracy, Equity, and Growth: 18 years of Democratic Coalition Government in Chile.” In his speech, Lagos linked the left to social justice and to the idea of giving “more power to the citizens.” He argued that the left could be distinguished from the right in part based on beliefs about whether society should be fundamentally shaped by citizens or consumers. Lagos acknowledged the benefits of a market economy, but he argued that if society is shaped only by consumers, then it will reproduce the inequities that exist in markets. Citizens, he argued, are equal in rights and duties, while consumers are unequal because their rights and influence “depend on the size of their pockets.”

Although there may be widespread agreement on the left about the need for greater social justice and citizen participation, there has been a great deal of variation in how leftist governments have chosen to achieve these aims. Venezuela has carried out the most far-reaching changes to date. The administration of Hugo Chávez has dramatically overhauled the country’s existing political institutions, expanded state intervention in the economy, and boosted social spending significantly. Left-of-center governments in Brazil and Chile, by contrast, have largely worked within the existing policy institutions and have embraced the existing market-oriented economic policy model. Finally, the government of Evo Morales in Bolivia represents an intermediate point between

these two poles, although it leans more in the direction of Chávez. The Morales administration has sought to dramatically reform the constitution and has expanded the role of the state in the economy, but so far it has employed rather cautious fiscal and wage policies.

The differences between the four countries have been sharpest with regard to political reforms and rhetoric. Whereas center-left governments in Brazil and Chile have largely maintained the existing constitutions, sought out common ground with the opposition, and avoided polarizing rhetoric, populist left

expanded social spending. Given the limited resources available, they have adopted many programs that target the poorest sectors of the population, an approach in line with recent prescriptions by the World Bank and other international development organizations. Nevertheless, they have implemented some universalistic programs as well. The left-of-center governments in all four countries also have focused on state-directed social policy initiatives, rather than the privately managed social programs embraced by some of their predecessors.

Jennifer Pribble, and John Stephens points out, the Lagos administration enacted reforms in 2005 that eliminated the appointed senators, gave the president the power to remove the heads of the armed services, and reduced the authority of the National Security Council. Nevertheless, by and large, the Concertación has respected existing political institutions and those institutional reforms that it has enacted have been undertaken with the support of significant sectors of the opposition.

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governments in Bolivia and Venezuela have created new constitutions, swept away existing political institutions, and maintained hostile relations with the opposition.

Notable differences among the leftist governments also have emerged with regard to economic policy. Left-of-center governments in Brazil and Chile largely have maintained the market-oriented model bequeathed to them by their predecessors, but Bolivia and, especially, Venezuela have increased state intervention in their economies. Nevertheless, neither of the latter two countries has moved to nationalize the economy, run up huge fiscal deficits, dramatically reduced their foreign trade with the United States, or carried out other sweeping reforms associated with left-wing governments in previous eras. Thus, the differences between the leftist governments in this policy area, while significant, are not vast.

The smallest differences have emerged in the area of social policy. Left-of-center governments in all four countries have introduced new social policy initiatives and have

The Moderate Left

Chile has the longest-standing left-of-center government in Latin America, excluding Cuba. The Concertación, a center-left alliance that includes the Christian Democratic Party (PDC), the Socialist Party (PS), the Party for Democracy (PPD), and some smaller parties, first took power in 1990, after seventeen years of dictatorship under General Augusto Pinochet. The first two Concertación governments were headed by leaders of the centrist Christian Democratic Party, but in 2000 the Socialist Party leader, Ricardo Lagos, was elected president. In 2006, Lagos was succeeded by another Socialist leader, Michelle Bachelet, who became the first female president of Chile.

The Concertación charted a moderate political course from the outset, seeking common ground where possible with the right-wing opposition and agreeing to abide for the most part by the terms of Pinochet's 1980 constitution. The Concertación has not eschewed constitutional reform altogether. Indeed, as the conference paper delivered by Evelynne Huber,

to maintain the market-oriented economic strategy initiated under Pinochet. As Huber, Pribble, and Stephens discuss, the Concertación government has kept the economy relatively open to foreign trade and investment, and it has generally refrained from intervening in the economy. The Concertación also has practiced fiscal conservatism and wage restraint, although it has regularly boosted the minimum wage and it initially raised taxes to finance increased social spending. These policies have kept inflation low and have generated steady economic growth. Indeed, as the conference paper by Ricardo Ffrench-Davis points out, the macro-economic performance of the Concertación government has been considerably better than that of the military regime that preceded it. Whereas annual GDP growth averaged 2.9 percent between 1974 and 1989, it averaged 5.4 percent between 1990 and 2007. The inflation and unemployment rate, meanwhile, has been significantly lower under the Concertación than during the Pinochet regime.

According to Huber, Pribble, and Stephens, the Concertación has departed importantly from the previous regime in terms of its social and labor policies. The Lagos administration, for example, introduced unemployment insurance, legalized divorce, initiated universal health care coverage for certain common illnesses (Plan AUGE), and created a welfare program for the poorest sectors of the population that involves cash transfers as well as counseling (Chile Solidario). The Bachelet administration, meanwhile, has expanded the provision of public daycare and created two new state-funded pensions for people who either have not contributed to the private pension system or have not contributed enough to earn a decent pension. These reforms, taken as a whole, represent significant social policy changes.

The Lula administration in Brazil has resembled the Concertación governments in Chile in terms of its moderate policies. Indeed, there has been a great deal of continuity in policies between the Lula administration, which took power in 2003, and its predecessor, the centrist government of Fernando Henrique Cardoso. The Lula administration has not sought to carry out major constitutional reforms, and it has been relatively pragmatic in terms of reaching across the political spectrum in order to get legislation approved. In the 2002 and 2006 elections, it even ran in alliance with more conservative parties.

As the conference paper by Peter Kingstone and Aldo Ponce shows, the Lula administration has exhibited a great deal of continuity in its economic policies. From the outset, the Lula administration employed fairly restrictive monetary policies and made efforts to balance Brazil's fiscal accounts, in keeping with the policies of the Cardoso administration. The Lula administration also has kept its economy relatively open to foreign trade and has expanded the country's openness to international capital. These policies, combined with a favorable international economic climate, have yielded relatively good macroeconomic results to date. Between 2003 and 2007, economic growth averaged 3.7 percent annually, compared to only 2.3 percent during the Cardoso administration. Inflation, meanwhile, averaged only 8.1 percent during the Lula administration, as opposed to 14.6 percent under Cardoso.

According to Kingstone and Ponce, in the area of social policy, the Lula administration has deepened or expanded policies established by the Cardoso administration. Lula, like Cardoso, carried out pension reforms designed to restore the financial health of the troubled and inequitable public pension system. The Lula administration also introduced a major conditional cash transfer program, Bolsa Família, that dramatically expanded the Bolsa Escola program initiated at the federal level by the Cardoso government. By 2006, 11 million families were benefitting from this program, up from only 3.6 million in 2003. As the paper by Pedro Luiz Barros Silva, José Carlos de Souza Braga, and Vera Lúcia Cabral Costa argues, this combination of pro-market economic policies and pro-poor social policies has helped Lula win widespread support from both poor and well-off sectors of the population.

The Contestatory Left

The contestatory left, by contrast, has broken much more dramatically with past policies and institutions. Nowhere is this clearer than with the Chávez administration in Venezuela, which took power in 1999. As Steve Ellner discussed in his conference paper, Chávez has moved to overhaul existing political institutions and consolidate control of the Venezuelan government. Shortly after taking office, Chávez convened a constituent assembly dominated by his supporters, which dissolved the existing legislature and the supreme court, extended the president's term, and allowed for immediate presidential re-election. Chávez also stacked his supporters in institutions that were traditionally nonpartisan, such as the Attorney General's Office, the Comptroller's Office, and the National Electoral Council, in order to weaken horizontal accountability. Chávez also has used political mobilizations to put pressure on the opposition, and he has frequently employed incendiary rhetoric in denouncing his political opponents. Partly as a result, political polarization has worsened considerably during his administration.

Chávez's economic policies also represent a departure from past policies, but here the break is only sharp if compared to the market-oriented policies implemented by Carlos Andrés Pérez's administration in the early 1990s. As Javier Corrales notes in his paper, Chávez has substantially increased the

level of state intervention in the economy, returning Venezuela to the populist and statist policies of the 1970s and 1980s. The government has announced the nationalization of the electricity and telephone companies and has sought to boost state control of the oil industry via various measures. The Chávez administration also has embarked upon a spending spree and has sought to diversify its sources of foreign trade and investment. These policies have generated mixed macroeconomic results. Venezuela went through a serious economic crisis in 2002–2003, but economic growth in recent years has been very strong thanks largely to high oil prices. The level of inflation in Venezuela has been among the highest in the region in recent years, however.

As Ellner details, the Chávez administration has used its growing oil wealth to boost social spending considerably. Chávez, for example, has boosted social security pensions by tying them to the minimum wage, which has gone up significantly during his administration. The government also has doubled the payment pensioners receive at Christmas. In the area of education, the government has created "Missions" that provide basic literacy training as well as high school, college, and graduate school programs for underserved constituencies. In addition, the government has sponsored cooperatives and has created community councils that are eligible for state aid to carry out local projects.

To a large degree, the Morales administration in Bolivia, which took office in early 2006, has followed Chávez's model. Like Chávez, Morales has used intemperate rhetoric at times, and he has sought to create a new constitution in order to consolidate his control of the country. The new constitution, which still needs to be approved in a referendum, would allow presidents to serve two consecutive five year terms, allowing Morales to stay on for another ten years. It also seeks to weaken the opposition's control of the senate, the prefects, and the judiciary by expanding the size of the senate, creating direct elections to fill the Supreme Court, and allowing elected officials to be subject to recall elections. Finally, the new constitution would increase the government's control of other institutions such as the Human Rights Ombudsman, the Comptroller General's Office, and the National Electoral Court, by lowering

the amount of congressional support necessary to confirm governmental appointees to these posts. The new constitution has been vigorously opposed by the opposition, leading to growing political polarization in Bolivia.

In economic policy, the Morales administration also has followed the Chávez model to some degree, moving Bolivia in a more statist direction. The Morales government has refused to negotiate a free trade agreement with the United States, and it has exerted more state control over the economy, particularly in the natural resource sector. As the paper by Benjamin Kohl and Linda Farthing argues, however, the government's economic policy has been moderate and reformist, rather than radical. The Morales administration, for example, has limited wage and spending increases, it has built up its international reserves to record levels, and it has worked hard to maintain its existing trade arrangements with the United States. Even the country's vaunted gas industry "nationalization" plan was hardly radical in that it has emphasized renegotiation of contracts rather than expropriation, for the most part. As the paper by George Gray Molina points out, the Morales administration has forced the foreign-owned gas companies to pay a larger share of their revenue to the Bolivian government, threatening them with expropriation if they fail to comply. Although Morales's economic policies represent a departure from the market-oriented policies of the last two decades, they are not inconsistent with the state-capitalist policies pursued in Bolivia prior to 1985.

Nor has the social policy of the Morales administration represented a dramatic break with the past. The Morales government, like its counterparts in Brazil, Chile, and Venezuela, has expanded social spending and introduced some new social policy initiatives. These initiatives, however, have built on existing policies, as Gray Molina discusses. The Morales administration's new pension program, Renta Dignidad, simply expands the non-contributory pension system introduced during the first administration of President Gonzalo Sánchez de Lozada. Morales's major new conditional cash transfer program, the Bono Juancito Pinto, was modeled on programs introduced earlier in the municipality of El Alto, Bolivia, as well as in other Latin American nations. Even the agrarian reform plan, according to Kohl and Farthing, did

not depart from existing land tenure principles. Moreover, the Morales administration has moved cautiously in the implementation of this reform because of the potential for violence. Thus, the Morales administration's social policies do not significantly differentiate the government from its more moderate neighbors in Brazil and Chile.

Conclusion

Left-wing governments have brought change to Latin America, but the extent of these changes has varied considerably across countries and policy areas. In Brazil and Chile, left-of-center governments have been more aggressive than their predecessors in using social policies to address poverty and inequality, but they have largely embraced the political institutions and economic policies they inherited from previous regimes. In Bolivia and Venezuela, populist leaders have engaged in fiery rhetoric and sought to radically overhaul their countries' political institutions. Nevertheless, even in these countries, the economic and social policies of left-wing governments have been a far cry from the socialist policies of Fidel Castro in Cuba or Salvador Allende in Chile.

The performance of these left governments has also varied. Chile is the clearest success story with an impressive record of growth, stability, and social progress. In Brazil too, the left has presided over economic growth and stability, but the left has been in power for a much shorter time in Brazil than Chile, and its accomplishments have been more modest. In Bolivia and Venezuela, the record of left government is decidedly mixed. The Venezuelan economy has experienced considerable volatility during the Chávez years, although it is currently in the midst of an oil-driven boom. The Bolivian economy, meanwhile, has generated strong growth so far under the Morales administration, but there are some worrisome signs of inflation. Traditionally marginalized sectors of the population have acquired more influence in Bolivia and Venezuela in recent years, but both countries have become more polarized and less democratic. It may be too soon to conclude that the moderate left is more successful than the contestatory left, but the trend certainly points in that direction.

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IN MEMORIAM

John W. F. Dulles, who taught at the University of Texas for more than forty-five years and was a familiar face at LLILAS, died June 23, 2008, in San Antonio at the age of 95. His wife of sixty-eight years, Eleanor Ritter Dulles, preceded him in death four days earlier, on June 19.

Born in Auburn, New York, in 1913, Professor Dulles was the eldest son of former Secretary of State John Foster Dulles. His early career was in mining, beginning at the Duquesne mine in Patagonia, Arizona, followed by work as assistant general manager at Cia. Minera de Peñoles in Monterrey, Mexico. His interest in Mexico led to his first book, *Yesterday in Mexico: A Chronicle of the Revolution 1919-1936*. Following his job at Peñoles, he became executive vice president of Cia. Mineración Novalimense in Belo Horizonte, which in turn led to his lifelong interest in Brazil and more than twelve books on its history.

Professor Dulles had just finished his forty-fifth year of teaching at UT and was preparing his fall course material at the time of his death. Among his numerous publications was his most recent book, the second of a two-volume biography, *Resisting Brazil's Military Regime: An Account of the Battles of Sobral Pinto*, published by the University of Texas Press in 2007.

Professor Dulles will be remembered as a dedicated scholar and will be greatly missed by his many friends and colleagues at the University of Texas and throughout Latin America.

