

The Origins of the Two Lefts in Latin America

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The left has risen in Latin America. In the last decade, left-wing parties or movements have taken power in Argentina, Bolivia, Brazil, Chile, Ecuador, El Salvador, Guatemala, Honduras, Nicaragua, Paraguay, Uruguay, and Venezuela, and almost in Mexico and Peru as well. These sweeping victories are without precedent. Left governments have traditionally been few and far between in Latin America, and never before in the region's history have so many left parties or movements been in office at the same time.

Two main variants of left governments have emerged. Some left governments, which I term the liberal left, have embraced the market-oriented economic policies bequeathed to them by their predecessors, while other left governments, which I refer to as the interventionist left, have boosted public spending and expanded state intervention in the economy. The liberal and the interventionist left have also differed in terms of political strategies and their foreign and social policies, with the interventionist left being more critical of the United States, more willing to act aggressively to address social inequalities, and more determined to overhaul or work outside of the existing political institutions.¹ Finally, the liberal and interventionist left also have varied in terms of their organizational structure. Whereas the liberal left has been composed largely of older, relatively well-institutionalized parties, the interventionist left consists mostly of new, fluid, and highly personalistic movements.

¹ Kurt Weyland, Raúl L. Madrid, and Wendy Hunter, eds., *Leftist Governments in Latin America: Successes and Shortcomings* (New York: Cambridge University Press, 2010); Steven Levitsky and Kenneth M. Roberts, eds., *The Resurgence of the Left in Latin America* (Baltimore, MD: The Johns Hopkins University Press, forthcoming).

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What explains the emergence of these two lefts in Latin America? Why have liberal left parties taken hold in some countries, while more-interventionist movements have risen to power in others?

This article presents a generational explanation for the two lefts. It argues that older left parties have tended to be more moderate and market-oriented than newer left movements. Older left parties experienced intense political and economic pressures to embrace market-oriented policies during the late 1980s and early and mid-1990s. As a result, many of these parties abandoned the state interventionist policies they had traditionally advocated and shifted toward the political center. By contrast, younger left movements arose at a time when public disenchantment with neoliberal policies had grown and pressure from international financial institutions and investors to enact such policies was much less intense. Thus, the new left movements have run against market policies rather than toward them.

But why have important new radical left movements emerged in some countries but not in others? I argue that powerful interventionist left movements arose predominantly in those Latin American countries in which traditional leftist or center-left parties had gained power and implemented market-oriented policies during the 1990s. In these countries, the traditional left's shift to the center opened up political space on the left, which was occupied by new, more interventionist left movements. As frustration with neoliberal policies grew, disenchanted voters abandoned the traditional left in favor of the new, more radical movements. By contrast, in the countries in which the traditional left remained in the opposition during the 1990s, it won or retained the support of many of those voters who were disenchanted with neoliberal reforms. In these countries, traditional left parties were able to head off the rise of new, more-radical left movements by criticizing neoliberal policies and the parties that implemented them, even while they reached out to more centrist voters by abandoning certain radical features of their platforms and embracing the more popular aspects of the market model, such as free trade.

This paper focuses on six countries—Bolivia, Brazil, Chile, Ecuador, Uruguay, and Venezuela—and thus includes several salient examples of each type of left government. Whereas the governments of Luiz Inácio Lula da Silva in Brazil, Tabaré Vázquez in Uruguay, and Ricardo Lagos and Michelle Bachelet in Chile represent examples of the liberal left, the administrations of Rafael Correa in Ecuador, Evo Morales in Bolivia, and Hugo Chávez in Venezuela belong to the interventionist left. What the two types of leftist governments have in common is that they both stress the need to address social inequality.

This article is structured as follows. The first section defines the liberal and the interventionist left and discusses the principal economic policy differences between interventionist left governments in Bolivia, Ecuador, and Venezuela, and liberal left governments in Brazil, Chile, and Uruguay. The second section assesses the merits of existing explanations for the rise of the two types of left

governments. The third section presents my generational explanation of the two lefts, discussing how the economic and political environment placed very different pressures on the left in the late 1980s and early 1990s than it did in the late 1990s and early 2000s. The fourth section examines the principal cases in more detail, analyzing the evolution of the interventionist and liberal left parties or movements in each country. The conclusion discusses the future of leftist governments in the region.

THE DIVERSITY OF THE LATIN AMERICAN LEFT

Scholars have identified a number of different types of left parties and governments. In seminal articles, Teodoro Petkoff and Jorge Castañeda divided the left into two main categories, which Petkoff called the “reformist” and the “bourbon” left and Castañeda referred to as the “right” and the “wrong” left.² According to these authors, the two lefts differ with regard to their policies, attitudes, and rhetoric. Castañeda, for example, argues that the “right” left is “modern, open-minded, reformist, and internationalist,” while the “wrong” left is “nationalist, strident, and close-minded.”³ Other authors have created similar groupings, although the terms they have used to describe the lefts have varied.⁴

Some scholars have argued that these categories obscure the extent of variation among the left, since within each category, left governments differ considerably with regard to their leadership, organizational structure, and social base.⁵ In terms of *policies*, however, the left governments do fall into two main groups. Indeed, the two types of left governments differ strikingly with regard to their economic strategies, which is the focus of this article. Although there are certainly policy differences among left governments within each bloc, these differences are much less significant than the gaps between members of the two blocs.

The liberal left, particularly the Socialist-led government in Chile, has largely embraced the market, although they have not been as market-oriented as some of the neoliberal governments of the 1990s. Liberal left governments in Brazil, Chile, and Uruguay have kept their economies open to foreign trade and investment, and in some cases, they have even negotiated free trade and investment pacts. The Lagos administration in Chile, for example, lowered tariffs, removed capital controls, and signed free trade agreements with the

² Teodoro Petkoff, “Las dos izquierdas,” *Nueva Sociedad* 197 (May 2005): 114–128; Jorge G. Castañeda, “Latin America’s Left Turn,” *Foreign Affairs* 85 (May 2006): 28–43.

³ Castañeda, “Latin America’s Left Turn,” 29.

⁴ Nicolás Lynch, “What the ‘Left’ Means in Latin America Now,” *Constellations* 14 (September 2007): 373–383; Alvaro Vargas Llosa, “The Return of the Idiot,” *Foreign Policy* 160 (May/June 2007): 54–61; Kurt Weyland, “The Rise of Latin America’s Two Lefts: Insights from Rentier State Theory,” *Comparative Politics* 41 (January 2009): 145–164.

⁵ Hector E. Schamis, “Populism, Socialism, and Democratic Institutions,” *Journal of Democracy* 17 (October 2006): 20–34; Franklin Ramírez Gallegos, “Mucho más que dos izquierdas,” *Nueva Sociedad* 205 (September 2006): 30–44; Levitsky and Roberts, eds., *The Resurgence of the Left*.

United States and several other countries. The Vázquez administration in Uruguay, similarly negotiated a bilateral investment agreement with the United States, while Lula has increased Brazil's openness to foreign capital and maintained relatively liberal policies toward foreign trade.

The liberal left governments, with the partial exception of the Lagos administration in Chile, have not privatized much in the way of state-owned assets, but they have not nationalized private firms either. Moreover, the liberal left governments have practiced quite conservative monetary and fiscal policies. The Lula administration, for example, has boosted interest rates, increased its annual budget surplus, and maintained relatively low income tax rates. The Lagos administration, meanwhile, enacted a fiscal responsibility law to ensure that the government would maintain an annual budget surplus, and it has strengthened the independence of the Central Bank in order to prevent political interference with monetary policy. The Vázquez administration also has restrained spending and maintained a large annual budget surplus.

By contrast, the interventionist left governments, particularly the Chávez administration in Venezuela, have expanded state intervention in their economies significantly. The policies of the interventionist left governments are not nearly as radical as those implemented by left governments during the 1960s and 1970s, but they have unquestionably taken their countries in a more-statist direction. All three interventionist left governments have moved to assert greater state control over their countries' natural resources, particularly in the energy sector. The Chávez administration forced private oil companies to sell majority ownership in their firms to the state and increased their tax and royalty payments. The Morales administration similarly took over some foreign natural gas companies and boosted the taxes, royalties, and fees that other companies had to pay to the Bolivian state. The Correa administration, meanwhile, issued a decree that increased the state's share of windfall oil profits from 50 percent to 99 percent. Interventionist left governments have also taken over firms outside of the energy sector. The Chávez administration, for example, nationalized a telecommunications conglomerate, a steel company, and an electrical company, and it has created new state-owned firms, such as airlines and telecommunications companies.⁶

The interventionist left governments have departed from the liberal economic orthodoxy in other ways as well. Although they have not yet erected significant barriers to foreign trade, they have spurned free-trade agreements with the United States. At the same time, they have pursued new trade relationships with a variety of traditional rivals of the United States, including Iran, Russia, and the People's Republic of China. They also have boosted state spending considerably, particularly on social programs. The Chávez administration has gone furthest in this regard, nearly doubling public spending as a

⁶ Gustavo A. Flores-Macías, "The Political Economy of the Left in Latin America: Explaining Governments' Reactions to Neoliberal Reforms" (Ph.D. diss., Georgetown University, 2008).

percent of GDP and running a large budget deficit in most years in spite of the large increase in oil revenues. And they have initiated agrarian reform projects. The Morales administration, for example, enacted land reform legislation in 2006, promising to redistribute 20 million hectares, or 13 percent of Bolivia's land, over five years.

EXISTING EXPLANATIONS FOR THE TWO LEFTS

The existing literature on the rise of the Latin American left has presented a number of different explanations for the emergence of the two distinct lefts. Castañeda suggests that the explanation lies in part in their diverse historical origins.⁷ According to this perspective, the left that originated in the historical communist and socialist parties or in the post-Castro guerrilla movements has been able to renovate itself because it has acknowledged its past failures and those of its former models and patrons, the Soviet Union and Cuba. The left that sprang out of populist movements, by contrast, has been less affected by international ideological trends and the decline of Communism worldwide because it has been more nationalist, more focused on obtaining power, and less dependent on foreign ideologies and models.

Contrary to what Castañeda implies, however, there are few links between traditional populist parties and the interventionist left. Although interventionist left movements in Bolivia, Ecuador, and Venezuela are often referred to as populist, they have vigorously criticized and distanced themselves from the traditional populist parties in these countries. Moreover, there is nothing about populism per se that has prevented moderation and renovation. Indeed, populist movements have been notoriously ideologically flexible, and many of the traditional populist movements in Latin America, such as the Nationalist Revolutionary Movement in Bolivia, the Institutional Revolutionary Party in Mexico, and the Peruvian Aprista Party, have, in fact, abandoned their traditional interventionist policies and embraced market-oriented reforms. Nor is it the case that historical communist and socialist parties have been particularly disposed to renovate themselves. Some historically communist and socialist parties, such as the Chilean Communist Party and the United Left in Peru, failed to moderate in the late 1980s and early 1990s and largely disappeared as a result. As we shall see, the diverse origins of the various left parties have helped generate policy differences among them, but not for the reasons that Castañeda identifies.

Another approach to understanding the emergence of two lefts in Latin America focuses on natural resource rents.⁸ Kurt Weyland argues that the interventionist left has risen in Bolivia, Ecuador, and Venezuela because the

⁷ Castañeda, "Latin America's Left Turn," 28–43.

⁸ Matthew R. Cleary, "Explaining the Left's Resurgence," *Journal of Democracy* 17 (October 2006): 35–49; Weyland, "The Rise of Latin America's Two Lefts," 145–164; Schamis, "Populism, Socialism, and Democratic Institutions," 20–34.

availability of tremendous natural resource rents has undermined market-oriented policies by persuading the leaders and populace of these countries that there is no need to respect market constraints.⁹ According to Weyland, "These rents discredit the neoliberal insistence on constraints, suggest the availability of great opportunities, and stimulate radicalism and voluntarist attacks on the established socioeconomic and political order."¹⁰ By contrast, in countries without huge resource rents, such as Brazil, Chile, and Uruguay, the left has been forced to accept constraints and to try to achieve economic progress by improving their economies' productivity, efficiency, and competitiveness.¹¹

The rentier approach is helpful in that it shows how international economic conditions, specifically energy prices, may shape the programs and fortunes of left parties. It is particularly useful in explaining resistance to market reform in Venezuela, where oil rents have traditionally been huge. Nevertheless, it has a hard time accounting for the timing of the rise of the Chávez administration. Contrary to what the rentier approach would expect, the Chávez administration first came to power when oil prices (and thus rents) were relatively low. The rentier approach also does not offer an entirely adequate explanation for the rise of the interventionist left in Bolivia and Ecuador. In spite of their natural resource endowments, these two countries are relatively poor and they face significantly greater financial constraints than do Brazil, Chile, and Uruguay.

A third explanation for the differences between the two lefts focuses on the variation in the countries' party systems.¹² Gustavo A. Flores-Macías, for example, argues that institutionalized party systems create longer time horizons and a larger policymaking role for the legislature, which encourages negotiation, moderation, and consensus-seeking.¹³ He also suggests that radical leaders are only likely to gain power in countries with weakly institutionalized party systems, because these systems facilitate the rise of outsiders who lack attachments to the existing policies and institutions. In countries with well-institutionalized party systems, insider candidates typically emerge, and these insiders are forced to compromise and moderate their policies.

The party system institutionalization explanation also sheds light on the rise of the two lefts. The breakdown of the existing party systems in the Andean countries helped pave the way for the emergence of new radical left movements in those countries, and the congealing of the party systems in the Southern Cone created incentives for traditionally radical left parties in those

⁹ Weyland, "The Rise of Latin America's Two Lefts," 145–164.

¹⁰ *Ibid.*, 146.

¹¹ *Ibid.*, 151.

¹² Schamis, "Populism, Socialism, and Democratic Institutions," 20–34; Flores-Macías, "The Political Economy of the Left"; Gustavo A. Flores-Macías, "Statist vs. Pro-Market: Explaining Leftist Governments' Economic Policies in Latin America," *Comparative Politics* 42 (July 2010): 413–433.

¹³ Flores-Macías, "The Political Economy of the Left"; Flores-Macías, "Statist vs. Pro-Market," 413–433.

countries to moderate. Nevertheless, as Weyland points out, the low level of party system institutionalization in some countries is partly a *product* of the rise of the interventionist left.¹⁴ In Bolivia, Ecuador, and Venezuela, existing party systems began to fall apart prior to the emergence of the interventionist left parties, but the rise of these parties accelerated that deinstitutionalization considerably. Similarly, the institutionalization of party systems in Chile, Uruguay, and, especially, Brazil, is partly a *result* of the success of the traditional left (and the failure of more-radical parties) in these countries. Moreover, party system institutionalization alone cannot explain why so many left parties in Latin America shifted to the center and embraced market-oriented policies during the late 1980s and early 1990s. Indeed, even in countries with weakly institutionalized party systems, like Bolivia and Ecuador, prominent left parties moved to the center during this period. To explain these shifts as well as subsequent trends, we must examine the changes that took place in the regional economic environment and the internal and external support for market policies during this period.

Two other potential explanations for the existence of the two lefts—ideology and social learning—are also insufficient. As we shall see, traditional left parties moderated in part because they learned from the failures of state interventionist policies—failures that were laid bare by the debt crisis and the collapse of command economies in the former Soviet bloc. Similarly, the new left movements that emerged beginning in the late 1990s adopted more state-interventionist policies, in part because they learned from the failure of market-oriented policies to generate strong and stable growth and address social inequalities. Thus, social learning is one of the key causal mechanisms that underlie a generational explanation. Nevertheless, social learning alone cannot explain why some parties reacted differently to similar stimuli. Nor can it explain why interventionist left movements emerged in some countries and not in others.

Ideology, meanwhile, constitutes an inadequate explanation for the programmatic differences between the two types of left governments because it is too analytically close to the dependent variable. The differences in ideology between the two lefts need explanation, particularly since the older left parties once espoused ideology similar to that currently held by new left movements in Bolivia, Ecuador, and Venezuela. Why did the older left parties abandon their state interventionist ideas in favor of market-oriented principles? And why did new left movements with state interventionist ideologies emerge in some countries and not in others? It is these questions that I address below.

A Generational Explanation

My explanation for the sharp differences in the policies of the liberal and interventionist left focuses on the timing of the emergence of the left parties.

¹⁴ Weyland, "The Rise of Latin America's Two Lefts," 150.

The liberal left governments are typically headed by older parties that were around during the late 1980s and early 1990s, when Latin American governments faced intense pressures to embrace market-oriented policies. The outbreak of the debt crisis and the failure of state-interventionist efforts to overcome this crisis led to widespread disillusionment with the existing state-led development model throughout Latin America. As a result, many Latin American leaders turned toward market-oriented policies, which were aggressively promoted by transnational banks, international financial institutions, and governments of the industrialized countries. These policies helped Latin American countries bring an end to hyperinflation, restore financial flows, and generate some economic growth in the early and mid-1990s. Left parties thus faced a great deal of pressure to endorse market-oriented policies during this period, particularly in those countries where the policies had brought significant benefits.

The interventionist left movements, by contrast, emerged after 1997. Some of the leaders of these movements, such as Hugo Chávez and Evo Morales, had participated in protest politics from a much earlier date, but they did not found their own movements to compete in elections until the late 1990s. These new movements proved successful in large part because of changes in the regional economic and political environment. Latin American economies experienced a sharp downturn during the late 1990s and early 2000s, which undermined support for the neoliberal model. By this time, many sectors of the population had concluded that market-oriented policies had brought little, if any, benefits to them, and they became increasingly vocal about their opposition to such policies. In addition, the waning of the debt crisis meant that transnational banks, international financial institutions, and the governments of the industrialized countries wielded less influence in Latin America than previously. The left parties that emerged during this period thus felt less pressure to moderate and embrace neoliberal reforms. Instead, the new left parties sought both to capture and to stimulate the growing disaffection with market policies and the traditional parties that had implemented them.

Successful new left parties did not emerge in every Latin American country during this period, however. Rather, they tended to emerge in those countries in which left parties had implemented market policies during the late 1980s and early 1990s. In these countries, such as Bolivia, Ecuador, and Venezuela, the left's adoption of neoliberal policies gradually alienated many of their traditional constituencies, opening up space for new, more-radical left parties to emerge. The Chilean case represents a partial exception. In Chile, the left did help implement market-oriented policies during the 1990s as part of the governing coalition, but it did not hold the presidency during this period, and thus it was not the party that was principally responsible for market reforms. Moreover, the policies were successful enough to impede the growth of more-radical left parties. By contrast, in Brazil and Uruguay, the left was in the opposition throughout the 1990s and played no role in implementing market-oriented policies during this decade. As a result, no political space for more-radical parties

emerged. In these countries, the existing left parties managed to maintain the support of their traditional constituencies, as well as the growing numbers of politically disaffected voters, by continuing to criticize the neoliberal model and the parties that implemented it.

Beginning in the mid-1990s, however, the Workers' Party (PT) in Brazil and the Broad Front (FA) in Uruguay also sought to win over centrist voters and improve their electoral performance by gradually moderating their platforms and endorsing some market-oriented policies. Moreover, they continued to moderate even after 1998 when disenchantment with neoliberalism grew. As we shall see, the PT and the FA continued to moderate in the late 1990s and early 2000s in part because centrist leaders gained control of these parties in the mid-1990s and they believed that it was necessary to win the support of centrist voters in order to gain the presidency. More importantly, the liberal left parties did not face serious competition on their left flank and they had strong party organizations with close ties to traditional leftist constituencies. Thus, they could migrate to the center in search of more votes without worrying about losing the support of traditional leftist and state interventionist voters.

A Changing Political and Economic Environment

The emergence of liberal left parties in Latin America is a recent phenomenon. For most of their histories, the Socialist Party in Chile, the Workers' Party in Brazil, and the Broad Front in Uruguay, as well as other important left or center-left parties in the region, such as the Movement of the Revolutionary Left in Bolivia, the Democratic Left in Ecuador, and the Movement Toward Socialism in Venezuela, advocated socialist or, at the very least, state-interventionist policies. Yet only rarely did these parties have the opportunity to put these ideas into practice. For the most part, leftist parties in Latin America advocated their radical policies from the sidelines of power.

Economic and political developments in the 1980s and the early 1990s, however, undermined support for the socialist and state-interventionist policies that the Latin American left had traditionally advocated. The decay and ultimate downfall of communist governments in eastern Europe and the former Soviet Union weakened attachments to socialist principles throughout the world. The outbreak of the debt crisis in Latin America, meanwhile, exposed problems with import-substitution industrialization, which was the dominant and highly state-interventionist economic model in that region. In the wake of this crisis, most Latin American countries faced severe economic contractions, hyperinflation, and a cutoff of foreign loans. Many politicians and policymakers blamed state-interventionist policies for the crises. These policies, they argued, had created large fiscal deficits, high levels of foreign indebtedness, numerous inefficient industries, and a host of other economic ills. This perspective was reinforced by the failure of early efforts to solve this crisis through increased state intervention. Indeed, heterodox stabilization measures undertaken by the governments

of Raúl Alfonsín in Argentina, Alan García in Peru, José Sarney in Brazil, and José López Portillo in Mexico actually worsened the crises in their countries.

The market-oriented policies many Latin American countries implemented beginning in the late 1980s generated much better initial results, and by the early 1990s, neoliberalism had become the dominant economic model in the region. Orthodox stabilization measures, such as spending cuts and increases in interest rates, eliminated hyperinflation, which brought significant benefits to all sectors of Latin American societies. By 1997, the average inflation rate in the region had fallen to only 10.4 percent, as opposed to almost 200 percent in 1991.¹⁵ Structural reform measures, such as trade and financial liberalization, deregulation, and the privatization of state-owned companies, helped restore financial flows, generated some immediate revenues, provided consumers with greater access to foreign products, and improved the competitiveness of Latin America's industries. Between 1991 and 1997, a period which might be referred to as the golden age of neoliberalism in Latin America, the region grew at an average annual rate of 3.8 percent.¹⁶ By contrast, between 1981 and 1990, Latin America had grown at an average annual rate of only 1.0 percent.¹⁷

The failure of state-interventionist policies and the initial success of market reforms in many Latin American countries put pressure on leftist parties to moderate their views and embrace market-oriented policies, at least to some degree. Many leftist parties and politicians gradually came to believe that the adoption of market policies was the only way to maintain economic growth and stability and compete in an increasingly globalized world economy. As a result, numerous leftist parties throughout the region abandoned their calls for nationalization, protectionism, and spending and tax increases in favor of endorsements of private enterprise, free trade, and fiscal restraint. While Latin American leftists typically continued to support some degree of state intervention, particularly in social policy, they balanced this support with a growing embrace of market-friendly measures.

Thus, during the 1980s and for most of the 1990s, the most important left or center-left parties in Bolivia, Brazil, Chile, Ecuador, Uruguay, and Venezuela all followed the same path, which was the road of moderation. The exact timing of the shifts varied somewhat from party to party, but in all six countries, traditional left parties initiated moderating shifts before 1998. Leftist parties were not typically the first parties to adopt market reforms in their countries, but they typically embraced the reforms where they brought significant benefits, such as an end to hyperinflation or renewed growth and financial flows. In these countries, public opinion typically swung in favor of some market reforms, at least temporarily, putting electoral pressure on the left to support them.

¹⁵ Economic Commission for Latin America and the Caribbean (ECLAC), *Preliminary Overview of the Economies of Latin America and the Caribbean* (Santiago: ECLAC, 1999), 85.

¹⁶ *Ibid.*, 83.

¹⁷ *Ibid.*

Moreover, many leftist leaders came to believe that the market policies had more benefits than costs. Leftist parties, especially those that held power, also felt pressure from international institutions to support market-oriented policies. Commercial banks, international financial institutions, and the governments of the industrialized countries all provided significant financial rewards to Latin American governments that adopted market-oriented policies in the 1980s and early 1990s.

In the late 1990s, however, the regional economic and political environment began to shift. As the debt burdens of Latin American countries became lighter and debt refinancings became less frequent, the banks, the international financial institutions, and the governments of industrialized countries lost influence. Even more importantly, the market-oriented policies they promoted lost their luster. Beginning in 1998, most Latin American countries encountered serious economic problems as nervous investors shifted their money out of the region. Inflation remained low, but economic growth ground to a halt. Between 1998 and 2003, gross domestic product (GDP) in Latin America as a whole grew by only 1.3 percent annually, and GDP per capita actually shrank.¹⁸ Unemployment also rose in the late 1990s and early 2000s, averaging 8.5 percent between 1998 and 2002, up from 6.7 percent in the 1991–97 period.¹⁹

The economic problems caused public support for the reigning neoliberal economic model to decline significantly. By this time, the crowning achievement of market-oriented policies, the elimination of hyperinflation, was a distant memory in the minds of most citizens. Skepticism about the benefits of neoliberalism was now the rule. According to Latinobarometer polls, the percentage of Latin Americans who said that the privatization of state-owned companies had been somewhat or very beneficial for their country declined from 46 percent in 1998 to 21 percent in 2003 (see Figure 1).²⁰ Support for the market model and the privatization of schools, health care, and pensions also declined in the late 1990s, although support for free trade and foreign investment held steady.²¹

The economic problems and the declining support for market policies fueled left electoral victories throughout Latin America, but the types of left parties that were elected varied considerably within the region.²² In some countries, such as Brazil, Chile, and Uruguay, the victories were registered by long-standing left parties that promised to alleviate the social costs and temper

¹⁸ Economic Commission for Latin America and the Caribbean, *Preliminary Overview of the Economies of Latin America and the Caribbean* (Santiago: ECLAC, 2003), 140–141.

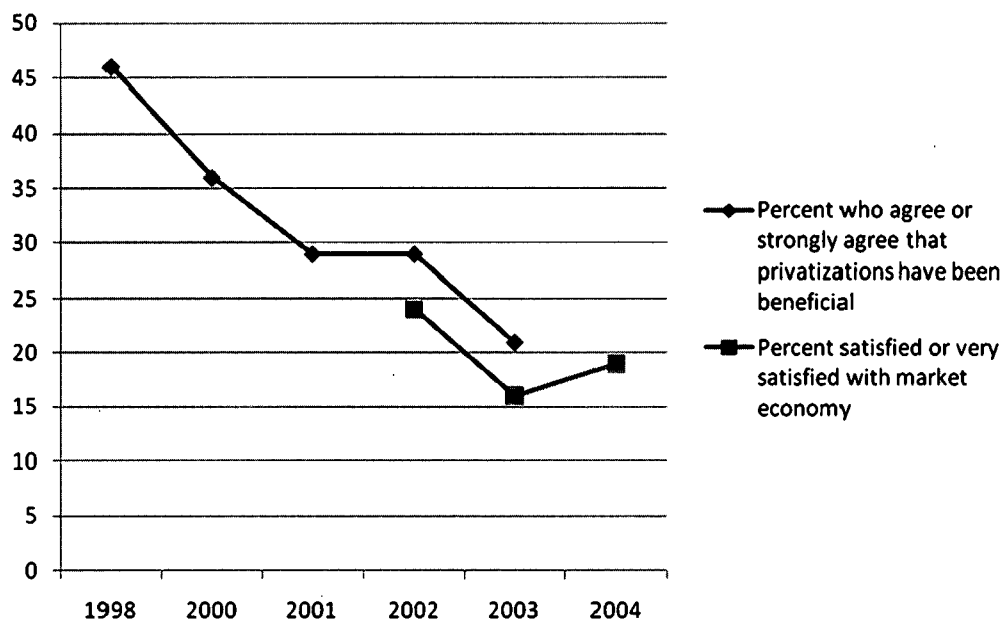
¹⁹ ECLAC, *Preliminary Overview 1999*, 86; ECLAC, *Preliminary Overview 2003*, 156.

²⁰ Corporación Latinobarómetro, *Latinobarómetro Report 2005* (Santiago: Corporación Latinobarómetro, 2005), 76.

²¹ Andy Baker, *The Market and the Masses in Latin America: Policy Reform and Consumption in Liberalizing Economies* (New York: Cambridge University Press, 2009), 91–98.

²² Andy Baker and Kenneth F. Greene, “The Latin American Left’s Mandate? Free-Market Policies and Issue Voting in New Democracies,” *World Politics* 63 (forthcoming January 2011).

FIGURE 1
Public Support for Market Policies in Latin America, 1998–2004



Source: Corporación Latinobarómetro, *Latinobarómetro Report* 2004 and 2005.

the excesses of neoliberalism but without abandoning the model altogether. In other cases, however, the victories were registered by new left movements that vigorously opposed the market model and vowed to dismantle it.

The Rise of the Interventionist Left

The new interventionist left movements typically emerged in those countries in which traditional left parties had governed during the 1990s and had been responsible for implementing market policies. The traditional left's embrace of neoliberal policies became a major liability once voters began to turn against market policies in the late 1990s. By adopting market-oriented policies, the traditional left gradually alienated many of its potential supporters and set the stage for the rise of new, more-radical movements. These movements won the support of disenchanted voters with their aggressive criticisms of neoliberal policies and of the parties that implemented them. Because the traditional left had actually carried out neoliberal policies, they could not credibly run as opponents of market policies when popular opinion turned against neoliberalism, although some of them tried. Nor could they effectively run as critics of the political establishment, since they were themselves members of the governing elite.

In Bolivia, the adoption of market-oriented policies by the most important left-wing party, the Movement of the Revolutionary Left (MIR), helped pave the way for the rise of the interventionist left. The MIR shifted to the center in the late 1980s and early 1990s in the wake of the economic crisis that beset the left-wing Democratic and Popular Union government (1982–85). When the leader of the MIR, Jaime Paz Zamora, became president in 1989, he extended the neoliberal policies that had been first implemented in 1985. These policies had conquered hyperinflation and restored economic growth. The MIR also forged an alliance with the largest right-wing party, Democratic and Nationalist Action (ADN), which was led by General Hugo Banzer, the former military dictator of Bolivia. This alliance and platform was maintained during the 1993 elections as well as during Banzer's presidency (1997–2001).

The MIR's shift to the center and its embrace of market-oriented reforms initially helped the Party, but proved to be liabilities as disenchantment with neoliberal policies grew. Bolivia, like other Latin American countries, encountered significant economic problems beginning in the late 1990s. Between 1999 and 2003, Bolivian gross domestic product per capita declined by approximately 0.5 percent annually.²³ Urban unemployment, meanwhile, increased from 4.4 percent in 1997 to 8.7 percent in 2002.²⁴ These problems eroded support for market-oriented policies. For example, the percent of Bolivians who believed that privatization of state-owned enterprises had been beneficial for the country dropped from 55 percent in 1998 to 25 percent in 2005, according to Latinobarómetro surveys.²⁵ The economic problems, combined with high levels of corruption and state inefficiency, also caused growing disenchantment with the MIR and the other two traditional parties that had taken turns governing Bolivia since 1985. The percentage of people who trusted parties or said that they were necessary for democracy declined significantly in surveys of public opinion during the late 1990s and early 2000s, and the traditional parties' share of the vote dropped precipitously.²⁶

The MIR's shift to the center and rising disenchantment with market-oriented policies and with the traditional parties that implemented them created political space for the emergence of a new party on the left. This space was filled initially in part by a left-leaning populist party, Conscience of the Fatherland (CONDEPA), but CONDEPA's internal disputes, the death of its founder, and the Party's alliance with the right-wing ADN in the late 1990s led it to lose support. As CONDEPA faltered, it was supplanted by a new, more-radical movement created by Evo Morales and the coca growers' unions in 1998. This movement borrowed the party registration of the Movement toward Socialism (MAS),

²³ ECLAC, *Preliminary Overview*, 2003, 141.

²⁴ *Ibid.*, 156.

²⁵ Corporación Latinobarómetro, *Latinobarómetro Report 2005*, 76.

²⁶ Raúl L. Madrid, "The Rise of Ethnopolitics in Latin America," *World Politics* 60 (April 2008): 475–508.

a long-defunct left party, in order to compete in elections. The MAS's virulent denunciations of the traditional parties and of their market-oriented policies, as well as its ethnic appeals, helped Morales come from nowhere to finish a surprising second in the 2002 elections, less than two percentage points behind the winner.²⁷ Morales then triumphed in the 2005 presidential elections with 53 percent of the vote, and followed up this victory with an even more resounding triumph in the 2009 presidential elections.

The Democratic Left's (ID's) adoption of market-oriented policies during the administration of Rodrigo Borja (1988–92) similarly helped bring about the rise of new, more-radical left movements in Ecuador by opening up political space on the left. The ID's embrace of market-oriented policies was more tepid than the MIR's, in part because state interventionist policies in Ecuador had never suffered the catastrophic failure that they did in Bolivia. Nevertheless, in an effort to get the economy back on track in the late 1980s and early 1990s, the Borja government cut tariffs, liberalized interest rates, strengthened the Central Bank, devalued the currency, reduced the budget deficit, and signed an agreement with the International Monetary Fund (IMF).²⁸

These policies, which were extended by the subsequent rightist government of Sixto Durán Ballén, generated solid economic growth in the early 1990s, but in the late 1990s, Ecuador began to suffer serious economic problems. Between 1999 and 2003, the Ecuadorian economy grew by only 1.3 percent annually and GDP per capita actually shrank. Urban unemployment rose from 7.7 percent in 1995 to more than 14 percent in 1999 and 2000, before subsiding somewhat. As in Bolivia, support for market policies dropped considerably. The percentage of Ecuadorians who believed that privatization of state enterprises had been beneficial to the country dropped from 57 percent in 1998 to 33 percent in 2005.²⁹ The failure of the traditional parties to deal with Ecuador's myriad economic, social, and political problems led their popular support to decline rapidly. According to Latinobarometer surveys, by 2001, only 8 percent of the Ecuadorian population expressed trust in parties, the lowest of any Andean country.³⁰ Economic difficulties and resistance to market-oriented policies contributed to widespread social protests that led to the removal of Ecuadorian presidents Abdalá Bucaram (1996–97) and Jamil Mahuad (1998–2000).

It was a new populist left, rather than the traditional left, that capitalized on this growing anti-neoliberal and anti-establishment sentiment. In the 2002 elections, Borja ran again as ID's presidential candidate, but his association with market-oriented policies and the political establishment undermined his campaign

²⁷ Ibid.

²⁸ J. Andrés Mejía Acosta, "Ghost Coalitions: Economic Reforms, Fragmented Legislatures, and Informal Institutions in Ecuador (1979–2002)," (Ph.D. diss. University of Notre Dame, 2004).

²⁹ Corporación Latinobarómetro, *Latinobarómetro Report 2005*, 76.

³⁰ Luis Verdesoto Custode, *Instituciones y gobernabilidad en Ecuador: A un cuarto de siglo de democracia* (Quito: Abya-Yala, 2005), 123.

and he finished a distant fourth. Instead, a political outsider, Lucio Gutiérrez, who ran in alliance with a left-wing indigenous-based party, took advantage of the growing disaffection with the traditional parties to triumph in the 2002 presidential elections. Gutiérrez, a military officer who had helped force out President Mahuad in a 2000 indigenous and military uprising, campaigned on a platform of opposition to neoliberal policies and the traditional parties. Once he took office, however, he changed course, embracing these policies and signing an agreement with the International Monetary Fund. Partly as a result of this shift, Gutiérrez, too, was subsequently removed from office in the face of social protests.

In the 2006 elections, another populist newcomer, Rafael Correa, and his fledgling movement, Alianza País, triumphed. Correa, who had advocated state interventionist policies during his brief tenure as the Minister of Economy in 2005, ran on a platform of strong opposition to neoliberal policies and the political establishment. Like Morales, Correa managed to win support from poor, indigenous, and leftist voters as well as from people who felt disenchanted with the traditional parties and their record of governance. Correa was easily reelected in April 2009.

The rise of Hugo Chávez, the populist left leader in Venezuela, also stemmed in large part from voter disenchantment with market policies and the parties that implemented them, including traditional left-of-center parties. Venezuela experienced prolonged economic problems in the 1990s sooner than most Latin American countries, which partly explains why the left took power earlier there. Opposition to market reforms in Venezuela first surfaced when the government of Carlos Andrés Pérez (1989–93) adopted market-oriented reforms. These policies generated major urban riots and met significant resistance from some members of Pérez's own center-left party, Democratic Action (AD), which had traditionally supported state-interventionist policies.³¹ In 1992, Chávez carried out a military uprising against the government, and although the coup attempt failed, Chávez's uncompromising denunciations of Venezuela's political system struck a chord with significant sectors of the Venezuelan population. In the years that followed, Pérez was impeached, and support for Venezuela's traditionally largest parties, AD and the Political Electoral Independent Organization Committee (COPEI), declined. In the 1993 elections, AD and COPEI won only 46 percent of the legislative vote—they had traditionally earned 80 percent—and they lost the presidency to an independent candidate, Rafael Caldera, albeit one who previously had been president of Venezuela and the leader of COPEI. Caldera ran on a platform of opposition to market-oriented policies and, once in office, he initially expanded state intervention in the economy.³² His government encountered serious economic problems,

³¹ Javier Corrales, *Presidents without Parties: The Politics of Economic Reform in Argentina and Venezuela in the 1990s* (University Park: Pennsylvania State University Press, 2002).

³² Kurt Weyland, *The Politics of Market Reform in Fragile Democracies: Argentina, Brazil, Peru, and Venezuela* (Princeton, NJ: Princeton University Press, 2002), 213–216.

however, and in 1996, it reversed course and implemented a new round of neoliberal reforms. These measures were overseen in part by Caldera's new Minister of Planning, Teodoro Petkoff, the founder of the Venezuelan left-wing party, the Movement toward Socialism, which had shifted to the center and allied with the government. The policies generated a temporary recovery, but the economy crashed again beginning in late 1997 when the price of oil dropped.

The economic problems only caused further deterioration in support for the traditional parties and the political system from Venezuelans accustomed to enjoying the benefits of the country's oil wealth. Between 1993 and 1998, the Venezuelan economy grew only 1.3 percent per year, and unemployment rose from 6.6 percent to 11.3 percent.³³ In 1998, support for privatization in Venezuela was still relatively high at 59 percent, but it would deteriorate significantly in the years that followed, falling to 44 percent in 2005.³⁴ Only 28 percent of the Venezuelan population expressed satisfaction with the market economy by 2004.³⁵ The embrace of neoliberal policies by Caldera, Democratic Action, and the Venezuelan MAS opened up political space for new candidates and parties on the left. In the 1998 elections, several outsider candidates emerged, but Chávez was able to most effectively mobilize those sectors of the Venezuelan population that were dissatisfied with corruption, economic mismanagement, and the traditional parties. In 1998, Chávez ran not as the candidate of a traditional party, but rather as the head of a new movement, the Fifth Republic Movement, which he had founded the previous year. His outsider credentials, denunciations of the political elites, and anti-neoliberal rhetoric helped him win a resounding victory, which he has been able to replicate in a number of elections and plebiscites held since that time.

The rise of the interventionist left in Bolivia, Ecuador, and Venezuela thus stems in large part from growing mass disenchantment with market-oriented policies and the parties that implemented them. The traditional left's adoption of market policies in these countries created space for the emergence of new, anti-neoliberal parties. These new parties won the support of the large numbers of voters who had become disillusioned with the market policies because of their failure to bring steady growth and broadly shared benefits to the countries.

The Rise of the Liberal Left

The main left parties in Brazil and Uruguay also moderated during the 1990s, purging the more-radical demands from their platforms. In contrast to their Andean neighbors, however, the Workers' Party in Brazil and the Broad Front

³³ ECLAC, *Preliminary Overview 1999*, 83, 86.

³⁴ Corporación Latinobarómetro, *Latinobarómetro Report 2005*, 76.

³⁵ Corporación Latinobarómetro, *Latinobarómetro Report 2004* (Santiago de Chile: Corporación Latinobarómetro, 2004), 39.

in Uruguay remained in the opposition throughout the decade and thus did not actually implement any market-oriented policies during this period. To the contrary, both parties continued to voice some criticisms of these policies and the governments that implemented them. As a result, the Workers' Party and the Broad Front were able to win or retain the support of many of the people who grew disenchanted with market-oriented policies, thereby preventing the rise of new, more-radical left movements. At the same time, however, these two parties moderated their platforms and endorsed some market policies in order to win enough support from centrist voters to capture the presidency for the first time in the early 2000s. In short, the Workers' Party and the Broad Front, by dint of being in the opposition during the 1990s, were able to stake out a middle ground that satisfied both the increasingly numerous opponents of market policies as well as many centrist voters who still supported elements of the market-oriented model.

The Workers' Party first began to moderate in 1995, but the Party's shift to the center took place only gradually.³⁶ The immediate catalyst for the PT's shift was its resounding defeat in the 1994 election. According to David Samuels, "After Lula's 1994 loss, the Party began a slow process of self-examination."³⁷ In the wake of this defeat, centrist groups gained control of the PT and adopted a resolution at the Party's 1995 congress that called for a rethinking of the Party's ideology and program.

The PT's rethinking was influenced by an earlier shift by the Brazilian Social Democratic Party (PSDB) and its leader, Fernando Henrique Cardoso. In early 1994, Cardoso, who was the Minister of Finance in the government of Itamar Franco, implemented a market-oriented stabilization plan, the Plano Real, that brought an end to the hyper-inflation that was then plaguing Brazil. Cardoso then used the success of the Plano Real to win election to the presidency in 1994. As President, Cardoso and the PSDB continued the market reform process, privatizing a variety of state-owned companies and opening up the economy to foreign trade and investment. The PSDB, which had been founded as a center-left party in 1988, thus shifted to the center. Its policies generated solid although not spectacular growth. Between 1994 and 1997, the Brazilian economy grew by an annual average of 3.9 percent.

The success of the Cardoso administration's market-oriented policies prompted an important faction within the PT, the *Articulação*, to endorse more-moderate, market-friendly policies beginning in the mid-1990s. According to Wendy Hunter, "Brazil's adoption of market reform was a crucial external factor that motivated the party to change course.... Yet by the mid 1990s,

³⁶ Wendy Hunter, "The Normalization of an Anomaly: The Workers' Party in Brazil," *World Politics* 59 (April 2007): 440–475; David Samuels, "From Socialism to Social Democracy: Party Organization and the Transformation of the Workers' Party in Brazil," *Comparative Political Studies* 37 (November 2004): 999–1024.

³⁷ Samuels, "From Socialism to Social Democracy," 1003.

the Articulação leadership observed that important segments of the citizenry favored key aspects of market reform, rendering a far left position untenable electorally.”³⁸ As Lula and other PT leaders recognized, these policies had brought some benefits, and significant sectors of the population supported them, particularly the government’s open policies toward foreign trade and investment.³⁹ The PT’s growing moderation was noticeable in Lula’s 1998 campaign, which largely eschewed socialist rhetoric and proposals. The modest shift toward the center won Lula growing support, but it was not enough to prevent him from losing the 1998 elections to Cardoso.

In 1998, however, the political climate in Brazil began to change as the economy stagnated. Between 1998 and 2002, the Brazilian economy grew by an annual average of only 1.7 percent, and it registered no improvement at all in GDP per capita.⁴⁰ Meanwhile, the unemployment rate for six major Brazilian metropolitan areas rose from 5.7 percent in 1997 to 11.7 percent in 2002.⁴¹

The economic problems cut into the popularity of the market-oriented policies of the Cardoso government. By 2002, the percentage of Brazilians who believed that the privatization of state enterprises was beneficial for the country had fallen to 38 percent, down from 54 percent in 1998, according to a Latinobarómetro survey.⁴² This enabled Lula to make inroads among voters who had previously supported Cardoso. Lula and the PT criticized the Cardoso administration’s policies quite severely and promised to address the country’s social problems more aggressively. At the same time, however, Lula took steps to assure voters as well as investors that he would maintain the broad outlines of the market-oriented economic model. In the 2002 campaign, for example, Lula and the PT promised to adhere to existing agreements with the IMF, pledged to maintain a budget surplus and price stability, and forged alliances with a number of different centrist and conservative groups, such as the right-wing Liberal Party.⁴³

Why did Lula and the PT continue to moderate after 1998 when the economic and political climate had changed? A couple of factors help explain this. First, the moderating trends that had been set in motion in the mid-1990s were difficult to reverse. By the late 1990s, centrist factions had gained control of the Party, and they believed they had to moderate in order to win.⁴⁴ According to Samuels, it was not until its loss in the 1998 election that the leadership of

³⁸ Hunter, “The Normalization of an Anomaly,” 457.

³⁹ Ibid., 457–458; Baker, *The Market and the Masses*.

⁴⁰ ECLAC, *Preliminary Overview 2003*, 140.

⁴¹ Ibid., 156.

⁴² “A Warning for Reformers,” *The Economist*, 17 November 2007, 45–46.

⁴³ Hunter, “The Normalization of an Anomaly,” 462–464; Samuels, “From Socialism to Social Democracy,” 1003–1004.

⁴⁴ Alan Daniel Freire de Lacerda, “O PT e a unidade partidária como problema,” *Dados - Revista de Ciências Sociais* 45 (2002): 39–76; Samuels, “From Socialism to Social Democracy,” 999–1024.

the PT “fully digested the impact of Brazil’s changing political context and of President Cardoso’s economic reforms.”⁴⁵

Second and more importantly, the costs of continuing to shift toward the center were relatively low because the PT faced no serious challenge to its left, and it had strong ties to traditional leftist constituencies, such as labor unions and social movements. The PT could thus woo centrist voters without losing the backing of its traditional electorate. The success of this strategy was clearly evident in the 2002 elections, in which the PT triumphed for the first time. In these elections, Lula won more than 46 percent of the vote in the first round and then captured nearly 61 percent of the total vote in the run-off, easily defeating José Serra of the PSDB. Lula then easily won reelection in 2006.

The Broad Front in Uruguay also gradually moderated during the 1990s. Between the return to democracy in 1984 and the 2004 electoral victory of the FA, Uruguay was governed by two traditional center or center-right parties, the Colorado Party and the National Party. Over the course of the 1990s, these parties implemented some market reforms, including privatization and trade liberalization, which generated reasonably solid growth. Between 1991 and 1998, the Uruguayan economy grew by an annual average of 3.9 percent, as opposed to zero growth between 1981 and 1990.⁴⁶ Inflation also dropped during this period, from 81 percent in 1991 to 8.6 percent in 1998.⁴⁷

The relative success of these policies and the need to attract more centrist voters led the Broad Front to initiate a process of moderation beginning in 1994.⁴⁸ Moderates, such as Tabaré Vázquez and Danilo Astori, consolidated their control of the Party and pushed it to the center, promoting strategic alliances with centrist parties.⁴⁹ According to Juan Pablo Luna, “From 1995 on Vázquez and Astori began to concur on the need to moderate the party’s program.”⁵⁰ In its 1996 congress, the Party elected Vázquez as Party president, and it eliminated from its Party platform a plan to nationalize the banking industry.⁵¹ Then in the 1998 congress, the Party omitted references to the illegitimate character of the foreign debt and a proposal to adopt a moratorium on debt payments. The Broad Front’s cautious shift toward the center helped it in the 1999 elections, but at that time, the government and its market-oriented economic policies were still relatively popular, which helped the incumbent Colorado Party prevail in a close election.

⁴⁵ Samuels, “From Socialism to Social Democracy,” 1003.

⁴⁶ ECLAC, *Preliminary Overview 1999*, 83.

⁴⁷ *Ibid.*, 85.

⁴⁸ Jaime Yaffé, *Al centro y adentro: La renovación de la izquierda y el triunfo del Frente Amplio en Uruguay* (Montevideo: Librería Linardi y Risso, 2005), chap. 3.

⁴⁹ Juan Pablo Luna, “Frente Amplio and the Crafting of a Social Democratic Alternative in Uruguay,” *Latin American Politics and Society* 49 (Winter 2007): 1–30.

⁵⁰ *Ibid.*, 19.

⁵¹ Yaffé, *Al centro y adentro*, 93.

Beginning in 1999, however, Uruguay encountered severe economic problems. Buffeted by negative international economic conditions and the severe crisis in neighboring Argentina, the Uruguayan economy shrank by an annual average of 4.9 percent between 1999 and 2002.⁵² Urban unemployment rose from 10.1 percent in 1998 to 17.0 percent in 2002.⁵³ The worsening economic situation increased disenchantment with the government and market policies more generally, which the Broad Front capitalized upon by criticizing the government and its policies quite harshly in the 2004 campaign.

At the same time, however, the Broad Front continued with the shift toward the center that it had begun in 1994. In the 2004 campaign, Vázquez and the Broad Front avoided radical discourse and policy proposals and stated that they would maintain certain aspects of the market model, even while they harshly criticized certain aspects of this model. The FA's 2004 platform, for example, called for the creation of "a propitious environment for business activity" and sought to achieve international competitiveness "on the basis of macroeconomic stability and permanent improvements in productivity."⁵⁴ It also proposed "prudent, predictable, and trustworthy management of monetary, fiscal, and exchange rate instruments."⁵⁵

The Broad Front continued to moderate in the late 1990s and early 2000s for many of the same reasons that the PT did. By the late 1990s, centrists, such as Tabaré Vázquez and Danilo Astori, had consolidated their control of the Party, and they continued to push their Party in a centrist direction, even when the economic and political climate changed. These leaders believed that the Party could not gain the presidency without the support of centrist voters, a belief that was reinforced by the Party's performance in the 1999 elections. Moreover, the need to attract centrist voters became more acute in the late 1990s because of the enactment of a constitutional reform that instituted a run-off election in the event that no candidate won a majority of the vote in the first round. Finally and most importantly, the Broad Front, like the PT, could afford to move to the center because it faced no significant challenger to its left and it had strong ties to traditional leftist constituencies. Indeed, the Broad Front's close ties to unions and social movements helped it maintain the support of left-wing voters even as it moderated its platform. The Broad Front's appeal to both leftist and centrist voters was evident in the 2004 elections, in which it earned 50.5 percent of the vote, giving it the presidency for the first time.

The Socialist Party of Chile moderated earlier than either the Broad Front in Uruguay or the Workers' Party in Brazil in large part because Chile adopted neoliberal reforms sooner than did other Latin American countries, and these

⁵² ECLAC, *Preliminary Overview 2003*, 140.

⁵³ *Ibid.*, 156.

⁵⁴ Yaffé, *Al centro y adentro*, 96.

⁵⁵ *Ibid.*

reforms generated impressive results, particularly after 1984. During the first decade of the Augusto Pinochet dictatorship, the Socialist Party had been a harsh critic of the regime's free-market social and economic policies, which had increased poverty and unemployment. In the wake of the 1982–83 economic crisis, the Pinochet regime implemented some adjustments to the market model, and these changes helped stabilize the economy and generate strong economic growth.⁵⁶ By the late 1980s, the Chilean economy was the strongest in Latin America, and public support for market-oriented policies had grown. In the run-up to the 1988 plebiscite, the Socialists, along with their allies in the Concertación, embraced the market-oriented economic model and pledged to retain it if they took power. This shift partly represented a tactical move to win the support of business interests and moderate voters, but it also stemmed from an evolution of thinking within the leadership of the Socialist Party.⁵⁷ Specifically, the strong performance of the Chilean economy in the late 1980s led many Chilean leftists to acknowledge that Pinochet's economic reforms had brought some significant benefits to the country.⁵⁸

The Concertación's shift helped persuade many of the Chileans who supported the market-oriented economic model to vote for its presidential candidate, centrist Christian Democratic leader Patricio Aylwin, in the 1989 elections. In power, the Concertación maintained the Pinochet regime's market-oriented economic policies, but it also sought to boost social spending. These policies paid high dividends. The Chilean economy grew rapidly throughout most of the 1990s, poverty declined, and inflation remained quite low. The economic success, in turn, helped boost the popularity of the Concertación, enabling it to win repeated electoral victories in the 1990s.

In 1999, the Concertación selected a left-wing presidential candidate, the Socialist Party leader Ricardo Lagos, for the first time. In that year, however, Chile fell into a recession, and the country's GDP shrank by 0.5 percent.⁵⁹ Unemployment, meanwhile, rose from 6.4 in 1998 to 9.8 in 1999.⁶⁰ This sapped support for the Concertación in the run-up to the elections.

Because the left had formed part of the governing coalition throughout the 1990s, Lagos could not easily distance himself from the neoliberal policies that were implemented during this period. In the Chilean case, however, the left had much less of a need to distance itself from the prevailing policies, because the economy had performed quite well throughout most of the 1990s and no party to the left of it posed a serious threat. Lagos vowed to introduce some

⁵⁶ Eduardo Silva, "Capitalist Coalitions, the State, and Neoliberal Economic Restructuring: Chile, 1973–88" *World Politics* 45 (July 1993): 526–559.

⁵⁷ Kenneth M. Roberts, *Deepening Democracy? The Modern Left and Social Movements in Chile and Peru* (Stanford, CA: Stanford University Press, 1998), 146.

⁵⁸ *Ibid.*, 146–148.

⁵⁹ ECLAC, *Preliminary Overview 2003*, 140.

⁶⁰ *Ibid.*, 156.

reforms to attack income distribution and poverty more aggressively, but he, like his predecessors, promised to maintain the market model. The Communist Party did criticize the Concertación and its market-oriented policies in the 1999 campaign, but the communists won a mere 3.2 percent of the valid vote. Lagos's principal competition came from the right-wing candidate, Joaquín Lavín, who virtually tied Lagos in the first round of the elections but lost to him by three percentage points in the run-off.

Although Chile's economic problems hurt the Concertación in 1999, the Chilean economy recovered quickly, growing at a rate of 4.3 percent between 2000 and 2005, and Lagos finished his term with very high rates of public approval. This helped Michelle Bachelet, the Socialist Party's candidate in the 2005 elections, who pledged to maintain the same basic economic model as Lagos had. Bachelet, like Lagos, faced strong competition from the center-right candidate, Sebastián Piñera, but she ended up triumphing in the run-off election with 53.5 percent of the valid vote. Bachelet also proved to be a popular president, but even her popularity was not enough to maintain the Concertación's hold on power. In early 2010, Piñera defeated the Concertación's presidential candidate, centrist Christian Democratic leader Eduardo Frei, in a run-off election to win the presidency.

Thus, the worsening regional economic environment and the growing disenchantment with neoliberal policies in the late 1990s and early 2000s had different effects in different countries. In Bolivia, Ecuador, and Venezuela, the traditional left parties could not disassociate themselves from the increasingly unpopular neoliberal policies since they had been responsible for implementing them. As a result, new left movements emerged that won the support of voters who opposed neoliberal policies. In Brazil and Uruguay, by contrast, the left had spent the entirety of the 1990s in the opposition and they were not associated with the increasingly unpopular neoliberal policies. The left in these countries was therefore able to criticize the neoliberal model, maintain the support of those voters who opposed market-oriented policies, and prevent the emergence of more-radical challengers. At the same time, however, the Workers' Party and the Broad Front successfully reached out to centrist voters by endorsing some market-oriented measures, which enabled these parties to win the presidency for the first time. Finally, the Socialist Party in Chile had less of a need to distance itself from market policies because these policies had been fairly successful in Chile throughout the 1990s and 2000s, and it faced no credible challenger to its left. The Socialist Party of Chile did promise to ensure that the benefits of such policies were more fairly distributed, but on the whole, it remained closely tied to the market model.

CONCLUSION

This article suggests that the behavior of parties, like individuals, is profoundly shaped by the historical moment in which they emerge and mature. Liberal left

parties arose prior to the debt crisis and moderated in the wake of it. The failure of state interventionist policies and the initial success of neoliberal reforms in coping with this crisis led many traditionally left-wing parties as well as many centrist and populist parties to embrace market-oriented reforms. The interventionist left parties, by contrast, emerged in the late 1990s and early 2000s when the economies of the region had deteriorated and support for neoliberal policies had diminished. These parties built their following among those sectors of the population that had grown disenchanted with market reform.

Successful interventionist left parties did not emerge in all countries in the region, however. Rather, they tended to arise in those countries in which the traditional left had been in power during the 1990s and had implemented neoliberal policies. In these countries, many voters abandoned the traditional left parties and threw their support behind the new, more-radical movements as disenchantment with neoliberalism grew. Where the traditional left had been in the opposition throughout the 1990s, however, it was able to distance itself from these reforms and maintain the support of opponents of neoliberal policies, thereby blocking the rise of new, more-radical movements. This article thus suggests that parties that have held national office have much less flexibility to reinvent themselves than do opposition parties. Governing parties are evaluated not just on what they say, but more importantly, on what they do. Governing requires difficult choices to be made and those choices create images of the party in the minds of the voters that cannot easily be undone.

Surprisingly, both the liberal and the interventionist left governments have proven fairly resilient to date, winning repeated elections or plebiscites in some cases. Left governments have been reelected in part because they have generated strong economic growth, thanks in no small measure to highly favorable international economic conditions. The challenge for the liberal and interventionist left in the years ahead will be to hold their broad electoral coalitions together in an international economic climate that will not be nearly as favorable. Interventionist left governments may face the greatest difficulties, since their economic and political project depends on high levels of state spending, which will be difficult to maintain in the current economic environment. Indeed, the Chávez government already has announced some spending cutbacks because of declining oil prices. The liberal left, however, will also face pressing challenges. In particular, it may become increasingly difficult for the liberal left governments to hold together their diverse coalition of opponents and supporters of market policies. If they are to survive, both liberal and interventionist left governments will have to show that they are capable of governing in bad times as well as good.*

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